



**Duquesne Light**  
Our Energy...Your Power

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**Gary A. Jack**  
Assistant General Counsel

**Via Overnight Mail**

February 22, 2010

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2<sup>nd</sup> Floor  
400 North Street  
Harrisburg, PA 17120

**RECEIVED**

FEB 22 2010

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Re: Petition of Duquesne Light Company for Approval of its  
Energy Efficiency and Conservation and Demand Response Plan,  
Docket No. M-2009-2093217**

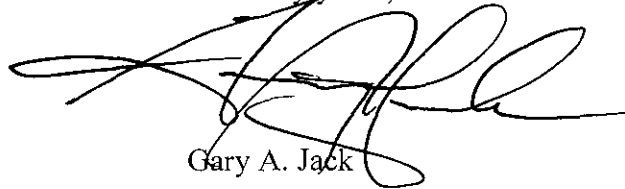
Dear Secretary McNulty:

Enclosed for filing and Commission approval, please find an original and eight (8) copies of Duquesne Light Company's ("Duquesne") Tariff Supplement No. 30 in connection with the above-referenced proceeding. Also attached is a work paper (Revised Exhibit WVP-8) showing the calculation of the new tariff rates. In the Commission's Opinion and Order of February 2, 2010 (the "Order"), the Commission proposed a change in the rate design of the Large Commercial Energy Efficiency Surcharge and the Large Industrial Energy Efficiency Surcharge. The Commission also gave parties fifteen (15) days from the date of entry of the Order to file comments. If no adverse comments were filed, the Commission directed Duquesne to file a revised Energy Efficiency and Conservation Plan and the appropriate tariffs consistent with the modifications of the Order within twenty (20) days of the date of the entry of the Order. It would appear no adverse comments were filed.

An effective date of April 1, 2010 is proposed in order to provide Duquesne's Information Technology department enough time to modify the billing system to charge the new rates and implement a reconciliation adjustment to ensure that customers pay the costs consistent with the original rate design, test the changes prior to implementation, and perform regression testing to ensure that Duquesne does not adversely affect any other functionality within the billing system.

Also enclosed are pertinent pages of the Duquesne Energy Efficiency Plan that have been modified to reflect the change in the rate design for the two surcharges (only page 120 was modified). Parties of record have been served.

Sincerely yours,

A handwritten signature in black ink, appearing to read "G. Jack", written over the typed name "Gary A. Jack". The signature is fluid and cursive, with a large loop at the end.

Gary A. Jack

Enclosures

cc: All Parties listed on the  
Certificate of Service



# 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

**Maureen L. Hogel**

**Senior Vice President and Chief Operating Officer**

ISSUED: FEBRUARY 23, 2010

EFFECTIVE: APRIL 1, 2010

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# NOTICE

THIS SUPPLEMENT MAKES CHANGES TO AN EXISTING RIDER AS PER THE COMMISSION'S RECONSIDERATION ORDER ENTERED FEBRUARY 2, 2010, AT DOCKET NO. M-2009-2093217

See Page Two

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGE

Rider No. 15 – Energy Efficiency and Conservation and  
Demand Response Surcharge

Third Revised Page No. 100  
Cancelling Second Revised Page No. 100

First Revised Page No. 100B  
Cancelling Original Page No. 100B

The large C&I Surcharge has been revised per the Commission's Reconsideration Order dated February 2, 2010, at Docket No. M-2009-2093217. The restoration of the original customer charge components will commensurate with the effective date of the Compliance Tariff (December 1, 2009), and Duquesne will implement an appropriate reconciliation mechanism to ensure that customers pay EE&C Plan costs consistent with the original rate design (as modified to use the PLC for the demand charge).

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 15 – ENERGY EFFICIENCY AND CONSERVATION AND DEMAND RESPONSE SURCHARGE**

(Applicable to all Rates)

The Energy Efficiency and Conservation and Demand Response Surcharge (“EECDR”) is instituted as a cost recovery mechanism to recover the costs associated with implementing the Company’s Energy Efficiency and Conservation and Demand Response Plan. Act 129 of 2008 became law on October 15, 2008, requiring the Pennsylvania Public Utility Commission (“Commission”) to develop an Energy Efficiency and Conservation Program applicable to electric distribution companies (“EDCs”) with at least 100,000 customers. This EECDR is implemented in compliance with Docket No. M-2009-2093217. The EECDR is a non-bypassable Surcharge and shall be applied to all customers’ bills.

**RATES**

Customer Class	Applicable Tariff Rate Schedule	Monthly Surcharge		
		¢/kWh	Fixed Charge \$/Month	\$/kW <sup>(1)</sup>
Residential	RS, RH, RA	0.23		
Small & Medium Commercial	GS, GM & GMH	0.11		
Small & Medium Industrial	GM & GMH	0.20		
Large Commercial	GL, GLH, L		\$451.00	\$0.87
Large Industrial	GL, GLH, L, HVPS		\$1,139.00	\$0.59
Lighting	AL, SE, SM, SH, PAL	0.00		
Unmetered	UMS	0.00		

(C)  
(C)

<sup>(1)</sup>Monthly Surcharge applicable to the customer’s Peak Load Contribution.

**CALCULATION OF SURCHARGE**

The rate, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The rate shall be determined in accordance with the formulas set forth below and shall be applied to all customers served during any part of a billing month:

**RESIDENTIAL CUSTOMER CLASS**

$$EECDR(r) = [ (( B - e ) / S ) * 100 ] * [ ( 1 / ( 1 - T ) ) ]$$

Where: **EECDR(r)** = The Energy Efficiency and Conservation and Demand Response Surcharge (residential) in one-hundredth of a cent which shall be added to the distribution rates for billing purposes for all residential customers.

## STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 15 – ENERGY EFFICIENCY AND CONSERVATION AND DEMAND RESPONSE SURCHARGE**  
– (Continued)

(Applicable to all Rates)

**CALCULATION OF SURCHARGE – (Continued)****LARGE COMMERCIAL & INDUSTRIAL CUSTOMER CLASSES**

$$\text{EECDR(I) (Fixed)} = [ ( B_A - e ) / C ] * [ ( 1 / ( 1 - T ) ) ] \quad (\text{C})$$

$$\text{EECDR(I) (Demand)} = [ ( B_I - e ) / L ] * [ ( 1 / ( 1 - T ) ) ]$$

Where: **EECDR(I)** = The Energy Efficiency and Conservation and Demand Response Surcharge (large commercial & industrial) is a two-part Surcharge. **EECDR(I) (Fixed)** is a monthly fixed Surcharge designed to recover projected program administrative costs and **EECDR(I) (Demand)** is a monthly demand Surcharge designed to recover projected program incentive costs. Combined, the two components are designed to recover the total projected program budgets. This Surcharge shall be shown separately for billing purposes for all large C&I customers. (C)

**B** = The projected budget of the **EECDR(I)** Plan applicable to the large C&I customer class for the planning year June 1 through May 31.  $B_A$  is the projected administrative budget applicable to each customer class and  $B_I$  is the projected incentive budget applicable to each customer class. (C)

**e** = The estimated over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended May 31.

**C** = Projected distribution customers for the planning year. (C)

**L** = Projected Peak Load Contribution (PLC) in kilowatts (kW) for the large C&I customer class for the planning year. (C)

**T** = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

**Duquesne Light Company**  
**Calculation of Proposed Large C&I Surcharges Effective April 1, 2010 (2)**

**A Large Commercial Customers (Rate Schedules GL, GLH, & L)**

2009-2010 Large Commercial Budget by Component

	<u>Administrative</u>	<u>Incentive</u>	<u>Total</u>
1 Energy Efficiency Programs (Com)	\$1,024,790	\$2,122,580	\$3,147,370
2 Demand Response Programs (Com)	\$42,098	\$0	\$42,098
3 Public Agency (Com)	\$579,133	\$1,158,267	\$1,737,400
4 Statewide Evaluator (Com)	\$150,976	\$0	\$150,976
5 Total Commercial	\$1,796,997	\$3,280,847	\$5,077,844

Calculation of Surcharge

	<u>2009-2010 Budget</u>	<u>Cost Recovery Charge / Unit</u>	<u>Units</u>	<u>December 2009 to to May 2010 Forecast Units</u>	<u>Monthly Charge</u>	<u>PA GRT Factor</u>	<u>Proposed Surcharge</u>
6 Administrative	\$1,796,997	Fixed /Mo.	Bills	4,237	\$424	\$27	\$451.00 /Mo.
7 Incentive	\$3,280,847	Variable/PLC (kW)	PLC (kW) (1)	3,987,170	\$0.82	\$0.05	\$0.87 /kW
8 Total	\$5,077,844						

**B Large Industrial Customers (Rate Schedules GL, GLH, L & HVPS)**

2009-2010 Large Industrial Budget by Component

	<u>Administrative</u>	<u>Incentive</u>	<u>Total</u>
9 Energy Efficiency Programs (Ind)	\$1,255,759	\$1,129,481	\$2,385,240
10 Demand Response Programs (Ind)	\$17,902	\$0	\$17,902
11 Statewide Evaluator (Ind)	\$121,423	\$0	\$121,423
12 Total Industrial	\$1,395,084	\$1,129,481	\$2,524,565

Calculation of Surcharge

	<u>2009-2010 Budget</u>	<u>Cost Recovery Charge / Unit</u>	<u>Units</u>	<u>December 2009 to to May 2010 Forecast Units</u>	<u>Monthly Charge</u>	<u>PA GRT Factor</u>	<u>Proposed Surcharge</u>
13 Administrative	\$1,395,084	Fixed /Mo.	Bills	1,302	\$1,071	\$67	\$1,139.00 /Mo.
14 Incentive	\$1,129,481	Variable/PLC (kW)	PLC (kW) (1)	2,030,932	\$0.56	\$0.03	\$0.59 /kW
15 Total	\$2,524,565						

(1) Forecast Peak Load Contribution (PLC) currently in effect for each rate schedule.

(2) Effective April 1, 2010, reconciled to December 1, 2009, in accordance with the Commission's February 2, 2010 Order at Docket No. M-2009-2093217.

<u>Rate Schedule</u>	<u>PLC (kW)</u>
GL (com)	431,291
GL (ind)	130,324
GLH (com)	85,664
GLH (ind)	9,997
L (com)	147,574
L (ind)	80,752
HVPS (com)	0
HVPS (ind)	117,415
Total C&I	1,003,017
Total Commercial	664,528
Total Industrial	338,489
Total C&I	1,003,017
Six Month Forecast Commercial PLC (kW)	3,987,170
Six Month Forecast Industrial PLC (kW)	2,030,932

each EDC's plan include a proposed cost-recovery tariff mechanism, in accordance with 66 Pa. C.S. § 1307 to fund all measures and to ensure full and current recovery of prudent and reasonable costs, including administrative costs, as approved by the Commission. To that end, Duquesne Light has designed a surcharge and reconciliation mechanism for all customer segments. The surcharge has been designed in a manner that recovers costs of the programs from the customers who have an opportunity to participate in those programs designed.

7.3. Provide data tables

Tables 6A, 6B, and 6C are populated with all the appropriate data required by the PA PUC.

7.4. Provide and describe tariffs and a Section 1307 cost recovery mechanism. Provide all calculations and supporting cost documentation.

The Company proposes to add Rider No. 15, "Energy Efficiency and Conservation and Demand Response Surcharge," to its tariff. The tariff sets forth the monthly surcharge rates by customer class to recover the program budgets. Since the proposed cost recovery method is different for residential, small and medium C&I and large C&I customer classes, a formula and description of the formula is defined for each customer class surcharge. Five surcharges are defined to recover costs as reasonably close as possible for each customer class and segment within the class, i.e. commercial or industrial customers. The formulas are in accordance with the provisions of a Section 1307 cost recovery surcharge and include reconciliation of over or under collections and interest on the over or under recovery. Duquesne will not impose any interest on over or under collections, per the Commission's Opinion and Order entered October 27, 2009.

7.5. Describe how the cost recovery mechanism will ensure that measures approved are financed by the same customer class that will receive the direct energy and conservation benefits.

The Company proposes to implement five surcharges to recover costs as close as reasonably possible to the customer class receiving the benefit. The costs are first defined for the three specific customer classes – residential, commercial and industrial. Commercial and industrial ("C&I") customers were separated into small and medium C&I and large C&I customer segments because of the diversity in the size of C&I customers in the Company's service territory to allow for more reasonable cost recovery. Small and medium C&I customers are those customers with monthly metered billing demand 300 kW and less. Large C&I customers are those customers with monthly billing metered demand greater than 300 kW. This segmentation of customers is appropriate because it aligns programs and program costs with the current tariff and with the tariff charges for distribution, transmission and default service supply. C&I program costs were then assigned for recovery first based on program description (e.g. Office Buildings – Large). Common program costs applicable to all C&I customers were then allocated based on projected savings. Duquesne will adopt the use of the Peak Load Contribution demand measure in the application of its cost recovery mechanism for Large C&I customers. The tariff modification was filed with the Commission on November 9, 2009 and was approved by a Secretarial Letter issued on November 24, 2009, at Docket



No. M-2009-2093217. The Commission proposed a modification to the Large Commercial Surcharge and the Large Industrial Surcharge in an Opinion and Order dated February 2, 2010, at Docket No. M-2009-2093217. As a result of this modification, Duquesne will implement the rate design of a fixed customer charge to recover the administrative costs and a demand charge, using Peak Load Contribution, to recover the incentive costs for Large Commercial and Large Industrial customers. Duquesne filed a revised tariff supplement on February 22, 2010. The fixed customer charge component of the surcharge and the demand charge component of the surcharge will be set forth as two separate line item charges on the customer bill.

## 8. Cost Effectiveness (~5 pages)

*(Objective of this section is to provide detailed description of the cost-effectiveness criteria and analyses. It can refer to appendices with program data.)*

- 8.1. Explain and demonstrate how the proposed plan will be cost effective as defined by the Total Resource Cost Test (TRC) specified by the Commission.

All measures and programs within the proposed EE&C program portfolio have passed the Total Resource Cost ("TRC")<sup>27</sup> test screening with the single exception of the solar program which has been removed per the Opinion and Order entered October 27, 2009 in Docket No. M-2009-2093217.

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This screening metric exceeds Commission requirements that program portfolios pass the TRC allowing for individual measures and programs to fail the test.

The energy efficiency potential forecast, described in Sections 3 and 6 above, forecast technical, economic and achievable energy efficiency potential. Economic potential is defined as technically feasible measures that pass the TRC test. Program measures described herein are selected from the measures comprising forecast economic potential.

Low income programs are typically excused from cost-effectiveness tests and treated as "equity programs" or programs mandated to fulfill an obligation to reach an underserved and disadvantage customer segment. Low income energy efficiency programs are evolving from strictly weatherization programs to more comprehensive "end use" strategies focusing on lighting, appliances and weatherization. Nationally, leading low income programs have been structured to ensure they are cost-effective contributors to energy utilities' resource portfolios. The Low Income Energy Efficiency Program (LIEEP) advanced in this portfolio is patterned after a public agency partnership<sup>28</sup>

<sup>27</sup> The PA PUC adopted the California Public Utilities Commission, California Standard Practice Manual - Economic Analysis of Demand-Side Programs and Projects (SPM) for defining energy efficiency cost-effectiveness. In the SPM, TRC is defined at Chapter 4, page 18.

<sup>28</sup> See EEC & DR Study low income program benchmarking strategy 2 and the Prototype Community Energy Efficiency Program, program number 1241-04, authorized by the California Public Utilities Commission under Rulemaking R.01-08-028.

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Tariff Supplement and pertinent pages of the EEC&DR Plan of Duquesne Light Company in response to the Commission's February 2, 2010 Order have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

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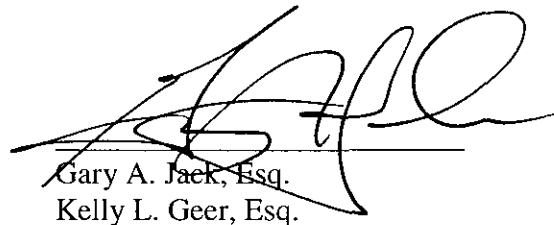
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Dated February 22, 2010

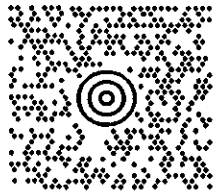
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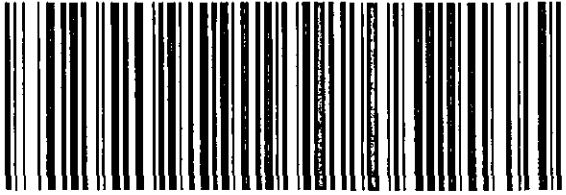
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