



Emily Farah
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June 20, 2023

Via Electronic Filing

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Duquesne Light Company – Rider No. 20 Smart Meter Charge
Tariff Electric – PA. P.U.C. No. 25
Docket No. – M-2023-_____**

Dear Secretary Chiavetta:

Enclosed for filing, please find an original copy of Duquesne Light Company's ("Company") supporting calculations for its Rider 20 - Smart Meter Charge rates effective July 1, 2023. As indicated herein, the Smart Meter Charge rates will remain unchanged; therefore, the Company is not here filing a tariff supplement.

Should you have any questions, please feel free to contact me or David Ogden, Manager of Rates and Tariff Services, at dogden@duqlight.com or 412-393-6343.

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

cc: Certificate of Service (w/encl.)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

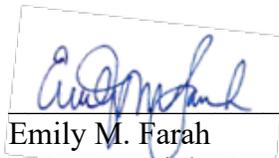
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Bureau of Investigation & Enforcement
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Dated: June 20, 2023

Duquesne Light Company
Smart Meter Cost Recovery Charge
Calculation of Smart Meter Charge Rates
Tariff Rider No. 20
Effective July 1, 2023 (1)

<u>Line</u>	<u>Common Plant</u>	<u>Single Phase Meters</u>	<u>Poly Phase Meters</u>
1 Average Projected Smart Meter Plant In Service	\$0	\$0	\$0
2 Annual Depreciation (years)	10	15	15
3 Annual Depreciation	\$0	\$0	\$0
4 Accrued Depreciation	\$0	\$0	\$0
5 Weighted Average Pre-Tax Rate of Return (PTRR)(page 2)	9.10%	9.10%	9.10%
<u>Formula and Calculation</u>			
6	$SMC = [((NPIS * PTRR/4) + Dep/4 + O\&M - S + e/4) / M] * (1/(1-T))$		
7	<u>(Plant-accrued depreciation-ADIT)*Return + Depreciation + O&M - Savings + e-Factor</u>		
8	Meters per Quarter * (1-Gross Receipts Tax)		
9 Smart Meter Plant In Service	\$0	\$0	\$0
10 Less Accrued Depreciation	\$0	\$0	\$0
11 Less Accumulated Deferred Income Taxes	\$0	\$0	\$0
12 Net Plant	\$0	\$0	\$0
13 Weighted Rate of Return/4	2.27%	2.27%	2.27%
14 Return	\$0	\$0	\$0
15 Depreciation/4	\$0	\$0	\$0
16 O&M Expense (Projected for Quarter)	\$0	\$0	\$0
17 Savings	\$0	\$0	\$0
18 e-Factor/4 (2)	\$0	\$5,144	(\$129)
19 Adjustment/4	\$0	\$0	\$0
20 Smart Meter Revenue Requirement (SMRR)	\$0	\$5,144	(\$129)
21 Meters		584,487	22,027
22 Share of Total Meters		96.4%	3.6%
23 Allocated Common Plant SMRR Based on Meters (Line 20 * Line 22)		\$0	\$0
24 Total Revenue Requirement by Meter Type for Upcoming Quarter (Line 20 + Line 23)		\$5,144	(\$129)
25 Current Meter Count		584,487	22,027
26 Projected Quarterly Bills Based on Meter Count (line 25 x 3)		1,753,462	66,082
27 Monthly Charge per Meter for Upcoming Quarter (Line 24 / Line 26)		\$0.00	(\$0.00)
28 Pennsylvania Gross Receipts Tax Rate (PA GRT)		5.9%	5.9%
29 Monthly Smart Meter Charge Including GRT (\$/month/meter)		\$0.00	\$0.00

(1) As part of the Company's distribution rate case at Docket No. R-2018-3000124, the Company sought permission to roll its Smart Meter Charge ("SMC") into base rates. All SMC costs have been subject to audit as part of the reconcilable surcharge, and any costs that were previously included in the surcharge remain subject to audit pursuant to the Commission's rules and regulations. Any remaining over/under collection balance will continue to be refunded or recouped, as applicable, through the SMC.

(2) E-factor component based on \$25,367 under collection balance at June 30, 2022 and projected E-factor revenue of \$5,309 through December 2022, for a total estimated under collection of \$20,058 through December 2022. Net under collection will remain as a Regulatory Asset to be recouped as part of a future distribution rate case (Single Phase \$20,575/4; Poly Phase \$(517)/ 4).

Duquesne Light Company
Smart Meter Cost Recovery Charge
Weighted Average Cost of Capital
Tariff Rider No. 20
Effective July 1, 2023

Line

Pre-Tax Weighted Average Cost of Capital

	<u>Weight (1)</u>	<u>Cost</u>	<u>Weighted Average Cost</u>	<u>Gross Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Average Cost</u>
1 Debt (1)	47.04%	4.39%	2.06%		2.06%
2 Preferred Equity (1)	0.00%	0.00%	0.00%	1.39086	0.00%
3 Common Equity (2)	<u>52.96%</u>	9.55%	<u>5.06%</u>	1.39086	<u>7.03%</u>
4 Total Return	100.00%		7.12%		9.10%

Calculation of Gross Revenue Conversion Factor

	<u>Rate</u>	
5 Gross Revenue Charge		100.00%
6 Less: State Income Taxes	8.99%	<u>8.99%</u>
7 Income Before Federal Income Taxes		91.01%
8 Less: Federal Income Taxes	21.00%	<u>19.11%</u>
9 Income After Income Taxes		71.90%
10 Gross Revenue Conversion Factor		1.39086

Notes:

- 1/ Weighted capitalization ratio's and cost of debt and preferred per Company's records. This information was submitted to the PA PUC in the Company's First Quarter 2023 Quarterly Financial Report, Docket No. M-2023-3037453.
- 2/ Effective July 1, 2017, cost of common equity reflects the published Market Based Returns on Common Equity, published in the Fourth Quarter 2022 Quarterly Earnings Report Summary, Docket No. M-2023-3040145.