

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF AUDITS**



**REPORT ON DUQUESNE LIGHT COMPANY  
STATEMENTS OF  
DISTRIBUTION SYSTEM  
IMPROVEMENT CHARGE**

**FOR THE PERIOD:  
JANUARY 1, 2017—DECEMBER 31, 2021**

**OCTOBER 10, 2023  
DOCKET NO. D-2022-3032920**

**PA PUC BUREAU OF AUDITS  
DOCKET NO. D-2022-3032920**

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**Background**

Duquesne Light Company (Duquesne or company) is headquartered in Pittsburgh, Pennsylvania. As an electric distribution company, Duquesne provides electric distribution, transmission, and provider of last resort services to approximately 600,000 customers in 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 2021, 2020, 2019, 2018, and 2017, Duquesne's total electric revenues from customers were \$932,322,906; \$889,568,203; \$884,591,525; \$861,049,612; and \$819,957,785; respectively.

By Order entered September 15, 2016, at Docket No. P-2016-2540046, the Commission approved Duquesne's Petition for approval of a Distribution System Improvement Charge. The initial charge became effective October 1, 2016.



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 Distribution System Improvement Charge Over/Under Collections for the 12-month periods ended December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018, and December 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 audits. 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 Distribution System Improvement Charge Statements, referred to above, present fairly, in all material respects, the Distribution System Improvement Charge revenue and expenses of the Duquesne Light Company as of December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018, and December 31, 2017, in conformity with 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 the Duquesne Light Company's revenue and expenses.

*Kelly Monaghan, CPA*

Kelly Monaghan, CPA, CGFM, CFE, CISA  
Director  
Bureau of Audits  
Harrisburg, PA  
October 10, 2023

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**Duquesne Light Company  
Distribution System Improvement Charge<sup>1</sup> (DSIC)  
(Over)/Under Collections (Section 1307(e))  
for the 12 months ended December 31, 2021<sup>2</sup>**

<u>Month</u>	<u>DSIC Revenue</u> (1)	<u>DSIC Revenue Requirement</u> (2)	<u>(Over)/Under Collections</u> (3) = (2) – (1)
January 2021	\$ 670,995	\$ 1,547,692	\$ 876,697
February	419,305	1,407,507	988,202
March	1,352,862	1,429,103	76,241
April	3,489,085	1,574,875	(1,914,210)
May	1,821,239	1,777,299	(43,939)
June	2,156,595	2,007,039	(149,557)
July	2,161,184	2,216,051	54,867
August	2,203,096	2,090,791	(112,305)
September	1,723,669	1,751,710	28,041
October	2,160,648	2,099,347	(61,301)
November	2,194,620	2,117,841	(76,779)
December	2,305,596	2,379,455	73,860
<b>Total</b>	<b>\$ 22,658,894</b>	<b>\$ 22,398,710</b>	<b>\$ (260,183)</b>

<sup>1</sup> As reported to the Commission at Docket No. M-2022-3030608. Arithmetic differences are due to rounding.

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

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**Duquesne Light Company  
Distribution System Improvement Charge<sup>3</sup> (DSIC)  
(Over)/Under Collections (Section 1307(e))  
for the 12 months ended December 31, 2020<sup>4</sup>**

<u>Month</u>	<u>DSIC Revenue</u> (1)	<u>DSIC Revenue Requirement</u> (2)	<u>(Over)/Under Collections</u> (3) = (2) – (1)
January 2020	\$ 208,549	\$ 208,973	\$ 424
February	241,787	190,181	(51,606)
March	190,559	192,022	1,463
April	478,030	462,246	(15,784)
May	561,898	516,727	(45,171)
June	647,850	580,295	(67,555)
July	968,303	865,946	(102,358)
August	844,355	810,813	(33,542)
September	683,059	670,867	(12,191)
October	1,070,882	1,075,820	4,937
November	1,076,113	1,080,762	4,649
December	1,230,214	1,220,187	(10,027)
<b>Total</b>	<b>\$ 8,201,599</b>	<b>\$ 7,874,838</b>	<b>\$ (326,761)</b>

<sup>3</sup> As reported to the Commission at Docket No. M-2021-3023940. Arithmetic differences are due to rounding.

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

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**Duquesne Light Company  
Distribution System Improvement Charge<sup>5</sup> (DSIC)  
(Over)/Under Collections (Section 1307(e))  
for the 12 months ended December 31, 2019<sup>6</sup>**

<u>Month</u>	<u>DSIC Revenue</u> (1)	<u>DSIC Revenue Requirement</u> (2)	<u>(Over)/Under Collections</u> (3) = (2) – (1)
January 2019	\$ (1,288,141)	\$ 0	\$ 1,288,141
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
<b>Total</b>	<b>\$ (1,288,141)</b>	<b>\$ 0</b>	<b>\$ 1,288,141</b>

<sup>5</sup> As reported to the Commission at Docket No. M-2020-3017778. Arithmetic differences are due to rounding.

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

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**Duquesne Light Company  
Distribution System Improvement Charge<sup>7</sup> (DSIC)  
(Over)/Under Collections (Section 1307(e))  
for the 12 months ended December 31, 2018<sup>8</sup>**

<u>Month</u>	<u>DSIC Revenue</u> (1)	<u>DSIC Revenue Requirement</u> (2)	<u>(Over)/Under Collections</u> (3) = (2) – (1)
January 2018	\$ 1,565,533	\$ 1,316,773	\$ (248,760)
February	1,342,523	1,210,419	(132,104)
March	1,485,196	1,221,119	(264,077)
April	1,391,351	1,360,506	(30,844)
May	1,675,410	1,497,011	(178,398)
June	1,823,346	1,637,099	(186,248)
July	2,165,405	1,905,877	(259,528)
August	2,111,107	1,843,242	(267,865)
September	1,819,233	1,527,281	(291,952)
October	2,502,739	1,896,583	(606,157)
November	2,158,685	1,897,354	(261,331)
December	1,978,700	2,090,161	111,460
<b>Total</b>	<b>\$ 22,019,229</b>	<b>\$ 19,403,426</b>	<b>\$ (2,615,803)</b>

<sup>7</sup> As reported to the Commission at Docket No. M-2019-3007547. Arithmetic differences are due to rounding.

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

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**Duquesne Light Company  
Distribution System Improvement Charge<sup>9</sup> (DSIC)  
(Over)/Under Collections (Section 1307(e))  
for the 12 months ended December 31, 2017<sup>10</sup>**

<u>Month</u>	<u>DSIC Revenue</u> (1)	<u>DSIC Revenue Requirement</u> (2)	<u>(Over)/Under Collections</u> (3) = (2) - (1)
January 2017	\$ 360,302	\$ 375,459	\$ 15,156
February	343,613	348,162	4,548
March	340,841	346,065	5,224
April	293,893	496,633	202,740
May	338,841	531,655	192,814
June	933,183	598,610	(334,573)
July	892,808	844,098	(48,710)
August	804,816	832,892	28,076
September	725,370	706,340	(19,031)
October	1,151,087	1,069,293	(81,793)
November	1,140,711	1,059,162	(81,549)
December	1,244,259	1,184,067	(60,192)
<b>Total</b>	<b>\$ 8,569,723</b>	<b>\$ 8,392,435</b>	<b>\$ (177,288)</b>

<sup>9</sup> As reported to the Commission at Docket No. M-2018-2645161. Arithmetic differences are due to rounding.

<sup>10</sup> Notes to the Financial Statements are an integral part of this report.

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**Notes to the Financial Statements**

**1 – Statements**

The Distribution System Improvement Charge (Over)/Under Collections presented in this report are condensed from the officially filed statements. The audit was conducted on Duquesne Light Company's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code on January 28, 2022, January 29, 2021, March 10, 2020, January 30, 2019, and January 30, 2018. The statements are available on the PUC's website (<http://www.puc.pa.gov>) at Docket Nos. M-2022-3030608, M-2021-3023940, M-2020-3017778, M-2019-3007547, and M-2018-2645161.

**2 – DSIC Revenue**

DSIC Revenue is derived by multiplying the applicable DSIC rate by the total amount billed to each customer, excluding amounts billed for the State Tax Adjustment Surcharge (STAS).

**3 – DSIC Revenue Requirement**

The DSIC revenue requirement reflect costs of specific DSIC-eligible property completed and placed in service to repair, improve, or replace infrastructure that has not previously been reflected in rate base.

**4 – (Over)/Under Collections**

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

- Variations between the actual revenue billed to customers and the projected revenue used to determine the DSIC rate.

**Acknowledgement**

We wish to express our appreciation to the officers and staff of the Duquesne Light Company for their cooperation and assistance. The audit was conducted by Aaron Neely, assisted by Rhonda Koller.