



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

IN REPLY, PLEASE
REFER TO OUR FILE

April 11, 2025

Docket No. M-2025-3053644
Utility Code: 110150

SOPHIA AL RASHEED
REGULATORY COUNSEL IV
DUQUESNE LIGHT COMPANY
411 SEVENTH AVENUE, 15-7
PITTSBURGH, PA 15219
salrasheedn@duqlight.com

**Re: Annual Asset Optimization Plan (AAOP) for Duquesne Light Company at
Docket No. M-2025-3053644**

Dear Ms. Al Rasheed:

On February 27, 2025, Duquesne Light Company (DLC) 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 (TUS).

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 LTIP has expired and under this time frame for each successive year of the term of the LTIP.

DLC'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 LTIP 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.*

DLC's AAOP substantially complies with this requirement.

Substantial Adherence to LTIP

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 LTIP for the corresponding 12-month time frames.

52 Pa. Code § 121.6(e)

Absent any major modifications to the LTIP 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 LTIP. If the utility concludes that it needs to revise its LTIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.

DLC states that it spent approximately \$246.0 million in 2024, as compared to the \$205.9 million estimated in its LTIIIP, which was an increase of approximately 19%. DLC notes that its 2024 spending included execution of 2024 projects as well as initiating engineering and construction for 2025 LTIIIP projects.

DLC's AAOP includes information describing the progress of the programs and explaining deviations from the original projections where appropriate. DLC avers that while some initiative spending forecasts have been adjusted due to changing circumstances, DLC does not propose to eliminate any of its programs at this time. DLC states that it will file any necessary petitions if the projections over the six-year LTIIIP period indicate a major modification.

DLC states that it expects to meet or exceed its DSIC-eligible property replacement and improvement targets for 2025 and that it expects to spend approximately \$231.6 million or a 25% increase in spending on LTIIIP projects in 2025, as compared to the LTIIIP projection of \$184.9 million.

Compliance with the LTIIIP is evaluated on a multiyear basis over the life of the LTIIIP. 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 LTIIIP.

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

Conclusion

Upon review of DLC's AAOP filed on February 27, 2025, 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 Ghana Redman, TUS, at gredman@pa.gov.

Sincerely,



Rosemary Chiavetta
Secretary

cc: Kriss Brown, LAW
Allison Kaster, BIE
Dan Searfoorce, TUS
John Van Zant, TUS
Brent Killian, BIE
Ghana Redman, TUS