

# **DUQUESNE LIGHT COMPANY**



**REPORT ON THE STATEMENTS OF  
ENERGY EFFICIENCY AND CONSERVATION  
FOR THE 12-MONTH PERIODS ENDED  
MARCH 31, 2020, MARCH 31, 2019, MARCH 31, 2018,  
AND MARCH 31, 2017**

**Pennsylvania Public Utility Commission  
Bureau of Audits  
May 31, 2022**

**Docket No. D-2020-3021685**

# DUQUESNE LIGHT COMPANY

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# DUQUESNE LIGHT COMPANY

## Background

Duquesne Light Company (Duquesne or company) was formed in 1912 and is a wholly owned subsidiary of Duquesne Light Holdings, Inc. As an electric distribution company, Duquesne provides electric distribution, transmission, and provider of last resort services to roughly 600,000 customers in a certified service territory spanning 817 square miles, including the city of Pittsburgh and portions of Allegheny and Beaver counties in western Pennsylvania. According to Duquesne's annual reports filed with the Pennsylvania Public Utility Commission (PUC or Commission) for the years 2019, 2018, 2017, and 2016, Duquesne's total revenues were \$963,057,922; \$937,475,157; \$911,244,807; and \$903,468,714; respectively.

Act 129 of 2008 (Act) was signed into law on October 15, 2008. The Act created an energy efficiency and conservation program, codified in the Pennsylvania Public Utility Code at Sections 2806.1 and 2806.2, Pa.C.S. §§ 2806.1 and 2806.2. This program requires an Electric Distribution Company (EDC) with at least 100,000 customers to adopt and implement an Energy Efficiency and Conservation (EE&C) Plan, approved by the Commission, to reduce energy demand and consumption within its service territory.

Duquesne's Phase I EE&C Plan was approved by the Commission on October 22, 2009 at Docket No. M-2009-2093217. In the tariff, the cost recovery mechanism was detailed under Rider 15 for Phase I and became effective December 1, 2009. Duquesne's Phase II EE&C Plan was approved on March 14, 2013 at Docket No. M-2012-2334399, with cost recovery rules detailed under Rider 15A effective June 1, 2013. Duquesne's Phase III EE&C Plan was approved on March 10, 2016, at Docket No. M-2015-2515375, and became effective under Rider 15A on June 1, 2016. Duquesne's Phase IV EE&C Plan was approved on March 25, 2021, at Docket No. M-2020-3020818, and became effective on June 1, 2021.



**COMMONWEALTH OF PENNSYLVANIA**  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET  
HARRISBURG, PENNSYLVANIA 17120

## **Independent Auditor's Report to the Pennsylvania Public Utility Commission**

### **Report on the Financial Statements**

We have audited Duquesne Light Company's Statements of Energy Efficiency and Conservation Over/Under Collections for the 12-month periods ended March 31, 2020, March 31, 2019, March 31, 2018, and March 31, 2017.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether these statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of these statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of these statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of these statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the Energy Efficiency and Conservation Statements, referred to above, present fairly, in all material respects, the Energy Efficiency and Conservation revenue and expenses of Duquesne Light Company as of March 31, 2020, March 31, 2019, March 31, 2018, and March 31, 2017, in conformity with the accounting principles generally accepted in the United States of America and the requirements of the Pennsylvania Public Utility Commission.

## Report on Other Legal and Regulatory Requirements

The accompanying statements were prepared for the purpose of complying with the rules and regulations of the Pennsylvania Public Utility Commission and are not intended to be a complete presentation of Duquesne Light Company's revenue and expenses.

*Kelly A. Monaghan, CPA*

Kelly A. Monaghan, CPA, CGFM, CFE, CISA  
Director  
Bureau of Audits  
Harrisburg, PA  
May 31, 2022

## DUQUESNE LIGHT COMPANY

### Energy Efficiency and Conservation<sup>1</sup> (EEC) Over/(Under) Collections (Section 1307(e)) for the 12 months ended March 31, 2020<sup>2</sup>

<u>Month</u>	<u>EEC Revenue</u> (1)	<u>EEC Expenses</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) - (2)
April 2019	\$ 1,449,249	\$ 934,645	\$ 514,604
May	1,576,278	1,735,174	(158,896)
June	1,672,549	1,195,614	476,934
July	2,172,844	1,739,977	432,868
August	1,830,037	1,784,330	45,707
September	1,747,781	1,351,053	396,728
October	1,624,418	1,450,130	174,288
November	1,678,492	2,381,690	(703,198)
December	1,779,003	1,853,754	(74,750)
January 2020	1,766,539	687,317	1,079,222
February	1,667,186	1,170,287	496,899
March	1,642,041	1,626,123	15,918
Total	<u>\$ 20,606,417</u>	<u>\$ 17,910,094</u>	<u>\$ 2,696,323</u>

<sup>1</sup> As reported to the Commission at Docket No. M-2020-3019657. Arithmetic differences are due to rounding.

<sup>2</sup> Notes to the Financial Statements are an integral part of this report.

## DUQUESNE LIGHT COMPANY

### Energy Efficiency and Conservation <sup>3</sup> (EEC) Over/(Under) Collections (Section 1307(e)) for the 12 months ended March 31, 2019<sup>4</sup>

<u>Month</u>	<u>EEC Revenue</u> (1)	<u>EEC Expenses</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) - (2)
April 2018	\$ 1,475,228	\$ 1,412,799	\$ 62,429
May	1,722,216	2,344,676	(622,460)
June	1,693,282	1,329,300	363,983
July	1,730,491	1,229,675	500,815
August	1,842,164	2,175,599	(333,435)
September	1,673,126	1,227,157	445,970
October	1,570,764	1,142,107	428,657
November	1,605,494	2,217,580	(612,085)
December	1,652,199	3,032,580	(1,380,381)
January 2019	1,749,771	284,102	1,465,669
February	1,519,563	1,133,224	386,339
March	<u>1,673,524</u>	<u>941,273</u>	<u>732,251</u>
Total	<u>\$ 19,907,822</u>	<u>\$ 18,470,073</u>	<u>\$ 1,437,750</u>

<sup>3</sup> As reported to the Commission at Docket No. M-2019-3009675. Arithmetic differences are due to rounding.

<sup>4</sup> Notes to the Financial Statements are an integral part of this report.

## DUQUESNE LIGHT COMPANY

### Energy Efficiency and Conservation <sup>5</sup> (EEC) Over/(Under) Collections (Section 1307(e)) for the 12 months ended March 31, 2018<sup>6</sup>

<u>Month</u>	<u>EEC Revenue</u> (1)	<u>EEC Expenses</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) - (2)
April 2017	\$ (661,775)	\$ 1,154,621	\$ (1,816,396)
May	(186,877)	1,695,011	(1,881,888)
June	708,276	1,201,336	(493,061)
July	2,872,338	1,180,958	1,691,379
August	1,827,537	1,270,395	557,142
September	1,536,983	1,457,924	79,059
October	1,602,097	1,998,213	(396,115)
November	1,564,334	2,548,746	(984,411)
December	1,779,677	1,912,666	(132,989)
January 2018	2,117,309	299,307	1,818,002
February	1,180,006	977,460	202,547
March	1,713,995	998,732	715,262
Total	<u>\$ 16,053,900</u>	<u>\$ 16,695,370</u>	<u>\$ (641,470)</u>

<sup>5</sup> As reported to the Commission at Docket No. M-2018-3001645. Arithmetic differences are due to rounding.

<sup>6</sup> Notes to the Financial Statements are an integral part of this report.

## DUQUESNE LIGHT COMPANY

### Energy Efficiency and Conservation <sup>7</sup> (EEC) Over/(Under) Collections (Section 1307(e)) for the 12 months ended March 31, 2017<sup>8</sup>

<u>Month</u>	<u>EEC Revenue</u> (1)	<u>EEC Expenses</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) - (2)
April 2016	\$ 1,533,881	\$ 2,647,269	\$ (1,113,387)
May	1,644,712	579,837	1,064,875
June	1,218,695	519,514	699,181
July	1,857,586	207,784	1,649,802
August	1,960,963	259,432	1,701,532
September	1,440,984	2,179,258	(738,274)
October	1,362,826	1,066,210	296,616
November	1,423,363	898,644	524,719
December	1,569,430	2,269,167	(699,737)
January 2017	1,477,774	700,143	777,630
February	1,233,109	1,089,921	143,188
March	(104,438)	1,335,027	(1,439,465)
Total	<u>\$ 16,618,886</u>	<u>\$ 13,752,205</u>	<u>\$ 2,866,680</u>

<sup>7</sup> As reported to the Commission at Docket No. M-2017-2602099. Arithmetic differences are due to rounding.

<sup>8</sup> Notes to the Financial Statements are an integral part of this report.

# DUQUESNE LIGHT COMPANY

## Notes to The Financial Statements

### **1 - Statements**

The Statements of Energy Efficiency and Conservation Over/(Under) Collections presented in this report are condensed from the officially filed statements. The audit was conducted on Duquesne's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code on April 30, 2020, April 30, 2019, April 30, 2018, and April 28, 2017. The statements are available on the PUC's website (<http://www.puc.pa.gov>) at Docket Nos. M-2020-3019657, M-2019-3009675, M-2018-3001645, and M-2017-2602099.

### **2 - EEC Revenue**

EEC Revenue is derived from application of the EEC rate to the applicable billing unit and excludes the E-Factor portion and Gross Receipts Tax. The applicable billing units include kilowatt-hours (kWh), kilowatt (kW) demand or a fixed charge per customer as indicated in Duquesne's tariff.

### **3 - EEC Expenses**

EEC expenses are all the costs associated with implementing the company's EEC Plan in accordance with Act 129.

### **4 - Over/(Under) Collections**

The Over/(Under) Collection is the difference between the EEC Revenue and EEC Expenses. The resulting amount represents the portion of EEC Revenue refundable to or EEC Expenses recoverable from customers through subsequent EEC rates. Differences arise for two primary reasons:

- Variations between the actual volumes billed to customers and the estimates used to determine the EEC rates; and,
- Variations between actual EEC Expenses and the estimates used to determine the EEC rates.

## **Acknowledgement**

We wish to express our appreciation to the officers and staff of Duquesne Light Company for their cooperation and assistance. The audit was conducted by Derek Vandevort, assisted by Jenny Kalna.