DUQUESNE LIGHT STATEMENT NO. 4

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition Of Duquesne Light Company	**:**	
For Approval Of Default Service Plan	**:**	**Docket No. P-2016-________**
For The Period June 1, 2017 Through	**:**	
May 31, 2021	**:**	

DIRECT TESTIMONY OF
DAVID B. OGDEN

Dated: May 2, 2016

I. INTRODUCTION

Q. Please state your full name, business affiliation and address.

A. My name is David B. Ogden. I am the Manager of Rates and Tariff Services for Duquesne Light Company ("Duquesne Light" or "Company"). My business address is 411 7th Avenue, Pittsburgh PA 15219.

Q. Please describe your professional and educational background.

A. I received a Bachelor of Science in Business Administration Degree with a major in Accounting from Clarion University of Pennsylvania in 2001. I am a Certified Public Accountant. I began my career at the Company in 2008 as the Supervisor of Derivative Accounting and Special Projects. Over the last eight years, I have held supervisory and managerial positions within Accounting, Financial Planning and Analysis and currently the Rates department. Prior to joining Duquesne Light, I was a senior audit associate in the Pittsburgh office of PricewaterhouseCoopers LLP, a public accounting firm, where I performed attestation, advisory and compliance services for clients throughout the United States. Prior to joining PricewaterhouseCoopers, I held audit positions within the Allegheny County Controllers Office.

Q. Please describe your current responsibilities.

A. In my current role as Manager of Rates and Tariff Services, I am responsible for overseeing the Company's retail rates and wholesale transmission rates. In addition, it is my responsibility to ensure the rates are properly disseminated to Customer Billing.

Q. What is the purpose of your Direct Testimony?

A. The purpose of my testimony is to address the following items regarding the Company's proposed eighth default service plan ("DSP VIII"):

1. Describe the proposed rates for Residential, Lighting, Small, Medium and Large Commercial and Industrial ("C&I") customers obtained through competitive requests for proposal ("RFP").
2. Describe the Company's plan to unbundle default service costs and cost recovery.
3. Describe the Company's plan to recover retail competition costs.
4. Describe the reconciliation process for Default Service Supply ("DSS") rates and presentation of the price to compare ("PTC").
5. Describe the proposed changes to the Company's Retail Tariff necessary to implement DSP VIII.
6. Describe the proposed changes to the Company's Electric Generation Supplier ("EGS") Coordination tariff necessary to implement DSP VIII.

Q. Are you sponsoring any exhibits as part of your Direct Testimony?

A. Yes. I am sponsoring the following exhibits:

- Exhibit DBO-1 - Illustrative Example to Calculate Residential and Lighting Default Service Rates
- Exhibit DBO-2 - Derivation of Factors for Class Rate Determination
- Exhibit DBO-3 - Estimated Default Service Plan Related Costs
- Exhibit DBO-4 - Proposed Retail Tariff Supplement (clean version)
- Exhibit DBO-5 - Proposed Retail Tariff Supplement (red-line version)
- Exhibit DBO-6 - Proposed EGS Tariff Supplement (clean version)

- Exhibit DBO-7 - Proposed EGS Tariff Supplement (red-line version)

Q. Were these exhibits prepared by you or under your supervision?

A. These exhibits were prepared either by me or under my supervision. They were prepared, to the best of my knowledge, in accordance with the Pennsylvania Public Utility Commission ("Commission") requirements and practice.

Q. How is your testimony organized?

A. I will first discuss the proposed default service rates for the various customer classes. I will then describe the proposed methods to unbundle and recover the costs associated with implementing the proposed default service plan, as well as recover the costs of administering certain retail competition programs and initiatives. Next, I will describe the DSS reconciliation process and the PTC. Finally, I will describe the proposed changes to the Company's tariffs necessary to implement the proposed default service plan.

II. RESIDENTIAL AND LIGHTING CUSTOMER RATES

Q. What rate schedules apply to the Residential and Lighting customer classes?

A. Residential customers are served under rate schedules RS, RH and RA. Lighting customers are served under rate schedules AL, SE, SM, SH, and PAL.

Q. Please describe the current default service rates applicable to the Residential and Lighting customer classes.

A. The current default service rates for these rate schedules are designed to recover the costs of power that are procured through a competitive RFP solicitation process approved in the Company's seventh default service plan ("DSP VII") proceeding at Docket No. P-2014-2418242 and described in Retail Tariff Rider No. 8 - Default Service Supply. The RFPs are for full requirements service that includes both the Residential and Lighting class load. Full requirements service includes the cost of energy, capacity, congestion and congestion management charges, alternative energy requirements, ancillary services, and PJM grid management charges. Residential default service rates and Lighting rate schedules AL and SE are a reconcilable, flat supply charge per kilowatt-hour ("kWh"). Default service rates for Lighting rate schedules SM, SH and PAL are a fixed rate per fixture based on the monthly kWh consumption of the fixture and are also reconcilable.

Q. Is the Company proposing any changes to how DSS rates will be determined for Residential and Lighting customers in DSP VIII?

A. No. The process for determining DSS rates for Residential and Lighting customers is generally the same as in DSP VII. As discussed by witness Peoples, the Company is proposing to continue to obtain DSS through multiple RFPs, and the Company will use the same process to calculate the retail rate, except that both one-year and two-year supply products will be used when determining the rate levels. Under the proposed plan, new supply rates will become effective every June 1 and December 1 for the period June 1, 2017 through May 31, 2021.

Q. In DSP VIII, please describe how the Residential and Lighting retail rates will be determined.

A. Winning bids will be determined through the RFP process as described by Duquesne Light witness Peoples.[1] In general, a single weighted average price will be calculated from the winning bids necessary to fill the applicable tranches in accordance with the guidelines of the RFP process.

The Company will then adjust the weighted average winning bid price to recover the cost of line losses, initial and ongoing administrative costs to provide default service,[2] the cost of solar contracts (if any) obtained by the Company on behalf of Residential and Lighting default service customers,[3] and current and prior period over/under collections with interest. Once the gross weighted average of the winning bid price is determined, the Company will adjust the price to first recover costs common to both Residential and Lighting customer classes, then use class rate factors to derive Residential and Lighting class rates based on their respective energy consumption patterns and capacity requirements. This process is generally the same as that used by the Company in DSP VII. The final step will adjust the price to recover Pennsylvania gross receipts tax ("GRT").

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[1] Initially, the same process that exists today will be used to develop residential and lighting rates. As later described, the rates will be adjusted for those costs in the unbundling study, as well as the costs associated with the Company's long-term solar contracts, if any, during the DSP VIII period that are approved by the Pennsylvania Commission.

[2] The unbundling of default service costs is discussed in detail in Section VI.

[3] Duquesne Light witness Davis discusses the Company's plan to evaluate entering into long-term solar contracts during the DSP VIII period.

Q. Have you prepared an exhibit that shows the derivation of the Residential and Lighting class DSS rates?

A. Yes. Exhibit DBO-1 is an illustrative example showing the derivation of the Residential and Lighting class DSS rates for the DSP VIII period.

Q. Have you adjusted the rate class factors used to derive the Residential and Lighting class rates?

A. Yes. Exhibit DBO-2 shows the derivation of the class rate factors the Company proposes to use for the 2017-2018, 2018-2019, 2019-2020, and 2020-2021 effective rate periods. As shown in Exhibit DBO-2, a capacity price per MWh was determined based on the results of the PJM capacity auctions and the customer class load shapes. A load weighted locational marginal price ("LMP") was calculated based on 2015 data. The average lighting class LMP reflects the off-peak nature of the load. Combining capacity and LMP per MWh, factors were derived relative to the weighted average capacity and LMP per MWh for the Residential and Lighting class load combined.

III. SMALL C&I CUSTOMER CLASS RATES

Q. What rate schedules apply to the Small C&I customer classes?

A. Small C&I customers are those customers with monthly metered demand less than 25 kW served under rate schedules GS/GM, GMH and UMS. Small unmetered C&I customers are served under rate schedule Unmetered Service ("UMS").[4]

[4] Municipal traffic signals are an example of UMS customers.

Q. Please describe how the current DSS rates for Small C&I customers were developed.

A. DSS is procured through a competitive RFP solicitation process approved in the Company's DSP VII proceeding and described in Retail Tariff Rider No. 8 - Default Service Supply. The RFP is for full requirements service. Small C&I default service rates are reconcilable, flat supply charges per kWh. Default service rates are updated June 1 and December 1 of each year under the DSP VII Plan.

Q. Is Duquesne Light proposing any changes to the DSS rates for Small C&I customers in DSP VIII?

A. No. The process for determining DSS rates for Small C&I customers is generally the same as in DSP VII. As discussed by witness Peoples, the Company is proposing to continue to obtain DSS through multiple RFPs for full requirements supply products, with the retail rates being calculated from the winning bid prices in the RFPs. The main difference is that both one-year and two-year supply products will be used when determining the rate levels. Under the proposed plan, through May 31, 2021, new rates will continue to become effective every June 1 and December 1 for Small C&I customers.

Q. Please describe how the Small C&I retail rates will be determined for rate schedules GS/GM, GMH and UMS.

A. In general, a single weighted-average price will be calculated from the winning bids necessary to fill the applicable tranches in accordance with the guidelines of the RFP process. Similar to the derivation of the Residential and Lighting rates shown in Exhibit DBO-1, the Company proposes to adjust the weighted-average winning bid price to recover the cost of line losses, initial and ongoing administrative costs to provide default service, and prior period over/under collections with interest.

IV. MEDIUM C&I CUSTOMER CLASS RATES

Q. What rate schedules apply to the Medium C&I customer classes?

A. Medium C&I customers are those customers served under rate schedules GS/GM and GMH with monthly metered demand equal to or greater than 25 kW but less than 300 kW.[5]

Q. Please describe how the current DSS rates for Medium C&I customers were developed.

A. DSS is procured through a competitive RFP solicitation process approved in the Company's DSP VII proceeding and described in Retail Tariff Rider No. 8 - Default Service Supply. The RFP is for full requirements service. Medium C&I default service rates are reconcilable, flat supply charges per kWh. Default service rates are updated effective every June 1, September 1, December 1, and March 1 for Medium C&I customers.

Q. Is Duquesne Light proposing any changes to the DSS rates for Medium C&I customers in DSP VIII?

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5 As described by Duquesne Light witness Peoples, the Company plans to lower the kW upper threshold for Medium C&I customers from < 300 kW to < 200 kW beginning on June 1, 2019.

A. No. As discussed by witness Peoples, the Company is proposing to continue to obtain DSS through multiple RFPs for full requirements supply products, and the Company will use the same process to calculate the retail rate. Under the proposed plan, through May 31, 2021, new rates will continue to become effective every June 1, September 1, December 1, and March 1 for Medium C&I customers.

Q. Please describe how the retail rates will be determined for rate schedules GS/GM and GMH.

A. The Company proposes to continue the same process used to derive retail rates. In general, a single weighted-average price will be calculated from the winning bids necessary to fill the applicable tranches in accordance with the guidelines of the RFP process. Similar to the derivation of the Residential and Lighting rates shown in Exhibit DBO-1, the Company proposes to adjust the weighted-average winning bid price to recover the cost of line losses, initial and ongoing administrative costs to provide default service, and prior period over/under collections with interest.

V. LARGE C&I CUSTOMER CLASS RATES

Q. What rate schedules apply to the Large C&I customer classes?

A. Large C&I customers are those customers served under rate schedules GL, GLH, L and HVPS with peak metered demand greater than 300 kW.[6]

[6] As described by Duquesne Light witness Peoples, the Company plans to lower the kW threshold for Large C&I customers from ≥ 300 kW to ≥ 200 kW beginning on June 1, 2019.

Q. Please describe how the current DSS rates for Large C&I customers were developed.

A. Large C&I customers are served under Rider No. 9 - Day-Ahead Hourly Price Service ("HPS").

Q. Is Duquesne Light proposing any changes to the DSS rates for Large C&I customers in DSP VIII?

A. Yes. The Company is proposing to simplify the structure of the energy pricing for HPS. Under the Company's current HPS program, the Company must submit an hourly load forecast for each HPS customer by 8 am each business day. Each HPS customer then has the option to modify that schedule each day prior to 10 am. Energy included in the day-ahead schedule, subject to modification by each customer, is purchased in the day-ahead energy market with differences between the scheduled load and actual load for each customer settled in the real-time market. These purchases in the day-ahead and/or real-time energy markets are tracked and reconciled on a customer-by-customer basis. In DSP VIII, the Company proposes to charge each HPS customer using its actual hourly usage at the day-ahead hourly prices. This will continue to allow customers to manage their electricity usage and supply costs by providing customers with advanced day-ahead notice of hourly energy prices, and will eliminate HPS customers' uncertainty associated with the ex-post real-time price reconciliation.

In addition, the Company proposes to procure full requirements supply for HPS through a competitive RFP solicitation process. As described by witness Peoples, the Company will issue a single annual solicitation, wherein the Company will request competitive offers from suppliers for two tranches to provide Default Service day-ahead market supply. The supplier (or suppliers) with the lowest fixed price bids (expressed in dollars per MWH) will be selected as the winners of the HPS solicitation. In addition to the winning bid price offered by the supplier, each winning supplier will be paid for its share of the associated energy, capacity, and ancillary service charges billed to HPS customers. The winning suppliers' fixed price bids will be designed to recover the renewable energy supply costs, the energy balancing costs associated with day-ahead schedules versus actual customer consumption, and any other third-party supplier administrative costs of providing HPS. The first solicitation will take place in March 2017, with subsequent solicitations conducted in March of each year throughout the DSP VIII plan period.

Q. Is the Company proposing changes to the Rider No. 9 Fixed Retail Adder for the DSP VIII plan period?

A. Yes. The current Fixed Retail Adder ("FRA") of $4.49 per MWh in Rider No. 9 is based on the annual costs to provide day-ahead hourly priced service including the ability for customers to modify their load profile and the need for the Company to reconcile actual versus forecast load. With the change to a competitive RFP for Rider No. 9, the Company is proposing to include only the implementation and ongoing annual costs in the price billed to customers in the same manner as previously described with DSS rates in Rider No. 8. Specifically, in the derivation of the rates effective June 1 of each year, the Company will include for recovery through the adder the annual ongoing costs to provide Rider No. 9 in its revised structure as well as the costs to conduct the RFP for Rider No. 9. The Company will adjust the adder to include implementation and unbundled costs as well as a true-up for the prior period over/under collection of Company costs recovered through the adder.[7] Therefore, only the Company expenses to be recovered through the FRA will be included in the annual reconciliation statement for Rider No. 9.

Q. Have you prepared an estimate of the FRA effective June 1, 2017?

A. Exhibit DBO-3 shows the estimated RFP costs to be $20,000 and the annual ongoing costs to be $150,000. Based on the forecasted HPS default service sales of 201,000 MWhs for the period June 2017 through May 2018, the estimated FRA effective June 1, 2017 to recover Company costs would be $0.85 per MWh.

VI. UNBUNDLING DEFAULT SERVICE COSTS AND COST RECOVERY

Q. What types of administrative costs does the Company incur to provide default service?

A. In addition to the supply costs necessary to provide default service, the Company incurs costs in two primary areas. First, initial start-up costs are incurred to develop and obtain approval of the proposed default service plan. Second, ongoing costs are incurred throughout the duration of the default service plan to implement the plan (e.g., the costs related to the process of conducting the competitive requests for proposals and evaluating the results of these solicitations, the incremental administrative costs to provide HPS).

[7] The unbundling of default service costs is discussed in detail in Section VI.

Q. How does the Company currently recover administrative costs to prepare and obtain approval of the proposed default service plan?

A. The Company currently recovers the costs for external legal and consulting services to prepare and obtain approval of the default service plan through base distribution rates.

Q. How does the Company currently recover the ongoing administrative costs to provide default service?

A. The ongoing administrative costs are primarily associated with managing the RFP process. A third-party independent evaluator conducts the recurring RFPs to obtain DSS from wholesale suppliers, monitors the results, and prepares reports to the Commission. These costs for the independent evaluator to conduct the RFPs are easily identifiable and are recovered through an adder in the applicable procurement class default service rates. These costs are included in the build-up of the DSS rates in Rider 8. The incremental costs associated with specific Company activities for a particular procurement group, such as the cost to provide HPS default service to Large C&I customers already are unbundled, and are also recovered in the build-up of the applicable procurement group's DSS rate. Cost and revenue recovery associated with these administrative costs for specific activities are tracked separately for each procurement group (e.g., the costs to implement the Company's Time-Of-Use program for Residential customers) to ensure no cross-subsidy occurs. The costs for the independent evaluator to conduct multiple solicitations on a given date are allocated evenly to each procurement group for recovery.

Q. Is the Company proposing to unbundle additional costs from its base rates and move them to its DSS rates?

A. Yes. As part of the DSP VII Settlement Agreement, the Company committed to the following:

> In the earlier of its next general rate increase filing or its Default Service Plan filing for the period commencing June 1, 2017, Duquesne Light will propose to unbundle from base rates costs associated with the provision of default service, including default service proceeding and procurement costs, and cash working capital with regard to default service procurements. Duquesne Light will simultaneously propose a mechanism for recovery of such costs from default service customers.[8]

The Commission approved the Settlement Agreement in its DSP VII order, and to comply with this agreement, the Company is proposing to unbundle certain costs from base rates associated with the provision of default service. Specifically, the Company is proposing to move recovery of the costs for external legal and consulting services to prepare and obtain approval of the default service plan from base distribution rates to DSS rates. The Company is also proposing to move recovery of the cash working capital costs associated with DSS from base distribution rates to DSS rates. Finally, if new costs arise related to default service, the Company proposes that those costs also be recovered through applicable DSS rates. For example, if the procurement contingency plan described by Company witness Peoples were to be implemented, then those incremental costs would be included in the DSS rate of the applicable customer class for which the contingency plan was implemented.

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[8] DSP VII Order entered January 15, 2015 at Docket No. P-2014-2418242, page 10.

Q. Did you prepare an estimate of the unbundled costs in dollars that will be moved from Duquesne Light's base distribution rates to the applicable DSS rates?

A. Yes. I have estimated these costs based on the information that is available at this time. These costs are summarized in the table shown in Exhibit DBO-3. These are preliminary cost estimates that are subject to change based on final plan design and implementation costs.

Q. How did you estimate the costs to prepare and obtain approval of the DSP VIII plan?

A. The cost estimate in Exhibit DBO-3 is based on the consulting and legal fees to prepare and obtain approval of the DSP VII plan. When implementing Duquesne Light's unbundling proposal, the Company will know and use actual external legal and consulting service cost to prepare and obtain approval for the DSP VIII plan.

Q. How did you estimate the cash working capital costs associated with DSS?

A. The cash working capital cost shown in DBO-3 is based on the supply-related cash working capital costs included in rate base in the Company's 2013 base rate proceeding at Docket No. R-2013-2372129. The annual revenue requirement for working capital costs shown equals the Company's pre-tax overall return applied to those costs.

Q. When does the Company propose to begin to recover these costs through DSS rates?

A. The Company proposes to unbundle and recover DSP filing and other identified costs through DSS rates beginning June 1, 2020 or the effective date of rates in its next base rate proceeding, whichever comes first.

Q. Why does the Company propose to delay unbundling beyond June 1, 2017?

A. Exhibit DBO-3 contains preliminary estimates of the costs to be unbundled based on currently available information. Except for the RFP process and ongoing costs to support current Rider No. 9 day-ahead hourly price service, all of these cost categories are currently recovered through base distribution rates. Waiting until Duquesne Light's next base rate case to recover these costs through DSS rates will ensure that there is no double counting, where costs are being recovered in both base rates and DSS rates, or alternatively, under-recovery of previously approved costs included in base rates. The Company entered into a black-box settlement agreement in its 2013 base rate proceeding at a significantly lower rate increase than originally proposed. Therefore, it is not known with certainty what costs are currently included in base rates for the particular items to be unbundled. While rate unbundling is designed to make Duquesne Light "whole" as it moves certain approved costs from its base distribution rates to the applicable DSS rates, rate unbundling does have important implications for customers and who bears the burden of paying for these costs. No matter what, rate unbundling will result in cost shifting relative to current rates. Costs that otherwise would be collected from all customers (including EGS customers) in current base distribution rates will only be recovered from default service customers in the future. Furthermore, to the extent that unbundled costs are allocated to customer classes based on a pro-rata share of default service load, and that allocation methodology differs from that used to allocate bundled costs in base rates, this also may result in cost shifting among customer classes. Rate unbundling needs to be accomplished in a coordinated manner and should occur in a base rate proceeding where all of the Company's revenues and expenses can be reviewed. This will allow newly unbundled costs to be completely removed from future base rates, and at the same time, to be fully included in future DSS rates. Because the date of the Company's next base rate cannot be predicted with certainty, we have included a date for unbundling without a base rate case though that approach is not preferable for the reasons I have explained.

Q. Please explain how the Company proposes to assign the unbundled costs to each customer class.

A. The Company proposes to allocate unbundled costs to each customer class based on forecasted default service MWhs.

Q. Once the total estimated costs are allocated to a customer class, how does the Company propose to recover those costs?

A. The Company proposes to divide the unbundled costs by the approved number of years of the DSP Plan and develop a monthly fixed expense amount for each of the four customer classes (i.e. Residential/Lighting, Small C&I, Medium C&I and Large C&I). The monthly unbundled costs will begin June 1, 2020 or the effective date of rates in its next base rate proceeding whichever comes first. As shown in Exhibit DBO-1, the Company will include the monthly expense amounts in the derivation of the rates for each rate effective period based on the number of months in the rate effective period. For example, the DSS rates effective June 1, 2020 through November 30, 2020 will include six months of unbundled expenses.

Q. With regard to unbundling default service costs, is the Company proposing any changes in the reconciliation currently in use for default service rates?

A. The Company proposes to use the four year revenue requirement for these unbundled costs as the actual expense to recover. The 1307e reconciliation statement for each customer class will include a line item for the monthly expense. The reconciliation for the unbundled monthly expense will capture only changes in default service kWh sales (e.g., the difference between the forecasted kWh at the outset when setting rates and actual default service kWh sales). The difference in recovery of the unbundled expense (over or under collection) created by variations in kWh sales will be recovered through the e-factor component of the DSS rates for the applicable customer class.

VII. RETAIL COMPETITION COSTS AND COST RECOVERY

Q. What types of activities is the Company engaged in to support retail competition?

A. The Company currently engages in a number of activities to support retail competition, including:

- Administering a Purchase of Receivables ("POR") program, whereby Duquesne Light agrees to purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity services to Residential, Small C&I, and Medium C&I customers within Duquesne Light's service territory.

- Administering a Standard Offer Program ("SOP"), which is designed to encourage customers to shop with an EGS at a prescribed discount to the PTC at the time of the offer.
- Administering other Commission-mandated activities, programs, projects, services etc. to enhance the competitive energy market in Pennsylvania.

Q. How does the Company currently recover the costs of these retail competition initiatives?

A. The Company has several mechanisms in place to recover the costs of these retail competition initiatives.

- For the POR program, defined in Rule 12.1.7 of the EGS Coordination Tariff, Duquesne Light purchases the EGSs' electric commodity (which is comprised of generation and transmission service) receivables at a fixed discount currently set at 0.52% for Residential and Small C&I customers, and 0.28% for Medium C&I customers.
- For the SOP program, defined on pages 42B and 42C of the EGS Coordination Tariff, the Company charges participating EGSs a fee of $10.28 for every customer that is enrolled.
- The Company recovers the expenses associated with implementing Commission-mandated activities, programs, projects, services etc. to enhance the competitive

energy market in Pennsylvania through a non-bypassable Retail Market Enhancement Surcharge ("RME Surcharge") defined in Rider No. 1 of the Company's retail tariff.

Q. Is the Company proposing to change the way it recovers these costs to support retail competition in this proceeding?

A. No. The POR program continues to work successfully and there is no reason to change the structure of the program in this proceeding.

The RME Surcharge was approved in the Company's DSP VII plan effective June 1, 2015 (Docket No. P-2014-2418242) and the first surcharge will become effective June 1, 2016.

As explained by witness Morrison, the Company is proposing to continue its current SOP program and will continue to recover the associated costs of the SOP program directly from participating EGSs.

Q. How does the Company recover PJM transmission charges?

A. The Company recovers PJM transmission charges associated with default service through its Transmission Service Charge ("TSC"). These charges are FERC-approved and billed pursuant to the PJM open access transmission tariff ("OATT"). The TSC provides the Company recovery of its costs for transmission service associated only with default service load and establishes the basis of the transmission component of the PTC.

Q. Is the Company proposing to maintain its current methodology for recovering PJM transmission charges?

A. Yes. The Company proposes to continue the same responsibility for PJM charges as defined in the current Supply Master Agreement ("SMA") and approved by the Commission for the current default service plan. As a result, the Company is not proposing to change its TSC.

VIII. <u>TIME-OF-USE RATES</u>

Q. Does the Company currently have in effect any TOU rate offering?

A. As described by witness Peoples, the Company recently conducted an RFP in accordance with the DSP VII plan for TOU supply that will cover the delivery period June 1, 2016 through May 31, 2017. Based on the results of the RFP, eligible Residential customers with the necessary metering and communications system will be able to choose between two different TOU time periods and price levels. Eligible Residential customers who elect TOU service will become EGS customers and will be enrolled by the EGS providing the TOU service.

Q. Will the TOU rates of the winning EGSs in the RFP be included in the Company's Retail Tariff?

A. No. Since the TOU service is provided by an EGS and customers enrolled in the TOU program will be EGS customers, it is not necessary to include the rates in the Company's tariff.

Q. For the TOU program effective June 1, 2016 through May 31, 2017, will the Company perform any reconciliation of revenues collected with respect to changes in load or shifted demand for TOU program participants served by an EGS?

A. No. The EGSs supplying TOU will incur the supply costs and receive the supply revenues.

Q. How will the costs to implement the TOU program effective June 1, 2016 through May 31, 2017 be recovered?

A. The EGSs supplying TOU service will be responsible for recovering their own costs. Any incremental costs incurred by the Company to implement and retain the TOU program will be borne by Residential default service customers. The Company will begin to recover these costs through Residential DSP VII rates effective December 1, 2016. Exhibit DBO-3 shows a line item for inclusion of TOU costs in the event cost recovery extends into the DSP VIII plan period.

Q. Is the Company proposing any changes to how TOU service will be provided for customers in DSP VIII?

A. Yes. As described by witness Peoples, the Company will facilitate the ability for EGSs to offer TOU rates during the DSP VIII plan period.

Q. Is the Company proposing changes to its Retail Tariff regarding EGS TOU programs for the DSP VIII plan period?

A. The Company is proposing one change to its Retail Tariff, Rider No. 8, Default Service Supply, to allow the Company to recover expenses to support an EGS TOU program offering during the four-year DSP VIII plan period. The Company has added language to ensure that the Company's expenses related to administering the program of allowing EGS TOU offerings are assigned to the appropriate customer class for recovery.

IX. RECONCILIATION AND PRICE TO COMPARE

Q. What reconciliation period does the Company currently use for current default service rates?

A. Default service rates are currently reconciled on a six-month basis. In general, the current reconciliation period is the six-month period ending 120 days prior to the effective date of the new rates. New rates effective on June 1st include reconciliation of actual revenue and actual expense for the six months ending January 31st. New rates effective on December 1st include reconciliation of actual revenue and actual expense for the six months ending July 31st. For the statements necessary for 1307e filing requirements which are on a twelve-month basis, the Company combines two six-month reconciliation periods and submits a twelve-month reconciliation filing for the twelve months ending January 31st in accordance with 66 Pa C.S. §1307e. The reconciliation periods are defined in the Retail Tariff in Rider No. 8, Default Service Supply.

Q. Is the Company proposing any changes to the reconciliation periods in this proceeding?

A. No. The reconciliation periods were approved in DSP VII to provide sufficient time for EGSs to evaluate the impact to the PTC. The Company is proposing to continue the same reconciliation schedule and process with the inclusion of unbundled expenses in DSP VIII.

Q. Is the Company proposing any new customer class annual reconciliation under DSP VIII?

A. Yes. As described in Section V, the Company is proposing to include the implementation and ongoing annual costs in the price billed to large C&I customers in the same manner as with current DSS rates in Rider No. 8. As such, the Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery in accordance with 66 Pa C.S. § 1307e. The reconciliation statement will reconcile actual revenue and actual expense associated with the Company portion of the FRA. All other cost components of Rider No. 9 are the responsibility of the winning hourly price service suppliers.

Q. Please explain the current process of how the Company posts the PTC.

A. The Company has implemented the following steps in its procurement process to post the PTC:

- Post an estimated PTC within seven days from receipt and determination of the winning bids in the RFP.
- Post an estimated default service rate model at the time the weighted average winning bid price is released.

- Post the final default service rate model including the final PTC 60 days before the effective date showing the derivation of the final default service rates.

Q. How is the Company proposing to post the PTC in this proceeding?

A. The Company proposes to continue its current practices and will post the final PTC 60 days in advance of each application period except for the June 1 application period. For the June 1 application period, the Company will post the supply component 60 days in advance and will post the final PTC, including the transmission component, 15 days in advance because the transmission component of the PTC will not be known until May 15 of each year.

IX. TARIFF CHANGES

Q. Have you prepared a form of Retail Tariff supplement that contains changes necessary to implement the Company's proposed default service plan?

A. Yes. Exhibit DBO-4 contains the necessary changes to the rate schedules and applicable riders to implement the proposed default service plan. Exhibit DBO-5 is a red-line version of the current Retail Tariff reflecting the proposed changes in Exhibit DBO-4.

Q. In general, what changes is the Company proposing to make to the Retail Tariff?

A. The proposed changes are necessary to implement the proposed default service plan in this proceeding and recover the associated costs. The Company proposes to make the following modifications to reflect the default service plan described above:

- Rider No. 8 – Default Service Supply: revised to show that the rate effective period for DSS rates is four years, to reflect a change to potentially recover the relevant costs associated with Company solar contracts, if any, for the Residential and Lighting customers class during the DSP VIII plan period[9] and to recover unbundled default service costs at some point during DSP VIII.
- Rider No. 9 – Day-Ahead Hourly Price Service: revised to reflect the RFP process for hourly price service and associated adders, changes to recover unbundled default service costs at some point during the DSP VIII plan period and other changes in the structure described by Duquesne Light witness Peoples.

Q. Have you prepared a form of Electric Generation Coordination Tariff Supplement that contains changes necessary to implement the Company's proposed default service plan?

A. Yes. Exhibit DBO-6 contains the necessary changes to the rate schedules and applicable riders to implement the proposed default service plan. Exhibit DBO-7 is a red-line version of the current EGS Tariff reflecting the proposed changes in Exhibit DBO-6.

Q. In general, what are the changes that the Company is proposing to the EGS Tariff?

A. The Company proposes two changes to the EGS Tariff:

[9] The structure of the solar arrangements is not known at this time, and is subject to Commission approval in a later Company filing. The revenue requirements associated with any Commission-approved solar contracts and their administration will be recovered from Residential and Lighting customers. The proceeds of any solar energy, capacity, ancillary services, and solar AECs that are acquired and in excess of those allocated to default service suppliers, and therefore sold into the market, if any, will be credited to Residential and Lighting default service customers through Rider No. 8. The rates of other default service customer classes will be unaffected by the Company's solar proposal.

- Rule 12.1.7.4 Other Payment Provisions: revise language to clarify actual payment provisions for EGS customers on budget billing.
- Standard Offer Program: change the applicability of the Customer Acquisition Fee from May 31, 2017 to May 31, 2021.

Q. Why is the Company proposing changes to Rule 12.1.7.4 in this proceeding?

A. Rule 12.1.7.4 was recently revised by the Company to add clarification for bill ready functionality. The proposed change adds additional clarity with regard to bill ready budget billing customers.

X. CONCLUSION

Q. Does this conclude your Direct Testimony at this time?

A. Yes.

VERIFICATION

I, David B. Ogden, Manager, Rates and Tariff Services for Duquesne Light Company ("Duquesne Light"), hereby state that the testimony set forth in Duquesne Light Statement No. 4 is true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing on this matter, my answers would be as set forth herein.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: April 29, 2016

David B. Ogden, Manager, Rates and Tariff Services

Duquesne Light Company **Exhibit DBO-1**

Default Service Supply Plan - June 1, 2017 through May 31, 2021

Illustrative Example - Derivation of Residential and Lighting Default Service Supply Rates

			Residential Classes (RS, RH, RA)	Lighting Classes (AL,SE,SM,SH,PAL)	
1	RFP Average Wholesale Price ($/MWh)		$50.00 /MWh	$50.00 /MWh	Weighted bid price (Note1)
2	Line Losses - T & D	6 9%			Transmission (0 8%); distribution (6.1%)
3	Price Adjustment for Losses ($/MWh)		$3 45 /MWh	$3.45 /MWh	Line 1 * Line 2
4	Adjusted Wholesale Price for Losses ($/MWh)		$53.45 /MWh	$53.45 /MWh	Line 1 + Line 3
5	Solar Contract Cost		$0 00 /MWh	$0.00 /MWh	Estimated expenses for solar contract costs per order at Docket No. XXX.
6	Forecast POLR Sales (MWh)	1,291,000			Forecast Residential & Lighting default service sales (MWh)(Note 3)
7	Outside Services Fees	$20,000			Outside services to conduct RFPs (Note 3)
8	Unbundled Default Service Costs	$442,763			Amortization of 6 months of unbundled default service costs per order at Docket No. XXX. (Note 3)
9	Administrative Adder ($/MWh)		$0.36 /MWh	$0.36 /MWh	(Line 7 + Line 8) / Line 6
10	Reconciliation Adjustment	($50,000)			(Over)/under collection including interest (Note 1)
11	Forecast POLR Sales (MWh)	1,291,000			Line 6
12	E Factor Rate ($/MWh)		($0.04) /MWh	($0.04) /MWh	Line 10 / Line 11
13	Adjusted Wholesale Price ($/MWh)		$53.77 /MWh	$53.77 /MWh	Line 4 + Line 5 + Line 9 + Line 12
14	Rate Factor		1.0053	0.6150	Exhibit DBO-2
15	Adjusted Wholesale Price for Rate Factor ($/MWh)		$54.06 /MWh	$33.07 /MWh	Line 13 * Line 14
16	TOU Program Expenses	$100,000			Note 1
17	Forecast POLR Sales (MWh)	1,000,000			Forecast Residential default service sales (MWH)(Note 1)
18	TOU Adder ($/MWh)		$0 10 /MWh	$0.00 /MWh	Line 16 / Line 17
19	Total Adjusted Wholesale Price ($/MWh)		$54.16 /MWh	$33.07 /MWh	Line 15 + Line 18
20	PA GRT @ 5.9%		$3.40 /MWh	$2 07 /MWh	Line 19 * (059/(1-.059))
21	Total Retail Rate ($/MWh)		$57.56 /MWh	$35.14 /MWh	Line 19 + Line 20
22	Default Service Supply Rate		5.7556 ¢/kWh	3.5137 ¢/kWh	Line 21 / 10 (Note 2)

1/ For illustrative purposes only.

2/ Lighting class supply rate will be applied to monthly kWh consumption of each fixture in rate classes SM, SH and PAL to derive monthly fixed default service supply charge per fixture.

3/ Annual illustrative estimates shown in DBO-3.

Duquesne Light Company **Exhibit DBO-2**
Default Service Supply Plan - June 1, 2017 to May 31, 2021
Derivation of Factors for Class Rate Determination

Capacity

			Residential	Lighting
1	2015 Capacity Obligation (MW-day)		490,091	1,213
2	2015 Load (MWH)		4,406,079	61,207
	Capacity Price ($/MW-day) (1)			
3		2017-2018	$147.50	$147.50
4		2018-2019	$162.44	$162.44
		2019-2020	$162.44	$162.44
		2020-2021	$162.44	$162.44
	Capacity Price ($/MWH)			
5		2017-2018	$16.41	$2.92
		2018-2019	$18.07	$3.22
		2019-2020	$18.07	$3.22
		2020-2021	$18.07	$3.22

Energy

		Residential	Lighting
7	2015 Load-Weighted LMP ($/MWH)	$32.83	$27.19

Capacity + Energy

		Residential	Lighting	Total
8	2017-2018	$49.23	$30.12	$48.97
	2018-2019	$50.89	$30.41	$50.61
	2019-2020	$50.89	$30.41	$50.61
	2020-2021	$50.89	$30.41	$50.61

Rate Factors

		Residential	Lighting
10	2017-2018	**1.0053**	**0.6150**
	2018-2019	**1.0055**	**0.6009**
	2019-2020	**1.0055**	**0.6009**
11	2020-2021	**1.0055**	**0.6009**

1/ From Capacity Performance Transition Incremental Auction for 2017/2018. From Base Residual Auction for 2018/2019. Assumes 2018/2019 Price for 2019/2020 & 2020/2021.

Duquesne Light Company **Exhibit DBO-3**

Default Service Plan June 1, 2017 to May 31, 2021

Estimated Default Service Preparation and Implementation Costs [1]

					A = (B * 4)	B = (C+D+E+F)	C	D	E	F
					Total	Annualized	Forecasted Annual Default Service Costs by Customer Class			
Line	Item	Current Recovery Mechanism	Proposed Recovery Mechanism	Description	Estimated Costs	Estimated Costs	Residential & Lighting	Small C&I	Medium C&I	Large C&I
1	RFP Process and Evaluation [2]	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Consulting services for independent evaluator to conduct RFPs (reoccurring)	$720,000	$180,000	$40,000	$40,000	$80,000	$20,000
2	TOU Program	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Implement and maintain TOU rates supplied by EGSs	TBD	TBD	TBD	$0	$0	$0
2	Forecasted POLR Sales (MWh) - 6.1.2017 - 5.31.2018						2,582,000	367,000	693,000	201,000
3	Unbundled Default Service Costs									
4	Filing Preparation and Approval Process	Distribution Base Rates	Default Service Supply Rates (Allocated on forecasted POLR MWhs)	Consulting services and outside counsel to help prepare filing and throughout regulatory process	$1,195,000	$298,750	$200,721	$28,530	$53,873	$15,625
5	Working Capital for Default Service Supply [3]	Distribution Base Rates	Default Service Supply Rates (Allocated on forecasted POLR MWhs)	Costs associated with lag in time between the utility's out-of-pocket payment expenses and the collection of revenues for default service.	$4,077,000	$1,019,250	$684,804	$97,337	$183,799	$53,310
6	Administration of Large C&I Hourly Price Default Service	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Administrative adder for Large C&I customers on default service.	$600,000	$150,000	$0	$0	$0	$150,000
7	**Total (Line 1 + Line 4 + Line 5 + Line 6)**				**$6,592,000**	**$1,648,000**	**$925,526**	**$165,867**	**$317,672**	**$238,935**

1/ All costs subject to change depending on final order and implementation costs.

2/ Assumes ~$20k per RFP, 32 separate RFPs over the course of four years.

3/ Assuming the Company's pre-tax weighted cost of capital of ~10.6% calculated in the latest PUC earnings report for the 12 months ending December 31, 2015 submitted to the Commission, the revenue requirement (annual expense) associated with DSS working capital is $1,019,250 [$9,615,888 multiplied by ~10.6% return]. The cash working capital cost of $9,615,888 is based on the supply related working capital costs included in rate base rates in the Company's 2013 base rate proceeding at Docket No. D-2013-2372129, Exhibit 6-1, page 2 of 6, line 66. The Company plans to update this figure based on the latest available information when unbundling these costs.

EXHIBIT NO. DBO-4

SUPPLEMENT NO. XXX
TO ELECTRIC – PA. P.U.C. NO. 24

SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

Richard Riazzi
President and Chief Executive Officer

ISSUED: XXXXX XX, 2017 EFFECTIVE: June 1, 2017

Issued in compliance with Commission Order dated XXXXX XX, 2017,
at Docket No. P-2016-XXXXXXX.

NOTICE

THIS TARIFF SUPPLEMENT MAKES CHANGES TO TWO (2) EXISTING RIDERS

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 8 – Default Service Supply **Twenty-Second Revised Page No. 88**
Cancelling Twenty-First Revised Page No. 88

Tenth Revised Page No. 88A
Cancelling Ninth Revised Page No. 88A

Information that was previously on Page No. 88 has been moved to Page No. 88A in order to accommodate the additional application periods (June 1, 2017, through May 31, 2021) for the applicable rate classes under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **Original Page No. 88A-1**

Information that was previously on Page No. 88A has been moved to Page No. 88A-1 in order to accommodate the additional application periods (June 1, 2017, through May 31, 2021) for the applicable rate classes under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **Original Page No. 88A-1**

Original Page No. 88A-2

Original Page No. 88A-1 and Original Page No. 88A-2 have been added to Rider No. 8 – Default Service Supply to accommodate the additional application periods (June 1, 2017, through May 31, 2021) for the applicable rate classes under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **Fifth Revised Page No. 88B**
Cancelling Fourth Revised Page No. 88B

Language has been added to state that the Company may purchase and provide up to 20 MW of its Alternative Energy Credits ("AEC") solar requirements associated with the default service load for the residential and lighting procurement group.

Language has been added to state that the updated rates for the DSS will include the cost for Company solar contracts, if any, for the residential and lighting group.

Rider No. 8 – Default Service supply **Fourth Revised Page No. 88C**
Cancelling Third Revised Page No. 88C

The formula has been revised to include "SLR."

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES – (Continued)

Rider No. 8 – Default Service supply **Fourth Revised Page No. 88C**
Cancelling Third Revised Page No. 88C

Language has been added in the "DSS_a" section to state that the Company's costs may also include the expenses to support time-of-use ("TOU") programs offered by EGSs and how those costs will be assigned and prepared and for what time period.

Rider No. 8 – Default Service supply **Second Revised Page No. 88D**
Cancelling First Revised Page No. 88D

"SLR" has been added and defined under the "Calculation of Rate" section.

Language has been deleted in the definition of "E" (E-Factor) that no longer pertains to the proposed reconciliation process.

Rider No. 8 – Default Service supply **Second Revised Page No. 88E**
Cancelling First Revised Page No. 88E

Language has been removed from the "Annual Reconciliation" section that pertained to how reconciliation would take place for a portion of the June 1, 2015, through May 31, 2017.

Rider No. 9 – Day-Ahead Hourly Price Service **Third Revised Page No. 89**
Cancelling Second Revised Page No. 89

Rider No. 9 – Day-Ahead Hourly Price Service **Third Revised Page No. 90**
Cancelling Second Revised Page No. 90

Rider No. 9 – Day-Ahead Hourly Price Service **Fourth Revised Page No. 91**
Cancelling Third Revised Page No. 91

Rider No. 9 – Day-Ahead Hourly Price Service **Third Revised Page No. 92**
Cancelling Second Revised Page No. 92

Rider No. 9 – Day-Ahead Hourly Price Service **Fourth Revised Page No. 93**
Cancelling Third Revised Page No. 93

Rider No. 9 – Day-Ahead Hourly Price Service **First Revised Page No. 93A**
Cancelling Original Page No. 93A

Rider No. 9 – Day-Ahead Hourly Price Service has been revised to reflect the change to a Request for Proposal ("RFP") process for hourly price service.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES – (Continued)

Rider No. 9 – Day-Ahead Hourly Price Service | **Fourth Revised Page No. 91**
Cancelling Third Revised Page No. 91

A "Fixed Retail Administrative Charge" ("FRA") has been added to Rider No. 9 – Day-Ahead Hourly Price Servic. The FRA will consist of the sum of administrative charges for the suppliers providing hourly price service, as determined by the RFP process, and for the Company to obtain supply and administer the service.

The "Renewable Energy" section has been removed to reflect the change to an RFP process for hourly price service.

Rider No. 9 – Day-Ahead Hourly Price Service | **Fourth Revised Page No. 91**
Cancelling Third Revised Page No. 91

Language has been provided in the "Fixed Retail Administrative Charge" ("FRA") to state that any unbundled costs of preparing the Company's default service plan filing and working capital costs associated with default service supply will also be recovered through the FRA, when applicable.

Rider No. 9 – Day-Ahead Hourly Price Service | **Third Revised Page No. 92**
Cancelling Second Revised Page No. 92

A "Procurement Process" section and "Contingency Plan" section have been added to Rider No. 9 – Day-Ahead Hourly Price Service to reflect the change to an RFP process for hourly price service. These two sections describe the Company's process for obtaining day-ahead hourly price service under this rider.

Rider No. 9 – Day-Ahead Hourly Price Service | **Fourth Revised Page No. 93**
Cancelling Third Revised Page No. 93

An "Annual Reconciliation" section has been added to Rider No. 9 – Day-Ahead Hourly Price Service to reflect the change to an RFP process for hourly price service. This section describes the Company's process for reconciling revenues, expenses and resulting over and under recovery for obtaining day-ahead hourly price service under this rider.

Rider No. 9 – Day-Ahead Hourly Price Service | **First Revised Page No. 93A**
Cancelling Original Page No. 93A

The "Day-Ahead Scheduling Guidelines" section has been removed to reflect the change to an RFP process for hourly price service.

TABLE OF CONTENTS

(C) – Indicates Change

RIDER NO. 8 – DEFAULT SERVICE SUPPLY

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

Default Service Supply ("DSS") provides residential, commercial, industrial and lighting customers on the applicable rate schedules with a default service supply rate that is determined based on a request for proposal to acquire the energy to serve the load of customers taking service under the provisions of this Rider. Commercial and industrial customers are defined in Rate Schedules GS/GM and GMH, and, in general, are those customers with a monthly metered demand that is less than 300 kW in a twelve (12) month period.

DEFAULT SERVICE SUPPLY RATE

Residential (C)

(Rate Schedules RS, RH and RA)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through May 31, 2018	X.XXXX
June 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through May 31, 2019	X.XXXX
June 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through May 31, 2020	X.XXXX
June 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through May 31, 2021	X.XXXX

Small Commercial and Industrial customers with monthly metered demand less than 25 kW. (C)

(Rate Schedules GS/GM and GMH and Rate Schedule UMS)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through May 31, 2018	X.XXXX
June 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through May 31, 2019	X.XXXX
June 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through May 31, 2020	X.XXXX
June 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through May 31, 2021	X.XXXX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Medium Commercial and Industrial customers with monthly metered demand equal to or greater than 25 kW and less than 300 kW. (C)

(Rate Schedules GS/GM and GMH)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through August 31, 2017	X.XXXX
September 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through February 29, 2018	X.XXXX
March 1, 2018 through May 31, 2018	X.XXXX
June 1, 2018 through August 31, 2018	X.XXXX
September 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through February 28, 2019	X.XXXX
March 1, 2019 through May 31, 2019	X.XXXX
June 1, 2019 through August 31, 2019	X.XXXX
September 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through February 29, 2020	X.XXXX
March 1, 2020 through May 31, 2020	X.XXXX
June 1, 2020 through August 31, 2020	X.XXXX
September 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through February 28, 2021	X.XXXX
March 1, 2021 through May 31, 2021	X.XXXX

Lighting (C)

(Rate Schedules AL and SE)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through May 31, 2018	X.XXXX
June 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through May 31, 2019	X.XXXX
June 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through May 31, 2020	X.XXXX
June 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through May 31, 2021	X.XXXX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued) (C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

June 1, 2017 through May 31, 2018 and June 1, 2018 through May 31, 2019

		Application Period			
Wattage	Nominal kWh Energy Usage per Unit per Month	06/01/2017 through 11/30/2017	12/01/2017 through 05/31/2018	06/01/2018 through 11/30/2018	12/01/2018 through 05/31/2019
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX
		Fixture Charge — $ per Month			
Mercury Vapor					
100	44	X.XXXX	X.XXXX	X.XX	X.XX
175	74	X.XXXX	X.XXXX	X.XX	X.XX
250	102	X.XXXX	X.XXXX	X.XX	X.XX
400	161	X.XXXX	X.XXXX	X.XX	X.XX
1000	386	X.XXXX	X.XXXX	X.XX	X.XX
High Pressure Sodium					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	50	X.XXXX	X.XXXX	X.XX	X.XX
150	71	X.XXXX	X.XXXX	X.XX	X.XX
200	95	X.XXXX	X.XXXX	X.XX	X.XX
250	110	X.XXXX	X.XXXX	X.XX	X.XX
400	170	X.XXXX	X.XXXX	X.XX	X.XX
1000	387	X.XXXX	X.XXXX	X.XX	X.XX
Flood Lighting - Unmetered					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	46	X.XXXX	X.XXXX	X.XX	X.XX
150	67	X.XXXX	X.XXXX	X.XX	X.XX
250	100	X.XXXX	X.XXXX	X.XX	X.XX
400	155	X.XXXX	X.XXXX	X.XX	X.XX
Light-Emitting Diode (LED)					
43	15	X.XXXX	X.XXXX	X.XX	X.XX
106	37	X.XXXX	X.XXXX	X.XX	X.XX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued) (C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting— (Continued) —

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

June 1, 2019 through May 31, 2020 and June 1, 2020 through May 31, 2021

		Application Period			
Wattage	Nominal kWh Energy Usage per Unit per Month	06/01/2019 through 11/30/2019	12/01/2019 through 05/31/2020	06/01/2020 through 11/30/2020	12/01/2020 through 05/31/2021
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX
		Fixture Charge — $ per Month			
Mercury Vapor					
100	44	X.XXXX	X.XXXX	X.XX	X.XX
175	74	X.XXXX	X.XXXX	X.XX	X.XX
250	102	X.XXXX	X.XXXX	X.XX	X.XX
400	161	X.XXXX	X.XXXX	X.XX	X.XX
1000	386	X.XXXX	X.XXXX	X.XX	X.XX
High Pressure Sodium					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	50	X.XXXX	X.XXXX	X.XX	X.XX
150	71	X.XXXX	X.XXXX	X.XX	X.XX
200	95	X.XXXX	X.XXXX	X.XX	X.XX
250	110	X.XXXX	X.XXXX	X.XX	X.XX
400	170	X.XXXX	X.XXXX	X.XX	X.XX
1000	387	X.XXXX	X.XXXX	X.XX	X.XX
Flood Lighting - Unmetered					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	46	X.XXXX	X.XXXX	X.XX	X.XX
150	67	X.XXXX	X.XXXX	X.XX	X.XX
250	100	X.XXXX	X.XXXX	X.XX	X.XX
400	155	X.XXXX	X.XXXX	X.XX	X.XX
Light-Emitting Diode (LED)					
43	15	X.XXXX	X.XXXX	X.XX	X.XX
106	37	X.XXXX	X.XXXX	X.XX	X.XX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

The Company will provide default service supply under this Rider by obtaining the requirements from suppliers through competitive procurements using a Request for Proposal ("RFP") process. The charges for DSS calculated based on the results of the RFP process for service under this Rider will be effective as defined above.

DSS obtained through the RFP process includes energy, capacity, transmission and distribution line losses, congestion and congestion management costs, all or some of the Alternative Energy Credits ("AECs"), (C) ancillary services, PJM grid management charges and other such services or products that are required to provide default service to the Company's customers including Auction Revenue Rights and Financial Transmission Rights ("ARRs/FTRs"). The Company may purchase and provide up to 20 MW of its AEC (C) solar requirements associated with the default service load for the residential and lighting procurement group. The AECs provided by the Company will reduce the obligation of the suppliers in the RFP. DSS shall not include transmission service within Duquesne's zone. Duquesne will be responsible for and continue to provide network integration transmission service. The applicable charges for transmission service are defined in Appendix A of this Tariff.

Service under this Rider No. 8 – Default Service Supply shall commence in accordance with the switching protocols in Rule No. 45.1.

PROCUREMENT PROCESS

The Company will conduct separate RFP solicitations for DSS for each customer procurement group under this Rider. The customer procurement groups for the RFP solicitations are defined as residential and lighting, small commercial and industrial and medium commercial and industrial. The small commercial and industrial group includes those customers with monthly metered demand less than 25 kW. The medium commercial and industrial group includes those customers with monthly metered demand equal to or greater than 25 kW and less than 300 kW. The RFP process will be bid separately to ensure that there is no cross subsidization.

The Company will update the rates for the DSS according to the schedule in the above tables. The Company will issue RFPs prior to the beginning of each Application Period to update the default service supply rates. The updated rates will be based on the new price(s) available from the winning suppliers through the RFP process and the cost for Company solar contracts, if any, for the residential and lighting (C) procurement group. The rates will include a reconciliation adjustment as described in the "Calculation of Rate" section of this Rider. In the month prior to the beginning of each Application Period, the Company will file new DSS charges with the Pennsylvania Public Utility Commission ("Commission") for the subsequent Application Period, and, upon Commission approval, these charges shall become effective on the first day of the following month.

The load of the customer procurement group for the RFP will be divided into Tranches. Winning suppliers will provide DSS for the percentage of DSS load corresponding to the number of Tranches won in the RFP. Duquesne seeks to procure all Tranches in the RFP process pursuant to the RFP schedule approved by the Commission.

The selection of bids will be submitted to the Commission for its approval or rejection within one business day after submittal. If the bids are not acted on by the Commission within one business day, the Company may proceed on the basis that they are approved and award the bids pursuant to 52 Pa. Code § 54.188(d).

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CONTINGENCY PLAN

In the event Duquesne receives bids for less than all Tranches or the Commission does not approve all or some of the submitted bids or in the event of supplier default, then Duquesne will provide the balance of the default supply for commercial and industrial customers through purchases in the PJM spot markets until such time that a different contingency plan is approved by the Commission. Duquesne will submit to the Commission within fifteen (15) days after any such occurrence an emergency plan to handle any default service shortfall. All costs associated with implementing the contingency plan will be included as part of the DSS described in the section below, "Calculation of Rate."

CALCULATION OF RATE

DSS rates shall be determined based on the formula described in this section. The DSS shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed for default service provided during the billing month:

$$DSS = [(RFP + SLR + (DSS_a + E))/S) * F] * [1/(1 - T)]$$ (C)

Where:

DSS = Default Service Supply rate, converted to cents per kilowatt-hour, to be applied to each kilowatt-hour supplied to customers taking default service from the Company under this Rider.

RFP = The weighted average of the winning bids received in a competitive request for proposal for each customer class identified above and described in the "Default Service Supply Rate" section and adjusted for customer class transmission and distribution line losses. The request for proposal shall be conducted as described in "Procurement Process."

DSSa = The total estimated direct and indirect costs incurred by the Company to acquire DSS from any source on behalf of customers described above in the "Procurement Process." The Application Period shall be for each period over which the DSS, as computed, will apply. Projections of the Company's costs to acquire default supply for the Application Period shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated default service supply-related procurement and administration costs. Company costs may also include the expenses to support time-of-use ("TOU") programs offered by EGSs. Time-of-use expenses will be assigned to the applicable customer class for recovery through this Rider. Default service supply-related costs shall include the cost of preparing the company's default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission's order at Docket No. P-2016-XXXXXX. (C)

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CALCULATION OF RATE – (Continued)

SLR = The costs associated with any Commission-approved solar contracts and its administration will be recovered from residential and lighting customers. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs. **(C)**

E = Experienced net over or under collection for each customer procurement group based on the revenue and expense for the six (6) month period ending one-hundred twenty (120) days prior to the end of Application Period. The DSS rate effective June 1 shall include **(C)** reconciliation of revenue and expense for the six (6) month period October through March. **(C)** The DSS rate effective December 1 shall include reconciliation of revenue and expense for **(C)** the six (6) month period April through July. Interest shall be computed monthly at the **(C)** rate provided for in Section 52 Pa. Code §54.190, from the month the over or under **(C)** collection occurs to the month in which the over collection is refunded or the under collection is recouped.

S = The Company's default service retail kWh sales to customers in the applicable Customer Class, projected for the Application Period.

F = Rate Factor only for the residential and lighting customer groups. The Rate Factor shall be 1.0 for all other customer groups. DSS for residential and lighting customer groups will be obtained in the same RFP. The Rate Factor adjustment reflects the load shape of the residential and lighting classes. The Rate Factor will be as follows for each Application Period.

Application Period	Residential	Lighting	
June 1, 2017 through May 31, 2018	1.0053	0.6150	**(D)(I)**
June 1, 2018 through May 31, 2021	1.0055	0.6009	**(I)(D)**

T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

The rate shall become effective for default supply service rendered on and after the beginning of the Application Period unless otherwise ordered by the Commission, and shall remain in effect for the effective periods defined above, unless revised on an interim basis subject to the approval of the Commission. Pursuant to 52 Pa. Code §69.1809(c), upon determination that the DSS, if left unchanged, would result in a material over or undercollection of supply-related costs incurred or expected to be incurred during the effective period, the Company may file with the Commission for an interim revision of the DSS to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

ANNUAL RECONCILIATION

(C)

The Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following year, in accordance with 66 Pa. C.S. § 1307(e), by March 1 for each service class. An annual reconciliation statement shall be prepared separately for the Residential, Small Commercial & Industrial and Medium Commercial & Industrial customer classes.

MISCELLANEOUS

Minimum bills shall not be reduced by reason of the DSS. DSS charges shall not be a part of the monthly rate schedule minimum nor be subject to any credits or discounts.

Application of the DSS shall be subject to continuous review and audit by the Commission at intervals it shall determine.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

<u>RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE</u>

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

Day-ahead hourly price service provides large commercial and industrial customers with the ability to
purchase their electric supply requirements on a day-ahead hourly basis. Beginning June 1, 2017, the **(C)**
Company will supply electricity under this rider by obtaining the requirements based on a request for **(C)**
proposal ("RFP"). This rider is also available for the supply of electricity to generating stations that are not **(C)**
otherwise self-supplying and where the generating station is not otherwise receiving service from an EGS.
Metering equipment must be installed at the generating station at the expense of the customer.

<u>MONTHLY CHARGES</u>

Energy charges are hourly and provided at the day-ahead PJM locational marginal prices ("LMP") based on **(C)**
the customer's real time metered hourly load, plus energy-related ancillary services including PJM **(C)**
administrative charges, adjusted for losses, plus a fixed retail administrative charge. PJM posts the day- **(C)**
ahead locational marginal price on their web site at 4:00 PM EPT. Capacity charges are equal to the full **(C)**
PJM Reliability Pricing Model ("RPM") capacity price for the Duquesne Zone, and shall recover the charges
associated with the customer's share of the Company's capacity obligation assigned by PJM, plus the
charges for capacity based ancillary services. Energy and capacity charges will be calculated using the
following formula and adjusted for the Pennsylvania Gross Receipts Tax (GRT) in effect.

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} L_{RTt} * (1 + ADJ_t) * (LMP_{DAt} + OR_{DAt})] +$$ **(C)**

(C)

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [(L_{RTt} * (1 + ADJ_t)) * (SR_{RTt} + REG_{RTt} + SCN_{RTt} + S1A) + L_{RTt} * (PJM_S + FRA)] +$$ **(C)**

$$\sum_{D=\text{Start Day}}^{\text{End Day}} [(CO_D * CChg_D) + NPLC_D * (R_D + B_D)]$$

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

Where:

t = Particular clock hour in the Billing Period from start hour to end hour for energy charges.

D = Particular day in the Billing Period from start day to end day for capacity charges.

Customer Load

(C)

L_{RTt} = Actual (Real-Time) metered load of the customer, measured in MW.

ADJ_t = Adjustments to the customer load at the retail meter using the same methodology used to determine the hourly load obligations of a customer served by an EGS pursuant to Duquesne's Supplier Coordination Tariff. The hourly load adjustments shall be the sum of the percentage distribution and transmission (if applicable) losses of the applicable schedule as specified in Duquesne's Supplier Coordination Tariff. The Company will also adjust the customer load for the loss de-ration factor defined by PJM.

Energy Charges

LMP_{DA} = Day-Ahead hourly locational marginal price (LMP) in $/MWH including energy, congestion and marginal losses for the Duquesne Zone or Duquesne Residual Zone as applicable.

(C)

PJM Ancillary Service Charges and Other PJM Charges

SR_{RTt} = Hourly real-time synchronous reserve charge in $/MWH as calculated by PJM for supporting the customer's load.

OR_{DAt} = Hourly Day-Ahead operating reserve (supplemental) charge in $/MWh as calculated by PJM for supporting the customer's load.

(C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

PJM Ancillary Service Charges and Other PJM Charges – (Continued)

REG_{RTt} = Hourly real-time regulation charge in \$/MWH as calculated by PJM for supporting the customer's load.

SCN_{RTt} = Real-time Synchronous Condensing Charge in \$/MWH for supporting the customer's load if this charge is billed separately by PJM to the Company.

S1A = PJM Schedule 1A rate in \$/MWH applicable to the Duquesne Zone.

PJM_S= PJM Surcharge is a pass-through of the charges incurred by the Company for grid management and administrative costs associated with membership and operation in PJM. These are the charges incurred by the Company under PJM Schedules 9 and 10 to provide hourly price service.

R_D = Reactive supply service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 2.

B_D = Blackstart service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 6A.

Fixed Retail Administrative Charge (C)

FRA = The Fixed Retail Administrative Charge in \$ per MWH. The Fixed Retail Administrative Charge consists of the sum of administrative charges for the suppliers providing hourly price service (as determined by a competitive solicitation process) and for the Company to obtain supply and administer this service. (C)

The supplier charges shall be based on the winning bids in the Company's most recent solicitation for supply of hourly price default service. (C)

The Company's administrative charges shall be based on an amortization of the costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent twelve-month (12-month) period ended May 31st (as determined by amortizing such costs over a 12-month period) plus the amortization of the cost of administering the hourly price service over the duration of the default service plan, including any unbundled costs of preparing the Company's default service plan filing and working capital costs associated with default service supply. (C)

(C)

Customer's Capacity Obligation and Network Service Peak Load

CO_D = Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

Customer's Capacity Obligation and Network Service Peak Load – (Continued)

$NPLC_D$ = The customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

Capacity Charges

$CChg_D$= The demand charge in $/MW-day, which is equal to the full PJM RPM Final Zonal Capacity Price for the Duquesne Zone.

PJM bills these charges to the Company as a function of the load measured in megawatts (MW) and expresses these charges as $/MW, $/MWH and $/MW-day. The Company measures the customer's load and energy usage in kilowatts (kW) and will convert the above charges to $/kW, $/kWh and $/kW-day for the purposes of computing the customer's monthly bill.

PROCUREMENT PROCESS (C)

The Company will conduct a competitive request for proposal ("RFP") to obtain day-ahead hourly price service under this rider. The winning bidder(s) will be responsible for providing default service supply at PJM day-ahead energy prices, capacity, ancillary services, and other PJM management charges as defined above. The winning supplier(s) will be the supplier(s) who bids the lowest price(s) in this solicitation in $/MWH to cover the costs of renewable energy supply, energy balancing, and supplier administrative costs. (C)

CONTINGENCY PLAN (C)

In the event Duquesne does not receive bids, the Commission does not approve the submitted bid(s) or a supplier defaults, Duquesne will provide default supply for commercial and industrial customers through purchases in accordance with the above formula and process. The Company will pass-through the costs it incurs to provide the renewable energy requirements, energy balancing and any administrative costs in addition to those costs otherwise recovered through the Fixed Retail Administrative Charge described in the "Monthly Charges" section of this rider. All revenue and expense associated with the contingency plan will be reconciled as described in the "Annual Reconciliation" section of this rider. (C)

LOCATIONAL MARGINAL PRICE

The "Duquesne Zone" is the PJM-defined area encompassing the franchised service territory of the Duquesne Light Company. The pricing for the Duquesne Zone contains every transmission load bus on the Company's system. PJM will determine the locational marginal price for the Duquesne Zone and an hourly nodal locational marginal price for each load bus. Load Serving Entities (LSE's) and wholesale transmission customers have the option of electing energy settlement at the hourly nodal prices.

The "Duquesne Residual Zone" is the pricing zone determined by PJM in the event that LSE's or other wholesale transmission customers in the Duquesne Zone elect settlement based on nodal locational marginal energy prices. In such event the Duquesne Zone locational marginal price will be replaced by the Duquesne Residual Zone locational marginal price and:

(C) – Indicates Change

LOCATIONAL MARGINAL PRICE – (Continued)

(i) the pricing for such zone will be calculated by PJM using a load-weighted average of the nodal locational marginal prices of all load buses within the Duquesne Zone, but excluding from such calculation the weighting at the respective nodal prices of the load served by LSE's or other wholesale transmission customers who have elected nodal settlement; and

(ii) settlement for all LSE's and wholesale transmission customers in the Duquesne Zone that have not elected nodal settlement, will have their load obligations settled on an hourly day-ahead, hourly real-time or other periodic basis at the respective PJM-determined price for the Duquesne Residual Zone for such period.

DETERMINATION OF CAPACITY OBLIGATION

The capacity obligation subject to the Demand Charges in this rider will be the customer's share of the Company's capacity obligation determined by PJM. The Company's capacity obligation will be calculated by PJM based on the Company's peak system load and will be the basis for the capacity obligation for the following planning year.

In determining the customer's share of the capacity obligation, the Company will calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with the peak hour of the five peak days as determined by PJM. The customer load in each of these five hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy will be averaged to calculate the customer's peak load contribution. Customers may participate as a Demand Resource or as an Interruptible Load Resource ("ILR") under RPM in PJM. Any and all charges or credits associated with the customer's participation as an ILR will be applied to the customer's bill.

NOTIFICATION AND ELECTION OF SERVICE

Customers may elect to purchase their supply requirements through this rider at any time according to the requirements of Rule No. 45. Customers that do not elect service with an EGS will default to hourly price service under this rider.

ANNUAL RECONCILIATION (C)

The Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery for the eight (8) months beginning June 1, 2017, and ending January 31, 2018, in accordance with 66 Pa. C.S. § 1307(e), by March 1, 2018. Thereafter, the Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following year, in accordance with 66 Pa. C.S. §1307(e), by March 1. The reconciliation statement will reconcile actual revenue and actual expense associated with the Company's portion of the FRA. (C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

GENERAL (C)

The Supply Charges are intended to recover the market costs of providing Default Service to customers in PJM as these costs may change or be redefined from time to time. The Supply Charges shall be calculated using the formula and prices referenced above, but may be revised from time to time, as necessary, to reflect changes in PJM rules and charges. The Company is required to include renewable energy sources as a component of providing POLR service. The Company will pass-through the charges required to comply with the Alternative Energy Portfolio Standards (AEPS) as those compliance requirements change. The formula is illustrative to reflect the charges in the PJM tariff and is subject to change at any time, as PJM rules, charges or market parameters change.

(C) – Indicates Change

EXHIBIT NO. DBO-5

SUPPLEMENT NO. XXX
TO ELECTRIC – PA. P.U.C. NO. 24

Duquesne Light

SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

Richard Riazzi
President and Chief Executive Officer

ISSUED: XXXXX XX, 2017 EFFECTIVE: June 1, 2017

Issued in compliance with Commission Order dated XXXXX XX, 2017,
at Docket No. P-2016-XXXXXXX.

NOTICE

THIS TARIFF SUPPLEMENT MAKES CHANGES TO TWO (2) EXISTING RIDERS

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 8 – Default Service Supply **Twenty-Second Revised Page No. 88**
Cancelling Twenty-First Revised Page No. 88

Tenth Revised Page No. 88A
Cancelling Ninth Revised Page No. 88A

Information that was previously on Page No. 88 has been moved to Page No. 88A in order to accommodate the additional application periods (June 1, 2017, through May 31, 2021) for the applicable rate classes under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **Original Page No. 88A-1**

Information that was previously on Page No. 88A has been moved to Page No. 88A-1 in order to accommodate the additional application periods (June 1, 2017, through May 31, 2021) for the applicable rate classes under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **Original Page No. 88A-1**

Original Page No. 88A-2

Original Page No. 88A-1 and Original Page No. 88A-2 have been added to Rider No. 8 – Default Service Supply to accommodate the additional application periods (June 1, 2017, through May 31, 2021) for the applicable rate classes under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **Fifth Revised Page No. 88B**
Cancelling Fourth Revised Page No. 88B

Language has been added to state that the Company may purchase and provide up to 20 MW of its Alternative Energy Credits ("AEC") solar requirements associated with the default service load for the residential and lighting procurement group.

Language has been added to state that the updated rates for the DSS will include the cost for Company solar contracts, if any, for the residential and lighting group.

Rider No. 8 – Default Service supply **Fourth Revised Page No. 88C**
Cancelling Third Revised Page No. 88C

The formula has been revised to include "SLR."

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES – (Continued)

Rider No. 8 – Default Service supply — **Fourth Revised Page No. 88C**
Cancelling Third Revised Page No. 88C

Language has been added in the "DSS_a" section to state that the Company's costs may also include the expenses to support time-of-use ("TOU") programs offered by EGSs and how those costs will be assigned and prepared and for what time period.

Rider No. 8 – Default Service supply — **Second Revised Page No. 88D**
Cancelling First Revised Page No. 88D

"SLR" has been added and defined under the "Calculation of Rate" section.

Language has been deleted in the definition of "E" (E-Factor) that no longer pertains to the proposed reconciliation process.

Rider No. 8 – Default Service supply — **Second Revised Page No. 88E**
Cancelling First Revised Page No. 88E

Language has been removed from the "Annual Reconciliation" section that pertained to how reconciliation would take place for a portion of the June 1, 2015, through May 31, 2017.

Rider No. 9 – Day-Ahead Hourly Price Service — **Third Revised Page No. 89**
Cancelling Second Revised Page No. 89

Rider No. 9 – Day-Ahead Hourly Price Service — **Third Revised Page No. 90**
Cancelling Second Revised Page No. 90

Rider No. 9 – Day-Ahead Hourly Price Service — **Fourth Revised Page No. 91**
Cancelling Third Revised Page No. 91

Rider No. 9 – Day-Ahead Hourly Price Service — **Third Revised Page No. 92**
Cancelling Second Revised Page No. 92

Rider No. 9 – Day-Ahead Hourly Price Service — **Fourth Revised Page No. 93**
Cancelling Third Revised Page No. 93

Rider No. 9 – Day-Ahead Hourly Price Service — **First Revised Page No. 93A**
Cancelling Original Page No. 93A

Rider No. 9 – Day-Ahead Hourly Price Service has been revised to reflect the change to a Request for Proposal ("RFP") process for hourly price service.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES – (Continued)

Rider No. 9 – Day-Ahead Hourly Price Service **Fourth Revised Page No. 91**
Cancelling Third Revised Page No. 91

A "Fixed Retail Administrative Charge" ("FRA") has been added to Rider No. 9 – Day-Ahead Hourly Price Servic. The FRA will consist of the sum of administrative charges for the suppliers providing hourly price service, as determined by the RFP process, and for the Company to obtain supply and administer the service.

The "Renewable Energy" section has been removed to reflect the change to an RFP process for hourly price service.

Rider No. 9 – Day-Ahead Hourly Price Service **Fourth Revised Page No. 91**
Cancelling Third Revised Page No. 91

Language has been provided in the "Fixed Retail Administrative Charge" ("FRA") to state that any unbundled costs of preparing the Company's default service plan filing and working capital costs associated with default service supply will also be recovered through the FRA, when applicable.

Rider No. 9 – Day-Ahead Hourly Price Service **Third Revised Page No. 92**
Cancelling Second Revised Page No. 92

A "Procurement Process" section and "Contingency Plan" section have been added to Rider No. 9 – Day-Ahead Hourly Price Service to reflect the change to an RFP process for hourly price service. These two sections describe the Company's process for obtaining day-ahead hourly price service under this rider.

Rider No. 9 – Day-Ahead Hourly Price Service **Fourth Revised Page No. 93**
Cancelling Third Revised Page No. 93

An "Annual Reconciliation" section has been added to Rider No. 9 – Day-Ahead Hourly Price Service to reflect the change to an RFP process for hourly price service. This section describes the Company's process for reconciling revenues, expenses and resulting over and under recovery for obtaining day-ahead hourly price service under this rider.

Rider No. 9 – Day-Ahead Hourly Price Service **First Revised Page No. 93A**
Cancelling Original Page No. 93A

The "Day-Ahead Scheduling Guidelines" section has been removed to reflect the change to an RFP process for hourly price service.

TABLE OF CONTENTS

Page Number

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

Default Service Supply ("DSS") provides residential, commercial, industrial and lighting customers on the applicable rate schedules with a default service supply rate that is determined based on a request for proposal to acquire the energy to serve the load of customers taking service under the provisions of this Rider. Commercial and industrial customers are defined in Rate Schedules GS/GM and GMH, and, in general, are those customers with a monthly metered demand that is less than 300 kW in a twelve (12) month period.

DEFAULT SERVICE SUPPLY RATE

Residential (C)

(Rate Schedules RS, RH and RA)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through May 31, 2018	X.XXXX
June 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through May 31, 2019	X.XXXX
June 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through May 31, 2020	X.XXXX
June 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through May 31, 2021	X.XXXX

Small Commercial and Industrial customers with monthly metered demand less than 25 kW. (C)

(Rate Schedules GS/GM and GMH and Rate Schedule UMS)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through May 31, 2018	X.XXXX
June 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through May 31, 2019	X.XXXX
June 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through May 31, 2020	X.XXXX
June 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through May 31, 2021	X.XXXX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Medium Commercial and Industrial customers with monthly metered demand equal to or greater than 25 kW and less than 300 kW.

(Rate Schedules GS/GM and GMH)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through August 31, 2017	X.XXXX
September 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through February 29, 2018	X.XXXX
March 1, 2018 through May 31, 2018	X.XXXX
June 1, 2018 through August 31, 2018	X.XXXX
September 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through February 28, 2019	X.XXXX
March 1, 2019 through May 31, 2019	X.XXXX
June 1, 2019 through August 31, 2019	X.XXXX
September 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through February 29, 2020	X.XXXX
March 1, 2020 through May 31, 2020	X.XXXX
June 1, 2020 through August 31, 2020	X.XXXX
September 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through February 28, 2021	X.XXXX
March 1, 2021 through May 31, 2021	X.XXXX

Lighting

(Rate Schedules AL and SE)

Application Period	Supply Charge - ¢/kWh
June 1, 2017 through November 30, 2017	X.XXXX
December 1, 2017 through May 31, 2018	X.XXXX
June 1, 2018 through November 30, 2018	X.XXXX
December 1, 2018 through May 31, 2019	X.XXXX
June 1, 2019 through November 30, 2019	X.XXXX
December 1, 2019 through May 31, 2020	X.XXXX
June 1, 2020 through November 30, 2020	X.XXXX
December 1, 2020 through May 31, 2021	X.XXXX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued) (C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

June 1, 2017 through May 31, 2018 and June 1, 2018 through May 31, 2019

		Application Period			
Wattage	Nominal kWh Energy Usage per Unit per Month	06/01/2017 through 11/30/2017	12/01/2017 through 05/31/2018	06/01/2018 through 11/30/2018	12/01/2018 through 05/31/2019
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX
		Fixture Charge — $ per Month			
Mercury Vapor					
100	44	X.XXXX	X.XXXX	X.XX	X.XX
175	74	X.XXXX	X.XXXX	X.XX	X.XX
250	102	X.XXXX	X.XXXX	X.XX	X.XX
400	161	X.XXXX	X.XXXX	X.XX	X.XX
1000	386	X.XXXX	X.XXXX	X.XX	X.XX
High Pressure Sodium					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	50	X.XXXX	X.XXXX	X.XX	X.XX
150	71	X.XXXX	X.XXXX	X.XX	X.XX
200	95	X.XXXX	X.XXXX	X.XX	X.XX
250	110	X.XXXX	X.XXXX	X.XX	X.XX
400	170	X.XXXX	X.XXXX	X.XX	X.XX
1000	387	X.XXXX	X.XXXX	X.XX	X.XX
Flood Lighting - Unmetered					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	46	X.XXXX	X.XXXX	X.XX	X.XX
150	67	X.XXXX	X.XXXX	X.XX	X.XX
250	100	X.XXXX	X.XXXX	X.XX	X.XX
400	155	X.XXXX	X.XXXX	X.XX	X.XX
Light-Emitting Diode (LED)					
43	15	X.XXXX	X.XXXX	X.XX	X.XX
106	37	X.XXXX	X.XXXX	X.XX	X.XX

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued) (C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting — (Continued) —

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

June 1, 2019 through May 31, 2020 and June 1, 2020 through May 31, 2021

		Application Period			
Wattage	Nominal kWh Energy Usage per Unit per Month	06/01/2019 through 11/30/2019	12/01/2019 through 05/31/2020	06/01/2020 through 11/30/2020	12/01/2020 through 05/31/2021
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX
		Fixture Charge — $ per Month			
Mercury Vapor					
100	44	X.XXXX	X.XXXX	X.XX	X.XX
175	74	X.XXXX	X.XXXX	X.XX	X.XX
250	102	X.XXXX	X.XXXX	X.XX	X.XX
400	161	X.XXXX	X.XXXX	X.XX	X.XX
1000	386	X.XXXX	X.XXXX	X.XX	X.XX
High Pressure Sodium					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	50	X.XXXX	X.XXXX	X.XX	X.XX
150	71	X.XXXX	X.XXXX	X.XX	X.XX
200	95	X.XXXX	X.XXXX	X.XX	X.XX
250	110	X.XXXX	X.XXXX	X.XX	X.XX
400	170	X.XXXX	X.XXXX	X.XX	X.XX
1000	387	X.XXXX	X.XXXX	X.XX	X.XX
Flood Lighting - Unmetered					
70	29	X.XXXX	X.XXXX	X.XX	X.XX
100	46	X.XXXX	X.XXXX	X.XX	X.XX
150	67	X.XXXX	X.XXXX	X.XX	X.XX
250	100	X.XXXX	X.XXXX	X.XX	X.XX
400	155	X.XXXX	X.XXXX	X.XX	X.XX
Light-Emitting Diode (LED)					
43	15	X.XXXX	X.XXXX	X.XX	X.XX
106	37	X.XXXX	X.XXXX	X.XX	X.XX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

The Company will provide default service supply under this Rider by obtaining the requirements from suppliers through competitive procurements using a Request for Proposal ("RFP") process. The charges for DSS calculated based on the results of the RFP process for service under this Rider will be effective as defined above.

DSS obtained through the RFP process includes energy, capacity, transmission and distribution line losses, congestion and congestion management costs, all or some of the Alternative Energy Credits ("AECs"), (C) ancillary services, PJM grid management charges and other such services or products that are required to provide default service to the Company's customers including Auction Revenue Rights and Financial Transmission Rights ("ARRs/FTRs"). The Company may purchase and provide up to 20 MW of its AEC (C) solar requirements associated with the default service load for the residential and lighting procurement group. The AECs provided by the Company will reduce the obligation of the suppliers in the RFP. DSS shall not include transmission service within Duquesne's zone. Duquesne will be responsible for and continue to provide network integration transmission service. The applicable charges for transmission service are defined in Appendix A of this Tariff.

Service under this Rider No. 8 – Default Service Supply shall commence in accordance with the switching protocols in Rule No. 45.1.

PROCUREMENT PROCESS

The Company will conduct separate RFP solicitations for DSS for each customer procurement group under this Rider. The customer procurement groups for the RFP solicitations are defined as residential and lighting, small commercial and industrial and medium commercial and industrial. The small commercial and industrial group includes those customers with monthly metered demand less than 25 kW. The medium commercial and industrial group includes those customers with monthly metered demand equal to or greater than 25 kW and less than 300 kW. The RFP process will be bid separately to ensure that there is no cross subsidization.

The Company will update the rates for the DSS according to the schedule in the above tables. The Company will issue RFPs prior to the beginning of each Application Period to update the default service supply rates. The updated rates will be based on the new price(s) available from the winning suppliers through the RFP process and the cost for Company solar contracts, if any, for the residential and lighting (C) procurement group. The rates will include a reconciliation adjustment as described in the "Calculation of Rate" section of this Rider. In the month prior to the beginning of each Application Period, the Company will file new DSS charges with the Pennsylvania Public Utility Commission ("Commission") for the subsequent Application Period, and, upon Commission approval, these charges shall become effective on the first day of the following month.

The load of the customer procurement group for the RFP will be divided into Tranches. Winning suppliers will provide DSS for the percentage of DSS load corresponding to the number of Tranches won in the RFP. Duquesne seeks to procure all Tranches in the RFP process pursuant to the RFP schedule approved by the Commission.

The selection of bids will be submitted to the Commission for its approval or rejection within one business day after submittal. If the bids are not acted on by the Commission within one business day, the Company may proceed on the basis that they are approved and award the bids pursuant to 52 Pa. Code § 54.188(d).

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CONTINGENCY PLAN

In the event Duquesne receives bids for less than all Tranches or the Commission does not approve all or some of the submitted bids or in the event of supplier default, then Duquesne will provide the balance of the default supply for commercial and industrial customers through purchases in the PJM spot markets until such time that a different contingency plan is approved by the Commission. Duquesne will submit to the Commission within fifteen (15) days after any such occurrence an emergency plan to handle any default service shortfall. All costs associated with implementing the contingency plan will be included as part of the DSS described in the section below, "Calculation of Rate."

CALCULATION OF RATE

DSS rates shall be determined based on the formula described in this section. The DSS shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed for default service provided during the billing month:

$$DSS = [(RFP + SLR + (DSS_a + E))/S) * F] * [1/(1 - T)]$$ (C)

Where:

DSS = Default Service Supply rate, converted to cents per kilowatt-hour, to be applied to each kilowatt-hour supplied to customers taking default service from the Company under this Rider.

RFP = The weighted average of the winning bids received in a competitive request for proposal for each customer class identified above and described in the "Default Service Supply Rate" section and adjusted for customer class transmission and distribution line losses. The request for proposal shall be conducted as described in "Procurement Process."

DSSa = The total estimated direct and indirect costs incurred by the Company to acquire DSS from any source on behalf of customers described above in the "Procurement Process." The Application Period shall be for each period over which the DSS, as computed, will apply. Projections of the Company's costs to acquire default supply for the Application Period shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated default service supply-related procurement and administration costs. Company costs may also include the expenses to support time-of-use ("TOU") programs offered by EGSs. Time-of-use expenses will be assigned to the applicable customer class for recovery through this Rider. Default service supply-related costs shall include the cost of preparing the company's default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission's order at Docket No. P-2016-XXXXXX. (C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CALCULATION OF RATE – (Continued)

SLR = The costs associated with any Commission-approved solar contracts and its administration will be recovered from residential and lighting customers. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs. (C)

E = Experienced net over or under collection for each customer procurement group based on the revenue and expense for the six (6) month period ending one-hundred twenty (120) days prior to the end of Application Period. The DSS rate effective June 1~~, 2015,~~ shall include reconciliation of revenue and expense for the six (6) month period October ~~2014~~ through March ~~2015~~. The DSS rate effective December 1~~, 2015,~~ shall include reconciliation of revenue and expense for the ~~four (4)~~ six (6) month period April ~~2015~~ through July ~~2015~~. ~~Thereafter, the DSS rate effective June 1 shall include reconciliation of revenue and expense for the six (6) month period August through January and the DSS rate effective December 1 shall include reconciliation of revenue and expense for the six (6) month period February through July.~~ Interest shall be computed monthly at the rate provided for in Section 52 Pa. Code §54.~~187(g)~~190, from the month the over or under collection occurs to the month in which the over collection is refunded or the under collection is recouped. (C) (C) (C) (C) (C) (C)

S = The Company's default service retail kWh sales to customers in the applicable Customer Class, projected for the Application Period.

F = Rate Factor only for the residential and lighting customer groups. The Rate Factor shall be 1.0 for all other customer groups. DSS for residential and lighting customer groups will be obtained in the same RFP. The Rate Factor adjustment reflects the load shape of the residential and lighting classes. The Rate Factor will be as follows for each Application Period.

Application Period	Residential	Lighting	
June 1, 2017 through May 31, 2018	1.~~0075~~0053	0.~~6136~~6150	(D)(I)
June 1, 2018 through May 31, 2021	1.~~0052~~0055	0.~~7327~~6009	(I)(D)
~~June 1, 2016 through November 30, 2016~~	~~1.0052~~	~~0.7327~~	(C)
~~December 1, 2016 through May 31, 2017~~	~~1.0052~~	~~0.7327~~	(C)

T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

The rate shall become effective for default supply service rendered on and after the beginning of the Application Period unless otherwise ordered by the Commission, and shall remain in effect for the effective periods defined above, unless revised on an interim basis subject to the approval of the Commission. Pursuant to 52 Pa. Code §69.1809(c), upon determination that the DSS, if left unchanged, would result in a material over or undercollection of supply-related costs incurred or expected to be incurred during the effective period, the Company may file with the Commission for an interim revision of the DSS to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

ANNUAL RECONCILIATION

~~The Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery for the ten (10) months beginning April 1, 2015, and ending January 31, 2016, in accordance with 66 Pa. C.S. § 1307(e), by March 1, 2016. Thereafter, t~~The Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following year, in accordance with 66 Pa. C.S. §1307(e), by March 1 for each service class. An annual reconciliation statement shall be prepared separately for the Residential, Small Commercial & Industrial and Medium Commercial & Industrial customer classes. (C)

MISCELLANEOUS

Minimum bills shall not be reduced by reason of the DSS. DSS charges shall not be a part of the monthly rate schedule minimum nor be subject to any credits or discounts.

Application of the DSS shall be subject to continuous review and audit by the Commission at intervals it shall determine.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

Day-ahead hourly price service provides large commercial and industrial customers with the ability to purchase their electric supply requirements on a day-ahead hourly basis. Beginning ~~January 1, 2008~~June 1, 2017, the Company will supply electricity under this rider by obtaining the requirements based on a request for proposal ("RFP") ~~through the PJM market and passing through all such costs to the customer to provide this service~~. This rider is also available for the supply of electricity to generating stations that are not otherwise self-supplying and where the generating station is not otherwise receiving service from an EGS. Metering equipment must be installed at the generating station at the expense of the customer. (C) (C) (C)

MONTHLY CHARGES

Energy charges are hourly and provided at the day-ahead ~~and real-time~~ PJM locational marginal prices ("LMP") based on the customer's ~~day-ahead scheduled load and the customer's~~ real time metered hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, plus a fixed retail ~~margin~~administrative charge. PJM posts the day-ahead locational marginal price on their web site at 4:00 PM EPT. ~~Balancing operating reserve charges will be assigned to each customer based on their pro-rata share of the net system deviation from the day-ahead forecast.~~ Capacity charges are equal to the full PJM Reliability Pricing Model ("RPM") capacity price for the Duquesne Zone, and shall recover the charges associated with the customer's share of the Company's capacity obligation assigned by PJM, plus the charges for capacity based ancillary services. Energy and capacity charges will be calculated using the following formula and adjusted for the Pennsylvania Gross Receipts Tax (GRT) in effect. (C) (C) (C) (C) (C)

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [\cancel{L_{DAt}}\, L_{RTt} * (1+ ADJ_t) * (LMP_{DAt} + OR_{DAt})] +$$ (C)

$$\cancel{\sum_{t=\text{Start Hour}}^{\text{End Hour}} [((L_{RTt} - L_{DAt})* (1+ ADJ_t)) * LMP_{RTt}] +}$$ (C) (C) (C)

$$\cancel{\sum_{t=\text{Start Hour}}^{\text{End Hour}} [|((L_{RTt} - L_{DAt})* (1+ ADJ_t))| * OR_{RTt}] +}$$ (C) (C) (C)

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [(L_{RTt} * (1 + ADJ_t)) * (SR_{RTt} + REG_{RTt} + SCN_{RTt} \cancel{+ REN} + S1A) + L_{RTt} * (PJM_S + FRA)] +$$ (C)

$$\sum_{D=\text{Start Day}}^{\text{End Day}} [(CO_D * CChg_D) + NPLC_D * (R_D + B_D)]$$

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

Where:

t = Particular clock hour in the Billing Period from start hour to end hour for energy charges.

D = Particular day in the Billing Period from start day to end day for capacity charges.

Customer Load

~~L_{DA} = Day-Ahead scheduled hourly load of the customer, measured in MW.~~ (C)

L_{RTt} = Actual (Real-Time) metered load of the customer, measured in MW.

ADJ_t= Adjustments to the customer load at the retail meter using the same methodology used to determine the hourly load obligations of a customer served by an EGS pursuant to Duquesne's Supplier Coordination Tariff. The hourly load adjustments shall be the sum of the percentage distribution and transmission (if applicable) losses of the applicable schedule as specified in Duquesne's Supplier Coordination Tariff. The Company will also adjust the customer load for the loss de-ration factor defined by PJM.

Energy Charges

LMP_{DA} = Day-Ahead hourly locational marginal price (LMP) in \$/MWH including energy, congestion and marginal losses for the Duquesne Zone or Duquesne Residual Zone as applicable.

~~LMP_{RTt} = Real-time hourly locational marginal price (LMP) in \$/MWH including energy, congestion and marginal losses for the Duquesne Zone or Duquesne Residual Zone as applicable.~~ (C)

PJM Ancillary Service Charges and Other PJM Charges

SR_{RTt}= Hourly real-time synchronous reserve charge in \$/MWH as calculated by PJM for supporting the customer's load.

OR_{DAt}= Hourly Day-Ahead operating reserve (supplemental) charge in \$/MWh as calculated by PJM for supporting the customer's load.

~~OR_{RTt} = Hourly real-time operating reserve (supplemental) charge in \$/MWH as calculated by PJM for supporting the customer's load.~~ (C)

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

PJM Ancillary Service Charges and Other PJM Charges – (Continued)

REG_{RTt} = Hourly real-time regulation charge in $/MWH as calculated by PJM for supporting the customer's load.

SCN_{RTt} = Real-time Synchronous Condensing Charge in $/MWH for supporting the customer's load if this charge is billed separately by PJM to the Company.

S1A = PJM Schedule 1A rate in $/MWH applicable to the Duquesne Zone.

PJM_S= PJM Surcharge is a pass-through of the charges incurred by the Company for grid management and administrative costs associated with membership and operation in PJM. These are the charges incurred by the Company under PJM Schedules 9 and 10 to provide hourly price service.

R_D = Reactive supply service charge in $/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 2.

B_D = Blackstart service charge in $/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 6A.

Fixed Retail ~~Margin~~ Administrative Charge (C)

FRA = ~~The Company's fixed retail adder of $4.49 per MWH.~~ The Fixed Retail Administrative Charge in $ per MWH. The Fixed Retail Administrative Charge consists of the sum of administrative charges for the suppliers providing hourly price service (as determined by a competitive solicitation process) and for the Company to obtain supply and administer this service. (C)

The supplier charges shall be based on the winning bids in the Company's most recent solicitation for supply of hourly price default service. (C)

The Company's administrative charges shall be based on an amortization of the costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent twelve-month (12-month) period ended May 31st (as determined by amortizing such costs over a 12-month period) plus the amortization of the cost of administering the hourly price service over the duration of the default service plan, including any unbundled costs of preparing the Company's default service plan filing and working capital costs associated with default service supply. (C)

~~Renewable Energy~~ (C)

~~REN= Pass-through of the costs in $/MWH for the Company to comply with the Pennsylvania Alternative Energy Portfolio Standards (AEPS) Act of 2004 (Act 213).~~ (C)

Customer's Capacity Obligation and Network Service Peak Load

CO_D = Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation."

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

Customer's Capacity Obligation and Network Service Peak Load – (Continued)

$NPLC_D$ = The customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

Capacity Charges

$CChg_D$= The demand charge in \$/MW-day, which is equal to the full PJM RPM Final Zonal Capacity Price for the Duquesne Zone.

PJM bills these charges to the Company as a function of the load measured in megawatts (MW) and expresses these charges as \$/MW, \$/MWH and \$/MW-day. The Company measures the customer's load and energy usage in kilowatts (kW) and will convert the above charges to \$/kW, \$/kWh and \$/kW-day for the purposes of computing the customer's monthly bill.

PROCUREMENT PROCESS (C)

The Company will conduct a competitive request for proposal ("RFP") to obtain day-ahead hourly price service under this rider. The winning bidder(s) will be responsible for providing default service supply at PJM day-ahead energy prices, capacity, ancillary services, and other PJM management charges as defined above. The winning supplier(s) will be the supplier(s) who bids the lowest price(s) in this solicitation in \$/MWH to cover the costs of renewable energy supply, energy balancing, and supplier administrative costs. (C)

CONTINGENCY PLAN (C)

In the event Duquesne does not receive bids, the Commission does not approve the submitted bid(s) or a supplier defaults, Duquesne will provide default supply for commercial and industrial customers through purchases in accordance with the above formula and process. The Company will pass-through the costs it incurs to provide the renewable energy requirements, energy balancing and any administrative costs in addition to those costs otherwise recovered through the Fixed Retail Administrative Charge described in the "Monthly Charges" section of this rider. All revenue and expense associated with the contingency plan will be reconciled as described in the "Annual Reconciliation" section of this rider. (C)

LOCATIONAL MARGINAL PRICE

The "Duquesne Zone" is the PJM-defined area encompassing the franchised service territory of the Duquesne Light Company. The pricing for the Duquesne Zone contains every transmission load bus on the Company's system. PJM will determine the locational marginal price for the Duquesne Zone and an hourly nodal locational marginal price for each load bus. Load Serving Entities (LSE's) and wholesale transmission customers have the option of electing energy settlement at the hourly nodal prices.

The "Duquesne Residual Zone" is the pricing zone determined by PJM in the event that LSE's or other wholesale transmission customers in the Duquesne Zone elect settlement based on nodal locational marginal energy prices. In such event the Duquesne Zone locational marginal price will be replaced by the Duquesne Residual Zone locational marginal price and:

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

LOCATIONAL MARGINAL PRICE – (Continued)

(i) the pricing for such zone will be calculated by PJM using a load-weighted average of the nodal locational marginal prices of all load buses within the Duquesne Zone, but excluding from such calculation the weighting at the respective nodal prices of the load served by LSE's or other wholesale transmission customers who have elected nodal settlement; and

(ii) settlement for all LSE's and wholesale transmission customers in the Duquesne Zone that have not elected nodal settlement, will have their load obligations settled on an hourly day-ahead, hourly real-time or other periodic basis at the respective PJM-determined price for the Duquesne Residual Zone for such period.

DETERMINATION OF CAPACITY OBLIGATION

The capacity obligation subject to the Demand Charges in this rider will be the customer's share of the Company's capacity obligation determined by PJM. The Company's capacity obligation will be calculated by PJM based on the Company's peak system load and will be the basis for the capacity obligation for the following planning year.

In determining the customer's share of the capacity obligation, the Company will calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with the peak hour of the five peak days as determined by PJM. The customer load in each of these five hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy will be averaged to calculate the customer's peak load contribution. Customers may participate as a Demand Resource or as an Interruptible Load Resource ("ILR") under RPM in PJM. Any and all charges or credits associated with the customer's participation as an ILR will be applied to the customer's bill.

NOTIFICATION AND ELECTION OF SERVICE

Customers may elect to purchase their supply requirements through this rider at any time according to the requirements of Rule No. 45. Customers that do not elect service with an EGS will default to hourly price service under this rider.

ANNUAL RECONCILIATION (C)

The Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery for the eight (8) months beginning June 1, 2017, and ending January 31, 2018, in accordance with 66 Pa. C.S. § 1307(e), by March 1, 2018. Thereafter, the Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following year, in accordance with 66 Pa. C.S. §1307(e), by March 1. The reconciliation statement will reconcile actual revenue and actual expense associated with the Company's portion of the FRA. (C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

~~DAY-AHEAD SCHEDULING GUIDELINES~~ (C)

~~The Company will provide an hourly load forecast (with losses) on the DLC customer choice web site for each customer taking service under this rider by 8:00 AM EPT each PJM business day. The customer may update the Company forecast prior to 10:00 AM EPT. The forecast at 10:00 AM EPT will be considered the final forecast values in the day-ahead demand bid and will be binding upon the customer. The Company will aggregate all of the final customer forecasts, de-rate per the mean PJM EDC loss de-ration factor, and submit this aggregated day-ahead demand bid prior to 12 PM EPT PJM business day-ahead. The Company will review the forecasted loads provided by the customer to ensure they are reasonable so as to not affect charges that may be allocated to other participating customers.~~ (C)

~~All load submitted as part of the day-ahead demand bid for each customer will be billed to the customer at the day-ahead LMP. PJM will calculate the balancing charges based on the difference between the day-ahead demand bid and actual load. The customer will receive a charge or credit at the real-time LMP if the actual load is greater than or less than the demand bid, respectively. PJM balancing operating reserve charges will be assigned to each customer on this rider based on their pro rata share of the net system deviation from their portion of the day-ahead demand bid.~~ (C)

~~The Company will apply the procedures for load forecasting, day-after load estimates and supply schedules, and reconciliation as defined in the Company's Electric Generation Supplier Coordination, Rules 6, 7 and 8, respectively.~~ (C)

GENERAL

The Supply Charges are intended to recover the market costs of providing Default Service to customers in PJM as these costs may change or be redefined from time to time. The Supply Charges shall be calculated using the formula and prices referenced above, but may be revised from time to time, as necessary, to reflect changes in PJM rules and charges. The Company is required to include renewable energy sources as a component of providing POLR service. The Company will pass-through the charges required to comply with the Alternative Energy Portfolio Standards (AEPS) as those compliance requirements change. The formula is illustrative to reflect the charges in the PJM tariff and is subject to change at any time, as PJM rules, charges or market parameters change.

EXHIBIT NO. DBO-6

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

Richard Riazzi
President and Chief Executive Officer

Issued: Xxxxx xx, 2017 **Effective: June 1, 2017**

Issued pursuant to the Commission's Order
entered Xxxxx xx, 2017, at Docket No. P-2016-XXXXXXX

NOTICE

THIS TARIFF SUPPLEMENT REMOVES LANGUAGE IN AN EXISTING RULE AND IN AN EXISTING RIDER.

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations — **Fifth Revised Page No. 30B**
12. Payment and Billing — **Cancelling Fourth Revised Page No. 30B**
12.1.3 Purchase of EGS Receivables (POR) Progam
12.1.7.4 Other Payment Provisions

Language has been revised to more clearly state that in Rule No. 12.1.7.4 Other Payment Provisions certain terms apply to consolidated EDC rate ready billing only.

Rider - Standard Offer Program Cost Recovery — **Third Revised Page No. 42B**
Cancelling Second Revised Page No. 42B

Language has been removed in the "Background" and "Customer Acquisition Fee" sections.

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in Unusual Business Behavior that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that an additional discount is appropriate, the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; thirty-five (35) days after consolidated bills are issued, and will continue throughout the billing cycle. If the thirty-fifth (35^{th}) day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on consolidated rate ready billing or (C)
consolidated rate ready billing and Duquesne's budget payment plan, Duquesne shall purchase the actual (C)
amount owed each month by the customer and payments to EGSs shall be made based on the actual (C)
amount owed. If the EGS customer is on consolidated bill ready billing or consolidated bill ready billing and (C)
Duquesne's budget payment plan, Duquesne shall purchase the amount sent in the bill ready 810 and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables. Any such termination of service shall be in accordance with the

(C) – Indicates Change

STANDARD OFFER PROGRAM COST RECOVERY

BACKGROUND

In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company implemented a Standard Offer Program ("SOP"). Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. Complete SOP rules and documentation may be found at http://supplier.customer-choice.com. (C)

SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. P-2012-2301664, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted will be $10.28. (C)

BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue (MD: 6-1)
Pittsburgh, PA 15219

or through a wire/ACH transfer to:

Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company

If a SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable ("POR") payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

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EXHIBIT NO. DBO-7

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

Richard Riazzi
President and Chief Executive Officer

Issued: Xxxxx xx, 2017 **Effective: June 1, 2017**

Issued pursuant to the Commission's Order
entered Xxxxx xx, 2017, at Docket No. P-2016-XXXXXXX

NOTICE

THIS TARIFF SUPPLEMENT REMOVES LANGUAGE IN AN EXISTING RULE AND IN AN EXISTING RIDER.

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations — **Fifth Revised Page No. 30B**
12. Payment and Billing — **Cancelling Fourth Revised Page No. 30B**
12.1.3 Purchase of EGS Receivables (POR) Progam
12.1.7.4 Other Payment Provisions

Language has been revised to more clearly state that in Rule No. 12.1.7.4 Other Payment Provisions certain terms apply to consolidated EDC rate ready billing only.

Rider - Standard Offer Program Cost Recovery — **Third Revised Page No. 42B**
Cancelling Second Revised Page No. 42B

Language has been removed in the "Background" and "Customer Acquisition Fee" sections.

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in Unusual Business Behavior that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that an additional discount is appropriate, the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

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12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on ~~a~~ consolidated rate ready billing (C)
or consolidated rate ready billing and Duquesne's budget payment plan ~~and consolidated rate ready billing~~, (C)
Duquesne shall purchase the actual amount owed each month by the customer~~.~~ and ~~P~~payments to EGSs (C)
shall be made based on the actual amount owed. If the EGS customer is on consolidated bill ready billing (C)
or consolidated bill ready billing and Duquesne's budget payment plan, Duquesne shall purchase the amount sent in the bill ready 810 and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

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BACKGROUND

In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company implemented a Standard Offer Program ("SOP"). Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. ~~Pursuant to the Commission's Secretarial Letter dated February 12, 2016, at Docket No. P-2014-2418242, Duquesne Light is continuing its SOP, as further provided therein, through May 31, 2017.~~ Complete SOP rules and documentation may be found at http://supplier.customer-choice.com. (C)

SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. P-2012-2301664, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted ~~through May 31, 2017,~~ will be $10.28. (C)

BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
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Pittsburgh, PA 15219

or through a wire/ACH transfer to:

Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company

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