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December 20, 2024

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. 22 - Distribution System Improvement Charge
Supplement No. 87 to Tariff Electric – PA. P.U.C. No. 25
Docket No. M-2024-_____**

Dear Secretary Chiavetta:

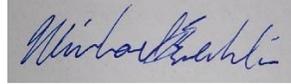
Enclosed for filing, please find an original copy of Supplement No. 87 to Duquesne Light Company's ("Company") Tariff-Electric, PA. P.U.C. No. 25, which amends Rider No. 22 – Distribution System Improvement Charge, to become effective January 1, 2025, through March 31, 2025. The Distribution System Improvement Charge has been updated as per Item No. 7 - Residual E-Factor Recovery Upon Reset to Zero under the "Customer Safeguards" section of the Rider, which provides in relevant part:

7. RESIDUAL E-FACTOR RECOVERY UPON RESET TO ZERO The Company shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The Company can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The Company shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Item No. 2. Audit / Reconciliation under the Customer Safeguards section. Once the Company determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the Company shall file a tariff supplement with supporting data to address that residual amount.

Accordingly, Supplement No. 87 updates the Distribution System Improvement Charge to resolve E-factor. Supporting documentation is also enclosed.

Should you have any questions, please do not hesitate to contact David Ogden, Senior Manager, Rates & Tariff Services, at (412) 393-6343 or dogden@duqlight.com.

Respectfully Submitted,

A rectangular box containing a handwritten signature in blue ink, which appears to read "Michael Brechlin".

Michael Brechlin
Assistant General
Counsel,
Regulatory

Enclosures

cc: Certificate of Service

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):

ELECTRONIC MAIL

Bureau of Investigation & Enforcement Scott B. Granger Commonwealth Keystone Building 400 North Street, 2 nd Floor West PO Box 3265 Harrisburg, PA 17105-3265 sgranger@pa.gov	Office of Small Business Advocate Sharon E. Webb Steven C. Gray 555 Walnut Street, 1 st Floor Harrisburg, PA 17101 swebb@pa.gov sgray@pa.gov
Office of Consumer Advocate Lauren R. Myers 555 Walnut Street Forum Place, 5 th Floor Harrisburg, PA 17101-1923 lmyers@paoca.org	Bureau of Audits Pennsylvania Public Utility Commission Kelly Monaghan Commonwealth Keystone Building 400 North Street, 3 rd Floor East Harrisburg, PA 17120 kmonaghan@pa.gov

Date: December 20, 2024



Michael Brechlin
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SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Pages No. 4 and 5)

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue

Pittsburgh, PA 15219

Kevin E. Walker

President and Chief Executive Officer

ISSUED: December 20, 2024

EFFECTIVE: January 1, 2025

Issued in compliance with
Commission Order entered September 15, 2016, at Docket No. P-2016-2540046.

NOTICE

THIS TARIFF SUPPLEMENT DECREASES A RATE WITHIN AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 22 – Distribution System Improvement Charge

**Twenty-Fifth Revised Page No. 137
Cancelling Twenty-Fourth Revised Page No. 137**

The Distribution System Improvement Charge has been updated as per Item No. 7 - Residual E-Factor Recovery Upon Reset to Zero under the "Customer Safeguards" section of the Rider.

The monthly charge applicable to all rates has decreased from 0.00% to (0.10%) for the period January 1, 2025, through March 31, 2025.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 22 – DISTRIBUTION SYSTEM IMPROVEMENT CHARGE****(Applicable to All Rates)**

In addition to the net charges provided for in this Tariff, a charge of (0.10%) will apply consistent with the Commission Order entered September 15, 2016, at Docket No. P-2016-2540046 approving the Distribution System Improvement Charge (“DSIC”).

(D)**GENERAL DESCRIPTION****PURPOSE**

To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

ELIGIBLE PROPERTY

The DSIC-eligible property will consist of the following:

- Poles and towers (account 364);
- Overhead conductors (account 365) and underground conduit and conductors (accounts 366 and 367);
- Line transformers (account 368) and substation equipment (account 362);
- Any fixture or device related to eligible property listed above including insulators, circuit breakers, fuses, reclosers, grounding wires, cross arms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

EFFECTIVE DATE

The DSIC will become effective October 1, 2016.

Duquesne Light Company
Schedule 1 - Computation of Cumulative Distribution System Improvement Charge
January 1, 2025 through March 31, 2025 (Note 4)

<u>Line No.</u>		<u>Total</u>	
1	Applicable Plant	-	Schedule 2, Line 2
	Less:		
2	Accumulated Depreciation	-	Schedule 2, Line 3
3	Accumulated Deferred Income Tax	-	Schedule 2, Line 4
	DSI = Distribution System Improvement Projects		
4	Net of Accumulated Depreciation, Retirements and ADIT	-	Line 1 - Line 2 - Line 3
5	PTRR = Pre-tax return rate applicable to DSIC-eligible property	2.37%	Schedule 3, Line 5, Column F
6	Pre-Tax Return	-	Line 4 * Line 5
7	Dep = Depreciation Expense	-	Schedule 2, Line 6
8	STFT = State Tax Flow Through	-	Schedule 2, Line 7
9	E = Experienced Net (Over)/Under Collections	(178,040)	Note 2
10	Net Amount to be Recovered, including (Over)/Under Collections (w/o GRT)	<u>(178,040)</u>	Line 6 + Line 7 + Line 8 + Line 9
11	Net Amount to be Recovered, including (Over)/Under Collections (w/ GRT)	<u>(189,203)</u>	Line 10 * Note 1
12	PQR = Projected Quarterly Distribution Revenue	<u>183,647,297</u>	Schedule 2, Line 8, Columns A through C
13	DSIC = Distribution System Improvement Charge Rate % of Billed Distribution Revenues (w/ GRT)	<u>-0.10%</u>	Line 11 / Line 12 or Note 3

Note 1:

$1/(1-T) = (T = 5.9\% \text{ Gross Receipts Tax} = \text{GRT})$

Note 2:

E-factor component based on (\$712,610) over collection balance at December 31, 2023, as detailed on Schedule 6. Over collection will be refunded over the one-year period commencing on April 1, 2024 in the amount of (\$712,160)/4.

Note 3:

The distribution system improvement charge may not exceed 5% of the amount billed to customers under the applicable distribution rates of the electric distribution company, in compliance with 66 Pa. C.S.A. § 1358(a)(1)

Note 4:

As part of the Company's distribution rate case at Docket No. R-2024-3046523, the Company sought permission to roll its Distribution System Improvement Charge ("DSIC") and the associated plant additions into base rates. The Company will be eligible to include plant additions in the DSIC at the later of, (1) the end of the FPFTY, and (2) once the total FPFTY account balances exceed \$4,862,202,000, which are the levels projected by the Company in this proceeding at December 31, 2025 per DLC Exhibit 2, Book 5, Schedule D-1. Please see Schedule 8 - Distribution FERC Account Balance Tracker.

Duquesne Light Company
Schedule 2 - Computation of Cumulative Distribution System Improvement Charge by Month
January 1, 2025 through March 31, 2025

Line No.	(A) Jan-25	(B) Feb-25	(C) Mar-25	(D) Apr-25	(E) May-25	(F) Jun-25	(G) Jul-25	(H) Aug-25	(I) Sep-25	(J) Oct-25	(K) Nov-25	(L) Dec-25	
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2	-	-	-	-	-	-	-	-	-	-	-	-	
3	-	-	-	-	-	-	-	-	-	-	-	-	
4	-	-	-	-	-	-	-	-	-	-	-	-	
<hr/>													
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Line 2 - Line 3 - Line 4
6	-	-	-	-	-	-	-	-	-	-	-	-	
7	-	-	-	-	-	-	-	-	-	-	-	-	
8	\$ 66,200,660	\$ 58,741,746	\$ 58,704,891										

Duquesne Light Company
Schedule 3 - Computation of Cumulative Distribution System Improvement Charge Pre-Tax Rate of Return
January 1, 2025 through March 31, 2025

Line No.	(A) Description	(B) Capitalized Ratio (1)	(C) Embedded Cost	(D) Rate of Return	(E) Tax Multiplier (3)	(F) Pre-Tax Rate of Return (PTRR) (1)
1	Long-Term Debt	45.35%	4.46% (1)	2.02%	-	2.02%
2	Preferred	0.00%	0.00% (1)	0.00%	1.37574	0.00%
3	Common Equity (2)	54.65%	9.90% (2)	5.41%	1.37574	7.44%
4	Total	<u>100.00%</u>		<u>7.43%</u>		<u>9.47%</u>
5					Annual PTRR / 4 Quarters =	2.37%

(1) The pre-tax rate of return is calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. See Schedules 4 and 5 for additional detail.

(2) Cost of common equity reflects the published Market Based Returns on Common Equity in the Q2 2024 Quarterly Earnings Report Summary, Docket No. M-2024-3051104.

(3) The tax multiplier is calculated as follows: $1/[(1 - \text{Pa. Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$ where the Pa. tax rate is 7.99% and the Fed. Tax rate is 21%
 $1/[(1 - 7.99\%) \times (1 - 21\%)] = 1.37574$

Duquesne Light Company
Schedule 4 - Calculation of Capital Structure and Related Ratios
As of November 30, 2024

<u>Line No.</u>		<u>Total Company Actual Amount Outstanding</u> (1)	<u>Ratios</u> (2)
1	Total Debt (Sch. 5., Col. 1)	\$ 1,644,804,037	45.35%
2	Total Preferred & Preference Stock (Sch. 5., Col. 1)	-	0.00%
3	<u>Common Equity:</u>		
4	Common stock	-	
5	Premium on capital stock	-	
6	Other paid in capital	988,426,521	
7	Capital stock expense	-	
8	Retained earnings	992,240,959	
9	Unappropriated undistributed sub earnings	-	
10	Accumulated other comp income	<u>1,092,073</u>	
11	Total Common Equity	<u>1,981,759,553</u>	<u>54.65%</u>
12	Total Capital	<u><u>\$ 3,626,563,590</u></u>	<u><u>100.00%</u></u>

Duquesne Light Company
Schedule 5 - Cost of Debt and Preferred Stock as Adjusted
As of November 30, 2024

Line No	Description	[1] Amount Outstanding	[2] Percent to Total	[3] Effective Interest Rate	[4] Annual Interest Cost	[5] Average Weighted Cost Rate
1	1st Mortgage Bond 4.76% due 2/3/42	\$ 200,000,000	12.08%	4.81%	\$ 9,620,000	0.58%
2	1st Mortgage Bond 4.97% due 11/14/43	\$ 160,000,000	9.67%	5.01%	\$ 8,016,000	0.48%
3	1st Mortgage Bond 5.02% due 2/4/44	\$ 45,000,000	2.72%	5.06%	\$ 2,277,000	0.14%
4	1st Mortgage Bond 5.12% due 2/4/54	\$ 85,000,000	5.14%	5.16%	\$ 4,386,000	0.27%
5	1st Mortgage Bond 3.78% due 3/2/45	\$ 100,000,000	6.04%	3.81%	\$ 3,810,000	0.23%
6	1st Mortgage Bond 3.93% due 3/2/55	\$ 200,000,000	12.08%	3.95%	\$ 7,900,000	0.48%
7	1st Mortgage Bond 3.93% due 7/15/45	\$ 160,000,000	9.67%	3.96%	\$ 6,336,000	0.38%
8	1st Mortgage Bond 3.82% due 10/3/47	\$ 60,000,000	3.63%	3.86%	\$ 2,316,000	0.14%
9	1st Mortgage Bond 3.89% due 2/1/48	\$ 60,000,000	3.63%	3.93%	\$ 2,358,000	0.14%
10	1st Mortgage Bond 4.04% due 2/1/58	\$ 125,000,000	7.55%	4.07%	\$ 5,087,500	0.31%
11	1st Mortgage Bond 3.11% due 5/5/50	\$ 200,000,000	12.08%	3.14%	\$ 6,280,000	0.38%
12	1st Mortgage Bond 4.59% due 10/3/52	\$ 130,000,000	7.85%	4.63%	\$ 6,019,000	0.36%
13	1st Mortgage Bond 5.67% due 3/12/54	\$ 80,000,000	4.83%	5.72%	\$ 4,576,000	0.28%
14	1st Mortgage Bond 5.77% due 3/12/64	\$ 50,000,000	3.02%	5.82%	\$ 2,910,000	0.18%
15	Sub-Total	1,655,000,000	100.00%		71,891,500	4.34%
16	Amortization of loss on reacquired debt	(10,195,963)			1,459,210	
17	Amortization of gain on reacquired debt	-			-	
18	Net Long-Term Debt	<u>\$ 1,644,804,037</u>			<u>\$ 73,350,710</u>	<u>4.46%</u>

Preferred Stock

Line No	Description	Amount Outstanding	Percent to Total	Effective Cost Rate	Annual Cost	Weighted Cost Rate
1	3.75% Preferred Stock	-	0.00%	0.00%	\$ -	0.00%
2	4.15% Preferred Stock	-	0.00%	0.00%	-	0.00%
3	4.20% Preferred Stock	-	0.00%	0.00%	-	0.00%
4	4.10% Preferred Stock	-	0.00%	0.00%	-	0.00%
5	\$2.10 Preferred Stock	-	0.00%	0.00%	-	0.00%
6	Total Preferred Stock	<u>\$ -</u>	<u>0.00%</u>		<u>\$ -</u>	<u>0.00%</u>

Duquesne Light Company
Schedule 6 - E Factor Balance Reconciliation
As of December 31, 2023

1	Surcharge Revenue, Inc. GRT	\$8,002,703	Exh. 1, Page 2
2	Surcharge Revenue, Excl. GRT		\$7,530,543 Line 1 * 0.941
3	E-Factor Revenue, Inc. GRT	\$146,015	Exh. Page 4
4	E-Factor Revenue, Excl. GRT		\$137,400 Line 3 * 0.941
5	Net DSIC Related Revenue, Excl. GRT		\$7,393,143 Line 2 - Line 4
6	Filed Current (DSIC) Revenue Requirement - Excl. GRT		\$6,600,067 Exh. 1, Page 2
7	Reconciliation Period (Over)/Under Collection		(\$793,076) Line 6 - Line 5
8	Interest on (Over)/Under Collection		(\$56,730) Exhibit 1, Page 5
9	<u>Total Reconciliation Period (Over)/Under Collection</u>		<u>(\$849,806) Line 7 + Line 8</u>
10	Balance at YE December 31, 2022, Excl, GRT		\$275,047
11	E-Factor Revenue - January 2023 - December 2023, Excl. GRT		\$137,400 Line 4
12	Prior Period Balance at December 31, 2023		\$137,646 Line 10 - Line 11
13	Reconciliation Period (Over)/ Under Collection - Jan 23 - Dec 23		(\$849,806) Line 9
14	<u>E-Factor Balance at YE December 31, 2023</u>		<u>(\$712,160) Line 12 + Line 13</u>

(1) Line 1 through Line 9 tie to the 2023 DSIC annual 1307e reconciliation filing at Docket No. M-2024-3045904

(2) Line 10 ties to the Q2 2023 DSIC quarterly filing at Docket No. M-2023-3039149

Duquesne Light Company
Schedule 7 - Distribution FERC Account Balance Tracker
January 1, 2025 through March 31, 2025

Distribution FERC Accounts	Balances at 12/31/2024 (1)	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Balances at 12/31/2025
INTANGIBLE PLANT														
301 ORGANIZATION														
302 FRANCHISES AND CONSENTS														
303 MISCELLANEOUS INTANGIBLE PLANT														
TOTAL INTANGIBLE PLANT														
DISTRIBUTION PLANT														
360 LAND AND LAND RIGHTS														
361 STRUCTURE AND IMPROVEMENTS														
362 STATION EQUIPMENT														
363 STORAGE BATTERY EQUIPMENT														
364 POLES, TOWERS & FIXTURES														
365 OVERHEAD COND. & DEVICES														
366 UNDERGROUND CONDUIT														
367 UNDERGROUND CONDUCTORS														
368 LINE TRANSFORMERS														
369 OVERHEAD & UNDERGROUND SERVICES														
370 METERS & APPURTECES														
371 INSTALLS CUSTOMER PREMISE														
372 LEASED PROPERTY ON CUSTOMER PREMISES														
373 STREET LIGHTING														
TOTAL DISTRIBUTION PLANT														
GENERAL PLANT														
389 LAND AND LAND RIGHTS														
390 STRUCTURES AND IMPROVEMENTS														
391 OFFICE FURNITURE AND EQUIPMENT														
392 TRANSPORTATION EQUIPMENT														
393 STORES EQUIPMENT														
394 TOOLS, SHOP AND GARAGE EQUIPMENT														
395 LABORATORY EQUIPMENT														
396 POWER OPERATED EQUIPMENT														
397 COMMUNICATION EQUIPMENT														
398 MISCELLANEOUS EQUIPMENT														
399 OTHER TANGIBLE PROPERTY														
TOTAL GENERAL PLANT														
TOTAL PLANT	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

2024 Rate Case - Distribution Electric Plant In Service - Pro Forma FPFTY (2)

Source: Docket No. R-2024-3046523

	Pro Forma FPFTY Ended 12/31/25 (3)	Total Company Values (3)
INTANGIBLE PLANT		
301/303 ORGANIZATION / FRANCHISE	83,000	107,000
303 MISCELLANEOUS INTANGIBLE PLANT	268,309,000	292,510,000
TOTAL INTANGIBLE PLANT	268,392,000	292,617,000
DISTRIBUTION PLANT		
360 LAND AND LAND RIGHTS	23,140,000	23,140,000
361 STRUCTURE AND IMPROVEMENTS	101,152,000	102,420,000
362 STATION EQUIPMENT	632,069,000	632,069,000
363 STORAGE BATTERY EQUIPMENT		
364 POLES, TOWERS & FIXTURES	799,465,000	799,465,000
365 OVERHEAD COND. & DEVICES	824,665,000	824,665,000
366 UNDERGROUND CONDUIT	210,670,000	210,670,000
367 UNDERGROUND CONDUCTORS	683,608,000	683,608,000
368 LINE TRANSFORMERS	570,071,000	570,071,000
369 OVERHEAD & UNDERGROUND SERVICES	135,802,000	135,802,000
370 METERS & APPURTECES	159,997,000	159,997,000
370.1 METER COMMUNICATION EQUIPMENT		
372 LEASED PROPERTY ON CUSTOMER PREMISES		
373 STREET LIGHTING	72,541,000	72,541,000
OTHER	1,042,000	1,042,000
TOTAL DISTRIBUTION PLANT	4,214,222,000	4,215,490,000
GENERAL PLANT		
389-399 GENERAL PLANT	379,588,000	469,507,000
TOTAL GENERAL PLANT	379,588,000	469,507,000
TOTAL PLANT	4,862,202,000	4,977,614,000
	(4)	

(1) Balances at December 31, 2024 will tie to the Company's FERC Form 1, filed on or about April 15, 2025.

(2) The final Opinion and Order of the Commission, issued on November 7, 2024 within Docket No. R-2024-3046523 approved the Joint Petition for Approval of Settlement without modification (Settlement Agreement). The Settlement Agreement paragraph #30 on page #7 states "as of the effective date of rates in this proceeding, Duquesne Light will be eligible to include plant additions in the Distribution System Improvement Charge ("DSIC") at the later of, (1) the end of the FPFTY, and (2) once the total FPFTY account balances exceed \$4,862,202,000, which are the levels projected by the Company in this proceeding at December 31, 2025 per DLC Exhibit 2, Book 5, Schedule D-1. In order to track against the Company's Plant FERC accounts, the Company will compare to the "Total Company Values" as noted above.

(3) DLC Exhibit 6-1, Fully Projected Future Test Year Jurisdictional Separation.

(4) DLC Exhibit 2, Schedule D-1, page 3 of 3, Column 2, Line 1.