



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY, PLEASE
REFER TO OUR FILE

April 24, 2023

Docket No. M-2023-3038540
Utility Code: 110150

MICHAEL ZIMMERMAN
DUQUESNE LIGHT COMPANY
411 SEVENTH AVENUE, 15-7
PITTSBURG, PA 15219
mzimmerman@duqlight.com

Re: Annual Asset Optimization Plan for Duquesne Light Company at Docket No. M-2023-3038540

Dear Mr. Zimmerman:

On February 28, 2023, Duquesne Light Company (Duquesne) filed its Annual Asset Optimization Plan (AAOP), pursuant to 52 Pa. Code § 121.6.

The Commission’s regulations require utilities with an approved Distribution System Improvement Charge (DSIC) to file annually an AAOP with the Commission. The AAOP shall be filed 60 days after the prior 12 months of the company’s Long-Term Infrastructure Improvement Plan (LTIIIP) has expired, and pursuant to this timeframe for each successive AAOP. 52 Pa. Code § 121.6(a).

The AAOP must include:

- 1) A description that specifies all of the eligible property repaired, improved, and replaced in the prior 12-month period under its LTIIIP and prior year’s AAOP.
- 2) A description of the eligible property to be repaired, improved, and replaced in the upcoming 12-month period.

The Commission is charged with reviewing each AAOP only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIIIP, for the corresponding 12-month timeframes. 52 Pa. Code § 121.6(d). The Commission has delegated the review of AAOPs to the Bureau of Technical Utility Services.

Timely Filing

52 Pa. Code § 121.6(a)

A utility with an approved DSIC shall file with the Commission, for informational purposes, an AAO plan. The AAO plan shall be filed annually with the Commission 60 days after the 12

months of its LTIIIP has expired and under this time frame for each successive year of the term of the LTIIIP.

Duquesne's AAOP complies with this requirement.

Content

52 Pa. Code § 121.6(b)

An AAO plan must include:

- (1) A description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIIIP and prior year's AAO plan.*
- (2) A description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period.*

Duquesne's AAOP substantially complies with this requirement.

Substantial Adherence to LTIIIP

52 Pa. Code § 121.6(d)

An AAO plan will be reviewed by the Commission only to determine whether the utility is in substantial compliance with the repairs, improvements or replacements of the specific eligible property in its approved LTIIIP for the corresponding 12-month time frames.

52 Pa. Code § 121.6(e)

Absent any major modifications to the LTIIIP or Commission action to reject an AAO plan within 60 days of its submission to the Commission, the AAO plan will be deemed approved. The Commission may extend its consideration period if necessary.

52 Pa. Code § 121.6(f)

If an AAO plan is rejected by the Commission, the utility will be notified of the plan's deficiencies and actions needed to repair, improve or replace eligible property to bring the utility into compliance with the work schedule in its approved LTIIIP. If the utility concludes that it needs to revise its LTIIIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.

Duquesne's LTIIIP¹ includes five asset programs and nine initiatives. Duquesne stated that it spent \$210.3 million on LTIIIP programs in 2022. As noted in the Order approving Duquesne's second LTIIIP (LTIIIP 2 Order), Duquesne will now report its total DSIC-eligible

¹ See *Petition of Duquesne Light Company for Approval of its Long-Term Infrastructure Improvement Plan*, Order entered April 20, 2017, at Docket No. P-2016-2540046.

expenditures instead of just those expenditures that largely reflected what Duquesne sought recovery for through its DSIC.² The \$210.3 million of expenditures in 2022 as reported by Duquesne can be compared to the projection in the LTIP 2 Order of \$201 million in total DSIC-eligible expenditures for 2022. Duquesne reported variations in eligible property to be improved or replaced in 2022, but its actual replacements were consistently ahead of schedule or in keeping with the LTIP.

Duquesne appeared to have generally completed LTIP projects that were scheduled with some variations. Duquesne's first LTIP expired in 2022.

Duquesne's LTIP 2 includes five asset programs and 17 initiatives. Duquesne stated that it will spend \$210.4 million on LTIP 2 programs in 2023 as compared to \$186.9 million estimated in the LTIP 2, which is an approximate 12.5% increase.

Compliance with the LTIP is evaluated on a multiyear basis over the life of the LTIP. Construction and budget variations in individual years can be expected and it is reasonable to expect that over a multi-year timeframe, much of this variation will be mitigated.

The AAOP does not propose a Major Modification to the company's LTIP.

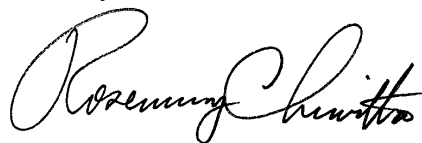
Accordingly, Duquesne's AAOP appears to substantially conform to the schedule set forth in the company's LTIPs.

Conclusion

Upon review of Duquesne's AAOP filed on February 28, 2023, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6 and it is approved. This approval is contingent upon the possibility that subsequent audits, reviews and inquiries, in any Commission proceeding, may be conducted pursuant to 52 Pa. Code § 121.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within twenty (20) days after the date of this letter. Please direct any questions regarding this filing to Harry R. Bidelspach Sr. Bureau of Technical Utility Services at hbidelspac@pa.gov.

Sincerely,



Rosemary Chiavetta
Secretary

² See *Petition of Duquesne Light Company for Approval of its Second Long-Term Infrastructure Improvement Plan*, Order entered November 10, 2022, at Docket No. P-2022-3032805.

cc: Kriss Brown, LAW
Richard Kanaskie, BIE
Dan Searfoorce, TUS
John Van Zant, TUS