

**Duquesne Light Company
Distribution Rate Case
Docket No. R-2018-3000124**

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52 Pa. Code § 53.52(a)(1)

- Q. The specific reasons for each change.
- A. Please refer to Schedule A of DLC Exhibit 2 (Fully Projected Test Year)

52 Pa. Code § 53.52(a)(2)

- Q. The total number of customers served by the utility.
- A. Currently there are approximately 596,000 customers served by Duquesne.

52 Pa. Code § 53.52(a)(3)

- Q. A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.
- A. See Duquesne's Exhibit 2 (Fully Projected Future Test Year), Schedule D-5 D and DFR IV-A.

52 Pa. Code § 53.52(a)(4)

- Q. The effect of the change on the utility's customers.
- A. See Duquesne's Exhibit 2 (Fully Projected Future Test Year), Schedule D-5 D and DFR IV-A.

52 Pa. Code § 53.52(a)(5)

- Q. The direct or indirect effect of the proposed change on the utility's revenue and expenses.
- A. See Duquesne's Exhibit 2 (Fully Projected Future Test Year), Schedule D.

52 Pa. Code § 53.52(a)(6)

- Q. The effect of the change on the service rendered by the utility
- A. The Company is not proposing any changes to the service rendered by the utility.

52 Pa. Code § 53.52(a)(7)

- Q. A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a change seeking a general rate increase as defined in 66 Pa. C. S. & 1308 (relating to voluntary changes in rates).
- A. Not applicable.

52 Pa. Code § 53.52(a)(8)

- Q. Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C. S. & 1308.
- A. Not applicable.

52 Pa. Code § 53.52(a)(9)

- Q. Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.
- A. Please refer to DLC Exhibit 5, Statement No. 7, Direct Testimony of Katherine Scholl.

52 Pa. Code § 53.52(a)(10)

- Q. Plans the utility has for introducing or implementing the changes with respect to its ratepayers.
- A. The Company proposes to publish in newspapers in general circulation in its service territory the notice of the rate filing. Additional publications may be made based on Commission order. Bill inserts describing changes proposed and ultimately approved will be provided to customers. Additionally, news releases, and other media outlets will be utilized to communicate with customers. Additionally, after the Commission acts on this filing, the Company will notify all customers in accordance with Commission requirements. The Company also plans to inform customers about approved rate changes in customer newsletters.

52 Pa. Code § 53.52(a)(11)

- Q. FCC, FERC or Commission orders or rulings applicable to the filing.
- A. None.

52 Pa. Code § 53.52(b)(1)

- Q. The specific reasons for each Increase or decrease.
- A. See Duquesne's Statement of Reasons in DLC Exhibit 2 (Fully Projected Future Test Year), Schedule A.

52 Pa. Code § 53.52(b)2

- Q. The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing.
- A. See Duquesne's DLC Exhibit 4 (Historic Test Year), Schedule B.

52 Pa. Code § 53.52(b)3

- Q. A calculation of the number of customers, by tariff subdivision, whose bills will be increased.
- A. See Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), Schedule D-5 D and DFR IV-A.

52 Pa. Code § 53.52(b)4

- Q. A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.
- A. See Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), Schedule D and DFR IV-A.

52 Pa. Code § 53.52(b)5

- Q. A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.
- A. See Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), Schedule D-5 D and DFR IV-A.

52 Pa. Code § 53.52(b)6

- Q. A calculation of the total decreases. in dollars, by tariff subdivision, projected to an annual basis.
- A. See Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), Schedule D-5 D and DFR IV-A.

52 Pa. Code § 53.52(c)1

- Q. A statement showing the utility's calculation of the rate of return earned in the 12-month period referred to on subsection (b)(2), and the anticipated rate of return to be earned when the tariff, revision, or supplemental becomes effective. The rate base used in this calculation shall be supported by summaries of original cost for the rate of return calculation.
- A. See Schedule C-1 of DLC Exhibit 2 (Fully Projected Future Test Year), DLC Exhibit 3 (Future Test Year) and DLC Exhibit 4 (Historic Test Year).

52 Pa. Code § 53.52(c)2

- Q. A detailed balance sheet of the utility as of the close of the period referred to in subsection (b)(2).
- A. See Schedule B-1 of Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), DLC Exhibit 3 (Future Test Year) and DLC Exhibit 4 (Historic Test Year).

52 Pa. Code § 53.52(c)3

- Q. A summary, by detailed plant accounts, of the book value of the property of the utility at the date of the balance sheet required by paragraph (2).

- A. See Schedule C-2 of Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), DLC Exhibit 3 (Future Test Year) and DLC Exhibit 4 (Historic Test Year) – DFR V-A-3.

52 Pa. Code § 53.52(c)4

- Q. A statement showing the amount of the depreciation reserve, at the date of the balance sheet required by paragraph (2), applicable to the property, summarized as required by paragraph (3).
- A. See Schedule C-2 of Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), DLC Exhibit 3 (Future Test Year) and DLC Exhibit 4 (Historic Test Year) – DFR V-A-3.

52 Pa. Code § 53.52(c) 5

- Q. A statement of operating income, setting forth the operating revenues and expenses by detailed accounts for the 12-month period ending on the balance sheet required by paragraph (2).
- A. See Schedule B of Duquesne's DLC Exhibit 2 (Fully Projected Future Test Year), DLC Exhibit 3 (Future Test Year) and DLC Exhibit 4 (Historic Test Year).

52 Pa. Code § 53.52(c) 6

- Q. A brief description of a major change in the operating or financial condition of the utility occurring between the date of the balance sheet required by paragraph (2) and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the utility from that reflected in paragraphs (1) - (5).
- A. There have been no major changes in the operating and financial conditions of Duquesne between the date of the balance sheet and the date of this filing.

Q.1. Provide a summary discussion of the rate change request, including specific reasons for each increase or decrease. Also provide a breakdown, which identifies the revenue requirement value of the major items generating the requested rate change.

A.1. See Schedule A of DLC Exhibit 1, Part 1.

Q.2. Identify the proposed witnesses for all statements and schedules of revenues, expenses, taxes, property, valuation and the like.

A.2. Please refer to DLC Exhibit 5, Statement 1 – Direct Testimony of C. James Davis

Q.3. Provide a single page summary table showing, at present and at proposed rates, together with references to the filing information, the following as claimed for the fully adjusted test year:

Revenues
Operating Expenses
Operating Income
Rate Base
Rate of Return (produced)

A.3. Attachment I-A-3 provides the requested information.

Total PA Jurisdiction
Year Ending December 31, 2019
(Thousands of Dollars)

	AT PRESENT RATES		AT PROPOSED RATES	
	Amount	DLC Exhibit 2 (Fully Projected Future) Reference	Amount	DLC Exhibit 2 (Fully Projected Future) Reference
Revenue	\$ 505,985	Sch. D-1, Col. (1), line 5	\$ 587,580	Sch. D-1, Col. (3), line 5
Operating Expenses	<u>390,418</u>	Sch. D-1, Col. (1), line 9	<u>396,311</u>	Sch. D-1, Col. (3), line 9
Operating Income	<u>\$ 115,567</u>	Sch. D-1, Col. (1), line 10	<u>\$ 191,269</u>	Sch. D-1, Col. (3), line 10
Rate Base	<u>\$1,926,260</u>	Sch. C-1, Col. (2), line 1	<u>\$ 1,926,260</u>	Sch. C-1, Col. (2), line 1
Rate of Return	<u>5.265%</u>	Sch. C-1, Col. (2), line 3	<u>8.06%</u>	Sch. C-1, Col. (2), line 5

- Q.4. Whenever a major generating plant is placed in operating service or removed from operating service the utility shall separately indicate the effect of the plant addition or removal from service upon rate base, revenue, expense, tax, income and revenue requirement as it affects the test year.
- A.4. This filing requirement is not applicable to Duquesne Light Company's current rate filing.

Q.1. Provide a corporate history including the dates of original incorporation, subsequent mergers and acquisitions. Indicate all counties, cities and other governmental subdivisions to which service is provided, including service areas outside this Commonwealth, and the total number of customers or billed units in the areas served.

A.1.

Duquesne Light Company

Incorporation History and Conversion to a Limited Liability Company

The present Duquesne Light Company was formed on November 15, 1912 by the consolidation and merger of Duquesne Light Company, Oakmont and Verona Light, Heat and Power Company and Monongahela Light Company under Section 1 of the Act of May 3, 1909, P.L. 408. By the terms of this Act all of the rights, powers, franchises and property of the constituent companies became vested in the present Duquesne Light Company. Comm. vs. Citizens Light, Heat and Power Company of Penna., 41 C.C. 222.

Of the constituent companies, Duquesne Light Company was incorporated on August 5, 1903 under the Act of April 29, 1874, P.L. 73, and its supplement, the Act of May 8, 1889, P.L. 136, for the purpose of supplying light, heat and power by means of electricity to the City of Pittsburgh (Allegheny County), and by the terms of its charter was to have perpetual existence.

Oakmont and Verona Light, Heat and Power Company was incorporated on June 18, 1890, under the Act of April 29, 1874, and its supplement, the Act of May 8, 1889, for the purpose of supplying light, heat and power by means of electricity to the Borough of Oakmont (Allegheny County), and by the terms of its charter was to have existence for 999 years.

Monongahela Light Company was incorporated on April 4, 1902, under the Act of April 29, 1874, and its supplement, the Act of May 8, 1889, for the purpose of supplying light, heat and power by means of electricity within the districts lying east and west of the Monongahela and Youghiogheny Rivers in the County of Allegheny, Pennsylvania between a point on the said Monongahela River where the boundary line of the City of Pittsburgh intersects said river to a point where the boundary line of the County of Westmoreland intersects said river, and from the mouth of the Youghiogheny River to a point where the boundary line of said County of Westmoreland intersects the said Youghiogheny River, and more particularly bounded and described as follows, on the east by the Townships of Rostraver, Sewickley, North Huntingdon, Penn, Franklin and Burrell in the County of Westmoreland, on the north by the Allegheny River, on the west by the City of Pittsburgh and the Townships of Snowden and Baldwin in Allegheny County, and on the south by the Townships of Union and Carroll, in Washington County, Pennsylvania, and by the terms of its charter was to have perpetual existence.

Sponsor: Matthew S. Ankrum

Duquesne Light Company restated its Articles of Amendment last on June 30, 1999. The stated purposes for which the Company is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania are to engage in, and do any lawful act concerning, any of all lawful business for which corporations may be incorporated under said Business Corporation Law, including but not limited to:

- A. The supply of light, heat and power to the public by any means;
- B. The production, generation, manufacture, transmission, transportation, storage, distribution or furnishing of electricity, natural or artificial gas, steam or air conditioning, or any combination thereof to or for the public; and
- C. Manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, the furnishing of services, and acquiring, owning, using and disposing of real property of every nature whatsoever.

In April 2017, Duquesne Light Company submitted an “Application of Duquesne Light Company for Approval to Convert from a Business Corporation to a Limited Liability Company”, (Docket No. A-2017-2599375) to the Pennsylvania Public Utility Commission (PUC). The PUC approved this application in an Order dated August 31, 2017 and effective November 2017, Duquesne Light Company completed its conversion to a Limited Liability Company.

Duquesne Light Holdings, Inc. is the sole holder of Duquesne Light Company common stock (10 shares @\$1 par value). Duquesne Light's subsidiaries are:

Duquesne Light Company and its Subsidiaries

Entity Type:	Corporation	
<u>Registrations</u>		
Pennsylvania	Incorporation	11/25/1912
Duquesne Power Two, LLC*		
Entity Type:	100% Limited Liability Company	
<u>Registrations</u>		
Delaware	Incorporation	10/21/2003
Pennsylvania	Qualification	05/17/2004
Monongahela Light and Power Company (through October 2017)** 100%		
Entity Type:	Corporation	
<u>Registrations</u>		
Pennsylvania	Incorporation	04/28/1899

*Formerly Duquesne Power, Inc., a Delaware corporation, converted 12/08/2005.

**Pursuant to the PUC Order approving its Application of Duquesne Light Company for Approval to Convert from a Business Corporation to a Limited Liability Company, (Docket No. A-2017-2599375) in

Sponsor: Matthew S. Ankrum

November 2017, Duquesne Light Company transferred Monongahela Light and Power Company and its subsidiary, DataCom Information Systems, LLC to Duquesne Light Holdings, Inc. (parent).

The counties, cities and other government subdivisions, for which service is provided, please see the below. Total number of customer accounts is approximately 595,000.

LIST OF COMMUNITIES SERVED

The Company renders service in portions of Allegheny and Beaver Counties, Pennsylvania. Electric service is available in all localities where the Company has distribution facilities, including all or a portion of the following cities, boroughs and townships.

ALLEGHENY COUNTY

Cities and Boroughs

Aspinwall	Dormont	Jefferson	Rosslyn Farms
Avalon	Dravosburg	Leetsdale	Sewickley
Baldwin	Duquesne	Liberty	Sewickley Heights
Bell Acres	East McKeesport	Lincoln	Sewickley Hills
Bellevue	East Pittsburgh	McKeesport	Sharpsburg
Ben Avon	Edgewood	McKees Rocks	Swissvale
Ben Avon Heights	Edgeworth	Millvale	Thornburg
Bethel Park	Emsworth	Monroeville	Trafford
Blawnox	Etna	Mt. Oliver	Turtle Creek
Braddock	Forest Hills	Munhall	Verona
Braddock Hills	Fox Chapel	North Braddock	Versailles
Brentwood	Franklin Park	Oakmont	Wall
Carnegie	Glassport	Osborne	West Homestead
Castle Shannon	Glenfield	Pennsbury Village	West Mifflin
Chalfant	Green Tree	Pittsburgh	West View
Churchill	Haysville	Pleasant Hills	Whitaker
Clairton	Heidleberg	Plum	Whitehall
Coraopolis	Homestead	Port Vue	White Oak
Crafton	Ingram	Rankin	Wilkinsburg
			Wilmerding

Townships

Aleppo	Kilbuck	Ohio	Shaler
Baldwin	Leet	Penn Hills	Stowe
Collier	McCandless	Pine	Upper St. Clair
Crescent	Moon	Reserve	West Deer
Findlay	Mt. Lebanon	Richland	Wilkins
Hampton	Neville	Robinson	
Indiana	North Versailles	Ross	
Kennedy	O'Hara	Scott	

LIST OF COMMUNITIES SERVED - (Continued)**BEAVER COUNTY****Cities and Boroughs**

Aliquippa	East Rochester	Glasgow	Patterson Heights
Ambridge	Eastvale	Hookstown	Rochester
Baden	Economy	Industry	Shippingport
Beaver	Fallston	Midland	South Heights
Beaver Falls	Frankfort Springs	Monaca	West Mayfield
Bridgewater	Freedom	New Brighton	
Conway	Georgetown	Ohioville	

Townships

Brighton	Hanover	New Sewickley	Raccoon
Center	Harmony	Patterson	Rochester
Daugherty	Hopewell	Potter	Vanport
Greene	Independence	Pulaski	White

- Q.2. Provide a description of the property of the utility and an explanation of the system's operation, and supply the following, using available projections if actual data is unavailable:
- a. A schedule of generating capability showing for the test year, and for the two consecutive 12-month periods prior to the test year, net dependable capacity in KW by unit, plant capacity factor by unit, and total fuel consumption by type and cost for each unit, if available, or for each station, and operation and maintenance expenses by station.
 - b. A schedule showing for the test year and for the 12-month period immediately prior to the test year the scheduled and unscheduled outages—in excess of 48 hours—for each station, the equipment or unit involved, the date the outage occurred, duration of the outage, maintenance expenses incurred for each outage, if available, and amounts reimbursable from suppliers or insurance companies.
 - c. A schedule for each unit retired during the test year or subsequent to the end of the test year, which shows the unit's KW capacity, hours of operation during the test year, net output generated, cents/KWH of maintenance and fuel expenses, and date of retirement.
 - d. A schedule showing latest projections of capacity additions and retirements—costs and KW—and reserve capacity at the time of peak for at least 10 years beyond the test year, including the in-service dates—actual or expected—and AFDC cutoff dates—if different from in-service dates—for all new generating units coming on line during or subsequent to the test year, if claimed.
- A.2. This filing requirement is not applicable to Duquesne Light Company's current rate filing.

- Q.3. Provide an overall system map, including and labeling all generating plants, transmission substations—indicate voltage, transmission system lines—indicate voltage, and all interconnection points with other electric utilities, power pools, and other like systems.
- A. Attachment DFR I-B-3 is considered Highly Confidential since it contains Critical Energy Infrastructure Information and is being provided to the Commission and will be provided to parties upon the execution of a Stipulated Protective Agreement and/or Protective Order.

- Q.1. Provide a schedule showing the test year rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Claims made on this schedule should be cross-referenced to appropriate supporting schedules.
- A.1. Schedules C-1 and D-1 of DLC Exhibit 2 (Fully Projected Future Test Year) provide the requested information.

- Q.2. If the schedule provided in response to item 1, is based upon a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.
- A.2. Please refer to Schedules C-1 and D-1 for DLC Exhibit 3 (Future Test Year) and DLC Exhibit 4 (Historic Test Year).

- Q.3. When a utility files a tariff stating a new rate based in whole or in part on the cost of construction, as defined in 66 Pa.C.S. § 1308(f) (relating to voluntary changes in rates), of an electric generating unit, the utility shall identify:
- a) The total cost of the generating unit.
 - b) The following costs:
 - 1) The cost and quantity of each category of major equipment, such as switchgear, pumps or diesel generators and the like.
 - 2) The cost and quantity of each category of bulk materials, such as concrete, cable and structural steel and the like.
 - 3) Manual labor.
 - 4) Direct and indirect costs of architect/engineering services.
 - 5) Direct and indirect costs of subcontracts or other contracts involving major components or systems such as turbines, generators, nuclear steam supply systems, major structures and the like.
 - 6) Distributed costs.
 - c) A cost increase of \$5 million or more, including AFUDC, over the original utility estimates provided under 66 Pa.C.S. § 515(a) (relating to construction cost of electric generating units) and its causes.
 - d) Compliance with subsections (a) and (b) will be identical in format and substance as that provided under 52 Pa. Code § 57.103 (relating to estimate of construction costs) for original cost estimates submitted under 66 Pa.C.S. § 515(a).
- A.3. This filing requirement is not applicable to Duquesne Light Company's current rate filing.

- Q.1. If a claim is made for plant held for future use, supply the following:
- a. A description of the plant or land site and its cost and any accumulated depreciation.
 - b. The expected date of use for each item claimed.
 - c. An explanation as to why it is necessary to acquire each item in advance of its date of use.
 - d. The data when each item was acquired.
 - e. The date when each item was placed in plant held for future use.
- A.1. Duquesne Light Company is not making a claim in measures of value in the fully projected future test year for plant held for future use. The Company is requesting authorization to record AFUDC on land acquired to provide future service in this proceeding. Please refer to the testimony of Matthew S. Ankrum in DLC Exhibit 5, Statement No.2.

- Q.2. If a claim is made for construction work in progress, provide a supporting schedule which sets forth separately, revenue-producing and nonrevenue producing amounts, and include, for each category a summary of all work orders, amounts expended at the end of the test year and anticipated in-service dates. Indicate if the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project.
- A.2. Duquesne Light Company is not making a claim in the fully projected future test year for construction work in process.

- Q.3. If a claim is made for materials and supplies or fuel inventory provide a supporting schedule for each claim showing the latest actual 13 monthly balances and showing in the case of fuel inventory claims, the type of fuel, and location, as in station, and the quantity and price claimed.
- A.3. The requested information for materials and supplies is provided in Attachment II-B-3. The claim for materials and supplies is based upon the actual 13 monthly balances in the Historic Test Year. There is no claim being made for fuel inventory.

DUQUESNE LIGHT COMPANY
Monthly Average of Plant Materials and Operating Supplies
As of December 31, 2019
(Thousands of Dollars)

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Plant Materials and Operating Supplies (B-3, page 2)	\$ 28,962
2	Stores expense undistributed (B-3, page 3)	<u>-</u>
3	Total materials and operating supplies	<u><u>\$ 28,962</u></u>

DUQUESNE LIGHT COMPANY
Plant Materials and Operating Supplies
As of December 31, 2019
(Thousands of Dollars)

Line No.	Month	Amount
1	December 2018	\$ 27,250
2	January 2019	28,000
3	February	28,250
4	March	28,500
5	April	28,500
6	May	29,000
7	June	29,250
8	July	29,250
9	August	29,500
10	September	29,500
11	October	30,000
12	November	30,000
13	December	<u>29,500</u>
14	Total Plant Materials and Operating Supplies	<u>\$ 376,500</u>
15	Monthly Average	<u>\$ 28,962</u>

DUQUESNE LIGHT COMPANY
Stores Expenses Undistributed
As of December 31, 2019
(Thousands of Dollars)

Line No.	Month	Amount
1	December 2018	\$ -
2	January 2019	-
3	February	-
4	March	-
5	April	-
6	May	-
7	June	-
8	July	-
9	August	-
10	September	-
11	October	-
12	November	-
13	December	-
14	Total Plant Materials and Operating Supplies	<u>\$ -</u>
15	Monthly Average	<u>\$ -</u>

DUQUESNE LIGHT COMPANY
Monthly Average of Plant Materials and Operating Supplies
As of December 31, 2018
(Thousands of Dollars)

Line No.	Description	Amount
1	Plant Materials and Operating Supplies (B-3, page 5)	\$ 25,551
2	Stores expense undistributed (B-3, page 6)	<u>(0)</u>
3	Total materials and operating supplies	<u>\$ 25,551</u>

DUQUESNE LIGHT COMPANY
Plant Materials and Operating Supplies
As of December 31, 2018
(Thousands of Dollars)

Line No.	Month	Amount
1	December 2017	\$ 23,412
2	January 2018	24,700
3	February	24,700
4	March	25,000
5	April	25,200
6	May	25,300
7	June	25,600
8	July	25,800
9	August	26,000
10	September	26,200
11	October	26,500
12	November	26,500
13	December	<u>27,250</u>
14	Total Plant Materials and Operating Supplies	<u>\$ 332,162</u>
15	Monthly Average	<u>\$ 25,551</u>

DUQUESNE LIGHT COMPANY
Stores Expenses Undistributed
As of December 31, 2018
(Thousands of Dollars)

Line No.	Month	Amount
1	December 2017	\$ (2)
2	January 2018	-
3	February	-
4	March	-
5	April	-
6	May	-
7	June	-
8	July	-
9	August	-
10	September	-
11	October	-
12	November	-
13	December	-
14	Total Plant Materials and Operating Supplies	<u>\$ (2)</u>
15	Monthly Average	<u>\$ (0)</u>

DUQUESNE LIGHT COMPANY
Monthly Average of Plant Materials and Operating Supplies
As of December 31, 2017
(Thousands of Dollars)

Line No.	Description	Amount
1	Plant Materials and Operating Supplies (B-3, page 8)	\$ 23,523
2	Stores expense undistributed (B-3, page 9)	<u>(0)</u>
3	Total materials and operating supplies	<u>\$ 23,523</u>

DUQUESNE LIGHT COMPANY
Plant Materials and Operating Supplies
As of December 31, 2017
(Thousands of Dollars)

Line No.	Month	Amount
1	December 2016	\$ 22,823
2	January 2017	23,013
3	February	23,583
4	March	24,353
5	April	24,160
6	May	24,097
7	June	23,785
8	July	23,215
9	August	23,073
10	September	23,118
11	October	23,417
12	November	23,748
13	December	23,412
14	Total Plant Materials and Operating Supplies	<u>\$ 305,796</u>
15	Monthly Average	<u>\$ 23,523</u>

DUQUESNE LIGHT COMPANY
Stores Expenses Undistributed
As of December 31, 2017
(Thousands of Dollars)

<u>Line No.</u>	<u>Month</u>	<u>Amount</u>
1	December 2016	\$ -
2	January 2017	-
3	February	-
4	March	-
5	April	-
6	May	0
7	June	0
8	July	(0)
9	August	(0)
10	September	(0)
11	October	(0)
12	November	(2)
13	December	<u>(2)</u>
14	Total Plant Materials and Operating Supplies	<u>\$ (3)</u>
15	Monthly Average	<u>\$ (0)</u>

- Q.4. If a claim is made for cash working capital provide a supporting schedule setting forth the method and all detailed data utilized to determine the cash working capital requirement. If not provided in the support data, provide a lead-lag study of working capital, completed no more than 6 months prior to the rate increase filing.
- A.4. Schedule C-4 of Exhibits 2, (Fully Projected Future Test Year), 3 (Future Test Year) and 4 (Historic Test Year) sets forth the method and detailed data utilized to determine the Company's claimed cash working capital requirements.

- Q.5. If a claim is made for compensating bank balances, provide the following information:
- a. Name and address of each bank
 - b. Types of accounts with each bank - checking, savings, escrow, other services, and the like.
 - c. Average daily balance in each account.
 - d. Amount and percentage requirements for compensating bank balance at each bank.
 - e. Average daily compensating bank balance at each bank.
 - f. Documents from each bank explaining compensating bank balance requirements.
 - g. Interest earned on each type of account.
 - h. A calculation showing the average daily float for each bank.
- A.5. There are no claims for compensating bank balances

- Q.6. Explain in detail by statement or exhibit the appropriateness of additional claims or the use of a method not previously mentioned, in the claimed rate base.
- A.6. An explanation of Duquesne Light Company's claim for any additional rate base items is set forth in Section C of DLC Exhibit 2 (Fully Projected Future Test Year).

Q.1. Prepare a Statement of Income including:

- a. The book, or budgeted, statement for the test year.
- b. Adjustments to annualize and normalize under present rates, including an elimination of the effects on income of the energy cost rate and state tax adjustment surcharge.
- c. The income statement under present rates after adjustment.
- d. The adjustment for the revenue requested.
- e. The income statement under requested rates after adjustment.

Each adjustment, including those relating to adjustment clauses, shall contain an explanation in sufficient clarifying detail to allow a reasonably informed person to understand the method and rationale of the adjustment.

A.1. The information requested in items a. through e. is set forth in Section D of DLC Exhibit 2 (Fully Projected Future Test Year).

- Q.2 If the schedule provided in item 1 is based upon budgeted data for a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.
- A.2. Please refer to Section D of DLC Exhibit 2 (Fully Projected Future Test Year) and DLC Exhibit 4 (Historic Test Year).

- Q.1. Provide a schedule showing all revenues and expenses for the test year and for the 12-month period immediately prior to the test year, together with an explanation for major variances between test year revenues and expenses and those for the previous 12-month period. Revenues and expenses shall be summarized by the major account categories listed below. If budgeted data for a future test year is not readily available by these categories, an analysis of the data for the 12-month period immediately prior to the future test year or for the most recent available calendar year may serve as the basis for ratably allocating the budgeted data into the account categories.
- A.1. See Attachment II-D-1.

Duquesne Light Company
Operating Statements
For the 12 months ended Dec 31
(Thousands of Dollars)

Attachment II - D-1a
Page 1 of 10

<u>OPERATING REVENUES</u>	<u>2018</u>	<u>2017</u>	<u>Difference</u>
400			
Electric Revenue			
Residential	\$ 516,284	\$ 518,447	\$ (2,163)
Commercial	257,011	247,364	9,647
Industrial	44,612	41,524	3,088
Public Street & Highway Lighting	12,012	12,623	(611)
Sales for Resale	1,400	1,433	(33)
Total Sales Revenue	<u>\$ 831,319</u>	<u>\$ 821,391</u>	<u>\$ 9,928</u>
Provision for Rate Refunds	13,276	18,099	(4,823)
Total Sales Revenue - Net	<u>\$ 818,043</u>	<u>\$ 803,292</u>	<u>\$ 14,751</u>
Other Electric Revenue			
Forfeited Discounts	\$ 3,703	\$ 3,901	\$ (198)
Miscellaneous Service Revenue	1,724	1,329	395
Rent from Electric Property	10,022	10,533	(511)
Other Electric Revenue	84,921	92,190	(7,269)
Total Other Electric Revenue	<u>\$ 100,369</u>	<u>\$ 107,953</u>	<u>\$ (7,584)</u>
Total Operating Revenue	<u>\$ 918,412</u>	<u>\$ 911,245</u>	<u>\$ 7,167</u>
 <u>OPERATING EXPENSE</u>			
401 - 402			
Operation and Maintenance Expense			
Power Production Expenses	\$ 221,712	\$ 214,334	\$ 7,378
Transmission Expenses	10,929	12,704	(1,776)
Regional Market Expenses	-	-	-
Distribution Expenses	44,230	41,523	2,707
Customer Accounts Expense	26,508	26,499	9
Customer Service & Informational Expenses	33,839	36,875	(3,037)
Administrative and General Expenses	129,188	114,465	14,723
Total Operation & Maint Expense	<u>\$ 466,406</u>	<u>\$ 446,401</u>	<u>\$ 20,005</u>
403 - 405			
Depreciation Expense and Amortization of Electric Plant	\$ 166,450	\$ 144,930	\$ 21,520
407			
Regulatory Debits (Credits), net	\$ -	\$ -	\$ -
408			
Taxes Other Than Income Taxes	\$ 56,493	\$ 53,393	\$ 3,100
Total Operating Expenses prior to Federal and State Income Taxes	<u>\$ 689,349</u>	<u>\$ 644,724</u>	<u>\$ 44,625</u>
Operating Income Prior to Fed & State Income Taxes	\$ 229,063	\$ 266,521	\$ (37,458)

* - 2017 Actual results will differ from Exhibit IV as a result of rate making adjustments

Duquesne Light Company
Operating Statements
For the 12 months ended Dec 31
(Thousands of Dollars)

Attachment II - D-1a
Page 2 of 10

FEDERAL AND STATE INCOME TAXES

	2018	2017	Difference
409.1 Federal Income Taxes	\$ 9,040	\$ 17,884	\$ (8,844)
State Income Taxes	\$ 2,827	\$ 5,593	(2,766)
		0	
409.08 & 409.09		0	
Deferred Federal Income Taxes - Net	-	-	-
Deferred State Income Taxes - Net	-	-	-
410.1 Provision for Deferred Income Taxes	165,852	328,099	(162,247)
411.1 Provision for Deferred Income Taxes -Cr	(133,946)	(264,982)	131,035
411.4 Investment Tax Credit Adjustment	-	-	-
Total Federal & State Income Taxes	\$ 43,773	\$ 86,595	\$ (42,822)
Operating Income After Federal & State Income Taxes	\$ 185,290	\$ 179,926	\$ 5,364

OTHER INCOME AND DEDUCTIONS

Other Income			
418.1 Equity in Earnings of Subsidiary Companies	\$ -	\$ 473	\$ (473)
419 Interest & Dividend Income	-	177	(177)
419.1 Allowance for Other Funds Used During Construction	4,448	3,882	566
421.1 Gain on Disposition of Property	-	99	(99)
421 Other Misc Non-Operating Income	-	645	(645)
Total Other Income	\$ 4,448	\$ 5,277	(828)
Other Income Deductions			
421.2 Loss on Disposition of Property	\$ -	\$ (287)	\$ 287
426 Miscellaneous	(2,703)	(4,686)	1,984
Total Other Income Deductions	\$ (2,703)	\$ (4,973)	\$ 2,270
Taxes Applicable to Other Income Deductions			
409.2 Federal Income Tax	\$ (1,002)	\$ 106	\$ (1,107)
409.2 State Income Tax	(348)	37	(385)
410.2 Provision for Deferred Income Taxes	(3,974)	420	(4,394)
411.2 Provision for Deferred Income Taxes-Cr.	5,828	(615)	6,444
Total Taxes Applicable to Other Income Deduction	\$ 504	\$ (53)	\$ 558
Income Before Interest Charges	\$ 186,531	\$ 180,283	\$ 6,248

* - 2017 Actual results will differ from Exhibit IV as a result of rate making adjustments.

Duquesne Light Company
Operating Statements
For the 12 months ended Mar 31
(Thousands of Dollars)

<u>INTEREST CHARGES</u>	2018	2017	Difference
427 Interest on Long-term Debt	53,210	47,729	5,481
428 Amortization of Debt Discount and Expense	358	225	133
428 1 Amortization of Loss on Reacquired Debt	2,133	2,329	(195)
430 Interest on Debt to Associated Companies	-	128	(128)
431 Other Interest Expense	1,672	1,097	576
432 Allowance for Borrowed Funds Used During Construction	(1,879)	(1,689)	(190)
Net Interest Charges	<u>55,495</u>	<u>49,818</u>	<u>5,677</u>
 Net Income	 <u>\$ 131,036</u>	 <u>\$ 130,465</u>	 <u>\$ 571</u>

* - 2017 Actual results will differ from Exhibit IV as a result of rate making adjustments.

Duquesne Light Company
Operating Statements
For the 12 Months Ended December 31, 2017 and December 31, 2018

Account 400

Residential Sales - (\$2,163) - The overall decrease is primarily driven by lower collections of smart meter costs, lower collections of universal service costs and reduced throughput, partially offset by increases in DSIC revenues, increased collections of energy efficiency and demand response costs and higher generation revenues as a result of higher POLR auction rates.

Commercial Sales - \$9,647 - The overall increase is primarily driven by higher generation revenues as a result of higher POLR auction rates, increased collections of energy efficiency and demand response costs and increased DSIC revenues, partially offset by lower collections of smart meter costs and reduced throughput.

Industrial Sales - \$3,088 - The overall increase is primarily driven by higher generation revenues as a result of higher POLR auction rates, increased collections of energy efficiency and demand response costs and increased DSIC revenues, partially offset by lower collections of smart meter costs.

Provision for Rate Refunds - (\$4,823) - The overall decrease is primarily driven by higher billing deficiency write-offs under the Company's universal services programs in the twelve months ended December 31, 2017.

Other Electric Revenue - (\$7,269) - The overall decrease is primarily driven by regulatory adjustments associated with the Company's FERC formula.

Accounts 401 & 402

Power Production Expense - \$7,378 - The overall increase is primarily driven by higher POLR auction rates

Transmission Expenses - (\$1,776) - The overall decrease is primarily driven by costs associated with the Critical Infrastructure Protection and PJM Operations & Planning audits in 2017, partially offset with annual wage increases and headcount additions

Distribution Expenses - \$2,707 - The overall increase is primarily driven by annual wage increases, headcount additions and additional outside service costs associated with the maintenance of overhead lines

Customer Service & Informational Expenses - (\$3,037) - The overall decrease is driven by decreased smart meter costs.

Administrative and General Expenses - \$14,723 - The overall increase is primarily driven by annual wage increases, headcount additions and an increase in technology costs driven by the functional and technical upgrade of the customer care and billing system, investment in cloud solutions and other system upgrades

Duquesne Light Company
Operating Statements
For the 12 Months Ended December 31, 2017 and December 31, 2018

Account 403 - 405

Depreciation Expense and Amortization of Electric Plant - \$21,520 - The overall increase is primarily due to capital additions in the twelve months ended December 31, 2018 and a full year of depreciation for capital additions placed in service in the twelve months ended December 31, 2017.

Account 408

Taxes Other Than Income Taxes - \$3,100 - The overall increase is primarily attributable to increases in sales revenue discussed above.

Account 409, 410, 411

Total Federal & State Income Taxes - (\$42,822) - The overall decrease is primarily driven by the impacts of the Tax Cuts and Jobs Act as well a lower operating income as discussed above.

Account 426

Miscellaneous - (\$1,984) - The overall decrease in this account which is below the line and not included for ratemaking is primarily driven by higher mine water treatment costs in 2017 related to certain facilities that the Company retained following the divestiture of its generation assets.

Account 427

Interest on Long-Term Debt - \$5,481 - The overall increase in interest on long term debt is primarily driven by a debt issuance during the twelve months ended December 31, 2018 for which the proceeds were utilized to refinance debt and capital spending requirements.

Duquesne Light Company
Operating Statements
For the 12 months ended Dec 31
(Thousands of Dollars)

OPERATING REVENUES

400

	2019	2018	Difference
Electric Revenue			
Residential	\$ 496,484	\$ 516,284	\$ (19,800)
Commercial	249,503	257,011	(7,508)
Industrial	43,869	44,612	(743)
Public Street & Highway Lighting	11,962	12,012	(50)
Sales for Resale	1,400	1,400	-
Total Sales Revenue	\$ 803,217	\$ 831,319	\$ (28,102)
Provision for Rate Refunds	15,011	13,276	1,735
Total Sales Revenue - Net	\$ 788,206	\$ 818,043	\$ (29,837)
Other Electric Revenue			
Forfeited Discounts	\$ 3,814	\$ 3,703	\$ 111
Miscellaneous Service Revenue	1,848	1,724	124
Rent from Electric Property	10,105	10,022	83
Other Electric Revenue	85,402	84,921	481
Total Other Electric Revenue	\$ 101,169	\$ 100,369	\$ 799
Total Operating Revenue	\$ 889,375	\$ 918,412	\$ (29,037)

OPERATING EXPENSE

401 - 402

Operation and Maintenance Expense			
Power Production Expenses	\$ 201,436	\$ 221,712	\$ (20,276)
Transmission Expenses	13,530	10,929	2,602
Regional Market Expenses	-	-	-
Distribution Expenses	54,497	44,230	10,267
Customer Accounts Expense	26,929	26,508	421
Customer Service & Informational Expenses	24,294	33,839	(9,545)
Administrative and General Expenses	139,156	129,188	9,968
Total Operation & Maint Expense	\$ 459,842	\$ 466,406	\$ (6,564)

403 - 405

Depreciation Expense and Amortization of Electric Plant	\$ 177,053	\$ 166,450	\$ 10,603
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407 Regulatory Debits (Credits), net	\$ -	\$ -	\$ -
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408 Taxes Other Than Income Taxes	\$ 55,112	\$ 56,493	\$ (1,381)
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Total Operating Expenses prior to Federal and State Income Taxes	\$ 692,007	\$ 689,349	\$ 2,658
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Operating Income Prior to Fed & State Income Taxes	\$ 197,367	\$ 229,063	\$ (31,696)
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Duquesne Light Company
Operating Statements
For the 12 months ended Dec 31
(Thousands of Dollars)

Attachment II - D-1a
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<u>FEDERAL AND STATE INCOME TAXES</u>	2019	2018	Difference
409.1 Federal Income Taxes	\$ 6,072	\$ 9,040	\$ (2,968)
State Income Taxes	1,899	2,827	(928)
409.08 & 409.09			
Deferred Federal Income Taxes - Net	-	-	-
Deferred State Income Taxes - Net	-	-	-
410.1 Provision for Deferred Income Taxes	111,394	165,852	(54,458)
411.1 Provision for Deferred Income Taxes -Cr	(89,965)	(133,946)	43,982
411.4 Investment Tax Credit Adjustment	-	-	-
Total Federal & State Income Taxes	\$ 29,400	\$ 43,773	\$ (14,373)
Operating Income After Federal & State Income Taxes	\$ 167,967	\$ 185,290	\$ (17,323)
<u>OTHER INCOME AND DEDUCTIONS</u>			
Other Income			
418.1 Equity in Earnings of Subsidiary Companies	\$ -	\$ -	\$ -
419 Interest & Dividend Income	-	-	-
419.1 Allowance for Other Funds Used During Construction	5,018	4,448	570
421.1 Gain on Disposition of Property	-	-	-
421 Other Misc. Non-Operating Income	-	-	-
Total Other Income	\$ 5,018	\$ 4,448	570
Other Income Deductions			
421.2 Loss on Disposition of Property	\$ -	\$ -	\$ -
426 Miscellaneous	(2,727)	(2,703)	(24)
Total Other Income Deductions	\$ (2,727)	\$ (2,703)	\$ (24)
Taxes Applicable to Other Income Deductions			
409.2 Federal Income Tax	\$ (1,315)	\$ (1,002)	\$ (313)
409.2 State Income Tax	(457)	(348)	(109)
410.2 Provision for Deferred Income Taxes	(5,216)	(3,974)	(1,242)
411.2 Provision for Deferred Income Taxes-Cr.	7,650	5,828	1,822
Total Taxes Applicable to Other Income Deduction	\$ 662	\$ 504	\$ 158
Income Before Interest Charges	\$ 169,597	\$ 186,531	\$ (16,935)

Duquesne Light Company
Operating Statements
For the 12 months ended Dec 31
(Thousands of Dollars)

<u>INTEREST CHARGES</u>	2019	2018	Difference
427 Interest on Long-term Debt	52,088	53,210	(1,122)
428 Amortization of Debt Discount and Expense	786	358	429
429 Amortization of Premium on Debt-Credit	2,037	2,133	(96)
430 Interest on Debt to Associated Companies	71	-	71
431 Other Interest Expense	2,509	1,672	836
432 Allowance for Borrowed Funds Used During Construction	(2,120)	(1,879)	(241)
Net Interest Charges	<u>55,371</u>	<u>\$ 55,495</u>	<u>(123)</u>
 Net Income	 <u>\$ 114,225</u>	 <u>\$ 131,036</u>	 <u>\$ (16,811)</u>

Duquesne Light Company
Operating Statements
For the 12 Month Periods Ended December 31, 2018 and December 31, 2019

Account 400

Residential Sales - (\$19,800) - The overall decrease is primarily driven by lower generation revenues as a result of lower capacity prices as well as lower collections of smart meter costs, partially offset with increases in DSIC revenues.

Commercial Sales - (\$7,508) - The overall decrease is primarily driven by lower generation revenues as a result of lower capacity prices as well as lower collections of smart meter costs, partially offset with increases in DSIC revenues.

Provision for Rate Refunds - \$1,735 - The overall increase in the provision for rate refunds is primarily driven by higher billing deficiency write-offs under the Company's universal services programs as a result of customer rate increases in the twelve months ended December 31, 2019.

Accounts 401 & 402

Power Production Expense - (\$20,276) - The overall decrease in the power production expense is primarily driven by lower projected capacity prices.

Transmission Expenses \$2,602 - The overall increase is primarily driven by annual wage increases, additional maintenance and transmission tower repair costs, increased training programs and costs associated with improved safety and security measures.

Distribution Expenses \$10,267 - The overall increase is primarily driven by annual wage increases, additional vegetation management, system maintenance activities and costs associated with improved safety and security measures.

Customer Service & Informational Expenses (\$9,545) - The decrease is primarily driven by the reclassification of smart meter costs from FERC account 908 to administrative and general expenses (see below) in conjunction with the roll in of smart meter costs to base distribution rates in the twelve months ended December 31, 2019.

Administrative and General Expenses - \$9,968 - The overall increase is primarily driven by annual wage increases, the reclassification of smart meter costs discussed above and increased costs associated with the Company's electrical model, partially offset by lower pension costs.

Duquesne Light Company
Operating Statements
For the 12 Month Periods Ended December 31, 2018 and December 31, 2019

Account 403 - 405

Depreciation Expense and Amortization of Electric Plant - \$10,603 - The overall increase is primarily driven by capital additions in the twelve months ended December 31, 2019 and a full year of depreciation for capital additions placed in service in the twelve months ended December 31, 2018.

Account 408

Taxes Other Than Income Taxes - (\$1,381) - The overall decrease is primarily attributable to decreases in sales revenue discussed above.

Account 409

Total Federal & State Income Taxes - (\$14,373) - The overall decrease is primarily driven by the impacts of the Tax Cuts and Jobs Act as well a lower operating income as discussed above

Account 427

Interest on Long-term Debt - (\$1,122) - The overall decrease in interest on long term debt is primarily driven by the timing of the debt issuance in 2018 and related refinancing of debt.

- Q.2 Provide a summary of test year adjustments which sets forth the effect of the adjustment upon the following: operating revenues, operating expenses, taxes other than income taxes, operating income before income taxes, State income tax, Federal income tax and income available for return. In addition, test year adjustments shall be presented on the basis of the major account categories set out at II-D-1.
- A.2. Schedule D-3 of DLC Exhibit 2 (Fully Projected Future Test Year) provides a summary of test year adjustments claimed by Duquesne by major account categories.

- Q.3. List and explain all nonrecurring or extraordinary expenses incurred in the test year and all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years, for example, non-yearly maintenance programs, and the like.

- A.3. Test year expenses that are non-recurring, extraordinary or do not occur yearly, but over an extended period of years, are explained and adjusted in Section D of DLC Exhibit 2 (Fully Projected Future Test Year).

- Q.4. As a separate item, list extraordinary property losses related to property previously included in cost of service when the gain or loss on this property has occurred or is likely to occur in the future test year. The proposed ratemaking treatment of extraordinary gains and losses must also be disclosed. Sufficient supporting data must be provided.
- A.4. In the fully projected future test year and the future test year, Duquesne Light Company does not anticipate incurring any extraordinary gains or losses related to property previously included in cost of service.

- Q.5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written off in each of the last 3 calendar years.
- A.5. The provision for uncollectible accounts for any year is determined by reviewing the current reserve balance, the current receivable status, the projected annual revenue, the trends of receivables and write-offs, and the projected impact of collection initiatives on the quality of receivables.

Delinquent accounts receivable balances are separated into different categories. Each category of delinquent receivables is assigned a low and high reserve percentage. Considering the historical trends and future expectations, the accumulated reserve for uncollectible accounts is adjusted monthly to a balance that falls within the low and high reserve range.

Beginning with new distribution rates in April 2011, Duquesne Light Company began to recover customer assistance program expenses through a separate surcharge (Universal Service Surcharge). As such, the Company has bifurcated the reserve into customer and customer assistance program allowances within Attachment II-D-5 as amounts associated with these programs are not recovered through base distribution rates.

Attachment II-D-5 presents the accumulated provision for uncollectible amounts and the amounts written off for the years ended December 31, 2015, December 31, 2016 and December 31, 2017.

Duquesne Light Company
Accumulated Provision for Uncollectible Accounts
(Thousands of dollars)

	Customers 144.01	Customer Assistance Programs* 144.01	Total Customers 144.01	Misc. Receivables 144.09/144.10	Total
Balance December 31, 2014	13,266.72	5,730.12	18,996.85	621.14	19,617.98
Provision	10,860.44	8,822.37	19,682.81	91.66	19,774.47
Amounts Written Off	<u>(12,459.00)</u>	<u>(4,057.30)</u>	<u>(16,516.30)</u>	<u>(430.40)</u>	<u>(16,946.70)</u>
Balance December 31, 2015	11,668.16	10,495.19	22,163.35	282.40	22,445.76
Provision	13,600.38	8,231.44	21,831.82	10.61	21,842.43
Amounts Written Off	<u>(9,004.99)</u>	<u>(9,596.58)</u>	<u>(18,601.57)</u>	<u>-</u>	<u>(18,601.57)</u>
Balance December 31, 2016	16,263.56	9,130.05	25,393.61	293.01	25,686.62
Provision	10,580.10	1,540.05	12,120.15	-	12,120.15
Amounts Written Off	<u>(13,196.01)</u>	<u>(5,698.63)</u>	<u>(18,894.64)</u>	<u>-</u>	<u>(18,894.64)</u>
Balance December 31, 2017	<u>13,647.65</u>	<u>4,971.46</u>	<u>18,619.11</u>	<u>293.01</u>	<u>18,912.13</u>

*Prior to April 21, 2011, CAP related allowance was included within general distribution rates. Commencing April 21, 2011, such costs were included within the Universal Service Charge and thus are not included base distribution rates as discussed within DFR II-D-5.

- Q.6. Supply detailed calculations to support the total claim for rate case expense, including supporting data for outside service rendered. Provide the items comprising the estimated rate case expense claim for the current rate case.
- A.6. The requested information is set forth in Schedule D-8 of DLC Exhibit 2 (Fully Projected Future Test Year).

Q.7. Submit schedules for the test year and for the 12-month period immediately prior to the test year showing by major components, if included in claimed test year expenses, the expenses incurred in each of the following expense categories.

- a. Miscellaneous general expenses, including account 930
- b. Outside service expenses.
- c. Regulatory commission expenses.
- d. Advertising expenses, including advertising engaged in by trade associations whenever the utility has claimed a contribution to the trade association as a ratemaking claim – provide explanation of types and purposes of such advertising.
- e. Research and development expenses – provide a listing of major projects.
- f. Charitable and civic contributions, by recipient and amount.

Explain major variances between the test year expenses and those expenses for the prior 12-month period.

A.7. See the following attachments for the requested data and an explanation of the major variances:

- a. Attachment II-D-7a – Miscellaneous general expenses including account 930
- b. Attachment II-D-7b Outside service expenses
- c. Attachment II-D-7c Regulatory commission expenses
- d. Attachment II-D-7d Advertising expenses
- e. Attachment II-D-7e Research and development expenses
- f. Attachment II-D-7f Charitable and civic contributions

Duquesne Light Company
Miscellaneous General Expenses - Account 930.2
For the Period
(Thousands of Dollars)

Line No.	Expense	1/1/2018 - 12/31/2018	1/1/2017 - 12/31/2017	Increase (Decrease)
1	Utilities (electricity, gas, water, etc)	1,422	1,523	(101)
2	Membership Dues	386	413	(27)
3	Other miscellaneous	7,014	7,510	(496)
4	Total	\$ 8,822	\$ 9,446	\$ (624)

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year

Other Miscellaneous - Decreased costs are attributable to allocation of outside services between FERC account 930.2 and 923. See Attachment II-D7b for further discussion

Line No.	Expense	1/1/2019 - 12/31/2019	1/1/2018 - 12/31/2018	Increase (Decrease)
1	Utilities (electricity, gas, water, etc)	1,845	1,422	423
2	Membership Dues	500	386	115
3	Other miscellaneous	9,097	7,014	2,083
4	Total	\$ 11,442	\$ 8,822	\$ 2,620

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

Other Miscellaneous - Increased costs relate to the functional and technical upgrade associated with the Company's customer care and billing system

Duquesne Light Company
Outside Service Expenses
For the Period
(Thousands of Dollars)

Line No.	Description/Purpose	1/1/2018 - 12/31/2018	1/1/2017 - 12/31/2017	Increase (Decrease)
1	Office of the CEO	\$ 6	\$ 4	\$ 2
2	General Counsel, Rates and Regulatory Affairs	2,656	1,911	745
3	Office of the CFO	1,975	1,421	554
4	Information Technology	16,117	11,598	4,519
5	Customer Service	620	446	174
6	Human Resources	1,791	1,289	502
7	Operations	2,635	1,896	739
8	Total	<u>\$ 25,799</u>	<u>\$ 18,565</u>	<u>\$ 7,234</u>

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

Information Technology - Increase related to organizational change management / readiness costs associated with the Company's technology portfolio implementations.

Line No.	Description/Purpose	1/1/2019 - 12/31/2019	1/1/2018 - 12/31/2018	Increase (Decrease)
1	Office of the CEO	\$ 9	\$ 6	\$ 3
2	General Counsel, Rates and Regulatory Affairs	4,146	2,656	1,491
3	Office of the CFO	3,083	1,975	1,109
4	Information Technology	25,165	16,117	9,048
5	Customer Service	968	620	348
6	Human Resources	2,797	1,791	1,006
7	Operations	4,114	2,635	1,479
8	Total	<u>\$ 40,281</u>	<u>\$ 25,799</u>	<u>\$ 14,483</u>

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

Overall - Increased costs relate primarily to the Company's electrical model (allocation method allocates costs to each area proportionately).

Duquesne Light Company
Regulatory Commission Expenses
For the Period
(Thousands of Dollars)

Line No.	Description/Purpose	1/1/2018 - 12/31/2018	1/1/2017 - 12/31/2017	Increase (Decrease)
1	Distribution Rate Case	-	211	(211)
2	Total	\$ -	\$ 211	\$ (211)

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

Distribution Rate Case - The decrease is due to the full amortization of the prior rate case expenses in 2017.

Line No.	Description/Purpose	1/1/2019 - 12/31/2019	1/1/2018 - 12/31/2018	Increase (Decrease)
1	Distribution Rate Case	800	-	800
2	Total	\$ 800	\$ -	\$ 800

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

Distribution Rate Case - The increase is due to the amortization of the projected rate case expenses.

Duquesne Light Company
Advertising Expenses
For the Period
(Thousands of Dollars)

Line No.	Description/Purpose	1/1/2018 - 12/31/2018	1/1/2017 - 12/31/2017	Increase (Decrease)
1	Community Information advertising	\$ 1,541	\$ 1,538	\$ 3
2	Total	\$ 1,541	\$ 1,538	\$ 3

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

This schedule reflects only the costs of outside advertising expenses

Line No.	Description/Purpose	1/1/2019 - 12/31/2019	1/1/2018 - 12/31/2018	Increase (Decrease)
1	Community Information advertising	\$ 1,599	\$ 1,541	\$ 58
2	Total	\$ 1,599	\$ 1,541	\$ 58

Note:

As the budget is not prepared by FERC account, the above information was determined based on an allocation to FERC account which was based on the same relationship to the total as the actual costs shown for the Historic Test Year.

This schedule reflects only the costs of outside advertising expenses.

Duquesne Light Company
Research and Development Expenses
Years Ended December 31, 2017, 2018 and 2019

Duquesne Light Company does not include research and development in the future test year, fully projected future test year or for the 12 month period immediately prior to the test year.

Duquesne Light Company
Charitable and Civic Contributions - Account 426
For the Period
(Thousands of Dollars)

Line No.	Description/Purpose	1/1/2018 - 12/31/2018	1/1/2017 - 12/31/2017	Increase (Decrease)
1	Donations	2,290	2,324	(34)
2	Miscellaneous	412	362	50
3	Total	\$ 2,702	\$ 4,686	\$ 16

Note:
Charitable and civic contributions are charged to "Other income and deductions", account 426 and not to operating expense

Line No.	Description/Purpose	1/1/2019 - 12/31/2019	1/1/2018 - 12/31/2018	Increase (Decrease)
1	Donations	2,290	2,290	-
2	Miscellaneous	437	412	25
3	Total	\$ 2,727	\$ 2,702	\$ 25

Note:
Charitable and civic contributions are charged to "Other income and deductions", account 426 and not to operating expense

- Q.8. Provide an analysis by function of charges by affiliates, for the test year and the 12-month period immediately prior to the test year, for services rendered included in the operating expenses of the filing company. Explain the nature of the service and the basis on which charges or allocations are made, including a copy of applicable contract. Also, explain major variances between the charges for the test year and the corresponding charges for the prior 12-month period.
- A.8. Duquesne Light Company (“DLC”) provides various administrative and general services for its subsidiaries and affiliated companies. Providing and charging for these various services is based on an agreement dated July 19, 2004 by and among Duquesne Light Holdings, Inc., Duquesne Light Company, and the affiliates of Duquesne Light Holdings, Inc. as follows: AquaSource, LLC., DQE Capital Corporation, Duquesne Energy Solutions, LLC, DES Corporate Services, Inc., DH Energy, L.P., DQE Synfuels, LP, DH Energy, LLC, DQE Synfuels LLC, DH Canada, Corporation, MT Energy, Inc., DQE Enterprises, Inc., DQE Financial LLC., Mariner Investment Strategies, LLC., Duquesne Fiber Company, North Shore Affordable Housing, LLC., DQE Systems, Inc., DQE Communications LLC, DQE Communications Network Services LLC, Duquesne Power Two, LLC., Duquesne Power, LLC., Monongahela Light and Power Company, Duquesne Light Energy, LLC, Datacom Information Systems, LLC, Duquesne Generation, LLC., Duquesne Conemaugh, LLC., Duquesne Keystone, LLC., Allegheny Development Corporation., DH Canada, Holdings, LLC., and Duquesne Broadband, LLC.

Attachment II-D-8a is a copy of this agreement. Services provided include management, supervisory, accounting and treasury, general administrative, insurance, legal and environmental services, materials management and any other similar services on an “as available” basis. Any allocation to a specific affiliate of administrative services is charged as follows:

- Direct labor costs are charged to affiliates utilizing an electronic time entry system that each employee is required to record work performed on behalf of affiliates. Rent and material supplies of any employee of DLC who provides services to an affiliate is charged to the affiliate based on the percent of time that the employee works on affiliated activities times the employee’s compensation and benefits. Accounting & Treasury costs such as financing costs, insurance, audit fees, tax services, etc., are allocated to affiliates within the organization on a % assets or a % headcount basis. Other identifiable direct costs are charged to the affiliate at the actual cost incurred. All costs are subject to periodic review and adjustment, as appropriate.

Listed below are DLC individual departments that have provided administrative services to affiliates during the period:

- Senior Management –provides leadership and strategic counsel to the Company. It provides the entity with senior executive advisory services and oversight in the areas of corporate governance, ongoing contact with the major energy customers or suppliers, and liaison with other companies in the energy industry. This assists the Company in anticipating and responding to current and future needs of customers in the marketplace.
- Office of the CFO –provides senior leadership and advice regarding the financial affairs of the Company. This office also oversees the activities of Treasury, Human Resources, Pension Administration and the finance/accounting activities of the various businesses.

- Treasury is a centralized Company-wide function responsible for ensuring optimal liquidity for short-term and long-term requirements. The Cash Management and Banking function determines the optimal short-term cash requirements, and executes the supporting daily banking transactions. This function manages cash holdings and other sources of short-term financing to ensure short-term liquidity requirements are met. This includes managing day-to-day operations relating to banking and credit facilities, forecasting cash requirements, the coordination of significant accounts payable and accounts receivable transactions, the coordination of inter-affiliate financing transactions and monitoring and reporting on compliance requirements for debt facilities, regulatory, and internal policies. In addition, the Treasury department manages bank, investor and rating agency relationships on behalf of the holding company. The department is also responsible for the payment of various insurance premiums as well as the renewal and upkeep of required policies. Insurance policies implemented and managed by this department include liability, property, directors' and officers' liability, fiduciary and crime insurance. Costs of debt, financing fees and administrative fees are allocated to affiliates as applicable.
 - The Tax department prepares tax returns and other filings for the Company, prepares quarterly accounting income tax provisions and researches certain tax matters. Taxation provides advice on utility-specific transactions and makes recommendations to minimize tax liability. Also, tax planning initiatives are implemented to ensure that tax liability is minimized for each legal entity and for Duquesne Light as a whole. Other services include capital stock tax calculations and payments, income tax reconciliations, coordination of tax audits by the IRS and assistance with financial statement disclosures.
 - The Finance department is responsible for setting accounting policies and practices, preparation and dissemination of consolidated financial results, managing the budget and forecasting process and preparing and reviewing all external financial reporting. It prepares consolidated financial reports, budgets and various shareholder communications such as quarterly and annual reports. In addition, the department is responsible for the maintenance of financial accounting systems. The department also conducts research designed to improve corporate knowledge of all new financial reporting requirements and is responsible for managing the implementation of new accounting standards. Costs of audits are also allocated to affiliates where applicable.
 - The Payroll & Disbursements department provides Company-wide payroll and accounts payable processing functions.
 - Material Services department provides mail and copier services to the Company.
 - The Financial Planning & Analysis department will advise and assist in matters involving the preparation and development of budgets and budgetary controls. This department will also aid in matters involving the Company's overall business plan and valuation modeling.
- Office of General Counsel – includes the Legal department which provide the Company with legal services, including, but not limited to, general corporate matters and internal

corporate maintenance, contract drafting and negotiation, litigation, liability and risk assessment, financing, state and federal regulatory compliance, state and federal regulatory support and rule interpretation and advice, bankruptcy and collection matters, union contracting and all other matters requiring legal services. Costs associated with Company-wide legal expenses are allocated where applicable. The Compliance department is also included in these allocations and coordinates and provides enterprise-wide compliance and consultation to the Company as well as to specific corporate projects on compliance matters. Costs associated with the Internal audit department including the development of the audit plans and strategies for the Company and managing the staff devoted to specific audit activities. It performs financial, compliance, information technology and operational audits. In addition, it conducts control risk assessments and special investigations.

- Technology – This department is responsible for the effective and efficient delivery of all IT operation services to the Company. This includes the following:
 - Providing server and IT support analysts
 - Coordinating the maintenance and support of existing corporate business applications such as Solomon, MasterPiece and Oracle
 - Providing various reports on a monthly basis that are utilized by numerous affiliates of the Company
 - Provides IT consultative support to various affiliates on an as needed basis.
 - Provides mail support and printer/copier services.

IT requirements are coordinated across departments and affiliates wherever possible. As these services are not direct charged to the affiliates, when incurred, they are included in the monthly allocation.

- Human Resources – Through leadership as well as policy and program development, implementation and maintenance, this department ensures that the Company will have the employee and organizational capabilities required. Includes the oversight of all human resource initiatives.
- Operations – Provides new hire background process and alarm monitoring services for the Company. Provides Company-wide safety and workforce development reporting and initiatives.

The Company also maintains an affiliated interest agreement with DQE Communications LLC for pole and duct fees. See Attachment II-D-8j – Affiliate Interest Agreement-Communications.

Duquesne Light Company
Administrative Services Charged to Affiliates
Operating Expense
(Thousands of Dollars)

<u>Function</u>	<u>1/1/2017 - 12/31/2017</u>	<u>1/1/2018 - 12/31/2018</u>	<u>Variance</u>
Accounting & Treasury	\$ 1,041.1	\$ 1,029.8	\$ (11.3)
Office of General Counsel	495.1	313.1	(182.0) [1]
Sr Management	266.4	246.6	(19.8)
Technology	126.4	70.6	(55.8)
Human Resources	91.1	61.9	(29.2)
Customer Care	44.6	57.8	13.2
Operations	1.4	1.7	0.3
	<u>\$ 2,066.1</u>	<u>\$ 1,781.5</u>	<u>\$ (284.6)</u>
Allocations to DLC from parent	-	-	-
Allocations to DLC from affiliate	-	-	-
Net	<u>\$ 2,066.1</u>	<u>\$ 1,781.5</u>	<u>\$ (284.6)</u>

[1] The Office of General Counsel allocation is budgeted to decrease due to additional costs incurred in 2017 associated with affiliated Company legal proceedings

<u>Function</u>	<u>1/1/2018 - 12/31/2018</u>	<u>1/1/2019 - 12/31/2019</u>	<u>Variance</u>
Accounting & Treasury	\$ 1,029.8	\$ 1,039.3	\$ 9.5
Office of General Counsel	313.1	322.5	9.4
Sr Management	246.6	255.5	8.9
Technology	70.6	72.7	2.1
Human Resources	61.9	62.3	0.4
Customer Care	57.8	59.6	1.7
Operations	1.7	1.8	0.1
	<u>\$ 1,781.5</u>	<u>\$ 1,813.6</u>	<u>\$ 32.1</u>
Allocations to DLC from parent	-	-	-
Allocations to DLC from affiliate	-	-	-
Net	<u>\$ 1,781.5</u>	<u>\$ 1,813.6</u>	<u>\$ 32.1</u>

**Duquesne Light Company
Purchased Power
Purchased Power Expense
(Thousands of Dollars)**

Duquesne Light Company (DLC) no longer purchases a portion its electricity supply needs from Duquesne Power, LLC as Duquesne Power, LLC does not participate in POLR auction under its POLR VIII agreement.

Duquesne Light Company
Fiber Lease and Lit Services
Operating Expenses
(Thousands of Dollars)

The fiber optic network lease is an approved arrangement entered into between DLC and its DQE Communications affiliate. The network is used for voice and data communications between Company facilities, including supervision, protection and control of the distribution and substation systems. Attachment II-D-8d is a copy of this agreement. The fiber may be located on or within DLC poles, conduits, ducts and related property. In addition, pursuant to the terms of the Sonet Fiber Use Agreement entered into in 2006 between Duquesne Light and its DQE Communications affiliate, Duquesne Light replaced its outdated microwave network with access to a fiber optic ring that connects the operations control center with equipment at various locations throughout the service territory. Attachment II-D-8e is a copy of that agreement.

In addition, Duquesne Light maintains a Master Service Agreement with DQE Communications which provides the general terms and conditions and a framework within which Duquesne Light may from time to time purchase certain telecommunications and related infrastructure services from DQE Communications. Specifically the agreement relates to (i) Metro Ethernet & Internet Services; (ii) Colocation Services and (iii) Managed Services. See agreement maintained at Attachment II-D-8k.

Function	1/1/2017 - 12/31/2017	1/1/2018 - 12/31/2018	Variance
Communications	\$ 3,062.0	\$ 4,032.8	\$ 971

Function	1/1/2018 - 12/31/2018	1/1/2019 - 12/31/2019	Variance
Communications	\$ 4,032.8	\$ 5,942.2	\$ 1,909

Duquesne Light Company
Electronic Meter Reading
Operations Expense
(Thousands of Dollars)

Electronic meter reading services are provided under an approved agreement with Datacom Information Systems, LLC (an affiliate). Datacom provides services related to electronic meter reading services and related services for all DLC's customers who currently, or in the future utilize electronic metering devices with Encoder Receiver Transmitters (ERT). The ERT meters number approximately 570,000. They are principally utilized by DLC's residential and small commercial customers. The services provided include (1) the use of network facilities, including Cell Control Units and Network Control Nodes, over which the meter reading data is transmitted and obtained; (2) maintenance, replacement, construction, and alteration of the network system as needed to provide and operate said meter reading services; (3) leases and licenses required in order to physically locate and operate the network devices throughout DLC's service territory; (4) such other services that are needed or beneficial and agreed to by the parties and the Commission. Attachment II-D-8f is a copy of the agreement.

Function	1/1/2017 - 12/31/2017	1/1/2018 - 12/31/2018	Variance
Metering Reading / AMR	\$ 1,917.4	\$ 1,917.6	\$ 0.2

Function	1/1/2018 - 12/31/2018	1/1/2019 - 12/31/2019	Variance
Metering Reading / AMR	\$ 1,917.6	\$ 958.0	\$ (959.6)

**Duquesne Light Company
Intercorporate Tax Payment Agreement**

Duquesne Light Holdings, Inc. (DLH), the parent of DLC entered into an Intercorporate Tax Payment Agreement with its affiliated companies, effective January 1, 1992. The purpose of the Agreement was to provide for payments between the parent company and its affiliated companies with respect to each company's share of the consolidated income tax liability of the entire affiliated group. See DLC Exhibit 4, and Testimony of Matthew Simpson – Statement No. 7. Refer to attachment II-D-8g for a copy of this agreement.

**Duquesne Light Company
Affiliated Interest Agreement
(Thousands of Dollars)**

On January 17, 2010, DLC entered into a short-term affiliated interest agreement with its parent, Duquesne Light Holdings, Inc (DLH). This agreement provides DLC with the ability to borrow from DLH in the form of short-term intercompany loans in an amount not to exceed \$200 million at any given point in time. As of December 31, 2017, DLC has no short-term intercompany loans outstanding. The specific terms of the affiliated interest agreement are included as Attachment II-D-8h.

Function	1/1/2017 - 12/31/2017	1/1/2018 - 12/31/2018	Variance
Intercompany Interest	\$ 128	\$ -	\$ (127.7)
Function	1/1/2018 - 12/31/2018	1/1/2019 - 12/31/2019	Variance
Intercompany Interest	\$ -	\$ 71	\$ 71.0 [1]

[1] The increase in Intercompany Interest Expense results from an increase in the intercompany borrowings in the fully projected future test year from zero to \$3.5M.

**Duquesne Light Company
Cash Pool Arrangement**

Duquesne Light Holdings, Inc. (DLH), the parent company of DLC, established a Cash Pool in November 1997. The Cash Pool was established as a mechanism to concentrate excess funds and combine the cash of DLH and its subsidiaries to invest in short term investments. DLC does not participate within the Cash Pool Arrangement. Refer to attachment Attachment II-D-8i for a copy of this agreement.

AMENDED AND RESTATED
ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT (this "Agreement") is made as of July 19, 2004, by and among DUQUESNE LIGHT HOLDINGS, INC., a Pennsylvania corporation ("Parent"), DUQUESNE LIGHT COMPANY, a Pennsylvania corporation ("Duquesne"), and the affiliates of Parent and Duquesne named on the signatures pages hereto (each, an "Affiliate" and collectively, the "Affiliates").

WITNESSETH:

WHEREAS, Duquesne is a public utility providing electric service subject to regulation by the Pennsylvania Public Utility Commission (the "Commission");

WHEREAS, Parent, f/k/a DQE, Inc., pursuant to its articles of incorporation, has unlimited power to engage in any lawful act concerning any lawful business for which corporations may be incorporated under the Pennsylvania Business Corporation Law and was formed for the purpose of engaging in energy-related diversification opportunities which could arise from time to time in the marketplace;

WHEREAS, Parent and Duquesne, a wholly-owned subsidiary of Parent, entered into that certain Administrative Services Agreement dated as October 30, 1989, as amended by Amendment No. 1 to Administrative Services Agreement dated as of January 1, 1996 (as amended, the "Original Agreement"), pursuant to which, inter alia, the parties agreed to provide and receive certain administrative services more fully described in the Original Agreement;

EXHIBIT C

none of Duquesne's obligations under this Agreement will interfere with its obligation under the Code to provide electric service to the public.

2. Payment for Services. A party receiving administrative services under this Agreement (the "Receiving Party") agrees to pay the party providing such services (the "Providing Party") the actual cost of providing the services. In this regard, the Providing Party shall deliver monthly to the Receiving Party an invoice and written documentation of the cost of providing services under this Agreement, which invoice shall be due and payable within 30 days after its receipt. When it is not reasonably possible or practical to determine actual costs, the Providing Party may substitute allocation factors for actual costs.

All such costs incurred by the Providing Party on behalf of the Receiving Party shall become the liability of the Receiving Party when incurred by the Providing Party, shall be determined in accordance with generally accepted accounting principles and shall be determined in accordance with the cost allocation procedures set forth on Attachment 1 to this Agreement.

3. Interest on Past Due Amounts. From and after the Effective Date (as hereinafter defined), in the event any amount payable under Section 2 of this Agreement is not paid by a Receiving Party when due, such unpaid amount shall bear interest, from the due date shown in the invoice therefor (or, if no such due date is shown, from the date that is 30 days after the Receiving Party receives such invoice), at a rate equal to the then-current average monthly rate of interest applicable to DQE Capital Corporation's cash pool arrangement.

4. Agent Status of Providing Party. All services, materials, equipment and supplies purchased by a Providing Party at the request of a Receiving Party shall be purchased by the Providing Party on behalf of and as agent for the Receiving Party. In that regard, the Receiving Party hereby appoints the Providing Party as its agent, and the Providing Party hereby

agrees as such agent to negotiate, execute and enforce contracts (including purchase order contracts) providing for the purchase of services, materials, equipment and supplies. Each such contract shall be made in the name of the Receiving Party and shall provide, among other things, that the Providing Party shall be the agent for the Receiving Party concerning the administration of the contract and that performance of the contract shall be for the account of, title to all property acquired thereunder shall vest in, and charges therefor shall be paid by, the Receiving Party.

5. Joinder to Agreement. Any future subsidiary or other affiliate of Parent or Duquesne may elect to participate in this Agreement by executing a joinder or similar agreement indicating such entity's willingness to be bound by the terms of this Agreement.

6. Several Obligations; No Rights to Bind. The duties, obligations and liabilities of the parties under this Agreement are intended to be several and not joint or collective, and nothing in this Agreement shall ever be construed to create an association, joint venture, trust or partnership between the parties or to impose a trust or partnership duty, obligation or liability on or with regard to any of the parties. Each party shall be individually responsible for its own obligations as herein provided. No party shall be under the control of or shall be deemed to control the other party solely by virtue of this Agreement. No party shall have a right or power to bind another party without its express written consent, except as expressly provided in this Agreement.

7. Withdrawal from Agreement. Any party shall have the right at any time to withdraw from this Agreement by giving 90 days' prior written notice of withdrawal. In the event any Affiliate desires to withdraw from this Agreement, it shall send written notice of withdrawal to Parent and Duquesne. In the event Parent desires to withdraw from this

Agreement, it shall send written notice of withdrawal to Duquesne. In the event Duquesne desires to withdraw from this Agreement, it shall send written notice of withdrawal to all other parties hereto, specifying the effective date of such withdrawal. This Agreement automatically shall terminate upon the effective date of Duquesne's withdrawal from this Agreement.

8. Notices. Any notice required or permitted to be given to a party hereunder shall be in writing and shall be sent to such party at its address set forth below (or to such other address as such party may notify the other parties by notice given in accordance with the requirements of this Section 8):

If to Parent:

Duquesne Light Holdings, Inc.
411 Seventh Avenue
Pittsburgh, PA 15219
Attn: Chief Legal Officer

If to Duquesne:

Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
Attn: Chief Legal Officer

If to any Affiliate:

c/o Duquesne Light Holdings, Inc.
411 Seventh Avenue
Pittsburgh, PA 15219
Attn: Chief Legal Officer

9. Approval by Commission. This Agreement is subject to the approval of the Commission and shall be effective on the entry date of the Commission's order approving

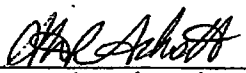
this Agreement or on such other date that this Agreement is deemed approved by the Commission (such date, the "Effective Date").

10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws principles.

11. Counterparts. This Agreement may be executed in two or more counterparts, and by the different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Administrative Services Agreement to be duly executed by their duly authorized representatives as of the date first written above.

DUQUESNE LIGHT HOLDINGS, INC.

By: 
Its: Senior Vice President of CFO

DUQUESNE LIGHT COMPANY

By: 
Its: Senior Vice President of CFO

AQUASOURCE, INC.

By: *[Signature]*
Its: President

CHERRINGTON INSURANCE, LTD.

By: _____
Its: Deputy Chairman

DQE CAPITAL CORPORATION

By: _____
Its: President

DQE ENERGY SERVICES LLC

By: _____
Its: President

DES CORPORATE SERVICES, INC.

By: _____
Its: President and Treasurer

DES OPERATING SERVICES, INC.

By: _____
Its: President and Treasurer

AQUASOURCE, INC.

By: _____
Its: President

CHERRINGTON INSURANCE, LTD.

By: James E Wilson
Its: Deputy Chairman

DQE CAPITAL CORPORATION

By: _____
Its: President

DQE ENERGY SERVICES LLC

By: _____
Its: President

DES CORPORATE SERVICES, INC.

By: _____
Its: President and Treasurer

DES OPERATING SERVICES, INC.

By: _____
Its: President and Treasurer

AQUASOURCE, INC.

By: _____
Its: President

CHERRINGTON INSURANCE, LTD.

By: _____
Its: Deputy Chairman

DQE CAPITAL CORPORATION

By: W. H. Hilde
Its: President

DQE ENERGY SERVICES LLC

By: _____
Its: President

DES CORPORATE SERVICES, INC.

By: _____
Its: President and Treasurer

DES OPERATING SERVICES, INC.

By: _____
Its: President and Treasurer

AQUASOURCE, INC.

By: _____
Its: President

CHERRINGTON INSURANCE, LTD.

By: _____
Its: Deputy Chairman

DQE CAPITAL CORPORATION

By: _____
Its: President

DQE ENERGY SERVICES LLC

By: John R. Schmitt
Its: President

DES CORPORATE SERVICES, INC.

By: John R. Schmitt
Its: President and Treasurer

DES OPERATING SERVICES, INC.

By: John R. Schmitt
Its: President and Treasurer

DH ENERGY, L.P.

By: DES Operating Services, Inc.
Its: General Partner

By: John R. Schmitt
Its: President and Treasurer

DQE SYNFUELS, L.P.

By: DES Operating Services, Inc.
Its: General Partner

By: John R. Schmitt
Its: President and Treasurer

DEFIANCE ENERGY LLC

By: John R. Schmitt
Its: President and Treasurer

LORDSTOWN ENERGY, LLC

By: John R. Schmitt
Its: President and Treasurer

DES SYNFUEL OPERATING SERVICES,
INC.

By: John R. Schmitt
Its: President and Treasurer

DH ENERGY, LLC

By: John R. Schmitt
Its: President and Treasurer

DQE SYNFUELS LLC

By: John R. Schmitt
Its: President

DH CANADA, INC.

By: John R. Schmitt
Its: President

M T DETROIT, INC.

By: John R. Schmitt
Its: President and Treasurer

MONMOUTH ENERGY, INC.

By: John R. Schmitt
Its: President and Treasurer

M T ENERGY, INC.

By: John R. Schmitt
Its: President and Treasurer

DQE ENTERPRISES, INC.

By: Anthony F. Peley
Its: President and Treasurer

IN-TRANSITION, INC.

By: Anthony F. Peley
Its: President and Treasurer

DQE FINANCIAL CORP.

By: _____
Its: President and Treasurer

MARINER INVESTMENT STRATEGIES,
INC.

By: _____
Its: President

ALKMAAR, INC.

By: _____
Its: President

DIEMEN NO. 33 CORPORATION

By: _____
Its: President

DQE ENTERPRISES, INC.

By: _____
Its: President and Treasurer

IN-TRANSITION, INC.

By: _____
Its: President and Treasurer

DQE FINANCIAL CORP.

By: W F Field
Its: President and Treasurer

MARINER INVESTMENT STRATEGIES,
INC.

By: W F Field
Its: President

ALKMAAR, INC.

By: W F Field
Its: President

DIEMEN NO. 33 CORPORATION

By: W F Field
Its: President

DIEMEN-FLEVO CO.

By: W F Fields
Its: President

HOLYHEAD CORP.

By: W F Fields
Its: President

MAASVLAKTE CORPORATION

By: W F Fields
Its: President

MONTICELLO TWO CORPORATION

By: W F Fields
Its: President

MONTICELLO LEASING LIMITED
PARTNERSHIP

By: North Shore Affordable Housing, Inc.
Its: General Partner

By: W F Fields
Its: President

SCHIPHOL CORPORATION

By: W F Hoels
Its: President

UTRECHT COMPANY

By: W F Hoels
Its: President

MONTAUK ENERGY CAPITAL, INC.

By: _____
Its: President and Treasurer

COP LFG, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: _____
Its: President and Treasurer

CRMC BETHLEHEM, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: _____
Its: President and Treasurer

SCHIPHOL CORPORATION

By: _____
Its: President

UTRECHT COMPANY

By: _____
Its: President

MONTAUK ENERGY CAPITAL, INC.

By: John R. Schmitt
Its: President and Treasurer

COP LFG, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: John R. Schmitt
Its: President and Treasurer

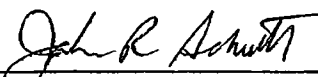
CRMC BETHLEHEM, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

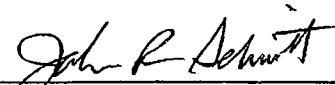
By: John R. Schmitt
Its: President and Treasurer

CHAUTAUQUA LFG, LLC

By: LFG Management Services, L.L.C.
Its: Manager


By: 
Its: President and Treasurer

ENVIROGAS HOLDINGS, INC.

By: 
Its: President and Treasurer


CBM CAPITAL, L.L.C.

By: EnviroGas Holdings, Inc.
Its: Manager

By: 
Its: President and Treasurer


LFG CAPITAL, L.L.C.

By: EnviroGas Holdings, Inc.
Its: Manager

By: 
Its: President and Treasurer


GLACIER RIDGE LFG, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

LFG MANAGEMENT SERVICES, L.L.C.

By: Montauk Energy Capital, Inc.
Its: Manager

By: 
Its: President and Treasurer

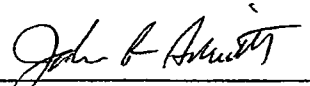
MASS ENERGY, LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer


MONTAUK-NEO GASCO, LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

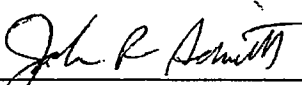
MN SAN BERNARDINO GASCO II LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

MONTECO GAS, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

DADE COUNTY LGP, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

GSF ENERGY, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

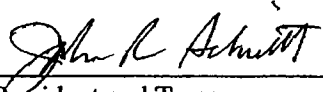
LANDFILL GAS PRODUCTION, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

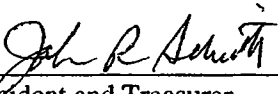
SAN ANTONIO LGP, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

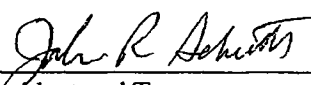
ROLLING HILLS LFG, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

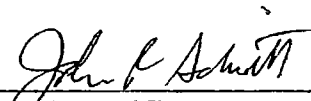
ROOSEVELT LANDFILL GAS
RECOVERY, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer


VB LFG, L.L.C.

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

ZION LFG, LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: 
Its: President and Treasurer

NORTH SHORE AFFORDABLE
HOUSING, INC.

By: _____
Its: President

DQE SYSTEMS, INC.

By: _____
Its: President

DQE COMMUNICATIONS LLC

By: _____
Its: Acting President

DQE COMMUNICATIONS NETWORK
SERVICES LLC

By: _____
Its: President and Treasurer

ZION LFG, LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: _____
Its: President and Treasurer

NORTH SHORE AFFORDABLE
HOUSING, INC.

By: W. F. Cole
Its: President

DQE SYSTEMS, INC.

By: _____
Its: President

DQE COMMUNICATIONS LLC

By: _____
Its: Acting President

DQE COMMUNICATIONS NETWORK
SERVICES LLC

By: _____
Its: President and Treasurer

ZION LFG, LLC

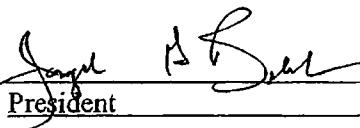
By: LFG Management Services, L.L.C.
Its: Manager

By: _____
Its: President and Treasurer

NORTH SHORE AFFORDABLE
HOUSING, INC.

By: _____
Its: President

DQE SYSTEMS, INC.

By:  _____
Its: President

DQE COMMUNICATIONS LLC

By: _____
Its: Acting President

DQE COMMUNICATIONS NETWORK
SERVICES LLC

By: _____
Its: President and Treasurer

ZION LFG, LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: _____
Its: President and Treasurer

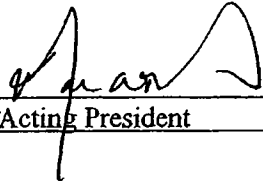
NORTH SHORE AFFORDABLE
HOUSING, INC.

By: _____
Its: President

DQE SYSTEMS, INC.

By: _____
Its: President

DQE COMMUNICATIONS LLC

By:  _____
Its: Acting President

DQE COMMUNICATIONS NETWORK
SERVICES LLC

By: _____
Its: President and Treasurer

ZION LFG, LLC

By: LFG Management Services, L.L.C.
Its: Manager

By: _____
Its: President and Treasurer

NORTH SHORE AFFORDABLE
HOUSING, INC.

By: _____
Its: President

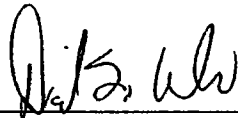
DQE SYSTEMS, INC.

By: _____
Its: President

DQE COMMUNICATIONS LLC

By: _____
Its: Acting President

DQE COMMUNICATIONS NETWORK
SERVICES LLC

By:  _____
Its: President and Treasurer

DQE SYSTEMS ACQUISITION CO.

By: George B. Bue
Its: President and Treasurer

DQE ENERGY LIMITED

By: _____
Its: President and Treasurer

MONTICELLO CORPORATION

By: _____
Its: President and Treasurer

DQE ENERGY TWO LIMITED

By: _____
Its: President and Treasurer

DUQUESNE CAPITAL, L.P.

By: Duquesne Light Company
Its: General Partner

By: _____
Its: Vice President and Treasurer

DQE SYSTEMS ACQUISITION CO.

By: _____
Its: President and Treasurer

DQE ENERGY LIMITED

By: Susan S. Mullins
Its: President and Treasurer

MONTICELLO CORPORATION

By: Susan S. Mullins
Its: President and Treasurer

DQE ENERGY TWO LIMITED

By: Susan S. Mullins
Its: President and Treasurer

DUQUESNE CAPITAL, L.P.

By: Duquesne Light Company
Its: General Partner

By: _____
Its: Vice President and Treasurer

DQE SYSTEMS ACQUISITION CO.

By: _____
Its: President and Treasurer

DQE ENERGY LIMITED

By: _____
Its: President and Treasurer

MONTICELLO CORPORATION

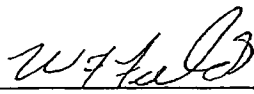
By: _____
Its: President and Treasurer

DQE ENERGY TWO LIMITED

By: _____
Its: President and Treasurer

DUQUESNE CAPITAL, L.P.

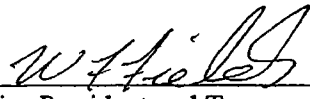
By: Duquesne Light Company
Its: General Partner

By: 
Its: Vice President and Treasurer

DUQUESNE FINANCIAL, L.P.

By: Duquesne Financial, LLC
Its: General Partner

By: Duquesne Light Company
Its: Sole Member

By: 
Its: Vice President and Treasurer

DQU II FUNDING CORPORATION

By: _____
Its: President and Treasurer

DUQUESNE FINANCIAL, LLC

By: Duquesne Light Company
Its: Sole Member

By: _____
Its: Vice President and Treasurer

DUQUESNE POWER, INC.

By: _____
Its: President

DUQUESNE POWER, L.P.

By: Duquesne Power, Inc.
Its: General Partner

By: _____
Its: President

DUQUESNE FINANCIAL, L.P.

By: Duquesne Financial, LLC
Its: General Partner

By: Duquesne Light Company
Its: Sole Member

By: _____
Its: Vice President and Treasurer

DQU II FUNDING CORPORATION

By: Susan S. Mullins
Its: President and Treasurer

DUQUESNE FINANCIAL, LLC

By: Susan S. Mullins
Its: President and Treasurer

DUQUESNE POWER, INC.

By: _____
Its: President

DUQUESNE POWER, L.P.

By: Duquesne Power, Inc.
Its: General Partner

By: _____
Its: President

DUQUESNE FINANCIAL, L.P.

By: Duquesne Financial, LLC
Its: General Partner

By: Duquesne Light Company
Its: Sole Member

By: _____
Its: Vice President and Treasurer

DQU II FUNDING CORPORATION

By: _____
Its: President and Treasurer

DUQUESNE FINANCIAL, LLC

By: Duquesne Light Company
Its: Sole Member

By: _____
Its: Vice President and Treasurer

DUQUESNE POWER, INC.

By: James E. Wilson
Its: President

DUQUESNE POWER, L.P.

By: Duquesne Power, Inc.
Its: General Partner

By: James E. Wilson
Its: President

MONONGAHELA LIGHT AND POWER
COMPANY

By: *Mark Abbott*
Its: President

DUQUESNE LIGHT ENERGY, LLC

By: _____
Its: President and Treasurer

MONONGAHELA LIGHT AND POWER
COMPANY

By: _____
Its: President

DUQUESNE LIGHT ENERGY, LLC

By: James E. Wilson
Its: President and Treasurer

ATTACHMENT 1

Cost of Administrative Services

The Receiving Party shall pay to the Providing Party the fully-loaded cost of the administrative services provided by the Providing Party, with costs being allocated as follows:

1. The Providing Party will allocate to any administrative services provided the direct costs associated with performing such services.
2. Direct labor costs of any employee of the Providing Party who provides identifiable services to the Receiving Party will be charged to the Receiving Party's operation based on such employee's total compensation, including salary and fringe benefits.
3. Other identifiable direct costs, including third party service fees and supplies, will be charged to the Receiving Party's operations at the actual cost incurred by the Providing Party.
4. All costs charged are subject to periodic review and adjustment, as appropriate.

**SUPPLEMENT
TO THE
AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT**

THIS SUPPLEMENT TO THE AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT (this "Supplement") is made and effective as of this 19th day of November, 2004 between Duquesne Light Company, a Pennsylvania corporation ("Duquesne"), and Waste Energy Technology, LLC (the "Company").

RECITALS:

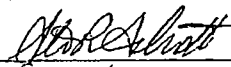
- A. Duquesne Light Holdings, Inc., f/k/a DQE, Inc., ("DLH") and Duquesne, a wholly-owned subsidiary of DLH, entered into an Amended and Restated Administrative Services Agreement dated July 19, 2004 (the "Agreement"), pursuant to which, among other matters, Duquesne is able to either provide or receive certain administrative services (the "Services") more fully described in the Agreement.
- B. The Agreement provides that any subsidiary of DLH may elect to participate in and be bound by the Agreement.
- C. The Company, a subsidiary of DLH, has elected to participate in and be bound by the terms of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties hereto agree as follows:

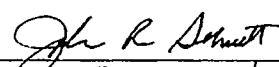
- 1. Duquesne may provide the Services to the Company pursuant to the terms and conditions set forth in the Agreement.
- 2. The Company may provide the Services to Duquesne pursuant to the terms and conditions set forth in the Agreement.
- 3. The Company shall be bound by the terms of this Agreement as if it were an original party thereto.

IN WITNESS WHEREOF, the parties hereto have executed and caused to be written this Supplement as of the date first above written.

DUQUESNE LIGHT COMPANY

By: 
Its: SR. VP & CEO

WASTE ENERGY TECHNOLOGY, LLC

By: 
Its: TREASURER & CONTROLLER

**SUPPLEMENT
TO THE
AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT**

THIS SUPPLEMENT TO THE AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT (this "Supplement") is made and effective as of this 18th day of November, 2004 between Duquesne Light Company, a Pennsylvania corporation ("Duquesne"), and DataCom Information Systems, LLC (the "Company").

RECITALS:

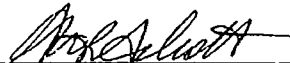
- A. Duquesne Light Holdings, Inc., f/k/a DQE, Inc., ("DLH") and Duquesne, a wholly-owned subsidiary of DLH, entered into an Amended and Restated Administrative Services Agreement dated July 19, 2004 (the "Agreement"), pursuant to which, among other matters, Duquesne is able to either provide or receive certain administrative services (the "Services") more fully described in the Agreement.
- B. The Agreement provides that any subsidiary of DLH may elect to participate in and be bound by the Agreement.
- C. The Company, a subsidiary of DLH, has elected to participate in and be bound by the terms of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the parties hereto agree as follows:

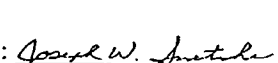
- 1. Duquesne may provide the Services to the Company pursuant to the terms and conditions set forth in the Agreement.
- 2. The Company may provide the Services to Duquesne pursuant to the terms and conditions set forth in the Agreement.
- 3. The Company shall be bound by the terms of this Agreement as if it were an original party thereto.

IN WITNESS WHEREOF, the parties hereto have executed and caused to be written this Supplement as of the date first above written.

DUQUESNE LIGHT COMPANY

By: 
Its: Sarah VP & CFO

DATAKOM INFORMATION SYSTEMS, LLC

By: 
Its: PRESIDENT

FULL REQUIREMENTS SERVICE AGREEMENT

by and between

DUQUESNE LIGHT COMPANY

and

DUQUESNE POWER, L.P.

Dated as of January 1, 2005

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- Exhibit B - Methodology for Calculation of Mark to Market Exposure
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- Exhibit D - Calculation of Expected Annual Payments

Schedules

- Schedule 1 - Company Use Energy Rates

FULL REQUIREMENTS SERVICE AGREEMENT

THIS FULL REQUIREMENTS SERVICE AGREEMENT ("Agreement" or "FSA"), is made and entered into as of January 1, 2005 by and between Duquesne Power, L.P., a Delaware limited partnership, hereinafter referred to as "Seller" and Duquesne Light Company, a Pennsylvania corporation, hereinafter referred to as "Buyer" (each hereinafter referred to individually as "Party" and collectively as "Parties").

WITNESSETH:

WHEREAS, Buyer has an obligation as the provider of last resort (the "POLR") of Energy (as defined below), Capacity (as defined below) and Ancillary Services (as defined below) for its retail customers;

WHEREAS, Seller desires to sell Full Requirements Service (as defined below) and Buyer desires to purchase such Full Requirements Service to supply certain of Buyer's retail customers for a certain period of time, as provided herein, on a firm and continuous basis; and

WHEREAS, Seller intends to procure a portfolio of resources, including that certain generating plant known as the Sunbury Station, located in Shamokin Dam, Pennsylvania, to satisfy certain of Seller's Full Requirements Service obligations hereunder.

NOW, THEREFORE, and in consideration of the foregoing, and of the mutual promises, covenants, and conditions set forth herein, and other good and valuable consideration, the Parties hereto, intending to be legally bound by the terms and conditions set forth in this Agreement, hereby agree as follows:

ARTICLE I DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following definitions shall apply hereunder:

"Adjusted Consolidated Net Income" means, for purposes of calculating the Consolidated Cash Coverage Ratio only, in respect of any period, the sum of (a) Consolidated Net Income of the Certifying Company for such period less any non-cash income of the Certifying Company during such period, and (b) the amount of interest on all outstanding indebtedness of the Certifying Company paid or payable during such period, and (c) the amount of all depreciation and amortization allowances and other non-cash expenses of the Certifying Company, and (d) the amount of income taxes payable by the Certifying Company during such period.

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For this purpose, "control" means the direct or indirect

ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Ancillary Services" shall have the meaning ascribed thereto in the PJM OATT.

"Applicable Number of Days" means:

- (a) except to the extent clause (b) or (c) below applies, thirty-five (35) days; or
- (b) in the event Seller elects to comply with Section 13.2(b), the number of days, as reasonably determined by Buyer, that is equal to (i) thirty-five (35) days plus (ii) the quotient of the face amount of the letter of credit determined in accordance with Section 13.2(a) and the Estimated Daily Amount Payable, rounded up to the nearest whole day; or
- (c) in the event Section 13.4 applies and Seller elects to comply with Section 13.4(b), the number of days, as reasonably determined by Buyer, that is equal to (A) thirty-five (35) days or, if Seller has also elected to comply with Section 13.2(b), the number of days, as reasonably determined by Buyer, that is equal to (i) thirty-five (35) days plus (ii) the quotient of the face amount of the letter of credit determined in accordance with Section 13.2(a) and the Estimated Daily Amount Payable, rounded up to the nearest whole day, plus (B) the quotient of the face amount of the letter of credit determined in accordance with Section 13.4(a) and the Estimated Daily Amount Payable, rounded up to the nearest whole day.

"Bankrupt" means, with respect to any entity, such entity: (i) voluntarily files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it by its creditors and such petition is not dismissed within sixty (60) calendar days of the filing or commencement; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes insolvent, however evidenced; (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due.

"Billed Generation Revenue" means with respect to each retail customer of Buyer receiving service from Buyer under a POLR III Rate Schedule, the amount that Buyer bills, pursuant to the Retail Tariff (except for Rider 10 and Rider 21 thereof), to such customer.

"Business Day" means any day except a Saturday, Sunday or a day that PJM declares to be a holiday, as posted on the PJM website. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. EPT.

"Capacity" shall mean "Unforced Capacity" as set forth in the PJM RAA or the PJM West RAA, or any successor measurement of the capacity obligation of a Load Serving

Entity as may be employed in PJM (whether set forth in the PJM RAA, the PJM West RAA or elsewhere).

“Capacity Responsibility” means the aggregation of peak load contributions for Buyer's retail customers, as determined by Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer's retail load settlement process, and used by PJM in determining the Seller's capacity obligation under this Agreement.

“Certifying Company” means either Seller or the Corporate Guarantor, whichever entity has provided the latest dated certification to Buyer pursuant to Article 13 of this Agreement.

“Commercial Bank” means a commercial bank reasonably acceptable to Buyer with a minimum credit rating of at least two of the following ratings: (i) BBB+ as determined by S&P, or (ii) Baa1 as determined by Moody's, or (iii) a comparable rating by another nationally recognized rating service reasonably acceptable to Buyer.

“Company Use Energy” means all the metered electricity used, in the ordinary course of business, at or by Buyer's facilities and operations including, but not limited to, substations, operating headquarters, construction and maintenance facilities, office buildings, customer service operations, communications facilities and towers and ash handling, ash treatment and ash disposal facilities (but excluding on site station service electricity at generating stations, which station service electricity shall be the responsibility of the generating station owner). The Parties recognize and agree that, although the Company Use Energy comprises a portion of the POLR Supply Amount, the Company Use Energy to be supplied under this Agreement shall not be sold directly to Buyer, but instead Seller shall sell such Company Use Energy to Buyer's designated marketing affiliate which will, in turn, sell such Company Use Energy to Buyer.

“Company Use Energy Payment” means the sum of the amounts that Buyer must cause its marketing affiliate to pay to Seller, on a monthly basis, for the Company Use Energy that was included in the POLR Supply Amount (and that Seller sold to Buyer's designated marketing affiliate for sale to Buyer as contemplated in the definition of Company Use Energy) during the calendar month ending on or about forty-five (45) days prior to such date, pursuant to the terms of this Agreement, at a price equal to, for each hour, the product of (i) the amount of Company Use Energy measured on a monthly basis in kilowatt hours with respect to Energy and kilowatts with respect to non-coincident peak Capacity and (ii) the applicable rates for such amounts of Energy and Capacity set forth on Schedule 1 to this Agreement.

“Congestion Revenue Rights” or “CRR” means the current or any successor congestion management mechanism or mechanisms as may be employed by PJM (whether set forth in the PJM Tariff or elsewhere) for the purpose of allocating financial congestion hedges, or the revenues associated with the auction of financial congestion hedges.

“Consolidated Cash Coverage Ratio” means for any period of twelve (12) consecutive months from the date of determination, the ratio of (x) the sum of the Adjusted

Consolidated Net Income of the Certifying Company for such period and the amount of principal on all outstanding indebtedness of the Certifying Company payable during the following twelve (12) month period to (y) the sum of the amount of interest on all outstanding indebtedness of the Certifying Company paid or payable during such period, and the amount of principal on all outstanding indebtedness of the Certifying Company payable during the following twelve (12) month period.

“Consolidated Net Income” means, for purposes of calculating the Adjusted Consolidated Net Income only, in respect of any period, the net income (or loss) of the Certifying Company for such period (taken as a cumulative whole), as determined in accordance with GAAP.

“Corporate Guarantor” means an Affiliate of Seller that (x) has either an investment rating equal to or higher than the Minimum Investment Rating or a Consolidated Cash Coverage Ratio equal to or greater than the Minimum Consolidated Cash Coverage Ratio and (y) has delivered to Buyer a certificate from a duly authorized corporate officer of such Affiliate certifying that such Affiliate meets the foregoing requirements and consents to unconditionally guarantee Seller's obligations under this Agreement.

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions, PJM charges, and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its Full Requirements Service obligations or entering into new arrangements which replace such terminated arrangement; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of such hedging arrangement or the entrance into any such new arrangements.

“Default Damages” means, for the period of time specified in Section 11.2(b) (Remedies) any direct damages and Costs, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs as a result of an Event of Default. Direct damages may include, but are not limited to: (i) the positive difference (if any) between the price of Full Requirements Service hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) Full Requirements Service (or any components of Full Requirements Service it is able to purchase or sell) from or to third parties, including PJM; (ii) emergency energy charges (as defined in the PJM OATT); and (iii) additional transmission or congestion costs incurred to purchase or sell Full Requirements Service.

“Delivery Period” means the period beginning at one minute after 11:59 p.m. (EPT) on the day prior to the Effective Date and continuing through the term of this Agreement.

“Delivery Point” means the Duquesne Zone, and is the location at which Seller will deliver and Buyer will accept the POLR Supply Amount during the Delivery Period.

“Determination Date” means, initially, the Initial Determination Date and, thereafter, the first Business Day of each month following the month during which the Initial Determination Date occurs.

“Duquesne Zone” means the PJM defined load zone for Buyer.

"ECAR" means the Eastern Central Area Reliability Council or any successor organization thereto.

"Eastern Prevailing Time" or "EPT" means Eastern Standard Time or Eastern Daylight Savings Time, whichever is in effect on any particular date.

"Effective Date" means January 1, 2005.

"EGS" means an Electric Generation Supplier as defined in Buyer's then-current Supplier Tariff.

"Energy" means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

"Equitable Defenses" means any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

"Estimated Daily Amount Payable" means the Expected Annual Payments divided by either (i) 365, in the event that the remaining term of the Delivery Period is 12 months or greater, or (ii) the number of days remaining in the Delivery Period in the event that the remaining term of the Delivery Period is less than 12 months.

"Expected Annual Payments" means the expected payments from Buyer to Seller under this Agreement for the 12 months immediately following the current month or lesser period in the event that the remaining term of the Delivery Period is less than 12 months, calculated pursuant to Section 13.2 (Security). The method for calculating the Expected Annual Payments is described in Exhibit D.

"FERC" means the Federal Energy Regulatory Commission or its successor.

"Force Majeure" means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not foreseen as of the date first written above, which is not within the reasonable control of, or the result of the negligence of the affected party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of Seller's supply; (ii) Seller's ability to sell the Full Requirements Service at a price greater than that received under this Agreement; or (iii) curtailment by a Transmitting Utility.

"Full Requirements Service" means all necessary Energy (including Energy that Buyer is obligated by a Governmental Authority to procure from renewable energy resources), Capacity, transmission service (other than Network Integration Transmission Service), Ancillary Services, transmission losses (as provided in the PJM OATT), congestion management costs, Grid Management Charges and such other services or products that are required to supply the POLR Supply Amount except for Network Integration Transmission Service and distribution service.

“GAAP” means United States generally accepted accounting principles including, but not limited to, the official interpretations thereof as defined by the Financial Accounting Standards Board, its predecessors and its successors.

“Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement, determined in a commercially reasonable manner.

“Generation Billing Determinants” shall mean, with respect to each POLR III Rate Schedule in each month, the billed quantities of energy and demand, summed across all retail customers in such Rate Schedule.

“Generation Rates” means the retail generation rates to be used from the Effective Date through the term of this Agreement as set forth in the Retail Tariff.

“Governmental Authority” means any federal, state, local, municipal or other governmental entity, authority or agency, department, board, court, tribunal, regulatory commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over a Party or this Agreement.

“Grid Management Charges” means the grid management charges defined in the PJM OATT as they may change from time to time, but excluding those charges recovered by Buyer from its retail customers through the PJM Surcharge.

“Initial Determination Date” means the first date on which the Certifying Company's Consolidated Cash Coverage Ratio is below the Minimum Consolidated Cash Coverage Ratio and the Certifying Company's investment rating is below the Minimum Investment Rating.

“Interest Rate” means, for any date, the lesser of: (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%); and (ii) the maximum rate permitted by applicable law.

“kWh” means one kilowatt of electric power over a period of one hour.

“Load Serving Entity” or “LSE” has the meaning ascribed to it in the PJM Agreements.

“Long-Term Escalation Rate” shall mean a value of three percent (3%) per annum.

“Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of this Agreement, determined in a commercially reasonable manner.

“Mark-to-Market Exposure” means the sum of the Monthly Mark-to-Market Exposures for the twelve months (12) immediately following the Initial Determination Date and, thereafter, following each Determination Date or the remaining months in the Delivery Period in the event that the remaining term of the Delivery Period is less than twelve (12) months. The method and an example for calculating the Mark-to-Market Exposure are included in Exhibit B.

“Minimum Consolidated Cash Coverage Ratio” means 2.0:1.0.

“Minimum Investment Rating” of a Person means that such Person has a minimum investment rating on its senior unsecured debt securities of each of the following ratings: (i) BBB- as determined by S&P and (ii) Baa3 as determined by Moody's.

“Monthly Mark-to-Market Exposure” means, with respect to each month remaining in the Delivery Period, the sum of: (i) the relevant month On-Peak Forward Price minus the relevant month On-Peak Initial Mark Price, multiplied by the product of the relevant month On-Peak Expected Load and (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the product of the relevant month Off-Peak Expected Load. The method and an example for calculating the Monthly Mark-to-Market Exposure are included in Exhibit B.

“Moody's” means Moody's Investor Services, Inc. or its successor.

“MWh” means one megawatt of electric power used over a period of one hour which shall be rounded in a manner consistent with standards in the PJM Agreements. The current rounding standards are to the nearest one-thousandth of a megawatt hour.

“NERC” means the North American Electric Reliability Council or any successor organization thereto.

“Net Billed Generation Revenue” means the sum of the amounts resulting from the following calculation for each retail customer of Buyer that is receiving service from Buyer under a POLR III Rate Schedule:

- (x) Billed Generation Revenue attributable to such customer, less
- (y) the PJM Surcharge attributable to such customer, multiplied by
- (z) a factor of nine hundred forty-one one thousandths (.941).

“Network Integration Transmission Service” has the meaning ascribed to it in the PJM

“Off-Peak Expected Load” means the projected load for the Off-Peak Hours, stated in terms of MWh, for each month in the Delivery Period as described by Exhibit B.

“Off-Peak Forward Price” means the price, as provided by Buyer, for Off-Peak Hours, stated in terms of \$/MWh, associated with each of the next twelve (12) months

immediately following the current month, and shall be the product of: (i) the relevant month On-Peak Forward Price calculated pursuant to Exhibit B; and (ii) the relevant month Off-Peak/On-Peak Price Ratio.

“Off-Peak Hours” means those hours which are not On-Peak Hours.

“Off-Peak Initial Mark Price” means the price, as provided by Buyer on the Transaction Date, for Off-Peak Hours, stated in terms of \$/MWh, associated with each month in the Delivery Period, and shall be the product of: (i) the relevant month On-Peak Initial Mark Price calculated pursuant to Exhibit B; and (ii) the relevant month Off-Peak/On-Peak Ratio.

“Off-Peak/On-Peak Price Ratio” means the relevant monthly ratio of off-peak pricing to on-peak pricing of the PJM Western Hub (as defined in the PJM Agreements) day-ahead energy prices as set forth by Buyer based on the 36-month period immediately preceding the Transaction Date. The historical on-peak prices used by the ratio shall be the PJM Western Hub day-ahead energy price for the On-Peak Hours. The historical off-peak prices used by the ratio shall be the PJM Western Hub day-ahead energy price for the Off-Peak Hours. For each month of the 36-month period, the monthly on-peak and off-peak prices shall be summed and respectively divided by the amount of on-peak and off-peak hours in that month. The then calculated off-peak average price shall be divided by the on-peak average price to determine the individual monthly ratios. Such monthly ratios for the same months within the 36-month period shall then be summed and divided by three (3) to come up with the rolling three year month ratio average.

“On-Peak Expected Load” means the projected load for the On-Peak Hours, stated in terms of MWh, for each month in the Delivery Period as described by Exhibit B.

“On-Peak Forward Price” means the price, as determined by Buyer using the methodology described in Exhibit B, for On-Peak Hours, stated in terms of \$/MWh, associated with each of the next twelve (12) months immediately following the current month, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western Hub.

“On-Peak Hours” means Hour Ending (“HE”) 0800 through HE 2300 EPT, Monday through Friday, excluding Saturday, Sunday and NERC holidays.

“On-Peak Initial Mark Price” means the price, as provided by Buyer on the Transaction Date, for On-Peak Hours, stated in terms of \$/MWh, associated with each month in the Delivery Period, determined by Buyer using the methodology described in Exhibit B.

“Person” means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization or governmental entity or any department or agency thereof.

“PJM” means the PJM Interconnection, LLC or any successor organization thereto.

“PJM Agreements” means the PJM OATT, PJM Operating Agreement, PJM RAA, PJM West RAA, and any other applicable PJM manuals or documents, or any successor, superceding or amended versions that may take effect from time to time.

“PJM Control Area” has the meaning ascribed to it in the PJM Agreements.

“PJM OATT” or “PJM Tariff” means the Open Access Transmission Tariff of PJM or the successor, superceding or amended versions of the Open Access Transmission Tariff that may take effect from time to time.

“PJM Operating Agreement” means the Operating Agreement of PJM or the successor, superceding or amended versions of the Operating Agreement that may take effect from time to time.

“PJM Planning Period” has the meaning ascribed to it in the PJM Agreements. Currently, the PJM Planning Period is the twelve months beginning June 1 and extending through May 31 of the following year.

“PJM RAA” means the PJM Reliability Assurance Agreement or any successor, superceding or amended versions of the PJM Reliability Assurance Agreement that may take effect from time to time.

“PJM Surcharge” means those charges recovered by Buyer pursuant to Rider 1 of the Retail Tariff.

“PJM West RAA” means the PJM West Reliability Assurance Agreement or the successor, superceding or amended versions of the PJM West Reliability Assurance Agreement that may take effect from time to time.

“POLR” has the meaning ascribed to it in the Recitals.

“POLR Supply Amount” means the sum of (x) the actual hourly Energy requirements (including associated distribution losses, as provided in Table 1 of the Supplier Tariff) necessary to supply (i) Energy to serve each retail customer of Buyer receiving service from Buyer under a POLR III Rate Schedule, and (ii) Company Use Energy, and (y) Unaccounted For Energy. The POLR Supply Amount shall include only the requirements of retail customers located within the Pennsylvania franchised service territory of Buyer, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to such territory following the Effective Date. The POLR Supply Amount shall not include the requirements of retail customers that result from changes in such territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in Pennsylvania or as a result of a significant franchised service territory swap with another entity which has a franchised service territory in Pennsylvania.

“POLR Supply Estimate” means, for each hour during the term of this Agreement, Buyer's estimate of the Full Requirements Service associated with the POLR Supply Amount, as provided to PJM in accordance with Section 3.2 hereof.

“POLR III Rate Schedule” means any one of the following rate schedules under the Retail Tariff: RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, MTS and PAL.

“Preliminary Seller Charges” means an estimate of Seller Charges as determined by Buyer.

“PUC” means the Pennsylvania Public Utility Commission and any successor agency thereto.

“Reference Market-Maker” means any broker in energy products who is not an affiliate of Buyer or Seller.

“Retail Tariff” means the schedules of rates pursuant to which Buyer intends to bill its retail customers for generation from the Effective Date through the term of this Agreement, as such may be amended or modified from time to time.

“Retained Load Ratio” shall mean, in each month, Buyer’s calculation, based on the most recent month’s data, of the ratio of total Energy requirements required to serve retail customers receiving service from Buyer under a POLR III Rate Schedule to the total Energy requirements required to serve all customers eligible to receive service from Buyer under such POLR III Rate Schedule.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill, Inc. and any successor thereto.

“Seller Charges” means any amount billed by PJM to Buyer that represents all or a portion of any charges for which Seller is obligated hereunder or under any PJM Agreement but for which PJM has billed Buyer, in its capacity as a member of PJM, as a result of Seller failing to pay such charges or otherwise.

“Significant Subsidiary” means any subsidiary of Corporate Guarantor (other than Seller) that, on a consolidated basis with any of its subsidiaries as of any date of determination, accounts for more than ten percent (10%) of the consolidated assets of Corporate Guarantor and all consolidated subsidiaries.

“Supplier Tariff” means Buyer’s Electric Generation Supplier Coordination Tariff, or its successor, filed with and approved by the PUC.

“Termination Payment” means, with respect to the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the termination of this Agreement pursuant to Article 11 (Events of Default – Remedies). The Termination Payment shall be considered an amount due to the Non-Defaulting Party under this Agreement if the total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement if the Gains exceed the total of the Losses and Costs.

“Transaction Date” means the date on which this Agreement is executed by Buyer and Seller.

“Transmitting Utility” means the utility or utilities, and their respective control area operators and their successors, transmitting all or any portion of the Full Requirements Service.

“Unaccounted For Energy” means the difference between the Buyer’s hourly system load and the sum of: (i) the estimated hourly customer loads (interval metered and profiled); and (ii) electrical losses, as such Unaccounted For Energy is determined in the Buyer’s retail load settlement process and prorated based on the amount of retail Energy consumed during each hour (including distribution and transmission losses) attributable to Energy supplied by Seller pursuant to this Agreement, as reported to PJM.

ARTICLE II TERMS AND CONDITIONS OF FULL REQUIREMENTS SERVICE

2.1 Seller’s Obligation to Provide Service.

- (a) Seller shall provide Full Requirements Service on a firm and continuous basis such that Full Requirements Service associated with the POLR Supply Amount is supplied at the Delivery Point beginning at one minute after 11:59 p.m. (EPT) on the day prior to the Effective Date and continuing through the term of this Agreement. Seller recognizes and agrees that it is responsible for delivering Full Requirements Service associated with the POLR Supply Amount as it may change over time for any reason, including seasonal factors, load fluctuation, increased or decreased usage, extremes in weather, and, subject to the limitations set forth in the Retail Tariff (as applied by the PUC), customer switching decisions regarding whether to receive POLR service or purchase Energy from an EGS.
- (b) Subject to the terms and conditions of this Agreement, beginning at one minute after 11:59 p.m. (EPT) on the day prior to the Effective Date and continuing through the term of this Agreement, Seller shall deliver to Buyer’s designated marketing affiliate each hour, on a continuous basis, the Company Use Energy to the Delivery Point.

2.2 Buyer’s Obligation to Take Service. Buyer shall accept Full Requirements Service as provided by Seller pursuant to Section 2.1 (Seller’s Obligation to Provide Service), and shall pay Seller for such Full Requirements Service in accordance with Article 6.

2.3 Network Integration Transmission Service and Distribution Service; Grid Management Charges. Buyer shall be responsible, at its sole cost and expense, for the provision of Network Integration Transmission Service and distribution service necessary to serve the POLR Supply Amount. Buyer is responsible, at its sole cost and expense, for future PJM charges assessed to network transmission customers for PJM-required transmission system enhancements pursuant to the PJM Regional Transmission Expansion Plan (as defined in the PJM Agreements)

and for future PJM charges assessed to network transmission customers for transition costs related to the elimination of through-and-out transmission rates. Seller shall be responsible, at its sole cost and expense, for Grid Management Charges.

- 2.4 Other Changes in PJM Charges. Except as provided in Section 2.3 (Network Integration Transmission Service and Distribution Service), Seller bears the risk of any other changes in PJM products and pricing during the term of this Agreement.
- 2.5 Status of Seller. Seller, for purposes of this Agreement, is not a Load Serving Entity and nothing contained herein shall be deemed to cause Seller to be a Load Serving Entity.
- 2.6 Sales for Resale. Subject to Section 2.1(b), all Full Requirements Service provided by Seller to Buyer shall be sales for resale, with Buyer reselling such Full Requirements Service to those of its customers that are receiving service from Buyer under a POLR III Rate Schedule. At Seller's request, Buyer shall provide Seller with mutually agreeable resale certificates related to the Full Requirements Service provided pursuant to this Agreement.
- 2.7 Governing Terms. This Agreement, including all schedules and exhibits hereto, any designated collateral, credit support, margin agreement or similar arrangements shall form a single integrated agreement between Buyer and Seller.

**ARTICLE III
SCHEDULING, FORECASTING, AND
INFORMATION SHARING**

- 3.1 Scheduling. Seller shall schedule Full Requirements Service in accordance with the terms and conditions of Article 7—Supply Scheduling—of the Supplier Tariff (including any future modifications to such tariff). Buyer will provide to PJM all information required by PJM, for the purpose of calculating Seller's Full Requirements Service obligations.
- 3.2 Load Estimates. On a daily basis, for each hour during the term of this Agreement on and following the Effective Date, Buyer shall deliver to Seller the POLR Supply Estimates for the following calendar day in accordance with the terms of the Supplier Tariff. Buyer may provide updates to any POLR Supply Estimates delivered to Seller by delivering to Seller a subsequent real-time POLR Supply Estimate. In addition, Buyer shall deliver to Seller, as often as is practicable but in no event later than the end of each month, a report listing known changes in the POLR Supply Amount, as well as any known changes to the Schedules attached hereto, which changes shall be incorporated into and become a part of the Schedules to which they relate, subject, however, to the prior consent of Seller to such changes to such Schedules if such consent is required under this Agreement. Buyer does not make any representation or warranty, and expressly disclaims any representation or warranty, regarding the accuracy or completeness of the POLR Supply Estimates, or any information contained in such POLR Supply Estimates. On a daily basis, for each hour during the term of this Agreement on and following the Effective Date, Buyer shall deliver to PJM Buyer's estimate of the Energy associate with the POLR Supply Amount for the preceding calendar day in accordance with the terms of the PJM Agreements. Buyer shall provide any necessary updates to PJM in accordance with the PJM Agreements.
- 3.3 Information Sharing. On each Business Day, Buyer shall provide to Seller on a reasonable efforts basis, Buyer's estimation of the Capacity Responsibility for the seventh following day associated with the POLR Supply Amount. Buyer does not warrant the accuracy of such information.

ARTICLE IV
SPECIAL TERMS AND CONDITIONS

- 4.1 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply Full Requirements Service associated with the POLR Supply Amount. Notwithstanding Section 2.5 (Status of Seller), Buyer shall transfer or assign to Seller, Buyer's rights to CRRs to which Buyer is entitled as an LSE pursuant to the PJM Agreements, provided that such rights are related to the service being provided to supply Full Requirements Service associated with the POLR Supply Amount. All rights and obligations associated with such CRRs will accrue to Seller through the transfer or assignment from Buyer to Seller including the ability of Seller to request or nominate such CRRs when applicable. Seller shall have the right to request and nominate CRRs if the Delivery Period is inclusive of the PJM Planning Period for which the CRRs are being requested or nominated. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations at that time will nominate such CRRs for the upcoming PJM Planning Period and such CRRs will be allocated to Seller based upon Full Requirements Service associated with the POLR Supply Amount and in accordance with the PJM Agreements.
- 4.2 Load Response Programs. Buyer will permit its retail customers that are receiving service from Buyer under a POLR III Rate Schedule to participate in load response programs administered by PJM and to retain all of the benefits associated with such load response programs, pursuant to and in accordance with the PJM Agreements. Seller shall be responsible for all PJM charges, if any, associated with any such PJM load response programs.
- 4.3 PJM E-Accounts. Buyer and Seller shall work with PJM to establish any PJM E-Accounts (as defined in the PJM Agreements) necessary for Seller to provide Full Requirements Service. Seller shall work with PJM and Buyer to ensure that Buyer has full access to all necessary E-Account information of Seller, including any outstanding balances Seller accrues to PJM in providing Full Requirement Service.
- 4.4 [Reserved].
- 4.5 Pennsylvania Disclosure Requirements. Subject to any applicable confidentiality requirements, Seller shall provide to Buyer, to the best of its knowledge, the generation resources used to supply Full Requirements Service. All information provided pursuant to this Section 4.5 (Pennsylvania Disclosure Requirements) shall be provided in a timely manner and in an appropriate form to enable Buyer to comply with the requirements of the PUC or any other Governmental Authority that relate to reporting such information.
- 4.6 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 8.1 (Seller's Indemnification for Third-Party Claim) and 8.2 (Buyers Indemnification for Third-Party Claim) of

Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point(s). Seller warrants that it has good title to the Full Requirements Service sold and delivered hereunder and that it has the right to sell such Full Requirements Service. The word "loss" in this Section 4.6 (Title Transfer) does not encompass electrical transmission losses (as provided in the PJM OATT) and distribution losses (as provided in Table 1 of the Supplier Tariff). As between Buyer and Seller only, and subject to Section 2.1(b), Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 8.1 (Seller's Indemnification for Third-Party Claim) and 8.2 (Buyer's Indemnification for Third-Party Claim) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point(s). Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, that would otherwise exist under the PJM Agreements or under applicable law if Buyer had not taken title.

- 4.7 Reliability Guidelines. Each Party agrees to adhere to the applicable operating policies, criteria and/or guidelines of the NERC, PJM, ECAR, their successors, and any regional or sub regional requirements.
- 4.8 PJM Membership. Beginning on the Effective Date and continuing through the term of this Agreement, Seller shall be: (i) a member in good standing of PJM; and (ii) qualified as a PJM "Market Buyer" and "Market Seller" pursuant to the PJM Agreements. Beginning on the Effective Date and continuing through the term of this Agreement, Buyer shall be: (i) a member in good standing of PJM; and (ii) qualified as a PJM "Load Serving Entity" pursuant to the PJM Agreements.
- 4.9 FERC Authorization. Beginning on the Effective Date and continuing through the term of this Agreement, Seller shall have FERC authorization to make sales of energy, capacity and ancillary services at market based rates.

**ARTICLE V
TERM AND SURVIVAL**

- 5.1 Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the date first written above until December 31, 2007, unless extended by mutual agreement of the Parties or unless the Agreement is terminated prematurely pursuant to Article 11 of this Agreement.
- 5.2 Survival. Except in the event this Agreement is terminated pursuant to the provisions of the last sentence of Section 5.1 (in which case, the Parties shall owe no further obligation or have any further liability to each other under this Agreement), the representations and warranties contained and/or made in this Agreement shall survive the termination of this Agreement, including but not limited to any and all payment obligations hereunder.

**ARTICLE VI
PAYMENT FOR FULL REQUIREMENTS SERVICE;
INVOICING, ESCROW AND OFFSET**

- 6.1 Payment. The payment for Full Requirements Service shall be the Net Billed Generation Revenue, and the Company Use Energy Payment.
- 6.2 Daily Payment of Net Billed Generation Revenues; and Monthly Payment of the Company Use Energy Payment.
- (a) Except as may otherwise be provided in this Article 6, beginning on the date that is the Applicable Number of Days following the Effective Date and continuing until the end of the term of this Agreement (or the earlier termination of this Agreement), Buyer shall pay to Seller the dollar amount equal to the aggregate amount of the sum of the Net Billed Generation Revenue attributable to each of Buyer's retail customers that was billed by Buyer, and whose Energy requirements were included in the POLR Supply Amount, on the date that was the Applicable Number of Days prior to such day, whether or not such billed amounts have been paid by such retail customers or EGSs. The Parties recognize and agree that in calculating such Net Billed Generation Revenue, Buyer shall, as necessary, pro rate by kilowatt-hour usage the total amount of Net Billed Generation Revenue attributable to such customers during such billing period in order to account for that portion of such billing period during which Seller supplied the POLR Supply Amount. Buyer shall bill all Buyer retail customers on a current basis.
- (b) Beginning on or about March 15, 2005 and continuing on or about the fifteenth day of each calendar month thereafter until the end of the term of this Agreement (or the earlier termination of this Agreement), Buyer shall cause its designated marketing affiliate pay to Seller the Company Use Energy Payment calculated for the Company Use Energy that was

included in the POLR Supply Amount during the calendar month ending on or about forty-five (45) days prior to such date.

6.3 PJM Billing.

- (a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller's and Buyer's rights and obligations under this Agreement, including for the avoidance of doubt Ancillary Services. Exhibit A sets forth the Parties' agreement as to the appropriate allocation of such charges and credits. If Seller fails to pay for any charges allocable to Seller in accordance with Exhibit A, Buyer shall treat any such amounts that PJM may bill to Buyer as Seller Charges and shall invoice such amounts in the invoice sent pursuant to Section 6.4(a) (Monthly Invoicing for Preliminary Seller Charges). If Buyer fails to pay for any charges allocable to Buyer in accordance with Exhibit A, Seller may invoice Buyer any such amounts that PJM may bill to Seller and Buyer shall pay the undisputed amount of such invoice within ten (10) days of receipt of such invoice.
- (b) The Parties agree that the PJM bill may change from time to time. Allocation of any charges that are reflected in a PJM bill that are not provided for in Exhibit A will be determined pursuant to Sections 2.3 (Network Integration Transmission Service and Distribution Service), 2.4 (Other Changes in PJM Charges), and 15.11 (PJM Agreement Modifications) of this Agreement. In the event that one or more EGSs serving load within the Duquesne Zone elects under the PJM Agreements to serve their load using nodal pricing, the definition of "Delivery Point" under this Agreement shall be amended to mean the end use load busses for the load associated with Buyer's retail customers that are located within the Duquesne Zone and are receiving service, the Energy for which is supplied to Buyer from Seller under this Agreement.

6.4 Billing for Seller Charges; Escrow; Offset.

- (a) Monthly Invoicing for Preliminary Seller Charges. Buyer shall, within ten (10) days following the end of each calendar month, invoice Seller for all Preliminary Seller Charges attributable to such month. Invoices rendered pursuant to this Section 6.4(a) shall be immediately due from Seller and payable to Buyer by offset pursuant to Section 6.4(d) hereof. Credits owing to Seller reflected on any invoices rendered pursuant to this Section 6.4(a) shall be immediately due from Buyer and netted against any payments owing to Buyer on such invoice with any excess amount payable to Seller by increasing by the amount of any such excess the amount of Net Billed Generation Revenue to be paid to Seller under Section 6.1 hereof on the day that the invoice reflecting such excess is rendered.

- (b) Monthly Statement of Account for Seller Charges (True-up and Adjustments). Buyer shall, after all customer accounts have been fully metered for a calendar month (which shall occur approximately sixty (60) days following the end of such calendar month), provide a statement of account to Seller adjusting one or more prior months' invoices rendered pursuant to Section 6.4(a) hereof for the difference between Preliminary Seller Charges and Seller Charges for such prior months. Payments owing to Buyer reflected on such statements of account rendered pursuant to this Section 6.4(b) shall be immediately due from Seller and payable to Buyer by offset pursuant to Section 6.4(d) hereof. Credits owing to Seller reflected on any statement of account rendered pursuant to this Section 6.4(b) shall be immediately due from Buyer and netted against any payments owing to Buyer on such statement of account with any excess amount payable to Seller by increasing by the amount of any such excess the amount of Net Billed Generation Revenue to be paid to Seller under Section 6.1 hereof on the day that the statement of account reflecting such excess is rendered.
- (c) Buyer Right to Escrow. In addition to any other right to escrow funds under this Agreement, Buyer shall have the right to withhold payment of Net Billed Generation Revenues otherwise owing to Seller pursuant to Section 6.1 hereof and to place such funds into an escrow account (the "Escrow Account") subject to the terms and conditions of an escrow agreement in form and substance reasonably satisfactory to the Parties (the "Escrow Agreement"), in the amounts and under the circumstances provided below:
- (i) Each Monday, Buyer shall estimate the total Net Billed Generation Revenue that was billed by Buyer to Buyer's retail customers within the preceding seven (7) days. The amount so estimated is defined as the "Weekly NBGR Estimate."
 - (ii) Each Monday, Buyer shall estimate that portion of the Preliminary Seller Charges that would be invoiced to Seller under Section 6.4(a) hereof and is attributable to the preceding (7) days. The amount so estimated is defined as the "Weekly Seller Charge Estimate."
 - (iii) Each Monday, Buyer shall sum all Weekly NBGR Estimates made during the current calendar month (including the Weekly NBGR Estimate made that day). The sum so calculated is defined as the "Cumulative Weekly NBGR Estimate."
 - (iv) Each Monday, Buyer shall sum all Weekly Seller Charge Estimates made during the current calendar month (including the Weekly Seller Charge Estimate made that day together with any known adjustments included in any statement of account

prepared by Buyer pursuant to Section 6.4(b) hereof). The sum so calculated is defined as the "Cumulative Weekly Seller Charge Estimate."

- (v) On any Monday of a calendar month, if the Cumulative Weekly Seller Charge Estimate calculated pursuant to Section 6.4(c)(iv) is greater than the Cumulative Weekly NBGR Estimate calculated pursuant to Section 6.4(c)(iii), then, except as may otherwise be provided in Section 6.4 hereof, Buyer may direct payment to the Escrow Account of the Net Billed Generation Revenue that would otherwise be payable to Seller pursuant to Section 6.1 hereof, until the earlier of the end of that calendar month or the next Monday in that calendar month.
- (vi) If Buyer is unable to escrow any amount of funds pursuant to Section 6.4(c)(v) because the funds are also subject to offset pursuant to Section 6.4(d) hereof (the "Escrow Shortfall"), then Buyer may extend the period for escrow under Section 6.4(c)(v) until the dollar amount of the Escrow Shortfall has been withheld from payment of Net Billed Generation Revenues otherwise owing to Seller pursuant to Section 6.1 hereof and placed into the Escrow Account.

(d) Buyer Right to Offset. In addition to any other right to offset against payments to Seller under this Agreement, Buyer shall have the right to offset any amounts Seller owes to Buyer pursuant to Sections 6.2(c), 6.4(a) and 6.4(b) hereof (except for such amounts reasonably disputed by Seller), against the amounts owed by Buyer pursuant to Section 6.1 hereof. Buyer may exercise the right to offset granted by this Section 6.4(d) in the amounts and under the circumstances provided below:

- (i) If the amount owing to Buyer on the invoice to be rendered by Buyer pursuant to Section 6.2(c) or Section 6.4(a) hereof, or the statement of account to be rendered by Buyer pursuant to Section 6.4(b) hereof, is less than or equal to the balance of the Escrow Account on the last day of the month (the "Month-End Escrow Balance"), then any amounts in the Escrow Account up to the amount owing to Buyer on such invoice or statement of account shall be released to Buyer as an offset in satisfaction thereof, and the difference between the Month-End Escrow Balance and the amount owing to Buyer on such invoice or statement of account shall be released to Seller.
- (ii) If the amount owing to Buyer on the invoice to be rendered by Buyer pursuant to Section 6.2(c) or Section 6.4(a) hereof, or the statement of account to be rendered by Buyer pursuant to

Section 6.4(b) hereof, is greater than the Month-End Escrow Balance, then any amounts in the Escrow Account up to the Month-End Escrow Balance shall be released and retained by Buyer as an offset, and Buyer may withhold further payments of Net Billed Generation Revenue otherwise owing to Seller under Section 6.1 hereof as an offset until the difference between the Month-End Escrow Balance and the amount owing to Buyer on such invoice or statement of account has been fully recovered by Buyer.

- (iii) Buyer's right to offset Net Billed Generation Revenue under Section 6.4(d)(ii) shall take precedence over Buyer's right to escrow Net Billed Generation Revenue under Section 6.4(c)(v) hereof.

6.5 Payments of the Invoice. Except as may otherwise be provided in this Agreement, beginning on the Effective Date and continuing on each Business Day thereafter until the end of the term of this Agreement (or the earlier termination of this Agreement), all payments then due hereunder shall be made to the Party owed such payments by "Electronic Funds Transfer" (EFT) via "Automated Clearing House" (ACH), to a bank designated in writing by such Party, by 8:00 p.m. EPT. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

6.6 Payment Disputes. The Parties shall use their good faith best efforts to resolve all disputes relating to payments hereunder pursuant to Section 6.7 (Billing Disputes and Adjustment of Invoices).

6.7 Billing Disputes and Adjustments of Invoices.

- (a) Within twenty-four (24) months of the date on which an Invoice is issued, Buyer may, in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation of the basis for the adjustment.
- (b) Within twenty-four (24) months of the date on which an Invoice is issued or an Invoice is adjusted pursuant to Section 6.7(a) (Billing Disputes and Adjustment of Invoices), Seller may, in good faith, dispute the correctness of such Invoice or adjustment, pursuant to the provisions of Article 12 (Dispute Resolution), and provided that Seller has paid any portion of an Invoice that is not disputed.
- (c) Within twelve (12) months of the date on which a PJM bill is issued, Buyer or Seller may, in good faith, dispute the correctness of any such

PJM bill, pursuant to the provisions of Article 12 (Dispute Resolution), and provided that the disputing Party has paid any portion of an Invoice that is not disputed.

- 6.8 Interest on Unpaid Balances. Interest on delinquent amounts, other than amounts in dispute as described in Section 6.7 (Billing Disputes and Adjustment of Invoices), shall be calculated at the Interest Rate from the original due date to the date of payment.
- 6.9 Survival. Notwithstanding any other provision of this Agreement to the contrary, (i) the provisions of Section 6.7 and obligations of the Parties thereunder, shall survive the expiration of the term of this Agreement (or earlier termination of this Agreement) for a period not to exceed twelve (12) months from the date of the expiration or termination of this Agreement and (ii) the provisions of this Article 6 (other than Section 6.7) and Article 11, and the rights and obligations of the Parties thereunder, shall survive the expiration of the term of this Agreement (or earlier termination of this Agreement) for a period not to exceed one hundred twenty (120) days from the date of the expiration or termination of this Agreement for the purpose of satisfying the rights and obligations of the Parties under this Article 6 relating to the Full Requirements Service provided through the date of expiration or termination of this Agreement.

ARTICLE VII TAXES

- 7.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize taxes, so long as neither Party is materially adversely affected by such efforts.
- 7.2 Taxes.
- (a) The payment of any local, state and federal taxes, fees, and levies ("Governmental Charges") imposed on or with respect to Seller's delivery of Full Requirements Service to the Delivery Point shall be the responsibility of Seller. The payment of any Governmental Charges on or with respect to such Full Requirements Service following its delivery by Seller to the Delivery Point shall be the responsibility of Buyer. The payment of any Pennsylvania gross receipts taxes attributable to Buyer's sale of Energy to its retail customers shall be the responsibility of Buyer.
 - (b) Any Party paying Governmental Charges that should have been paid by the other Party pursuant to Section 7.2(a) (Taxes), shall charge such Governmental Charges against such other Party in the next invoice issued under this Agreement.

ARTICLE VIII INDEMNIFICATION

- 8.1 Seller's Indemnification for Third-Party Claims. Seller shall indemnify, hold harmless, and defend Buyer and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Buyer's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Governmental Authorities in any action or proceeding between Buyer and a third party or Seller for damage to property of unaffiliated third parties, injury to or death of any person, including Buyer's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Seller and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Seller's performance under this Agreement, Seller's exercise of rights under this Agreement, or Seller's breach of this Agreement.
- 8.2 Buyer's Indemnification for Third-Party Claims. Buyer shall indemnify, hold harmless, and defend Seller and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Seller's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, and expenses

including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Governmental Authorities in any action or proceeding between Seller and a third party or Buyer for damage to property of unaffiliated third parties, injury to or death of any person, including Seller's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Buyer and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Buyer's performance under this Agreement, Buyer's exercise of rights under this Agreement, or Buyer's breach of this Agreement.

- 8.3 Indemnification Procedures. If either Party intends to seek indemnification under Sections 8.1 (Seller's Indemnification for Third-Party Claims) or 8.2 (Buyers Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld, conditioned or delayed.
- 8.4 Survival of Indemnification Provisions. The indemnification obligations of each Party under this Article 8 (Indemnification) shall continue in full force and effect during each applicable Delivery Period and for twelve (12) months thereafter.

ARTICLE IX LIMITATIONS ON LIABILITY

EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS

EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

ARTICLE X FORCE MAJEURE

- 10.1 Force Majeure. Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform, during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfill the requirements set forth in Section 10.2 (Notification).
- 10.2 Notification. A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE XI EVENTS OF DEFAULT; REMEDIES

- 11.1 Events of Default. An "Event of Default" shall mean, with respect to a Party ("Defaulting Party") or a Significant Subsidiary, the occurrence of any of the following:
- (a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

- (b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;
- (c) the failure of a Party to comply with the requirements of Section 4.8 (PJM Membership) and 4.9 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;
- (d) PJM has declared a Party to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;
- (e) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;
- (f) such Party becomes Bankrupt;
- (g) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assignee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
- (h) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than \$50,000,000, if the effect of default or event is to accelerate, or to permit the acceleration of, the maturity of such indebtedness, or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity date thereof as a result of a default or similar adverse event; or (ii) a default by such Party in making on the due date therefor one or more payments, individually or collectively, in an aggregate amount of not less than \$50,000,000;
- (i) the failure of a Party to comply with its obligations pursuant to Article 13 (Security) if such failure is not remedied within three (3) Business Days after written notice;
- (j) with respect to Seller only:

- (i) if any representation or warranty made by the Corporate Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
- (ii) the failure of the Corporate Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice;
- (iii) the failure of the Corporate Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party;
- (iv) the Corporate Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty; or
- (v) conditions described with respect to Seller in subparagraphs (d), (e), (f), (h) and (i) of this Section 11.1 (Events of Default) occurs with respect to the Corporate Guarantor.

11.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the "Non-Defaulting Party"), shall provide written notice to the Defaulting Party and shall have the right to implement any or all of the following remedies:

- (a) designate a day, in such notice, no earlier than the day such notice is effective, as an early termination date ("Early Termination Date"), on which date this Agreement shall terminate and for the purposes of determining the Termination Payment,
- (b) calculate and receive from the Defaulting Party, payment for any Default Damages the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (i) the Early Termination Date (if applicable); or (ii) the Event of Default has been cured by the Defaulting Party; or (iii) the Non-Defaulting Party waives such Event of Default;
- (c) withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages or Termination Payment, as defined in Section 11.3 (Calculation and Net Out of Termination Payment); and
- (d) permanently suspend performance.

If an Event of Default has occurred and the Non-Defaulting Party is the Buyer, then unless the Event of Default was a failure by Seller to meet any or all of its Full Requirements Service obligations, Buyer may elect, at its sole discretion, in lieu of receipt of the Termination Payment, to retain any accrued and unpaid amounts otherwise payable to Seller, including without limitation any accrued and unpaid Net Billed Generation Revenues.

- 11.3 Calculation and Net Out of Termination Payment. The Non-Defaulting Party shall, at its sole discretion calculate, in a commercially reasonable manner, a Termination Payment as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party this Agreement is commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. The Non-Defaulting Party shall adjust the Termination Payment by netting out, at the option of the Non-Defaulting Party, any cash or other form of security, if any, then available to the Non-Defaulting Party pursuant to Article 13 (Security) and/or any or all other amounts due to the Defaulting Party under this Agreement and by adding any or all other amounts due to the Non-Defaulting Party under this Agreement. The Termination Payment shall be due to or from the Non-Defaulting Party, as appropriate.
- 11.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written notice to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The owing Party shall make the Termination Payment within five (5) Business Days after such notice is effective.
- 11.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 12 (Dispute Resolution), and provided, however, that, if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party with the Termination Payment Dispute Notice.
- 11.6 Closing Setoffs. After calculation of a Termination Payment in accordance with Section 11.3, (Calculation and Net Out of Termination Payment) if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to: (i) set off against such Termination Payment any amounts payable by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the

Defaulting Party and the Non-Defaulting Party; and/or (ii) to the extent the Transactions are not yet liquidated in accordance with Section 11.2(a), withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Article shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise). If any obligation is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and set-off in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained.

- 11.7 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement.

ARTICLE XII DISPUTE RESOLUTION

- 12.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 12.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Rate from the original due date through the date of payment.
- 12.2 Formal Dispute Resolution. After the requirements of Section 12.1 (Informal Dispute Resolution) have been satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the Parties' senior management. Notwithstanding anything set forth in this Article 12 (Dispute Resolution) to the contrary, and any dispute concerning new PJM charges will be resolved in accordance with the procedures set forth in Section 2.4 (Other Changes in PJM Charges).

ARTICLE XIII SECURITY

- 13.1 Officer's Certificate. On or before the Effective Date, Seller shall comply with one of the following provisions:

- (a) Seller shall provide a certificate from a duly authorized corporate officer of Seller (or the Corporate Guarantor) certifying that, as of such date, Seller (or the Corporate Guarantor) has an investment rating equal to or higher than the Minimum Investment Rating; or
- (b) Seller shall provide a certificate from a duly authorized corporate officer of Seller (or the Corporate Guarantor) certifying that, as of such date, Seller (or the Corporate Guarantor) has a Consolidated Cash Coverage Ratio equal to or greater than the Minimum Consolidated Cash Coverage Ratio.

13.2 Security. On or before the Effective Date, Seller shall either:

- (a) post, or cause the Certifying Company to post, an irrevocable letter of credit issued by a Commercial Bank in form and substance reasonably acceptable to Buyer with a drawable amount at all times equal to five percent (5%) of the Expected Annual Payments (as determined by Buyer pursuant to Exhibit D) for the following twelve months, rounded up to the nearest million dollars, as such letter of credit may be supplemented or replaced pursuant to the terms of this Agreement, which letter(s) of credit shall remain in place for such amount (or such other amount as may be determined pursuant to Section 13.4(a) hereof) for the entire term of this Agreement. In the event that Seller is required to increase the amount of such letter(s) of credit pursuant to the terms of this Agreement, then such letter(s) of credit for such increased amount shall remain in place for such time as may be required under the terms of this Agreement; or
- (b) provide written notice to Buyer that the Applicable Number of Days shall be the number of days determined pursuant to clause (b) of the definition of such term;

provided, that Seller may change its election pursuant to this Section 13.2 by providing written notice to Buyer, which change in election shall be effective upon (i) the receipt by Buyer of a letter of credit meeting the conditions of Section 13.2(a), if Seller is changing its election to Section 13.2(a) and (ii) the receipt of written acknowledgment from Seller accepting the determination of the Applicable Number of Days, as reasonably determined by Buyer, pursuant to clause (b) of the definition of such term.

13.3 Compliance.

- (a) If at any time during the term of this Agreement, (i) S&P or Moody's downgrades the investment rating of the Certifying Company or (ii) the Certifying Company's Consolidated Cash Coverage Ratio at the end of an accounting period is less than the Minimum Consolidated Cash Coverage Ratio, then Seller shall provide Buyer with written notice of such event within two (2) Business Days of the occurrence of any such event.

- (b) Within fifteen days of the end of each calendar quarter during the term of this Agreement, Seller shall deliver to Buyer a certificate from a duly authorized corporate officer of the Certifying Company certifying that, as of the date of such certification, the Certifying Company has either an investment rating equal to or higher than the Minimum Investment Rating or a Consolidated Cash Coverage Ratio equal to or greater than the Minimum Consolidated Cash Coverage Ratio (which certification shall include such calculations and evidence as Buyer shall reasonably request). The Parties recognize and agree that in addition to, and without limiting in any way, Seller's obligation to deliver a certificate from a duly authorized corporate officer of the Certifying Company contained in the immediately preceding sentence, Seller may deliver to Buyer such a certificate at any time during the term of this Agreement in order to change the Certifying Company or modify any information relating thereto.
- (c) (i) Within one hundred and twenty (120) days after the end of each fiscal year of the Certifying Company, Seller shall deliver to Buyer the financial statements of the Certifying Company, which financial statements shall have been prepared in conformity with GAAP and certified by a firm of certified public accountants of national standing and (ii) within sixty (60) days after the end of each fiscal quarter of the Certifying Company, Seller shall deliver to Buyer the financial statements of the Certifying Company for such most recently ended quarter, which financial statements shall have been prepared in conformity with GAAP.

13.4 Additional Security. If at any time during the term of this Agreement following the Effective Date the Certifying Company's Consolidated Cash Coverage Ratio is below the Minimum Consolidated Cash Coverage Ratio and the Certifying Company's investment rating is below the Minimum Investment Rating, then Seller shall immediately notify Buyer and upon five (5) Business Days' written notice from Buyer to Seller, Seller shall, so long as the Certifying Company's Consolidated Cash Coverage Ratio is below the Minimum Consolidated Cash Coverage Ratio and the Certifying Company's investment rating is below the Minimum Investment Rating, either:

- (a) post, or cause the Certifying Company to post, an incremental irrevocable letter of credit issued by a Commercial Bank in form and substance reasonably acceptable to Buyer with a drawable amount that equals the greater of (i) five percent (5%) of the Expected Annual Payments (as determined by Buyer pursuant to Exhibit D) for the following twelve months or lesser period in the event that the remaining term of the Delivery Period is less than twelve months, and (ii) the Mark-to-Market Exposure calculated on the most recent Determination Date, in each case rounded up to the nearest million dollars, which letter(s) of credit shall remain in place for such aggregate amount until such time as the Certifying Company's Consolidated Cash Coverage Ratio is equal to or greater than the Minimum Consolidated Cash Coverage Ratio or the

Certifying Company's investment rating is equal to or greater than the Minimum Investment Rating (at which time, although the letter of credit requirements of this Section 13.4(a) shall not apply, Seller shall continue to comply with any other applicable letter of credit requirements set forth in this Article 13); or

- (b) provide written notice to Buyer that the Applicable Number of Days shall be the number of days determined pursuant to clause (c) of the definition of such term;

provided, that Seller may change its election pursuant to this Section 13.4 by providing written notice to Buyer, which change in election shall be effective upon (i) the receipt by Buyer of a letter of credit meeting the conditions of Section 13.4(a), if Seller is changing its election to Section 13.4(a) and (ii) the receipt of written acknowledgment from Seller accepting the determination of the Applicable Number of Days, as reasonably determined by Buyer, pursuant to clause (c) of the definition of such term.

In the event Seller elects to provide the incremental irrevocable letter of credit pursuant to Section 13.4(a) above, Buyer shall notify Seller in accordance with Section 13.5(a) of any changes in the required drawable amount pursuant to Section 13.4(a)(i) or (ii) as determined by Buyer. In such event, Seller shall provide to Buyer written evidence executed by the letter of credit issuer evidencing the change in the drawable amount of the letter of credit within five (5) Business Day(s) of such notice from Buyer.

13.5 Mark to Market Exposure. Buyer shall calculate the Mark-to-Market Exposure on each Determination Date pursuant to the process and methodology described in Exhibit B. To the extent that the calculations of the Mark-to-Market Exposure for a given Determination Date result in a negative number, the Mark-to-Market Exposure for such date shall be deemed equal to zero.

- (a) Buyer shall use reasonable efforts to provide Seller with the Mark-to-Market Exposure within one (1) Business Day of its calculation, subject to the Confidentiality provisions of this Agreement.
- (b) Buyer shall use reasonable efforts to provide Seller with the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, On-Peak Forward Price and Off-Peak Forward Price as they are determined on each Determination Date, subject to the confidentiality provisions of this Agreement.
- (c) Seller may dispute Buyer's determinations of the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, On-Peak Forward Price and Off-Peak Forward Price if Seller can demonstrate that Buyer has been grossly negligent in such determinations, or that Buyer is making determinations in a manner that is arbitrary, capricious or erroneous on its face. Such dispute of Buyer's determinations by Seller shall not be cause for any

delay by Seller in posting any additional security requested by Buyer pursuant to Section 13.4.

**ARTICLE XIV
REPRESENTATIONS AND WARRANTIES**

- 14.1 Representations and Warranties. On the date first written above and throughout the term of this Agreement, each Party represents and warrants to the other Party that:
- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
 - (b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
 - (c) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
 - (d) this Agreement constitutes a legally valid and binding obligation of such Party enforceable against it in accordance with its terms; subject to any Equitable Defenses;
 - (e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;
 - (f) there are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates any legal proceedings before any court, Governmental Authority, that could materially adversely affect its financial condition, business or operations or its ability to perform its obligations under this Agreement;
 - (g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
 - (h) it is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;
 - (i) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code;

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- (j) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of the Full Requirements Service as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(12) of the Commodity Exchange Act.

**ARTICLE XV
MISCELLANEOUS**

- 15.1 Notices. Unless otherwise specified herein, all notices shall be in writing and delivered by hand, overnight or facsimile. Notice shall be effective on the next Business Day after it is sent. A Party may change its address by providing notice of the same in accordance with this Section 15.1. Notice information for Buyer and Seller is shown on Exhibit C.
- 15.2 General. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement in order to give effect to the original intention of the Parties.
- 15.3 Rules of Interpretation. The following principles shall be observed in the interpretation and construction of this Agreement:
- (a) unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
 - (b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;
 - (c) references to the singular include the plural and vice versa;
 - (d) references to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;
 - (e) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and
 - (f) if any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

15.4 Audit. Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Sections 6.7 and 6.8.

15.5 Confidentiality.

- (a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation or (v) such disclosure is made to PJM and is necessary in order for the transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.
- (b) Notwithstanding any other provision of this Section 15.5, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of the Section 15.5, and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.
- (c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any judicial, regulatory or administrative process or other provisions of applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.
- (d) Any independent auditor performing an audit on behalf of a Party pursuant to Section 15.4 shall be required to execute a confidentiality agreement with the Party being audited. Such audit information shall be treated as confidential pursuant to this Section 15.5.

- (e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 15.5. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under this Section 15.5, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

15.6 Successors. This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

15.7 Assignment/Change in Corporate Identity. Neither Party shall assign this Agreement, its rights or obligations hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder),

- (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements,
- (b) transfer or assign this Agreement to an Affiliate of such Party if such Affiliate either has a Consolidated Cash Coverage Ratio that equals or exceeds the Minimum Consolidated Cash Coverage Ratio or has an investment rating that is equal to or greater than the Minimum Investment Rating,
- (c) transfer or assign this Agreement to any Person succeeding to all or substantially all of the assets if such Person either has a Consolidated Cash Coverage Ratio that equals or exceeds the Minimum Consolidated Cash Coverage Ratio or has an investment rating that is equal to or greater than the Minimum Investment Rating;
- (d) provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

5.8 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTITUTED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

15.9 Jurisdiction and Venue. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes

hereunder shall be resolved in the Federal or State courts of Pennsylvania and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

15.10 Amendments. Except as provided in Section 15.11 (PJM Agreement Modifications), this Agreement shall not be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties. Except as provided in Section 15.11 (PJM Agreement Modifications), the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. Absent the agreement of all parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U. S. 348 (1956) (the “*Mobile-Sierra*” doctrine).

15.11 PJM Agreement Modifications.

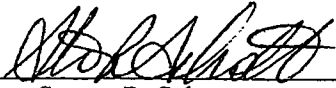
- (a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references herein shall be deemed to automatically (and without any further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.
- (b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the date first written above, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement.

15.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

- 15.13 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer on any other Person except the Parties hereto any rights, interests, obligations or remedies hereunder.
- 15.14 Independent Contractors. The Parties acknowledge and agree that: (i) they are independent contractors, (ii) neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way, and (iii) nothing contained in this Agreement shall create any relationship between Buyer and Seller other than that of independent contractors.
- 15.15 Counterparts. This Agreement may be executed in more than one (1) counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 15.16 Entire Agreement. This Agreement, including the Schedules and Exhibits hereto, embodies the entire agreement and understanding of the Parties in respect of the obligations and requirements set forth in this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter contained herein.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered, as of the date first written above, by their respective duly authorized officers.

DUQUESNE LIGHT COMPANY

By: 
Name: Stevan R. Schott
Title: Senior Vice President and Chief
Financial Officer

DUQUESNE POWER, L.P.

By: **DUQUESNE POWER, INC.**
Its General Partner

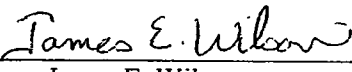
By: 
Name: James E. Wilson
Title: President

EXHIBIT A

ALLOCATION OF CHARGES

OPERATING AGREEMENT OF PJM INTERCONNECTION, L.L.C.:			
	Day- ahead	Balancing	Total
Charges:			
Spot Market Energy	Seller	Seller	Seller
Transmission Congestion	Seller	Seller	Seller
Transmission Losses (Point-to-Point)	Seller	Seller	Seller
Regulation			Seller
Spinning Reserve			Seller
Operating Reserves	Seller	Seller	Seller
Synchronous Condensing			Seller
Capacity Credit Market			Seller
Reconciliation for Spot Market			Seller
Reconciliation for Regulation			Seller
Reconciliation for Operating Reserves			Seller
Emergency Energy			Seller
FTR Auction			Seller
Meter Error Correction			Seller
PJM Load Response Program			Seller
Credits:			
Spot Market Energy	Seller	Seller	Seller
Transmission Congestion			Seller
Hourly			Seller
Annual			Seller
Transmission Losses (Point-to-Point)			Seller
Regulation			Seller
Spinning Reserve			Seller
Operating Reserves	Seller	Seller	Seller
Synchronous Condensing			Seller
Capacity Credit Market			Seller
Reconciliation for Transmission Losses			Seller
Emergency Energy			Seller
FTR Auction			Seller

PJM OPEN ACCESS TRANSMISSION TARIFF:

	Total
Charges:	
PJM Scheduling, System Control and Dispatch Service	Buyer
Transmission Owner Scheduling, System Control and Dispatch Service (PJM Schedule 1A)	Seller
Reactive Supply and Voltage Control from Generation Sources Service (PJM Schedule 2)	Seller
Black Start Service (PJM Schedule 6A)	Seller
Network Integration Transmission Service (Attachment H)	Buyer
Network Transmission Service Offset Charges	Buyer
Firm Point-to-Point Transmission Service (PJM Schedule 7)	Seller
Non-Firm Point-to-Point Transmission Service (PJM Schedule 8)	Seller
Reliability Council Charges (PJM Schedule 10)	Buyer
Reconciliation for PJM Scheduling, System Control and Dispatch Service	Buyer
Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service	Seller
Credits:	
Non-Firm Point-to-Point Transmission Service	Buyer
Other Supporting Facilities	Buyer

Reliability Assurance Agreement Among Load Serving Entities in the PJM Control Area:

	Total
Charges:	
Capacity Deficiency	Seller
Credits:	
Capacity Excess	Seller

EXHIBIT B

METHODOLOGY FOR CALCULATION OF MARK TO MARKET EXPOSURE

Parameters

In calculating the Mark-to-Market Exposure, the following parameters are set on the Transaction Date:

1. Long-Term Escalation Rate
2. On-Peak Initial Mark Price
3. Off-Peak/On-Peak Price Ratio
4. Off-Peak Initial Mark Price
5. On-Peak Expected Load
6. Off-Peak Expected Load

The following parameters are set on each date on which the Mark-to-Market Exposure is calculated:

- 1) On-Peak Forward Price for each of the next twelve months immediately following
- 2) Off-Peak Forward Price for each of the next twelve months immediately following

On-Peak Initial Mark Prices

On the Transaction Date, Buyer shall obtain on-peak forward prices for the initial 12 months of the term of the Delivery Period. The preferred data source for forward prices shall be the New York Mercantile Exchange ("NYMEX") monthly PJM Physically Settled Electricity Futures Contract traded on the NYMEX Clearportsm over-the-counter trading platform and reported on NYMEX's website, www.nymex.com (the "Preferred Data Source"). For each month, Buyer shall first attempt to obtain a price from the Preferred Data Source. In the event that prices from the Preferred Data Source are not available for one or more months in the initial 12 months of the delivery period, Buyer shall contact four Reference Market-Makers to obtain bid and ask Energy price quotes for PJM Western Hub On-Peak Hours for those months for which prices from the Preferred Data Source are not available. For Buyer to include a monthly On-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. If a minimum of two quotes in a particular month is not available, then it shall be deemed that no quotes were available for that month. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available ("Aggregate Quotes"), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from the average of the single month prices for the same time period of the Aggregate Quote shall be applied to the Aggregate

Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average shall be the Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer shall use the one that is most consistent with other available quotes.

For each month beyond the initial 12 months of the Delivery Period Buyer shall multiply the On-Peak Initial Mark Price for the corresponding calendar month in the initial 12 months of the Delivery Period by one plus the Long-Term Escalation rate raised to the power of the number of years between the relevant month and the corresponding calendar month in the initial 12 months of the Delivery Period.

On-Peak and Off-Peak Expected Load

The On-peak and Off-peak Expected Loads shall be set for each month for the term of this Agreement at the values shown in the following schedule:

Month	On-Peak Expected Load	Off-Peak Expected Load
Jan-05	380,467	308,470
Feb-05	318,345	278,295
Mar-05	331,094	302,861
Apr-05	314,399	254,709
May-05	331,734	246,654
Jun-05	393,658	328,720
Jul-05	471,511	358,996
Aug-05	471,679	378,134
Sep-05	340,333	302,887
Oct-05	338,110	257,833
Nov-05	319,232	271,810
Dec-05	354,872	333,848
Jan-06	386,243	313,153
Feb-06	323,177	282,520
Mar-06	336,121	307,458
Apr-06	319,172	258,576
May-06	336,770	250,398
Jun-06	399,634	333,710
Jul-06	478,668	364,446
Aug-06	478,839	383,875
Sep-06	345,499	307,485
Oct-06	343,242	261,747
Nov-06	324,079	275,937
Dec-06	360,259	338,916
Jan-07	391,922	317,758
Feb-07	327,929	286,674
Mar-07	341,063	311,979
Apr-07	323,865	262,378
May-07	341,721	254,080
Jun-07	405,509	338,616
Jul-07	485,706	369,805
Aug-07	485,879	389,519
Sep-07	350,579	312,006
Oct-07	348,289	265,595
Nov-07	328,843	279,994
Dec-07	365,556	343,899
Jan-08	397,837	322,554
Feb-08	332,879	291,001
Mar-08	346,211	316,688
Apr-08	328,753	266,338
May-08	346,879	257,915
Jun-08	411,630	343,728
Jul-08	493,038	375,387
Aug-08	493,213	395,398
Sep-08	355,871	316,715
Oct-08	353,546	269,604
Nov-08	333,807	284,220
Dec-08	371,073	349,090
Jan-09	403,993	327,545
Feb-09	338,030	295,504
Mar-09	351,568	321,588
Apr-09	333,841	270,459
May-09	352,247	261,906
Jun-09	418,000	349,046
Jul-09	500,667	381,195
Aug-09	500,845	401,517
Sep-09	361,378	321,616
Oct-09	359,017	273,776
Nov-09	338,972	288,618
Dec-09	376,815	354,492
Jan-10	410,531	332,845
Feb-10	343,500	300,286
Mar-10	357,257	326,792
Apr-10	339,243	274,836
May-10	357,947	266,144
Jun-10	424,764	354,695
Jul-10	508,769	387,364
Aug-10	508,950	408,014
Sep-10	367,226	326,821
Oct-10	364,827	278,206
Nov-10	344,458	293,289
Dec-10	382,913	360,228

On-Peak Forward Prices

On each date on which the Mark-to-Market Exposure is calculated (i.e., on each Determination Date), Buyer shall collect on-peak forward prices for the 12 full calendar months immediately following the current month. If the remaining term of the Delivery Period is less than 12 months, Buyer shall obtain forward prices for each full calendar month in the remaining term of the Delivery Period. For each month, Buyer shall first attempt to collect a price from the Preferred Data Source. In the event that prices from the Preferred Data Source are not available for one or more months in the initial 12 months of the delivery period, Buyer shall contact four Reference Market-Makers to obtain bid and ask Energy price quotes for PJM Western Hub On-Peak Hours for those months for which prices from the Preferred Data Source are not available. For Buyer to include a monthly On-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. If a minimum of two quotes in a particular month is not available, then it shall be deemed that no quotes were available for that month. For any month for which there are no single month quotes, but for which there are Aggregate Quotes, Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from the average of the single month prices for the same time period of the Aggregate Quote shall be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average shall be the Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer shall use the one that is most consistent with other available quotes.

Calculation of Monthly Mark-to-Market Exposures

The Buyer shall use the following process in calculating the Mark-to-Market Exposure:

1. For each of the 12 months immediately following the current month, Buyer shall subtract the On-Peak Initial Mark Price from the On-Peak Forward Price.
2. Buyer shall multiply the monthly values calculated in step 1 by the On-Peak Expected Load for each month.
3. For each of the 12 months immediately following the current month, Buyer shall subtract the Off-Peak Initial Mark Price from the Off-Peak Forward Price.
4. Buyer shall multiply the monthly values calculated in step 3 by the Off-Peak Expected Load for each month.
5. Buyer shall calculate the sum of the values generated in steps 2 and 4 for each month to calculate the Monthly Mark-to-Market Exposure for each month.

Calculation of Mark-to-Market Exposure

The Buyer shall calculate the sum of the Monthly Mark-to-Market Exposures for each of the twelve (12) months immediately following the current month to generate the Mark-to-Market Exposure. In the event that the remaining term of the Delivery Period is less than twelve (12) months the Mark-to-Market Exposure shall be calculated as the sum of the Monthly Mark-to-Market Exposures over the remaining term of the Delivery Period.

Illustrative Mark-to-Market Exposure Calculation

Transaction Date	10/1/2004
Determination Date	3/1/2005
Mark-to-Market Exposure	\$65,853,902

Parameters Set on Transaction Date

Set on Determination Date:

Month	a	b	c = (1+n) x b	d = b for first 12 months, c thereafter	E	f = d x e	g	h	i	j = i x e	k = j - d	l = j - f	m = k x g	n = l x h	o = m + n
	Long Term Escalation Rate %	On-Peak Initial Mark Prices (Forward Quotes) \$/MWh	On-Peak Initial Mark Prices (Calculated) \$/MWh	On-Peak Initial Mark Prices \$/MWh	Off-Peak/On-Peak Ratio	Off-Peak Initial Mark Prices \$/MWh	On-Peak Expected Load \$/MWh	Off-Peak Expected Load \$/MWh	Off-Peak Forward Prices \$/MWh	Off-Peak Forward Prices \$/MWh	On-Peak Forward Price Less On-Peak Initial Mark Price \$/MWh	Off-Peak Forward Price Less Off-Peak Initial Mark Price \$/MWh	On-Peak Monthly Mark-to-Market Exposure \$	Off-Peak Monthly Mark-to-Market Exposure \$	Monthly Mark-to-Market Exposure \$
Jan-05		40.00					380,467	308,470							
Feb-05		40.00					318,345	278,295							
Mar-05		38.00					331,094	302,861							
Apr-05		35.00		35.00	0.60	21.00	314,399	254,709	50.00	30.00	15.00	9.00	\$4,966,414.82	\$2,725,746.89	\$7,692,161.70
May-05		35.00		35.00	0.60	21.00	331,734	246,654	50.00	30.00	15.00	9.00	\$4,715,989.76	\$2,292,381.91	\$7,008,371.66
Jun-05		40.00		40.00	0.60	24.00	393,658	328,720	55.00	33.00	15.00	9.00	\$4,976,006.15	\$2,219,885.74	\$7,195,891.89
Jul-05		55.00		55.00	0.65	35.75	471,511	358,996	60.00	39.00	5.00	3.25	\$1,968,287.67	\$1,068,338.99	\$3,036,626.66
Aug-05		60.00		60.00	0.65	39.00	471,679	378,134	65.00	42.25	5.00	3.25	\$2,357,553.14	\$1,166,738.20	\$3,524,291.34
Sep-05		45.00		45.00	0.70	31.50	340,333	302,887	60.00	42.00	15.00	10.50	\$7,075,179.89	\$3,970,411.32	\$11,045,591.22
Oct-05		30.00		30.00	0.70	21.00	338,110	257,833	55.00	38.50	25.00	17.50	\$8,508,322.01	\$5,300,522.48	\$13,808,844.48
Nov-05		35.00		35.00	0.65	22.75	319,332	271,810	45.00	29.25	10.00	6.50	\$3,381,097.38	\$1,675,913.80	\$5,057,011.17
Dec-05		35.00		35.00	0.65	22.75	354,872	333,848	35.00	22.75	0.00	0.00	\$0.00	\$0.00	\$0.00
Jan-06		45.00		45.00	0.60	27.00	386,243	313,153	40.00	24.00	-5.00	-3.00	(\$1,774,357.70)	-\$1,001,544.44	-\$2,775,902.14
Feb-06		45.00		45.00	0.60	27.00	323,177	282,520	50.00	30.00	5.00	3.00	\$1,931,213.12	\$939,459.81	\$2,870,672.94
Mar-06		35.00		35.00	0.60	21.00	336,121	307,458	50.00	30.00	15.00	9.00	\$4,847,660.84	\$2,542,680.29	\$7,390,341.13
Apr-06	3.00%		36.05	36.05	0.60	21.63	319,172	258,576							
May-06	3.00%		36.05	36.05	0.60	21.63	336,770	250,398							

Mark-to-Market Exposure \$65,853,902

EXHIBIT C
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

Buyer:

Seller:

All Notices:

All Notices:

Street: 411 Seventh Avenue
City/State/Zip: Pittsburgh, PA 15219
Attn: Contract Administration
Facsimile: 412-393-5620
Duns:
Federal Tax ID Number:25-0451600

Street: 411 Seventh Avenue
City/State/Zip: Pittsburgh, PA 15219
Attn: Dennis Urban
Facsimile: 412-393-1234
Duns:
Federal Tax ID Number:41-2114911

Invoices:

Attn: Mark R. Warren
Phone: 412-393-6171
Facsimile: 412-393-6157

Invoices:

Attn: Jacquelyn McGrew
Phone: 412-393-6353
Facsimile: 412-393-6157

Scheduling:

Attn: Dale M. Flaherty
Phone: 412-393-6237
Facsimile: 412-393-8642

Scheduling:

Attn: Anthony Pekny
Phone: 412-393-6293
Facsimile: 412-393-1070

Payments:

Attn: Mark R. Warren
Phone: 412-393-6171
Facsimile: 412-393-6157

Payments:

Attn: Jacquelyn McGrew
Phone: 412-393-6353
Facsimile: 412-393-6157

Wire Transfer:

BNK: Mellon Bank, N.A.
ABA: 043000261
ACCT: 0008061

Wire Transfer

BNK: Mellon Bank, N.A.
ABA: 043000261
ACCT: 0043027

EXHIBIT D

**METHODOLOGY FOR CALCULATION OF EXPECTED ANNUAL
PAYMENTS**

Buyer shall calculate Expected Annual Payments once on the Effective Date for the purpose of calculating Security pursuant to Article 13.2 of this Agreement. In the event that Seller is required to post Additional Security pursuant to Article 13.4, Buyer shall calculate Expected Annual Payments on the Initial Determination Date and each Determination Date thereafter.

Parameters

Buyer shall obtain the following information on the date on which the Expected Annual Payments calculation is performed:

1. Generation Billing Determinants for the most recent available 12 complete months
2. Retained Load Ratio for the most recent complete month

Calculation of Expected Annual Payments

1. In the event that the remaining term of the Delivery Period is 12 months or more, Buyer shall multiply each of Generation Billing Determinants for the most recent 12 months by the Retained Load Ratio. In the event that the remaining term of the Delivery Period is less than 12 months, Buyer shall multiply each of the Generation Billing Determinants for the applicable months remaining in the Delivery Period by the Retained Load Ratio.
2. Buyer shall multiply the values calculated in step 1 by the applicable Generation Rates for each POLR III Rate Schedule.
3. Buyer shall multiply the values calculated in step 2 by a factor of nine hundred forty-one thousandths (.941).
4. The Expected Annual Payments shall be generated by calculating the sum of the values calculated in step 3.

AMENDMENT TO FULL REQUIREMENTS SERVICE AGREEMENT

This AMENDMENT to Full Requirements Service Agreement by and between Duquesne Light Company, a Pennsylvania corporation, (hereinafter called "Duquesne Light" or "DLC") and Duquesne Power LLC, formerly Duquesne Power LP, (hereinafter called "Duquesne Power") is effective this 31st day of December 2007 (hereinafter jointly called "the Parties").

WHEREAS, Duquesne Light and Duquesne Power previously entered into that certain Full Requirements Service Agreement between each other dated January 1, 2005 for the providing of electric capacity and energy to Duquesne Light in order for it to fulfill its provider of last resort obligations in Pennsylvania. The Agreement (hereinafter referred to as "Full Requirements Service Agreement"); and

WHEREAS, said Full Requirements Service Agreement requires certain modifications to incorporate changes in Duquesne Light's POLR IV plan from its POLR III plan; and

WHEREAS, The Parties hereby enter into this Amendment to agree, carry out, and effectuate those desired changes;

NOW THEREFORE WITNESS: Duquesne Light and Duquesne Power, in consideration of the mutual covenants and agreement herein, and intending to be legally bound, hereby agree and consent as follows:

1. The Agreement, including all Exhibits, is hereby modified to recognize that ancillary services in real time, grid management charges other than congestion charges, and administrative, new regulatory, credit, and other costs or charges assessed by an RTO will be moved to, the responsibility of, and paid for by Duquesne Light. Accordingly, the parties agree that all pertinent sections of said Full Requirements Service Agreement are hereby amended to incorporate this change.

The following definitions and charges are hereby modified or added to the Agreement:

"Ancillary Services Payment" -- means the Buyer shall pay the Seller on a monthly basis for Ancillary Services related to the POLR Supply Amount according to the same methodology used to calculate such charges as set forth in Exhibit NJDK-3 of Duquesne Statement No. 5 in the POLR IV proceeding filed with the PA PUC at Docket No. P-00072247. This payment shall reflect line losses but not include Pennsylvania gross receipts taxes.

"Grid Management Charges" -- means the grid management charges related to congestion, which shall be the responsibility of Duquesne Power, but excluding other grid management, administrative, new regulatory, credit, and other costs or

charges from the RTO due to POLR service which latter charges are to be recovered from Buyer/Buyer's retail customers.

"Net Billed Generation Revenue" means the sum of the amounts resulting from the following calculation for each retail customer of Buyer that is receiving service from Buyer under a POLR-III Rate Schedule:

- (x) Billed Generation Revenue attributable to such customer, less
- (y) ~~the PJM Surcharge attributable to such customer,~~ multiplied by
- (z) a factor of nine hundred forty-one one thousandths (.941).

A new Section 6.2(b) is hereby added to the Agreement:

Beginning on or about February 15, 2008 and continuing on or about the fifteenth day of each calendar month thereafter until the end of the term of this Agreement (or the earlier termination of this Agreement), Seller shall provide to the Buyer an invoice relating to Ancillary Services and all other RTO charges associated with the POLR Supply for the billing period. After review of the bill, the Buyer will note any disagreement with the billing within 5 business days. Absent any disagreement, the Buyer shall then pay the Seller the Payment for the billed amount within 7 business days.

2. All references to "POLR III Rate Schedule" shall be amended to read "POLR Rate Schedule".
3. The table in Schedule 1 of the Agreement related to wholesale Company Use Energy Payments shall be replaced by a new table based on the PaPUC approved POLR IV GS/GM rates less the Pennsylvania Gross receipts Taxes (5.9%).
4. Seller agrees to provide renewable power or renewable credits to Buyer in sufficient amounts for all service, including hourly priced service, so that Buyer will comply with all Alternative Energy Requirements.

In all other respects, the Full Requirements Service Agreement remains the same and is hereby confirmed and ratified by the parties. This Amendment to the Full Requirements Service Agreement is hereby agreed to, and executed by the parties' duly authorized representatives, on the date hereinabove stated.

DUQUESNE LIGHT COMPANY

By: Frederick Eichenmiller
Frederick Eichenmiller
Its: Director

DUQUESNE POWER LLC

By: Anthony F. Pekny
Anthony Pekny
Its: Vice President

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265**

Public Meeting held February 26, 1998

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
John Hanger
David W. Rolka
Nora Mead Brownell

Affiliated Interest Agreement Between
Duquesne Light Company and DQE
Communications, Inc.

Docket No.
G-00970585

OPINION AND ORDER

BY THE COMMISSION:

On October 14, 1997, an Affiliated Interest Agreement ("Agreement") between Duquesne Light Company ("Duquesne") and DQE Communications, Inc. ("DQE Communications") was filed to become effective on November 13, 1997. The period for consideration of this Agreement was extended by the Commission to January 16, 1998. On January 14, 1998, the period for consideration of this Agreement was extended until further order of the Commission.

This is a Master Fiber Services Agreement which provides for the lease back by Duquesne from DQE of portions of the Fiber Optic Network and other fiber services for use in Duquesne's utility business.

Duquesne is a public utility subject to the Commission's jurisdiction and is a wholly-owned subsidiary of DQE, Inc. a Pennsylvania corporation. DQE Communications is a wholly-owned subsidiary of Duquesne Enterprises, a Pennsylvania corporation, which is also a wholly-owned subsidiary of DQE, Inc.

Duquesne currently owns, operates and maintains a fiber optic telecommunications network ("Fiber Optic Network") used in Duquesne's utility business to carry voice and data information and to supervise, protect and control Duquesne's distribution and substation system.

Two other affiliated interest agreements have been submitted by Duquesne and are interrelated and pertain to Duquesne's proposed sale of its Fiber Optic Network to DQE Communications and the lease by Duquesne of certain fiber

services from DQE Communications for operation of its telecommunications network. These related agreements have been filed at Docket Nos. G-00970584 and G-00970586. Also related to this Agreement is an Application of Duquesne Light Company and DQE Communications, Inc. (Docket No. A-110150 F0016), for approval of the transfer by sale of a fiber optic network from Duquesne Light Company to DQE Communications, Inc., and for the lease of fiber services by Duquesne Light Company from DQE Communications, Inc.

The subject Agreement is filed in accordance with the requirements of Section 2102(b) of the Public Utility Code, 66 Pa. C.S. 2102(b).

We have examined the Agreement and have determined that it appears to be reasonable and consistent with the public interest; however, approval of the Agreement does not preclude us from investigating, during any formal proceeding, the reasonableness of charges incurred under the Agreement;
THEREFORE,

IT IS ORDERED:

1. That the Affiliated Interest Agreement between Duquesne Light Company and DQE Communications, Inc. filed on October 14, 1997, be and hereby is, approved.
2. That acceptance does not preclude the Commission from investigating during any formal proceeding the reasonableness of charges incurred under the Agreement.
3. That a copy of this order be served on the Office of Consumer Advocate, the Office of Small Business Advocate, the Office of Trial Staff and parties to the Duquesne Restructuring Proceeding at Docket No. R-00974104, and made available to other interested parties.
4. That this Docket No. G-00970585 be marked closed.

BY THE COMMISSION

James J. McNulty
James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: February 26, 1998

ORDER ENTERED: FEB 26 1998

Original Source: Bill Roberts

MASTER FIBER SERVICES AGREEMENT

THIS AGREEMENT (the "Agreement") made this 26th day of September, 1997 (the "Effective Date"), by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation ("Duquesne") and DQE COMMUNICATIONS, INC., a Pennsylvania corporation ("Company").

WHEREAS, Duquesne requires the use of a fiber optic telecommunications network (such network being hereinafter referred to as the "Telecommunications Network") and for this purpose desires that Company provide to Duquesne Fiber Services (as defined below); and

WHEREAS, Company currently owns and may acquire additional fiber optic cables ("Fiber") which comprise a portion of the Telecommunications Network, which Fiber may be located on or within Duquesne's poles, conduits, ducts and related property (hereinafter referred to collectively as "Facilities"); and

WHEREAS, Company is willing, to the extent it may lawfully do so and subject to the terms and conditions set forth, to provide to Duquesne Fiber Services; and

NOW, THEREFORE, in consideration of the mutual covenants, terms, conditions and obligations contained herein, and intending to be legally bound hereby, the parties agree as follows:

Article 1

FIBER SERVICES; RIGHTS OF WAY

a. Fiber Services

As used herein, the term "Fiber Services" shall mean the provision of such capacity on Fiber (whether now owned by Company or to be acquired in the future) as Duquesne shall from time to time require, and shall include, without limitation: (i) specific strands of Fiber as set forth on Exhibit C and as requested by Duquesne, (ii) maintenance, replacement and repair of all Fiber used to provide Fiber Services and (iii) the construction and/or acquisition of additional Fiber and related facilities as and when needed to meet Duquesne's Fiber requirements.

Duquesne shall request from time to time the Fiber Services required; Company shall provide to Duquesne all the Fiber Services requested by Duquesne. Company covenants to use its best efforts to provide all Fiber Services required by Duquesne for the fulfillment of its electric service requirements. This Agreement contains the basic terms and conditions upon which Fiber Services shall be provided by Company to

Duquesne. Subject to such terms and conditions, when the parties agree on the location of additional Fiber to be used in the provision of Fiber Services, they will execute a completed Fiber Services Acknowledgment (substantially in the form of Exhibit A hereto).

b. **Periodic Plan Reports**

Within 90 days of the end of its fiscal year, Duquesne shall provide Company with an annual plan setting forth in writing Duquesne's projected needs for additional Fiber Services in such year. Within 45 days of the end of the second fiscal quarter in each year, Duquesne shall provide Company with a written update of such annual plan, setting forth any changes therein and any new projected needs for additional Fiber Services. Duquesne shall also keep Company informed of any known Fiber Services needs which will arise beyond the then current fiscal year.

c. **Franchise and Other Requirements**

Company covenants to Duquesne that it will obtain and maintain all of the necessary approvals, authorities, franchises, permits, consents and easements from federal, state and local authorities including, but not limited to, the Pennsylvania Public Utility Commission, relating to the construction and operation of the Telecommunications Network. Compliance with this Article shall not relieve Company of the obligation to obtain any necessary or additional rights-of-way from private property owners.

Article 2
INSTALLATION, OWNERSHIP, SERVICES AND MAINTENANCE

a. **Installation, Ownership and Maintenance of Fiber**

Company shall be responsible for ensuring the proper maintenance and repair of all Fiber used in the provision of Fiber Services on a 24 hours a day, seven days a week basis (including good faith efforts to dispatch a repair crew within two hours of notice of a problem). Duquesne shall have the right to perform, or cause the performance of, the maintenance and repair of the Fiber (whether or not used in the provision of Fiber Services) and the provision of such other services, as set forth on Exhibit D-1, including all engineering, splicing, termination, patching and testing of Fiber at Company's expense. Company shall pay Duquesne a fee for such services in accordance with the terms set forth on Exhibit D-2.

Duquesne reserves to itself, its successors and assigns the exclusive right to maintain the Fiber used in the provision of Fiber Services and to operate its equipment in a manner to enable it to fulfill its electric service requirements. Company acknowledges that Duquesne's Fiber Services needs in connection with fulfilling its electric service requirements will always receive priority over the needs of Company.

The relevant strands of Fiber used in the provision of Fiber Services shall be tested by Duquesne in the manner specified in the attached Exhibit B to determine compliance with the specifications set forth in the attached Exhibit B. Company may

have representatives present during such testing. Duquesne shall promptly deliver to Company a copy of the test results within two weeks after receipt of such test results. If the Fiber meets the specifications, it shall be deemed to be in service as of the date of the test and such in service date shall be the rent commencement date for the Fee for those strands. If the Fiber does not meet the specifications, Duquesne shall attempt to repair, or at its option replace, and retest the subject Fibers.

b. **Change in Location of Fiber**

In the event that Company shall at any time be required by any entity having the legal authorization to compel such action, to transfer, rearrange or relocate any portion of the Fiber used in the provision of Fiber Services, Company may require such transfer, rearrangement or relocation at its own expense. Company shall use commercially reasonable efforts to transfer, rearrange or relocate such Fiber in such a manner as to avoid interruption in service to Duquesne or its customers. Company shall provide Duquesne with not less than one hundred eighty (180) days written notice prior to commencing any transfer, rearrangement or relocation of any portion of such Fiber, except in the event that earlier action is required by any entity having the legal authorization to compel such earlier action, in which event Company shall notify Duquesne promptly upon learning of the proposed action of such entity. Company shall advise Duquesne of the location of the relocated Fiber. Duquesne shall have the right to approve or disapprove any such new location for the relocated Fiber to the extent necessary to ensure its continued ability to fulfill its electric service requirements.

c. **Use of Fiber**

Company acknowledges that Duquesne shall have unrestricted and exclusive use of all Fiber used in the provision of Fiber Services.

**Article 3
DAMAGE; COSTS**

Each party shall promptly and in writing inform the other party of any damage to Fiber used in the provision of Fiber Services of which such party is aware. If any such damage is the result of negligent or intentional acts of Duquesne or its agents or contractors Duquesne shall be responsible for the cost of repairing such damage; otherwise, Company shall be responsible for the cost of repairing such damage.

As used in this Agreement, the term "costs" shall include, without limitation, all labor costs, fringe benefits, pensions, taxes, supervision, transportation, clearing costs, equipment costs, costs associated with materials and supplies, and purchasing and warehousing costs, all as described in more detail on Exhibit D-2, all of which shall be billed on a time and materials basis.

Article 4 INTERRUPTIONS

Company shall not be liable to Duquesne or any third party for any interruption of Duquesne's service or for any interference with the operations of Duquesne arising out of any act or omission by Company or any person acting on behalf of Company (except for negligent or willful acts). Company shall use its commercially reasonable efforts to avoid any interference with Duquesne's Telecommunications Network or its operations. Company shall not be responsible for any incidental or consequential damages.

Article 5 FEES

Duquesne shall pay Company an annual fee for Fiber Services as follows:

Fees are due and payable quarterly in advance on the first day of each calendar quarter. Fees for Fiber Services for which utilization began during a quarter will be calculated on a pro-rated basis in accordance with the number of days of use and reflected in the next quarterly bill.

With respect to Fiber which exists at the date of this Agreement, the annual fee charged for strands of Fiber providing service to Duquesne (and the maintenance thereof) shall be \$111 for each mile of each fiber strand used in each cable. This fee has been negotiated on an individual basis specifically with, and shall apply specifically to, Duquesne.

With respect to Fiber which is acquired or constructed at the request of Duquesne, the annual fee charged for strands of such Fiber providing service to Duquesne (and the maintenance thereof) shall be an amount no more than the annualized cost of construction and maintenance which Duquesne would have incurred had Duquesne carried out such construction and maintenance for its own account, prorated for each strand of Fiber providing service to Duquesne. The calculation of this fee shall be based on, but not limited to, such factors as construction costs, maintenance costs and depreciation. Company shall have the right to review, but not participate in, Duquesne's calculation. If there is a dispute regarding the accuracy of such calculation which cannot be resolved by good faith negotiations between Duquesne and Company within 30 days, such dispute shall be submitted to a mutually agreeable, nationally recognized, independent accounting firm with offices in Pittsburgh, who shall be instructed to make a final determination within 30 days of being appointed. Such determination shall be binding on Duquesne and Company. Notwithstanding the foregoing, if Company has no Fiber available to provide services to Duquesne due to such Fiber's being committed to third parties and Company must therefore acquire or construct additional Fiber to meet Duquesne's electric service requirements, the annual fee charged for such strands of Fiber providing service to Duquesne (and the maintenance thereof) shall be the lesser of (i) the amount set forth in the immediately preceding paragraph and (ii) the amount calculated pursuant to the first sentence of this paragraph.

Article 6
TERM

This Agreement shall become effective upon the later to occur of (i) approval by the Pennsylvania Public Utility Commission of this Agreement and the transactions contemplated herein and (ii) approval by the Pennsylvania Public Utility Commission of the Asset Purchase Agreement between Duquesne and Company of even date herewith and the transactions contemplated therein, and, if not earlier terminated in accordance with the provisions hereof, shall continue in effect until December 31, 2017. Notwithstanding the foregoing, this Agreement shall not be effective until approved by Duquesne's Board of Directors. In consideration for the mutual promises contained herein, this Agreement shall automatically be extended for additional ten (10) year terms unless either party has delivered written notice no later than five (5) years prior to the date of termination of the initial term or any additional term.

Notwithstanding the foregoing paragraph, Duquesne shall at all times have the right, upon 12 months' written notice, to terminate this Agreement (and/or any related Fiber Services Acknowledgment) with respect to some or all of the Fiber Services if such Fiber Services are no longer necessary for Duquesne to fulfill its electric service requirements.

Article 7
BILLING

All amounts due Company under this Agreement shall be paid by Duquesne within 45 days of the date set forth on the invoice ("Payment Date") from Company along with a detailed accounting of such amounts.

Article 8
EVENTS OF DEFAULT

The following shall constitute an event of default under this Agreement:

1. The failure of a party to pay a sum of money owed to the other party on or before the date on which such payment is due, and the continuance of such failure for ten (10) days after written notice.
2. Any material breach of any term of this Agreement, other than the payment of money, and the failure of the breaching party to cure such breach within thirty (30) days after written notice, provided that if the breach by its nature is not capable of being cured within thirty (30) days, then an event of default shall not occur if within such thirty (30) days the party commences curing the breach and thereafter diligently and continuously pursues such cure to completion. Failure to pay monies owed shall never be deemed a breach not capable of being cured within thirty (30) days.

3. Any change in control of Company. A "change in control" shall be deemed to have occurred if (i) at any time Company is no longer a DQE Affiliate (defined below), (ii) Company enters into an agreement providing for the merger or consolidation of Company with or into another person other than a DQE Affiliate, (iii) Company enters into an agreement providing for the sale of all or substantially all of Company's assets to any person or entity other than a DQE Affiliate, (iv) Company enters into an agreement providing for the transfer of title in the Fiber to any person or entity other than a DQE Affiliate or (v) Company assigns its rights, duties or obligations under this Agreement to any person or entity other than a DQE Affiliate.

As used herein, the term "DQE Affiliate" shall mean any person or entity, the majority of the voting securities of which are owned by DQE, Inc. or any of its wholly-owned direct or indirect subsidiaries.

Upon the occurrence of a change in control, Duquesne shall have the right, in its sole discretion, to acquire all right, title and interest in some or all of the Fiber for an amount equal to the depreciated book value of such Fiber, pursuant to documentation reasonably acceptable to Duquesne.

Upon the occurrence of any event of default (including without limitation a change in control), the non-breaching party may exercise any and all remedies available at law or equity, including but not limited to termination of the Agreement. Such remedies are not intended to be exclusive and a party may pursue multiple remedies.

Article 9 TERMINATION

a. In the event that (i) any federal, state or local authority takes any action that preempts or otherwise invalidates any material provision of this Agreement or revokes the approvals, authorities, franchises, consents or easements necessary for Duquesne to operate the Telecommunications Network or (ii) a court of competent jurisdiction issues an order preventing Duquesne from operating the Telecommunications Network, either party shall have the option, to terminate this Agreement, provided that if the action or order affects less than all of the Fiber used in the provision of Fiber Services the Agreement shall only be terminated with respect to the affected Fiber, unless Duquesne determines in its sole discretion that the remaining Fibers could not be utilized economically in its business, in which event Duquesne may elect to terminate the entire Agreement.

b. In the event that this Agreement is terminated, (i) Duquesne shall pay to Company any and all sums then due and owing within 30 days thereof, and (ii) each party shall return all documents, work papers and other materials of the other party relating to the transactions contemplated hereby (or copies thereof), whether obtained before or after the execution hereof, to the party furnishing the same or each party shall destroy such material at the request of the furnishing party, except that each party may keep one copy of such items for its records.

c. Upon termination of this Agreement for any reason (including without limitation pursuant to Article 6), Duquesne shall have the right to purchase some or all of the Fiber (whether or not used in the provision of Fiber Services) for an amount equal to the depreciated book value thereof.

Article 10 WAIVER OF COMPLIANCE

Any failure to exercise or delay in exercising any right, power, privilege or remedy herein contained, or any failure or delay at any time to require the other party's performance of any obligation under this Agreement, shall not affect the right to subsequently exercise that right, power, privilege or remedy or to require performance of that obligation. A waiver of any of the provisions of this Agreement shall not be deemed, nor shall constitute, a waiver of any other provision, nor shall any waiver constitute a continuing waiver. A waiver shall not be binding unless executed in writing and delivered to the other party.

Article 11 ASSIGNMENT

This Agreement shall not be sublet, assigned, transferred, pledged or otherwise encumbered by either party without the prior written consent of the other. Notwithstanding the foregoing, Company agrees that Duquesne may sublet Fiber used in the provision of Fiber Services in accordance with the agreements listed on Schedule 11 hereto.

Article 12 QUIET ENJOYMENT

Company shall not take any action that would prohibit Duquesne from peaceably and quietly holding and using any and all Fiber used in the provision of Fiber Services for the entire term of the Agreement.

Article 13 REPRESENTATIONS AND WARRANTIES

a. Duquesne represents and warrants to Company that Duquesne has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement is a valid and binding agreement of Duquesne enforceable in accordance with its terms.

b. Company represents and warrants to Duquesne that Company has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement is a valid and binding agreement of Company enforceable in accordance with its terms.

Article 14
MEMORANDA OF AGREEMENT

If required, Company and Duquesne shall prepare a Memorandum of Agreement outlining the general terms of this Agreement. Subject to the limitations contained in Article 17 contained in this Agreement, the Memorandum shall be suitable for submission to the regulatory agencies with jurisdiction over such agreements and, if Duquesne and Company agree, for other recording purposes. Any and all costs associated with such recording shall be paid by Company.

Article 15
THIRD-PARTY BENEFICIARIES

This Agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns provided.

Article 16
NOTICE

Any notice from one party to the other under this Agreement shall be written notice effective upon receipt sent by the United States mail, certified mail, with return receipt requested and postage prepaid, or by facsimile transmission followed by written notice as set forth above.

Notice to Duquesne shall be addressed as follows:

Duquesne Light Company
2101 Beaver Avenue
M-GSU
Pittsburgh, PA 15233
Attn: Richard A. Nickel
Assistant General Manager
Fax: (412) 393-8869

and notice to Company shall be addressed as follows:

DQE Communications, Inc.
One NorthShore Center
12 Federal Street
Pittsburgh, PA 15212
Attn: Anthony J. Villiotti
Treasurer
Fax: (412) 231-2140

Each party may change its address for purposes of notice requirements at any time by written notice to the other party given in accordance with this Article 16.

Article 17 PAYMENTS

All payments due to Company hereunder shall be paid by check, wire transfer or by such other means and/or to such other accounts as Company may designate from time to time.

Article 18 CONFIDENTIALITY

Except as may be required by law (as provided for below), both parties agree to hold and maintain any information (in written or any tangible form) each discloses to the other ("Confidential Information") with the same degree of confidentiality with which each party treats its own confidential information and in no case less than a reasonable degree of confidentiality. Information materially relating to or arising under this Agreement, including all terms and exhibits of this Agreement, shall be deemed to be "Confidential Information" for purposes of this Agreement. If a party or any of its representatives becomes legally compelled to disclose any Confidential Information, the receiving party shall provide the disclosing party with prompt notice of such requirement and shall cooperate with the disclosing party in seeking to obtain a protective order or other arrangement pursuant to which the confidentiality of the Confidential Information is preserved. Any legally compelled disclosure shall not change the status of the disclosed information as Confidential Information. The provisions of this Article shall bind the parties throughout the term of this Agreement, including extensions, and shall survive for a period of five (5) years thereafter. The term Confidential Information shall not include information that: (a) was publicly known at the time of disclosure, (b) becomes publicly known through no fault of the recipient, (c) was in recipient's possession free of any obligation of confidence at the time of the owner's disclosure to recipient, (d) is developed by recipient independently of and without reference to any of owner's Confidential Information or other information that owner disclosed in confidence to any third party, (e) is rightfully obtained by recipient from third parties authorized to make such disclosure without restriction, or (f) is identified by owner as no longer confidential or proprietary.

Article 19 FORCE MAJEURE

Whenever a period of time is provided for in this Agreement for either party to do or perform any act or obligation, neither party shall be liable for any delays or inability to perform due to causes beyond the reasonable control of said party such as but not limited to war, riot, insurrection, rebellion, strike, lockout, unavoidable casualty, or injury or damage to personnel, material or equipment, fire, flood, storm, earthquake, tornado or any act of God provided that said time period shall be extended for only the actual amount of time said party is so delayed. For purposes of this Article, acts or omissions shall not be deemed "beyond the reasonable control of a party" if committed, omitted or caused by a party to this Agreement, or its employees, officers, agents or affiliates, or by any corporation or other business entity that holds a controlling interest in said party, whether held directly or indirectly. In addition, the inability to perform for financial

reasons shall not be deemed an act or omission "beyond the reasonable control of a party" and shall not be deemed force majeure.

**Article 20
DISCLOSURE**

Each party will promptly inform the other of any fact or omission that would make any representations, warranty or disclosure made herein materially untrue or misleading or which constitutes a material breach of any covenant contained herein.

**Article 21
SEVERABILITY**

In the event that any term or provision of this Agreement is declared to be illegal, invalid or unconstitutional, then that provision shall be deemed to be deleted from this Agreement and have no force or effect and this Agreement shall thereafter continue in full force and effect, as modified.

**Article 22
HEADINGS**

The headings contained in this Agreement are included for convenience of reference only and shall in no way affect the construction or interpretation of any of the terms or provisions of this Agreement.

**Article 23
GOVERNING LAW**

This Agreement shall be governed by and interpreted in accordance with the substantive laws of the Commonwealth of Pennsylvania, without reference to its conflicts of laws principles. Any litigation shall be filed and pursued in either state or federal court in Pittsburgh, Pennsylvania.

**Article 24
ENTIRE AGREEMENT AND AMENDMENT**

This Agreement contains the entire agreement between the parties with respect to the subject matter and supersedes any and all prior oral or written agreements. This Agreement may not be modified or amended except in writing and signed by both parties.

**Article 25
EXECUTION IN COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original instrument, and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

DUQUESNE LIGHT COMPANY

By: *G. P. Brandenberger*
Name: G. P. Brandenberger
Title: VP Customer Operations

DQE COMMUNICATIONS, INC.

By: *James D. Mitchell*
Name: JAMES D. MITCHELL
Title: PRESIDENT

DLR/ehc:aa-9(1997)
09/09/97 3:07 PM

SCHEDULE 11

Permitted Subleases of Fiber

NONE.

EXHIBIT A

FIBER SERVICES ACKNOWLEDGMENT
LEASE NUMBER

This Fiber Services Acknowledgment (this "Acknowledgment") is made to the Master Fiber Services Agreement between Duquesne Light Company ("Duquesne") and DQE Communications, Inc., ("Company") dated _____, 1997. Capitalized terms used in this Acknowledgment have the same meaning as such terms in the Master Fiber Services Agreement unless otherwise indicated.

This Acknowledgment is entered into as of _____, 1997.

1. Location (demarcation points): The Fiber used in the provision of Fiber Services to Duquesne under this Acknowledgment will be between (pole, manhole, facility), located on (street name), near (street name), in (City, Twp. Borough) and (pole, manhole, facility), located on (street name), near (street name), in (City, Twp. Borough).
2. Length: The cable sheath length distance between the above two demarcation points is: _____ miles.
3. Number of strands of Fiber: The specific number of strands of Fiber so used will be _____, ().
4. Fiber miles (for billing purposes): _____ Fiber miles, (item #2 times item #3).
5. Work required to provide connection to Duquesne's Telecommunications Network:

6. The terms and conditions set forth in the Master Fiber Services Agreement shall govern.
7. Approvals:

DQE Communications, Inc. Name: _____ Title: _____ Date: _____	Duquesne Light Company Name: _____ Title: _____ Date: _____
--	--

EXHIBIT B

ACCEPTANCE TEST PLAN AND SPECIFICATIONS

FIBER ACCEPTANCE TESTING PROCEDURES

Duquesne will conduct the following tests as part of its Acceptance Testing Plan:

1. Non-destructive Attenuation Tests (End-to-End)
2. Optical Time Domain Reflectometer Tests (OTDR)

Fiber acceptance testing will be performed to ensure that the Telecommunications System will operate within the parameters of the Specifications set forth below.

More specifically, fiber acceptance testing will include the following:

1. Continuity/Uniformity Tests:

All fibers shall be tested bi-directionally at 1310 nm or 1550 nm, as applicable, with an OTDR; the subsequent traces shall be inspected for end-to-end continuity and for uniform attenuation. These traces will be stored on diskette and will be compatible with Laser Precision PC-OTDR software.

2. Optical Length:

The OTDR will be used to determine the end-to-end optical length of the cable where possible.

3. Splice Loss:

Splice loss will be measured bi-directionally with an OTDR using the Splice Loss Average method. The average acceptance splice loss shall be the measurement for splice loss set forth below.

4. End-to-End Loss:

Using a light source and a power meter, the bi-directional, connector-to-connector attenuation will be measured for each fiber at 1310 nm and 1550 nm, as applicable. The acceptance average attenuation per kilometer shall be the attenuation set forth below.

FIBER ACCEPTANCE SPECIFICATIONS

I. Design Criteria

Duquesne will endeavor to keep the number of splices in a span to a minimum.

II. Optical Fiber Specifications

Company will meet the optical specifications as detailed below for all cable:

A. Optical Fiber Specifications - Singlemode Fiber (if applicable)

<u>Parameter</u>	<u>Specification</u>	<u>Units</u>
Maximum attenuation, 1310nm (A1)	0.50	dB/km
Maximum attenuation, 1550nm (A2)	0.40	dB/km
Cladding diameter	125 ±3	um
Cutoff Wavelength	1250 ±100	nm
Zero dispersion wavelength	1310 ±12	nm
Maximum dispersion (1285-1330nm)	3.5	ps/(nm km)

III. Splice Loss

Splice loss on cables will average less than or equal to 0.3 db for all splices made under this Agreement. The 0.3 dB splice average will only apply to splices between cables of identical physical and optical properties (i.e. core and cladding dimensions, refractive index and optical loss characteristics).

IV. End-To-End Attenuation Acceptance Criteria

The cable system will be tested at both wavelengths specified for each cable type as specified below unless otherwise stated in this Agreement:

Singlemode fiber - 1310 nm. and 1550 nm.

The end-to-end attenuation acceptance criteria will be based on the following formula:

$$\text{Maximum acceptable end-to-end attenuation} = (A \times L) + (0.3 \times N_{\text{Sp}}) + C$$

where:

A = Max. attenuation at each wavelength (A1 and A2) as specified in section II above.

L = Optical length of the cable in kilometers (km).

N_{Sp} = Number of fiber splices in the cable system.

C = Connector/pigtail loss. The attenuation contribution of each pigtail with associated connector is considered to be 1.3 dB, comprised of 1.0 db connector loss and 0.3 dB splice loss (pigtail to OSP cable splice).

Therefore, C = 1.3 dB if the span is connectorized on one end and 2.6 db if the span is connectorized on both ends.

The parameters above are guaranteed unless otherwise specified.

In the event that the fiber measured attenuation values change after the cable is installed, and is degraded by 2 dB or greater than specified above, Company will ensure corrective maintenance is performed to attempt to restore the fiber to its original specified attenuation values.

EXHIBIT C

Fibers Required By Duquesne Light

<u>Cable Name</u>	<u>Project Title</u>	<u>Drawing Series</u>	<u>Length (Feet)</u>	<u>Cable Size</u>	<u>Fibers Required</u>	<u>Fibermiles Utilized</u>
AESFO1	AES-ST JOE/MM	3176	1,131	6	2	0.43
ARSFO1	ARSENAL TO BLAWNOX	3286	46,881	24	0	0.00
ARSFO1	ARSENAL TO BLAWNOX	3286	2,979	48	0	0.00
BKSVLFO1	CRANE-BANKSVIL	9817	4,248	24	0	0.00
BVFO1	BV TO J&L MIDLAND	3061	17,157	6	2	6.50
BVFO15	RELAY HOUSE TO ERF	3208	2,541	16	6	2.89
CCFO1	SCC-OXFORD VIA WOODS RUN	3261	27,546	10	8	41.74
CCFO2	SCC-NARROWS RUN	3154	63,695	10	4	48.25
CCFO2	NRWS RN-JPIC	3154	28,416	24	2	10.76
CCFO2	JPIC-TRAV RUN	3154	51,931	24	10	98.35
CCFO2	TRAV RN-BV	3154	73,153	16	10	138.55
CCFO3	SCC-ALLEG CTR	3245	14,979	24	16	45.39
CCFO4	SCC-PREBLE MM	3246	5,854	4	4	4.43
CLINTFO1	CLINTON FO 1	3271	26,883	24	18	91.65
COLFO1	COLLIER TO HOOKSTOWN GR	PA25	43,867	36	12	99.70
COLFO1	COLLIER TO HOOKSTOWN GR	3263	7,817	48	12	17.77
CORBRFO1	CORAPOLIS BRIDGE	TE0157	2,129	96	0	0.00
DRAV FO1	DRAVOSBURG TO WILSON	PA35	31,327	24	0	0.00
EEFO1	EE-RANKIN	3280	35,185	24	4	26.66
EDISFO1	EDISON TO 411 7TH	3301	62,395	24	4	47.27
EDISFO1	EDISON TO 411 7TH	3301	4,629	48	4	3.51
EDISFO2	EDISON TO HAMPTON TWP	3300	24,123	24	0	0.00
FINDFO1	FINDLAY TO MIDFIELD	3212	12,759	24	14	33.83
FINDFO2	FINDLAY TO MIDFIELD	3212	13,086	24	6	14.87
FINDFO3	FINDLAY TO MIDFIELD	3264	30,457	24	18	103.83
FINDFO4	FINDLAY TO MIDFIELD	3270	44,497	24	16	134.84
HKSFO1	HKSTWN GRADE TO THORN RUN	3278	22,333	24	6	25.38
HKSFO1	THORN RUN TO NARR RUN	3278	18,070	10	6	20.53
HULBRFO1	HULTON BRIDGE	TE0106	1,878	24	0	0.00
MONTFO1	MONTOUR-HKSTN GRADE	3266	29,798	16	8	45.15
OXFO1	OXFORD 4 TO 25	13529	420	144	22	1.75
OXFO2	OXF TO SMFLD & CARSON	3263/PA24	7,344	72	8	11.13

<u>Cable Name</u>	<u>Project Title</u>	<u>Drawing Series</u>	<u>Length (Feet)</u>	<u>Cable Size</u>	<u>Fibers Required</u>	<u>Fibermiles Utilized</u>
OXFO2	SMFLD & CARSON TO LANDMKS	3263	613	48	4	0.46
OXFO2	SMFLD & CARSON TO WARRING	PA25	4,610	48	4	3.49
OXFO2	WARRINGTON TO COLLIER	PA25/3263	46,145	24	4	34.96
OXFO2	SMITHFIELD ST. BRIDGE	DDP25	2,346	72	0	0.00
OXFO2	SMITH. ST. TO OXFORD	3309	1,450	48	0	0.00
OXFO3	OXFORD 4 TO 25	13529	495	48	16	1.50
	FRNDSP AVE TO 4736 PENN	3275	1,173	24	0	0.00
OXFO5	OXFORD TO 2ND AVENUE	3309	4,889	36	4	3.70
OXFO5	2ND AVE TO EE VIA OAKLAND	3309	34,314	24	4	26.00
PKWAYFO1	PARKWAY KING-ATEN RD	3279	4,709	72	16	14.27
PCFO1	ROUTE 8 TO PINE CREEK	3304	22,179	24	0	0.00
PNYFKFO1	W MIF-PFK/MM	3149	48,593	4	2	18.41
RACCF01	RACC-ST JOE MM	3112	21,520	6	2	8.15
RANFO1	RANK-DRAV/MM	3148	20,413	6	4	15.46
RANFO2	RANK-DRAV/SM-RANKIN BRID.	3285	5,246	96	4	3.97
RANFO2	RANK-DRAV/SM	3285	16,777	24	4	12.71
7THAVFO1	411 7TH TO OXF-SM	411FO	3,866	12	8	5.86
7THAVFO2	411 7TH TO OXF-MM	411FO	3,866	6	2	1.46
7THAVFO3	411 7TH TO OXF-SM	411FO	3,410	12	8	5.17
7THAVFO4	411 7TH TO OXF-MM	411FO	3,410	6	2	1.29
SPGRNFO1	JPIC TO RT 51	3281	6,912	36	8	10.47
SPGRNFO1	RT 51 TO STOOPS FERRY	3281	21,679	24	2	8.21
SPGRNFO2	SPRING RUN TO RACCOON	3288	72,685	24	6	82.60
SPGRNFO2	SPRING RUN TO RACCOON	3288	16,146	48	6	18.35
SPGRNFO2	SPRING RUN TO RACCOON	3288	705	72	6	0.80
SPGRNFO2	MAIN & PLEAS TO ST. JOE	3288	16,609	24	6	18.87
SPGRNFO2	ST. JOE TO ERF	3288	48,845	24	6	55.51
WILM FO1	SWISSVALE TO KEY COMM	3311	23,513	24	0	0.00
WILM FO1	KEY. COMM-WILM	3311	9,951	24	0	0.00

9/5/97

Fibermiles Utilized by Duquesne Light: 1,426.83

EXHIBIT D-1 SERVICES

One or more of the following services may be provided by Duquesne (or by a third party retained by Duquesne), at Duquesne's sole discretion. All costs shall be billed on a time and material basis as set forth in Exhibit D-2:

- I. **Outside Plant Engineering Services**
 - A. Route Selection (if requested)
 - B. Field Surveys
 - C. Preparation of Permit (if required) and Construction Drawings
 - D. Preparation of Splice Prints (if required)
 - E. Preparation of Operating Drawings
 - F. Material Procurement
 - G. Field Support (as required)
 - H. Other Engineering activities as requested by Company

- II. **Project Management Services**
 - A. Scheduling/Project Status Monitoring
 - B. Coordination of construction and engineering
 - C. Monitoring of Charges
 - D. Charge dispute resolution
 - E. Miscellaneous Project Management services that may be requested by Company

- III. **Procurement of Rights of Way**
 - A. Procurement of construction permits required for Duquesne to perform work
 - B. Investigation and/or Procurement of private right of ways required
 - C. Procurement of licenses for attachments to non-Duquesne owned poles
 - D. Procurement of Licenses required to operate the system (if requested)
 - E. Miscellaneous rights of way activities that may be requested by Company.

- IV. **Overhead Fiber Installation**
 - A. Installation of attachment hardware, messenger wire and guying as required.
 - B. Installation of rollers and ropes, pulling of fiber optic cable and lashing of the cable to the messenger in accordance with construction drawings provided and in accordance with Duquesne standards.
 - C. Tree trimming required to perform the installation
 - D. Miscellaneous activities required to perform the installation
 - E. Installation of attachment hardware to customers building and drilling of building wall (if requested by Company).

- V. **Underground Fiber Installation**

- A. Rodding and Roping of ductline
- B. Removal of dead Duquesne cable if required to provide ductline capacity for fiber optic cable.
- C. Pulling of fiber optic cable in accordance with Duquesne construction drawings and in accordance with Duquesne and industry accepted standards.
- D. Racking cable in manholes, installing protective inner duct over cable exposed in manholes and tagging of cable in manholes. Tag to contain label identifying cable owner/designation.
- E. Installation of cable in customer owned transformer vaults and drilling of vault walls (if requested by Company).
- F. Miscellaneous activities that are associated with underground cable installation or that may be requested by Company.

VI. Pole Make-ready

A. Routine

- 1. Adjustment of Street Light location/power feed
- 2. Adjustment or Replacement of Duquesne secondary conductors
- 3. Adjustment of guying
- 4. Adjustment of Third Party of BT cables (if requested by owner)
- 5. Miscellaneous minor make-ready work

B. Major (must be preauthorized by Company)

- 1. Adjustment of primary (voltage greater than 460 volts) conductors or supports
- 2. Pole replacement
- 3. Other make-ready work not stated above

VII. Fiber Splicing (Overhead and Underground)

- A. Test Cable upon receipt (unless waived by Company)
- B. Install splice cases and splice fibers according to construction drawings and in accordance with Duquesne splicing procedures
- C. Upon completion of splicing, perform end to end tests as follows:
 - 1. Provide OTDR traces measured from each end
 - 2. Provide end to end loss measurements (in each direction)
- D. Install splice cases and splice fibers (ring cuts) to spur cables as requested
- E. Miscellaneous fiber splicing activities as requested by Company

VIII. Maintenance (including Emergency Restoration)

- A. Provide emergency restoration services as required
 - 1. Provide test and troubleshooting support (OTDR analysis)

**EXHIBIT D-2
RATES FOR SERVICES**

**All costs shall be billed on a time and materials basis.
For employees of Duquesne, Company will be charged:**

1) Company will be charged the actual hours spent performing the service. Included in these hours are time required to travel to and from the location at which the service is performed, if that location is not the location that the employee normally reports to.

In the event of an emergency "callout," Company will be charged a minimum of 4 hours, regardless of the actual number of hours worked.

In the event that an employee, because of the service provided, is entitled to "rest table" under the terms of the Duquesne Bargaining Unit Agreement, Company will be charged the rest table hours as well.

2) A prorated supervision rate based upon the number of employees required to perform the service divided by the number of employees that the supervisor is responsible to supervise.

The actual hours spent will be multiplied by the direct hourly rate which the employee(s) performing the service is(are) paid. To this hourly rate a surcharge in accordance with Duquesne general accounting practices will be added for costs that are directly linked to hourly labor (Duquesne Fringe Benefits).

3) The cost of equipment/transportation required to perform the service. These costs will be the transportation and equipment charges normally incurred by Duquesne in accordance with Duquesne's standard accounting practices.

4) A 45% surcharge to direct labor, Duquesne Fringe Benefits and transportation charges for such costs as vacation time, holidays, sick time, convenience days, inclement weather time, training time, consumable tools, payroll and administration and union activities.

For Contractors Engaged by Duquesne, Company will be charged:

1) Company will be charged the actual hourly rate paid by Duquesne to a contractor for the performance of the service, including allocation of sales taxes if applicable. If, in the performance of a service, Duquesne negotiates a contract for a fixed fee for the performance of a portion of the service by a contractor, Duquesne will charge Company the fixed fee.

2) Company will be charged for Duquesne inspectors required to supervise the contractor as well as Duquesne's administrative charges in regards to the contractor in accordance with the actual hours spent by Duquesne employees on the contractor related task. Billing for Duquesne's actual hours will be as specified above.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY
PLEASE REFER
TO OUR FILE

June 2, 2006

G-00061167

GARY A JACK
DUQUESNE LIGHT COMPANY
411 SEVENTH AVE
MAIL DROP 8-2
PITTSBURGH PA 15219

Re: Affiliated Interest Agreement between Duquesne Light Company and
DQE Communications LLC

Dear Mr. Jack:

On April 6, 2006, Duquesne Light Company ("Duquesne") and DQE Communications LLC ("DQEC") filed an Affiliated Interest Agreement. This agreement was filed in accordance with the requirements of Section 2102(b) of the Public Utility Code, 66 Pa. C.S. §2102(b). On April 13, 2006, the Commission extended the period for consideration of this Agreement until further order of the Commission.

The Agreement relates to the lease of a fiber optic communications system (Sonet Fiber Use Agreement) between Duquesne and DQEC.

Upon review of the company's filing, it does not appear that this filing is unreasonable or contrary to the public interest. Therefore, this filing is hereby approved. However, approval of this filing does not constitute a determination that such filing is consistent with the public interest and that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews, and inquiry, in any Commission proceeding, may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreement(s), service(s), matters, and parties specifically and clearly defined under this instant filing, as well as under any associated and previously filed filings.

Sincerely,

James J. McNulty
Secretary

cc: Kerry Klinefelter, FUS
Kathleen Aunkst, Secretary's Bureau

April 6, 2006

VIA OVERNIGHT MAIL

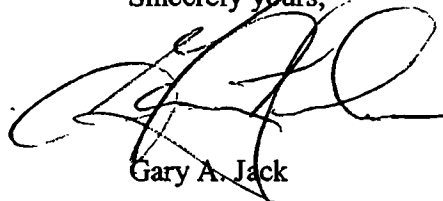
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Application of Duquesne Light
Company for approval of Affiliated
Interest Agreements between
Duquesne Light Company and
DQE Communications, LLC**

Dear Secretary McNulty:

Enclosed for filing are one original and four copies of the Affiliated Interest Application and related documents of Duquesne Light Company requesting approval for it to enter into a Sonet Fiber Use Agreement with DQE Communications LLC. Should you have any questions, please do not hesitate to contact me.

Sincerely yours,



Gary A. Jack

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Duquesne Light :
Company for approval of Affiliated :
Interest Agreement between : Docket No. _____
Duquesne Light Company and :
DQE Communications, LLC :

**Affiliated Interest Application
(66 Pa. C. S. Section 2102)**

Duquesne Light Company ("Duquesne") requests approval pursuant to Section 2102 of the Public Utility Code, 66 Pa. C. S. §2102, of the Sonet Fiber Use Agreement between Duquesne and its affiliate, DQE Communications, LLC ("DQEC"), and sets forth the following in support thereof:

1. The name and address of the Applicant is:

Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

2. The name and address of the Applicant's attorney are:

Gary Jack, Esq.
Assistant General Counsel
411 Seventh Avenue, Mail Drop 8-2
Pittsburgh, PA 15219
Phone: 412-393-3662
Fax: 412-393-5602
E-mail: gjack@duqlight.com

3. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles. The Company's corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.

4. DQE Communications, LLC (“DQEC”) is a Pennsylvania limited liability company organized for the purpose of fiber optic telecommunications network services.

5. Applicants are affiliated with each other. Duquesne is a first tier subsidiary of Duquesne Light Holdings, Inc. DQEC is a first tier subsidiary of DQE Systems, Inc., which is a first tier unregulated subsidiary of Duquesne Light Holdings, Inc.

6. Pursuant to the terms of the Sonet Fiber Use Agreement, attached as Exhibit A, Duquesne seeks to improve its internal communications with its substations by replacing the existing microwave and copper communications plant serving its protective relay system with a fiber optic communications system (“Sonet Network”) by leasing certain portions of DQEC’s fiber optic network in Allegheny, Beaver and Washington counties.

7. The salient terms of the Sonet Fiber Use Agreement are as follows:
- a. The Agreement facilitates improved internal communications with Duquesne substations by replacing the existing microwave and copper communications plant serving its protective relay system with a fiber optic communications system leased from DQEC. Two single mode fiber optic strands configured in a point-to-point mode will be leased;
 - b. The Agreement provides that the Sonet Network constructed by DQEC for Duquesne will consist of two fiber rings, diversely routed between all Sonet equipment locations;
 - c. The Agreement provides fair, reasonable and non-discriminatory rates, and fair and reasonable terms and conditions for the uses and services authorized thereunder; and
 - d. The Agreement provides for the continued safe and reliable operation of Duquesne’s electric facilities and will not jeopardize the safety,

reliability or quality of electric service provided to Duquesne's customers.

- e. The Agreement provides for lease payments for operation, use, maintenance and support for the needed communication facilities at the rate of \$75,250 per month. That rate is fixed for a 15 year period. The term is for 15 years, with the possibility of extension(s). Any additional construction beyond the present facilities and build-outs to be constructed this year, shall be done by request and payment for services shall be at market based pricing.

8. The Agreement is reasonable and consistent with the public interest, and in furtherance of Duquesne's obligation to provide safe, adequate and reasonable service to its customers.

WHEREFORE, Duquesne respectfully requests the Commission to approve Duquesne entering into the Sonet Fiber Use Agreement with DQE Communications, LLC..

Duquesne Light Company

Dated: April ____, 2006

By: _____
Jeffrey A. Coward

Gary A. Jack
Assistant General Counsel
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
412-393-1541
gjack@duqlight.com

AFFIDAVIT

I, Jeffrey Coward, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Director_ with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief , and the Company expects to be able to prove the same at any hearing hereof.

Sworn and subscribed before me this ____ day of _____, 2006.

My Commission Expires

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held December 15, 2005

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Bill Shane
Kim Pizzingrilli
Terrance J. Fitzpatrick

Application for approval of the transfer of certain property, by sale, to Duquesne Light Company from DataCom Information Systems, LLC and an associated Affiliated Interest Agreement

Docket Number:
A-110150F0032
G-00051116

ORDER

BY THE COMMISSION,

On June 24, 2005, Duquesne Light Company ("Duquesne") filed an Affiliated Interest Agreement ("Agreement") with DataCom Information Systems, LLC ("DataCom") and an Application for the transfer of certain property, by sale, to Duquesne. The Agreement and Application relate to an asset sale agreement between the affiliated companies transferring meters and other related devices from DataCom to Duquesne and a service agreement for the performance of electronic meter reading services by DataCom for Duquesne. On July 14, 2005, the Commission extended the period for consideration for the Agreement until further order of the Commission.

DEC 19 2005

The Agreement is filed in accordance with the requirements of Section 2102(b) of the Public Utility Code, 66 Pa. C.S. §2102(b). The Application for a Certificate of Public Convenience is made pursuant to Section 1102 of the Public Utility Code, 66 Pa. C.S. §1102(a)(3).

Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles.

DataCom is a second tier subsidiary of Duquesne. Monongahela Light and Power Company owns 100% of the membership interests in DataCom. Duquesne owns 100% of the common stock of Monongahela Light and Power Company.

DataCom was formed on March 28, 2000, for the purpose of acquiring the assets of the Pittsburgh, Pennsylvania, division of Itron, Inc., consisting of equipment, software, facilities and services for the operation and maintenance of a communications network that exclusively measures and transfers electric power usage data. The transfer was pursuant to an asset purchase agreement between Itron, Inc. and DataCom dated March 30, 2000. Since that time, DataCom has been providing Duquesne with power usage data on its customers within its service territory. DataCom has been supplying these services pursuant to an administrative services agreement that was approved by the Commission at Docket No. G-00960472, Order entered May 9, 1996. DataCom was a signatory on a supplement to the administrative services agreement on February 20, 2002. Duquesne is currently DataCom's only customer.

Duquesne entered into an asset sale agreement dated May 23, 2005, with DataCom to purchase assets of DataCom consisting of power usage monitoring meters, radio communications devices, computer equipment and software. The net book value of the assets to be transferred is \$19,481,172, as of April 30, 2005. Duquesne states that it also entered into a service agreement dated May 23, 2005, with DataCom for electronic meter reading services to assist Duquesne in meeting its responsibility of providing electric utility service to its customers. It is estimated that Duquesne will pay DataCom approximately \$1,800,000 annually for electronic meter reading services.

The specific assets being retained at DataCom for use in providing electronic meter reading data to Duquesne consists of approximately 10,000 cell control units (CCUs) and 47 network control nodes (NCNs). The service to be provided by DataCom is the collection of the electronic meter readings by the CCUs and the transmission of those readings via the NCNs to Duquesne's data processing center at Woods Run on the north shore of the City of Pittsburgh. For the approximately 560,000 meters that are read electronically at least once a month, the price per read is approximately \$0.27 for each meter.

Duquesne submits that this agreement will not become effective until approved by the Commission and that DataCom will be paid the net book value of the assets as of the effective date of a Commission Order approving the asset transfer. We will require Duquesne to provide a list of assets, net book value and amount paid when the transaction is completed.

The Commission reviews each affiliated interest agreement to determine whether services were rendered prior to Commission approval, whether revenues were derived from Pennsylvania operations prior to approval, whether costs were allocated to Pennsylvania operations prior to approval, and whether such services, revenues, or costs

exceed the limit set forth in Section 2102(d) 66 Pa. Code §2102(d). Duquesne states it will execute this Agreement only after Commission approval.

However, DataCom has been providing Duquesne with power usage data since March 30, 2000, but did not sign on to the administrative services agreement with Duquesne until February 20, 2002. Therefore, since that agreement was entered into subsequent to DataCom supplying the power use data to Duquesne and does not qualify for an exception at Section 2102(d) of the Public Utility Code, 66 Pa. C.S. §2102(d), we are imposing a \$1,000 fine.

The Commission has examined the Agreement and has determined that it appears to be reasonable and consistent with the public interest; however, approval of the Agreement does not preclude the Commission from investigating during any formal proceeding the reasonableness of any charges under the Agreement.

Upon consideration of these factors, we conclude that the record provides substantial evidence of affirmative public benefit sufficient to warrant approval of the proposed transaction under *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 295 A.2d 825 (1972); **THEREFORE,**

IT IS ORDERED:

1. That the Affiliated Interest Agreement between Duquesne Light Company and DataCom Information Systems, LLC be, and hereby is, approved.
2. That Duquesne Light Company is fined \$1,000 for being in violation of Chapter 21, payable within thirty (30) days of the entry date of this Order.

3. That acceptance of the Agreement does not preclude the Commission from investigating during any formal proceeding the reasonableness of any charges under the Agreement.

4. That this proceeding at Docket No. G-00051116 be closed.

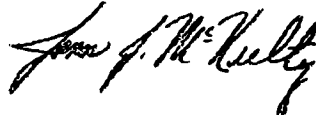
5. That Duquesne Light Company's Application for a Certificate of Public Convenience for the transfer, by sale, of certain property from DataCom Information Systems, LLC to Duquesne Light Company is hereby approved consistent with the findings in this Order.

6. That a Certificate of Public Convenience be issued to Duquesne Light Company pursuant to 66 Pa. C.S. §1102(a)(3), authorizing Duquesne Light Company to transfer certain meters and other devices from DataCom Information Systems, LLC to Duquesne Light Company as specified in the Application.

7. That upon completion of the transaction, Duquesne submit a list of assets, the net book value of the assets and the amount paid to DataCom Information Systems, LLC for the assets.

8. That this proceeding at Docket No. A-110150F0032 will be closed after completion of Ordering Paragraph No. 7.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: December 15, 2005

ORDER ENTERED: DEC 16 2005



411 Seventh Avenue
8th Floor
Pittsburgh, PA 15219

Tel 412-393-3662
Fax 412-393-5602
rtherskovitz@duqlight.com

Richard S. Herskovitz
Assistant General Counsel

June 24, 2005

OVERNIGHT MAIL

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

**Re: Application of Duquesne Light Company
For Approval of Affiliated Interest Agreement
Docket No. _____**

Dear Secretary McNulty:


Enclosed for filing on behalf of Duquesne Light Company ("Duquesne") are the original and three (3) copies of an Application for Approval of Affiliated Interest Agreement between Duquesne and DataCom Information Systems, LLC ("DataCom"). Specifically, this Application, filed pursuant to 66 Pa. C.S. §2102 of the Public Utility Code, requests Commission approval of (1) an Asset Sale Agreement between the affiliated companies transferring meters and other related devices from DataCom to Duquesne, and (2) a Service Agreement between the affiliated companies for the performance of electronic meter reading services by DataCom for Duquesne.

Concurrently with the filing of these Applications, Duquesne is also submitting under separate cover an Application for Commission approval of the transfer of the metering devices pursuant to 66 Pa. C.S. §1102(a)(3).

Please date stamp the fourth copy of this Application enclosed, and kindly return it to me in the self-addressed stamped envelope for my file.

Thank you.

Very truly yours,


Richard S. Herskovitz

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Duquesne Light :
Company for approval of Affiliated :
Interest Agreements between : Docket No. _____
Duquesne Light Company and :
DataCom Information Systems, LLC :

RECEIVED

JUN 24 2005

**Affiliated Interest Application
(66 Pa. C. S. Section 2102)**

PENNSYLVANIA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Duquesne Light Company ("Duquesne") requests approval pursuant to Section 2102 of the Public Utility Code, 66 Pa. C. S. §2102, of (1) an Asset Sale Agreement between Duquesne and its affiliate, DataCom Information Systems, LLC ("DataCom"), and (2) a Service Agreement between Duquesne and DataCom, and sets forth the following in support thereof:

1. The name and address of the Applicant is:

Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

2. The name and address of the Applicant's attorney are:

Richard S. Herskovitz
Assistant General Counsel
411 Seventh Avenue, Mail Drop 8-2
Pittsburgh, PA 15219
Phone: 412-393-3662
Fax: 412-393-5602
E-mail: rherskovitz@duqlight.com

3. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles. Duquesne's corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.

4. DataCom was formed on March 28, 2000 for the purpose of acquiring the assets of the Pittsburgh, Pennsylvania division of Itron, Inc., consisting of equipment, software, facilities and services for the operation and maintenance of a communications network that exclusively measures and transfers electric power usage data (collectively, the "Assets"). The transfer was pursuant to an Asset Purchase Agreement between Itron and DataCom dated March 30, 2000. Since that time, DataCom has been providing Duquesne Light with power usage data on its customers within its service territory from these Assets.

5. Applicants are affiliated with each other. DataCom is a second tier subsidiary of Duquesne Light Company. Monongahela Light and Power Company owns 100% of the membership interests in DataCom. Duquesne owns 100% of the common stock of Monongahela Light and Power Company.

6. Duquesne entered into an Asset Sale Agreement dated May 23, 2005 with DataCom (Attachment #1) to purchase Assets of DataCom consisting of power usage monitoring meters, radio communication devices (ERTs), computer equipment, and software. Duquesne also entered into a Service Agreement dated May 23, 2005 with DataCom (Attachment #2) for electronic meter reading services to assist Duquesne in meeting its responsibility of providing electric utility service to its customers.

7. The reason for the proposed transfer is to bring the Assets most closely associated with Duquesne's operating activities under its direct ownership and control. However, because DataCom will continue to manage and operate the data collection and communication system aspect of the network, a Service Agreement was also required to be entered into between the two companies.

8. The salient terms of the Asset Sale Agreement are as follows:

- a. Duquesne will purchase the Assets of DataCom listed in Schedule A of the Asset Sale Agreement, generally consisting of power usage monitoring meters, radio communication devices, computer equipment and software.
- b. The consideration payable by Duquesne to DataCom for the Assets will be the current net book value of the Assets as of the effective date of the Commission's Order approving the sale.

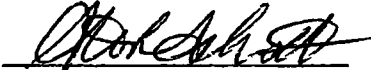
9. The salient terms of the Service Agreement are as follows:

- a. DataCom will perform electronic meter reading services for Duquesne, including (1) providing the use of network facilities over which the meter reading data will be transmitted and obtained, (2) maintenance, replacement, construction and alteration of the network system as needed, and (3) obtaining leases and licenses required to physically locate the network devices throughout Duquesne's service territory.
- b. Duquesne will pay DataCom a services fee equal to \$150,000 per month with an automatic adjustment periodically to correspond with increases or decreases in DataCom's site rental costs or its network maintenance fee with Itron, Inc.

10. The Asset Sale Agreement and Service Agreement are reasonable and consistent with the public interest, they being necessary transactions in furtherance of Duquesne's obligation to provide safe, adequate and reasonable service to its customers.

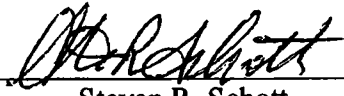
WHEREFORE, Duquesne respectfully requests the Commission to approve the
Asset Sale Agreement and Service Agreement.

Dated: June 24, 2005

Duquesne Light Company
By: 
Stevan R. Schott
Senior Vice President and
Chief Financial Officer

AFFIDAVIT

I, Stevan R. Schott, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Senior Vice President and Chief Financial Officer with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and the Company expects to be able to prove the same at any hearing hereof.



Stevan R. Schott

Sworn and subscribed before me this 24th day of June, 2005.


My Commission Expires Oct. 6, 2007

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary Jane Hammer, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Oct. 6, 2007
Member, Pennsylvania Association of Notaries

ASSET SALE AGREEMENT

THIS ASSET SALE AGREEMENT (this "Agreement") is made as of the 23rd day of May, 2005, by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation ("Purchaser"), and DATACOM INFORMATION SYSTEMS, LLC, a Delaware limited liability company ("Seller").

WITNESSETH:

WHEREAS, Seller is the owner of certain assets as more particularly described on Schedule A attached hereto and made a part hereof (the "Assets"); and

WHEREAS, Seller desires to sell the Assets to Purchaser, and Purchaser desires to purchase the Assets from Seller, upon the terms and subject to the conditions hereafter set forth.

NOW, THEREFORE, in consideration of the foregoing premises and the respective representations, warranties, agreements, covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser, intending to be legally bound, hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE

1.1 Purchase and Sale. Subject to the conditions and on the terms contained in this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to the Assets, effective as of the receipt of an Order for the Pennsylvania Public Utility Commission authorizing the sale of the Assets (the "Order").

ARTICLE 2
PURCHASE PRICE; CLOSING

2.1 Purchase Price. The consideration payable by Purchaser to Seller for the Assets is the current net book value of the assets as of the effective date of the Order (the "Purchase Price"). Net book value of the Assets as of April 30, 2005 is equal to \$19,481,172.

2.2 Closing. At the closing of the transactions contemplated hereby (the "Closing"), the following shall occur:

(a) The parties shall duly execute and deliver a Bill of Sale (the "Bill of Sale") in form and substance satisfactory to both parties pursuant to which Seller shall transfer to Purchaser the Assets.

(b) The parties shall duly execute and deliver an Assignment and Assumption Agreement (the "Assignment") in form and substance satisfactory to both parties pursuant to which Seller shall assign to Purchaser its rights and delegate its obligations under those Assets constituting contracts and instruments and Purchaser shall assume the same.

(d) Purchaser shall deliver the Purchase Price to Seller in immediately available funds.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser as follows.

(a) Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own and operate its business as currently conducted.

(b) Seller has full power and authority to execute, deliver and perform its obligations under this Agreement, the Bill of Sale and the Assignment and has duly taken or obtained all necessary actions and approvals therefor required on the part of Seller. This Agreement has been, and the Bill of Sale and the Assignment shall be, duly executed and delivered by a duly authorized representative of Seller.

(c) This Agreement is, and the Bill of Sale and the Assignment shall be, binding upon and enforceable against Seller in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

(d) Seller's execution and delivery of this Agreement, the Bill of Sale and the Assignment and the performance by Seller of its obligations hereunder and thereunder do not and will not conflict with, result in a breach of any terms of or constitute a default under (i) Seller's organizational documents, (ii) any law, regulation, license, permit or order applicable to Seller or any of the Assets or (iii) any material agreement, obligation or instrument to which Seller is a party or by which Seller or any of the Assets are bound.

(e) Seller has and shall convey to Purchaser good and marketable title to the Assets, free and clear of all mortgages, pledges, liens, encumbrances, security interests, charges and restrictions of any nature whatsoever.

3.2 Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller as follows:

(a) Purchaser is a corporation duly organized, validly existing and presently subsisting under the laws of the Commonwealth of Pennsylvania and has all requisite power and authority to own and operate its business as currently conducted and to transfer the Assets to Purchaser.

(b) Purchaser has full power and authority to execute, deliver and perform its obligations under this Agreement, the Bill of Sale and the Assignment and has duly taken or obtained all necessary actions and approvals therefor required on the part of Purchaser. This Agreement has been, and the Bill of Sale and the Assignment shall be, duly executed and delivered by a duly authorized representative of Purchaser.

(c) This Agreement is, and the Bill of Sale and the Assignment shall be, binding upon and enforceable against Purchaser in accordance with their respective terms except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

(d) Purchaser's execution and delivery of this Agreement, the Bill of Sale and the Assignment and the performance by Purchaser of its obligations hereunder and thereunder do not and will not conflict with, result in a breach of any terms of or constitute a default under (i) Purchaser's organizational documents, (ii) any law, regulation, license, permit or order applicable to Purchaser or (iii) any material agreement, obligation or instrument to which Purchaser is a party or by which it is bound.

ARTICLE 4 MISCELLANEOUS

4.1 Entire Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, discussions and representations, whether oral or written, with respect to such subject matter.

4.2 Further Assurances. Each of the parties agrees to execute, acknowledge and deliver all such other documents and instruments and to take all such further action before or after the Closing as shall be necessary to fully carry out the intent of this Agreement and fully consummate the transactions contemplated hereby.

4.3 No Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and no third party is intended to or shall have any rights hereunder.

4.4 Certain Expenses. Each party shall be responsible for its own fees and expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the Assignment.

4.5 Assignment. Neither party may assign its rights or delegate its duties hereunder without the prior written consent of the other party, and any purported assignment or delegation in violation of this Section 4.5 shall be null and void.

4.6 Section Headings. The headings contained in this Agreement are inserted for convenience of reference only and shall not limit or construe the sections to which they apply or otherwise affect the interpretation hereof.


4.7 Amendments. This Agreement may not be amended or terminated except by an instrument executed by both parties hereto.

4.8 Governing Law; Venue. This Agreement shall be interpreted, and the rights and liabilities of the parties hereto shall for all purposes be governed by and construed and enforced, in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law. Seller and Purchaser hereby consent and agree to the exclusive jurisdiction of any state or federal court located within the City of Pittsburgh, Pennsylvania, over any claims or disputes as to matters pertaining to or arising out of this Agreement.

4.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Asset Sale Agreement to be duly executed and delivered by their duly authorized officers as of the date first written above.

DUQUESNE LIGHT COMPANY

By: 
Stevan R. Schott, Senior Vice President
and Chief Financial Officer

DATACOM INFORMATION SYSTEMS, LLC

By: 
Joseph W. Smetanka, President

SCHEDULE A

ASSET LIST

A. THIRD PARTY COMPONENTS

1. THIRD PARTY SOFTWARE

THIRD PARTY SOFTWARE

Name	Version	Use
Route Smart	3.0a	Read/maint route planning
Intersolv Data Direct ODBC Drivers	2.12	Supports CIADB application
Intersolv Data Direct ODBC Drivers	3.1	Supports P&O application
Merant ODBC Drivers	3.5	Supports CP and IOP applications
ORACLE Client for NT	7.3.4	Allows connection to ORACLE server from another system
ORACLE Server (UNIX/AIX)	7.3.4.3.0	Stores Fixed Network Database
Pervasive SQL	7.0	Stores MV-90 Database
Microsoft's SQL Server	7.0	Stores Siris system Database
TARDIS	3.0	Time synchronization package
Java Development Kit (JDK)	1.1.7B	Supports BMA application
Tivoli – including all scripts developed by Itron	3.61	Monitors and displays production events & process automation
Tivoli Endpoint	3.6.1	Supports Tivoli 3.61 server
DEC Alpha 1000	4.0D	Digital operating system
DEC Alpha 1000/A	4.0D	Digital operating system
Windows NT Workstation	4.0	Operating system
Microsoft NT Service Pack	5.0	

1. THIRD PARTY HARDWARE EQUIPMENT

FN Polling Engines

Name	User	Serial #	Vendor	Type	Model	Description
DLCG1	RF	NI551S0152	Digital	Alpha-1000	4/266	300 Mhz, (4) 4.3Gig HD, (1) 2.1 Gig HD, 640MB and DLT700 Tape Drive
DLCG2	RF	NI606S6785	Digital	Alpha-1000	4/266	300 Mhz, (4) 4.3Gig HD, (1) 2.1 Gig HD, 512MB and DLT700 Tape Drive
DLCG4	RF	NI7040047U	Digital	Alpha-1000A	5/333	300 Mhz, (12) 4.3Gig HD, (1) 9.1 Gig HD, 512 MB and DLT700 Tape Drive
DLCG5	RF	NI73401VYA	Digital	Alpha-1000A	5/333	300 Mhz, (2) 4.3Gig HD, (1) 2.1 Gig HD, 1024MB and DLT700 Tape Drive

FN Database

Name	User	Serial #	Vendor	Type	Model	Description
DLCD1	RF	26-14982, 26-88246	IBM	(2) RS6000	R40, G40	(4) 112 Mhz & (2) Mhz processor with 4.5 gig disks, (4) 9.1 gig disks and 512 Ram
SSA01,02	RF	1360, 88349	IBM	(2) 7133	10,20	(16) 4.5 gig disks , (4) 9.1 gig disks
Root Drives	OS	00R0420, 00R0438	IBM	7204		(2) 2.0 gig scsi disks

AIB Box's

Name	User	Serial #	Vendor	Type	Model	Description
DLCAIB1	AIB	4U4KA	Dell	Power Edge 2300	SMM	546 Mhz, (2) 4.5 Gig HD and 524 MB
DLCAIB2	AIB	4U4KJ	Dell	Power Edge 2300	SMM	546 Mhz, (2) 4.5 Gig HD and 524 MB
DLCAIBCLS	AIB	Disk Array	Dell	Power Vault	200S	(4) 9 Gig HD

Production DOS & NT Servers

Name	User	Serial #	Vendor	Type	Model	Description
PPLUS1	conting	US 73416448	HP	Vectra	D5042N #ABA	233 Mhz, 64MB
PPLUS2	conting	US73416249	HP	Vectra	D5042N #ABA	233 Mhz, 2.4 Gig HD and 64 MB
DLCEPA1	EPA	IVES5	Dell	Precision 610	MMP	547 Mhz, 8.4 Gig HD and 524 MB
DLCIOP	IOP	1188781-0001	Micron	Millennia XKU	AL440LX-PII300-T	300 Mhz, 8.4 Gig HD and 384 MB SDR
DLCBS1	Business	22988285	Dell	Precision 610	MMP 220-0383	450 Mhz, 10 Gig HD and 512 MB
TIMECHECK	Route Smart	SG60300895	HP	Vectra XU 6/160	D4342N	180Mhz, 4 Gig HD and 64 MB

Siris Call Taker and Processor

Name	User	Serial #	Vendor	Type	Model	Description
SIR_AMR_CT1	Siris Call T	ISVQG01	Dell	PowerEdge 2450	2450	866 Mhz, 9 GB, 512 Mb
SIR_AMR_CT2	Siris Call T	HRVQG01	Dell	PowerEdge 2450	2450	866 Mhz, 18 GB, 512 Mb
SIR_AMR_CT3	Siris Call T	6RVQ601	Dell	PowerEdge 2450	2450	866 Mhz, 9 GB, 512 Mb
SIR_AMR_CP	Siris Call Processor	8RVQG01	Dell	Power Edge 2450	2450	866 Mhz, 9 GB, 512 MB
SIRIS DOMAIN	Windows 2000 Domain Ctr	J61WF01	Dell	PowerEdge 1550	1550	866 Mhz, 9 GB, 1 Gb
SIRISSERVER1	MS SQL Server 2000	FKVSF01	Dell	PowerEdge 6450	6450	700 Mhz x 2.9 GB x 2 mirrored, 1 GB
SIRISSERVER2	MS SQL Server 2000	HKVSF01	Dell	PowerEdge 6450	6450	700 Mhz, 9 Gb x 2 (Mirrored), 1Gb
Raid Array	SQL Server Raid Array	6VCSF01	Dell	PowerVault 210S	210S	18 GB x 4 (Raid 5)

Cybox Switch	Siris	N/A	Cybox	Autoview 2000		
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MV90 System

Name	User	Serial #	Vendor	Type	Model	Description
Cubix, DLCoCUB	MV90	6956, 6957, 6958, 6959, 6961, and 6980	Cubix	ERS Fault	Tolerant 2	6 Cubix Chasis with (40???) Complete Systems of (199 Mhz, 2 Gig HD and 64

MV90 Database

Name	User	Serial #	Vendor	Type	Model	Description
DLCPGH02	MV90	US89002191	HP	LHR3	Netserver	349 Mhz, (2) 4 gig disks, 786 M
	MV90	10631	Hitachi	5700	5750E	(5) 4.1 gig disks (2) SCSI contro

MV90 Work Stations

Name	User	Serial #	Vendor	Type	Model	Description
MV01	MV90	US73416312	HP	Vectra	D5042N #ABA	233Mhz and 64 MB
MV02	MV90	US73416252	HP	Vectra	D5042N #ABA	233 Mhz and 64 MB

Routers

Name	User	Serial #	Vendor	Type	Model	Description
Router CISCO	Production	JAB05138266	CISCO	3640	3640	4 ETH ports, 4 Ser ports
Router CISCO	Backup	45561808	CISCO	4500	4500	6 ETH ports, 4 Ser ports

Switches and Hubs

Name	User	Serial #	Vendor	Type	Model	Description
HUB	Production	WS1900PS6038320	Cisco	Catalyst	1900	24 ports
HUB	Production	WS1900PS6038320	Cisco	Catalyst	1900	24 ports
SWITCH	Fixnet	45561808	Cisco	4000 series	N/A	24 ports
HUB	MV90	136164	Bay networks	Bay Stack	N/A	24 ports
SWITCH	Fixnet	00D0790A78C0	Cisco	Catalyst	2900	24ports
SWITCH	SAN	00D0BA085140	Cisco	Catalyst	2900	24 ports
SWITCH	Mv90	00D079048F00	Cisco	Catalyst	2900	24 ports
SWITCH	Mv90	00D0BA085040	Cisco	Catalyst	2900	24 ports
SWITCH	Siris	SC8420-950	HP	PROCURVE	2400M	16 ports

B. ITRON PROPRIETARY COMPONENTS

1. ITRON PROPRIETARY SOFTWARE

Fixed Network

Software	Version	Use
Prioritization and Optimization (P&O)	2.05	Reranking of Cell Control Units (CCUs) to Encoders Receivers Transmitters (ERTs) read coefficients.
Bit Mask Assignment (BMA)	1.04	Produces Outages/Restorations messages of ERTs to a certain CCU.
Configuration Poller (CP)	2.03	Sends the ERT Individual Outages Monitoring created by the BMA to CCU.
Polyhedra Polling Engines	1.8.9	Collects Fixed Network Readings
Merged Meter Readings	3.34	Produces a Data Cap Output (DCO) file from all Data Cap Input (DCI) files base billing period criteria.
Merged Meter Reports	1.06	Produces Merged Meter Readings Reports for the given month.
Customer Information Access Database (CIADB)	3.0.4	Populate customer's billing address and customer's meter information
ITRON Outage Processor (IOP)	4.16	Handles incoming outage events from CCUs.
Genesis Utility Information Application (GULA)	2.60.0015	Viewing meter data and account information; setting up devices for advanced me
Vanstop	1.03	Produces one final billing DCI file from multiple billing routes.
PremierPlus	2.78	Create contingency routes for the van drivers.
DCLink	6.14	Produce contingency routes for the van drivers on 3.5" diskettes.
Siris Migration	2.02	Populates Siris system collected readings into the fixed network database.
Data Migration	1.9.3	Populates collected fixed network readings and statistics into the fixed network d
Read Quality Assurance (RQA)	1.3	Prevents bad collected fixed network readings from being passed to the client's mainframe.

MV-90

Software	Version	Use
MV-90	3.1	General software that contains MV-Comm and MV-Win executables
MV-Comm	3.1	Calls and collects the ALPHA meter readings information.
MV-Win	3.1	Scheduler task manager and maintains the MV-90 database.

Field Services

Software	Version	Use
MV_LT	3.1	Alpha Contingency reads
ROCL	1.9	For ReadOnes

Tech Services

Software	Version	Use
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MR Config	Na	used to check and tune the frequency of the SR2 radios
Micro Survey	Na	used to interface with and program Micronet units
HETs	Na	Tivoli based network management for CCU maintenance

C. ERT and SIRIS EQUIPMENT

Deployed ERT and Siris Equipment

Quantity	Type	Make	Model	Itron P/N	Status
528,323 (approx.)	ERTs	Itron	40ER	ERE-0001-101 ERE-0001-102 248-2517-300 248-2517-303 248-2517-602 248-2517-600 248-2517-601 248-0003-101 248-0003-100 248-2517-302 248-2517-302 ERE-0006-102	Deployed
42,036 (approx.)	Siriss	Itron	Siris 5.X	SEN-0005-010 SEN-0005-010 SEN-0005-31 5.1.6 SEN-0005-29 SMT SEN-0020-002	Deployed

All Siris System components would no longer be applicable after the transition date of 1/1/04.

Maintenance ERT Equipment

Quantity	Type	Make	Model	Itron P/N	Status
10,778 (approx.)	ERTs	Itron	40ER	See above	Inventory

Reserve ERT and Siris Equipment

Quantity	Type	Make	Model	Itron P/N	Status
100	ERT's	Itron	50ESS	ERE-1162-101	Reserve Inventory
3,000	ERTs	Itron	40ER	See above	Reserve Inventory

D. MOBILE EQUIPMENT

Data Command Units

Quantity	Type	Make	Model	Itron P/N	Status
6	DCU	Itron	V2.8	DCU-0002-001	Deployed
2	Viewpoint monitor	Itron	-	-	Spares
1	DCU	Itron	V2.X	-	Spare
3	Mobile Collector	Itron	MC1		

Handheld Equipment

Quantity	Type	Make	Model	Itron P/N	Status
62	R1Pros	Itron	ReadOne Pro	248-2517-410	Deployed
41	R1Pro Cradles	Itron	R1Pro Cradles	585-2517-480	Deployed
129	R1Pro Batteries	Itron	R1Pro Batteries	587-8565-171	Deployed
11	G5R	Itron	Hand held	TRX-0004-003	
14	G5	Itron	handheld	TRX-0003-001	

SERVICE AGREEMENT

THIS SERVICE AGREEMENT (this "Agreement") is made this 23rd day of May, 2005, by and between DUQUESNE LIGHT COMPANY ("DLC") and DATACOM INFORMATION SYSTEMS, LLC ("DataCom") (DLC and DataCom are together referred to herein as the "Parties").

WHEREAS, DLC desires electronic meter reading services as part of its responsibilities of providing electric utility service to its customers; and

WHEREAS, DataCom is qualified to and willing to perform such services for DLC; and

WHEREAS, DLC and DataCom hereby agree to the performance of these services under the terms set forth herein.

NOW THEREFORE, the Parties, intending to be legally bound, covenant and agree as follows:

1. METER READING SERVICES

1.1. Services. (a) DataCom agrees to perform electronic meter reading services and related services for all of DLC's customers who currently, or in the future, utilize automated, electronic metering devices with Encoder Receiver Transmitters (ERT). The ERT meters number approximately 560,000 in DLC's service territory and are principally utilized by DLC's residential and small commercial customers. The services provided pursuant to this Agreement include: (i) providing the use of network facilities, including Cell Control Units and Network Control Nodes, over which the meter reading data will be transmitted and obtained; (ii) maintenance, replacement, construction and alteration of the network system as may be needed, from time to time, to provide and operate said meter reading services; (iii) leases and licenses required in order to physically locate the network devices throughout DLC's service territory; and (iv) such other services that are needed or beneficial and agreed to by the parties (collectively, the "Services"). The Services do not extend to DLC's customers that utilize the MV 90 meter reading system, who are principally the large commercial and industrial customers.

2. COMPENSATION

2.1 Compensation. DLC agrees to pay DataCom a Services fee equal to One Hundred Fifty Thousand Dollars (\$150,000.00) per month. Such Services fee shall be automatically adjusted from time to time to correspond with increases or decreases in DataCom's site rental costs or DataCom's network maintenance fee with Itron, Inc.; and may be modified for any other reason at any time during the term of the Agreement upon the mutual agreement of the Parties and upon any required regulatory approval.

2.2 Payment Schedule. DataCom shall provide DLC with a monthly invoice for the Services. DLC shall pay all amounts due to DataCom within thirty (30) days of the date of the monthly invoice.

3 TERM AND TERMINATION

3.1 Term. This Agreement shall commence on the Effective Date (as defined in Section 7) and shall continue for an initial period of one (1) year. At the end of the first year and subsequent years thereafter, this Agreement shall automatically renew for successive one-year terms unless either party has provided 60-days notice to the other of its desire to terminate the contract at the end of any given term. This Agreement may be terminated at any time by either Party upon the provision of thirty (30) days written notice to the other Party.

4 WARRANTY

4.1 Warranty. DataCom warrants that the Services will be performed in a skillful, workmanlike and professional manner. THE WARRANTY ABOVE IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. The Parties acknowledge that meter reading network equipment does fail from time to time and such failure will not constitute a breach of this Warranty or Agreement.

5 LIMITATION OF LIABILITY

5.1 Limitation. DataCom's total liability to DLC for breach of warranty or otherwise under this Agreement shall be limited to the total amount of the fees that DLC pays to DataCom under this Agreement.

5.2 Consequential Damages. In no event shall either Party be liable to the other for any indirect, incidental, special or consequential damages, or damages for loss of profits or revenue, whether in an action in contract or tort, in connection with or arising out of this Agreement.

6 ASSIGNMENT

6.1 Assignment. Neither Party may assign this Agreement to any third party without first obtaining the consent of the other Party, which consent shall not be unreasonably withheld; provided, however, that either Party may assign this Agreement to any affiliate or subsidiary upon notice only to the other Party. This Agreement may be automatically assigned to any successors of the Parties.

7 REGULATORY APPROVAL

7.1 Regulatory Approval. This Agreement shall be effective as of the receipt of an Order for the Pennsylvania Public Utility Commission authorizing the provision of the Services by DataCom to DLC as set forth in this Agreement (the "Effective Date").

8 MISCELLANEOUS

8.1 Duty to Provide Information. Both Parties agree to provide each other with such information and data relating to meter operations as each may reasonably require at reasonable times to accommodate DataCom's performance of Services under this Agreement.

8.2 Force Majeure. Neither Party shall be liable for any failure or delay in performing its obligations hereunder, or for any loss or damage resulting therefrom, due to causes beyond its reasonable control, including but not limited to, acts of God, public enemy or government, riots, fires, natural catastrophe, strikes or epidemics. In the event of such failure or delay, the date of delivery or performance shall be extended for a period not to exceed the time lost by reason of the failure or delay. Each Party shall notify the other promptly of any failure or delay in, and the effect on, its performance.

8.3 No Third Party Beneficiaries. The Parties acknowledge that this Agreement is not intended to create third party beneficiary rights in any third party. Nothing contained in this Agreement shall be deemed to give any third party any claim or right of action against DLC or DataCom which does not otherwise exist.

8.4 Severability. If any provision(s) of this Agreement is(are) found by a Pennsylvania court of competent jurisdiction to be illegal or otherwise unenforceable, that finding shall not invalidate the whole Agreement and the remaining provisions shall remain in full force and effect.

8.5 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania.


8.6 Survival. The obligations and the rights of the Parties with respect to warranties, information duties, limitation of liability and proprietary information shall survive any termination of this Agreement.

8.7 Binding Effect. This Agreement shall be binding upon the Parties hereto, as well as their respective successors and assigns.


8.8 Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the subject matter and supersedes any and all prior oral or written agreements relating to the subject matter.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officers as the date hereinbefore stated.

DUQUESNE LIGHT COMPANY

By: 
Stevan R. Schott, Senior Vice President
and Chief Financial Officer

DATACOM INFORMATION SYSTEMS, LLC

By: 
Joseph W. Smetanka, President



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

Attachment II-D-8g
Page 1/22

IN REPLY PLEASE
REFER TO OUR FILE

June 5, 2006

G-00051152

DUQUESNE LIGHT COMPANY
8th FLOOR MAIL DROP 8-2
411 SEVENTH AVENUE
PITTSBURGH PA 15219
ATTN MR RICHARD S HERSKOVITZ

Re: Affiliated Interest Agreement for an Intercorporate Tax Payment Agreement
among Duquesne Light Company and its affiliated companies

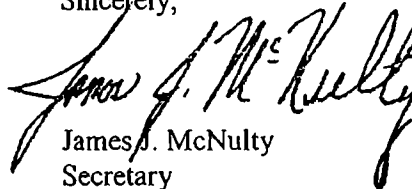
Dear Mr. Herskovitz:

On December 1, 2005, Duquesne Light Company filed pursuant to Chapter 21 of the Pennsylvania Utility Code, 66 Pa. C.S. §2102, an Affiliated Interest Agreement requesting approval of an Intercorporate Income Tax Payment Agreement among the Duquesne Light Holdings, Inc. (Holding) affiliated companies covered by Holding's consolidated income tax filings.

Upon review of the filing, it does not appear that the arrangement is unreasonable and contrary to the public interest. Therefore, this filing is approved. However, approval of this filing does not constitute a determination that such a filing is consistent with public interest, and that the associated costs are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews, and inquiry, in any Commission proceeding, may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreement(s), services(s), matters, and parties specifically and clearly defined under this instant filing as well as any associated and previously filed filings.

Sincerely,



James J. McNulty
Secretary

cc: Kerry Klinefelter, FUS
Kathleen Aunkst, Secretary's Bureau
David Huff, FUS



411 Seventh Avenue
8th Floor
Pittsburgh, PA 15219

Tel 412-393-3662
Fax 412-393-5602
rherkovitz@duqlight.com

COPY

Richard S. Herskovitz
Assistant General Counsel

December 1, 2005

OVERNIGHT MAIL

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

**Re: Application of Duquesne Light Company
For Approval of Affiliated Interest Agreement
Docket No. G-00051152**


Dear Secretary McNulty:

Enclosed for filing on behalf of Duquesne Light Company ("Duquesne") are the original and three (3) copies of an Application for Approval Nunc Pro Tunc of an Affiliated Interest Agreement between Duquesne and its affiliated companies. Specifically, this Application, filed pursuant to 66 Pa. C.S. §2102 of the Public Utility Code, requests Commission approval of Duquesne's inclusion as a party in an Intercorporate Tax Payment Agreement.

Also, a fourth copy of this Application is enclosed to be date-stamped and returned to me in the self-addressed stamped envelope for my file.

Thank you.

Very truly yours,


Richard S. Herskovitz

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Duquesne Light :
Company for approval of an :
Affiliated Interest Agreement : Docket No. _____
Between Duquesne Light Company :
And Affiliated Companies :
(Tax Sharing Arrangement) :

**Affiliated Interest Application
(66 Pa. C. S. Section 2102)**

Duquesne Light Company (“Duquesne”) requests approval Nunc Pro Tunc, pursuant to Section 2102 of the Public Utility Code (“Code”), 66 Pa. C. S. §2102, of its entering into a tax payment agreement with its affiliates, and sets forth the following in support thereof:

1. The name and address of the Applicant is:

Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

2. The name and address of the Applicant’s attorney are:

Richard S. Herskovitz
Assistant General Counsel
411 Seventh Avenue, Mail Drop 8-2
Pittsburgh, PA 15219
Phone: 412-393-3662
Fax: 412-393-5602
E-mail: rherskovitz@duqlight.com

3. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles. Duquesne’s corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.

4. Duquesne Light Holdings, Inc. ("DLH"), formerly known as DQE, Inc. the parent company of Duquesne, entered into an Intercorporate Tax Payment Agreement ("Agreement") with its affiliated companies, effective January 1, 1992. The purpose of the Agreement was to provide for payments between the parent company and its affiliated companies with respect to each company's share of the consolidated income tax liability of the entire affiliated group. A complete and detailed description of the intent and operation of this tax sharing arrangement is set forth in the Agreement attached as Exhibit A.

5. Duquesne's inclusion in the Agreement is evidenced by the signature of Raymond H. Panza, former Duquesne Controller, on an undated counterpart signature page attached to the Agreement (page 7 of Exhibit A). This signature page has only recently been located by Duquesne.

6. In the Public Utility Commission's most recent Management Audit of Duquesne (field work commencing in August, 2004 and ending in March, 2005), the Auditors investigated whether Duquesne's inclusion in the Agreement had been approved by the Commission under the affiliated interest provisions of the Code. As stated in paragraph 5, neither Duquesne nor the Auditors were able to locate a counterpart signature page for Duquesne. Duquesne contended that its inclusion in the Agreement would have been authorized by the Company's Administrative Services Agreements ("ASA"), which was previously approved by the Commission. Although a final report of the audit has not yet been issued, the Auditors have indicated that, in their opinion, the ASA did not contain such an authorization.

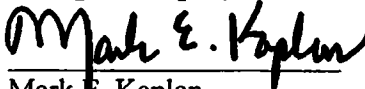
7. Duquesne subsequently located the Duquesne Light Company counterpart signature page and is now filing for approval of its inclusion in the Agreement under the affiliate provisions of the Code, retroactive to January 1, 1992.

8. Inclusion by Duquesne in the tax sharing arrangement is appropriate for accounting purposes so as to allocate taxes among affiliates of a holding company according to taxable income.

WHEREFORE, Duquesne respectfully requests the Commission to approve Duquesne's inclusion as a party in the subject Intercorporate Tax Payment Agreement, retroactive to January 1, 1992.

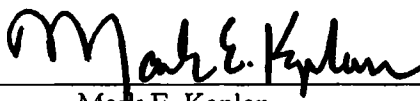
Dated: December 1, 2005

Duquesne Light Company

By: 
Mark E. Kaplan
Senior Vice President and
Chief Financial Officer

AFFIDAVIT

I, Mark E. Kaplan, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Senior Vice President and Chief Financial Officer with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and the Company expects to be able to prove the same at any hearing hereof.



Mark E. Kaplan

Sworn and subscribed before me this 1st day of December 2005.


My Commission Expires Oct. 6, 2007

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary Jane Hammer, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Oct. 6, 2007
Member, Pennsylvania Association of Notaries

INTERCORPORATE TAX PAYMENT AGREEMENT

THIS INTERCORPORATE TAX PAYMENT AGREEMENT ("Agreement"), dated and effective as of January 1, 1992, among DQE, Inc. ("Parent Company"), and its Affiliated Companies (as defined by this agreement).

Recitals:

A. This Agreement is entered into by the Parent Company and each other member of the "affiliated group", as defined in Section 1504 of the Internal Revenue Code of 1986 as amended (the "Code"), of which the Parent Company is a member (each such other member being called an "Affiliate Company" and all such other members being called collectively the "Affiliated Companies") and which are includible in the Parent Company's consolidated annual federal Income Tax return. The "Parent Affiliated Group" means the affiliated group of which the Parent Company is the common parent company in any taxable year of the Parent Company.

B. The Parent Company and its Affiliated Companies wish to enter into an agreement to provide for payments to Parent Company by, or by Parent Company to, each of the Affiliated Companies with respect to federal Income Taxes, as that term is defined in Section 2.02 below.

C. The purpose of this Agreement is to provide for payments between the Parent Company and its Affiliated Companies with respect to the members' shares of the consolidated Income Tax liability of the Parent Affiliated Group (each such payment being called an "Intercorporate Tax Payment") and is not intended to affect any separate company financial statement accounting, the elected calculation of earnings and profits as determined under Code Section 1552 or any other tax or accounting issues.

D. Subject to the terms hereof, the general intent of this Agreement is to provide for (i) payment to the Parent Company, by each Affiliate Company which would have incurred a separate return Income Tax liability for any period (a "Tax Reporting Period") with respect to which the consolidated Income Tax liability of the Parent Affiliated Group is estimated, reported or finally determined, of the amount of Income Taxes which the respective Affiliate Company would have incurred on a separate-return basis and (ii) payment, by the Parent Company, to each Affiliate Company that generated on a separate-return basis a net operating loss or capital loss (each individually a "tax loss") or a tax credit which is not utilized by the respective Affiliate Company in such Tax Reporting Period but is determined under the terms of this Agreement to be applied against separate-return income or Income Tax liability of the Parent Company or another Affiliate Company, of an amount equal to the sum of (a) the product of each such tax

loss so applied multiplied by the effective tax rate of Income Tax paid or payable by the Parent Company for such Tax Reporting Period on the consolidated income of the Parent Affiliated Group (such effective rate being determined before the application of tax credits) plus (b) the amount of tax credits so generated and applied.

NOW THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

INTERCORPORATE TAX PAYMENT

1.01. Payments by the Parent Company to Affiliated Companies. The amount of the reduction in the separate return Income Tax liability or the amount of the refunds or credits received by the Parent or any member of the Parent Affiliated Group from the use of a tax loss or tax credit attributable to an Affiliate Company (a "Loss Company") shall be remitted by the Parent Company to the Affiliate Company in cash on the respective due date of Income Taxes to which the Parent Company is subject, whether under Code Section 6655 with regard to estimated payments, Code Section 6151 with regard to payments required to accompany the consolidated federal Income Tax return of the Parent Affiliated Group or any later date of any actual payment of Income Taxes pursuant to administrative adjustment or unappealable final determination of a court of competent jurisdiction; provided, always, that such payment shall be conditioned on the Loss Affiliate Company continuing as a member of the Parent Affiliated Group for not less than 30 days after the respective due date and that any Loss Affiliate Company which ceases to be such a member within 30 days after the respective due date but has received an Intercorporate Tax Payment shall repay the Intercorporate Tax Payment to Parent on demand. In determining the amounts of the Loss Affiliate Company's separate return tax losses and tax credits and the amount of the Intercorporate Tax Payment, the tax losses and tax credits of the Loss Affiliate Company determined on a separate-return basis and available for application to the separate-return Income Tax liability of other members of the Parent Affiliated Group shall exclude (i) all tax losses and tax credits of the Loss Affiliate Company which were applied to its or another member's separate-return Income Tax Liability for any prior Tax Reporting Period and (ii) all tax losses and tax credits of the Loss Affiliate Company which may be applied to reduce the Loss Affiliate Company's separate return Income Tax liability for the current Tax Reporting Period. If for a Tax Reporting Period the total tax losses (or tax credits) of the Parent Company and all Loss Affiliate Companies, determined on a separate-return basis, exceed the total separate-return income (or Income Tax liability)

of all members of the Parent Affiliated Group with positive, separate-return income or Income Tax liability (so that not all available tax losses or tax credits may be utilized in the Tax Reporting Period), then, subject to the SRLY rules and any other rules limiting for tax purposes the intercompany availability of tax losses or tax credits, the available tax losses and tax credits respectively of a Loss Affiliate Company shall be deemed to be applied intercompany in the amount equal to (i) the total of the tax losses and tax credits, respectively, which the members with positive net income and separate-return Income Tax liability can utilize times (ii) a fraction, the numerator of which is the tax losses (or tax credits, as the case may be) of the Loss Affiliate Company available and usable for such Tax Reporting Period and the denominator of which is the total of the available and usable tax losses (or tax credits, as the case may be) of all Loss Affiliate Companies. The Intercompany Tax Payment to a Loss Affiliate Company shall equal the sum of (a) the product of the amount of tax loss of the Loss Affiliate Company which is applied for the Tax Reporting Period to separate-return income of any other member multiplied by the effective rate of Income Taxes (determined before application of tax credits) paid or payable by the Parent Company on the consolidated federal Income Tax liability of the Parent Affiliated Group for that Tax Reporting Period plus (b) the amount of tax credits of the Loss Affiliate Company which are applied for the Tax Reporting Period to separate-return Income Tax liability of any other member. The amount of all items of tax losses and tax credits of the Parent Company and each Affiliate Company shall be determined under the terms of this Agreement. To the extent that this Agreement does not cover the treatment or timing of a particular item, the determination shall be made under the Code.

1.02. Overpayments. The portion of any overpayment of Income Taxes resulting in a refund which is attributable to a Loss Affiliate Company shall be remitted by the Parent Company to the Loss Affiliate Company upon receipt of the overpayment by the Parent Company, provided, always, that such Loss Affiliate Company is then a member of the Parent Affiliated Group and that any overpayment of Income Taxes which is treated by the Parent Company as a payment of consolidated Income Taxes for a succeeding Tax Reporting Period and which is attributable to a Loss Affiliate Company may be retained by the Parent Company, so long as such overpayment (or portion thereof) is credited as an Intercompany Tax Payment, pursuant to Section 1.03 below, of any actual separate return Income Tax liability of such Loss Affiliate Company for such succeeding Tax Reporting Period.

1.03. Payments by Affiliated Companies to Parent Company. The amount of the positive separate-return Income Tax liability of each Affiliate Company for the respective Tax Reporting Period shall be remitted by the Affiliate Company to the Parent Company in cash on the due date, of any actual or required payment of

consolidated Income Taxes of the Parent Affiliated Group, whether such payment is due or made with respect to the estimated, reported or finally determined consolidated Income Tax liability of the Parent Affiliated Group.

ARTICLE II TAX LIABILITY

2.01. Determination of Separate Return Tax Liability. For purposes of determining the separate return Income Tax liability of each Affiliate Company, the tax liability of each member shall be computed as if it had filed a separate Income Tax return for the taxable period. The separate return Income Tax liability shall be computed in a manner consistent with the provisions of Treasury Regulations Section 1.1552-1(a)(2)(ii) and as provided in Section 1.01 above. Any penalty or interest with respect to any underpayment of estimated or final consolidated Income Taxes of the Parent Affiliated Group shall be attributed to the respective member to which the adjustment of income, deduction or credit resulting in the penalty or interest is attributable, but if there are no such members, then to those Affiliate Companies with positive separate-return Income Tax Liability (as reported, adjusted or redetermined) for such Tax Reporting Period, ratably in proportion to their respective separate-return Income Tax liabilities. If any adjustment is made to the consolidated Income Tax liability of the Parent Affiliated Group for any year by amended return, by adjustment upon audit by the Internal Revenue Service conceded by the Parent Company, or by final nonappealable determination of a court of competent jurisdiction, the overpayment or deficiency for such year shall be allocated to those members or former members which had the items of income, deduction or credit to which the overpayment or deficiency is attributable. If due to disaffiliation of a former member or any other reason there is no Affiliate Company to which an Intercompany Tax Payment may be paid (or an overpayment paid or credited), such payment or credit shall be retained by the Parent Company.

2.02. Income Taxes. For purposes of this agreement the term "Income Taxes" shall mean federal income taxes, taxes on preference items, and any minimum tax or alternative minimum tax, imposed under the Code or any successor statute, together with any interest and penalties related thereto.

ARTICLE III COVENANTS

3.01. Continuation of this Agreement. For so long as the Parent Company is permitted it shall continue to file consolidated federal Income Tax returns pursuant to Code Section 1501 for the

Parent Affiliated Group, and this Agreement shall continue in effect and be implemented and enforced in accordance with its terms. Except as otherwise expressly agreed by the Parent Company and all Affiliated Companies, any corporation which becomes an includible corporation in the Parent Affiliated Group shall be treated as a party to this Agreement, effective as of the first day the results of its operations for that day are included within the consolidated taxable income of the Parent Affiliated Group, upon (i) execution and delivery to the Parent Company of an addendum hereto agreeing to be bound and benefitted by the terms of this Agreement or (ii) the inclusion (constituting implied consent) of the results of its operations in any consolidated federal Income Tax return of the Parent Affiliated Group.

3.02. Decisions Affecting the Amount of the Intercorporate Tax Payments. In determining the amount of Intercorporate Tax Payments to be made under the terms of this Agreement, the Parent Company shall make decisions concerning tax matters, refunds or credits of the Parent Affiliated Group, which would affect (for purposes of determinations of Intercorporate Tax Payments) the separate Income Tax return liability, refunds or credits of the respective Affiliated Companies (including, without limitation, the making, not making, or revoking of elections, resolution of disputes in connection with audits of Income Tax returns, and defending or settling any Income Tax return or any matter related thereto) in a manner which minimizes the cumulative total consolidated Income Tax liability of the Parent Affiliated Group.

ARTICLE IV MISCELLANEOUS

4.01. Amendments, Modifications and Supplements. Except as provided in Section 3.01 above regarding additional includible corporations, no amendment, modification or supplement relating hereto shall be effective unless in writing signed by or on behalf of the party to be charged therewith. This Agreement may be executed in one or more counterparts and with counterpart signature pages, all of which, taken together, shall constitute one and the same instrument. Furthermore, it is agreed that an Affiliate Company's execution of a counterpart signature page for attachment originally, or as an addendum hereto as provided in Section 3.01 above, shall be effective to bind all Affiliated Companies without reexecution by previously includible corporations.


4.02. Duration; Survival. All covenants and agreements contained herein shall continue in full force and effect from and after the hereof so long as the Parent Affiliated Group remains and so long as the Parent Affiliated Group continues in filing a federal consolidated Income Tax return.

4.03. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement as of the date first above written.

PARENT COMPANY
DQE, INC.

By:
Name:
Title:
Date of Execution:




[See attached counterpart signature pages]

**AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992**

**AFFILIATE COMPANY
DUQUESNE LIGHT COMPANY**

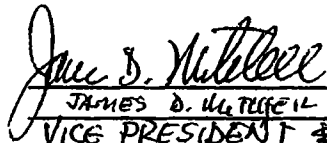
**By:
Name:
Title:
Date of Execution:**



AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
MONTAUK, INC.

By:
Name:
Title:
Date of Execution:



JAMES D. MCTUFFELL

VICE PRESIDENT & TREASURER

August 17, 1992

AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
DUQUESNE ENTERPRISES, INC.

By:

Name:

Title:

Date of Execution:



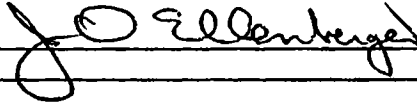
Frederick S. Potter

President

AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
MONONGAHELA LIGHT & POWER COMPANY

By:
Name:
Title:
Date of Execution:



AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
PROPERTY VENTURES, LTD.

By:

Name:

Title:

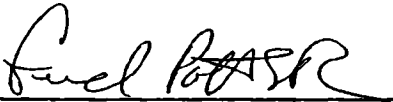
Date of Execution:

_____ *R. Donald Morris*
_____ *President*
_____ *8/9/92*

AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
KEYSTONE ENERGY COMPANY

By:
Name:
Title:
Date of Execution:



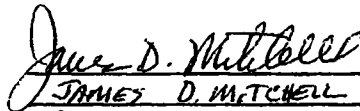
Frederick S. Potter

President

**AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992**

**AFFILIATE COMPANY
BUSHTON, INC.**

**By:
Name:
Title:
Date of Execution:**



JAMES D. MITCHELL

PRESIDENT

AUGUST 17, 1992

AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
ALLEGHENY DEVELOPMENT CORP.

By:

Name:

Title:

Date of Execution:

_____ *Carl H. Donaldson*
_____ *President*
_____ *8/19/92*

AFFILIATE COMPANY
COUNTERPART SIGNATURE PAGE
TO
INTERCORPORATE TAX PAYMENT AGREEMENT
AMONG
DQE, INC. AND ITS AFFILIATED COMPANIES
DATED JANUARY 1, 1992

AFFILIATE COMPANY
DUQUESNE PROPERTIES, INC.

By:

Name:

Title:

Date of Execution:

Donald Morie
President
8/19/92



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

May 3, 2010

G-2009-2148505

GARY A. JACK
DUQUESNE LIGHT
411 SEVENTH AVENUE
16TH FLOOR
PITTSBURGH, PA 15219

Re: Affiliated Interest Agreement between Duquesne Light Holdings, Inc. and Duquesne Light Company.

Dear Mr. Jack:

On December 17, 2009, Duquesne Light Company (Duquesne) filed with the Commission, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, the above referenced Affiliated Interest Agreement.

This Agreement was entered into between Duquesne Light Company and Duquesne Light Holdings, Inc. (DHL). This Agreement provides for DHL to have the ability to lend to its subsidiary, Duquesne, an amount not to exceed \$200 million at any given point in order to finance an extensive construction program that Duquesne embarked upon several years ago.

This affiliated interest agreement was approved by operation of law on January 17, 2010 pursuant to 66 Pa. C.S. § 2102(b). However, this does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreement, services, matters and parties specifically and clearly defined under this instant proceeding as well as under any associated and previously filed filings.

Very truly yours,

Rosemary Chiavetta
Secretary

Attachment

cc: Jeannine Snyder



Duquesne Light
Our Energy...Your Power

411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

December 17, 2009

RECEIVED

DEC 17 2009

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

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

**RE: Request of Duquesne Light Company for Approval
of an Amendment to the Affiliated Interest Agreement
with its Parent for Short Term Borrowing
Docket No. _____**

Dear Secretary McNulty:

Enclosed for filing are the original and three copies of the Request of Duquesne Light Company for Approval of an amendment to its existing Affiliated Interest Arrangement for short-term borrowings to Duquesne Light Company from its parent. Please do not hesitate to contact us if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'G. Jack', written over a horizontal line.

Gary A. Jack
Assistant General Counsel

Enclosure

c: Mr. Robert F. Wilson, Bureau of Fixed Utility Services (w/enc.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Request of Duquesne Light
Company for amendment to its
existing Affiliated Interest Arrangement
with its Parent for short term Borrowing

Docket No. _____

RECEIVED

DEC 17 2009

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Request for Approval of an amendment
to Affiliated Interest Agreement
(66 Pa. C. S. Section 2102)**

Duquesne Light Company ("Duquesne") requests the Pennsylvania Public Utility Commission's consent and approval pursuant to Section 2102 of the Public Utility Code ("Code"), 66 Pa. C. S. §2102, to amend its existing Affiliated Interest Agreement with its parent, Duquesne Light Holdings Inc., by increasing the allowed amount of borrowings from up to \$100 million to up to \$200 million to provide Duquesne with increased capability and flexibility to finance necessary construction of facilities, meet anticipated power purchase requirements, and otherwise fund and operate its business. Duquesne sets forth the following in support thereof:

1. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles. Duquesne's corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.
2. Duquesne Light Holdings, Inc. ("DLH") is the parent company of Duquesne. Its principle subsidiary is Duquesne Light Company.
3. On August 29, 2008, Duquesne Light Company filed with this Commission a petition requesting authorization for Duquesne Light Holdings to be able

to lend to its utility subsidiary, Duquesne Light Company, up to \$100 million at any one time on commercially reasonable terms as dictated in the petition. The request was granted by Secretarial Letter dated December 2, 2008 in Docket No. G-2008-2060987.

4. Said authorization has been utilized by Duquesne Light Company during the past year since Commission approval of the arrangement. The credit facility has been helpful and beneficial to both the utility and its customers in providing short term borrowings to Duquesne Light for financing needs. During the period since the borrowing arrangement began in December 2008 through November 30, 2009, three separate loans have occurred which have been cost effective to the Company and its customers.

5. Duquesne embarked on an extensive construction program of its electric facilities several years ago to upgrade them and to maintain reliable and safe electric service to its customers. The construction program has addressed predicted reliability problems; assisted in reducing congestion; and replaced aging and, in some cases, obsolete equipment and facilities. The construction is extensive and continues through 2012. In addition, Duquesne anticipates power purchase requirements to obtain POLR service for its customers. In order to provide necessary funding for construction and power purchase agreements, as well as finance and pay other obligations of Duquesne in its normal course of operating its utility business, Duquesne desires to increase its ability to borrow, on a short term basis from time to time, from \$100 million to up to \$200 million at any given point in time from its parent, Duquesne Light Holdings, on the identical terms and conditions previously approved. This borrowing would be used in addition to normal equity contributions, retained earnings, long term borrowing of Duquesne, and short-term borrowings from outside credit lenders utilized by Duquesne to operate its business. Not only would the borrowing be helpful to support construction, power purchases, and general corporate needs, but additionally amending the facility will allow Duquesne greater flexibility in timing debt issuances in the capital markets to obtain more favorable terms and an overall lower cost of capital.

7. Duquesne proposes no changes to the specific terms of the loans. The amended, specific terms of the loan arrangement are shown on Exhibit A attached hereto and made a part of this Request. Duquesne represents that these terms are commercially reasonable and reflect today's prevailing market conditions. Duquesne represents that this also would provide no preference or undue advantage to the parent or any other company in the Duquesne family. The same Promissory Note previously approved and in use would be used between Duquesne and its parent in the form attached as Exhibit B.

8. The approval of this amendment is in the public interest, will assist Duquesne in carrying out its obligation of providing reliable and cost effective electric service to its customers, and will provide necessary financing for operation of its business.

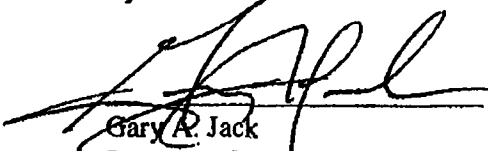
WHEREFORE, Duquesne respectfully requests the Commission to approve this amendment to its short term borrowing arrangement with its parent, Duquesne Light Holdings, to authorize borrowings up to \$200 million from Duquesne Light Holdings to its utility subsidiary, Duquesne Light Company, and to perform all necessary and incidental tasks thereto in carrying out said borrowing arrangement.

Duquesne Light Company

Dated: December 16, 2009

By: 
Mark E Kaplan

By Counsel:


Gary R. Jack
Duquesne Light Co.
411 Seventh Ave.
Pittsburgh, PA 15219
412-393-1541
gjack@duqlight.com

Duquesne Light Company Intercompany Loan – Summary of Terms

Lender: Duquesne Light Holdings, Inc.

Facility Type: Unsecured Intercompany Revolving Credit Facility

Payment: Upon Demand

Amount: Not to exceed \$200 million at any one time

Interest Payment Date: March 31, June 30, September 30, and December 31

Interest Rate: London Interbank Offered Rate (LIBOR) + 1.25% calculated end of each quarter

Interest Payment Amount: Applied to outstanding Principal during the Quarter

Rate Reset: In advance on interest payment dates (initial rate will be set on date of draw)

Interest Deferral: Not Applicable

Prepayment: Borrower may pay or prepay any or all amounts due under the facility at anytime and from time to time.

RECEIVED

DEC 17 2009

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Attachment B

PROMISSORY NOTE

RECEIVED

DEC 17 2009

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Amount: Up to \$200 Million

Date: _____

Interest Rate: LIBOR + 1.25%

Payment: Upon Demand

Duquesne Light Company, (herein called the "Company", which term includes any successor entity), for value received, hereby promises to pay to **Duquesne Light Holdings, Inc.** (the "Lender"), the principal sum of its draws or loans from Duquesne Light Holdings, in an amount not to exceed \$200 Million Dollars (\$200,000,000.) at any one time or, if less, the aggregate principal amount of advances outstanding on demand, plus interest due thereon.

This Promissory Note is payable ON DEMAND, and Company shall pay interest thereon on a quarterly basis on the unpaid principal amount of each such loan at the Market Rate of interest. The Market Rate of interest shall be the London Interbank Offered Rate (LIBOR) plus 1.25% per year. Interest payments shall be due and payable on the last day of each quarter for the amount accrued on a daily basis in such quarter. The interest rate for any loan shall be set at the time of the loan at the then current LIBOR rate plus 1.25%. Notwithstanding such payment arrangements, all outstanding and unpaid principal and interest shall be due and payable upon Demand.

Payment of the principal of this Note and interest hereon shall be made, at the request and demand of the Lender, upon presentation hereof at the office of the Company in Pittsburgh, Pennsylvania or at such other office or agency as may be designated for such purpose by the Company from time to time. Payment of the principal of and interest on this Note, as aforesaid, shall be payable in lawful money of the United States of America to Lender in Pittsburgh, Pennsylvania in same day funds and may be paid or prepaid by the Company at any time and from time to time to reduce its outstanding balance.

The registered holder of this Note may demand payment of the principal hereof, in whole or in part, plus accrued interest by delivering to the Treasurer of the Company at the office of the Company in Pittsburgh, Pennsylvania a notice specifying the portion of such principal amount to be paid and the date of payment and then presenting this Note for payment at such office on the date specified for payment.

This Note is exchangeable for a like aggregate principal amount of Notes of like tenor upon surrender of this Note to be exchanged at the office of the Company in Pittsburgh, Pennsylvania. No service charge shall be made for any such exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The principal amount to be repaid by the Company may, at the Company's option, be offset by the amount of any obligations which are then owed by Lender to the

Company. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

No recourse shall be had for the payment of the principal of or interest on this Note, or any part hereof, for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby against, and no personal liability whatsoever shall attach to, or be incurred by, any officer or director of such Company as such, past, present or future of the Company, whether by virtue of any constitutional provisions, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Note is solely a Company obligation and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution and the issuance of this Note.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

DUQUESNE LIGHT COMPANY

By:

Morgan K. O'Brien, President

AFFIDAVIT

I, Mark E. Kaplan, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Senior Vice President and Chief Financial Officer with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and the Company expects to be able to prove the same at any hearing hereof.



Mark E. Kaplan

Sworn and subscribed before me this 16th day of December, 2009.

RECEIVED

DEC 17 2009

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



My Commission Expires

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Karen L. Ramsey, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires July 14, 2012
Member, Pennsylvania Association of Notaries



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

Attachment II-D-8j

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 2008

Docket No. G-2008-2060987

GARY A JACK
DUQUESNE LIGHT CO
411 SEVENTH AVE
PITTSBURGH PA 15219

Re: Affiliated Interest Agreement between Duquesne Light Company and Duquesne Light Holdings Inc.

Dear Mr. Jack:

On August 29, 2008, Duquesne Light Company (Company) filed with the Commission, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, the above-referenced Affiliated Interest Agreement (Agreement). By Secretarial Letter dated September 16, 2008, the Commission extended the period for consideration of this Agreement until further Order of the Commission.

This Agreement was entered into between the Company and its Affiliate, Duquesne Light Holdings Inc. (Affiliate), and authorizes Affiliate to provide the Company with loans on a short-term basis.

Upon review of the Company's filing, it does not appear that this Agreement is unreasonable or contrary to the public interest. Therefore, this filing is hereby approved. However, approval of this filing does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreement, services, matters and parties specifically and clearly defined under this instant proceeding, as well as under any associated and previously filed filings. Questions concerning this matter should be directed to Brent Killian, Fixed Utility Financial Analyst, Bureau of Fixed Utility Service at (717) 783-0350 or bkillian@state.pa.us.

Sincerely,

James J. McNulty
Secretary

Cc: Elaine McDonald, FUS
Brent Killian, FUS
Kathleen Aunkst, Secretary's Bureau



Duquesne Light
Our Energy...Your Power

411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

November 21, 2008

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: Affiliated Interest Agreement between Duquesne Light
Company and Duquesne Light Holdings, Inc.
Docket No. G-2008-2060987**

Dear Secretary McNulty:

Enclosed for filing are the original and three copies of an amended page 2 of the application and an amended Exhibit B in the above-referenced proceeding. The changes reflect a clarification regarding how the interest rate will be charged for loans from Duquesne Light Holdings to Duquesne Light Company.

Please do not hesitate to contact us if you have any questions.

Sincerely yours,

Gary A. Jack
Assistant General Counsel

RECEIVED
2008 NOV 21 AM 10:49
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SECRETARY'S BUREAU

Enclosure

c: Bureau of Fixed Utility Services – Brent W. Killian (w/enc.)

assisted in reducing congestion; and replaced aging and, in some cases, obsolete equipment and facilities. The construction is extensive and continues through 2012. In order to provide necessary funding for such construction, as well as finance and pay other obligations of Duquesne in its normal course of business, Duquesne desires to have the ability to borrow, on a short term basis from time to time, up to \$100 million at any given point in time from its parent, Duquesne Light Holdings, on market terms and conditions. This borrowing would be used in addition to normal equity contributions, retained earnings, long term borrowing of Duquesne, and short-term borrowings from outside credit lenders utilized by Duquesne to operate its business. Not only would the borrowing be helpful to support the construction program, but additionally the facility will allow Duquesne greater flexibility in timing debt issuances in the capital markets allowing it to obtain more favorable terms and an overall lower cost of capital.

4. The specific terms of the loan arrangement are shown on Exhibit A attached hereto and made a part of this Request. The individual draws by Duquesne could be at any point in time (depending upon when Duquesne needs short term borrowing), but would never exceed \$100 million outstanding principle at any point in time. The borrowings under the Promissory Note are due upon demand from the Holder. Interest rate is the London Interbank Offered Rate (LIBOR) plus 1.25%. (LIBOR is approximately 2.8% at the time of filing.) The interest applied to the outstanding balance would be calculated and paid quarterly. The interest rate for any loan would be set at the time of the loan at the then current LIBOR rate plus 1.25%. The rate would be applied to the outstanding balance on a daily basis. Payments of principle by Duquesne to its parent could be made at any time. Duquesne represents that these terms are commercially reasonable and reflect today's prevailing market conditions. Duquesne represents that this also would provide no preference or undue advantage to the parent or any other company in the Duquesne family.

5. Upon Commission approval, a Promissory Note would be executed between Duquesne and its parent in the form attached as Exhibit B.

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P.A.R.U.C.
SECRETARY'S BUREAU

Attachment B

PROMISSORY NOTE

Amount: Up to \$100 Million Date: _____ 1, 2008
Interest Rate: LIBOR + 1.25% Payment: Upon Demand

Duquesne Light Company, a company currently existing under the laws of Delaware (herein called the "Company", which term includes any successor entity), for value received, hereby promises to pay to Duquesne Light Holdings, Inc. (the "Lender"), the principal sum of its draws or loans from Duquesne Light Holdings, in an amount not to exceed \$100 Million Dollars (\$100,000,000.) at any one time or, if less, the aggregate principal amount of advances outstanding on demand, plus interest due thereon.

This Promissory Note is payable ON-DEMAND, and Company shall pay interest thereon on a quarterly basis on the unpaid principal amount of each such loan at the Market Rate of interest. The Market Rate of interest shall be the London Interbank Offered Rate (LIBOR) plus 1.25% per year. Interest payments shall be due and payable on the last day of each quarter for the amount accrued on a daily basis in such quarter. The interest rate for any loan shall be set at the time of the loan at the then current LIBOR rate plus 1.25%. Notwithstanding such payment arrangements, all outstanding and unpaid principal and interest shall be due and payable upon Demand.

Payment of the principal of this Note and interest hereon shall be made, at the request and demand of the lender, upon presentation hereof at the office of the Company in Pittsburgh, Pennsylvania or at such other office or agency as may be designated for such purpose by the Company from time to time. Payment of the principal of and interest on this Note, as aforesaid, shall be payable in lawful money of the United States of America to Lender in Pittsburgh, Pennsylvania in same day funds and may be paid or prepaid by the Company at any time and from time to time to reduce its outstanding balance.

The registered holder of this Note may demand payment of the principal hereof, in whole or in part, plus accrued interest by delivering to the Treasurer of the Company at the office of the Company in Pittsburgh, Pennsylvania a notice specifying the portion of such principal amount to be paid and the date of payment and then presenting this Note for payment at such office on the date specified for payment.

This Note is exchangeable for a like aggregate principal amount of Notes of like tenor upon surrender of this Note to be exchanged at the office of the Company in Pittsburgh, Pennsylvania. No service charge shall be made for any such exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The principal amount to be repaid by the Company may, at the Company's option, be offset by the amount of any obligations which are then owed by Lender to the



Duquesne Light
Our Energy...Your Power

411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

August 29, 2008

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

**RE: Request of Duquesne Light Company for Approval
of an Affiliated Interest Arrangement with its Parent
for Short Term Borrowing
Docket No. _____**

Dear Secretary McNulty:

Enclosed for filing are the original and three copies of the Request of Duquesne Light Company for Approval of an Affiliated Interest Arrangement for short term borrowings to Duquesne Light Company from its parent. Please do not hesitate to contact us if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to be "G. Jack".

Gary A. Jack
Assistant General Counsel

Enclosure

c: Mr. Robert F. Wilson, Bureau of Fixed Utility Services (w/enc.)

RECEIVED

AUG 29 2008

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Request of Duquesne Light :
Company for approval of an :
Affiliated Interest Arrangement : Docket No. _____
with its Parent for short term
Borrowing

**Request for Approval of
Affiliated Interest Agreement
(66 Pa. C. S. Section 2102)**

RECEIVED

AUG 29 2008

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Duquesne Light Company ("Duquesne") requests the Pennsylvania Public Utility Commission's consent and approval pursuant to Section 2102 of the Public Utility Code ("Code"), 66 Pa. C. S. §2102, to borrow from its parent, Duquesne Light Holdings Inc., on a short term basis on commercially reasonable terms such funds to permit it to finance necessary construction of facilities and otherwise operate its business. Duquesne sets forth the following in support thereof:

1. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles. Duquesne's corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.
2. Duquesne Light Holdings, Inc. ("DLH") is the parent company of Duquesne. Its principle subsidiary is Duquesne Light Company.
3. Duquesne embarked on an extensive construction program of its electric facilities several years ago to upgrade them to maintain reliable and safe electric service to its customers. The construction program has addressed predicted reliability problems;

assisted in reducing congestion; and replaced aging and, in some cases, obsolete equipment and facilities. The construction is extensive and continues through 2012. In order to provide necessary funding for such construction, as well as finance and pay other obligations of Duquesne in its normal course of business, Duquesne desires to have the ability to borrow, on a short term basis from time to time, up to \$100 million at any given point in time from its parent, Duquesne Light Holdings, on market terms and conditions. This borrowing would be used in addition to normal equity contributions, retained earnings, long term borrowing of Duquesne, and short-term borrowings from outside credit lenders utilized by Duquesne to operate its business. Not only would the borrowing be helpful to support the construction program, but additionally the facility will allow Duquesne greater flexibility in timing debt issuances in the capital markets allowing it to obtain more favorable terms and an overall lower cost of capital.

7. The specific terms of the loan arrangement are shown on Exhibit A attached hereto and made a part of this Request. The individual draws by Duquesne could be at any point in time (depending upon when Duquesne needs short term borrowing), but would never exceed \$100 million outstanding principle at any point in time. The borrowings under the Promissory Note are due upon demand from the Holder. Interest rate is the London Interbank Offered Rate (LIBOR) plus 1.25%. (LIBOR is approximately 2.8% at the time of filing.) The interest rate applied to the outstanding balance would be calculated quarterly. For example, the interest rate for the 4th quarter would be calculated in advance on September 30th, and that rate would change again for all succeeding quarters. The rate would be applied to the outstanding balance for the next succeeding quarter on a daily basis. Payments of principle by Duquesne to its parent could be made at any time. Duquesne represents that these terms are commercially reasonable and reflect today's prevailing market conditions. Duquesne represents that this also would provide no preference or undue advantage to the parent or any other company in the Duquesne family.

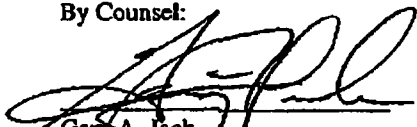
8. Upon Commission approval, a Promissory Note would be executed between Duquesne and its parent in the form attached as Exhibit B.

9. The approval of this short term borrowing arrangement is in the public interest, will assist Duquesne in carrying out its obligation of providing reliable and cost effective electric service to its customers, and will provide necessary financing for construction and operation of its business.

WHEREFORE, Duquesne respectfully requests the Commission to approve this short term borrowing arrangement with its parent, Duquesne Light Holdings, and to authorize it to perform all necessary and incidental tasks thereto in carrying out said borrowing arrangement.

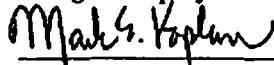
Dated: August 29, 2008

By Counsel:



Gary A. Jack
Duquesne Light Co.
411 Seventh Ave.
Pittsburgh, PA 15219
412-393-1541
gjack@duqlight.com

Duquesne Light Company

By: 
Mark E. Kaplan

AFFIDAVIT

I, Mark E. Kaplan, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Senior Vice President and Chief Financial Officer with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and the Company expects to be able to prove the same at any hearing hereof.



Mark E. Kaplan

Sworn and subscribed before me this 29th day of August, 2008.


My Commission Expires Oct. 6, 2011

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary Jane Hammer, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Oct. 6, 2011
Member, Pennsylvania Association of Notaries

Attachment A

Duquesne Light Company Intercompany Loan -- Summary of Terms

Lender: Duquesne Light Holdings, Inc.

Facility Type: Unsecured Intercompany Revolving Credit Facility

Payment: Upon Demand

Amount: Not to exceed \$100 million at any one time

Interest Payment Date: March 31, June 30, September 30, and December 31

Interest Rate: London Interbank Offered Rate (LIBOR) + 1.25% calculated end of each quarter

Interest Payment Amount: Applied to outstanding Principal during the Quarter

Rate Reset: In advance on interest payment dates (initial rate will be set on date of draw)

Interest Deferral: Not Applicable

Prepayment: Borrower may pay or prepay any or all amounts due under the facility at anytime and from time to time.

Attachment B

PROMISSORY NOTE

Amount: Up to \$100 Million Date: _____ 1, 2008
Interest Rate: LIBOR + 1.25% Payment: Upon Demand

Duquesne Light Company, a company currently existing under the laws of Delaware (herein called the "Company", which term includes any successor entity), for value received, hereby promises to pay to Duquesne Light Holdings, Inc. (the "Lender"), the principal sum of its draws or loans from Duquesne Light Holdings, in an amount not to exceed \$100 Million Dollars (\$100,000,000.) at any one time or, if less, the aggregate principal amount of advances outstanding on demand, plus interest due thereon.

This Promissory Note is payable ON DEMAND, and Company shall pay interest thereon on a quarterly basis on the unpaid principal amount of each such loan at the Market Rate of interest. The Market Rate of interest shall be the London Interbank Offered Rate (LIBOR) plus 1.25% per year. Interest payments shall be due and payable on the last day of each quarter for the amount accrued on a daily basis in such quarter. Also on said last day of each quarter, the Market Rate shall be recalculated on a forward basis for the principal to be outstanding during the succeeding quarter. Notwithstanding such payment arrangements, all outstanding and unpaid principal and interest shall be due and payable upon Demand.

Payment of the principal of this Note and interest hereon shall be made, at the request and demand of the lender, upon presentation hereof at the office of the Company in Pittsburgh, Pennsylvania or at such other office or agency as may be designated for such purpose by the Company from time to time. Payment of the principal of and interest on this Note, as aforesaid, shall be payable in lawful money of the United States of America to Lender in Pittsburgh, Pennsylvania in same day funds and may be paid or prepaid by the Company at any time and from time to time to reduce its outstanding balance.

The registered holder of this Note may demand payment of the principal hereof, in whole or in part, plus accrued interest by delivering to the Treasurer of the Company at the office of the Company in Pittsburgh, Pennsylvania a notice specifying the portion of such principal amount to be paid and the date of payment and then presenting this Note for payment at such office on the date specified for payment.

This Note is exchangeable for a like aggregate principal amount of Notes of like tenor upon surrender of this Note to be exchanged at the office of the Company in Pittsburgh, Pennsylvania. No service charge shall be made for any such exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The principal amount to be repaid by the Company may, at the Company's option, be offset by the amount of any obligations which are then owed by Lender to the

Attachment B

Company. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

No recourse shall be had for the payment of the principal of or interest on this Note, or any part hereof, for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby against, and no personal liability whatsoever shall attach to, or be incurred by, any officer or director of such Company as such, past, present or future of the Company, whether by virtue of any constitutional provisions, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Note is solely a Company obligation and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution and the issuance of this Note.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

DUQUESNE LIGHT COMPANY

By: _____
Mark E Kaplan, Senior, VP



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

November 9, 2006

G-00051141

RICHARD S HERSKOVITZ
ASSISTANT GENERAL COUNSEL
411 SEVENTH AVENUE MAIL DROP 8-2
PITTSBURGH PA 15219

**Affiliated interest agreement among Duquesne Light
Company and its non-jurisdictional affiliates for
participation in a cash pool arrangement**

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on November 9, 2006 adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

encls
cert. mail
JF

NOV 13 2006

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

NOV 13 2005

Public Meeting held November 9, 2006

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Kim Pizzingrilli
Terrance J. Fitzpatrick

Affiliated interest agreement among Duquesne Light Company and its non-jurisdictional affiliates for participation in a cash pool arrangement.

Docket Number:

G-00051141

ORDER

BY THE COMMISSION:

On October 7, 2005, Duquesne Light Company (Duquesne Light) filed, pursuant to Chapter 21 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§2101, *et seq.*, an affiliated interest agreement for participation in a Cash Pool (the Pool) arrangement among its affiliates. By Secretarial Letter dated October 7, 2005, the Commission extended the 30-day statutory consideration period until further order of the Commission as provided in Chapter 21 of the Public Utility Code.

Background

Duquesne Light is a jurisdictional utility that provides electric distribution and transmission services primarily within Allegheny and Beaver counties. Duquesne

Light Holdings, Inc. (DLH) is an energy services holding company formed to serve as the holding company for Duquesne Light and to engage in other unregulated energy and energy-related businesses.

DLH, formerly DQE, Inc., originally established its Cash Pool in November of 1997 as a mechanism to concentrate and combine the excess funds of it and its affiliates for investing in short-term securities. The aggregation of these funds was designed to provide a more efficient means for managing the excess cash of the DLH subsidiaries. The applicants state that Duquesne Light became a member of the Pool in July of 2000.

In the most recent Management Audit conducted by the Commission, the Audit Staff discovered a number of arrangements or transactions that they felt were not covered by Commission approved affiliated interest agreements. One of these was the participation of Duquesne Light in the Cash Pool arrangement. Duquesne Light, however, contends that its participation in the Pool was authorized by the Commission under a previously approved Administrative Services Agreement (ASA). The Auditors in turn contend that the ASA did not contain authorization for Duquesne Light to participate in the Pool. In its Implementation Plan, which was acknowledged by the Commission at its Public Meeting of June 1, 2006, Duquesne Light accepted the recommendations in the report issued by PA Public Utility Commission Bureau of Audits including the requirement to file an affiliated interest agreement for Duquesne Light's participation in the Pool.

Even though Duquesne Light originally disputed the Auditors' conclusion regarding its participation in the Pool, the company agreed to file for approval of its membership and participation in the Pool under the affiliated provisions of the Code.

Subsequently, Duquesne Light exited the pool November 28, 2005, pending Commission approval of this affiliated interest application for participation in the Pool.

Subsequent to making its filing Duquesne Light responded to the Commission's requests for additional information.

The Cash Pool Agreement

The Cash Pool is used by DLH as a mechanism to concentrate excess funds and combine the cash of DLH and its subsidiaries to invest in short-term investments. The applicants state that by aggregating their funds DLH and its subsidiaries are able to invest in short-term securities previously not available to individual Pool participants. Additionally, the applicants aver that the Pool is a more efficient method of managing funds by reducing the administrative costs of the Pool participants and results in higher investment returns for the Pool participants.

Participants in the Cash Pool include DLH and all of the wholly-owned direct and indirect subsidiaries of DLH. DQE Capital Corporation acts as the Agent and is the current Pool administrator. The cash position of the Pool participants is determined by the Agent on a daily basis. The sources of these funds include normal operating receipts, external borrowings or contributions made by DLH. Pool participants, with the exception of DLH, can contribute to the Pool but cannot borrow from the Pool. DLH through the Agent is permitted to borrow from the Pool but does not contribute to the Pool. The Agent is permitted to borrow from the Pool to facilitate intercompany borrowing arrangements and operating requirements. There are no individual limits on the amounts that any individual participant can deposit into the Pool and DQE Capital Corporation borrowings from the Pool are only limited by the amount deposited into the Pool. Excess cash, the net of the amount contributed less borrowings by the Agent, will

be invested by the Agent in approved investments that are consistent with the Duquesne Light Holdings Short Term Investment Policy¹.

DQE Capital Corporation, acting as the Agent, is the only Pool participant that may borrow from the Pool and its borrowing are only limited by the amount that is contributed by the other Pool members. The borrowings by the Agent are then lent to DLH as a demand loan. Borrowings made by that Agent from the Pool are at an internal short-term borrowing rate, typically the London Inter-Bank Offered Rate (LIBOR). The Agent then lends to DLH at an interest rate equal to the rate charged by external lenders on DLH's current revolving credit arrangement. The interest rate charged to DLH on its revolving credit facility, and therefore on its borrowings from the Pool, is LIBOR plus a margin based on DLH's current senior unsecured credit rating. The margin between the borrowing rate from the Pool and lending rate to DLH charged by the Agent is used by the Agent to cover the administrative costs of operating the Pool.

DLH may use the money for general corporate purposes or may advance funds to its subsidiaries on an as needed basis. These advances may be in the form of a capital contribution or a loan. Advances to Duquesne Light are done only in the form of a capital contribution.

Should a participant require its cash that is deposited in the Pool and there is insufficient cash to meet its withdrawal needs, the Agent would make a demand against DLH for repayment of all or a portion of its loan. If need be, DLH would access its available credit lines to obtain the cash needed to satisfy the Agent's demand.

¹ According to the Applicants, the Short Term Investment Policy of DLH is designed to provide a high degree of safety, liquidity and to a lesser extent yield. Permissible investments include but are not limited to: U.S. Treasury obligations, Commercial Paper, Certificates of Deposits, Bankers Acceptances and Money Market Funds.

Discussion

In reviewing Duquesne Light's participation in the Pool, the Commission raised the following concerns:

1. There is no formal agreement among participants of the Pool.
2. There is no borrowing or lending limits placed on any of the Pool participants.
3. DLH's ability to borrow money from the Pool through the Agent DQE Capital.
4. Capital arbitrage between regulated and unregulated entities.
5. Duquesne Light's risk versus benefits in participating in the Pool.

The company agreed that there is no formal agreement that is signed by the Pool participants. DLH does have, as required by FERC and filed with FERC, a written document that specifies the duties of the administrator and the participants. Duquesne Light also notes that each participant in the Pool has signed the ASA and that this agreement covers the provision of services provided by one affiliate to another. The company reiterates that each participant is aware of the operating procedures provided by the Cash Pool operating document.

In reviewing the Code, 66 Pa. C.S. §2102(a) states in part that:

If such contract is oral, a complete statement of the terms and conditions thereof shall be filed with the commission and subject to its approval.

Additionally, 66 Pa. C.S. §§2102(b) states in part that:

It shall be the duty of every public utility to file with the commission a verified copy of any such contract or arrangement, or a verified summary as described in subsection (a) of any unwritten contract or arrangement.

The Commission has determined that the Pool operating document that Duquesne Light filed with their application adequately describes the operation of the Pool. Therefore, the Commission will not require that a formalized signed contract for Duquesne Light to participate in the Pool.

Unlike other cash pools that the Commission has reviewed, the DLH Pool does not allow its Pool participants to borrow from the Pool nor does it have borrowing or contribution limits for individual participants. As noted above, DQE Capital, acting as the Agent, is the only Pool participant that may borrow from the Pool and its borrowing is only limited by the amount that is contributed into the Pool. In other intra-system money pool arrangements², pool participants may borrow from the pool and the pool administrator is prohibited from borrowing from the pool. Under this scenario, the pool administrator may contribute money to the pool whenever borrowings from the participants exceed contributions. This would be done by the pool administrator having access to externally available credit sources.

DLH's borrowing arrangement is dissimilar to what has been seen recently by the Commission in other cash pool arrangements. Our concern is that DLH borrowing through the Agent from the Pool lacks transparency in how these funds are being used and which entities, through DLH, may be borrowing money. Along with this lack of transparency, it may be that the regulated entity is helping to fund DLH's non-regulated operations. As Sharon Bonelli of Fitch Ratings notes "Cost benefits of pools reflect cost of capital arbitrage between regulated and unregulated subsidiaries; or simply put, money pools may provide an affiliate cross-subsidy."

² For example, see the Secretarial Letter regarding the First Energy Pennsylvania Utilities intra-system money pool at docket no. G-00020956.

There are a number of ring-fencing strategies suggested by Fitch that may help to insulate the public utility from the risks of its affiliates and parents when participating in a money pool arrangement. These are:

- Separate pools for regulated and unregulated subsidiaries
- Prohibit parent from borrowing from the pool, but permit the parent to lend to subsidiaries via the pool
- Restrict borrowing of unregulated subsidiary to the amount invested in the pool
- Restrict borrowings to a level commensurate with internal cash flow capability
- Require an annual 'clean down' period, where each participant has no outstanding borrowings from the pool for two consecutive weeks
- Prohibit funding of the pool with proceeds of external borrowings such as credit facilities and commercial paper

The Duquesne Pool tends not to follow these guidelines:

- The Duquesne cash pool mixes both regulated and unregulated subsidiaries. Duquesne Light would be the only regulated sub of DLH.
- DLH, the Parent Company, through DQE Capital, is the only entity borrowing from the pool. (In other money pools such as the one approved for the First Energy Utilities, the Agent could lend to the pool but could not borrow.)
- There appears not to be any limits on external borrowing funding the Pool. In fact, sources for cash to the pool includes: "external borrowings against lines of credit."

DLH counters some of these concerns by stating that Duquesne Light is the only regulated affiliate of DLH and that Duquesne Light does not borrow money to deposit in the Pool. Money borrowed by DLH from the Agent is charged interest at the same rate that the company would be charged for using its current revolving credit arrangement. Therefore, the money being borrowed by DLH is not at an interest rate lower than DLH could obtain from other external short term borrowing facilities. For these reasons, the company concludes that there is no cost of capital arbitrage taking place between regulated and unregulated DLH entities.

DLH also states that there is total transparency on how the cash is being used because borrowings can only be done by the Agent to DLH. They go on to explain that each DLH affiliates' funding requirements is established each year by the Board of Directors. If Duquesne Light requires cash in excess of its cash pool balance, it can access the capital markets, borrow under bank facilities or request equity from DLH. Since Pool participants other than Duquesne Light do not have access to the credit markets or bank facilities, they must request cash from DLH if their cash needs exceed their respective cash balances. These advances would be funded by DLH first from available cash on hand, second from available Pool funds and third from bank credit or capital markets.

DLH opines that having their subsidiaries borrow from them rather than directly from the Pool poses less default risk to Pool participants. Since Pool participants cannot borrow directly from the Pool, the other Pool participants are not at risk should the borrowing affiliate be unable to meet its financial obligations. Having DLH, who has access to lines of credit and the capital markets, assume the default risk makes contributing to the Pool less risky. In this way, Duquesne Light is not exposed to risk from the smaller unregulated companies that participate in the Pool.

In addition to having minimal risk in participating in the Pool, DLH states that Duquesne Light receives cost benefits by participating in the Pool. Administrative cost benefits are achieved by not having to maintain separate brokerage accounts, lower bank settlement costs through book entry with affiliates, reduced transaction costs and lower bank services fees. Also, the additional interest paid by DLH on money borrowed from the Agent is used to cover the administrative costs of the Pool.

Our analysis and conclusions differ somewhat from those provided by DLH. However, the Commission agrees that the Pool provides a cost benefit, and funds

contributed to the Pool by Duquesne Light are not being used to subsidize its unregulated affiliates. The Commission also concludes that the use of borrowed funds by DLH lacks transparency, and these borrowed funds may be used to support its non-regulated affiliates.

In analyzing the Pool data from April 2005 through September 2005, the data shows that Duquesne Light was always a net contributor to the Pool and tended to be the largest contributor to the Pool. DQE Capital Corporation was always a borrower from the Pool and tended to borrow an amount that exceeded Duquesne Light's contributions. In light of this information, it is possible that capital arbitrage could be taking place. However, it is difficult to monitor the flow of these funds because what DLH does with funds borrowed from the Pool is not readily transparent by viewing Pool data.

Upon further investigation, the Commission found that money being borrowed by DLH from the Pool is being borrowed at a rate similar to its external short term credit facility. Therefore, capital arbitrage between the regulated entity, Duquesne Light, and the unregulated subsidiaries participating in the Pool, does not occur if participating affiliates have similar risk profiles. That is, DLH and its unregulated affiliates gain no short-term rate advantage by borrowing from the Pool versus borrowing externally. Having DLH borrow internally rather than externally benefits all Pool members by providing additional funds that are used by the Agent to pay the administrative costs of the Pool. Had these funds been borrowed externally, benefits would accrue to DLH's lenders rather than internally to the DLH subsidiaries.

The Commission does agree with the assessment that the Pool provides benefits to Duquesne Light. Cost sharing through a single Agent, DQE Capital Corporation, helps to reduce administrative and transaction costs which in turn benefits Duquesne Light. There appears to be no additional exposure to default risk whether a

DLH affiliate borrows directly from the Pool, or indirectly, as is currently being done. Duquesne Light exposure to an affiliates' financial non-performance would be comparable in either case.

Additionally, if a company is reliant upon its corporate parent as the sole source of short-term financing, the company is exposed to the liquidity risk of its parent. Having access to its own bank credit facilities, Duquesne Light is not dependent upon DLH as its sole source of short-term financing. This minimizes any short-term liquidity risk exposure of Duquesne Light should DLH or one of its unregulated affiliates experience liquidity problems.

DLH affiliates are involved in the purchase of electricity and are therefore subject to a great deal of financial risk due to price volatility in these markets. Since funds from the Pool may be lent to these affiliates through DLH, the Commission is obliged to monitor the financial health of these affiliates and will request quarterly financial reporting to monitor the financial health of the DLH affiliates involved in the purchase and supply of electricity.

Lastly, the Commission concludes that there is no additional exposure to default risk for Duquesne Light to participate in the Pool because, in general, Duquesne Light's overall operations and structure are not ring-fenced from DLH. Since minimal structural separation exists between Duquesne Light and DLH, Duquesne Light's participation in the Pool will not increase the risk to the utility. As noted by Standard & Poor's in their summary of Duquesne Light: "The ratings on electric utility Duquesne Light Co. reflect the consolidated credit profile of its parent, Duquesne Light Holdings Inc., and DLH's remaining riskier competitive businesses."

In summary, the Commission finds that:

- Pool participation by Duquesne Light provides some cost benefits and operating efficiencies to the company;
- Internal controls are in place so that funds borrowed by DLH are not being used to provide capital arbitrage between regulated and unregulated subsidiaries;
- Borrowing by DLH from the Pool does not provide adequate transparency in regards to the use of Pool funds.

Therefore, the Commission will approve Duquesne Light's participation in the Pool. However, we caution the company that in continuing its participation in the Pool, Duquesne Light and DLH and its unregulated affiliates must continue to follow the current guidelines presented in the body of this order. The Commission emphasizes that: 1) Duquesne Light must not provide funding to the Pool with externally borrowed funds; 2) DLH must continue to pay its external rate of interest on monies borrowed from the pool; and, 3) Duquesne Light should abide by all the guidelines as required by the DQE Capital Corporation Cash Pool operating agreement. Should the DQE Capital Corporation Cash Pool operating agreement change, Duquesne Light should notify the Commission of any change prior to implementing that change.

Additionally, as noted above, the use of the funds being borrowed by DLH is not readily transparent. Because of this lack of transparency, the Commission requests that on a quarterly basis DLH provide a summary detailing the use of borrowed funds.

The Commission has examined the Cash Pool arrangement and has determined that it appears to be reasonable and consistent with the public interest under Section 2102(b) of the Public Utility Code; however, approval of the Cash Pool

arrangement does not preclude the Commission from investigating during any formal proceeding the reasonableness of any charges under this arrangement; **THEREFORE,**

IT IS ORDERED:

1. That the Affiliated Interest Agreement among Duquesne Light Company, Duquesne Light Holdings and its affiliates be, and hereby is, approved consistent with this Opinion and Order.

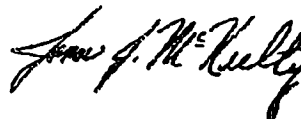
2. That acceptance does not preclude the Commission from investigating during any formal proceeding the reasonableness of any charges under the Agreement.

3. That Duquesne Light Company file with the Commission and provide to the Bureau of Fixed Utility Services a quarterly report that details the use of borrowed funds by Duquesne Light Holdings from the Cash Pool. Reports will be due 60 days following the end of each quarter beginning with the quarter ended December 31, 2006.

4. That Duquesne Light Company file with the Commission and provide to the Bureau of Fixed Utility Services quarterly financial reports including income statement, balance sheet and cash flow statement of the energy supply affiliates of Duquesne Light Holdings. Reports will be due 60 days following the end of each quarter beginning with the quarter ended December 31, 2006.

5. That the case be marked closed.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: November 9, 2006
ORDER ENTERED:

NOV 09 2006



411 Seventh Avenue
8th Floor
Pittsburgh, PA 15219

Tel 412-393-3662
Fax 412-393-5602
r Herskovitz@duqlight.com

Richard S. Herskovitz
Assistant General Counsel

October 7, 2005

VIA OVERNIGHT MAIL

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

**Re: Application of Duquesne Light Company
For Approval of Affiliated Interest Arrangement
Docket No. _____**


Dear Secretary McNulty:

Enclosed for filing on behalf of Duquesne Light Company ("Duquesne") are the original and three (3) copies of an Application for Approval Nunc Pro Tunc of an Affiliated Interest Arrangement between Duquesne and its affiliates. Specifically, this Application, filed pursuant to 66 Pa. C.S. §2102 of the Public Utility Code, requests Commission approval of Duquesne's participation in a cash pool arrangement among its affiliates.

Please date stamp the fourth copy of this Application enclosed, and kindly return it to me in the self-addressed stamped envelope for my file.

Thank you.

Very truly yours,


Richard S. Herskovitz

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Duquesne Light :
Company for approval of an :
Affiliated Interest Arrangement : Docket No. _____
Between Duquesne Light Company :
And Affiliated Companies :
(Cash Pool Arrangement) :

**Affiliated Interest Application
(66 Pa. C. S. Section 2102)**

Duquesne Light Company ("Duquesne") requests approval Nunc Pro Tunc, pursuant to Section 2102 of the Public Utility Code ("Code"), 66 Pa. C. S. §2102, of its participation in a cash pool arrangement among its affiliates, and sets forth the following in support thereof:

1. The name and address of the Applicant is:

Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

2. The name and address of the Applicant's attorney are:

Richard S. Herskovitz
Assistant General Counsel
411 Seventh Avenue, Mail Drop 8-2
Pittsburgh, PA 15219
Phone: 412-393-3662
Fax: 412-393-5602
E-mail: rherskovitz@duqlight.com

3. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles. Duquesne's corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.

4. Duquesne Light Holdings, Inc. ("DLH"), formerly known as DQE, Inc. the parent company of Duquesne, established a Cash Pool ("Pool") in November, 1997. The Pool was established as a mechanism to concentrate excess funds and combine the cash of DLH and its subsidiaries to invest in short-term investments not previously available to Pool participants. The Pool is a more efficient method of managing the funds of the subsidiaries and will result in higher returns for investing members. A complete description of the operation of the Pool is attached as Exhibit A.

5. Members of the Pool are DLH and its wholly owned, direct or indirect, subsidiaries. Currently, DQE Capital Corporation, another subsidiary of DLH, acts as Agent for the members and administers the Pool. Duquesne became a member of the Pool in July, 2000.

6. In the Public Utility Commission's most recent Management Audit of Duquesne (field work commencing in August, 2004 and ending in March, 2005), the Auditors investigated whether Duquesne's participation in the Pool had been approved by the Commission under the affiliated interest provisions of the Code. Duquesne contended that its participation in the Pool was authorized by the Company's Administrative Services Agreements ("ASA"), which was previously approved by the Commission. Although a final report of the audit has not yet been issued, the Auditors have indicated that, in their opinion, the ASA did not contain such an authorization.

7. Although Duquesne disputed the Auditors' conclusion, the Company has agreed to file for approval of its membership and participation in the Pool under the affiliate provisions of the Code.¹

¹ Exhibit A has been revised since the conclusion of the Management Audit only to reflect the current name of the Cash Pool and to indicate that DLH or one of its subsidiaries will act as agent for the participants and will administer the Pool. DQE Capital Corporation is the current Agent.

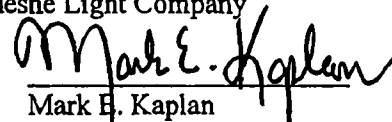
8. Membership and participation by Duquesne in the Pool is reasonable and in the public interest because it enhances investment returns and reduces the number and costs of investment transactions.

WHEREFORE, Duquesne respectfully requests the Commission to approve Duquesne's membership and participation in the subject Cash Pool arrangement, retroactive to July, 2000.

Dated: October 7, 2005

Duquesne Light Company

By:



Mark E. Kaplan
Senior Vice President and
Chief Financial Officer


AFFIDAVIT

I, Mark E. Kaplan, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Senior Vice President and Chief Financial Officer with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and the Company expects to be able to prove the same at any hearing hereof.



Mark E. Kaplan

Sworn and subscribed before me this 6th day of October, 2005.



My Commission Expires Oct 6, 2007

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary Jane Hammer, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Oct. 6, 2007
Member, Pennsylvania Association of Notaries

**Duquesne Light Holdings
CASH POOL**

The Duquesne Light Holdings (“Holdings”) Cash Pool (“Pool”) is a mechanism to concentrate excess funds and combine the cash of Holdings and its subsidiaries to invest in short-term investments not previously available to Pool participants. The Pool is a more efficient method of managing the funds of the subsidiaries and will result in higher returns for participants.

Participants of the Pool include Holdings and its wholly owned, direct or indirect, subsidiaries. Holdings or one of its subsidiaries will act as Agent (“Agent”) for the participants and will administer the Pool. DQE Capital Corporation is currently the Agent.

The cash position of the Pool participants will be determined by the Agent on a daily basis. The cash position of each participant will be reported on a regular basis by the Agent.

Each Pool participant will provide for the funding of its cash requirements through sources currently available. These sources include, but are not limited to, normal operating receipts, external borrowings against established lines of credit, sales of commercial paper, etc. or contributions by Holdings. However, the Agent is permitted to borrow from the Pool to facilitate intercompany borrowing arrangements and operating requirements. Due to the timing of receipt of funds and disbursement thereof, any excess cash will become part of, and will be invested through the Pool.

(Page 2)

When cash is available, it will be invested in the approved investments shown below. The approved investments are consistent with the Duquesne Light Holdings Short Term Investment Policy as in effect at the time to provide a high degree of safety, liquidity and, to a lesser extent, yield. The interest income resulting from the investments will be accrued and allocated to the participants in the Pool on a daily basis. Interest will be paid on the fifth day of the month following the monthly earnings period.

The following investments are permissible:

- 1) Direct or indirect obligations of the United States of America
- 2) Repurchase Agreements, Loan Participations, Commercial Paper, Certificates of Deposit, and Bankers Acceptances
- 3) Euro Time Deposits
- 4) Tax Exempt Notes, Commercial Paper or Bonds
- 5) Auction Rate Preferred Stock
- 6) Money Market Funds

Specific characteristics as to credit quality, maturities and investment limits are outlined in Duquesne Light Holdings Short Term Investment Policy and should be referred to when investing the Pool's cash.

The XRT Treasury Workstation software (XRT TWS), or its successor, will be used to account for the Pool transactions and to calculate and allocate internal and external expense/income.

A copy of the activity detail report reflecting transactions, balances and expense/income is attached.

Direct input to be provided by each of the participants is:

- (1) Anticipated deposits for the current day;
- (2) Wire transfers (outbound and inbound) for the current day;

(Page 3)

- (3) Five (5) week cash forecast;
- (4) Four (4) days notice for investments, acquisitions or other expenditures of a capital nature.

The Agent will provide the daily investment rate. The rate will be the composite external investment rate earned on such investments and will be used as the earnings rate within the Pool.

The software will calculate the daily balances for each participant as well as funds contributed and withdrawn. The interest accrual calculation for each participant's transactions is calculated as follows:

$$\text{Day's balance} \times \text{interest rate} / 360 \text{ days} = \text{daily accrual}$$

ATTACHMENTS:

- (A) Participant Bank Account Flowchart
- (B) Participant Inter-company Activity Detail Report



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

Attachment II-D-8j

Page 1 of 51

IN REPLY PLEASE
REFER TO OUR FILE

August 14, 2013

Docket No. G-2010-2217538

TISHEKIA WILLIAMS
SENIOR COUNSEL REGULATORY
DUQUESNE LIGHT CO.
411 SEVENTH AVE.
PITTSBURGH PA 15219

Re: Affiliated Interest Agreement between Duquesne Light Company and DQE
Communications, LLC.

Dear Ms. Williams:

On December 23, 2010, Duquesne Light Company (Company) filed with the Commission, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, the above-referenced Affiliated Interest Agreement (Agreement). By Secretarial Letter dated January 21, 2011, the Commission extended the period for consideration of this Agreement until further Order of the Commission.

This Agreement which was entered into between the Company and its Affiliate, DQE Communications, LLC (Affiliate), will replace the existing Pole Attachment and Duct Lease Agreement. The Company will charge its Affiliate \$1.30 per linear foot effective from July 1, 2009, to the date of this letter to be consistent and equivalent to what the Company is charging its non-affiliate duct attachers.

This filing is hereby approved. However, approval of this filing does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreement, services, matters and parties specifically and clearly defined under this instant proceeding, as well as under any associated and previously filed filings. We note that if the Company desires to enter into an agreement concerning pole attachments and duct leases as described in its filing, with its Affiliate, for services such as but not limited to engineering, project management, installation, and maintenance, the Company will file an affiliated interest agreement pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, for Commission review and approval.

Sincerely,

Rosemary Chiavetta
Secretary



411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

December 23, 2010

VIA OVERNIGHT MAIL

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

Re: Application of Duquesne Light Company for Approval
of Affiliated Interest Agreement with DQE Communications, LLC
Docket No: _____

Dear Secretary Chiavetta:

Enclosed for filing are an original and three (3) copies of an Application for Approval of a proposed Pole and Duct Lease Attachment Agreement between Duquesne Light Company and its affiliate, DQE Communications LLC.

If you have any questions regarding the information in this filing, please feel free to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "G. Jack", written over a horizontal line.

Gary A. Jack
Assistant General Counsel

Enclosures

RECEIVED

DEC 23 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

- c: Bureau of Fixed Utility Services (w/enc.)
- Office of Trial Staff (w/enc.)
- Office of Consumer Advocate (w/enc.)
- Office of Small Business Advocate (w/enc.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Duquesne Light :
Company for approval of Affiliated :
Interest Agreement between : Docket No. _____
Duquesne Light Company and :
DQE Communications, LLC :

RECEIVED

DEC 23 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Affiliated Interest Application
(66 Pa. C. S. Section 2102)**

Duquesne Light Company ("Duquesne") requests approval pursuant to Section 2102 of the Public Utility Code, 66 Pa. C. S. §2102, of a new Pole and Duct Lease Attachment Agreement between Duquesne and its affiliate, DQE Communications, LLC ("DQE - Com"), and sets forth the following in support thereof:

1. The name and address of the Applicant is:

Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

2. The name and address of the Applicant's attorney are:

Gary A. Jack, Esq.
Kelly L. Geer, Esq.
411 Seventh Avenue, Mail Drop 16-4
Pittsburgh, PA 15219
Phone: 412-393-1541
Fax: 412-393-1418
E-mail: gjack@duqlight.com

3. Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver

Counties, Pennsylvania, in an area of approximately 800 square miles. The Company's corporate headquarters is located at 411 Seventh Avenue, Pittsburgh, PA 15219.

4. DQE Communications, LLC ("DQE-Com") is a Pennsylvania limited liability company organized for the purpose of providing telecommunications services.

5. Applicants are affiliated with each other. Duquesne is a first tier subsidiary of Duquesne Light Holdings, Inc., the holding company for Duquesne Light. DQE-Com is a first tier subsidiary of DQE Systems, Inc., which is a fourth tier unregulated subsidiary of Duquesne Light Holdings, Inc. Because they both do business in Duquesne's electric service territory and DQE - Com needs to attach its facilities to poles and underground passages in order to conduct its business, the two companies do mutually beneficial business together, as many other telecom companies do with Duquesne.

6. Duquesne is requesting approval of a new Pole and Duct Lease Attachment Agreement with DQE -Com, attached as Exhibit A (the "New Agreement"). The New Agreement replaces the prior Pole Attachment and Duct Lease Agreement between Duquesne and DQE - Com dated September 26, 1997, which was approved by the Commission on February 26, 1998 at Docket No. G-00970586 (the "Prior Agreement").

7. Duquesne grants permits for attachments to its poles and facilities to many parties, such as telephonic, cable, and governmental entities.

8. Both the Prior Agreement and the New Agreement govern the attachment of DQE - Com facilities to Duquesne's poles and ducts; however, Federal Communications Commission ("FCC") pole attachment regulations have changed considerably since execution of the Prior Agreement. The New Agreement is requested in order to maintain consistency with federal law and is the format/version Duquesne uses for all attachers today.

9. The fundamental differences between the New Agreement and the Prior Agreement are listed below.

- a. The New Agreement requires attachers to propose engineering options to make space on the pole or in the duct. Duquesne will review the proposed engineered options from the proposed attacher before permitting or rejecting the pole attachment request.
- b. The new Agreement eliminates many services Duquesne used to provide, including engineering, project management, installation, and maintenance services. If a proposed attacher desires Duquesne's assistance with such services, Duquesne and the attacher would enter into a separate agreement governing the specific timing, scope and cost of the work to be performed.
- c. The new Agreement establishes a new procedure for approving attachments which is much more streamlined and includes a one-time Administrative Fee, which covers the cost of negotiating the New Agreement, establishing records, databases and systems, processing of written authorizations and similar administrative procedures to accommodate the request for attachment. Duquesne has implemented a new online system by which the attachers to Duquesne's poles may request an attachment, propose make-ready work, submit pole details, and obtain permission to attach. Prospective attachers receive authorization to attach to Duquesne's poles much more quickly upon receipt of all information required by Duquesne's system. The prior agreement uses an antiquated submittal and approval process.
- d. The new agreement establishes an automatic mechanism to adjust duct lease fees based on FCC approved formula. The Prior Agreement had no such mechanism to adjust duct rental rates. The New Agreement provides that upon DQE - Com's request, Duquesne shall provide a license interest to DQE - Com for its telecommunications network on Duquesne's poles and ducts to the extent such space is not needed for

- Duquesne's bona fide business requirements and to the extent such license does not jeopardize the safety of Duquesne's electrical system.
- e. The term of the New Agreement is for one (1) year and automatically renews for additional, successive one-year periods unless a party delivers written notice of termination 120 days prior to the expiration of the then-current term.

10. The rates proposed to be charged by Duquesne to DQE - Com for attachments are shown on Exhibit A of the New Agreement. The new rates would not be charged until PUC approval is obtained. The pole attachment rate has increased over the years from the rate established at the time of the approval filing in 1997 of \$10 per pole per year to the current FCC derived charge of \$26.70 per attachment per year based on an actual survey of four attachers per pole. This rate will change periodically depending upon changes in Duquesne costs and other factors, such as number of attachers per pole. The duct rate is based on DLC costs under the FCC formula. Duquesne recalculated its duct rate last year for all attachers pursuant to the FCC duct attachment formula and modified its duct attachment fees accordingly effective on July 1, 2009 for all duct attachers except for DQE- Com at that time since Duquesne believes this filing and approval is needed to implement that rate change. The duct rate calculated for rates beginning July 1, 2009 was \$1.30 per linear foot. Duquesne requests permission from the PUC to charge that \$1.30 rate to DQE-Com from July 1, 2009 to the date of this approval to be consistent and equivalent to what Duquesne charged its other duct attachers from July 1, 2009. Duquesne has recalculated the rate using more recent (2009) FERC form data, which produces a new FCC-derived rate of \$1.07 per linear foot. Effective upon PUC approval, the new rate is proposed to be \$1.07 per linear foot until amended pursuant to the FCC formula. The calculations using the FCC formula and supporting the new proposed rates are attached at Exhibit B and C.

11. The Pole and Duct Lease Attachment Agreement is reasonable and consistent with the public interest, and consistent with Duquesne's obligation to provide safe, adequate and reasonable service to its customers. It is the agreement used by

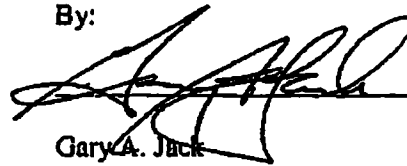
Duquesne for all attachments and attachers, and its rate methodology is based on the FCC formulas.

WHEREFORE, Duquesne Light Company respectfully requests the Commission approve Duquesne entering into the Pole and Duct Lease Attachment Agreement with DQE Communications, LLC and grant such other relief as may be appropriate or necessary.

Duquesne Light Company

Dated: December 23, 2010

By:



Gary A. Jack
Kelly L. Geer
Assistant General Counsel
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
412-393-1541
giack@duqlight.com

ATTACHMENT A

POLE AND DUCT LEASE ATTACHMENT AGREEMENT

THIS POLE AND DUCT LEASE ATTACHMENT AGREEMENT (this "*Agreement*") is made this 22nd day of December, 2010 between DUQUESNE LIGHT COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, having its principal office at 411 Seventh Avenue, Pittsburgh, PA 15219, ("*DLC*") and, DQE Communications, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Pennsylvania, having its principal office at 411 Seventh Avenue, Pittsburgh, PA 15219 ("*Attaching Party*").

WITNESSETH:

WHEREAS, DLC is an electric utility authorized or certified by the Public Utility Commission of the Commonwealth of Pennsylvania ("*PaPUC*") to provide electric services within the Commonwealth of Pennsylvania; and

WHEREAS, Attaching Party is a provider of telecommunications services within the Commonwealth of Pennsylvania ("*Attaching Party Services*") and a sister company to DLC; and

WHEREAS, DLC owns or controls poles, ducts, conduits, rights-of-way and other facilities located within the Commonwealth of Pennsylvania ("*Structures*") to which wires, cables and other facilities may be attached to provide cable television and/or telecommunications services; and

WHEREAS, the use of the Structures by third parties is regulated by various state and federal laws, including but not limited to the Communications Act of 1934 (47 U.S.C. Section 151, et seq.), as amended, and specifically the provisions of 47 USC Section 224 (the "*Act*"), and as interpreted in the duly authorized rules and regulations of the Federal Communications Commission ("*FCC*"); and

WHEREAS, the Attaching Party desires to attach to Structures certain wires, cables and other facilities to provide Attaching Party Services (individually "*Facility*", and collectively "*Facilities*"); and

WHEREAS, DLC is willing to permit, to the extent it may lawfully do so, a license interest to attach to the Structures to the extent the Facilities do not interfere, now or in the future, with DLC's service requirements or the use of the Structures by others; and

WHEREAS, Attaching Party clearly understands that DLC has been mandated by the PaPUC to provide an electrical distribution system to the citizenry, and that this mandate takes precedence over the interests of the Attaching Party, and that in the event of an emergency, Attaching Party's service may be interrupted and may not be restored until all electrical restoration work has occurred.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions of this Agreement and incorporating the above-defined terms herein, the parties, intending to be legally bound hereby, mutually covenant and agree as follows:

ARTICLE 1 TERM AND TERMINATION

1.1 Term. The initial term of this Agreement shall be one (1) year, commencing on the effective date herein ("*Initial Term*"). The effective date shall be the first day of the month following approval of this agreement by the PaPUC. Upon expiration of the Initial Term, this Agreement shall automatically renew for additional, successive one-year periods (each a "*Renewal Term*") unless a party delivers to the other party written notice of termination of the Agreement at least one hundred and twenty (120) days prior to the expiration of the Renewal Term.

1.2 Termination.

1.2.1 Notwithstanding the provisions of Section 1.1 above, DLC has the right to terminate this Agreement if an Event of Default (as defined in Section 1.3) occurs and is not cured by the Attaching Party within thirty (30) days of receipt of written notice from DLC notifying Attaching Party of said Default.

1.2.2 If the Attaching Party ceases to use the Facilities covered by this Agreement for any continuous one hundred and eighty (180) day period, then all of Attaching Party's rights, privileges and authorizations under this Agreement shall automatically terminate as of that date.

1.3 Event of Default. DLC shall have the right to terminate this entire Agreement whenever the Attaching Party is in default of any term of this Agreement ("*Event of Default*"), including, but not limited to, the following:

- a) Using or maintaining the Facilities in violation of any law or in aid of any unlawful act or undertaking;
- b) Failing to pay any amounts due under this Agreement within the time specified;
- c) Attaching Facilities to any Structure without the prior written authorization of DLC;
- d) The denial or revocation by any governmental or private authority for any reason, including, without limitation, failure of the Attaching Party to obtain any required authorization for the construction, operation, and/or maintenance of the Facilities;
- e) Failure of the Attaching Party to notify DLC of any change in its status as a service provider as provided in Section 18.4;
- f) Placing a Facility of a type or for a purpose not authorized by this Agreement or Facilities that do not conform to the Guidelines (as defined in Section 7.1) or applicable safety standards and codes;
- g) Cancellation of insurance required by Article 19 of this Agreement; or
- h) The breach by the Attaching Party of any other material provision of this Agreement.

1.4 Notification and Cure. DLC will promptly notify the Attaching Party in writing once it becomes aware that an Event of Default has occurred. The Attaching Party shall take immediate corrective action to cure any Event of Default and shall confirm in writing within thirty (30) days following receipt of such written notice from DLC that the Event of Default has ceased or has been corrected. If the Attaching Party fails to cure such Event of Default to the reasonable satisfaction of DLC or fails to give the required confirmation by the end of the 30-day period, DLC may immediately terminate this Agreement.

1.5 Effect of Termination. On termination, all of the Attaching Party's rights, privileges and authorizations under this Agreement shall automatically terminate as of that date. However, Attaching Party shall be liable for and pay all fees and charges pursuant to the terms of this Agreement.

1.5.1 Other Relief. If an Event of Default occurs, in addition to terminating this Agreement, DLC may take advantage of any other relief to which it may be entitled, including, but not limited to, injunctive relief and collection of the fees provided for in this Agreement.

1.5.2 Removal of Facilities in the Event of Termination.

1.5.2.1 In the event this Agreement is terminated, the Attaching Party shall remove the Facilities from the Structures within thirty (30) days. Attaching Party shall be liable for and pay to DLC within thirty (30) days all fees and charges due pursuant to the terms of this Agreement.

1.5.2.2 If the Attaching Party fails to remove the Facilities from the Structures within the thirty (30) day period specified in Subsection 1.5.2.1 above, DLC shall have the right to remove the Facilities at the expense of the Attaching Party, and without any liability on the part of DLC, or at the Attaching Party's option, transfer unencumbered title to the Facilities to DLC by instrument satisfactory to DLC.

ARTICLE 2 PERMITTED PURPOSES

2.1 Permitted Purposes. The Attaching Party may use the Structures only to install, operate, maintain, repair and finally remove the Facilities for the provision of Attaching Party Services as permitted by this Agreement and applicable law ("*Permitted Purposes*").

ARTICLE 3 FRANCHISES, PERMITS AND CONSENTS

3.1 The Attaching Party shall be solely responsible to secure any necessary franchises, permits or consents from federal, state, county or municipal authorities and from the owners of private property ("*Authorizations*"), to construct and operate the Facilities on any Structure. The Attaching Party shall submit to DLC satisfactory evidence of all Authorizations necessary to construct and operate the Facilities.

**ARTICLE 4
OWNERSHIP OF STRUCTURES AND FACILITIES**

4.1 Ownership of Structures. The Structures, including any make-ready work to the Structures made by the Attaching Party pursuant to this Agreement, shall remain the exclusive property of DLC.

4.2 Ownership of Facilities. The Facilities shall remain the exclusive property of the Attaching Party, subject only to the provisions of this Agreement.

4.3 Facilities Removal.

4.3.1 Subject to Article 22, *Interruptions, Interference and Operability*, of this Agreement, the Attaching Party has the right to remove all Facilities at its sole expense at any time on or before expiration or earlier termination of this Agreement, provided that it repairs any damage to the Structures and the facilities of DLC and/or other attachers caused by such removal. Notwithstanding such removal, this Agreement shall remain in full force and effect, and the Attaching Party shall continue to be liable for all fees for the remaining term of this Agreement unless this Agreement is terminated as provided herein.

4.3.2 Should DLC need to remove a Facility and the Attaching Party is given notice to identify or claim a Facility as being under its ownership and the Attaching Party denies or fails to claim ownership thereof, DLC may remove the identified Facility and assumes no responsibility or liability associated with the removal of said Facility.

**ARTICLE 5
ATTACHMENT PROCESS**

5.1 In order to attach to a Structure for a Permitted Purpose after execution hereof, Attaching Party must deliver to the Asset Administrator an Access Request (defined in Section 7.2) and Detailed Plan in conformance with the Guidelines. Upon satisfactory receipt of a compliant Access Request and Detailed Plan, DLC will issue a written Authorization to Attach, and Attaching Party or DLC, as provided in the Guidelines, shall perform the Make-Ready Work set forth in the Detailed Plan. After completion of the Make-Ready Work, Attaching Party may attach its Facilities to the proposed Structures in compliance with the terms hereof.

**ARTICLE 6
STRUCTURE AVAILABILITY**

6.1 DLC's Obligations. DLC will make available, to the extent not needed for DLC's bona fide requirements as a public utility, and to the extent it may lawfully do so, access to the Structures for the placement of the Facilities.

6.2 Attaching Party's Obligations. Facilities are only to be attached in a distinctive "*Communication Space*," as defined in the National Electrical Safety Code (the "*NESC*"), on Structures unless otherwise approved in writing by DLC.

6.3 Availability. The availability of space on or within a Structure is subject to and dependent upon:

- a) All existing rights, privileges, franchises or authorities granted by governmental entities with the jurisdiction;
- b) Agreements with other attachers in effect at the time attachment is requested;
- c) Safety, reliability and generally applicable engineering practices;
- d) The development plans of DLC;
- e) All interest in property granted by persons or entities public or private;
- f) Applicable laws and regulations; and
- g) All terms, conditions and limitations of any or all of the foregoing, by which DLC owns and controls the Structures or any interests therein.

6.4 Construction of Structures. DLC shall not be required to construct new Structures in locations where they do not currently exist in order to provide Capacity, as defined below, to the Attaching Party. Under no circumstances shall DLC be required to obtain a property owner or grantor's consent to placement of Facilities on Structures or to obtain any other rights on behalf of Attaching Party.

ARTICLE 7 ACCESS TO AND USE OF STRUCTURES

7.1 Structure Access Guidelines. DLC has promulgated guidelines for the implementation of the terms of this Agreement ("*Guidelines*"). The Guidelines may be amended from time-to-time by DLC.

7.2 Access Request.

7.2.1 Prior to commencing work on a Structure, Attaching Party must submit a request for access to a Structure ("*Access Request*") in conformance with the requirements outlined in the Guidelines.

7.2.2 All Access Requests shall be directed to a DLC asset administrator, nominated from time to time by DLC ("*Asset Administrator*"). The Asset Administrator shall be the Attaching Party's single point of contact for all matters relating to this Agreement. The Asset Administrator shall be responsible for processing Access Requests to Structures, administration of the process of delivery of access to Structures, and all other matters relating to access to and maintenance of the Structures.

7.3 Processing Access Requests. From time to time, DLC, at its sole discretion, may determine reasonable and non-discriminatory processes for the orderly administration of Access Requests and the delivery of access to Structures, including limiting the number and scope of Access Requests being processed at any one time to a number that DLC can efficiently process giving consideration to relevant factors including, without limitation, the details of each

particular Access Request, applicable safety issues and the existing rights of other attachers on the Structures requested.

7.4 Priority. The priority for access to existing capacity in any Structure shall be determined by the actual time that Asset Administrator receives an Access Request from an attacher, in accordance with the Guidelines. The Asset Administrator shall date all Access Requests and keep a register of the order Access Requests are received. Access Requests shall be processed in the order they are received.

7.5 Locking of Poles. The pole attachment configuration in Communication Space can be locked for use by Attaching Party to exclude other attachers once the Attaching Party has provided the Asset Administrator with a completed Access Request. Once a route is locked for Attaching Party, DLC will advise other attachers inquiring to use the same route that the route is no longer available. After locking the route, the Attaching Party will have fifteen (15) days to submit its Detailed Plan, as defined in Article 10. If Attaching Party does not submit its Detailed Plan within the fifteen (15) day period, the route will then be available for other attachers. In addition, the route will become available for other attachers once Attaching Party has attached.

7.6 Authorization to Attach. The Attaching Party may have access to the requested Structures upon receipt of a written Authorization to Attach from DLC pursuant to Section 10.3; except, however, if written authorization or denial is not received within forty-five (45) days from DLC's receipt of a Detailed Plan in accordance with Article 10, such an Access Request shall be deemed to be granted.

ARTICLE 8 NONDISCRIMINATION

8.1 Except as otherwise permitted by applicable law, access to any Structure shall be provided to the Attaching Party on the same basis that DLC provides access to any other attaching party.

8.2 The Attaching Party's use of the Structures is subject to any valid, lawful arrangements DLC may now or hereafter have with others pertaining to the Structures.

ARTICLE 9 CAPACITY RESERVATION

9.1 Future Use by DLC. Subject to the provisions of the Act, DLC, at its option, may reserve capacity consistent with any bona fide development plan, to supply any anticipated need for its core utility service and may reserve capacity for its near term internal communications needs.

9.2 Future Use by Attaching Party. Attaching Party will not be allowed to reserve capacity in or on Structures to meet forecasted needs.

9.3 Capacity. For purposes of this Agreement, "*Capacity*" means space available on or in a Structure for the attachment of a Facility without the requirement of Make-Ready Work, defined in Article 11, to the Structure.

ARTICLE 10 DETAILED PLAN

10.1 Detailed Plan Submittal. The Attaching Party shall submit a Detailed Plan to the Asset Administrator with the information and upon the timeframe required in the Guidelines.

10.2 Rejection of Detailed Plan. If the Asset Administrator determines that a Detailed Plan is incomplete or non-compliant and cannot be processed, the Asset Administrator shall provide written notice to the Attaching Party specifying the grounds for rejection.

10.2.1 The Asset Administrator may reject or deny a Detailed Plan for the following reasons:

- a) Insufficient Capacity on a requested Structure
- b) Failure by the Attaching Party to provide the information specified in the Guidelines;
- c) Failure by the Attaching Party to pay the Administrative Fee or reimburse DLC for any of the costs and expenses provided for in this Agreement;
- d) Attachment of the proposed Facilities would violate applicable law or safety regulations;
- e) Inability of the parties to agree to modifications and/or make-ready work or the cost of modification and/or make-ready work or how the cost will be shared among the other attaching parties; or
- f) Safety, reliability and generally applicable engineering principles.

10.2.2 The Attaching Party may cure whatever defect the Asset Administrator has found in the Detailed Plan and resubmit within fifteen (15) days or lose its locked position on the poles. Failure by DLC to reject the Detailed Plan or to identify non-compliant issues does not constitute approval or acceptance of the Detailed Plan or any proposed attachment design for the purposes of this Agreement.

10.3 Authorization to Attach. Upon successful submission of the Detailed Plan, the Asset Administrator will issue written authorization for use of DLC's Structures to the Attaching Party to proceed with its Work ("Authorization to Attach"). The Authorization to Attach will be valid for sixty (60) days, during which the Attaching Party must complete its Make-Ready Work as outlined in the Detailed Plan. The authorization period may be extended with DLC's approval. The Attaching Party becomes liable for Attachment Fees, as defined in Section 18.2 of this Agreement, once Attaching Party receives an Authorization to Attach from DLC.

10.4 Assignment of Space. The Attaching Party shall determine the desired attachment location or space within the Structure to be used by the Attaching Party, subject to DLC's review and approval. No authorization for attachment of any Facilities shall be deemed for the Attaching Party's exclusive use. DLC reserves the right to adjust attachment position during the preliminary review to maximize the total available communication space.

10.5 No Obligation to Notify. DLC shall have no obligation to notify the Attaching Party of any subsequent attachments to the Structures.

10.6 Authority for Attachment. The Attaching Party may not attach Facilities to any Structure without the prior written authorization of DLC.

ARTICLE 11 MAKE-READY WORK

11.1 Compliance. Attaching Party's Facilities shall be installed and maintained in accordance with the rules, requirements and specifications of the National Electrical Code; National Electrical Safety Code; the Pennsylvania Public Utility Commission, the Occupational Safety and Health Act and the valid and lawful rules, requirements and specifications of any other governing authority having jurisdiction over the subject matter; the DLC Implementation Construction Standards; and generally applicable engineering principles ("*Applicable Standards*"). In the event of noncompliance with the Applicable Standards by Attaching Party, Attaching Party shall be solely responsible for compliance costs associated with remedying the noncompliance even if others have subsequently attached to Structures. Attaching Party must maintain records demonstrating compliance with the standards when attaching to the Structures.

11.2 Make-Ready Work. "*Make-Ready Work*" or "*Work*" shall be the work required to comply with Applicable Standards to prepare a Structure for the attachment of any Facilities, including but not limited to:

- a) verifying the integrity of any Structures;
- b) rearranging cable;
- c) notifying and coordinating make-ready work required by existing attachers;
- d) obtaining permits and right-of-ways;
- e) replacing poles;
- f) placing pole brackets;
- g) adding or replacing pole guys;
- h) making approved modifications to electric space on DLC secondary service;
- i) coordinating required electrical outages with DLC;

11.2.1 The timing, nature and performance of Make-Ready Work are set forth in the Guidelines.

11.3 Compliant Facilities. Attaching Party shall not be required to bear any of the costs of rearranging or replacing its authorized, existing Facilities if such rearrangement or replacement is necessitated solely as a result of Make-Ready Work for the addition of new facilities or the modification of existing facilities sought by another attacher.

11.4 Notice to Interested Parties. Before commencing the work necessary to remedy or modify a Structure, Attaching Party will notify all other impacted attachers of the proposed activities ("*Notice to Interested Parties*"). The Attaching Party may incorporate remedies or modifications required to accommodate any other attachers, any governmental entity, court, the

PaPUC or any other person into plans for any proposed modifications for the Attaching Party, when authorized to do so by such parties and with the required DLC authorization as defined in this Agreement.

11.5 Third Party Facilities. Under no circumstances is DLC obligated to perform Make-Ready Work on any structures or facilities other than its own. If Make-Ready Work on the facilities of another attacher are necessary, the Attaching Party must negotiate with the attacher for the right to conduct any Make-Ready Work.

11.6 Delays. DLC shall not be responsible for any delays in performing any Make-Ready Work due to discovery of undocumented facilities or other impediments to construction, local conditions, inability to obtain permits, acts of governmental agencies, strikes and labor actions, earthquakes, fire, floods, tornadoes, blizzards or other acts of God, acts of terrorism, or any other condition beyond the reasonable control of DLC. In the event any delaying event occurs, the Asset Administrator shall, on written request, meet with the Attaching Party to discuss appropriate means, if possible, to remove or avoid the delaying event.

11.7 DLC Monitoring. DLC maintains the right, but not the obligation, to monitor the Work. DLC will inform the Attaching Party of any compliance concerns in the field. If an identified non-compliance issue cannot be resolved in the field, DLC will notify the Attaching Party in writing of non-compliance matter. The Attaching Party will have 10 days to correct the identified deficiency.

11.8 Notification. The Attaching Party will notify DLC within ten (10) days of completing the Work.

11.9 Cost of Make-Ready Work. The costs of modifying a Structure to accommodate an Access Request shall be borne by the party desiring the Work, except where an attacher obtains access to a Structure or otherwise benefits from the Work of another party. In this event, all parties benefiting from the Work shall share the cost of the modification in proportion to its benefit from the Work. Any party, including DLC, with preexisting facilities on the Structure to be modified shall be deemed to benefit from the Work if, after receiving Notice to Interested Parties, it adds to or modifies its facilities in a manner not required to attach the Facility.

11.10 No Obligation to Share Cost. No attacher with existing facilities shall be required to bear any of the costs of rearranging or replacing its facilities if such rearrangement or replacement is necessitated solely as a result of Make-Ready Work for the addition of new facilities or the modification of existing facilities sought by another attacher.

11.11 Ownership. All Make-Ready Work performed on any Structure shall become the property of DLC.

**ARTICLE 12
POST INSTALLATION INSPECTION**

12.1 DLC Inspection. A post-installation inspection will be performed by DLC or its authorized agent to verify: (a) that Attaching Party's attachments on the poles meet Applicable Standards; and (b) the information provided by Attaching Party in its Detailed Plan.

12.2 Problem Identification. DLC will notify the Attaching Party of any identified noncompliances. Upon receipt of DLC's written notice of identifying the noncompliant matters, Attaching Party will have thirty (30) days to correct the deficiencies. If noncompliance issues are not corrected within 30 days, DLC may: (a) declare the Attaching Party in to be in Default of the Agreement; or (b) authorize an independent contractor to correct the deficiencies at the Attaching Party's expense. Attaching Party shall be responsible for all costs incurred by DLC to re-inspect the Structures each time DLC identifies a noncompliant matter for which Attaching Party is responsible.

12.3 Certificate of Attachment. DLC, after verifying that all attachments are in compliance with the terms in this Agreement including settlement of all fees owed to DLC, will issue a Certificate of Attachment to the Attaching Party.

12.4 Ongoing Inspections. DLC may, at the Attaching Party's expense, periodically inspect the construction, installation and maintenance of the Facilities to ensure compliance with this Agreement and applicable safety and other standards, to confirm the number of attachments, including unauthorized attachments and to address any other issues relating to safety, proper operation and maintenance. Except for inspection following the initial construction and installation of the Facilities, or in cases involving safety, damage to facilities or potential violations of the terms of this Agreement, inspections shall not be made more than once every three (3) years. Where reasonably practicable to do so, DLC shall provide prior written notice to the Attaching Party of an inspection. The cost of such inspections shall be allocated proportionately to all attaching parties on the Structures.

**ARTICLE 13
MAINTENANCE RESPONSIBILITY**

13.1 Attaching Party to Maintain. Attaching Party shall, at its own expense, construct and maintain its facilities on DLC's structures in a safe condition in accordance with Applicable Standards and in a manner acceptable to DLC, so as not to physically conflict or electrically interfere with the facilities placed therein and/or attached thereon by DLC or other attachers. For this Agreement, "*Maintenance Work*" shall be defined as the activities and costs required to meet these ongoing requirements throughout the attachment period. DLC shall have the right to inspect the construction and maintenance of Attaching Party's Facilities to ensure compliance with this Agreement.

13.2 Cost of Maintenance Work. Attaching Party is responsible for the cost of its own Maintenance Work throughout the attachment period. Further, if the Attaching Party creates a situation that infringes on another attacher's compliance, Attaching Party will be responsible for

the cost incurred by other attachers to bring Facility into compliance. Under these circumstances, Attaching Party will be responsible for coordinating activities associated with compliance. Failure to correct an identified non-compliance issue will be considered a Default as outlined in Article 1. When non-compliance corrections have been made, Attaching Party will notify DLC that the remedy has been made.

13.3 Prior Authorization for Maintenance Work. Attaching Party shall not perform any Maintenance Work or modify, supplement or rearrange other attachers' facilities without providing a Notice to Interested Parties to DLC and the owner of the facilities on the Structure. Except in the event of an emergency, Attaching Party must provide DLC with forty-eight (48) hours notice before accessing any Structure for Maintenance Work. Attaching Party is responsible for communicating and coordinating Maintenance Work impacting other attachers.

ARTICLE 14 QUALIFIED WORKERS

14.1 Work performed by Attaching Party on, in or about DLC's Structures shall be performed by competent workers approved by DLC skilled in the trade with qualifications and training at least equivalent to that of the workers and contractors of DLC.

14.2 When authorized in writing to do so, Attaching Party is permitted to work in electric space provided it uses qualified workers approved by DLC. It is Attaching Party's responsibility to obtain DLC written approval of all modifications to the existing electric space configuration.

ARTICLE 15 TRANSFERS

15.1 Facility Transfer to Replacement Structure.

15.1.1 The facilities may be transferred to a replacement structure at Attaching Party's cost at any time DLC transfers its own facilities to a replacement structure. No charge for transportation will be included unless a special trip by a crew is required to make a transfer or transfers.

15.1.2 Attaching Party shall share the cost of reattachment in the event a transfer occurs due to circumstances outside the control of DLC or other attachers, such as but not limited to weather related damage, pole damage caused by the public, age-related wear of pole, etc.

15.2 Emergency Transfers. DLC may, in an emergency, rearrange, transfer or remove the Facilities without incurring any liability to the Attaching Party. The Attaching Party shall pay DLC for all expenses incurred by DLC in connection with such rearrangement, transfer and/or removal.

15.3 Other Transfers. If at the request of a governmental entity, court, the PaPUC or any other person, DLC moves, replaces or changes the location, alignment or grade of any Structure, Attaching Party shall bear its pro rata share of the cost of relocating the Facilities.

15.4 Transfers for Convenience. Attaching Party acknowledges that, from time to time, it may be necessary to rearrange its Facilities on behalf of the business needs of Duquesne or another attacher.

15.4.1 Any work to be performed to accommodate the requesting attacher shall be negotiated, coordinated and reimbursed directly through the requesting attacher; provided, however, that DLC shall be advised of such request and shall determine, in the exercise of sound engineering judgment whether or not Make Ready Work is necessary or possible.

15.4.2 Whenever Duquesne finds it necessary, for any reason not caused by the Attaching Party, to relocate or replace any pole, or to make any change in the type, character or location of any of its own facilities, and such work requires rearrangement or transfer of the Attaching Party's Facilities upon Duquesne's Structures, Duquesne shall give to the Attaching Party notice thereof as far in advance of actual construction as possible, specifying the time schedule for commencement of such work; and the Attaching Party shall, in conformity with such time schedule, make the necessary rearrangement or transfer of its Facilities at its own cost. If the Attaching Party should fail to perform such rearrangement or transfer in conformity with such time schedule, Duquesne shall have the right, but not the duty, to perform such rearrangement or transfer; provided, however, that Duquesne shall not be liable for any loss or damage to the Attaching Party's Facilities or the system of which may be a part, including the loss of or interference with the service or use of said Facilities or system, by reason of performing any of the work of rearranging such Facilities or the manner in which such work is performed.

ARTICLE 16 DAMAGE TO FACILITIES

16.1 Attaching Party to Prevent. Attaching Party shall use its best effort to prevent damage to the Structure and the facilities of other attachers. Attaching Party shall notify DLC immediately of any damage to the Structures and any facilities located on the Structure of which the Attaching Party becomes aware. Attaching Party shall be liable for any damage it, its agents, employees or contractors, causes to any Structure or any facilities located on a Structure and shall be responsible for the cost of repairing such damage.

**ARTICLE 17
UNAUTHORIZED/EXTRAORDINARY ATTACHMENTS**

17.1 Unauthorized Attachments. If DLC determines that Attaching Party has attached Facility to any Structure without written authorization, DLC shall notify Attaching Party and the Attaching Party shall promptly submit an Access Request for the unauthorized Facility within fifteen (15) days of such notice by DLC. Attaching Party shall reimburse DLC for the costs of determining if there has been an unauthorized attachment as provided in Section 12.4, together with a fee of two (2) times the normal rental fee per pole per year starting from the date the attachment was made for each unauthorized attachment. If the Attaching Party is unable to document the date of attachment, the reimbursement period shall be fixed at the lesser of five (5) years or the date of execution of the initial agreement between the parties. All unauthorized attachments require payment of a minimum one-year charge. Attaching Party acknowledges that damages to DLC would be difficult to quantify in such a situation, and, therefore, this amount is reasonable liquidated damages for the unauthorized attachment to its date of discovery and is not a penalty.

17.2 Extraordinary Attachments. If DLC determines that the Attaching Party has attached any extraordinary attachment to a Structure without specific authorization, the Attaching Party shall reimburse DLC for the costs of determining that there has been an extraordinary attachment as provided in Section 12.4, and, at DLC's option, promptly remove the extraordinary attachment or pay DLC the relevant Attachment Fees retroactive to five years from the date the extraordinary attachment is discovered or the date of DLC's last inspection of the relevant structures, whichever is earlier.

**ARTICLE 18
FEES**

18.1 Administrative Fees. "*Administrative Fees*" cover the cost of negotiating this Agreement, establishing records, databases and systems, processing of written authorizations and similar administrative procedures to accommodate Attaching Party's request for attachment. Administrative Fees upon execution hereof and upon assignment of any written authorization, or series of authorizations, to a single assignee. Administrative Fees are not refundable. The Administrative Fee payable by the Attaching Party is due when the Access Request is specified in Exhibit A attached to this Agreement.

18.2 Attachment Fees.

18.2.1 The Attaching Party shall pay the applicable attachment fees so long as the Facilities are attached to any Structure. The attachment fees payable by the Attaching Party for the Initial Term of this Agreement are specified in Exhibit "A" attached to this Agreement ("*Attachment Fees*"). The Attachment Fees shall be applied retroactively as noted in Exhibit A.

18.2.2 Attachment Fees shall cover the period of January 1 up to and including December 31 of each year. Attachment Fees for Facilities attached during the year shall be deemed to commence on the first day of the month of installation.

18.2.3 DLC may increase or decrease Attachment Fees annually based upon FCC formulas and guidelines for calculating pole and duct attachments. The current FCC formula is attached as Exhibit B, which may be amended from time to time by the FCC, and such amendments automatically shall be incorporated herein. DLC shall give written notice to the Attaching Party as provided in Section 20.1 of this Agreement of any increase or decrease in the Attachment Fees.

18.2.4 Attaching Party shall pay the Attachment Fees annually as provided in Section 18.8 below. DLC shall invoice the Attaching Party for the Facilities in place and for which modification and/or make-ready work has been completed as of December 1 of the previous year. Any Facilities attached after December 1 and Facilities that were not invoiced at the beginning of the year will be invoiced at the time of the attachment or discovery of the error, as appropriate.

18.3 Service Provider Status. Attachment Fees are based upon the Attaching Party's status as a cable television provider, a telecommunications carrier, or a combined provider of cable television and telecommunications. The Attaching Party warrants and represents to DLC that it is providing telecommunications services.

18.4 Change of Status. Attaching Party shall notify DLC within 30 days of any change of service provider status. Failure to provide this notice shall be an Event of Default under this Agreement and may result in termination at DLC's option. The Attaching Party shall pay, as provided below, the difference between the Attachment Fees based on the Attaching Party's incorrect status and the Attachment Fee based on the Attaching Party's correct status, backdated to the earlier of three years from the date the Attaching Party's true status is discovered or the date of the last periodic inspection of the Facilities. In no event shall the Attaching Party be entitled to a refund of any Attachment Fees.

18.5 Reimbursement of Expenses. DLC may be required to provide additional support beyond the basic requirements for pole replacement or providing additional field support in the Post Installation Inspection. When such support is required, DLC will notify the Attaching Party that the needed support work exceeds the scope of work included in the fcc-based support. When this occurs, DLC with the Attaching Party's written approval will initiate a "Work Order" for all costs (labor and materials) required to support the added work scope. It is the Attaching Party's responsibility to place any constraints on the amount or type of charges permitted. If the Attaching Party does not provide written approval for the added work, DLC will have no obligation to provide such services.

18.6 Adjustments. DLC shall make any necessary adjustments to Attachment Fees and other costs and invoice Attaching Party for any amounts due. In the event that other attachers bear part of the cost of any Make-Ready Work, the amount payable by the Attaching Party shall be adjusted to reflect its actual share of the costs. DLC will provide the Attaching Party with at least 30 days written notice prior to increasing costs or fees.

18.7 No Waiver or Release. If DLC accepts payment of any amount from the Attaching Party which is different from the amount invoiced, the payment of that amount shall not be deemed to be the correct amount, and DLC shall not be deemed to have waived its rights or released any claim DLC may have against Attaching Party for the difference in the amount paid and that invoiced.

18.8 Payment of Invoices. The Attaching Party shall pay all invoices within thirty (30) days from the date of the invoice. If the invoice due date is on a day other than a business day, the Attaching Party shall pay it on the next business day.

18.9 Late Fees. If the Attaching Party fails to pay any invoice within the payment period, a payment or any portion of a payment is received after the payment period, or a payment or any portion of a payment is received in funds, which are not immediately available on receipt, DLC may assess a late payment fee. The late payment fee shall be the amount which is the product of the unpaid amount multiplied by the highest rate of interest permitted by law, compounded daily from the date the payment is due until payment is received by DLC. In no event, however, shall interest be assessed on any previously assessed late payment charges.

18.10 Manner of Payment. All payments due to DLC hereunder shall be paid in immediately available funds by bank check, wire transfer or by such other means and to such accounts as DLC may designate from time to time in writing.

18.11 Taxes. In the event that there are any, Attaching Party shall reimburse DLC for any taxes, fees, charges or assessments that DLC is required or obligated to pay by reason of Attaching Party's provision of any Attaching Party Service. DLC shall not allocate to the Attaching Party any of DLC's present or future taxes, fees, charges or assessments for which DLC would be liable regardless of Attaching Party's use of any Structure.

ARTICLE 19 INSURANCE

19.1 Attaching Party to Obtain and Maintain. Upon the effective date of this Agreement, Attaching Party, at its sole cost and expense, must obtain and thereafter maintain for the Initial Term and all Renewal Terms, all of the following insurance coverages:

(a) Statutory Workers' Compensation Insurance in full compliance with the Workers' Compensation and Occupational Disease Acts of the Commonwealth of Pennsylvania and U.S. Longshoremen's and Harbor Workers' Compensation Acts, if applicable;

(b) Employer's Liability Insurance with a limit of not less than \$1,000,000;

(c) Comprehensive General Liability Insurance including Premises-Operation Independent Contractor's Protective, Products, Completed Operation, and Blanket Contractual Liability coverage with Bodily Injury limits of not less than \$2,000,000 per occurrence and \$2,000,000 aggregate and Property Damage limits of not less than \$1,000,000 per occurrence

and \$1,000,000 aggregate or a combined Bodily Injury and Property Damage single limit of not less than \$2,000,000 per occurrence and \$3,000,000 aggregate and coverage for blasting or explosion, collapse and underground work if applicable;

(d) Excess Umbrella Liability Insurance with a single limit of not less than \$3,000,000; and

(e) Automobile Liability Insurance covering all owned, hired and non-owned vehicles with a combined single limit of not less than \$2,000,000 per occurrence and \$2,000,000 aggregate.

All insurance must be obtained from companies that are licensed to do business in Pennsylvania and from insurers acceptable to DLC.

19.2 Insurance Notice to DLC. All insurance policies must provide that, in the event of material change, reduction, cancellation, or non-renewal by the insurance carrier for any reason, not less than fifteen (15) days' written notice will be given to DLC by registered or certified mail of intent to cancel, materially change, reduce, or not renew the coverage. An authorized agent of the insurance carrier must provide to DLC, on such schedule as is requested by DLC, a certification that all insurance premiums have been paid and all insurance is in force.

19.3 DLC May Obtain. If for any reason the Attaching Party fails to obtain or keep any of the insurance in force, DLC may (but is not required to) obtain the insurance. The Attaching Party shall promptly reimburse DLC the actual premium costs for the insurance, plus interest at the rate of 1-1/2% monthly compounded daily until paid.

19.4 Certificates. The Attaching Party must provide to DLC, at least five (5) days prior to attaching any Facilities, written insurance binders, statements of property coverage, certificates of insurance, or certified copies of policies evidencing the required insurance.

19.5 Coverage Limit Increases. DLC reserves the right to require the Attaching Party to increase the amount or limits of insurance coverage specified above no more often than every three (3) years during the term of this Agreement.

ARTICLE 20 NOTICES

20.1 Specified Address. All written notices required under this Agreement shall be given by: (a) registered mail to the parties at the addresses specified below or to such other address as the parties hereto may from time to time specify in writing, or (b) by electronic communications as provided in the Guidelines.

To the Attaching Party:
Lisa Williams
DQE Communications, LLC
411 Seventh Avenue; MD 15-5

To DLC:
Asset Administrator
Duquesne Light Company
411 Seventh Avenue; MD 7-8

Pittsburgh, PA 15219
Telephone: (412) 393 1089
Facsimile: (412) 393 5680

Pittsburgh, PA 15219
Telephone: (412) 393 8838
Facsimile: (412) 393 8728

ARTICLE 21 INDEMNIFICATION

21.1 The Attaching Party shall defend, indemnify and hold harmless DLC, its directors, officers, employees, agents, advisors, and representatives from and against and shall pay all losses, damages, liabilities, penalties, fines, assessments, claims and actions, and all related expenses (including reasonable attorneys' fees and expenses and litigation costs) arising from the negligent acts, omissions or willful misconduct of the Attaching Party, its agents, contractors and subcontractors, or others retained by the Attaching Party whether or not resulting from third party claims, including, but not limited to: (i) the injury or death to any person including, but not limited to, employees of DLC and employees of the Attaching Party; (ii) the damage to any property, lost profits, business interruption and all other forms of consequential damages, or any other losses or damages arising out of, resulting from or in any manner caused by or related to the installation, maintenance, presence, occupancy, operation, use or removal of the Facilities and other property; (iii) any loss or infringement of copyright, libel, slander, invasion of privacy, or unauthorized use of information arising out of, resulting from or in any manner caused by the operation or use of the Facilities; (iv) the Attaching Party's failure to secure and maintain the necessary approvals, authorities, franchises, consents and easements from federal, state and municipal authorities and any necessary rights of way from owners of property; (v) the interruption of Services or the operations of any attaching party arising out of any act or omission by the Attaching Party, its directors, officers, employees, agents, advisors, contractors and representatives; (vi) the infringement of patents with respect to the manufacture, use and operation of the Facilities in combination with the Structures and any equipment of DLC or otherwise; or (vii) any other negligent act, omission or willful misconduct which constitutes a breach of this Agreement.

ARTICLE 22 INTERRUPTIONS, INTERFERENCE AND OPERABILITY

22.1 Throughout the term of this contract, and notwithstanding any review by DLC of Attaching Party's Detailed Plan, Attaching Party's Facilities shall not conflict with the use of the Structure by DLC or by other attachers or interfere with any other facility on or in any Structure. If the Attaching Party causes any non-compliance with this Agreement, interference or interruption of the Services of any other attacher, the Attaching Party shall immediately cease all activities causing the disturbance, interference or interruption and take all actions necessary to prevent further disturbances, interference or interruptions. The Attaching Party shall be liable for any disturbances, interference or interruptions caused by installation, operation or maintenance activities.

22.2 DLC shall not be liable to the Attaching Party or any third party for any interruption of the Attaching Party's Service or for any interference with the Attaching Party's operations arising out of any act or omission by DLC, its directors, officers, employees, agents, advisors,

contractors and representatives, or other attaching parties. DLC shall use reasonable efforts to avoid any interruption of the Attaching Party's Service or any interference with the Attaching Party's operations. If the Attaching Party sustains damage to its Facilities as a result of any negligent act or omission of DLC, DLC shall at its expense repair any damage to the Facilities or reimburse the Attaching Party for the actual cost of repair to any of the Facilities. In the event that DLC cannot repair the damaged attachment, DLC shall at its expense replace the damaged Facilities, such repairs to, replacements of, or reimbursement for the actual cost of repair to any damaged Facilities will be the sole remedy of the Attaching Party for DLC's negligent acts or omissions.

22.3 DLC provides no assurances relative to the operability of the attaching Facilities based on the existing conditions or changes to these conditions that may occur in the future.

22.4 DLC shall not be liable for any incidental or consequential damages whatsoever.

ARTICLE 23 ASSIGNMENT OF RIGHTS AND OTHER ARRANGEMENTS

23.1 The Attaching Party shall not assign or transfer this Agreement or any license or any authorization granted hereunder, without the prior written consent of DLC. This Agreement shall not inure to the benefit of Attaching Party's successors or assigns unless DLC has provided its prior written consent.

23.2 In the event such consent or consents are granted by DLC, then the provisions of this Agreement shall extend to and bind the successors and assigns of the Attaching Party hereto.

ARTICLE 24 ABANDONMENT, SALES OR DISPOSITIONS

24.1 DLC shall notify the Attaching Party of the proposed abandonment, sale, or other intended disposition of any Structure at least sixty (60) days prior to said disposition.

24.2 Notwithstanding the provisions of paragraph 25.1 above, DLC shall have no obligation to notify the Attaching Party of the sale of the Structures as part of a sale of all or most of DLC's assets.

ARTICLE 25 PROPRIETARY INFORMATION

25.1 Except as may be required by law (as provided for below), both parties agree to hold and maintain any information (in written or any tangible form) each discloses to the other, and, subject to the Act, this Agreement and any of its terms and conditions ("*Confidential Information*"), with the same degree of confidentiality with which each party treats its own confidential information and in no case less than a reasonable degree of confidentiality. Information materially relating to or arising under this Agreement, including all terms and

exhibits of this Agreement, shall be deemed to be Confidential Information. Confidential Information shall not include information that: (a) was publicly known at the time of disclosure; (b) becomes publicly known through no fault of the receiving party; (c) was in the receiving party's possession free of any obligation of confidence at the time of the owner's disclosure to the receiving party; (d) is developed by the receiving party independently of and without reference to any of the owner's Confidential Information; (e) is rightfully obtained by the receiving party from third parties authorized to make such disclosure without restriction; or (f) is identified by the owner as no longer confidential or proprietary.

25.2 Disclosure. If a party or any of its representatives becomes legally compelled to disclose any Confidential Information, the compelled party shall provide the other party with prompt notice of such requirement and shall cooperate with the other party in seeking to obtain a protective order or other arrangement pursuant to which the confidentiality of the Confidential Information is preserved. Any legally compelled disclosure shall not change the status of the disclosed information as Confidential Information.

25.3 Survival. The provisions of this Section shall bind the parties throughout the term of this Agreement, including extensions, and shall survive the termination of this Agreement for a period of five (5) years.

ARTICLE 26 MISCELLANEOUS

26.1 Compliance with Applicable Law. Each party shall comply at its own expense with all applicable federal, state, and local statutes, laws, rules, regulations, codes, final and nonappealable orders, decisions, injunctions, judgments, awards and decrees ("Applicable Laws") that relate to its obligations under this Agreement.

26.2 Changes In State or Federal Laws. This Agreement shall be modified by DLC to comply with any changes in state or federal laws, including but not limited to future regulations of the Federal Communications Commission or the Pennsylvania Public Utility Commission, if Pennsylvania subsequently meets the requirements of Section 224(c) of the Act, for regulating rates, terms and conditions for pole attachments and so certifies to the Federal Communications Commission under Section 224(c) of the Act and the applicable Federal Communications Commission's rules pertaining thereto.

26.3 Necessary Approvals. Each party shall be responsible for obtaining and keeping in effect all approvals from, and rights granted by, governmental authorities, building and property owners, other carriers, and any other persons that may be required in connection with the performance of its obligations under this Agreement. Each party shall reasonably cooperate with the other party in obtaining and maintaining any required approvals and rights for which such party is responsible.

26.4 Arbitration. Any dispute, controversy or claim arising out of or under this Agreement or its performance shall first be negotiated by the parties. If an acceptable resolution does not result from negotiation, the parties shall have a right to proceed in litigation with the Court of Common

Pleas of Allegheny County or the appropriate Court of the Commonwealth of Pennsylvania of original jurisdiction located in Allegheny County. The parties expressly agree that the choice of forum will be the Courts of the Commonwealth of Pennsylvania located in the County of Allegheny and that the parties will be subject to the jurisdiction of those Courts.

26.5 Warranties Limited. The only warranties made by DLC are those expressly enumerated in this Agreement. DLC expressly disclaims all other warranties whether statutory, express or implied (including all warranties of merchantability and fitness for particular purpose and all warranties arising from course of dealing and usage of trade.

26.6 Environmental Hazards. Each party will be solely responsible at its own expense for the proper handling, storage, transport, treatment, disposal and use of all hazardous substances and contaminants by such party and its contractors and agents; "hazardous substances" and "contaminants" are defined by the Comprehensive Environmental Response Compensation and Liability Act, as amended [42 U.S.C. §§ 9601, et seq.] or under any other applicable law or listed by any governmental agency as a hazardous substance.

26.7 Subcontracting. Either party may subcontract the performance of its obligations under this Agreement without the prior written consent of the other party; provided, however, that the party subcontracting such obligations shall remain fully responsible for the performance of such obligation and be solely responsible for payments due its subcontractors. The party subcontracting must ensure that its subcontractors abide by the terms of this Agreement, including, but not limited to all requirements relating to the NESC and DLC Construction Standards.

26.8 Force Majeure. Whenever a period of time is provided for in this Agreement for either party to do or perform any act or obligation, neither party shall be liable for any delays or inability to perform (other than an obligation to make money payments) due to causes beyond the reasonable control of said party such as but not limited to war; riot; insurrection; rebellion; strike; lockout; unavoidable casualty, or injury or damage to personnel, material or equipment; fire; storm; earthquake; tornado; any act of God; or any act of terrorism; provided that said time period shall be extended for only the actual amount of time said party is so delayed. For purposes of this Article, acts or omissions shall not be deemed "beyond the reasonable control of a party" if committed, omitted or caused by a party to this Agreement, or its employees, officers, agents or affiliates, or by any corporation or other business entity that holds a controlling interest in said party, whether held directly or indirectly. In addition, the inability to perform for financial reasons shall not be deemed an act or omission beyond the reasonable control of a party and shall not be deemed force majeure.

26.9 Law. This Agreement shall be governed by and interpreted in accordance with the substantive laws of the Commonwealth of Pennsylvania, without reference to its conflicts of laws and choice of law principles. Any litigation shall be filed and pursued in either state or federal court in Pittsburgh, Pennsylvania.

26.10 Disclosure. Each party will promptly inform the other party of any fact or omission that would make any representations, warranty or disclosure made herein materially untrue or misleading or which constitutes a material breach of any covenant contained herein.

26.11 Severability. In the event that any term or provision of this Agreement is declared to be illegal, invalid or unconstitutional, then that provision shall be deemed to be deleted from this Agreement and have no force or effect and this Agreement shall thereafter continue in full force and effect, as modified.

26.12 Non-Waiver. The failure by either party to insist upon strict compliance with any term of this Agreement, to exercise any option, to enforce any right, or to seek any remedy upon any default of the other party shall not affect, or constitute a waiver of, the other party's right to insist upon such strict compliance, exercise that option, enforce that right or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default. No custom or practice of the parties at variance with any provision of this Agreement shall affect or constitute a waiver of either party's right to demand strict compliance with the provisions of this Agreement.

26.13 Headings. The headings contained in this Agreement are included for convenience of reference only and shall in no way affect the construction or interpretation of any of the terms or provisions of this Agreement.

26.14 Entire Agreement and Amendment. This Agreement contains the entire agreement between the parties with respect to the subject matter and supersedes any and all prior oral or written agreements. This Agreement may not be modified or amended except in writing and signed by both parties.

26.15 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original instrument, and all of which taken together shall constitute one and the same agreement.

26.16 All Other Acts. Each party agrees to do all other acts necessary to effectuate the purposes and intent of this Agreement.

26.17 Language Usage. All words used in this Agreement shall have their common meaning unless otherwise provided in this Agreement. The use of upper case and lower case letters shall have no legal effect in regard to the interpretation of this Agreement.

26.18 Public Utility Commission. DLC shall file for approval an executed copy of this Agreement with the Pennsylvania Public Utility Commission as required by Title 66, Section 2102 of the Public Utility Code, and this Agreement shall become effective in accordance therewith. Once approved, this Agreement remains under the continuing jurisdiction of the PaPUC and is subject to modification as may be required by the PaPUC.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to become effective on the day and year first above written.

ATTEST:

DUQUESNE LIGHT COMPANY

James E. Nee
Title Corporate Secretary

By Matthew Whitfield
Title Manager, Billing + Disbursements

ATTEST:

DQE COMMUNICATIONS, LLC

Catherine Vamberi
Title Legal Assistant

By James E. Wilson
James E. Wilson
Title President

Exhibit A

Fee Schedule

Administrative Fee		\$ 455.00/one time
Attachment Fees	Pole	\$26.70 per attachment/year
	Duct	\$1.07 per linear foot/year*

Such fees may be amended from time to time pursuant to FCC formula shown on Exhibit B.

*** This rate shall be effective beginning from date of PUC approval. The rate from July 1, 2009 to the date of PUC approval shall be \$1.30 per linear foot/year, since at that time Duquesne Light Company recalculated its duct rate to conform with the FCC duct rate formula for all duct attachers, and modified its duct rate to \$1.30 per linear foot for all duct attachers.**

Exhibit B

Pole and Duct Attachment Formulas
(as may be amended by the FCC from time to time)

Section 224(e) Telecom Formula for Determining Maximum Rate For Use of Electric Utility Poles
Using FERC Form 1 Accounts¹

$$\text{Maximum Rate} = \left[\frac{\left(\frac{\text{Space Occupied}}{\text{Pole Height}} \right) + \left(\frac{2}{3} \times \frac{\text{Unusable Space}}{\text{No. of Attaching Entities}} \right)}{\text{Pole Height}} \right] \times \frac{\text{Net Pole Investment}}{\text{Number of Poles}} \times \left[\text{Carrying Charge Rate} \right]$$

Formula for Determining Maximum Rate for Use of Electric Utility Conduit
Using FERC Form 1 Accounts²

$$\text{Maximum Rate per Linear ft./m.} = \left[\frac{1}{\text{No. of Ducts}} \times \frac{1 \text{ Duct}}{\text{No. of Inner Ducts}} \right] \times \left[\frac{\text{No. of Ducts}}{\text{System Duct Length (ft./m.)}} \times \frac{\text{Net Conduit Investment}}{\text{System Duct Length (ft./m.)}} \right] \times \text{Carrying Charge Rate}$$

(Percentage of Conduit Capacity) (Net Linear Cost of a Conduit)

Simplified as:

$$\text{Maximum Rate per Linear ft./m.} = \frac{1 \text{ Duct}}{\text{No. of Inner Ducts}} \times \frac{\text{Net Conduit Investment}}{\text{System Duct Length (ft./m.)}} \times \text{Carrying Charge Rate}$$

¹ Consolidated Partial Order on Reconsideration, Appendix E-2, 16 FCC Red 12103 (2001)

² Consolidated Partial Order on Reconsideration, Appendix F-2, 16 FCC Red 12103 (2001)

Addendum A Guidelines for Communication Space Attachments

1. **Introduction:** These are the technical guidelines for directing the Attaching Party (AP) when attaching cables, messengers and equipment to DLC poles. These guidelines define the procedures, standards and policies for cabling in DLC manholes, and attaching to DLC poles. These Guidelines represent the technical agreement with the AP and are part of a comprehensive agreement. These Guidelines will be modified as required to assure the safety and integrity of DLC's assets including poles, wires, etc., and its electric and communication systems.
2. **Definitions.** Definitions are provided to clarify the meaning of words used specifically for this Guideline. Statement of definitions shall not alter the meaning as defined in other sections of the comprehensive agreement or in the referenced standards.
 - 2.1. **Cables.** General term used for a wire or strand (or group of) that is capable of carrying electric current or transmitting optical or electric communication signals, and may or may not be insulated.
 - 2.2. **Communication Space:** The term used to describe the section of the pole space (defined as the pole plus the worker's zone away from the pole) that is typically 40 inches below the lowest electric space facility. The lowest electric facility may be a bracket, feeder, cable or whichever portion of an electric space facility that has the lowest vertical position on a pole. Communication facilities that are less than 40 inches below electric space facilities are considered as electric space facilities. For underground applications, this space is understood to be only those ducts that do not contain electric supply cables.
 - 2.3. **Conduit.** A structure containing one or more ducts.
 - 2.4. **Conduit System.** Any combination of ducts, conduits, manholes, hand holes, pull boxes and vaults that form an integrated whole.
 - 2.5. **Electric Space.** The term used to describe the location on a pole where electric facilities (e.g. cables, wires, brackets, supports) exist. Such facilities are normally components of a utility's electric supply system and typically occupy the entire upper portion of a pole. For underground applications, this space is understood to be only those ducts that contain electric supply cables.
 - 2.6. **Ducts.** Underground ducts are the space inside conduits that may contain electric supply cables or non-electric supply cables.
 - 2.7. **Equipment.** General term used for other communication devices or supporting communication devices that may be attached to the poles, messengers or cables. Equipment shall include, but not be limited to, power supply units, switching boxes, amplifiers and radio transceivers. The general term shall include all materials including, but not limited to, equipment housing (cabinet), antenna, support brackets, etc.
 - 2.8. **Facilities.** General term used to reference all the equipment that may be proposed by an AP including, but not limited to, cables, messengers, wires, equipment, hardware, etc. When 'facilities' is used without capitalization, it refers to similarly defined equipment associated with any AP including equipment owned by DLC.
 - 2.9. **Guidelines.** Term used to represent this document and all referenced attachments and addendums.
 - 2.10. **Messenger.** General term used for the wire that supports the cable and is attached to the pole.
 - 2.11. **Minor Make-ready (MR) work.** The movement of DLC secondary, change-out of secondary with multiplex cable, communications guying, or movement of street lighting.
 - 2.12. **Major Make-ready (MR) work.** The movement of DLC aerial or primary cables, the movement of pole facilities including transformers and cross-arms, power guying, or the replacement or extension of poles, or to be defined as anything other than Minor Make-ready work.
 - 2.13. **Outage.** A scheduled or unscheduled interruption in electric power of either Primary service, Secondary service or both.
 - 2.14. **Pole Attachment List (PAL).** An automatically-generated list containing a sequence of DLC pole numbers that follow the order illustrated by a Route Map. The PAL also contains associated data such as pole-owner, DLC proposal number, GIS location number, pole number, street name, etc.
 - 2.15. **Primary.** Electric service distribution component comprised of high voltage cable plant and associated hardware. For DLC this consists of 4kV and above, three-phase facilities.

- 2.16. Remedial Make-ready work. Work needed to be completed before any Minor or Major MR and that involves correction of existing electrical or structural problems that prevent MR or attachment from safely taking place.
 - 2.17. Route Layout Form (RLF). An automatically-generated list containing a sequence of DLC manhole numbers that follow the order illustrated by a Route Map. The RLF also contains associated data such as facility owner, DLC proposal number, GIS location number, manhole number, street name, etc.
 - 2.18. Route Map. A layout of the path that an AP plans to take that consists of the planned route for its network. The map should highlight all streets in an area that are part of the proposed route.
 - 2.19. Secondary. Electric service distribution component comprised of lower voltage cable plant and associated hardware as defined by DLC. For DLC this normally consists of voltages of 240 or less.
 - 2.20. Work Order. The term used for the accounting mechanism set up by DLC through which DLC will be reimbursed for all direct expenses incurred in support of a stated task.
3. Qualifications: The engineering and construction as outlined in this Guideline shall be performed by persons with knowledge and experience as defined below:
 - 3.1. Understanding of National Electric Safety Code (NESC) C2-2007, Occupational Safety and Health Standards (OSHA) 1910.268 and .269, DLC Construction Standards and applicable Pennsylvania state and local regulations impacting the work associated with this Guideline;
 - 3.2. Capable of assessing the pole's condition and determining if the pole is electrically and structurally safe for adding attachments;
 - 3.3. Capable of accurately measuring and recording the locations of existing facilities attached to DLC poles including the height above ground and angular position around the pole;
 - 3.4. Capable of characterizing the physical characteristics of existing facilities including type, weight, diameter, method of grounding, etc.;
 - 3.5. Capable of determining ownership of existing facilities;
 - 3.6. Capable of performing a stress analysis on DLC wooden poles using NESC and DLC standards, design loads, as applicable to this region, and determining the Make Ready Work required to permit attaching to the pole in compliance with the current NESC and DLC Construction Standards;
 - 3.7. Capable of installing and maintaining facilities on wooden poles;
 - 3.8. Qualified to work in electric space, when required, as specified by OSHA, and using DLC approved Qualified Electrical Workers;
 - 3.9. Capable of understanding the costs and complexity of interfacing with energized electrical systems given a utility's obligation to provide electric service including the ability to obtain service outages;
 - 3.10. Capable of validating the requirements of this Agreement with local requirements;
 4. Process for accessing and pulling communications cables in DLC owned manholes.
 - 4.1. The AP must contact DLC Asset Administration for a Proposal Number. This needs to be added to the RLF and any other documentation in order to reference the current job.
 - 4.2. Any documents and forms must be sent to DLC Asset Management.
 - 4.3. The AP will then be required to submit an initial Route Map.
 - 4.4. DLC will assist with on-site access to DLC duct map drawings to determine duct availability to install cable. The AP will be given copies of duct maps showing only those parts of the system relevant to the project. All other portions of maps will remain with DLC.
 - 4.5. The AP must then submit a RLF.
 - 4.6. All associated manholes must be inspected and all safety hazards corrected by DLC before the AP is allowed access.
 - 4.7. The AP must notify DLC of scheduled time of access to all manholes 24 hours prior to access.
 - 4.8. The AP must use DLC approved qualified electrical workers for all work in manholes.
 - 4.9. The AP must notify DLC when cable pulls are completed.
 - 4.10. DLC may inspect a percentage of the manholes.
 - 4.11. The AP must provide DLC with as-built information to allow DLC to update all associated duct maps.
 - 4.12. Once the project is verified as completed, and the AP has submitted a final RLF, DLC will issue the AP a Certification of Attachment.

5. **Process for attaching communications cables on DLC owned poles.**
 - 5.1. The AP must design and submit a map (Route Map) detailing the desired route, and approximate pole locations if available.
 - 5.2. DLC will provide the AP with a map created from the submitted route that will contain pole ownership information, and pole numbers for each pole along the desired route.
 - 5.3. The AP designs the desired route. All poles must be specified in the design including guy poles, foreign poles and poles containing overlashed facilities.
 - 5.4. The AP must engineer and submit a Detailed Plan as described in Section 10 below.
 - 5.5. The AP will be responsible for engineering the pole route and all pole attachments in compliance with NESC, DLC, and State and Local standards.
 - 5.6. The AP is limited to a total of 200 poles per proposal.
 - 5.7. When the detailed plan is received, the desired poles are "locked" to provide the AP reserved access to the requested poles.
 - 5.8. Within 45 days of receipt of a Detailed Plan, DLC will either grant temporary authorization to attach or deny the attachment request in full or in part.
 - 5.9. Pole designs will be denied access for non-compliance to NESC or DLC standards.
 - 5.10. Denied poles must be re-engineered by the AP to meet all compliance standards and a corrected profile and/or Detailed Plan must be submitted to DLC within 15 days of notification, or the AP may lose their reserved status on the denied poles.
 - 5.11. Poles for which temporary authorization to attach is granted, will be grouped into one of two categories: (a) accepted for access with no further provisions, and (b) accepted for access with provisions for completion of all Minor or Major Make-ready work as engineered in the submitted profile. (The temporary authorization to attach grants APs 60 days reserved access to the designated poles for construction. This authorization does not indicate acceptance of AP engineering or design.)
 - 5.12. Minor make-ready work may be scheduled and completed by the AP through the use of DLC approved Qualified Electrical Workers, and with notification to DLC 48 hours before scheduled work is to begin if an Outage is required.
 - 5.13. Major make-ready work must be designed by DLC Engineering department. DLC T&D department prefers to handle all major make-ready work. Major make-ready work can only be performed by qualified electrical workers. A DLC representative must be present to oversee all Major Make-ready work. Pole permits, if required, must be applied for by DLC.
 - 5.14. All Major and Minor Make-ready work must be completed before the attachment of communications cables.
 - 5.15. The AP must notify DLC within 10 days of attaching their communications cables, and provide a final PAL to reflect the "as-built" route.
 - 5.16. DLC will perform a Final Inspection of every pole for compliance to NESC and DLC standards.
 - 5.17. DLC will provide written notification to the AP of all poles which have failed inspection.
 - 5.18. The AP will be required to re-engineer all failed poles to comply to required standards and to make the required corrections within 30 days of notification.
 - 5.19. The AP will be required to notify DLC upon completion of the required corrections, and submit a final PAL as necessary.
 - 5.20. DLC will re-inspect all corrected poles.
 - 5.21. All failed inspections will be returned again to the AP for correction.
 - 5.22. Once all poles within a pole submittal have passed inspection, and the AP has submitted a final PAL, DLC will issue the AP a Certification of Attachment.
 - 5.23. A temporary authorization to attach or a Certification of Attachment does not circumvent the authority of any other State or local authority to independently inspect poles and does not obviate any deficiencies found that are particular to that jurisdiction, but not part of NESC code or DLC construction standards.
 - 5.24. Any documents and forms must be sent to DLC Asset Management.
6. **Equipment Attachment:** Equipment other than cables may be installed on a pole when space permits with DLC approval. The function and physical characteristics of the equipment must be submitted as part of the Detailed Plan. Equipment attachments must also consider the following constraints.
 - 6.1. Metal equipment covers must be effectively grounded.
 - 6.2. Cabinets should not be installed on the following wooden pole types:
 - 6.2.1. Poles with underground electric or communication aerial cable risers;

- 6.2.2. Poles that are not accessible to mechanized equipment (e.g. bucket truck);
- 6.2.3. Poles with capacitor controls, air switch operating handles, or any existing electric service entrance;
- 6.2.4. Poles with primary metering;
- 6.2.5. Poles with 23 kV sectionalizers, reclosers, vacuum switches or Pole Top Switch;
- 6.2.6. Poles with 4 kV PR reclosers or voltage regulators;
- 6.2.7. Poles with cabinets containing controls such as fire alarm, police signal, traffic signals and communication terminal boxes;
- 6.2.8. Poles where the distribution lines run in four or more directions;
- 6.2.9. Poles where electric service is not available and/or where adding electric load would place an undue burden on the existing distribution system as determined solely by DLC.
- 6.3. Only one cabinet may be installed on a pole.
- 6.4. Cabinets must be installed at a minimum height of 12 ft. from the bottom of the box to ground.
- 6.5. The preferred pole for attaching cabinets or power supply units is a pole with only wire and cross-arms and no other equipment.
- 6.6. If electrical supply service is required for the proposed equipment, service must be engineered by DLC at the AP's expense.
- 6.7. Equipment designed and equipped to continue to supply power (usually by means of batteries and inverter) when electric service is interrupted or de-energized, must disconnect the external power source to prevent electric feedback into DLC's distribution system.
- 6.8. DLC reserves the right to inspect or test power supply units and to request a schematic drawing of the unit(s) for review in association with the no back-feed requirement cited above. A test for kilowatt-hour (kWhr) consumption of the power supply unit may also be made in association with the un-metered electric service rate.
- 6.9. Terms and conditions for electric service are not part of this Guideline.
- 7. **Field Investigation.** A field investigation must be conducted to determine the space available on each pole on which the AP is requesting to attach. The extent of the field investigation will vary based on the space available on the pole. The field investigation must meet the following criteria.
 - 7.1. A visual inspection of each pole must be conducted to identify any concerns for the integrity of the pole as outlined in OSHA 1910.269 and includes identification of leaning poles, missing guys or anchors, etc.
 - 7.2. Details of all existing non-compliance issues that impact the AP's ability to attach including elevations and pole and mid-span clearances may be recorded on digital photographs or Profiles if advantageous to the AP.
 - 7.3. Two digital photographs clearly illustrating any communication space pole attachments must be taken.
 - 7.4. In order to attach communications cables to DLC poles, the AP must define the following information on the Profile sheet:
 - 7.4.1. The elevation and owner of those existing communication space facilities which will become immediately adjacent to the new attachment once installed.
 - 7.4.2. The elevation of the new attachment.
 - 7.5. The AP shall assure that the proposed mid-span clearances and cable sag dimensions are according to NESC/DLC specifications. Additionally, the AP must verify that attachments to the pole, including any added guy-attachments, meet the applicable mid-span to ground clearances. It is the AP's responsibility to determine if local ordinances or other conditions apply.
 - 7.6. All requested measurements must be accurately taken to assure compliance with the NESC. Where requested to perform a specific measurement or task in this section, the following quality criteria applies to the measurement type.
 - 7.6.1. Elevation (communication facility): Measurements taken using a device capable of identifying the attachment height above ground within +1 or -1 inch for all facilities.
 - 7.6.2. Digital Photographs: Digital photographs required must clearly identify the specific pole identification number, as listed on the GIS map, and date in the file name (e.g. 12345-030910). The entire pole must be shown in one photo at an angle, distance and time of day that allows for identification of facilities. Pictures must be made using cameras that operate with a minimum of 7 megapixels and at a 1:1 image ratio (no wide-angle views). A second photo must be taken of the communications attachments at close range (telephoto lenses or views are permitted). Pictures are only required for DLC-owned structures.

8. **Clearance Analysis:** A clearance analysis shall be performed to determine if there is sufficient available space to permit attachment in compliance with NESC and DLC Construction Standards for all proposed Facilities. The clearance analysis must consider the following constraints.
 - 8.1. The initial clearance analysis shall determine if sufficient space is available within the existing configuration to permit the proposed attachment. If sufficient space is not available, the clearance analysis shall clearly define the Make Ready Work needed to provide the required attachment while maintaining compliance with current NESC and DLC Construction Standards. If an existing pole cannot be reconfigured to permit attachment, the AP may choose to have the pole replaced or locate an alternative pole or route.
 - 8.2. All clearance designs shall meet NESC and DLC Construction Standards.
 - 8.3. Except as permitted by the NESC, no communications equipment, supply equipment, or cables are allowed within the communication worker safety zone.
 - 8.4. Per DLC construction standards a minimum distance must be kept between Primary open-wire lines and Secondary or Neutral conductors as follows: 8 feet for 23kV Primary, 4.5 feet for 4kV Primary.
 - 8.5. Communications equipment and hardware, such as power supplies, camera enclosures and antennas, must be located in communications space similar to communications cable attachments. Any attachments which contain RF transmission equipment must be properly labeled with, at least, the name and phone number of the organization responsible for accepting calls when DLC T&D crews arrive on site to perform electrical service work. Refer to the document "POWER REMOVAL PROCESS FOR POLES CONTAINING POTENTIAL RF RADIATION HAZARD (For DLC personnel)" for more information.
 - 8.6. The minimum distance between two communications attachments at the pole shall be 12 inches in any direction.
 - 8.7. The minimum distance between two communications attachments anywhere in the span is 4 inches.
 - 8.8. For all other circumstances midspan clearances must follow NESC and DLC standards.
 - 8.9. All communication lines must be at least 12 inches below the bottom of an ungrounded streetlight power supply drip loop, and 20 inches below the streetlight bracket, whichever is closer.
 - 8.10. Service drops must adhere to the same clearance specifications as mainline trunk cables.
 - 8.11. In the event that communication space is available above an ungrounded streetlight, the clearance between the communication line and the streetlight's upper support arm shall be 20 inches for streetlights operating at 150V or less to ground, and 40 inches for streetlights operating at more than 150V to ground.
 - 8.12. Clearances to streetlights above or below communications space facilities or electrical space facilities shall follow NESC and DLC construction standards.
 - 8.13. The minimum clearance across a state road including the pavement and shoulders is 18 feet. Local or municipal codes may also apply to this road clearance. It is the AP's responsibility to verify that a lower clearance across a road is permitted. DLC must have documentation from the AP to support a lower clearance on record for the project.
 - 8.14. A compliant design must consider the following clearance constraints:
 - 8.14.1. Compliant designs must maximize the use of communication space.
 - 8.14.2. Compliant designs must maximize the use of communication space before recommending any changes to electric space.
 - 8.14.3. Any requested attachment movement must be equal to or greater than 6 inches vertically along the pole;
 - 8.14.4. The AP must comply with minimum or standard clearances;
 - 8.14.5. Streetlights are not effectively grounded;
 - 8.14.6. Movement of streetlights may be constrained by local authorities.
9. **Structural Analysis:** An AP may not attach to a pole that has a ground line stress level greater than allowed by the NESC and DLC Construction Standards (OH-3-10 through OH-3-13) based on the existing facilities as they are observed and documented in the field investigation. Additionally, an AP may not attach to a pole when the incremental stresses added by the proposed attachment results in total stresses that exceed NESC or DLC Construction Standards limits. Structural analysis may also be used to validate pole stress limits when physical constraints impede guying as required by this Guideline. The AP, at its cost, shall determine modifications to the pole required to reduce ground-line stresses and result in a compliant design. DLC Engineering department may review structural analysis provided by the AP, but DLC structural analysis will take precedence over the

- AP's structural analysis. When requested, all calculations and computations related to the AP's structural analysis must be submitted to DLC for review.
10. **Detailed Plan:** The AP is required to submit a Detailed Plan to DLC prior to attaching to a Structure. The Detailed Plan must include all required information, as stated in this Guideline, for each pole as requested through the use of the online application process. The online process will be mandatory as of 6-1-2010. Failure to use the online tool, or to not fully complete the application, will be grounds for rejection of a proposal. DLC review of any data submitted by the AP does not automatically sanction the engineering design or suitability of the Detailed Plan or an attachment proposal for either overhead or underground applications.
 - 10.1. A field investigation summary report must be provided including:
 - 10.1.1. A completed Pole Profile for every pole listed in the PAL, including guy poles (pole-to-pole and anchor), poles with overlashing, and poles where the AP has changed the elevation of an existing messenger attachment;
 - 10.1.2. Splice points where the new route connects to an existing route or routes.
 - 10.1.3. Revised and corrected PAL or RLF and Route Map and construction drawing;
 - 10.1.4. Properly labeled digital photographs (pole attachments);
 - 10.1.5. Summary of any observed non-compliance conditions;
 - 10.1.6. Description of any Equipment proposed to be installed (e.g. cameras, wireless, power supplies, etc);
 - 10.1.7. List of contractors to be used. DLC must approve all engineering and construction contractors supporting the work;
 - 10.2. When a structural analysis is performed, a summary report must be developed conveying the key information associated with the compliant design. The summary analysis must comply with DLC Standards.
 - 10.3. Any changes to DLC's electric system must be defined including modification to secondary or primary circuits and approved by DLC. If outages are required, the anticipated outage duration must be defined along with a pole number for the pole that holds the controlling transformer(s) for secondary service (see section 11).
 11. **Make Ready (MR) Construction (poles):** Make Ready Work Construction shall begin after the AP has received the required approvals from DLC and other attached parties. This section details the technical requirements for Make Ready Work and the following section defines the technical requirements for Implementation Construction. Some of the work tasks performed may not consistently be assigned to one of these sections by all parties as initially intended by DLC. To assure compliance with the intent of this Guideline, the AP's and any of its subcontractors are responsible to assure that the combined requirements of these two sections are implemented regardless of the interpretation as to which work task is included in a specific section.
 - 11.1. All construction activities must meet standards established by OSHA 1910.269 for Electric Power Generation, Transmission and Distribution, NESC and DLCO standards, and State and Local codes.
 - 11.2. **Minor Make-Ready Work.** This work involves only scheduling interaction and coordination with DLC and is characterized by Non-Outage or Outage situations as follows:
 - 11.2.1. Non-Outage related Minor MR Work consists of work that, once DLC has been notified, the AP can manage entirely on its own without DLC on-site supervision. Examples of such work include movement of Secondary wires, pre-hanging multiplex cable, moving communications cables (in Electric Space) and repositioning of streetlights.
 - 11.2.2. Outage related Minor MR Work also consists of work that the AP can manage entirely on its own without DLC on-site supervision but comprises tasks that would be performed only after a Secondary service Outage has been scheduled through DLC. Examples of such work include movement of Secondary wires, changing open-wire configurations to multiplex cable and rewiring of service drops.
 - 11.2.3. Notification Procedures. The notification process is as follows:
 - 11.2.3.1 For Minor MR that does not require an electric service outage the AP or the AP's contractor notifies DLC of the planned activity. A notice will be sent out advising all internal DLC personnel of the proposed work. DLC will need to know the following information for the notice 24 hours before work begins:
 - 11.2.3.1.1. Location(s) of work.

- 11.2.3.1.2. Date(s) of work.
 - 11.2.3.1.3. Time(s) of work.
 - 11.2.3.1.4. Nature of the electric supply serving the area involved (4 or 23kV).
 - 11.2.3.1.5. On-site contractor foreman in charge and cell phone number.
 - 11.2.3.1.6. Project manager of contractor and cell phone number.
 - 11.2.3.1.7. AP contact and cell phone number.
 - 11.2.3.2. The above process can be used for one week's worth of MR work per crew at a time.
 - 11.2.3.3. For Minor MR that does require a Secondary electric service Outage the AP or the AP's contractor notifies DLC of the planned activity. A single notice will be sent out advising all internal DLC personnel of the proposed work. DLC will need to know the following information for the notice 48 hours before work begins:
 - 11.2.3.3.1. Location of work.
 - 11.2.3.3.2. Date of work.
 - 11.2.3.3.3. Time of work.
 - 11.2.3.3.4. Nature of the electric supply serving the area involved (4 or 23kV).
 - 11.2.3.3.5. On-site contractor foreman in charge and cell phone number.
 - 11.2.3.3.6. Project manager of contractor and cell phone number.
 - 11.2.3.3.7. AP contact and cell phone number.
 - 11.2.3.3.8. All residence or business addresses affected.
 - 11.2.3.3.9. Type of Outage (i.e. single phase or three phase Secondary service).
 - 11.2.3.3.10. Pole number(s) for all poles where Secondary service will be out.
 - 11.2.3.3.11. Pole number(s) of the serving transformer.
 - 11.2.3.4. Notice information may be delivered electronically or via the phone, however verbal confirmation of receipt must be made with DLC prior to the 48 hour period. Voicemail or email messages without confirmation will not be accepted. In case the DLC Third Party Project Manager is not accessible one or more alternate contacts will be made available.
 - 11.2.3.5. The AP is responsible for ensuring that missing or correct pole numbers are obtained. Poles without tags must be identified. Hence, the PAL needs to be distributed to those contractors who will be submitting notice information to DLC. Failure of DLC to receive accurate pole identification data may cause a delay or rejection of the Outage MR request. In addition, the following steps must be taken:
 - 11.2.3.5.1. Paper notices must be delivered to all electric customer addresses (see attached Outage Notification form);
 - 11.2.3.5.2. Personal contact must be made with affected customers;
 - 11.2.3.5.3. All possible attempts must be made to accommodate customer's schedules;
 - 11.2.3.5.4. During coordination, be advised that Outages are not authorized in cases where the customer is using oxygen, is on life support or otherwise would be vulnerable or in a life-threatening situation with the removal of power unless the contractor is able to work out a schedule or process that meets the customer's approval;
 - 11.2.3.5.5. All customers must be contacted to confirm acceptance of the scheduled Outage before the day of the Outage;
 - 11.2.3.5.6. Extra care exercised when switching old transformers off and back on.
 - 11.2.3.5.7. The AP is responsible for its contractor at all times;
 - 11.2.3.5.8. The AP is responsible for obtaining documentation of any customer related Problems;
 - 11.2.3.5.9. Notice given to the DLC Third Party Project Manager upon completion of Work.
 - 11.2.3.6. The above process must be used to document each individual service Outage. Should there be problems with restoration of service or an (electrical) emergency situation the AP contractor must notify the DOC supervisor. Scheduled Outages are subject to cancellation or rescheduling by DLC if necessary.
- 11.3. **Major Make-Ready Work.** This work involves both scheduling and Outage coordination with DLC. In addition, DLC must be present to sign on and sign off Primary Outage clearance permits and supervise the work regardless of who performs the work. The process is as follows:

- 11.3.1. The AP must submit a list of poles to DLC requiring such action.
- 11.3.2. DLC will provide a quote for the required work to include Outage coordination, if needed, for each pole along with an estimate of the time required for completion. All estimates of time will be approximate and do not include the time required for, or delays resulting from, outage scheduling, permit application, storm restoration, etc.
- 11.3.3. The AP then either elects to move forward with the work or decides to consider an alternate path. If a new path is chosen then the proposal process must be restarted beginning with the Detailed Plan, and a new proposal number created. The 45 day response time would begin again after receipt of all documentation from the AP.
- 11.3.4. Regardless of the party performing the MR, an authorized DLC Representative must oversee the work. In addition, work needing a Primary Outage must be scheduled and coordinated through the DLC Operations department. An authorized DLC Representative will take charge of setting up the Outage, arrange for writing a clearance permit, signing on and off the permit, and supervising the actual work. All DLC time charged to this work will be billed to the AP.
- 11.3.5. Contractors will not be permitted to splice aerial cable. Contractors will not be permitted to move DLC control cables between control boxes and electric equipment. Additionally, contractors will not be permitted to work on electric facilities on poles containing the following equipment unless DLC approves of the activity in writing:
 - 11.3.5.1. Under-arm Switches
 - 11.3.5.2. Sectionalizers
 - 11.3.5.3. Regulators
 - 11.3.5.4. Capacitors
 - 11.3.5.5. Pole-Top Switches
 - 11.3.5.6. Step-down Transformers
 - 11.3.5.7. Reclosers
 - 11.3.5.8. Terminal Poles
- 11.4. DLC will provide design information in the event fuse replacement is required.
- 11.5. Guying must be added to offset unbalanced transverse loads when the line angle for the attached cable is greater than five degrees (as defined in DLC Construction Standard OH-9-25 Detail 9-25-B).
- 11.6. All communication cables and equipment shall be permanently labeled at each pole. This label shall be easily readable from the ground and shall include the facility owner's name and a 24-hour contact phone number.
- 11.7. All materials used to replace or modify DLC facilities on a pole must be the same type used by DLC and identified in the DLC Construction Standards. The AP or its contractor may order replacement parts through WESCO using the referenced stock numbers from DLC's Construction Standards.
- 11.8. The communication cable must be directly attached to the pole surface. The preferred attachment types are shown in DLC Construction Standard No. TCE-5.1.9-6 and TCE 5.5.9-3. Extension arms, bolt extenders and offset brackets can be used to provide the required horizontal clearance to buildings, signs, trees, and similar facilities or to reduce the change in direction of the communication cable. Such items cannot be used to avoid vertical clearances and can only be employed on the non-climbing side of a pole (see section 13).
- 11.9. All connections made to 23 kV circuits to permit cable movement must use "hot line clamps". Use of parallel grooved clamps or amp connectors will not be permitted.
- 11.10. It is the AP's responsibility to determine a streetlight's owner and obtain the required approvals for movement.
- 11.11. Any required outage should be less than two hours in duration. The added cost for achieving this outage constraint shall be at the AP's expense.
- 11.12. Pole replacements shall be engineered such that an outage is not required.
- 11.13. Movement of aerial Primary cable requires an outage. Movement of OW Primary may require an outage.
- 11.14. All electric service outages must be planned and coordinated with DLC using DLC customer notification practices and required DLC electrical clearances. It is the AP's responsibility to know these practices. A DLC authorized representative will handle electrical clearance issues and permits.
- 11.15. Outages will only be granted using DLC historic practices as determined solely by DLC. Outages on certain circuits may not be permitted during summer months.
- 11.16. The AP is responsible for tree trimming necessary for compliance with this Guideline. Tree Trimming

practices shall include, as a minimum, the following:

- 11.16.1. Contact the appropriate municipality to determine if permitting is required and determine if there are local procedural requirements that must be followed;
- 11.16.2. Contact impacted property owners to explain the scope of work prior to performing the work;
- 11.16.3. All tree trimming must be performed in accordance with the latest issue of the following arboricultural-related references
 - 11.16.3.1. American National Standards Institute (ANSI) Z133.1 Tree Care Operations- Pruning, Trimming, Repairing, Maintaining, and Removing Trees, and Cutting Brush – Safety Requirements
 - 11.16.3.2. ANSI A300 – Tree Care Operations – Tree, Shrub and Other Woody Plant Maintenance – Standard Practice
- 11.17 Contractor shall not represent itself as DLC or obligate DLC during the resolution of any complaints or claims.

12. Implementation Construction in DLC Manholes:

- 12.1. All construction activities must meet standards established by OSHA 1910.269 for Electric Power Generation, Transmission and Distribution, NESC guidelines, DLC construction standards, and State and Local codes.
- 12.2. The AP is authorized to install only in a DLC duct line where currently unused space exists, and if DLC does not require this space for its own electric and communication needs. In the event that DLC requires use of the DLC Duct Line space, DLC will provide written notice to the AP to relocate its facilities within 90 days.
- 12.3. Qualifications: The construction as outlined in these Guidelines shall be performed by persons with knowledge and experience as defined below:
 - 12.3.1. Understanding of applicable National Electric Safety Code (NESC), Occupational Safety and Health Standards (OSHA 1910.268, .269), DLC Construction Standards and applicable Pennsylvania state and local regulations impacting the Work;
 - 12.3.2. Capable of assessing the general condition of the existing facilities and determining if safety hazards exist, including but not limited to: electrical, environmental and structural;
 - 12.3.3. Capable of determining ownership and characteristics of existing facilities;
 - 12.3.4. Qualified to work in electric space as specified by NESC and OSHA using trained IBEW journeyman line workers;
 - 12.3.5. Capable of validating the requirements of these Guidelines with local requirements including right of way issues.
- 12.4. The AP is responsible for all incremental costs to DLC associated with installing Facilities in DLC's Underground Conduit System. The magnitude of these costs is typically not known at the beginning of a project. DLC will require the AP to approve all non-emergency costs prior to DLC incurring any costs.
- 12.5. All associated manholes must be inspected and all safety hazards corrected by DLC before the AP is allowed access. The AP will have a period of 60 days to complete all work in the manhole after completion of inspection and correction of all safety issues. The AP will not be allowed access into the manhole after the earlier of a period of either 60 days, or when the 3rd Party notifies DLC that they have completed installation, unless the manhole is re-inspected and all safety issues corrected. The AP acknowledges that underground system conditions may not be known at the time an AP requests installation, and the conditions may change while a project is being implemented. DLC, in its sole judgment, may prohibit access due to safety and reliability concerns.
- 12.6. The AP is solely responsible for the safety of its employees and any contractors working within DLC's Underground Conduit System. DLC authorizations do not in any way limit the AP's responsibility for assuring that the work environment is safe.
- 12.7. The AP understands that the initial route is subject to verification that space exists in the Underground Conduit System, and that the available Ducts are clear prior to DLC granting permission to attach.
- 12.8. DLC will keep certain Ducts available for its emergency use. For Ducts with an opening greater than four (4) inches, DLC will keep two (2) Ducts as operating/emergency spares. For Ducts with an opening measuring four (4) inches or less, DLC will keep four (4) ducts for operating/emergency spare purposes.
- 12.9. Not all Conduits will have spare capacity. When a Conduit does not have sufficient capacity, the AP may still install cable if there is available space in an existing communication Duct that may already

- contain another AP's cable.
- 12.10. DLC will require that the AP first fill all Ducts containing communication facilities with as many cables as possible.
- 12.11. The AP cannot locate facilities in a Duct containing DLC electric cable.
- 12.12. The AP's route should only use DLC pull boxes when required to provide connectivity through the Underground Conduit System, or when the only Ducts available are through the pull box.
- 12.13. With the proposed route identified, the AP will complete a Route Layout Form. The Route Layout Form defines:
- (A) the route entry points;
 - (B) manholes, pull boxes or vaults involved in the route including identifying streets and landmarks used to specifically identify location for each facility; and
 - (C) the individual cable lengths.
- 12.14. The AP will determine the particular Duct for installation of its cable subject to these Guidelines and as listed on the RLF. Available Duct space will be maximized by installing multiple facilities inside the same Duct. Any party installing facilities in DLC's Underground Conduit System must recognize the inherent risk associated with sharing a Duct in an electric Underground Conduit System. The AP will not be granted exclusive access to a single DLC Duct in DLC's Underground Conduit System.
- 12.15. Access to a DLC manhole may require removal of sludge or other substances. DLC will determine, at the AP's expense, if cleaning the manhole(s) requires treating materials as a hazardous substance. DLC will be responsible for removing any hazardous substance at the AP's expense.
- 12.16. Connections (i.e. laterals) to DLC owned facilities must be preapproved. The AP must submit a sketch detailing the location of the proposed connection and showing the position of other facilities near the attachment including dimensions.
- 12.17. After verifying the route accessibility, the AP must submit to DLC a Detail Plan which: (A) updates the Route Layout Form; (B) provides a route drawing detailing the proposed route's layout; (C) details any attachments or connections to DLC facilities; (D) defines any cable storage requests; and (E) outlines the project schedule.
- 12.18. Access to DLC Underground Conduit System may not be approved or, if previously approved, may be cancelled due to the safety and reliability issues associated with DLC's electric system.
- 12.19. The cost and obtaining of any permits, to include such requirements as providing police to supervise traffic, is the responsibility of the AP.
- 12.20. An AP may perform inspections of DLC manholes only through use of DLC-approved qualified electrical workers that have successfully completed a DLC-supervised training program in underground manhole safety and high-voltage circuit inspection.
- 12.21. The AP must provide 24 hour pre-notification before entering any DLC manhole using current Manhole Access Procedures. At all times, DLC System Operations must have knowledge of which manholes are occupied during the project. It is the AP's responsibility to ensure that DLC is aware of AP's presence in a DLC manhole or vault at all times.
- 12.22. The AP is responsible for verifying that a proposed route is open for installation of its Facilities by "rodding and roping" the Ducts to verify that the entire Duct is sufficiently clear to permit installing additional facilities. In the event that a Duct is not clear and cannot be opened, DLC must be notified, the proposed route revised as needed, and the RLF updated with as-built information.
- 12.23. The AP is responsible for securing all private access agreements as may be required.
- 12.24. The AP must rack the installed cable around the manhole's perimeter at the DLC approved elevation. The cable shall not block access to DLC cables or manholes. Any cable pulled through the center of the manhole and not racked around the manhole's perimeter is subject to removal at DLC's sole discretion, with no notice required to the AP. If time permits and if the cable is tagged pursuant to Section 12.27 of these Guidelines, DLC will contact the AP to move/remove the cable.
- 12.25. Equipment or cables shall not be installed within eight (8) inches of the back of fixed ladders and shall not interfere with the proper use of such ladders.
- 12.26. All AP installed cable shall be plainly tagged in each manhole with the AP's name and unique cable number. The tag shall be suitable for extended service in the underground environment. Cables not tagged and not properly racked are subject to removal.
- 12.27. The AP may not in any way reserve capacity within the DLC Underground Conduit System. The use of "innerduct" is permissible only as a protection for cables in the common working space of a manhole and not through any duct or conduit unless that duct or conduit is owned by the AP. Innerduct must be sized such that it would be only as large as necessary to accommodate a single cable.

- 12.28. The AP may not move any DLC facilities to permit installation of AP Facilities without pre-approval from DLC.
- 12.29. The AP must be in compliance with these Guidelines and correct any deficiencies or variance from the Guidelines before any additional access requests to install new cables will be considered.
- 12.30. The AP must notify DLC prior to performing any maintenance on any facilities installed in DLC manholes. DLC will again require that the manhole be inspected and all safety hazards corrected prior to permitting access to the Attaching Party.
- 12.31. In the event that underground facilities become damaged, DLC may withhold the AP's access to these underground facilities during the time required to repair DLC electric facilities.
- 12.32. The AP must notify all owners of any existing facilities installed in the DLC Duct Line it plans to access at least 15 days prior to installation.
- 12.33. DLC has no obligation to maintain this structure other than the maintenance required to assure the reliability of its facilities.
- 12.34. The AP may not perform any work on the DLC Duct Line without prior DLC approval.
- 12.35. The AP is not permitted to store any excess cable at the ends of the DLC Duct Line.
- 12.36. No electric outages will be provided for the installation or maintenance of underground cable.
- 12.37. No electrically conductive material is permitted inside the DLC Duct Line for any purpose including rodding or pulling of cable.
- 12.38. DLC may, at its discretion and where feasible and requested by the AP in writing, pull communications cables for the AP. The AP will be responsible for providing the cable, any materials not provided by DLC and all charges associated with such work. A quote from DLC for time and materials will be provided upon request.
- 12.39. DLC will charge the 3rd Party for clearing lines and restoring trips at the substations.

13. Implementation Construction on DLC Poles

The Implementation Construction Work on DLC poles must meet the following constraints:

- 13.1. All construction activities must meet standards established by OSHA 1910.269 for Electric Power Generation, Transmission and Distribution, NESC guidelines, DLC construction standards, and State and Local codes.
- 13.2. A vertical run of communication cable attached to the pole surface should be covered with a suitable non-metallic material. All communication vertical runs must be on the same quadrant around the circumference of the pole as shown in DLC Construction Standard UG 5-1 unless approved otherwise by DLC. The AP may not add a vertical run to a pole that already contains one or more vertical runs if the ability to climb the pole in a safe manner is affected. DLC T&D department retains the right of final determination and approval in such cases.
- 13.3. Maximum messenger tension including loads from cable, wind and ice shall not exceed 2,500 pounds without DLC pre-approval. It is the AP's responsibility to assure that this constraint is maintained during installation.
- 13.4. The AP is not permitted to overlash on DLC copper cable or messengers.
- 13.5. The AP may not locate communications cables in the Electric Space, either as a new attachment or an overlash.
- 13.6. All cable, wires and messenger attachments shall be attached on the street side of the pole or on the side with most other attachments unless approved otherwise by DLC. The boxing of poles is not allowed.
- 13.7. All cables, messengers, and other equipment attachments to a pole must be grounded as required by the NESC and the following DLC constraints:
 - 13.7.1. Where there is an existing electric power ground wire installed down the pole and connected to a ground rod, the AP must always bond communications equipment ground or messenger cable to that ground. The AP must replace when finished any molding used to cover the pole ground;
 - 13.7.2. For those poles where no electric pole ground exists, the AP must bond communications equipment ground (if it has equipment on the pole) and messenger cable along with all other messenger cables to the system multi-ground common neutral (MGCN) wire. The bonding of all messengers shall be at intervals of at least 4 times per mile if its messenger is capable of carrying system fault current, 8 times per mile if its messenger cannot carry system fault current.
 - 13.7.3 Bonding of all messengers is required on poles at intersections where those messengers converge.

- 13.7.4. Where there is an existing electric power ground wire installed down the pole and connected to a ground rod, and the AP desires to establish its own ground wire and ground rod, the AP must bond its ground connection to the existing pole ground. The AP must replace when finished any molding used to cover the pole ground;
- 13.7.5. For those poles where no electric pole ground exists, and the AP desires or needs to establish its own ground wire and ground rod, the AP must bond its ground connection to the system MGCN. Any messengers on such a pole must also be bonded to the MGCN;
- 13.7.6. For those poles where no electric pole ground exists, the AP needs to obtain a ground connection for its communications equipment, and it is not practical to bond to the MGCN, the AP may bond the ground connection to its messenger wire provided the system bonding requirements of 13.7.2 are met;
- 13.8. Climbing space must be preserved on all poles. DLC T&D department reserves the right to determine whether any pole has adequate and safe room to climb.
- 13.9. In order to enable pole rescue methods the climbing zone must exist in the same quadrant of a structure from top to bottom. Horizontal width and depth dimensions will be according to NESC specifications.
- 13.10. For cases where a pole contains attachments on both sides, climbing space consists of sufficient room to gaff in between cables on the climbable side. The climbable side is typically, but not limited to, the back or field side of a pole. For all communications-related attachments (e.g. main line cables, drops, guys, etc) on the climbable side of a pole the mandatory vertical clearance between any will be 24".
- 13.11. Any obstructions that would restrict climbing (e.g. extension arms, bolt extenders, braces, etc.) must be limited to one side of a pole, typically the front or street side .
- 13.12. If a pole is leaning then climbing space must be available on the side most advantageous for climbing as determined by DLC T&D personnel.
- 13.13. All guying must be installed prior to the installation of the communication Facilities. The AP may attach to existing DLC anchors as long as the anchor does not become overstressed. The number of guy wires to one anchor rod may not exceed the number of eyes on the anchor rod plus one auxiliary eye attachment as shown in DLC Construction Standard OH-9-42.
- 13.14. Installation of an additional anchor rod must be at least four feet from an existing anchor (reference DLC Construction Standard OH-09-04).
- 13.15. Added guys must not prohibit maintenance work on existing facilities by attaching too close to other's attachment even if such attachment is within the code allowable clearances.
- 13.16. When guys are added, and the guy crosses other facilities between poles, insulated abrasion protection must be installed and NESC clearances maintained.
- 13.17. Added guy and anchor wires must be bonded to an effectively grounded communication cable suspension messenger strand, or the pole ground wire, at the structure unless an NESC permitted alternative is implemented.
- 13.18. Any ungrounded portions of guys using in-line insulators (i.e., "Johnny balls") must conform to NESC specifications for clearance and strength requirements.
- 13.19. Communication messengers shall be adjusted as needed following lashing of the communication cable to the messenger to assure NESC clearances and that the cable is sagged consistent (similar slope and maximum sag without exceeding authorized tension under NESC loading conditions) with other existing communication cables.
- 13.20. The following additional (see section 5) rules and requirements apply to temporary (pre) attachment to DLC poles requiring Major make-ready work:
- 13.20.1. Temporary attachment will not be allowed on any pole planned or scheduled for replacement.
- 13.20.2. Temporary attachment will not be allowed on poles where Primary or aerial cable is planned or scheduled to be moved or on special-case poles which have been analyzed and disapproved by DLC.
- 13.20.3. Temporary attachment will require the approval of DLC.
- 13.20.4. Temporary attachment will be allowed in communications space only.
- 13.21. DLC will charge the 3rd Party for clearing lines and restoring trips at the substations.

- 13.22 Attachment anywhere in the 18 to 21 foot range above ground requires advance notice and permission.
- 13.23 The AP must contact other attachers directly when moving their cables or requesting to have such moved. D1.C requires the AP to keep a record of the notification of other attachers but does not require regular submission of those records.
- 13.24 Temporary attachments are permitted under NESC code, ruling IR548, only if all the following are true:
 - 13.24.1 The new attachment is not made to a structure that has an existing violation deemed hazardous to life or property until such hazard has been remediated.
 - 13.24.2 The new attachment is not made to a pole experiencing structural overload.
 - 13.24.3 The new attachment does not cause a pole to become structurally overloaded.
 - 13.24.4 The new attachment does not create a violation.
 - 13.24.5 The new attachment does not worsen an existing violation.

Exhibit B
Pole Attachment Calculation
 Page 1 of 4

C:\Users\jact\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.I586\KND\BAAYB6\ipole attach rates 2009 FERC FORM 1 Data_12152010_DOECOMM.xls
 Using 2009 FERC Form 1 Data:

<u>Attachers</u>	<u>Usable Space</u>	<u>Unusable Space</u>	<u>Cable TV</u>	<u>Total</u>
Cable TV	<u>Cost</u>	<u>Cost</u>	<u>Only Rate</u>	<u>\$</u>
Telecom	5.34	21.36	14.94	\$ 26.70
	95.45			
	<u>21.36</u>			
	64.09			
	<u>3.00</u>			
	21.36			

Total Unusable space Cost
 Less Dico (1/4th)
 Amt to be born equally by attachers (75%)
 attachers

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 DEC 29 2010
 PA PUBLIC UTILITY COMMISSION
 SECRETARY'S BUREAU

Exhibit B
Pole Attachment Calculation
Page 2 of 4

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FERC FORM 1		December 31, 2009	
Account	Name	FERC Form 1	
Account 364	Poles Towers and Pictures	312,336,124	
Account 365	Overhead Conductor	314,366,624	
Account 369	Services	85,166,050	711,850,788
Account 593	Maintenance of Overhead Lines	12,903,582	
Account 406.1	Taxes Other than Income	32,945,588	
Account 409.1	Income Taxes Federal	32,381,096	
Account 409.1	Income Taxes other	13,083,169	
Account 410.1	Deferred Income Taxes	33,226,226	
Account 411.1	Deferred Income Taxes (Credit)	0	
Account 411.4	Investment Tax Credit	(1,454,691)	
	Depreciation	621,271,488	
	Total Administrative and General expense	80,414,449	
	Gross Plant Investment	2,815,977,283	
	Depreciation Rates 364, 365, 369		
Account 364			2.17%
Account 365			2.32%
Account 369			1.86%
	Accumulated Depreciation 364, 365, 369		
Account 364		123,022,249	
Account 365		105,280,343	
Account 369		31,495,524	259,798,117
	Accumulated deferred income taxes		
Account 364	See Calc	36,587,531	
Account 365		44,516,732	
Account 369		10,824,080	91,928,342
	Net Investment (Gross Inv - Accum Depr - Accum Def. Tax)		
Account 364		162,728,344	
Account 365		184,581,549	
Account 369		42,838,446	360,124,339
Account 384	Pole Data		
	Poles Towers and Pictures	0	312,336,124
	Number of poles 12/31/2009	See below	210,682
	Average price	\$	1,463

	(A)	(B)	(C)	(D)
Deferred Tax Calculation by Account			(A)* (Tax rate Ratio)	(C-B)*Comp Tax Rate
Book Basis	Plant in Service	Accum Depr Book	Estimated Accum Depr Tax	Calculated Def Tax
Account 364	312,336,124	123,022,249	211,189,784	36,587,531
Account 365	314,366,624	105,280,343	212,588,380	44,516,732
Account 369	85,166,050	31,495,524	57,881,730	10,824,080
Total	711,850,788	259,798,117	481,346,894	91,928,342
Composite tax rate (fed .35 state .0990)	41.48%			
Total tax basis Distribution Plant	1,820,104,034			
Accum Tax Depr Distribution plant	1,230,737,433			
Tax Reserve Ratio Distribution plant	67.62%			

Account 282 accum deferred income tax 203,307,211

Pole count calculation	
Balance November 30, 2010	212,220
Addback retirements	1,823
	214,143
Deduct additions	3,461
Number of poles 12/31/2009	210,682

Exhibit B
Pole Attachment Calculation
Page 3 of 4

C:\Users\jlect\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\H08AA*
Formulas from FCC Telecommunications act of 1996 (amending section 224)
Using 2006 FERC Form 1 Data:

Max rate = Unusable Space factor + Usable space factor

Unusable Space Factor Calculation		
FCC apportionment of 2/3 of unusable Space (A)	0.67	66.67%
B) I. Unusable Space	24	
B) II. pole height	37.5	
% of unusable space to total pole height (B)	0.64	64.00%
C) Net cost of bare pole per attach		
I. Apportioned reduction factor	0.85	
II. Gross Investment in alc 364	\$12,336,124	
III. Depreciation alc 364	123,022,249	
IV. Deferred taxes allocated to 364	38,587,831	
V. Net cost of all Poles (I-IV)	152,726,344	
VI. Number of poles	210,662	
VII. Net Cost of Dressed poles (V/VI)	725	
VIII. Net Cost of Bare Pole (VII*I)	616	
Net Cost of a bare pole (C)	616.16	616.16
D. Carrying Charge Rate Calculations		
1. Depreciation Expense Factor:		
Annual Depreciation rate account 364	2.170%	
Gross pole investment (A)	\$12,336,124	
Net Pole investment(B)	152,726,344	
Ratio Gross to Net Investment in Poles (A/B)	2.05	
1. Depreciation Expense factor	4.44%	4.44%
2. Administrative Expense Factor:		
Total A&G Expense (A)	\$0,414,449	
Gross plant investment	2,615,977,265	
Accumulated Depreciation	\$21,271,468.00	
Accumulated Deferred Taxes	203,307,211.00	
Gross Plant less Accumulated Depreciation and deferred taxes (B)	1,991,398,586.00	
2. Administrative factor (A/B)	0.08%	5.05%
3. Maintenance Expense factor:		
Account 683 Maintenance of Overhead lines (A)	12,803,562	
Account 364 Net Investment	152,726,344	
Account 365 Net Investment	104,861,349	
Account 369 Net Investment	42,839,418	
Net Investment alc's 364,365 and 369 (B)	360,124,336	
3. Maintenance Expense Factor (A/B)	3.58%	3.66%
4. Normalized Taxes as a percentage of Net Plant:		
Account 408.1	52,946,666	
Account 409.1 Federal	32,361,056	
Account 409.1 Other	13,063,198	
Account 410.1	33,226,226	
Account 411.1	0	
Account 411.4	-1,454,681	
Total Normalized Taxes (A)	130,169,318	
Gross Plant net of accumulated depr and deferred tax (B)	1,991,398,586	
4. Tax Expense Factor(A/B)	6.18%	6.18%
B. Rate of Return (per FCC)	11.25%	11.25%
Total Carrying Charge rate 1+2+3+4+5 (D)	32.60%	32.60%
Unusable space factor		
Total Carrying Charge rate (D)	32.60%	
Net Cost of a bare pole (C)	616.16	
% of unusable space to total pole height (B)	64.00%	
FCC apportionment of 2/3 of unusable Space (A)	66.67%	
Unusable Space factor (A)*(B)*(C)*(D)	85.45	

Exhibit B
Pole Attachment Calculation
Page 4 of 4

C:\Users\jack\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\W00AAAY08\Pole attach rates 2009 FERC FORM 1 Data_121521
Formulas from FCC Telecommunications act of 1996 (amending section 224)
Using 2009 FERC form 1 Data:

Max rate = Unusable Space factor * Usable space factor

Usable Space Factor Calculation:

Space Occupied by attachment	13.9	
Total usable space	13.9	
Ratio Attachment Space to Usable Space (A)	7.41%	7.41%
Total usable space	13.9	
Pole height	37.8	
Ratio usable space to pole height (B)	36.00%	36.00%

Net Cost of a bare pole		
Account 364 "Gross pole investment"	\$312,336,124	
Less: Depreciation reserve account 364	\$123,072,285	
Net Book	\$189,263,839	
Less: Accumulated Deferred taxes Account 364	\$36,447,431	
Net Cost Account 364 aka Net Pole Investment	\$152,816,408	
Number of poles	210,663	
net cost of dressed pole	725	
Accumulated reduction factor	0.99	
Net cost of a bare pole (C)	616.18	616.18

D. Carrying Charge Rate Calculations

1. Depreciation Expense Factor		
Annual Depreciation rate account 364 (A)	2.17%	
Gross pole investment (B)	\$312,336,124	
Net Pole Investment (C)	\$152,816,408	
Ratio (B)/(C)=(D)	2.05	
Depreciation Expense factor (D)/(A)	4.44%	4.44%

2. Administrative Expense Factor		
Total AAG Expense (A)	\$0,414,448	
Gross plant investment	\$2,618,877,285	
Accumulated Depreciation	\$21,271,488	
Accumulated Deferred Taxes	\$23,307,211	
Gross Plant less Accumulated Depreciation and deferred taxes (B)	\$2,594,308,986	
Administrative factor (A)/(B)	0.09%	0.09%

3. Maintenance Expense factor		
Account 363 Maintenance of Overhead lines (A)	\$12,803,562	
Account 364 Net Investment	\$152,816,408	
Account 365 Net Investment	\$64,641,540	
Account 368 Net Investment	\$2,636,446	
Total Net Investment aka 364, 365, 368 (B)	\$220,124,394	
Maintenance Expense Factor (A)/(B)	5.59%	5.59%

4. Normalized Taxes as a percentage of Net Plant		
Account 408.1	\$2,045,864	
Account 408.1 Federal	\$2,381,858	
Account 408.1 Other	\$3,063,169	
Account 410.1	\$3,225,228	
Account 411.4	(\$1,451,881)	
Account 411.1	0	
Total Normalized Taxes (A)	\$3,964,278	
Gross Plant net of accumulated dep and deferred tax (B)	\$2,594,308,986	
Tax Expense Factor (A)/(B)	0.15%	0.15%

5. Rate of Return		
	11.25%	11.25%
Total Carrying Charge rate 1+2+3+4+5 (D)	32.90%	32.90%

Usable Factor Calculation		
Total Carrying Charges (D)	32.90%	
Net cost of a bare pole (C)	616.18	
Ratio usable space to pole height (B)	36.00%	
Ratio Attachment Space to Usable Space (A)	7.41%	
Usable Factor (A)*(B)/(C)*(D)	0.34	0.34

Summary	
Unusable Factor	05.45
Usable Factor	0.34
Maximum Rate per pole	00.78

Maximum Rate per pole	00.78
Attaches	2.00
Cost per Attacher	46.40

**Exhibit C
Duct Attachment Calculation**

Formulae:

Max rate-% of conduit capacity occupied if not lower cost of conduit carrying charge rate

Where:

1)% of Conduit capacity Occupied = (10xNumber of inner ducts(Min 2) x (Volume of ducts in conduit)

2) Net Linear Cost of conduit = (# of ducts in conduit) x (net cost of investment/total conduit system duct length)

QR = Net conduit investment/Total length of conduit in system

Where:

Net Conduit Investment = (gross conduit investment charge) - (Accum Depreciation conduit 990 - Amt 100) - (Accum Deferred Taxes 990 - Amt 100)

3) Carrying charge Rate = Admin + maintenance + Depreciation + Taxes + Rates

Where:

Administration = Total A&O (see form 1 pg 322)w 150 and 1/2 (Gross plant investment) x 300, col. b - Accum Depreciation: Amt 100 - Deferred taxes: Amt 100

Maintenance = Amount 804 / (gross investment 300,307,300 - Accum Dep 204,307,300 - Accum deferred taxes tax related to 200, 207, 209)

Depreciation = (Gross conduit investment 300/Net conduit investment) x Depreciation rate for conduit

Taxes = amounts 408.1 + 408.1 + 411.4 + 411.4 / (Gross plant investment) 250, col. b - Accum Depreciation: Amt 100 - Deferred taxes: Amt 100

Rate = 11.50%

Item	December 31, 2008 Data	Detail
Year Data		3
Number of ducts in conduit		1
Total length of conduit in system	8,820,000	
Amount 300 Gross investment	304,963,203	
Amount 307 Gross investment	234,263,004	
Amount 309 Gross investment	25,100,000	
Amount 300 Accum Depreciation	23,111,100	
Amount 307 Accum Depreciation	74,400,370	
Amount 304 Accum Depreciation	31,400,204	
Amount 300 Deferred Tax	10,103,500	
Amount 307 Deferred Tax	72,490,000	
Amount 309 Deferred Tax	6,074,200	
Amount 300 charge rate	1.04%	
Depreciation	621,271,400	
Administrative and General expense	80,414,440	
Gross Plant Investment	2,815,877,200	
Amount 804 Maintenance of underground	1,110,410	
Amount 408.1	22,940,500	
Amount 408.1 Federal	22,200,000	
Amount 408.1 Other	12,000,000	
Amount 410.1	22,220,000	
Amount 411.0	0	
Amount 411.0	(1,404,000)	
Administrative and General expense	80,414,440	
Rate Of Return	6.112%	
Accumulated Deferred Tax		
Amount 100	(104,214,500)	
Amount 201	0	
Amount 202	202,307,211	
Amount 203	270,000,000	
Total Accumulated deferred income tax	478,092,711	

Percentage of conduit Capacity Occupied	0.30
Min. of inner ducts Min 2	1.00
(% of ducts)	30%

Net Linear Cost of Conduit	0 of ducts in conduit
Net Conduit Investment	61,740,000
Total length of conduit in System	8,820,000
	1.0.00%

Net Conduit Investment:	
Amount 300 Gross investment	304,963,203
Amount 307 Accum Depreciation	23,111,100
Amount 309 Deferred Tax	20,100,000
Net Conduit Investment:	61,740,000
	1.710.00%

Administrative Expense Factor	
Total A&O Expense (A)	80,414,440
Gross plant investment	2,815,877,200
Accumulated Depreciation	621,271,400
Accumulated Deferred Taxes	150,000,100
Gross Plant less Accum Dep. and deferred taxes(B)	21,278,748,041
Administrative Factor (A/B)	0.0038%

Maintenance Expense Factor	
Amount 804 Maintenance of Underground conduit (A)	1,110,410
Amount 300 Net Investment	601,710,000
Amount 307 Net Investment	217,200,000
Amount 309 Net Investment	6,000,000
Net Investment of 300, 307 and 309 (B)	12,000,000
Maintenance Expense Factor (A/B)	0.0092%

Normalized Taxes as a percentage of Net Plant	
Amount 408.1	22,940,500
Amount 408.1	41,444,210
Amount 410.1	22,220,000
Amount 411.1	0
Amount 411.0	(1,404,000)
Total Normalized Taxes(A)	85,200,710
Gross Plant less Accum Dep. and deferred taxes (B)	21,278,748,041
Tax Expense Factor	0.0039%

Depreciation expense factor	
Annual Depreciation rate account 300	1.04%
Gross investment (A)	104,963,203
Net conduit investment(B)	61,740,000
Ratio (A/B)	1.699017
Depreciation Expense factor	3.55%

Rate of Return	11.20%
Total Carrying Charge Rate	30.34%
Maximum rate per hour %	31.07%

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DEC 23 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

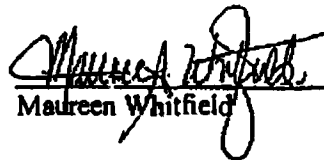
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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

AFFIDAVIT

I, Maureen Whitfield, Manager of Billing and Disbursements, being duly sworn (affirmed) according to law, depose and say that I am authorized to make this affidavit on behalf of Duquesne Light Company, being the holder of the office of Manager with that Company, and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and the Company expects to be able to prove the same at any hearing hereof.


Maureen Whitfield

Sworn and subscribed before me this 22nd day of December, 2010.


My Commission Expires

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Karen L. Ramsey, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires July-14, 2012
Member, Pennsylvania Association of Notaries

REDACTED

**Confidential information will be provided
to parties that execute Protective Orders
or Non-Disclosure Agreements**

- Q.9. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for, the cost thereof, the accounting treatment and whether included in claimed test year expenses.
- A.9. Attachment II-D-9 presents the social and service organization memberships to be paid for in the test years. Memberships paid for an annual period are accrued as prepaid expenses and amortized over the life of the membership period. Those memberships not included in claimed test year expenses are detailed on attachment II-D-9.

Duquesne Light Company
Social and Services Memberships
For the Period
(in thousands)

	12 Months	12 Months
	Ending 12/31/2018	Ending 12/31/2019
Edison Electric Institute	\$ 289	\$ 289
Corporate Executive Board	114	127
E Source	82	85
Energy Association of Pennsylvania	75	77
Electric Power Research Institute	55	55
North American Transmission Forum	40	40
GTM Resource	40	40
SNL Financial Services	33	34
Gartner	27	39
PA Chamber of Business & Industry	15	16
Smart Grid	15	15
Chartwell	12	13
PA Business Roundtable	11	12
Spare Transformer Equipment Program	8	8
Eastern Minority Supplier Diversity Council	6	6
AICPA & PICPA	6	6
Pittsburgh Technology Council	5	5
Orsanco Educational Foundation	5	5
African American Chamber of Commerce	3	3
All Other	64	65
Total Social and Services Memberships	\$ 905	\$ 939

Social and Services Memberships Excluded in Claimed Test Year Expenses

Edison Electric Institute	60	60
PA Chamber of Business & Industry	15	16
PA Business Roundtable	11	12
Energy Association of Pennsylvania	5	5
Various Associations under \$5,000	3	3
Below the Line Expenses Recorded Above	\$ 94	\$ 97
Total Social and Services Memberships included in claimed test year expenses	\$ 811	\$ 842

- Q.10. Provide the following payroll and employee benefit data – regular and overtime – separately for the test year and the 12-month period immediately prior to the test year:
- a. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with union personnel.
 - b. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with nonunion personnel.
 - c. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with management employees, if different than b.
 - d. A summary of the wage rate, salary and employee benefit changes granted or to be granted during the year.
 - e. The claimed test year payroll expense and employee benefit expense.
 - f. The percentage of payroll expense and employee benefit expense applicable to operation and maintenance expenses and the basis thereof.

A.10. Attachment DFR-II-D-10 provides the Company's requested data.

	1/2017 - 12/2017 (\$ 000's)	1/2018 - 12/2018 (\$ 000's)	1/2019 - 12/2019 (\$ 000's)
a. Union Personnel			
Average Number of Employees	861	894	895
Year-End Number of Employees	864	895	895
Payroll Costs			
Normal	\$ 68,200	\$ 72,735	\$ 76,553
Overtime	\$ 22,311	\$ 21,362	\$ 21,877
Benefit Costs	\$ 34,633	\$ 33,867	\$ 22,944
b. Non-Union Personnel			
Average Number of Employees	609	667	687
Year-End Number of Employees	636	679	687
Payroll Costs			
Normal	\$ 72,962	\$ 76,697	\$ 80,370
Overtime	\$ 3,632	\$ 3,478	\$ 3,561
Benefit Costs	\$ 31,842	\$ 31,136	\$ 21,077

Note: Benefit costs were allocated based on the normal wage costs because costs are basically the same for both union and non-union personnel.

Historical and future year benefits for union personnel include \$20,521, \$14,163 and \$5,280 attributable to pension expenses respectively

Historical and future year benefits for non-union personnel include \$14,285, \$13,021 and \$4,850 attributable to pension expenses respectively.

c. Same as b.

d. Wage Rate Changes

Union

Rate	2.75%	3.0%	2.5%
Annualized Impact	\$ 1,876	\$ 2,182	\$ 1,914

Note:

Union wage rate increases are effective October 1st of each year. The union contract expires 10/2019 and wage rate increases have not been negotiated as of the date of this filing for 2019. Budgeted 2019 at 2.5%

Non-Union

Rate	3.0%	3.0%	2.5%
Annualized Impact	\$ 2,189	\$ 2,301	\$ 2,009

Benefit Changes

Note: Benefits remain unchanged, other than the cost of providing them to employees.

e. Claimed for Test Year (excluding any pro-forma adjustments)

Payroll Expense	\$ 79,280	\$ 86,605	\$ 93,624
Benefit Expense	\$ 35,975	\$ 39,061	\$ 24,022

Note: Historical and future years benefit expense includes \$18,600, \$18,600 and \$5,000 attributable to pension expense respectively

f. Percent applicable to O&M

Payroll Expense	47.4%	49.7%	51.3%
Benefit Expense	54.1%	60.1%	54.6%

Note: The charge to expense is based on activities performed or expected to be performed during the applicable years.

- Q.11. Describe costs relative to leasing equipment, including computer rentals, and office space, including terms and conditions of the leases. State method for calculating monthly or annual payments.
- A.11. Attachment II-D-11 provides the costs, terms and conditions of Duquesne Light's major leasing agreements as of December 31, 2017.

Duquesne Light Company
Annual Leasing Costs
(Thousands of dollars)

Lessor	Item Leased	Term	Expense for 12 Months Ending 12/31/2017	Method of Calculating Payment
DQE Communications	Fiber Lease (Master)	20 Years (ends 12/31/17)	\$ 3,162.4	(a)
411 Seventh Ave. Associates, L.P.	411 7th Ave	20 Years (ends 10/31/2029)	2,760.4	(b)
Verizon	Space on Utility poles	Annual (with 1 year Termination Notice)	1,676.4	(c)
Buncher Associates	New Manchester	25 years (ends 10/31/2032)	616.6	(d)
Thomas Rigging Company	Keystone Commons warehouse space	Ends 4/30/2018	176.4	(d)
ComDoc	Copiers	3 years (ends 05/31/2020)	95.7	(d)
Associated Pennsylvania Constructors	Harrisburg Office Space	2 years (ends 12/31/2018)	13.0	(d)
City of Pittsburgh	Land for Substation (Oakland)	50 Years (ends 1/22/25)	7.0	(d)

- (a) Fees are payable quarterly. Fees are based on such factors as construction costs, maintenance costs and depreciation. Fees for services for which utilization began during the quarter will be calculated on a pro-rata basis in accordance with the number of days of use.
- (b) Rent agreement contains planned escalation of square footage charge; however, rent expense is recognized on a levelized basis.
- (c) Payment based on amount per pole set in original lease plus/minus adjustments for usage and fees.
- (d) Monthly payment set in original lease.

**Duquesne Light Company
Accounting Changes Since Duquesne Light Company's
Last Base Rate Case**

2013:

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" which contains new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures are designed to make financial statements that are prepared under GAAP more comparable to those prepared under International Financial Reporting Standards (IFRSs). In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" to provide clarification that the scope previously defined in ASU 2011-11 applies to derivatives, repurchase agreements, reverse repurchase agreements and securities borrowing and lending transactions that are subject to master netting arrangements or similar agreement. The new disclosure requirements are retrospective and effective for annual reporting periods beginning January 1, 2013. The Company adopted ASU 2011-11 and 2013-01 as of January 1, 2013. This guidance did not have a material impact on the Company's consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (AOCI)." The standard requires that an entity present, either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of AOCI based on its source and the income statement line item affected by the reclassification. The new disclosure requirements for this ASU are effective for fiscal years beginning after December 15, 2012. The Company adopted this standard as of January 1, 2013. As this update only required additional disclosures, adoption of this standard did not have a material impact on the Company's consolidated financial statements.

2014:

None.

2015:

In April 2015, the FASB issued ASU No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement", which clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. The standard is effective for the fiscal years beginning after December 15, 2015. The standard can be applied retrospectively to each prior reporting period presented or prospectively to arrangements entered into, or materially modified, after the effective date. This guidance did not have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory", which requires inventory to be measured at the lower of cost or net realizable value. Current guidance requires inventory to be measured at the lower of cost or market where market could be replacement cost, net realizable value or net realizable value less an approximate normal profit margin. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The standard is required to be applied prospectively. This guidance did not have a material impact on the Company's consolidated financial statements.

2016:

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." The standard requires entities to present debt issuance costs in the consolidated balance sheets as a direct reduction to the related long-term debt instead of an asset as previously required. The Company retrospectively adopted the standard for all periods presented. The adoption of this standard resulted in a reduction of Non-Current Regulatory Assets of \$27.2 million and a reduction of Other Non-Current Assets of \$6.6 million on the consolidated balance sheet for the year ended December 31, 2015. Additionally, the adoption of this standard resulted in a reduction of Long-Term Debt of \$33.8 million on the consolidated balance sheet for the year ended December 31, 2015. For the year ended December 2016, there are \$25.1 million of Non-Current Regulatory Assets that are being recovered in rates over various periods through 2043 and do not earn a return.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)." This standard removes, from the fair value hierarchy, investments for which the practical expedient is used to measure fair value at net asset value (NAV). Instead, an entity is required to include those investments as a reconciling line item so that the total fair value amount of investments in the disclosure is consistent with the amount on the consolidated balance sheets. Further, entities must provide certain disclosures for investments for which they elect to use the NAV practical expedient to determine fair value. The Company, retrospectively adopted this standard for all periods presented which included expanded disclosure.

In November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes." The standard requires that all deferred tax assets and liabilities, including any related valuation allowances, be classified as noncurrent on consolidated balance sheets. This standard is effective for the fiscal years beginning after December 15, 2016 with early adoption permitted. The Company chose to early adopt this standard in 2016, and applied this standard retrospectively to all prior periods presented. The adoption of this standard resulted in a reduction of Deferred Income Taxes from Current Assets and a reduction of Deferred Income Taxes from Non-Current Liabilities of \$13.6 million on the consolidated balance sheet for the year ended December 31, 2015.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities," which revises the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. The standard is effective for fiscal years beginning on or after December 15, 2017 with early adoption permitted. The standard is required to be adopted with a cumulative-effect adjustment. The Company does not expect this standard to have a significant impact on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments," which provides clarifying guidance on the classification of certain cash receipts and cash payments in order to establish consistent application of principles. The standard is effective for fiscal years beginning on or after December 15, 2017 with early adoption permitted. The standard must be applied retrospectively for each period presented. The Company does not expect this standard to have a significant impact on the consolidated financial statements.

2017:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers," requiring entities to recognize revenue by applying a five-step model in accordance with the core principle to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company completed an

assessment of all material revenue streams under this standard and does not believe it will have a material impact on its current revenue recognition policies. The Company's operating revenues are derived primarily from tariff-based sales that result from providing electricity to customers with no defined contractual term. Tariff-based sales are within the scope of the standard, and operating revenues under the standard will be equivalent to the electricity delivered and billed in that period (including estimated billings), which is consistent with current practice. The disclosure requirements included in the standard will result in increased information being provided to enable the users of the consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The Company will adopt this standard effective January 1, 2018 and plans to apply a full retrospective adoption. The overall impact is not expected to be material to the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases," which requires lessees to recognize a lease liability and a right-of-use asset for all leases, including operating leases, with a term greater than twelve months on the consolidated balance sheet. The standard is effective for fiscal years beginning on or after December 15, 2018 with early adoption permitted. The standard requires a modified retrospective adoption method with application to the earliest comparative period presented in the year of adoption. The Company is currently in the process of evaluating the potential impact of adopting this new guidance on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows: Restricted Cash," which provides clarifying guidance on the classification and presentation of restricted cash in the statement of cash flows. The Company will adopt this standard effective January 1, 2018 and apply the standard retrospectively for each period presented. Adoption of this standard will result in a change in presentation of restricted cash on the consolidated statements of cash flows; otherwise this standard is not expected to have a material impact on the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07 "Presentation of Net Periodic Benefit Cost and Net Periodic Postretirement Benefit Cost". This standard requires the service cost component of net periodic benefit cost to be disaggregated from other components of net periodic benefit cost and presented in the same line on the statement of operations as other employee compensation costs arising from services rendered during the period. The other components of net periodic benefits are required to be presented separately outside of operating income. Additionally, only the service cost component is eligible for capitalization. The presentation of the components of net periodic benefit costs on the statement of operations will be applied retrospectively. The guidance that limits the capitalization to the service cost component of net periodic benefit costs will be applied prospectively. This standard is effective for fiscal years beginning after December 15, 2017. The adoption of this standard is not expected to have a material impact on the presentation of the Company's consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which allow for a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA, eliminating any stranded tax effects associated with accumulated other comprehensive income. The standard is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. The standard must be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the federal corporate income tax rate in the TCJA is recognized. The Company is currently in the process of evaluating the potential impact of this standard on the consolidated financial statements.

Duquesne Light Company Internal Audit Services Reports Issued

Date Issued	Title
-------------	-------

Year 2016

02/23/2016	Inventory Cycle Count Review
02/24/2016	Cost Allocation Manual Review
03/01/2016	2015 STIP – LTIP Validation
05/02/2016	Cash Management & Reconciliation – RoW, Legal Claims and PAC Accounts
05/03/2016	NACHA Compliance Review
05/09/2016	Overtime Approval Process Review
05/10/2016	NERC FAC-003 Transmission Vegetation Management
05/17/2016	IT Logical Access Review
11/15/2016	Capital Project Planning & Management Review
11/29/2016	Customer Care & Billing Key Report Validation
11/30/2016	Customer Assistance Program Review
12/02/2016	Employee Expense & Reimbursement Process
12/05/2016	IT Change Management Process
12/09/2016	Bad Debt Reserve Calculation Review

Year 2017

02/08/2017	401 (k) Bonus Match Review
02/27/2017	Inventory Cycle Count Review
02/28/2017	FOCuS Data Privacy Security – Internal Risk Mitigation
02/28/2017	Meter to Cash and Delinquency Review
02/28/2017	IT Vulnerability Penetration Testing
03/02/2017	2016 STIP – LTIP Validation
03/30/2017	2016 BESCSI Internal Audit Review
05/02/2017	Regulatory Asset & Liability Account Reconciliation Review
05/03/2017	Ethics Hotline & Conflict of Interest Review
05/05/2017	Batch Processing Job Scheduling Audit
05/05/2017	Vendor Review – Open Arc
05/08/2017	Information Technology Disaster Recovery
05/31/2017	2016 NACHA Internal Audit

07/31/2017	Facilities Ratings Review
08/08/2017	Dispatch Operation – Underground Locates Review
10/20/2017	Charitable Giving Review
11/09/2017	Use Tax Review
11/27/2017	Payment Card Industry Data Security Standards Review

Duquesne Light Company Third-Party Audit Reports Issued

List of Third-Party Financial Statement Audit Reports/On-Going Audits

2016

Deloitte & Touche LLP

- Independent Auditors' Report of the Financial Statements of the DQE Holdings LLC and subsidiaries, Duquesne Light Holdings, Inc. and subsidiaries and Duquesne Light Company and subsidiaries as of and for the year ended December 31, 2016.
- Independent Auditors' Report of the Regulatory Financial Statements, included in FERC Form 1 of Duquesne Light Company as of and for the year ended December 31, 2016.

Baker Tilly Virchow Krause, LLP

- Independent Auditors' Report of the Financial Statements of the Duquesne Light Holdings, Inc. 401(k) Retirement Savings Plan and the Duquesne Light Company 401(k) Retirement Savings Plan for IBEW Represented Employees as of and for the year ended December 31, 2016.
- Independent Auditors' Report for the Financial Statements of the Duquesne Light Company Medical Benefits Plan for IBEW Represented Employees and Duquesne Light Holdings, Inc. Medical Benefits Plan as of and for the year ended December 31, 2016.
- Independent Auditors' Report on the Financial Statements of the Duquesne Light Company Defined Benefit Retirement Plan as of and for the year ended December 31, 2016.

2017

Deloitte & Touche LLP

- Independent Auditors' Report of the Financial Statements of the DQE Holdings LLC and subsidiaries, Duquesne Light Holdings, Inc. and subsidiaries and Duquesne Light Company and subsidiaries as of and for the year ended December 31, 2017.
- Independent Auditors' Report of the Regulatory Financial Statements, included in FERC Form 1 of Duquesne Light Company as of and for the year ended December 31, 2017.

Duquesne Light Company

Third-Party Audit Reports Issued

List of Third-Party Tax Audit Reports/On-Going Audits

- None

List of Third-Party Regulatory Audit Reports/On-Going Audits

Pennsylvania Public Utility Commission

- Bureau of Audit's Report on the Transmission Service Charge for the twelve months ended February 28, 2015, February 28, 2014 and February 28, 2013. (Issued on September 12, 2016)
- Bureau of Audit's Review of Duquesne Light Company's Default Service Supply Charge for the twelve months ended March 31, 2015 and the ten months ended March 31, 2014 for the Residential and Lighting customers; the twelve months ended March 31, 2015, the eleven months ended March 31, 2014 and the twelve months ended April 30, 2013 for the small and medium Commercial and Industrial customers. (Issued September 12, 2016)
- Bureau of Audit's audit of the Energy Efficiency and Conservation and Demand Response Surcharge for the twelve months ended May 31, 2015, May 31, 2014 and May 31, 2013. (Issued on September 12, 2016)
- Bureau of Audit's audit of the Universal Service Charge for the twelve months ended October 2014 and October 2013. (Issued on September 12, 2016)

North American Electric Reliability Corporation via ReliabilityFirst Corporation

- Operations and Planning Audit ("693 Audit") completed on December 15, 2017. (Issued on February 14, 2018)
- Critical Infrastructure Protection Audit completed May 16th and 17th, 2017. (Issued on June 13, 2017)

- Q.12. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures, explain any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases, and list all internal and independent audit reports for the most recent 2 year period.
- A.12. Attachment II-D-12a provides a list of major accounting changes since Duquesne Light Company's last base rate case. Attachment II-D-12b provides a list of internal audits performed for Duquesne Light Company in 2016 and 2017. Attachment II-D-12c provides a list of third-party audits performed for Duquesne Light Company in 2016 and 2017.

- Q.13. Regardless of whether a claim for negative or positive net salvage is made, attach an exhibit showing gross salvage, cost of removal, third party reimbursements, if any, and net salvage for the test year and 4 previous years.
- A.13. Attachment II-D-13 provides Duquesne Light Company's claimed negative net salvage provision.

DUQUESNE LIGHT COMPANY
Negative Net Salvage
(Thousands of Dollars)

12 Months Ending	Cost of Removal	Gross Salvage	Cost of Gross Negative
December 31, 2015	\$ 11,816	\$ (3,192)	\$ 8,624
December 31, 2016	8,721	(1,684)	7,037
December 31, 2017	11,004	(1,718)	9,286
December 31, 2018	25,518	(3,283)	22,235
December 31, 2019	24,137	(3,105)	21,032
Total for 5-year period ending December 31, 2019	\$ 81,196	\$ (12,982)	\$ 68,214
		Five-year average	\$ 13,643
		Negative Net Salvage Claim	\$ 13,643

Q.14. State the amount of debt interest utilized for test year income tax calculations, including the amount so utilized which has been allocated from the debt interest of an affiliate, and provide details of debt interest and allocation computations.

A.14. Duquesne Light Company does not utilize any debt interest, which has been allocated from the debt interest of an affiliate, in the computation of taxable income. In determining the interest expense deduction to be used in the income tax calculations for the test year, Duquesne has used the interest synchronization method that has been adopted by the Commission. The calculation of interest utilized for the income tax calculations is set forth on Schedule D-18 in DLC Exhibits 2 (Fully Projected Future Test Year), Exhibit 3 (Future Test Year) and Exhibit 4 (Historic Test Year).

Q.15 Provide a schedule for the test year of Federal and Pennsylvania taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following categories:

- a) Social security
- b) Unemployment
- c) Capital stock
- d) Public utility
- e) PUC assessment
- f) Other property taxes
- g) Any other appropriate categories

A.15. Attachment II-D-15 provides a schedule of taxes other than income.

Duquesne Light Company
Schedule of taxes other than income
Future Test Year Ended December 31, 2018
(\$ in Thousands)

Line No	Description	[1]	[2]	[3]	[4]
		Total Amount per Budget (1)	T&D Pro forma at present Rates (1)	D only Pro forma at Present Rates (2)	D only Pro forma at Proposed Rates (3)
1	Social Security	\$ 5,556	\$ 5,748	\$ 4,803	\$ 4,803
2	Federal Unemployment Tax	48	50	42	42
3	State Unemployment Tax	324	335	280	280
4	Capital Stock	-	-	-	-
5	Public Utility	911	911	697	697
6	Other Property Taxes	706	706	541	541
7	Gross Receipts	48,551	46,398	29,681	31,444
8	Other	397	411	343	343
9	Totals	\$ 56,493	\$ 54,559	\$ 36,387	\$ 38,150

- (1) - DLC Exhibit 3 (Future Test Year) D-16
(2) - Jurisdictional Separation Study Exhibit No 6
(3) - DLC Exhibit 3 (Future Test Year) D-1

Duquesne Light Company
Schedule of taxes other than income
Fully Projected Future Test Year Ended December 31, 2019
(\$ in Thousands)

Line No	Description	[1]	[2]	[3]	[4]
		Total Amount per Budget (1)	T&D Pro forma at present Rates (1)	D only Pro forma at Present Rates (2)	D only Pro forma at Proposed Rates (3)
1	Social Security	\$ 5,820	\$ 6,026	\$ 5,038	\$ 5,038
2	Federal Unemployment Tax	50	52	43	43
3	State Unemployment Tax	340	352	294	294
4	Capital Stock	-	-	-	-
5	Public Utility	938	938	721	721
6	Other Property Taxes	727	727	560	560
7	Gross Receipts	46,821	44,751	29,369	34,123
8	Other	416	431	360	360
9	Totals	<u>\$ 55,112</u>	<u>\$ 53,277</u>	<u>\$ 36,386</u>	<u>\$ 41,140</u>

(1) - DLC Exhibit 2 (Fully Projected Future Test Year) D-16

(2) - Jurisdictional Separation Study Exhibit No 6

(3) - DLC Exhibit 2 (Fully Projected Future Test Year) D-1

- Q.16. Submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma under proposed rates, together with an explanation of all normalizing adjustments. Submit detailed calculations supporting taxable income before State and Federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.
- A.16. Detailed calculations supporting taxable income of Duquesne Light Company are shown on Schedule D-18 in DLC Exhibits 2 (Fully Projected Future Test Year), Exhibit 3 (Future Test Year) and Exhibit 4 (Historic Test Year).

- Q.17 Submit a schedule showing for the last 5 years the income tax refunds, plus interest—net of taxes, received from the Federal government due to prior years' claims.
- A.17 The consolidated group received a federal income tax refund for taxes paid in 2007 resulting from the carry back of net operating losses generated by the consolidated group in 2009. See Attachment II-D-17 for the IRS refund schedule.

**DQE HOLDINGS LLC
IRS REFUND RECEIVED
PRIOR YEAR CLAIMS**

Tax Year Ending	Year Received	Tax	Interest	Total
12/31/2007	2017	5,787,281	372,014	6,159,295 [1]

[1] Federal income tax paid in 2007 refunded due to 2009 NOL carryback claim.
No other income tax refunds received from the Federal government in the
last 5 years.

- Q.18 Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.
- A.18 Attachment II-D-18 provides a breakdown of the major items comprising prepaid and deferred income tax charges and other deferred income tax credits as reflected on the Company's balance sheet.

Duquesne Light Company
Accumulated Deferred Income Taxes

Attachment II-D-18

Line #	FERC Account 190	HTY	FTY	FPFTY
		12/31/2017	12/31/2018	12/31/2019
1	Accrued Misc. Reserves Total	5,116,197	5,116,197	5,116,197
2	Accrued Pensions Total	57,776,141	57,776,141	57,776,141
3	Accrued Sales and Use Tax Total	180,575	180,575	180,575
4	Bad Debt Reserve Amortization Total	5,464,112	5,464,112	5,464,112
5	Legal Accrual Total	559,929	559,929	559,929
6	Other Benefit Costs Total	9,644,309	9,644,309	9,644,309
7	Provision for Injuries and Damages Total	1,457,339	1,457,339	1,457,339
8	Reserve for Compensated Absences Total	1,209,448	1,209,448	1,209,448
9	Reserve for HealthCare Total	754,450	754,450	754,450
10	Reserve for Legacy Issues Total	486,217	486,217	486,217
11	Reserve for Warwick Mine Liability Total	4,212,667	4,212,667	4,212,667
12	Vacation Pay Total	335,607	335,607	335,607
13	Deferred Credits	33,266	33,266	33,266
14	Other	3,473,329	3,473,329	3,473,329
15	FAS 109 Gross Up Total	48,014,968	42,506,878	37,815,164
16	FAS 109 Increment Total	111,982,027	104,615,962	93,068,935
17	Total Account 190 (Sum L1 - L16)	<u>250,700,581</u>	<u>237,826,426</u>	<u>221,587,685</u>
FERC Account 282				
18	Normalized Property Total	<u>(655,838,501)</u>	<u>(665,279,775)</u>	<u>(669,799,237)</u>
FERC Account 283				
19	Amortization of Loss on Reacquisition Total	(6,352,407)	(6,352,407)	(6,352,407)
20	Compensated Absences Total	(1,209,448)	(1,209,448)	(1,209,448)
21	Partnership Investments Total	(752,885)	(752,885)	(752,885)
22	Prepaid Pension Costs Total	(92,030,339)	(92,030,339)	(92,030,339)
23	Reg Assets Total	(4,110,574)	(4,110,574)	(4,110,574)
24	Total Account 283 (Sum L19 - L23)	<u>(104,455,653)</u>	<u>(104,455,653)</u>	<u>(104,455,653)</u>
25	Total Accumulated Deferred Income Taxes (L17 + L18 + L24)	<u>(509,593,573)</u>	<u>(531,909,002)</u>	<u>(552,667,205)</u>

Q.19. Explain how the Federal corporate graduated tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multi-corporate system, explain how the tax savings are allocated to each member of the system.

A.19. The Tax Cut and Jobs Act of 2017 eliminated the graduated corporate rate structure and instead taxes corporate income at 21 percent.

DQE Holdings LLC, the parent of the affiliated group, has chosen for book purposes and all other purposes to allocate consolidated Federal Income Tax among all companies based on net taxable income or loss and credits of each subsidiary on a separate return basis.

Q.20. Explain the treatment given to the cost of removal in the income tax calculation and the basis for such treatment.

A.20. Duquesne Light Company adheres to the treatment provided in section 1.167(a)-11(d)(3) of the IRS regulations related to ADR property which provides: "The cost of dismantling, demolishing, or removing an asset in the process of retirement from the vintage account shall be treated as an expense deductible in the year paid or incurred, and such costs shall not be subtracted from the depreciation reserve for the account." This applies to ADR property acquired after December 31, 1970.

For consistency, Duquesne Light requested and was granted permission from the IRS to deduct as expense all removal costs applicable to property retired after December 31, 1971. This accounting change applied to all property retired after December 31, 1971, regardless of when it was acquired or the method of depreciation used to recover the expenditures. The company has consistently followed this method of accounting on all income tax returns filed since 1972.

Question:

- Q.21 Show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the test year.
- A.21 Duquesne Light Company incurred a federal tax loss in tax year 2016. These losses offset income from other subsidiaries and any remaining unused losses were carried forward and utilized to offset the Company's taxable income in subsequent years. Duquesne Light Company did not incur any net operating losses for state income tax purposes.

- Q.22. State whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in the rate base claim. If response is affirmative:
- a) Set forth amount of construction claimed in this tax savings reduction, and explain the basis for this amount.
 - b) Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
 - c) State the interest rate used to determine the tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.
 - d) Provide details of calculation to determine tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.

A.22. The Company does not.

- Q.23 Under section 1552 of the Internal Revenue Code (26 U.S.C.A. §1552) and 26 CFR 1.1552-1 (1983), if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government (if this interrogatory is not applicable, so state):
- a. State what option has been chosen by the group.
 - b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent 3 years for which data is available.
 - c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
 - d. Provide the most recent annual income tax return for the group.
 - e. Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.
 - f. Provide details of the amount of net negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.
- A.23 Please see responses below:
- a. Internal Revenue Code Section 1552 provides for an allocation of consolidated income tax for "earnings and profits" purposes only based on the Company's elected method. DQE Holdings LLC (DQE) made no election and therefore under the default method contained in the IRS Treasury Regulations, the tax liability is apportioned among the members of the group in accordance with the ratio which that portion of the consolidated taxable income attributable to each member of the group having taxable income bears to the consolidated taxable income. DQE has chosen for book purposes and all other purposes, to allocate consolidated Federal income tax among all companies based on net taxable income or loss and credits of each subsidiary on a separate return basis.

- b. Attachment II-D-23 details the tax liability of each of the participating member in the consolidated federal income tax return filed for the last 3 years in 2014, 2015, and 2016.
- c. DQE is the parent company of Duquesne Light Holdings, Inc. (DLH), which is a member of the consolidated group that includes Duquesne Light Company. DQE makes all necessary income tax payments to the Internal Revenue Service for the net tax liability that is due for the consolidated group. DLH collects from member companies that have a positive federal income tax allocation and pays member companies that have a negative federal income tax allocation. The amounts DLH receives from or pays each member company are the same amounts as detailed in attachment II-D-23.
- d. The most recent federal income tax return filed by the consolidated group is tax year 2016. It will be made available for review at the offices of Post & Schell P.C., subject to the execution of a separate confidentiality agreement.
- e. Attachment II-D-23 details actual payments made or that will be made to members of the consolidated group with a net operating loss.
- f. Attachment II-D-23 details the actual payments made or that will be made to members of the consolidated group with a net negative income tax allocation after credits.

DQE Holdings, LLC and Subsidiaries
Allocation of Federal Income Taxes
Year Ended December 12/31/2014

EIN	COMPANY	Taxable Income	Tax @ 35%	Less Credits	Net Tax Due
20-5112757	DQE HOLDINGS, LLC	(629,329)	(220,265)		(220,265)
25-1598483	DUQUESNE LIGHT HOLDINGS, INC.	(91,784,647)	(32,124,626)	-	(32,124,626)
25-0451600	DUQUESNE LIGHT COMPANY	92,931,710	32,526,099		32,526,099
25-1111912	MONONGAHELA LIGHT AND POWER	816,668	285,834		285,834
51-0368321	DUQUESNE FIBER COMPANY	1,095,142	383,300		383,300
25-1876941	DES CORPORATE SERVICES, INC.	(3,694)	(1,293)		(1,293)
25-1541872	DQE ENTERPRISES, INC.	58,839	20,594		20,594
25-1837251	DQE CAPITAL CORPORATION	(2,524)	(883)		(883)
23-2869466	DQE SYSTEMS, INC.	6,810,442	2,383,655		2,383,655
Subtotal: Consolidated Taxable Income/(Loss)		9,292,607	3,252,412	-	3,252,412
Consolidating Adjustments:					
	Charitable Contributions	-			
	Capital Loss				
	Dividends Received Deduction	(42,623)	(14,918)		(14,918)
	NOL Deduction	(9,249,984)	(3,237,494)		(3,237,494)
Consolidated Taxable Income/(Loss)		-	-	-	-
	AMT Tax				-
	Low income housing recapture tax				-
Consolidated Federal Tax Liability					-

DQE Holdings, LLC and Subsidiaries
Allocation of Federal Income Taxes
Year Ended December 12/31/2015

EIN	COMPANY	Taxable Income	Tax @ 35%	Less Credits	Net Tax Due
20-5112757	DQE HOLDINGS, LLC	(838,222)	(293,378)		(293,378)
25-1598483	DUQUESNE LIGHT HOLDINGS, INC.	(178,732,237)	(62,556,283)	-	(62,556,283)
25-0451600	DUQUESNE LIGHT COMPANY	116,214,069	40,674,924		40,674,924
25-1111912	MONONGAHELA LIGHT AND POWER	889,355	311,274		311,274
51-0368321	DUQUESNE FIBER COMPANY	360,474	126,166		126,166
25-1876941	DES CORPORATE SERVICES, INC.	1,745	611		611
25-1541872	DQE ENTERPRISES, INC.	454	159		159
25-1837251	DQE CAPITAL CORPORATION	(4,491)	(1,572)		(1,572)
23-2869466	DQE SYSTEMS, INC.	11,700,227	4,095,079		4,095,079
Subtotal: Consolidated Taxable Income/(Loss)		(50,408,626)	(17,643,019)	-	(17,643,019)
Consolidating Adjustments:					
	Charitable Contributions	-			
	Capital Loss				
	Dividends Received Deduction	(1,184)			
	NOL Deduction				
Consolidated Taxable Income/(Loss)		(50,409,810)	-	-	-
	AMT Tax				-
	Low income housing recapture tax				-
Consolidated Federal Tax Liability					-

DQE Holdings, LLC and Subsidiaries
Allocation of Federal Income Taxes
Year Ended December 12/31/2016

EIN	COMPANY	Taxable Income	Tax @ 35%	Less Credits	Net Tax Due
20-5112757	DQE HOLDINGS, LLC	(1,512,860)	(529,501)		(529,501)
25-1598483	DUQUESNE LIGHT HOLDINGS, INC.	(63,138,760)	(22,098,566)	-	(22,098,566)
25-0451600	DUQUESNE LIGHT COMPANY	(22,964,129)	(8,037,445)		(8,037,445)
25-1111912	MONONGAHELA LIGHT AND POWER	836,652	292,828		292,828
51-0368321	DUQUESNE FIBER COMPANY	541,470	189,515		189,515
25-1876941	DES CORPORATE SERVICES, INC.	10,034	3,512		3,512
25-1541872	DQE ENTERPRISES, INC.	258,625	90,519		90,519
25-1837251	DQE CAPITAL CORPORATION	1,317	461		461
23-2869466	DQE SYSTEMS, INC.	10,421,275	3,647,446		3,647,446
Subtotal: Consolidated Taxable Income/(Loss)		(75,546,376)	(26,441,232)	-	(26,441,232)
Consolidating Adjustments:					
Charitable Contributions					
Capital Loss					
Dividends Received Deduction		(57,098)			
NOL Deduction					
Consolidated Taxable Income/(Loss)		(75,603,474)	-	-	-
AMT Tax					-
Low income housing recapture tax					-
Consolidated Federal Tax Liability					-

- Q.24** Provide detailed computations by vintage year showing State and Federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, ADR rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).
- a) Reconcile and explain any differences in the base used to calculate State and Federal deferred income taxes.
 - b) State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.
 - c) Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.
- A.24** See Attachment DFR II-D-24 which provides detailed computations for the fully projected future test year ended December 31, 2019 of federal deferred income taxes by vintage year resulting from the use of accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS), post-1969 public utility property, and differences in tax depreciation related to using class lives under the ADR system versus tax depreciation using the guideline lives in effect prior to the ADR system of depreciation.
- a) Duquesne Light Company does not provide for any state deferred income taxes associated with the use of accelerated tax depreciation on its distribution property. The Company does provide for state deferred income taxes for transmission property under the FERC full normalization method.
 - b) Tax depreciation is not based on all rate base items claimed as of the end of the test year. Certain assets that are included in rate base are fully depreciated for tax purposes. Additionally, there are basis differences between book cost and tax cost for which tax depreciation is not calculated. Tax depreciation claimed is the annual tax depreciation projected at the end of the fully projected future test year.
 - c) The reconciliation is not applicable since there are no differences between the deferred tax balance and the deferred tax balance as shown on the balance sheet.

DUQUESNE LIGHT COMPANY
Deferred Income Tax Calculation
Future Test Year Ended 12/31/19
(\$ in Thousands)

Deferred Type: METHOD LIFE

<u>Description</u>	<u>Accelerated Federal Tax Depreciation</u>	<u>S/L Using Tax Basis</u>	<u>Excess Depreciation</u>	<u>Rate</u>	<u>Deferred Federal Income Taxes</u>
<u>Vintage 1970 and Prior</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	49	895	(846)	36%	(302)
Subtotal-1970 and Prior	49	895	(846)		(302)
<u>Vintage 1971</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	23	(22)	35%	(8)
Subtotal-1971 Vintage	0	23	(22)		(8)
<u>Vintage 1972</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	6	439	(433)	35%	(152)
Subtotal-1972 Vintage	6	439	(433)		(152)
<u>Vintage 1973</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	1	83	(82)	35%	(29)
Subtotal-1973 Vintage	1	83	(82)		(29)
<u>Vintage 1974</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	7	0	7	5%	0
Transmission	6	173	(166)	35%	(58)
Subtotal-1974 Vintage	13	173	(159)		(58)
<u>Vintage 1975</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	5%	0
Transmission	12	75	(62)	35%	(22)
Subtotal-1975 Vintage	12	75	(62)		(22)
<u>Vintage 1976</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0

Transmission	12	157	(144)	35%	(51)
Subtotal-1976 Vintage	12	157	(144)		(51)
<u>Vintage 1977</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	11	0	11	5%	1
Transmission	8	(1)	9	30%	3
Subtotal-1977 Vintage	19	(1)	20		3
<u>Vintage 1978</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	14	0	14	5%	1
Transmission	6	22	(16)	40%	(6)
Subtotal-1978 Vintage	20	22	(2)		(6)
<u>Vintage 1979</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	2	0	2	5%	0
Transmission	32	1,386	(1,355)	35%	(474)
Subtotal-1979 Vintage	34	1,386	(1,352)		(474)
<u>Vintage 1980</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	25	1,004	(979)	4%	(39)
Transmission	16	1,063	(1,046)	35%	(367)
Subtotal-1980 Vintage	41	2,067	(2,026)		(406)
<u>Vintage 1981</u>					
Distribution	0	339	(339)	44%	(149)
Smart Meters	0	0	0	0%	0
General	0	11	(11)	50%	(5)
Transmission	1	288	(286)	35%	(100)
Subtotal-1981 Vintage	1	637	(636)		(255)
<u>Vintage 1982</u>					
Distribution	0	753	(753)	43%	(326)
Smart Meters	0	0	0	0%	0
General	0	10	(10)	49%	(5)
Transmission	0	132	(132)	35%	(46)
Subtotal-1982 Vintage	0	895	(895)		(376)
<u>Vintage 1983</u>					
Distribution	0	435	(435)	42%	(185)
Smart Meters	0	0	0	0%	0
General	0	43	(43)	49%	(21)
Transmission	2	28	(26)	36%	(9)
Subtotal-1983 Vintage	2	506	(504)		(215)
<u>Vintage 1984</u>					
Distribution	0	383	(383)	42%	(159)
Smart Meters	0	0	0	0%	0
General	0	28	(28)	47%	(13)

Transmission	0	78	(78)	35%	(27)
Subtotal-1984 Vintage	0	489	(489)		(200)
<u>Vintage 1985</u>					
Distribution	0	463	(463)	40%	(187)
Smart Meters	0	0	0	0%	0
General	0	71	(71)	46%	(32)
Transmission	0	106	(106)	35%	(37)
Subtotal-1985 Vintage	0	640	(640)		(256)
<u>Vintage 1986</u>					
Distribution	0	581	(581)	39%	(225)
Smart Meters	0	0	0	0%	0
General	0	55	(55)	44%	(24)
Transmission	0	128	(128)	35%	(45)
Subtotal-1986 Vintage	0	764	(764)		(294)
<u>Vintage 1987</u>					
Distribution	0	331	(331)	38%	(126)
Smart Meters	0	0	0	0%	0
General	0	40	(40)	43%	(17)
Transmission	0	225	(225)	35%	(79)
Subtotal-1987 Vintage	0	596	(596)		(222)
<u>Vintage 1988</u>					
Distribution	7	497	(489)	35%	(170)
Smart Meters	0	0	0	0%	0
General	0	(9)	9	43%	4
Transmission	0	84	(84)	35%	(29)
Subtotal-1988 Vintage	7	571	(564)		(195)
<u>Vintage 1989</u>					
Distribution	1	586	(585)	35%	(203)
Smart Meters	0	0	0	0%	0
General	61	72	(10)	78%	(8)
Transmission	0	34	(34)	35%	(12)
Subtotal-1989 Vintage	63	692	(629)		(223)
<u>Vintage 1990</u>					
Distribution	19	522	(504)	35%	(176)
Smart Meters	0	0	0	0%	0
General	160	76	84	26%	22
Transmission	(0)	62	(62)	35%	(22)
Subtotal-1990 Vintage	179	660	(482)		(176)
<u>Vintage 1991</u>					
Distribution	17	512	(494)	35%	(175)
Smart Meters	0	0	0	0%	0
General	39	16	23	26%	6
Transmission	79	82	(3)	53%	(1)
Subtotal-1991 Vintage	135	610	(474)		(170)
<u>Vintage 1992</u>					
Distribution	27	586	(559)	35%	(196)
Smart Meters	0	0	0	0%	0
General	22	(4)	26	26%	7

Transmission	22	363	(342)	35%	(120)
Subtotal-1992 Vintage	70	945	(875)		(309)
<u>Vintage 1993</u>					
Distribution	7	413	(406)	35%	(142)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	(1)	111	(112)	35%	(39)
Subtotal-1993 Vintage	6	524	(518)		(182)
<u>Vintage 1994</u>					
Distribution	16	335	(319)	35%	(112)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(4)	4	24%	1
Subtotal-1994 Vintage	16	331	(314)		(111)
<u>Vintage 1995</u>					
Distribution	29	317	(288)	35%	(101)
Smart Meters	0	0	0	0%	0
General	0	34	(34)	43%	(15)
Transmission	2	26	(25)	35%	(9)
Subtotal-1995 Vintage	31	378	(347)		(125)
<u>Vintage 1996</u>					
Distribution	24	376	(352)	35%	(124)
Smart Meters	0	0	0	0%	0
General	86	76	10	43%	4
Transmission	23	215	(192)	35%	(67)
Subtotal-1996 Vintage	132	667	(534)		(186)
<u>Vintage 1997</u>					
Distribution	4	329	(324)	35%	(114)
Smart Meters	0	0	0	0%	0
General	(4)	0	(4)	43%	(2)
Transmission	1	1	(0)	35%	(0)
Subtotal-1997 Vintage	1	329	(329)		(116)
<u>Vintage 1998</u>					
Distribution	481	255	227	21%	48
Smart Meters	0	0	0	0%	0
General	26	32	(6)	43%	(3)
Transmission	(28)	(34)	6	35%	2
Subtotal-1998 Vintage	479	253	226		47
<u>Vintage 1999</u>					
Distribution	261	222	39	2%	1
Smart Meters	0	0	0	0%	0
General	(0)	(0)	(0)	100%	(0)
Transmission	67	78	(11)	62%	(7)
Subtotal-1999 Vintage	328	300	28		(6)
<u>Vintage 2000</u>					
Distribution	743	315	427	21%	90
Smart Meters	0	0	0	0%	0
General	80	99	(19)	26%	(5)

Transmission	134	75	60	21%	13
Subtotal-2000 Vintage	957	489	468		97
<u>Vintage 2001</u>					
Distribution	1,204	493	711	21%	151
Smart Meters	0	0	0	0%	0
General	254	407	(153)	37%	(57)
Transmission	(42)	(24)	(17)	21%	(4)
Subtotal-2001 Vintage	1,416	875	541		90
<u>Vintage 2002</u>					
Distribution	1,191	495	696	21%	146
Smart Meters	0	0	0	0%	0
General	70	87	(17)	27%	(5)
Transmission	73	30	43	21%	9
Subtotal-2002 Vintage	1,334	612	722		150
<u>Vintage 2003</u>					
Distribution	1,232	543	689	21%	145
Smart Meters	0	0	0	0%	0
General	93	123	(30)	46%	(14)
Transmission	108	75	34	21%	7
Subtotal-2003 Vintage	1,433	740	693		138
<u>Vintage 2004</u>					
Distribution	1,456	768	688	21%	144
Smart Meters	0	0	0	0%	0
General	31	39	(8)	44%	(3)
Transmission	170	21	149	34%	51
Subtotal-2004 Vintage	1,656	827	829		192
<u>Vintage 2005</u>					
Distribution	2,149	740	1,409	21%	296
Smart Meters	0	0	0	0%	0
General	94	1,028	(934)	43%	(403)
Transmission	737	253	484	28%	134
Subtotal-2005 Vintage	2,980	2,020	960		27
<u>Vintage 2006</u>					
Distribution	3,583	1,580	2,003	21%	421
Smart Meters	0	0	0	0%	0
General	621	2,295	(1,674)	42%	(702)
Transmission	1,664	735	930	21%	195
Subtotal-2006 Vintage	5,869	4,610	1,259		(86)
<u>Vintage 2007</u>					
Distribution	1,124	466	658	21%	138
Smart Meters	0	0	0	0%	0
General	194	57	137	44%	60
Transmission	3,949	1,734	2,215	21%	465
Subtotal-2007 Vintage	5,267	2,257	3,009		664
<u>Vintage 2008</u>					
Distribution	1,633	1,013	620	21%	130
Smart Meters	0	0	0	0%	0
General	89	263	(174)	41%	(72)

Transmission	193	111	82	21%	17
Subtotal-2008 Vintage	1,916	1,388	528		75
<u>Vintage 2009</u>					
Distribution	2,505	1,452	1,053	21%	221
Smart Meters	0	0	0	0%	0
General	63	972	(909)	43%	(395)
Transmission	2,332	1,761	571	21%	119
Subtotal-2009 Vintage	4,901	4,186	715		(54)
<u>Vintage 2010</u>					
Distribution	3,069	2,626	443	10%	43
Smart Meters	0	0	0	0%	0
General	83	1,168	(1,085)	43%	(468)
Transmission	2,145	1,895	250	20%	50
Subtotal-2010 Vintage	5,296	5,689	(392)		(375)
<u>Vintage 2011</u>					
Distribution	331	1,183	(852)	35%	(300)
Smart Meters	0	0	0	0%	0
General	159	974	(816)	43%	(348)
Transmission	586	1,306	(720)	36%	(262)
Subtotal-2011 Vintage	1,075	3,463	(2,388)		(909)
<u>Vintage 2012</u>					
Distribution	2,129	1,734	395	15%	61
Smart Meters	0	0	0	0%	0
General	258	1,096	(838)	43%	(357)
Transmission	913	1,621	(709)	36%	(254)
Subtotal-2012 Vintage	3,300	4,452	(1,152)		(550)
<u>Vintage 2013</u>					
Distribution	2,268	1,463	805	21%	169
Smart Meters	0	0	0	0%	0
General	434	2,367	(1,933)	43%	(832)
Transmission	1,617	1,425	192	21%	40
Subtotal-2013 Vintage	4,319	5,255	(936)		(623)
<u>Vintage 2014</u>					
Distribution	1,245	786	459	21%	96
Smart Meters	262	57	205	21%	43
General	857	23,380	(22,523)	41%	(9,338)
Transmission	1,000	778	222	21%	47
Subtotal-2014 Vintage	3,364	25,001	(21,637)		(9,152)
<u>Vintage 2015</u>					
Distribution	1,615	997	618	21%	130
Smart Meters	1,711	1,240	472	16%	76
General	692	1,582	(890)	43%	(385)
Transmission	1,148	747	401	21%	84
Subtotal-2015 Vintage	5,167	4,566	601		(95)
<u>Vintage 2016</u>					
Distribution	2,034	1,133	901	21%	189
Smart Meters	3,637	1,715	1,921	19%	373
General	5,401	10,465	(5,064)	41%	(2,075)

Transmission	3,587	2,308	1,279	21%	268
Subtotal-2016 Vintage	14,659	15,621	(962)		(1,245)
<u>Vintage 2017</u>					
Distribution	4,576	2,310	2,265	21%	476
Smart Meters	3,785	1,888	1,897	21%	398
General	5,925	5,284	642	24%	154
Transmission	(319)	996	(1,315)	21%	(279)
Subtotal-2017 Vintage	13,967	10,478	3,488		748
<u>Vintage 2018</u>					
Distribution	5,419	1,892	3,527	21%	741
Smart Meters	6,614	951	5,663	21%	1,189
General	17,184	8,489	8,695	26%	2,265
Transmission	2,405	953	1,451	21%	305
Subtotal-2018 Vintage	31,622	12,286	19,336		4,500
<u>Vintage 2019</u>					
Distribution	8,721	4,118	4,603	21%	967
Smart Meters	5,389	274	5,115	21%	1,074
General	17,052	4,718	12,334	26%	3,213
Transmission	2,967	1,032	1,936	21%	406
Subtotal-2019 Vintage	34,129	10,142	23,987		5,660
Subtotals - METHOD LIFE					
Distribution	49,121	34,346	14,775	11%	1,632
Smart Meters	21,397	6,125	15,272	21%	3,154
General	50,084	66,446	(16,362)	61%	(9,906)
Transmission	25,683	24,146	1,537	-46%	(700)
Subtotal - Method Life	146,285	131,062	15,223		(5,820)
<u>Deferred Type: POST 69 DDB/SL</u>					
<u>Vintage 1970 and Prior</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1970 and Prior	0	0	0		0
<u>Vintage 1971</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1971 Vintage	0	0	0		0
<u>Vintage 1972</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1972 Vintage	0	0	0		0
<u>Vintage 1973</u>					
Distribution	0	0	0	0%	0

Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1973 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
<u>Vintage 1974</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1974 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
<u>Vintage 1975</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1975 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
<u>Vintage 1976</u>					
Distribution	65	65	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1976 Vintage	<u>65</u>	<u>65</u>	<u>0</u>		<u>0</u>
<u>Vintage 1977</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1977 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
<u>Vintage 1978</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1978 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
<u>Vintage 1979</u>					
Distribution	22	22	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1979 Vintage	<u>22</u>	<u>22</u>	<u>0</u>		<u>0</u>
<u>Vintage 1980</u>					
Distribution	16	16	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1980 Vintage	<u>16</u>	<u>16</u>	<u>0</u>		<u>0</u>
Subtotals - POST 69 DDB/SL					
Distribution	103	103	0	0%	0

Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal - POST 69 DDB/SL	103	103	0		0

Deferred Type: LIFE VINT 1971-1977

Vintage 1971

Distribution	12	0	12	35%	4
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1971 Vintage	12	0	12		4

Vintage 1972

Distribution	53	0	53	35%	18
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1972 Vintage	53	0	53		18

Vintage 1973

Distribution	24	0	24	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1973 Vintage	24	0	24		0

Vintage 1974

Distribution	20	0	20	37%	7
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1974 Vintage	20	0	20		7

Vintage 1975

Distribution	29	0	29	35%	10
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1975 Vintage	29	0	29		10

Vintage 1976

Distribution	60	65	(5)	38%	(2)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1976 Vintage	60	65	(5)		(2)

Vintage 1977

Distribution	15	0	15	35%	5
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1977 Vintage	15	0	15		5

Subtotals - LIFE VINT 1971-1977

Distribution	214	65	149	29%	44
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal - LIFE VINT 1971-1977	214	65	149		44

Deferred Type: Life Vint 1978**Vintage 1978**

Distribution	42	0	42	22%	9
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal - Life Vint 1978	42	0	42		9

Deferred Type: Life Vint 1979**Vintage 1979**

Distribution	21	22	(0)	37%	(0)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal - Life Vint 1979	21	22	(0)		(0)

Deferred Type: Life Vint 1980**Vintage 1980**

Distribution	14	16	(2)	35%	(1)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal - Life Vint 1980	14	16	(2)		(1)

Deferred Type: 263A 481a**Vintage 1997**

Distribution	0	94	(94)	35%	(33)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	1	(1)	35%	(0)
Subtotal-1997 Vintage	0	95	(95)		(33)

Vintage 1998

Distribution	0	108	(108)	35%	(38)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1998 Vintage	0	108	(108)		(38)

Vintage 1999

Distribution	0	43	(43)	35%	(15)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	9	(9)	35%	(3)
Subtotal-1999 Vintage	0	51	(51)		(18)

Vintage 2000

Distribution	0	82	(82)	35%	(29)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	9	(9)	35%	(3)
Subtotal-2000 Vintage	0	91	(91)		(32)

Vintage 2001

Distribution	0	97	(97)	35%	(34)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(2)	2	35%	1
Subtotal-2001 Vintage	0	95	(95)		(33)

Vintage 2002

Distribution	0	113	(113)	35%	(40)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	3	(3)	35%	(1)
Subtotal-2002 Vintage	0	116	(116)		(41)

Vintage 2003

Distribution	0	106	(106)	35%	(37)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	10	(10)	35%	(3)
Subtotal-2003 Vintage	0	115	(115)		(40)

Vintage 2004

Distribution	0	103	(103)	35%	(36)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	13	(13)	35%	(5)
Subtotal-2004 Vintage	0	117	(117)		(41)

Vintage 2005

Distribution	0	183	(183)	35%	(64)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	35	(35)	35%	(12)
Subtotal-2005 Vintage	0	219	(219)		(77)

Vintage 2006

Distribution	0	242	(242)	35%	(85)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	96	(96)	35%	(34)
Subtotal-2006 Vintage	0	338	(338)		(118)

Vintage 2007

Distribution	0	74	(74)	35%	(26)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	187	(187)	35%	(65)
Subtotal-2007 Vintage	0	261	(261)		(91)

Vintage 2008

Distribution	0	205	(205)	35%	(72)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	21	(21)	35%	(7)
Subtotal-2008 Vintage	0	226	(226)		(79)

Vintage 2009

Distribution	0	201	(201)	35%	(70)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	188	(188)	35%	(66)
Subtotal-2009 Vintage	0	390	(390)		(136)

Vintage 2010

Distribution	0	303	(303)	35%	(106)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	166	(166)	35%	(58)
Subtotal-2010 Vintage	0	469	(469)		(164)

Vintage 2011

Distribution	0	268	(268)	35%	(94)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	139	(139)	35%	(49)
Subtotal-2011 Vintage	0	407	(407)		(142)

Vintage 2012

Distribution	0	220	(220)	35%	(77)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	137	(137)	35%	(48)
Subtotal-2012 Vintage	0	357	(357)		(125)

Vintage 2013

Distribution	0	206	(206)	35%	(72)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	129	(129)	35%	(45)
Subtotal-2013 Vintage	0	334	(334)		(117)

Vintage 2014

Distribution	0	256	(256)	35%	(90)
Smart Meters	0	11	(11)	35%	(4)
General	0	0	0	0%	0
Transmission	0	180	(180)	35%	(63)
Subtotal-2014 Vintage	0	447	(447)		(156)

Vintage 2015

Distribution	0	131	(131)	35%	(46)
Smart Meters	0	109	(109)	35%	(38)
General	0	0	0	0%	0
Transmission	0	67	(67)	35%	(23)
Subtotal-2015 Vintage	0	307	(307)		(107)

Subtotals -263A 481a

Distribution	0	3,035	(3,035)	35%	(1,062)
Smart Meters	0	120	(120)	35%	(42)
General	0	0	0	0%	0
Transmission	0	1,388	(1,388)	35%	(486)
Subtotal - 263A 481a	0	4,543	(4,543)		(1,590)

Deferred Type: 263AVintage 2016

Distribution	0	243	(243)	35%	(85)
Smart Meters	0	284	(284)	35%	(99)
General	0	0	0	0%	0
Transmission	0	366	(366)	35%	(128)
Subtotal-2016 Vintage	0	893	(893)		(312)

Vintage 2017

Distribution	0	224	(224)	35%	(78)
Smart Meters	0	174	(174)	35%	(61)
General	0	0	0	0%	0
Transmission	0	112	(112)	35%	(39)
Subtotal-2017 Vintage	0	510	(510)		(178)

Vintage 2018

Distribution	0	247	(247)	21%	(52)
Smart Meters	0	87	(87)	21%	(18)
General	0	0	0	0%	0
Transmission	0	164	(164)	21%	(34)
Subtotal-2018 Vintage	0	498	(498)		(105)

Vintage 2019

Distribution	11,957	119	11,837	21%	2,486
Smart Meters	757	25	732	21%	154
General	0	0	0	0%	0
Transmission	10,286	134	10,152	21%	2,132
Subtotal-2019 Vintage	23,000	279	22,721		4,771

Subtotals - 263A

Distribution	11,957	833	11,124	20%	2,271
Smart Meters	757	570	188	-13%	(25)
General	0	0	0	0%	0
Transmission	10,286	776	9,510	20%	1,930
Subtotal - 263A	23,000	2,179	20,821		4,176

Deferred Type: AFUDC DebtVintage 1997

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	1	(1)	35%	(0)
Subtotal-1997 Vintage	0	1	(1)		(0)

Vintage 1998

Distribution	0	0	0	0%	0
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Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	(0)	35%	(0)
Subtotal-1998 Vintage	0	0	(0)		(0)
<u>Vintage 1999</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	2	(2)	35%	(1)
Subtotal-1999 Vintage	0	2	(2)		(1)
<u>Vintage 2000</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	8	(8)	35%	(3)
Subtotal-2000 Vintage	0	8	(8)		(3)
<u>Vintage 2001</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	(0)	35%	(0)
Subtotal-2001 Vintage	0	0	(0)		(0)
<u>Vintage 2002</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	1	(1)	35%	(0)
Subtotal-2002 Vintage	0	1	(1)		(0)
<u>Vintage 2003</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	2	(2)	35%	(1)
Subtotal-2003 Vintage	0	2	(2)		(1)
<u>Vintage 2004</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	1	(1)	35%	(0)
Subtotal-2004 Vintage	0	1	(1)		(0)
<u>Vintage 2005</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	3	(3)	35%	(1)
Subtotal-2005 Vintage	0	3	(3)		(1)
<u>Vintage 2006</u>					
Distribution	0	0	0	0%	0

Smart Meters	0	0	0	0%	0
General	0	7	(7)	4%	(0)
Transmission	0	6	(6)	35%	(2)
Subtotal-2006 Vintage	0	13	(13)		(3)
<u>Vintage 2007</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	(0)	4%	(0)
Transmission	0	2	(2)	35%	(1)
Subtotal-2007 Vintage	0	2	(2)		(1)
<u>Vintage 2008</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(0)	0	4%	0
Transmission	0	2	(2)	35%	(1)
Subtotal-2008 Vintage	0	2	(2)		(1)
<u>Vintage 2009</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	1	(1)	4%	(0)
Transmission	0	5	(5)	35%	(2)
Subtotal-2009 Vintage	0	6	(6)		(2)
<u>Vintage 2010</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	3	(3)	4%	(0)
Transmission	0	1	(1)	35%	(0)
Subtotal-2010 Vintage	0	3	(3)		(0)
<u>Vintage 2011</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	1	(1)	4%	(0)
Transmission	0	13	(13)	35%	(4)
Subtotal-2011 Vintage	0	13	(13)		(4)
<u>Vintage 2012</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	4	(4)	4%	(0)
Transmission	0	30	(30)	35%	(10)
Subtotal-2012 Vintage	0	33	(33)		(11)
<u>Vintage 2013</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	6	(6)	4%	(0)
Transmission	0	(9)	9	35%	3
Subtotal-2013 Vintage	0	(3)	3		3
<u>Vintage 2014</u>					
Distribution	0	0	0	0%	0

Smart Meters	0	0	0	0%	0
General	0	823	(823)	4%	(35)
Transmission	0	(7)	7	35%	2
Subtotal-2014 Vintage	0	817	(817)		(32)
<u>Vintage 2015</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	6	(6)	5%	(0)
Transmission	0	5	(5)	35%	(2)
Subtotal-2015 Vintage	0	12	(12)		(2)
<u>Vintage 2016</u>					
Distribution	0	16	(16)	35%	(6)
Smart Meters	0	0	0	0%	0
General	0	110	(110)	35%	(38)
Transmission	0	7	(7)	35%	(2)
Subtotal-2016 Vintage	0	133	(133)		(46)
<u>Vintage 2017</u>					
Distribution	0	10	(10)	35%	(4)
Smart Meters	0	0	0	0%	0
General	0	56	(56)	35%	(20)
Transmission	0	8	(8)	35%	(3)
Subtotal-2017 Vintage	0	74	(74)		(26)
<u>Vintage 2018</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2018 Vintage	0	0	0		0
<u>Vintage 2019</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2019 Vintage	0	0	0		0
Subtotals - AFUDC Debt					
Distribution	0	26	(26)	35%	(9)
Smart Meters	0	0	0	0%	0
General	0	1,017	(1,017)	9%	(94)
Transmission	0	81	(81)	35%	(28)
Subtotal - AFUDC Debt	0	1,123	(1,123)		(131)
<u>Deferred Type: CAP OPEB Expense</u>					
<u>Vintage 2008</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	4	(4)	4%	(0)
Transmission	0	9	(9)	35%	(3)
Subtotal-2008 Vintage	0	14	(14)		(3)

Vintage 2009

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	11	(11)	4%	(0)
Transmission	0	32	(32)	35%	(11)
Subtotal-2009 Vintage	0	43	(43)		(12)

Vintage 2010

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	9	(9)	4%	(0)
Transmission	0	25	(25)	35%	(9)
Subtotal-2010 Vintage	0	34	(34)		(9)

Vintage 2011

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	8	(8)	4%	(0)
Transmission	0	24	(24)	35%	(9)
Subtotal-2011 Vintage	0	32	(32)		(9)

Vintage 2012

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	5	(5)	4%	(0)
Transmission	0	19	(19)	35%	(7)
Subtotal-2012 Vintage	0	25	(25)		(7)

Vintage 2013

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	4	(4)	4%	(0)
Transmission	0	15	(15)	35%	(5)
Subtotal-2013 Vintage	0	19	(19)		(5)

Vintage 2014

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	13	(13)	4%	(1)
Transmission	0	14	(14)	35%	(5)
Subtotal-2014 Vintage	0	27	(27)		(5)

Vintage 2015

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	3	(3)	5%	(0)
Transmission	0	10	(10)	35%	(4)
Subtotal-2015 Vintage	0	14	(14)		(4)

Vintage 2016

Distribution	0	20	(20)	35%	(7)
Smart Meters	0	0	0	0%	0
General	0	7	(7)	35%	(2)
Transmission	0	15	(15)	35%	(5)
Subtotal-2016 Vintage	0	42	(42)		(15)

Vintage 2017

Distribution	0	33	(33)	35%	(12)
Smart Meters	0	0	0	0%	0
General	0	5	(5)	35%	(2)
Transmission	0	9	(9)	35%	(3)
Subtotal-2017 Vintage	<u>0</u>	<u>48</u>	<u>(48)</u>		<u>(17)</u>

Vintage 2018

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2018 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>

Vintage 2019

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2019 Vintage	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>

Subtotals - CAP OPEB Expense

Distribution	0	54	(54)	35%	(19)
Smart Meters	0	0	0	0%	0
General	0	71	(71)	9%	(7)
Transmission	0	173	(173)	35%	(61)
Subtotal - CAP OPEB Expense	<u>0</u>	<u>298</u>	<u>(298)</u>		<u>(86)</u>

Deferred Type: CAP OPEB PaymentVintage 2008

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(3)	3	4%	0
Transmission	0	(7)	7	35%	2
Subtotal-2008 Vintage	<u>0</u>	<u>(10)</u>	<u>10</u>		<u>3</u>

Vintage 2009

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(8)	8	4%	0
Transmission	0	(23)	23	35%	8
Subtotal-2009 Vintage	<u>0</u>	<u>(31)</u>	<u>31</u>		<u>8</u>

Vintage 2010

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(12)	12	4%	1
Transmission	0	(35)	35	35%	12
Subtotal-2010 Vintage	<u>0</u>	<u>(48)</u>	<u>48</u>		<u>13</u>

Vintage 2011

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(9)	9	4%	0
Transmission	0	(26)	26	35%	9

Subtotal-2011 Vintage	0	(35)	35		10
<u>Vintage 2012</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(5)	5	4%	0
Transmission	0	(19)	19	35%	7
Subtotal-2012 Vintage	0	(24)	24		7
<u>Vintage 2013</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(5)	5	4%	0
Transmission	0	(17)	17	35%	6
Subtotal-2013 Vintage	0	(21)	21		6
<u>Vintage 2014</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(8)	8	4%	0
Transmission	0	(8)	8	35%	3
Subtotal-2014 Vintage	0	(15)	15		3
<u>Vintage 2015</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(4)	4	5%	0
Transmission	0	(13)	13	35%	5
Subtotal-2015 Vintage	0	(17)	17		5
<u>Vintage 2016</u>					
Distribution	0	(21)	21	35%	7
Smart Meters	0	0	0	0%	0
General	0	(7)	7	35%	3
Transmission	0	(16)	16	35%	6
Subtotal-2016 Vintage	0	(44)	44		15
<u>Vintage 2017</u>					
Distribution	0	(4)	4	35%	1
Smart Meters	0	0	0	0%	0
General	0	(1)	1	35%	0
Transmission	0	(1)	1	35%	0
Subtotal-2017 Vintage	0	(5)	5		2
<u>Vintage 2018</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2018 Vintage	0	0	0		0
<u>Vintage 2019</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0

Subtotal-2019 Vintage	0	0	0		0
Subtotals - CAP OPEB Payment					
Distribution	0	(25)	25	35%	9
Smart Meters	0	0	0	0%	0
General	0	(62)	62	8%	5
Transmission	0	(165)	165	35%	58
Subtotal - CAP OPEB Payment	0	(252)	252		71

Deferred Type: CAP Pension Expense

Vintage 2008

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(1)	1	4%	0
Transmission	0	(2)	2	35%	1
Subtotal-2008 Vintage	0	(3)	3		1

Vintage 2009

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	2	(2)	4%	(0)
Transmission	0	7	(7)	35%	(2)
Subtotal-2009 Vintage	0	9	(9)		(3)

Vintage 2010

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	27	(27)	4%	(1)
Transmission	0	79	(79)	35%	(28)
Subtotal-2010 Vintage	0	106	(106)		(29)

Vintage 2011

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	47	(47)	4%	(2)
Transmission	0	143	(143)	35%	(50)
Subtotal-2011 Vintage	0	190	(190)		(52)

Vintage 2012

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	49	(49)	4%	(2)
Transmission	0	179	(179)	35%	(63)
Subtotal-2012 Vintage	0	227	(227)		(65)

Vintage 2013

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	45	(45)	4%	(2)
Transmission	0	153	(153)	35%	(54)
Subtotal-2013 Vintage	0	198	(198)		(55)

Vintage 2014

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0

General	0	67	(67)	4%	(3)
Transmission	0	67	(67)	35%	(24)
Subtotal-2014 Vintage	<u>0</u>	<u>134</u>	<u>(134)</u>		<u>(26)</u>

Vintage 2015

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	26	(26)	5%	(1)
Transmission	0	77	(77)	35%	(27)
Subtotal-2015 Vintage	<u>0</u>	<u>104</u>	<u>(104)</u>		<u>(28)</u>

Vintage 2016

Distribution	0	124	(124)	35%	(44)
Smart Meters	0	0	0	0%	0
General	0	42	(42)	35%	(15)
Transmission	0	95	(95)	35%	(33)
Subtotal-2016 Vintage	<u>0</u>	<u>261</u>	<u>(261)</u>		<u>(91)</u>

Vintage 2017

Distribution	0	164	(164)	35%	(57)
Smart Meters	0	0	0	0%	0
General	0	24	(24)	35%	(8)
Transmission	0	46	(46)	35%	(16)
Subtotal-2017 Vintage	<u>0</u>	<u>235</u>	<u>(235)</u>		<u>(82)</u>

Vintage 2018

Distribution	0	122	(122)	21%	(26)
Smart Meters	0	0	0	0%	0
General	0	65	(65)	21%	(14)
Transmission	0	46	(46)	21%	(10)
Subtotal-2018 Vintage	<u>0</u>	<u>233</u>	<u>(233)</u>		<u>(49)</u>

Vintage 2019

Distribution	3,924	39	3,885	21%	816
Smart Meters	0	0	0	0%	0
General	264	13	251	21%	53
Transmission	830	11	819	21%	172
Subtotal-2019 Vintage	<u>5,018</u>	<u>63</u>	<u>4,955</u>		<u>1,041</u>

Subtotals - CAP Pension Expense

Distribution	3,924	450	3,475	20%	689
Smart Meters	0	0	0	0%	0
General	264	407	(142)	-3%	5
Transmission	830	902	(72)	184%	(133)
Subtotal - CAP Pension Expense	<u>5,018</u>	<u>1,758</u>	<u>3,260</u>		<u>560</u>

Deferred Type: CAP Pension Payment**Vintage 2008**

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(13)	13	4%	1
Transmission	0	(27)	27	35%	10
Subtotal-2008 Vintage	<u>0</u>	<u>(40)</u>	<u>40</u>		<u>10</u>

Vintage 2009

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(61)	61	4%	3
Transmission	0	(171)	171	35%	60
Subtotal-2009 Vintage	0	(232)	232		63
<u>Vintage 2010</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(130)	130	4%	5
Transmission	0	(377)	377	35%	132
Subtotal-2010 Vintage	0	(507)	507		137
<u>Vintage 2011</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(36)	36	4%	1
Transmission	0	(109)	109	35%	38
Subtotal-2011 Vintage	0	(145)	145		40
<u>Vintage 2012</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(78)	78	4%	3
Transmission	0	(287)	287	35%	101
Subtotal-2012 Vintage	0	(365)	365		104
<u>Vintage 2013</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(39)	39	4%	2
Transmission	0	(131)	131	35%	46
Subtotal-2013 Vintage	0	(170)	170		48
<u>Vintage 2014</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(6)	6	4%	0
Transmission	0	(6)	6	35%	2
Subtotal-2014 Vintage	0	(12)	12		2
<u>Vintage 2015</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2015 Vintage	0	0	0		0
<u>Vintage 2016</u>					
Distribution	0	(295)	295	35%	103
Smart Meters	0	0	0	0%	0
General	0	(101)	101	35%	35
Transmission	0	(224)	224	35%	78
Subtotal-2016 Vintage	0	(619)	619		217
<u>Vintage 2017</u>					

Distribution	0	(846)	846	35%	296
Smart Meters	0	0	0	0%	0
General	0	(125)	125	35%	44
Transmission	0	(239)	239	35%	84
Subtotal-2017 Vintage	0	(1,210)	1,210		423
<u>Vintage 2018</u>					
Distribution	0	(163)	163	21%	34
Smart Meters	0	0	0	0%	0
General	0	(87)	87	21%	18
Transmission	0	(62)	62	21%	13
Subtotal-2018 Vintage	0	(312)	312		65
<u>Vintage 2019</u>					
Distribution	(3,855)	(38)	(3,817)	21%	(801)
Smart Meters	0	0	0	0%	0
General	(260)	(13)	(247)	21%	(52)
Transmission	(815)	(11)	(805)	21%	(169)
Subtotal-2019 Vintage	(4,930)	(62)	(4,868)		(1,022)
Subtotals - CAP Pension Payment					
Distribution	(3,855)	(1,343)	(2,512)	15%	(368)
Smart Meters	0	0	0	0%	0
General	(260)	(686)	427	14%	60
Transmission	(815)	(1,645)	830	48%	394
Subtotal - CAP Pension Payment	(4,930)	(3,674)	(1,256)		87
<u>Deferred Type: Capitalized Interest</u>					
<u>Vintage 1997</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(1)	1	35%	0
Subtotal-1997 Vintage	0	(1)	1		0
<u>Vintage 1998</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1998 Vintage	0	0	0		0
<u>Vintage 1999</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(2)	2	35%	1
Subtotal-1999 Vintage	0	(2)	2		1
<u>Vintage 2000</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(7)	7	35%	2
Subtotal-2000 Vintage	0	(7)	7		2

<u>Vintage 2001</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(0)	0	35%	0
Subtotal-2001 Vintage	0	(0)	0		0
<u>Vintage 2002</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(1)	1	35%	1
Subtotal-2002 Vintage	0	(1)	1		1
<u>Vintage 2003</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(3)	3	35%	1
Subtotal-2003 Vintage	0	(3)	3		1
<u>Vintage 2004</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(1)	1	35%	0
Subtotal-2004 Vintage	0	(1)	1		0
<u>Vintage 2005</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(6)	6	35%	2
Subtotal-2005 Vintage	0	(6)	6		2
<u>Vintage 2006</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(14)	14	4%	1
Transmission	0	(15)	15	35%	5
Subtotal-2006 Vintage	0	(29)	29		6
<u>Vintage 2007</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(0)	0	4%	0
Transmission	0	(12)	12	35%	4
Subtotal-2007 Vintage	0	(12)	12		4
<u>Vintage 2008</u>					
Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	(0)	4%	(0)
Transmission	0	(10)	10	35%	3
Subtotal-2008 Vintage	0	(9)	9		3

Vintage 2009

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(3)	3	4%	0
Transmission	0	(15)	15	35%	5
Subtotal-2009 Vintage	0	(18)	18		5

Vintage 2010

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(9)	9	4%	0
Transmission	0	(3)	3	35%	1
Subtotal-2010 Vintage	0	(11)	11		1

Vintage 2011

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(4)	4	4%	0
Transmission	0	(37)	37	35%	13
Subtotal-2011 Vintage	0	(41)	41		13

Vintage 2012

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(10)	10	4%	0
Transmission	0	(81)	81	35%	28
Subtotal-2012 Vintage	0	(90)	90		29

Vintage 2013

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(82)	82	4%	3
Transmission	0	(24)	24	35%	8
Subtotal-2013 Vintage	0	(105)	105		12

Vintage 2014

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(1,878)	1,878	4%	79
Transmission	0	(30)	30	35%	11
Subtotal-2014 Vintage	0	(1,908)	1,908		89

Vintage 2015

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	(13)	13	5%	1
Transmission	0	(12)	12	35%	4
Subtotal-2015 Vintage	0	(24)	24		5

Vintage 2016

Distribution	0	(35)	35	35%	12
Smart Meters	0	0	0	0%	0
General	0	(240)	240	35%	84
Transmission	0	(15)	15	35%	5
Subtotal-2016 Vintage	0	(291)	291		102

Vintage 2017

Distribution	0	(21)	21	35%	7
Smart Meters	0	0	0	0%	0
General	0	(116)	116	35%	40
Transmission	0	(29)	29	35%	10
Subtotal-2017 Vintage	0	(165)	165		58

Vintage 2018

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2018 Vintage	0	0	0		0

Vintage 2019

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2019 Vintage	0	0	0		0

Subtotals - Capitalized Interest

Distribution	0	(56)	56	35%	20
Smart Meters	0	0	0	0%	0
General	0	(2,367)	2,367	9%	209
Transmission	0	(302)	302	35%	106
Subtotal - Capitalized Interest	0	(2,725)	2,725		334

Deferred Type: Repair Disallowed Loss 481a

Vintage 2013

Distribution	0	(209)	209	35%	73
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	(23)	23	35%	8
total - Repair Disallowed Loss 481a	0	(232)	232		81

Deferred Type: South Georgia

Vintage 2011

Distribution	0	0	0	0%	0
Smart Meters	0	0	0	0%	0
General	0	0	0	#DIV/0!	12
Transmission	0	0	0	#DIV/0!	1,098
Subtotal - South Georgia	0	0	0		1,110

Deferred Type: Tax UoP 481a

Vintage 1991

Distribution	0	221	(221)	35%	(77)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	59	(59)	35%	(21)
Subtotal-1991 Vintage	0	280	(280)		(98)

Vintage 1992

Distribution	0	200	(200)	35%	(70)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	28	(28)	35%	(10)
Subtotal-1992 Vintage	0	227	(227)		(80)

Vintage 1993

Distribution	0	128	(128)	35%	(45)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	18	(18)	35%	(6)
Subtotal-1993 Vintage	0	146	(146)		(51)

Vintage 1994

Distribution	0	254	(254)	35%	(89)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1994 Vintage	0	254	(254)		(89)

Vintage 1995

Distribution	0	144	(144)	35%	(50)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	81	(81)	35%	(28)
Subtotal-1995 Vintage	0	225	(225)		(79)

Vintage 1996

Distribution	0	194	(194)	35%	(68)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	12	(12)	35%	(4)
Subtotal-1996 Vintage	0	207	(207)		(72)

Vintage 1997

Distribution	0	180	(180)	35%	(63)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1997 Vintage	0	180	(180)		(63)

Vintage 1998

Distribution	0	132	(132)	35%	(46)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-1998 Vintage	0	132	(132)		(46)

Vintage 1999

Distribution	0	561	(561)	35%	(196)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	29	(29)	35%	(10)
Subtotal-1999 Vintage	0	589	(589)		(206)

<u>Vintage 2000</u>					
Distribution	0	527	(527)	35%	(185)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	31	(31)	35%	(11)
Subtotal-2000 Vintage	0	558	(558)		(195)
<u>Vintage 2001</u>					
Distribution	0	318	(318)	35%	(111)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	0	0	0%	0
Subtotal-2001 Vintage	0	318	(318)		(111)
<u>Vintage 2002</u>					
Distribution	0	287	(287)	35%	(101)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	9	(9)	35%	(3)
Subtotal-2002 Vintage	0	297	(297)		(104)
<u>Vintage 2003</u>					
Distribution	0	302	(302)	35%	(106)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	35	(35)	35%	(12)
Subtotal-2003 Vintage	0	337	(337)		(118)
<u>Vintage 2004</u>					
Distribution	0	325	(325)	35%	(114)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	21	(21)	35%	(7)
Subtotal-2004 Vintage	0	346	(346)		(121)
<u>Vintage 2005</u>					
Distribution	0	655	(655)	35%	(229)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	68	(68)	35%	(24)
Subtotal-2005 Vintage	0	723	(723)		(253)
<u>Vintage 2006</u>					
Distribution	0	537	(537)	35%	(188)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	103	(103)	35%	(36)
Subtotal-2006 Vintage	0	640	(640)		(224)
<u>Vintage 2007</u>					
Distribution	0	349	(349)	35%	(122)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	23	(23)	35%	(8)
Subtotal-2007 Vintage	0	373	(373)		(130)

Vintage 2008

Distribution	0	334	(334)	35%	(117)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	103	(103)	35%	(36)
Subtotal-2008 Vintage	0	438	(438)		(153)

Vintage 2009

Distribution	0	479	(479)	35%	(168)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	13	(13)	35%	(5)
Subtotal-2009 Vintage	0	492	(492)		(172)

Vintage 2010

Distribution	0	706	(706)	35%	(247)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	60	(60)	35%	(21)
Subtotal-2010 Vintage	0	765	(765)		(268)

Subtotals - Tax UoP 481a

Distribution	0	6,835	(6,835)	35%	(2,392)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	693	(693)	35%	(242)
Subtotal - Tax UoP 481a	0	7,528	(7,528)		(2,635)

Deferred Type: Tax UoP RepairVintage 2011

Distribution	0	842	(842)	35%	(295)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	29	(29)	35%	(10)
Subtotal-2011 Vintage	0	871	(871)		(305)

Vintage 2012

Distribution	0	771	(771)	35%	(270)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	175	(175)	35%	(61)
Subtotal-2012 Vintage	0	946	(946)		(331)

Vintage 2013

Distribution	0	1,472	(1,472)	35%	(515)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	90	(90)	35%	(31)
Subtotal-2013 Vintage	0	1,562	(1,562)		(547)

Vintage 2014

Distribution	0	2,103	(2,103)	35%	(736)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	53	(53)	35%	(18)

Subtotal-2014 Vintage	0	2,156	(2,156)		(755)
Vintage 2015					
Distribution	0	1,027	(1,027)	35%	(359)
Smart Meters	0	0	0	0%	0
General	0	49	(49)	35%	(17)
Transmission	0	2	(2)	35%	(1)
Subtotal-2015 Vintage	0	1,078	(1,078)		(377)
Vintage 2016					
Distribution	0	1,213	(1,213)	35%	(425)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	129	(129)	35%	(45)
Subtotal-2016 Vintage	0	1,343	(1,343)		(470)
Vintage 2017					
Distribution	0	1,019	(1,019)	35%	(357)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	38	(38)	35%	(13)
Subtotal-2017 Vintage	0	1,057	(1,057)		(370)
Vintage 2018					
Distribution	0	1,021	(1,021)	21%	(214)
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	0	60	(60)	21%	(13)
Subtotal-2018 Vintage	0	1,081	(1,081)		(227)
Vintage 2019					
Distribution	45,861	458	45,403	21%	9,535
Smart Meters	0	0	0	0%	0
General	0	0	0	0%	0
Transmission	3,756	49	3,707	21%	779
Subtotal-2019 Vintage	49,617	507	49,110		10,313
Subtotals - Tax UoP Repair					
Distribution	45,861	9,926	35,934	18%	6,364
Smart Meters	0	0	0	0%	0
General	0	49	(49)	35%	(17)
Transmission	3,756	625	3,131	19%	585
Subtotal - Tax UoP Repair	49,617	10,601	39,016		6,932
TOTALS					
Distribution	107,401	54,078	53,323		7,259
Smart Meters	22,155	6,815	15,340		3,087
General	50,089	64,874	(14,785)		(9,914)
Transmission	39,740	26,649	13,090		2,529
TOTALS	219,385	152,416	66,969		2,961
TOTALS (with allocated General)					
Distribution	171,103	114,703	56,400		2,123
Transmission	48,282	37,713	10,569		838
TOTALS	219,385	152,416	66,969		2,961

- Q.25. Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.
- A.25. Duquesne Light Company has no accumulated and unamortized investment tax credits in the test year. As such, there will be no investment tax credit amortization reflected on Schedule D-18 in DLC Exhibits 2 (Fully Projected Future Test Year), Exhibit 3 (Future Test Year) and Exhibit 4 (Historic Test Year).

- Q.27. If the utility's operations include non-jurisdictional activities, provide a schedule which demonstrates the manner in which rate base and operating income date have been adjusted to develop the jurisdictional test year claim.
- A.27. Total system measures of value and components of operating income have been allocated between the Total Company and Pennsylvania PUC jurisdictions and the proposed revenue increase has been determined on a Pennsylvania PUC jurisdictional basis only. Please refer to Exhibit 5, Statement No. 14 – direct testimony of Howard Gorman and DLC Exhibit 6.

Q.1. Supply a copy of any budget utilized as a basis for any test year claim, and explain the utility's budgeting process.

A.1. Attachment DFR-II-E-1 is a summary of the operating budget utilized as the basis for the Duquesne Light Company's future test year claim. An explanation of the Company's budgeting process is contained in the Direct Testimony of Matthew S. Ankrum.

DUQUESNE LIGHT COMPANY
STATEMENT OF INCOME
Operating Budget

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total 12 Mos End 12/31/18
UTILITY OPERATING INCOME					
Operating Revenues (400)	\$ 229,062,626	\$ 217,167,586	\$ 253,707,992	\$ 218,473,861	918,412,065
Operating Expenses					
Operation Expenses (401)	112,452,531	106,096,398	111,100,278	105,269,151	434,918,357
Maintenance Expenses (402)	8,141,448	7,681,270	8,043,546	7,621,379	31,487,643
Depreciation Expense (403)	43,037,328	40,604,737	42,519,799	40,288,136	166,450,000
Amort & Depl Of Utility Plant (404-405)	-	-	-	-	-
Regulatory Debits (Credits), net (407 3, 407 4)	-	-	-	-	-
Taxes Other Than Income Taxes (408 1)	14,606,835	13,781,216	14,431,187	13,673,762	56,493,000
Income Taxes - Federal (409 1)	2,033,738 85	1,985,699 95	2,889,147 75	2,131,821 53	9,040,408
Income Taxes - Other (409 1)	636,001 37	620,978 36	903,509 42	666,674 14	2,827,163
Provision for Deferred Income Taxes, net (410 1, 411 1)	7,976,357 16	7,976,357 16	7,976,357 16	7,976,357 16	31,905,429
Investment Tax Credit, net (411 7)	-	-	-	-	-
Total Utility Operating Expenses	188,884,239	178,746,657	187,863,824	177,627,280	733,122,000
Net Utility Operating Income	40,178,387	38,420,929	65,844,169	40,846,581	185,290,064
OTHER INCOME AND DEDUCTIONS					
Other Income					
Equity in Earnings of Subsidiary Companies (418 1)	-	-	-	-	-
Interest and Dividend Income (419)	-	-	-	-	-
Allowance for Other Funds Used During Construction (419 1)	1,112,080	1,112,080	1,112,080	1,112,080	4,448,318
Miscellaneous Nonoperating Income (421)	-	-	-	-	-
Gain on Disposition of Property (421 1)	-	-	-	-	-
Total Other Income	1,112,080	1,112,080	1,112,080	1,112,080	4,448,318
Other Income Deductions					
Loss on Disposition of Property (421 2)	-	-	-	-	-
Donations (426 1)	1,449,419	370,697	412,207	470,337	2,702,659
Penalties (426 3)	-	-	-	-	-
Exp for Certain Civic, Political, & Related Activities (426 4)	-	-	-	-	-
Other Deductions (426 5)	-	-	-	-	-
Total Other Income Deductions	1,449,419	370,697	412,207	470,337	2,702,659
Taxes Applicable to Other Income and Deductions					
Income Taxes - Federal (409 2)	(225,322)	(220,000)	(320,095)	(236,189 06)	(1,001,606)
Income Taxes - Other (409 2)	(78,385)	(76,534)	(111,355)	(82,166)	(348,439)
Provision for Def Inc Taxes (410 2)	(993,517)	(993,517)	(993,517)	(993,517)	(3,974,066)
(Less) Provision for Def Inc Taxes (411 2)	1,457,108	1,457,108	1,457,108	1,457,108 26	5,828,433
Total Taxes on Other Inc and Ded	159,884	167,058	32,142	145,237	504,321
Net Other Income and Deductions	(497,224)	574,325	667,731	496,506	1,241,339
Interest Charges					
Interest on Long-Term Debt (427)	13,568,257	13,892,456	12,874,875	12,874,875	53,210,464
Amortization of Debt Disc and Expense (428)	88,178	89,886	89,886	89,886	357,837
Amortization of Loss on Reacquired Debt (428 1)	559,402	538,976	525,740	509,312	2,133,431
Amortization of Premium on Debt - Credit (429)	-	-	-	-	-
Amortization of Gain on Reacquired Debt - Credit (429 1)	-	-	-	-	-
Interest on Debt to Assoc Companies (430)	-	-	-	-	-
Other Interest Expense (431)	438,083	372,124	375,146	487,046	1,672,399
Allowance for Borrowed Funds Used During Construction-Cr (432)	(469,792)	(469,792)	(469,792)	(469,792)	(1,879,170)
Net Interest Charges	14,184,128	14,423,650	13,395,855	13,491,327	55,494,980
Net Income	\$ 25,497,035	\$ 24,571,604	\$ 53,116,045	\$ 27,851,759	\$ 131,036,443

DUQUESNE LIGHT COMPANY
STATEMENT OF INCOME
Operating Budget

	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Total 12 Mos. End 12/31/19</u>
UTILITY OPERATING INCOME					
Operating Revenues (400)	\$ 226,735,390	\$ 212,068,042	\$ 242,245,229	\$ 208,326,007	889,374,667
Operating Expenses					
Operation Expenses (401)	106,692,577	101,488,942	107,972,858	101,852,144	418,006,522
Maintenance Expenses (402)	10,678,229	10,157,428	10,806,365	10,193,779	41,835,800
Depreciation Expense (403)	45,191,259	42,987,180	45,733,541	43,141,020	177,053,000
Amort & Depl Of Utility Plant (404-405)	-	-	-	-	-
Regulatory Debts (Credits), net (407 3, 407 4)	-	-	-	-	-
Taxes Other Than Income Taxes (408 1)	14,066,865	13,380,793	14,235,663	13,428,679	55,112,000
Income Taxes - Federal (409 1)	1,275,534	1,324,741	1,881,780	1,589,908	6,071,962
Income Taxes - Other (409 1)	398,891	403,373	588,480	508,111	1,898,855
Provision for Deferred Income Taxes, net (410 1, 411 1)	5,357,296	5,357,296	5,357,296	5,357,296	21,429,182
Investment Tax Credit, net (411 7)	-	-	-	-	-
Total Utility Operating Expenses	<u>183,660,651</u>	<u>175,099,752</u>	<u>186,575,982</u>	<u>176,070,937</u>	<u>721,407,322</u>
Net Utility Operating Income	<u>43,074,739</u>	<u>36,968,290</u>	<u>55,669,247</u>	<u>32,255,070</u>	<u>167,967,345</u>
OTHER INCOME AND DEDUCTIONS					
Other Income					
Equity in Earnings of Subsidiary Companies (418 1)	-	-	-	-	-
Interest and Dividend Income (419)	-	-	-	-	-
Allowance for Other Funds Used Durring Construction (419 1)	1,254,587	1,254,587	1,254,587	1,254,587	5,018,349
Miscellaneous Nonoperating Income (421)	-	-	-	-	-
Gain on Disposition of Property (421 1)	-	-	-	-	-
Total Other Income	<u>1,254,587</u>	<u>1,254,587</u>	<u>1,254,587</u>	<u>1,254,587</u>	<u>5,018,349</u>
Other Income Deductions					
Loss on Disposition of Property (421 2)	-	-	-	-	-
Donations (426 1)	1,464,472	373,749	415,509	473,389	2,727,118
Penalties (426 3)	-	-	-	-	-
Exp for Certain Civic, Political, & Related Activities (426 4)	-	-	-	-	-
Other Deductions (426 5)	-	-	-	-	-
Total Other Income Deductions	<u>1,464,472</u>	<u>373,749</u>	<u>415,509</u>	<u>473,389</u>	<u>2,727,118</u>
Taxes Applicable to Other Income and Deductions					
Income Taxes - Federal (409 2)	(276,165)	(286,819)	(407,423)	(344,230)	(1,314,638)
Income Taxes - Other (409 2)	(96,073)	(97,152)	(141,735)	(122,378)	(457,337)
Provision for Def Inc Taxes (410 2)	(1,304,020)	(1,304,020)	(1,304,020)	(1,304,020)	(5,216,082)
(Less) Provision for Def Inc Taxes (411 2)	1,912,499	1,912,499	1,912,499	1,912,499	7,649,994
Total Taxes on Other Inc and Ded	<u>236,240</u>	<u>224,507</u>	<u>59,320</u>	<u>141,870</u>	<u>661,937</u>
Net Other Income and Deductions	<u>(446,125)</u>	<u>656,332</u>	<u>779,758</u>	<u>639,329</u>	<u>1,629,294</u>
Interest Charges					
Interest on Long-Term Debt (427)	13,022,000	13,022,000	13,022,000	13,022,000	52,088,000
Amortization of Debt Disc and Expense (428)	89,886	451,915	122,325	122,325	786,452
Amortization of Loss on Reaquired Debt (428 1)	509,312	509,312	509,312	509,312	2,037,249
Amortization of Premium on Debt - Credit (429)	-	-	-	-	-
Amortization of Gain on Reaquired Debt - Credit (429 1)	-	-	35,500	35,500	71,000
Interest on Debt to Assoc Companies (430)	-	-	-	-	-
Other Interest Expense (431)	581,896	618,661	633,548	674,638	2,508,744
Allowance for Borrowed Funds Used Durring Construction-Cr (432)	(529,994)	(529,994)	(529,994)	(529,994)	(2,119,976)
Net Interest Charges	<u>13,673,100</u>	<u>14,071,894</u>	<u>13,792,692</u>	<u>13,833,782</u>	<u>55,371,469</u>
Net Income	<u>\$ 28,955,514</u>	<u>\$ 23,552,727</u>	<u>\$ 42,656,313</u>	<u>\$ 19,060,617</u>	<u>\$ 114,225,171</u>

- Q.2. Supply summaries of the utility's projected operating and capital budgets for the 2 calendar years following the end of the test year.
- A.2. Attachment DFR II-E-2a provides the Company's projected operating budget for 2018 and 2019. Attachment DFR II-E-2b provides the Company's capital budget for 2018 and 2019.

DUQUESNE LIGHT COMPANY

**Projected Operating Budget (a)
For the Years Ended December 31,
(Thousands of Dollars)**

	<u>2018</u>	<u>2019</u>
Operating Revenue	\$ 918,412	\$ 889,375
Operating expenses:		
Fuel and Purchased Power	221,712	201,436
Other Operating	244,694	258,406
Taxes Other than Income	56,493	55,112
Depreciation and Amortization	166,450	177,053
Income Tax Expense	43,773	29,400
Total Operating Expenses	<u>733,122</u>	<u>721,407</u>
Operating income	<u>\$ 185,290</u>	<u>\$ 167,967</u>
OTHER INCOME AND DEDUCTIONS		
Other Income/(Expense)	1,241	1,629
Interest Expense	55,495	55,371
Net Income	<u>\$ 131,036</u>	<u>\$ 114,225</u>

DUQUESNE LIGHT COMPANY
Projected Capital Budget
For the Years Ended December 31,
(\$ Thousands)

<u>Budget Category</u>	<u>2018</u>	<u>2019</u>
Restoration of Service	\$ 33,244	\$ 33,247
Customer Commitment	23,532	24,939
Programmatic Spend	49,991	42,641
Utility Support (Facilities, Vehicles, Meters)	26,712	21,656
Information Technology	43,841	35,653
Advanced Metering Infrastructure (AMI)	22,812	5,365
Advanced Distribution Management System (ADMS)	2,840	3,354
Supervisory Control and Data Acquisition System (SCADA)	17,762	13,410
LTIP Specific Projects	59,955	62,034
Additional Growth Capital	54,625	81,290
Total Less AFUDC	<u>335,314</u>	<u>323,588</u>
AFUDC	6,327	7,138
Total with AFUDC	<u>\$ 341,642</u>	<u>\$ 330,726</u>