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March 8, 2023

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Keystone Bldg. 2nd Floor W
400 N. Street
Harrisburg, PA 17120

**RE: Request of Duquesne Light Company for Approval of an Amendment to its Affiliated Interest Agreement with its Parent for Short Term Borrowing
Docket No. G-2009-2148505**

Dear Secretary Chiavetta:

Enclosed please find Duquesne Light Company's ("DLC") Request for Approval of an Amendment to the above-referenced Affiliated Interest Agreement with its parent company, Duquesne Light Holdings, Inc. ("DLH") by changing the interest rate methodology from the London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"). The Alternative Reference Rates Committee ("ARRC"), created by the Federal Reserve, selected SOFR as the rate that represents best practice for use in new financial contracts, and ARRC's preferred alternative to LIBOR.

DLC respectfully requests the Commission to approve this amendment to its short term borrowing arrangement with its parent, DLH, and to authorize changing the interest rate methodology from LIBOR to SOFR beginning June 30, 2023.

Please contact me with any questions, comments, or concerns.

Respectfully,

A handwritten signature in blue ink, appearing to read "Emily M. Farah", is placed over a light blue rectangular background.

Emily M. Farah
Duquesne Light Company
Counsel, Regulatory

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Request of Duquesne Light :
Company for Approval of an :
Amendment to its Affiliated Interest : Docket No. G-2009-2148505
Arrangement with its Parent for :
Short Term Borrowing :

**Request for Approval of An Amendment
to Affiliated Interest Agreement
(66 Pa. C. S. Section 2102)**

Duquesne Light Company (“DLC”) requests the Pennsylvania Public Utility Commission’s (“Commission”) consent and approval pursuant to Section 2102 of the Public Utility Code (“Code”), 66 Pa. C. S. § 2102, to amend its existing Affiliated Interest Agreement (“Agreement”) with its parent company, Duquesne Light Holdings Inc. (“DLH”), by changing the interest rate methodology from the London Interbank Offered Rate (“LIBOR”) to the Secured Overnight Financing Rate (“SOFR”). The Alternative Reference Rates Committee (“ARRC”), created by the Federal Reserve, selected SOFR as the rate that represents best practice for use in new financial contracts, and preferred alternative to LIBOR. Globally, in 2018, the ARRC recommended a paced transition plan for the eventual benchmark replacement and adoption of SOFR. As DLC’s banking institutions transitioned to SOFR, a 0.10% credit spread adjustment was implemented to align SOFR rates to LIBOR rates. In support of DLC’s requested amendment, DLC states as follows:

1. DLC is a Pennsylvania limited liability company and a default service provider as that term is defined by 66 Pa.C.S. § 2803. DLC provides electric service to more than 600,000 customers in Pennsylvania’s Allegheny and Beaver counties, a territory of approximately 800 square miles. DLC’s corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.

2. DLH is the parent company of DLC, and DLC is DLH's principle subsidiary.
3. On December 16, 2009, DLC filed with this Commission a petition requesting authorization for DLH to be able to lend to its utility subsidiary, DLC, up to \$200 million at any one time on commercially reasonable terms. By Secretarial Letter dated May 3, 2010, at Docket No. G-2009-2148505, the Agreement was approved pursuant to 66 Pa. C.S. § 2102(b).
4. On October 27, 2020, DLC requested Commission approval to increase the borrowing threshold from \$200 million to \$300 million to allow DLC the capability and flexibility to finance necessary construction of facilities, greater flexibility for working capital and capital structure management, and otherwise fund and operate its business. By Secretarial Letter dated February 22, 2021, at Docket No. G-2009-2148505, the amended Agreement was approved pursuant to 66 Pa. C.S. § 2102(b).
5. Said authorization has been utilized by DLC since Commission approval of the arrangement. The credit facility has been helpful and beneficial to both the utility and its customers in providing short term borrowings to DLC for financing needs.
6. DLC respectfully requests that the Commission approve an amendment to the above-referenced Agreement to change the interest rate calculation from LIBOR + 0.875% to SOFR + Credit Spread Adjustment related to the switch to SOFR of 0.10% + 0.875% to align with Federal Reserve's preferred interest rate calculation methodology. All other specific terms of the loan will be unchanged. The amended, specific terms of the loan arrangement are attached as **Exhibit A**. DLC represents that these terms are commercially reasonable and reflect today's prevailing market conditions. Amending the benchmark interest rate and spread as requested in this filing will provide no preference or undue advantage to DLH or any other company in the DLH family.

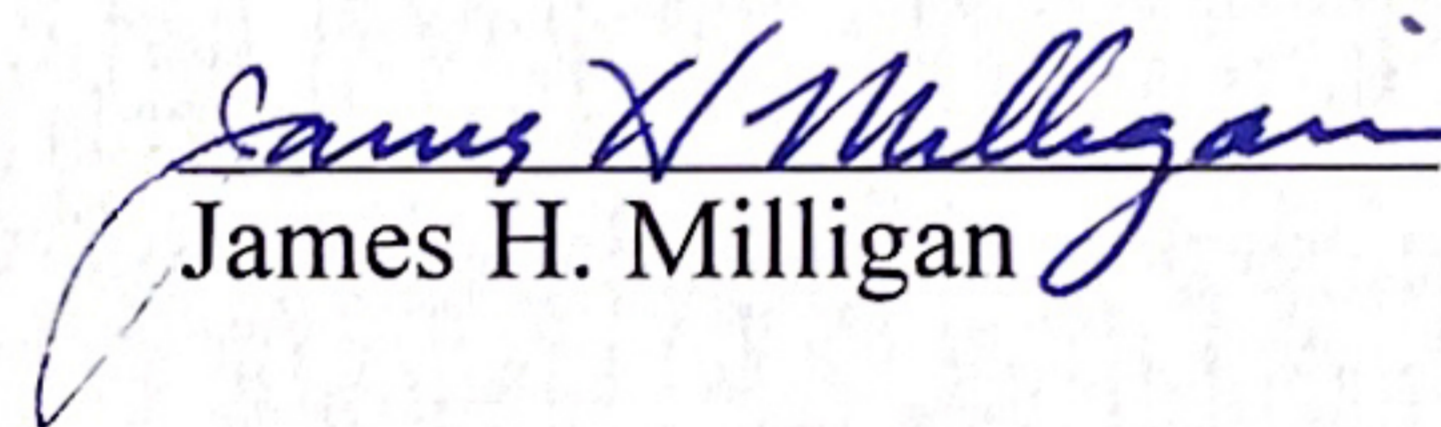
7. Upon Commission approval, an amended Promissory Note will be executed between DLC and DLH in the form attached as **Exhibit B**.

8. The approval of this amendment is necessary and in the public interest, providing necessary financing for construction and operation of DLC's obligation to provide reliable and cost-effective electric service to its customers.

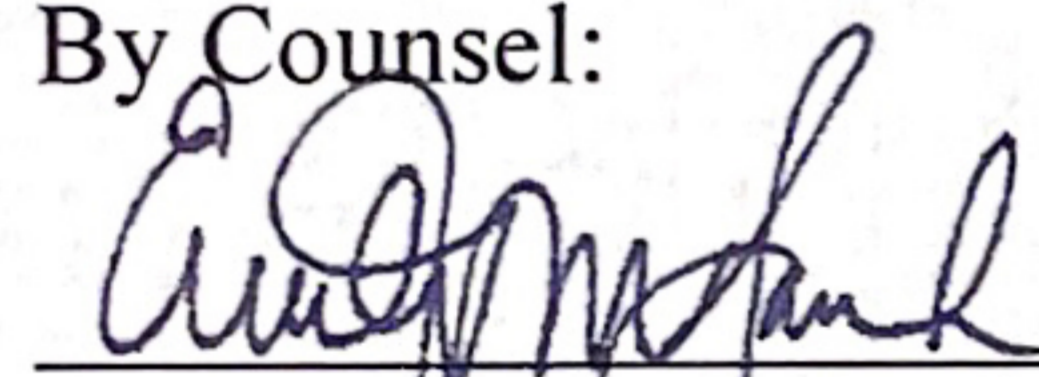
WHEREFORE, DLC respectfully requests the Commission to approve this amendment to its short term borrowing arrangement with its parent, DLH, and to authorize changing the interest rate methodology from LIBOR to SOFR beginning June 30, 2023.

Duquesne Light Company

By:


James H. Milligan

By Counsel:



Emily M. Farah, Esq.

Pa. I.D. No. 322559

Duquesne Light Co.

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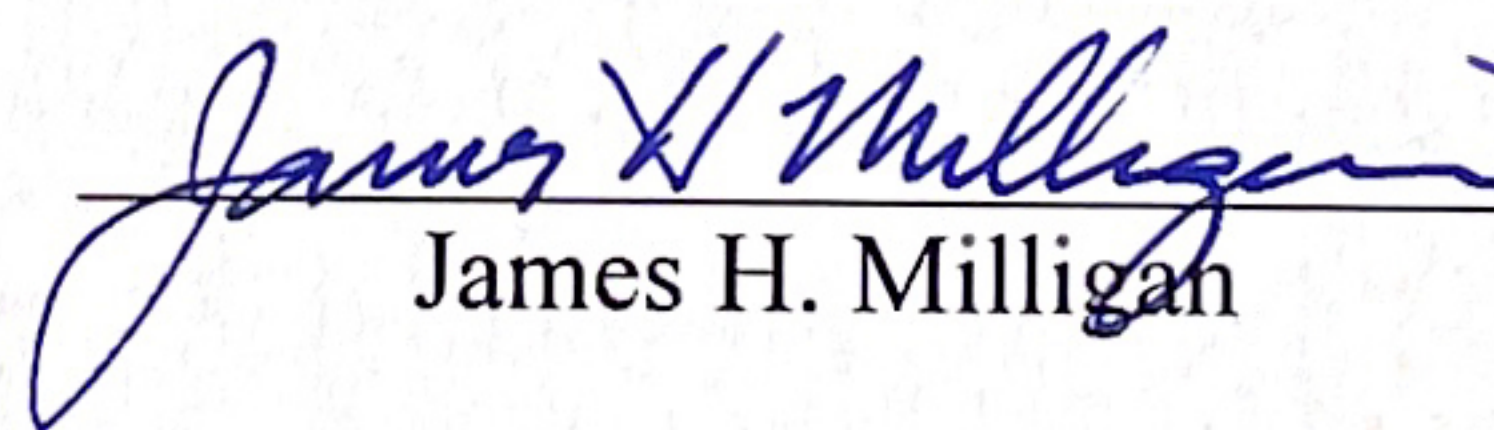
Dated: March 7, 2023

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Request of Duquesne Light :
Company for Approval of an :
Amendment to its Affiliated Interest : Docket No. G-2009-2148505
Arrangement with its Parent for :
Short Term Borrowing :

VERIFICATION

I, James H. Milligan, Treasurer of Duquesne Light Company, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).



James H. Milligan

Dated: March 7, 2023