



**Duquesne Light**

*Our Energy...Your Power*

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May 14, 2009

**VIA OVERNIGHT MAIL**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Duquesne Light Company  
Informational Filing of 2008 Formula Rate Update  
Docket Nos. ER06-1549-000 and ER06-1549-001

Dear Secretary Bose:

Pursuant to the Commission's order dated February 6, 2007 ("February 6 Order"), in the captioned proceeding (118 FERC ¶ 61,087, at P 74), Duquesne Light Company ("Duquesne" or "Company") hereby submits for informational purposes an original and six copies of the annual update to recalculate its annual transmission revenue requirement pursuant to the formula rate accepted by the Commission for filing in that proceeding, along with a detailed accounting of transfers between construction work in progress ("CWIP") and Plant in Service accounts and other information described below.

**I. Summary and Information Provided**

Duquesne's tariff on file with the Commission requires Duquesne to recalculate its annual transmission revenue requirement on or before May 15 of each year, and provide notice of the new revenue requirement to its customers. In particular, the tariff specifies that:

On or before May 15 of each year, Duquesne shall recalculate its Annual Transmission Revenue Requirements, producing the "Annual Update" for the upcoming Rate Year, and post such Annual Update on PJM's Internet website via link to the Transmission Services page or a similar successor page.

FERC Electric Tariff, Sixth Revised Volume No. 1, Original Sheet No. 314H.19, Attachment H-17B, Section 1(b) (effective Dec. 1, 2006). The "Rate Year" referenced in the tariff begins on June 1 of each year and continues until May 31 of the following year.



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The annual update consists of the following documents included with this filing:

- A completed formula template providing the true-up calculation to reflect actual plant placed in service for 2008 (Appendix 1);
- A completed formula template providing the rate to become effective on June 1, 2009 that includes both the true-up in Appendix 1 and the estimated capital expenditures through December 31, 2009 (Appendix 2);
- A summary and detail of accounting transfers between CWIP and Plant in Service for incentive projects listed on Attachment 7 of the formula (Appendix 3); and
- Duquesne's April 2009 FERC Form 730 filing providing information on projects exceeding \$20 million (Appendix 4).

## **II. Informational Filing**

### **A. Annual Update.**

The Commission's order accepting Duquesne's formula rate for filing "direct[ed] Duquesne to make an informational filing with the Commission when it recalculates its Annual Transmission Revenue Requirement. This information must include the information Duquesne is required to post on its web site regarding updates to its formula rate." 118 FERC ¶ 61,087, at P 74. Accordingly, Duquesne is submitting for filing for informational purposes the same 2009 Annual Update that it is transmitting to PJM Interconnection, L.L.C. for posting on its website as required by Duquesne's tariff, and that will be posted on Duquesne's website. The Annual Update consists of the calculations in the Appendices attached hereto. Thus, all interested persons will have ample notice of, and access to, the Annual Update. The protocols provide specific procedures for notice of this filing, requests for information supporting the filing, and potential challenges to the filing.

Duquesne has made no material accounting changes from those in effect during the previous Rate Year and upon which the current rate is based. Duquesne also has made no changes in its Post-retirement Benefits Other Than Pension charges that exceed the threshold set forth in its tariff.<sup>1</sup>

### **B. Informational Report on CWIP Balances**

The Commission required Duquesne to provide a detailed accounting of transfers of balances between CWIP and Plant in Service accounts for its incentive projects. 118 FERC ¶ 61,087 at P 74. The Settlement Agreement amended the Company's protocols to add accounting

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<sup>1</sup> FERC Electric Tariff, Sixth Revised Volume No. 1, Original Sheet No. 314H.20, Attachment H-17B, Section 1(g)(effective Dec. 1, 2006).



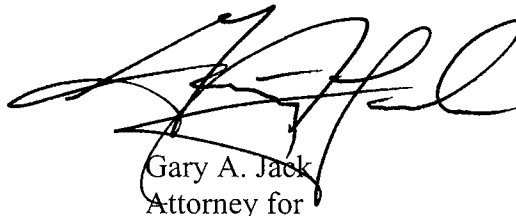
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procedures for tracking CWIP for each incentive project (which are totaled by year in Attachment 6 of the formula). Appendix 3 hereto contains a detailed accounting from Duquesne's records with references to source accounts from the company's 2008 Form No. 1 filing. As provided in the protocols, each project is assigned a funding project number ("FPN"). The information provided at Appendix 3 provides a summary by month of CWIP and plant in service for each FPN and reconciles these amounts to the summary pages and the plant balances in Attachment 6 of the formula. Year end 2007 totals on page 1 of Appendix 3 reflect minor refinements for two FPN's since last year's annual filing. True-ups of estimated costs and actual costs are itemized as shown on Attachment 6 to the annual updates included at Appendices 1 and 2.

The Commission also directed Duquesne to provide an update to the status of the Duquesne Transmission Enhancement Plan ("DTEP") as part of its accounting of transfers between CWIP and Plant in Service balances. February 6 Order at P 74. DTEP anticipated approximately \$184 million in capital expenditures between 2005 and 2010. Actual Plant in Service at the end of 2008 for DTEP was \$98.4 million. The anticipated capital outlay for DTEP in 2009 is \$28.0 million, and Duquesne anticipates that DTEP costs of \$42.0 million will be placed into service in 2009. Attached as Appendix 4 is FERC Form 730 providing further detail on the DTEP projects greater than \$20 million.

The Commission further directed Duquesne to submit details on how it is satisfying its hold harmless commitment in connection with the transaction that the Commission approved in *Duquesne Light Holdings, Inc.*, 117 FERC ¶ 61,326 n.35 (2006). A narrative explanation of proposed accounting entries and related journal entries was filed with the Commission on February 27, 2008 in Docket No. EC06-160. Duquesne has included no merger-related costs in the annual update filing and its rates. All merger-related costs have been recorded at Duquesne's parent company, Duquesne Light Holdings, Inc. Thus, Duquesne's customers are being held harmless from these costs.

Respectfully submitted,



Gary A. Jack  
Attorney for  
Duquesne Light Company

Enclosures

CC: Parties of Record

# Appendix 1

**Formula Rate - Appendix A True-Up**

Notes

FERC Form 1 Page # or Instruction

2008

Shaded cells are input cells

|                                 |   |          |                               |                    |
|---------------------------------|---|----------|-------------------------------|--------------------|
| 1                               | Transmission Wages Expense  |          | p354.21.b                     | 3,169,673          |
| 2                               | Total Wages Expense   |          | p354.28.b                     | 53,073,862         |
| 3                               | Less A&G Wages Expense  |          | p354.27.b                     | 23,740,998         |
| 4                               | Total   |          | (Line 2 - 3)                  | 29,332,864         |
| 5                               |   |          | (Line 1 / Line 4)             | <b>10.8059%</b>    |
| <b>Plant Allocation Factors</b> |   |          |                               |                    |
| 6                               | Total Plant In Service  | (Note B) | Attachment 5                  | 2,445,291,062      |
| 7                               | Total Accumulated Depreciation  | (Note A) | Attachment 5                  | 801,999,815        |
| 8                               | Net Plant   |          | (Line 6 - Line 7)             | 1,643,291,247      |
| 9                               | Transmission Gross Plant  |          | (Line 21)                     | 471,327,577        |
| 10                              | <b>Gross Plant Allocator</b>  |          | (Line 9 / Line 6)             | <b>19.2749%</b>    |
| 11                              | Transmission Net Plant  |          | (Line 33)                     | 327,366,665        |
| 12                              | <b>Net Plant Allocator</b>  |          | (Line 11 / Line 8)            | <b>19.9214%</b>    |
| <b>0</b>                        |   |          |                               |                    |
| <b>Plant In Service</b>         |   |          |                               |                    |
| 13                              | Transmission Plant In Service   | (Note B) | Attachment 5                  | 443,942,215        |
| 14                              | New Transmission Plant Additions and Retirements only for Annual Estimate   | (Note B) | Attachment 6, Col. L + Col. P | -                  |
| 15                              | <b>Total Transmission Plant In Service</b>                                  |          | (Line 13 + Line 14)           | <b>443,942,215</b> |
| 16                              | General & Intangible  |          | Attachment 5                  | 253,430,268        |
| 17                              | Common Plant (Electric Only)  | (Note A) | Attachment 5                  | -                  |
| 18                              | Total General & Common  |          | (Line 16 + Line 17)           | 253,430,268        |
| 19                              | Wage & Salary Allocation Factor   |          | (Line 5)                      | 10.8059%           |
| 20                              | <b>General &amp; Common Plant Allocated to Transmission</b>                 |          | (Line 18 * Line 19)           | <b>27,385,361</b>  |
| 21                              | <b>TOTAL Transmission-Related Plant In Service</b>                          |          | (Line 15 + Line 20)           | <b>471,327,577</b> |
| <b>Accumulated Depreciation</b> |   |          |                               |                    |
| 22                              | Transmission Accumulated Depreciation                                       | (Note B) | Attachment 5                  | 135,551,518        |
| 23                              | Accumulated Depreciation for Transmission Plant Additions Only for Estimate | (Note B) | Attachment 6, Col. L + Col. P | -                  |
| 24                              | <b>Total Transmission Accumulated Depreciation</b>                          |          | (Line 22 + Line 23)           | <b>135,551,518</b> |
| 25                              | Accumulated General Depreciation  |          | Attachment 5                  | 60,686,819         |
| 26                              | Accumulated Intangible Depreciation   |          | Attachment 5                  | 17,135,585         |
| 27                              | Accumulated Common Amortization - Electric                                  |          | Attachment 5                  | -                  |
| 28                              | Common Plant Accumulated Depreciation (Electric Only)                       |          | Attachment 5                  | -                  |
| 29                              | Total Accumulated General, Intangible and Common Depreciation               |          | (Sum Lines 25 to 28)          | 77,822,404         |
| 30                              | Wage & Salary Allocation Factor   |          | (Line 5)                      | 10.8059%           |
| 31                              | <b>General &amp; Common Allocated to Transmission</b>                       |          | (Line 29 * Line 30)           | <b>8,409,393</b>   |
| 32                              | <b>TOTAL Transmission-Related Accumulated Depreciation</b>                  |          | (Line 24 + Line 31)           | <b>143,960,911</b> |
| 33                              | <b>TOTAL Transmission-Related Net Property, Plant &amp; Equipment</b>       |          | (Line 21 - Line 32)           | <b>327,366,665</b> |

|   |  |  |                     |
|---|--|--|---------------------|
| <b>Accumulated Deferred Income Taxes</b>        |  |  |                     |
| 34  | ADIT net of FASB 106 and 109                                       | Enter Negative Attachment 1, Col B, Line 9 | (40,525,834)        |
| 35  | <b>Accumulated Deferred Income Taxes Allocated To Transmission</b> | Line 34                                    | <b>(40,525,834)</b> |
| <b>CWIP for Incentive Transmission Projects</b> |  |  |                     |
| 36  | CWIP Balance for Current Rate Year                                 | (Note P) Attachment 6, Col G               | 17,862,004          |
| 37  | <b>Total CWIP for Incentive Transmission Projects</b>              |  | <b>17,862,004</b>   |
| 38  | <b>Plant Held for Future Use</b>                                   | (Note C) Attachment 5                      | 109,135             |
| <b>Transmission O&amp;M Reserves</b>            |  |  |                     |
| 39  | <b>Total Balance Transmission Related Account 242 Reserves</b>     | Enter Negative Attachment 5                | <b>(1,614,470)</b>  |
| <b>Prepayments</b>                              |  |  |                     |
| 40  | Prepayments  | (Note A) Attachment 5                      | 552,729             |
| 41  | <b>Total Prepayments Allocated to Transmission</b>                 | (Line 40)                                  | <b>552,729</b>      |
| <b>Materials and Supplies</b>                   |  |  |                     |
| 42  | Undistributed Stores Exp   | (Note A) Attachment 5                      | 1,956,086           |
| 43  | Wage & Salary Allocation Factor                                    | (Line 5)                                   | 10.8059%            |
| 44  | Total Transmission Allocated                                       | (Line 42 * Line43)                         | 211,372             |
| 45  | Transmission Materials & Supplies                                  | Attachment 5                               | 1,710,069           |
| 46  | <b>Total Materials &amp; Supplies Allocated to Transmission</b>    | (Line 44 + Line45)                         | <b>1,921,441</b>    |
| <b>Cash Working Capital</b>                     |  |  |                     |
| 47  | Operation & Maintenance Expense                                    | (Line 75)                                  | 19,159,992          |
| 48  | 1/8th Rule   | x 1/8                                      | 12.5000%            |
| 49  | <b>Total Cash Working Capital Allocated to Transmission</b>        | (Line 47 * Line 48)                        | <b>2,394,999</b>    |
| 50  | <b>TOTAL Adjustment to Rate Base</b>                               | (Lines 35 + 37 + 39 + 41 + 46 + 49)        | <b>(19,299,996)</b> |
| 51  | <b>Rate Base</b>   | (Line 33 + Line 50)                        | <b>308,066,670</b>  |

|  |  |          |   |                   |
|--|--|----------|---|-------------------|
| <b>Transmission O&amp;M</b>                    |  |          |   |                   |
| 52   | Transmission O&M   |          | p321.112.b                                | 10,109,961        |
| 53   | Less Account 565   |          | p321.96.b                                 | -                 |
| 54   | Plus PJM Schedule 12 Charges billed to DLC and booked to Account 565 | (Note N) | PJM Data                                  | -                 |
| 55   | Plus Net Transmission Lease Payments                                 | (Note A) | p200.4.c                                  | -                 |
| 56   | <b>Transmission O&amp;M</b>  |          | (Lines 52 - 53 + 54 + 55)                 | <b>10,109,961</b> |
| <b>Allocated General &amp; Common Expenses</b> |  |          |   |                   |
| 57   | Common Plant O&M   | (Note A) | p356                                      | -                 |
| 58   | Total A&G  |          | p323.197.b                                | 84,369,735        |
| 59   | Less PBOP Expense in Acct. 926 in Excess of Allowed Amount           |          | Attachment 5                              | -                 |
| 60   | Less Property Insurance Account 924                                  |          | p323.185.b                                | 4,096,500         |
| 61   | Less Regulatory Commission Expense Account 928                       | (Note E) | p323.189.b                                | 3,016,839         |
| 62   | Less General Advertising Expense Account 930.1                       |          | p323.191.b                                | 1,057,570         |
| 63   | Less EPRI Dues   | (Note D) | p352-353                                  | -                 |
| 64   | <b>General &amp; Common Expenses</b>                                 |          | (Lines 57 thru 58) - Sum (Lines 59 to 63) | <b>76,198,826</b> |
| 65   | Wage & Salary Allocation Factor                                      |          | (Line 5)                                  | 10.8059%          |
| 66   | <b>General &amp; Common Expenses Allocated to Transmission</b>       |          | (Line 64 * Line 65)                       | <b>8,233,951</b>  |
| <b>Directly Assigned A&amp;G</b>               |  |          |   |                   |
| 67   | Regulatory Commission Exp Account 928                                | (Note G) | Attachment 5                              | -                 |
| 68   | General Advertising Exp Account 930.1                                | (Note K) | Attachment 5                              | -                 |
| 69   | <b>Subtotal - Transmission Related</b>                               |          | (Line 67 + Line 68)                       | <b>-</b>          |
| 70   | Property Insurance Account 924                                       |          | Line 60                                   | 4,096,500         |
| 71   | General Advertising Exp Account 930.1                                | (Note F) | Attachment 5                              | -                 |
| 72   | <b>Total</b>   |          | (Line 70 + Line 71)                       | <b>4,096,500</b>  |
| 73   | Net Plant Allocation Factor  |          | (Line 12)                                 | 19.9214%          |
| 74   | <b>A&amp;G Directly Assigned to Transmission</b>                     |          | (Line 72 * Line 73)                       | <b>816,080</b>    |
| 75   | <b>Total Transmission O&amp;M</b>                                    |          | <b>(Lines 56 + 66 + 69 + 74)</b>          | <b>19,159,992</b> |
| <b>Depreciation Expense</b>                    |  |          |   |                   |
| 76   | Transmission Depreciation Expense                                    |          | Attachment 8, Col. (D)                    | 10,582,744        |
| 77   | New plant Depreciation Expense only for Estimate                     | (Note B) | Attachment 6, Col. K + Col. O             | -                 |
| 78   | <b>Total Transmission Depreciation Expense</b>                       |          | (Line 76 + Line 77)                       | <b>10,582,744</b> |
| 79   | General Depreciation   |          | Attachment 8, Col. (D)                    | 13,978,733        |
| 80   | Intangible Amortization  | (Note A) | p336.1.f                                  | 2,949,639         |
| 81   | <b>Total</b>   |          | (Line 79 + Line 80)                       | <b>16,928,372</b> |
| 82   | Wage & Salary Allocation Factor                                      |          | (Line 5)                                  | 10.8059%          |
| 83   | <b>General Depreciation Allocated to Transmission</b>                |          | (Line 81 * Line 82)                       | <b>1,829,259</b>  |
| 84   | Common Depreciation - Electric Only                                  | (Note A) | p336.11.b                                 | -                 |
| 85   | Common Amortization - Electric Only                                  | (Note A) | p356 or p336.11d                          | -                 |
| 86   | <b>Total</b>   |          | (Line 84 + Line 85)                       | <b>-</b>          |
| 87   | Wage & Salary Allocation Factor                                      |          | (Line 5)                                  | 10.8059%          |
| 88   | <b>Common Depreciation - Electric Only Allocated to Transmission</b> |          | (Line 86 * Line 87)                       | <b>-</b>          |
| 89   | <b>Total Transmission Depreciation &amp; Amortization</b>            |          | <b>(Lines 78 + 83 + 88)</b>               | <b>12,412,003</b> |
| 90   | <b>Taxes Other than Income</b>                                       |          | Attachment 2                              | 731,999           |
| 91   | <b>Total Taxes Other than Income</b>                                 |          | <b>(Line 90)</b>                          | <b>731,999</b>    |

|                           |   |   |              |
|---------------------------|---|---|--------------|
| <b>Long Term Interest</b> |   |   |              |
| 92                        | Long Term Interest  | (Note Q) Attachment 5                               | 19,533,026   |
| 93                        | Amortization of Debt Discount and Expense   | p117.63.c   | 597,240      |
| 94                        | Amortization of Loss on Reacquired Debt   | p117.64.c   | 2,764,087    |
| 95                        | Less Amort of Gain on Reacquired on Debt-Credit                                   | p117.65.c   | -            |
| 96                        | Less Amort of Premium on Debt-Credit  | p117.66.c   | 119,663      |
| 97                        | Interest on Debt to Associated Companies  | p117.67.c   | -            |
| 98                        | <b>Total Long Term Debt Costs</b>   | (Sum lines 92 to 94) - Line 95 - Line 96 + Line 97  | 22,774,690   |
| 99                        | <b>Preferred Dividends</b>  | Enter Positive p118.29.c                            | 6,214,539    |
| <b>Common Stock</b>       |   |   |              |
| 100                       | Proprietary Capital   | p112.16.c   | 671,584,800  |
| 101                       | Less Accumulated Other Comprehensive Income Account 219                           | p112.15.c   | (7,926,942)  |
| 102                       | Less Preferred Stock  | (Line 110)  | 107,935,500  |
| 103                       | Less Account 216.1  | p112.12.c   | (15,684,153) |
| 104                       | <b>Common Stock</b>   | (Line 100 - (Sum Lines 101 to 103))                 | 587,260,395  |
| <b>Capitalization</b>     |   |   |              |
| 105                       | Long Term Debt  |   |              |
| 106                       | Bonds   | Attachment 5  | 342,175,000  |
| 107                       | Less Loss on Reacquired Debt  | Enter Negative p111.81.c                            | (42,153,721) |
| 108                       | Plus Gain on Reacquired Debt  | p113.61.c   | 139,428      |
| 109                       | <b>Total Long Term Debt</b>   | Sum (Lines 105 to Line 108)                         | 300,160,707  |
| 110                       | Preferred Stock   | p112.3.c  | 107,935,500  |
| 111                       | Common Stock  | (Line 104)  | 587,260,395  |
| 112                       | <b>Total Capitalization</b>   | (Sum Lines 109 to 111)                              | 995,356,602  |
| 113                       | Debt %  | (Line 109 / Line 112)                               | 30.1561%     |
| 114                       | Preferred %   | (Line 110 / Line 112)                               | 10.8439%     |
| 115                       | Common %  | (Note O) (Line 111 / Line 112)                      | 59.0000%     |
| 116                       | Debt Cost   | (Line 92 / Line 109)                                | 0.0759       |
| 117                       | Preferred Cost  | (Line 99 / Line 110)                                | 0.0576       |
| 118                       | Common Cost   | (Note J) 10.9% ROE + .5% RTO Adder                  | 0.1140       |
| 119                       | Weighted Cost of Debt   | (Line 113 * Line 116)                               | 0.0229       |
| 120                       | Weighted Cost of Preferred  | (Line 114 * Line 117)                               | 0.0062       |
| 121                       | Weighted Cost of Common   | (Line 115 * Line 118)                               | 0.0673       |
| 122                       | <b>Total Return ( R )</b>   | (Sum Lines 119 to 121)                              | 0.0964       |
| 123                       | <b>Investment Return = Rate Base * Rate of Return</b>                             | (Line 51 * Line 122)                                | 29,692,841   |
| <b>Income Tax Rates</b>   |   |   |              |
| 124                       | FIT=Federal Income Tax Rate   | (Note I)  | 35.0000%     |
| 125                       | SIT=State Income Tax Rate or Composite  |   | 9.9900%      |
| 126                       | p (percent of federal income tax deductible for state purposes)                   | Per State Tax Code                                  | 0.0000%      |
| 127                       | $T = 1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$                       |   | 41.4935%     |
| 128                       | $T / (1-T)$   |   | 70.9212%     |
| <b>ITC Adjustment</b>     |   |   |              |
| 129                       | Amortized Investment Tax Credit   | (Note I) Enter Negative Attachment 1                | (1,454,691)  |
| 130                       | $1/(1-T)$   | 1 / (1 - Line 127)                                  | 170.9212%    |
| 131                       | Net Plant Allocation Factor   | (Line 12)   | 19.9214%     |
| 132                       | <b>ITC Adjustment Allocated to Transmission</b>                                   | (Line 129 * (1 + Line 130) * Line 131)              | (785,116)    |
| 133                       | <b>Income Tax Component = CIT = (T/1-T) * Investment Return * (1-(WCLTD/R)) =</b> | [Line 128 * Line 123 * (1 - (Line 119 / Line 122))] | 16,059,383   |
| 134                       | <b>Total Income Taxes</b>   | (Line 132 + Line 133)                               | 15,274,268   |

| <b>Summary</b>  |  |   |                    |
|---|--|---|--------------------|
| 135   | Net Property, Plant & Equipment  | (Line 33)   | 327,366,665        |
| 136   | Adjustment to Rate Base  | (Line 50)   | (19,299,996)       |
| 137   | <b>Rate Base</b>   | (Line 51)   | <b>308,066,670</b> |
| 138   | O&M  | (Line 75)   | 19,159,992         |
| 139   | Depreciation & Amortization  | (Line 89)   | 12,412,003         |
| 140   | Taxes Other than Income  | (Line 91)   | 731,999            |
| 141   | Investment Return  | (Line 123)  | 29,692,841         |
| 142   | Income Taxes   | (Line 134)  | 15,274,268         |
| <b>143</b>  | <b>Gross Revenue Requirement</b>   | <b>(Sum Lines 138 to 142)</b>                         | <b>77,271,103</b>  |
| <b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b> |  |   |                    |
| 144   | Transmission Plant In Service  | (Line 13)   | 443,942,215        |
| 145   | Excluded Transmission Facilities   | (Note M) Attachment 5                                 | -                  |
| 146   | Included Transmission Facilities   | (Line 144 - Line 145)                                 | 443,942,215        |
| 147   | Inclusion Ratio  | (Line 146 / Line 144)                                 | 100.00%            |
| 148   | Gross Revenue Requirement  | (Line 143)  | 77,271,103         |
| 149   | <b>Adjusted Gross Revenue Requirement</b>  | (Line 147 * Line 148)                                 | <b>77,271,103</b>  |
| 150   | Revenue Credits  | Attachment 3  | 6,009,000          |
| <b>151</b>  | <b>Net Revenue Requirement</b>   | <b>(Line 151)</b>                                     | <b>71,262,102</b>  |
| <b>Net Plant Carrying Charge</b>  |  |   |                    |
| 152   | Gross Revenue Requirement  | (Line 143)  | 77,271,103         |
| 153   | Net Transmission Plant   | (Line 13 - Line 22)                                   | 308,390,697        |
| 154   | Net Plant Carrying Charge  | (Line 152 / Line 153)                                 | 25.0562%           |
| 155   | Net Plant Carrying Charge without Depreciation                                     | (Line 152 - Line 76) / Line 153                       | 21.6246%           |
| 156   | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes           | (Line 152 - Line 76 - Line 123 - Line 134) / Line 153 | 7.0434%            |
| <b>Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE</b>                  |  |   |                    |
| 157   | Gross Revenue Requirement Less Return and Taxes                                    | (Line 151 - Line 141 - Line 142)                      | 32,303,994         |
| 158   | Increased Return and Taxes   | Attachment 4  | 48,073,761         |
| 159   | Net Revenue Requirement per 100 Basis Point increase in ROE                        | (Line 157 + Line 158)                                 | 80,377,755         |
| 160   | Net Transmission Plant   | (Line 13 - Line 22)                                   | 308,390,697        |
| 161   | Net Plant Carrying Charge per 100 Basis Point increase in ROE                      | (Line 159 / Line 160)                                 | 26.0636%           |
| 162   | Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation | (Line 158 - Line 76) / Line 160                       | 22.6320%           |
| 163   | <b>Net Revenue Requirement</b>   | (Line 151)  | <b>71,262,102</b>  |
| 164   | True-up amount   | Attachment 6  | -                  |
| 165   | Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects  | Attachment 7  | 1,148,732          |
| 166   | Facility Credits under Section 30.9 of the PJM OATT                                | Attachment 5  | -                  |
| 167   | <b>Net Zonal Revenue Requirement</b>   | Sum (Lines 163 to 166)                                | <b>72,410,834</b>  |
| <b>Network Zonal Service Rate</b>   |  |   |                    |
| 168   | 1 CP Peak  | (Note L) Attachment 5                                 | 2,822.00           |
| 169   | Rate (\$/MW-Year)  | (Line 167 / Line 168)                                 | 25,659.40          |
| <b>170</b>  | <b>Network Service Rate (\$/MW/Year)</b>   | <b>(Line 169)</b>                                     | <b>25,659.40</b>   |

Notes

- A Electric portion only.
- B Excludes leases that are expensed as O&M (rather than amortized). Includes new Transmission plant that is expected to be placed in service in the current calendar year. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Expansion Plan (RTEP) must be separately detailed on Attachment 6. Lines 14, 23, and 77 refer to Attachment 6, Step 2 in the first year and Step 9 in all subsequent years; line 36 use Step 6 for True Up and Step 9 for Estimate). For the estimate, all rate base items will be calculated based on end of year data, except transmission plant additions, retirements and depreciation will be calculated based on 13 month averages. For the True-up, transmission and distribution plant and the associated depreciation reserve shall be calculated using the average of 13 monthly balances in Attachment 5 and all other rate base items, excluding Cash Working Capital, shall be calculated using beginning and end of year averages in Attachment 5 or Attachment 1. Include on line 36, the 13 monthly average CWIP balance on Attachment 6 for FERC authorized incentive transmission projects shown on Attachment 6.
- C Includes Transmission Portion Only. Only land held for future use that has an estimated in service date within the next ten years may be included.
- D Excludes All EPRI Annual Membership Dues.
- E Includes All Regulatory Commission Expenses.
- F Includes transmission system safety related advertising included in Account 930.1.
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- H Reserved for future use.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T). A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE will be supported in the original filing and no change in ROE will be made absent a Section 205 filing at FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing.
- L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M on line 54. If they are booked to Acct 565, they are included on line 54.
- O The equity component of DLC' capital structure shall not be greater than 59 percent, nor less than 45 percent, regardless of Duquesne's actual capital structure. When DLC's equity component falls within the stated range, DLC shall use its actual capital structure. The input value on line 100 -- Proprietary Capital -- shall be adjusted so that the equity percentage shown on line 115 will be 45% if the actual equity percentage is less than 45% or 59% if the actual equity percentage is above 59%.
- P Include on line 36, the 13 monthly average CWIP balance on Attachment 6 for FERC authorized incentive transmission projects shown on Attachment 6.
- Q DLC will include interest associated with debt that is outstanding using 13 monthly averages at the end of the FERC Form No. 1 year. Therefore only interest included in column I on page 257 of the FERC Form No. 1 that has an outstanding amount included in column H will be included in the interest calculation.

Duquesne Light Company  
Attachment H-17A  
Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet Tax Detail

| Line # | A                 | B                 | C            | D                          | E                         | F               | G               | H | G  |
|--------|-------------------|-------------------|--------------|----------------------------|---------------------------|-----------------|-----------------|---|--|
|        | End of Year Total | Beg of Year Total | Average      | Gas, Prod Or Other Related | Only Transmission Related | Plant Related   | Labor Related   |   |  |
| 1      | (123,735,453)     | (72,038,809)      | (97,887,131) | (31,413,535)               | -                         | (1,891,450)     | (64,582,147)    |   |  |
| 2      | 186,003,127       | 182,299,575       | 184,151,351  | -                          | -                         | 184,151,351     | -               |   |  |
| 3      | 127,783,594       | 73,109,926        | 100,451,760  | 6,386,045                  | -                         | 26,088,580      | 67,977,136      |   |  |
| 4      | 190,081,268       | 183,370,692       | 186,715,980  | (25,027,490)               | -                         | 208,348,481     | 3,394,989       |   |  |
| 5      |                   |                   |              |                            |                           |                 | 10,805,599      |   |  |
| 6      |                   |                   |              |                            |                           |                 | 19,274,959      |   |  |
| 7      |                   |                   |              |                            | 100.00%                   |                 |                 |   |  |
| 8      |                   |                   |              | 0.00%                      |                           |                 |                 |   |  |
| 9      | <b>40,525,834</b> |                   |              |                            |                           |                 |                 |   |  |
|        |                   |                   |              | line 8 * line 4            | line 7 * line 4           | line 6 * line 4 | line 5 * line 4 |   |  |
|        |                   |                   |              |                            |                           |                 | 366,858         |   | Enter Column B as a negative on Appendix A, line 34. (Column B = Sum of Columns F through H) |

17,090,085 <from Acct 283 below

In filing out this attachment, a full and complete description of each item and justification for the allocation to Columns C-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

- Instructions for Account 190, 282 and 283:
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column E.
  - ADIT items related only to Transmission are directly assigned to Column F.
  - ADIT items related to plant and not in Columns A & B are included in Column G.
  - ADIT items related to labor and not in Columns A & B are included in Column H.
  - Deferred income taxes arise when items are included in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
  - All ADIT line items and allocations will be supported by the settlement in Docket No. ER05-1549 and no change in allocation will be allowed absent a filing at FERC.
  - Any new ADIT items will be clearly marked and separated in each account from the settled items for review.

| A                 | B                 | C                            | D                          | E                         | F             | G             | H          | G          | Justification  |
|-------------------|-------------------|------------------------------|----------------------------|---------------------------|---------------|---------------|------------|------------|--|
| End of Year Total | Beg of Year Total | Est. Average for Final Total | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related |            |            |  |
| <b>ADIT-190</b>   |                   |                              |                            |                           |               |               |            |            |  |
| 10                | 141,938           | 145,287                      | 143,613                    | 888,998                   |               |               | 143,613    |            | Vacation pay earned and expensed for books, tax deduction when paid - employees in all functions                                 |
| 11                | 746,883           | 1,031,113                    | 888,998                    | 888,998                   |               |               |            |            | Self insurance reserve expanded for books, tax deduction when paid - employees in all functions                                  |
| 12                | 2,744,841         | 3,041,876                    | 2,863,359                  | 2,863,359                 |               |               |            |            | Vacation pay accrued and expensed for books, tax deduction when paid - employees in all functions                                |
| 13                | 111,214           | 500,593                      | 305,757                    |                           |               |               | 305,757    |            | Book expenses related to 2001 workforce reduction, tax deduction when paid - related to all functions                            |
| 14                | 20,330,662        | 23,219,533                   | 21,775,008                 |                           |               |               | 21,775,008 |            | FAS treatment benefit liability  |
| 15                | 90,500,000        | 24,167,060                   | 57,353,530                 |                           |               |               | 57,353,530 |            | Book accrual for pension contributions   |
| 16                |                   | 9,601,831                    | 4,800,916                  |                           |               |               | 4,800,916  |            | Regulatory liability associated with adoption of FAS-159   |
| 17                |                   |                              |                            |                           |               |               |            |            | Book expenses related to 2000 generation asset sale, tax deduction when paid   |
| 18                | 11,207,001        | 12,902,925                   | 12,054,963                 | 12,054,963                |               |               |            |            | Book expense for bad debts, tax deduction when fully written-off and all collection efforts abandoned - relates to all functions |
| 19                | 9,143,352         | 9,277,972                    | 9,210,662                  | 9,210,662                 |               |               |            |            | Duquesne Light Co. investment in parent Company stock, not taxable within related group  |
| 20                |                   |                              |                            |                           |               |               |            |            | Investment tax credit benefit recognized for tax, deferred and amortized ratably for books                                       |
| 21                | 1,506,968         | 2,110,571                    | 1,808,770                  | 1,808,770                 |               |               | 1,808,770  |            | Book capital stock estimate accrued and expensed, tax deduction when paid - related to all functions                             |
| 22                |                   | 373,857                      | 186,929                    | 186,929                   |               |               |            |            | Book gross receipts tax estimate accrued and expensed, tax deduction when paid - relates to all functions                        |
| 23                | 829,030           | 110,580                      | 469,805                    | 469,805                   |               |               |            |            | Book PURTA tax estimate accrued and expensed, tax deduction when paid - relates to all functions                                 |
| 24                | 55,186            | 394,189                      | 224,687                    | 224,687                   |               |               |            |            | Book sales & use tax estimate accrued and expensed, tax deduction when paid - relates to all functions                           |
| 25                | 577,110           | 699,166                      | 638,138                    | 638,138                   |               |               |            |            | Gain recognized for tax purposes, deferred and recognized ratably for book purposes - relates to all functions                   |
| 26                | 57,954            | 107,506                      | 82,680                     |                           |               |               | 82,680     |            | Book reserve related to environmental remediation for generation assets, tax deductible when paid                                |
| 27                | 1,156,029         | 1,302,467                    | 1,229,248                  | 1,229,248                 |               |               |            |            | Reserve expensed for books, tax deduction when paid - employees in all functions   |
| 28                | 1,447,827         | 2,223,729                    | 1,835,778                  | 1,835,778                 |               |               |            |            | Investment recovery included in taxable income when received, deferred for book purposes - relates to all functions              |
| 29                | 748,101           | 935,582                      | 841,842                    | 841,842                   |               |               |            |            | Accrued bond expense, tax deduction when paid  |
| 30                | 727,826           | 873,511                      | 800,719                    | 800,719                   |               |               |            |            | Legal reserve expensed for books, tax deduction when paid - relates to all functions   |
| 31                | 125,739           | 151,079                      | 138,409                    | 138,409                   |               |               |            |            | Accrued miscellaneous items included in account 190.   |
| 32                | 1,084,519         | 1,253,519                    | 1,188,760                  | 1,188,760                 |               |               | 1,188,760  |            |  |
| 33                | 824,436           | 824,436                      | 829,564                    | 829,564                   |               |               | 829,564    |            |  |
| 34                | 144,066,135       | 95,256,142                   | 119,662,139                | 31,413,535                |               |               | 1,891,450  | 86,357,154 |  |

|  | A                 |                   | B                                      |  | C                          |                           | D             |               | E             |  | F |  | G |  | H |  | G |  |
|--|-------------------|-------------------|--|--|----------------------------|---------------------------|---------------|---------------|---------------|--|---|--|---|--|---|--|---|--|
|  | End of Year Total | Beg of Year Total | End of Year for Est. Average for Final | End of Year for Est. Average for Final | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related | Justification |  |   |  |   |  |   |  |   |  |
| 35 Less FASB 109 Above if not separately removed |                   |                   |  |  |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 36 Less FASB 106 Above if not separately removed | 20,330,682        | 23,219,333        | 21,775,008                             | 21,775,008                             |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 37 Total = Line 34 - (Line 36 + line 35)         | 125,735,453       | 72,038,609        | 97,887,131                             | 97,887,131                             | 31,413,535                 | -                         | 1,891,450     | 64,562,147    |               |  |   |  |   |  |   |  |   |  |
| <b>ADIT-282</b>                                  |                   |                   |  |  |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 38 Accelerated Depreciation                      | 186,003,127       | 182,299,575       | 184,151,351                            | 184,151,351                            |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 39 Subtotal 275                                  | 186,003,127       | 182,299,575       | 184,151,351                            | 184,151,351                            |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 40 Less FASB 109 Above if not separately removed |                   |                   |  |  |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 41 Less FASB 106 Above if not separately removed |                   |                   |  |  |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 42 Total = Line 38 - (Line 41 + line 40)         | 186,003,127       | 182,299,575       | 184,151,351                            | 184,151,351                            |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |

|  | A                 |                   | B                                      |  | C                          |                           | D             |               | E             |  | F |  | G |  | H |  | G |  |
|--|-------------------|-------------------|--|--|----------------------------|---------------------------|---------------|---------------|---------------|--|---|--|---|--|---|--|---|--|
|  | End of Year Total | Beg of Year Total | End of Year for Est. Average for Final | End of Year for Est. Average for Final | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related | Justification |  |   |  |   |  |   |  |   |  |
| <b>ADIT-283</b>  |                   |                   |  |  |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 43 Property Depreciation                               | 124,735,466       | 121,125,454       | 122,929,460                            | 122,929,460                            |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 44 Amort Loss on Reacquisition                         | 16,545,279        | 17,634,890        | 17,090,085                             | 17,090,085                             |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 45 FAS 109 tax gross-up                                | 95,242,676        | 94,250,700        | 94,746,688                             | 94,746,688                             |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 46 Partnership investments                             | 1,447,104         | 1,346,928         | 1,397,016                              | 1,397,016                              | 1,397,016                  |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 47 Regulatory Assets                                   | 2,744,841         | 4,435,126         | 3,589,984                              | 3,589,984                              | 3,589,984                  |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 48 State Income Taxes                                  | 2,686,120         | 2,776,324         | 2,722,222                              | 2,722,222                              |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 49 Pension Regulatory asset                            | 96,400,000        | 23,556,214        | 59,978,107                             | 59,978,107                             |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 50 Prepaid Pension cost                                |                   | 15,998,057        | 7,999,029                              | 7,999,029                              |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 51 FIN 48 Tax Reserves                                 | 6,578,079         | 5,974,467         | 6,276,273                              | 6,276,273                              |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 52 Other   | 1,410,171         | 1,387,920         | 1,399,046                              | 1,399,046                              | 1,399,046                  |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 53 Subtotal - 277 (Form 1-F filler, see note 6, below) | 347,769,736       | 288,486,980       | 318,127,908                            | 318,127,908                            | 6,386,045                  |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 54 Less FASB 109 Above if not separately removed       | 219,976,142       | 215,376,154       | 217,676,148                            | 217,676,148                            |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 55 Less FASB 106 Above if not separately removed       |                   |                   |  |  |                            |                           |               |               |               |  |   |  |   |  |   |  |   |  |
| 56 Total = Line 53 - (Line 55 + line 54)               | 127,793,594       | 73,109,826        | 100,451,760                            | 100,451,760                            | 6,386,045                  |                           |               |               |               |  |   |  |   |  |   |  |   |  |

**ADITC-255**

| Item                                   | Amortization |
|--|--------------|
| Amortization                           |              |
| Amortization to line 129 of Appendix A | 1,454,691    |
| Total                                  | 1,454,691    |
| Total Form No. 1 (p 266 & 267)         | 1,454,691    |
| Difference 1                           |              |

1/1 Difference must be zero or the difference included in Appendix A.

| <b>Other Taxes</b>   | <b>FERC Form No. 1<br/>Page 263<br/>Col (i)</b> | <b>Allocator</b>                    | <b>Allocated<br/>Amount</b> |
|--|---|-------------------------------------|-----------------------------|
|  |   | <b>Gross Plant Allocator</b>        |                             |
| <b>Plant Related</b>   |   |                                     |                             |
| 1 PA Capital Stock Tax                                       | line 15   | 1,327,145                           |                             |
| 2 Real Estate  | line 33   | 564,000                             |                             |
| 3 PA PURTA   | line 13   | <u>(409,252)</u>                    |                             |
| 4 <b>Total Plant Related -- Sum of line 1 through line 3</b> |   | 1,481,893                           | 19.2749% \$ 285,633         |
|  |   | <b>Wages &amp; Salary Allocator</b> |                             |
| 5 Federal Unemployment                                       | line 4  | 35,888                              |                             |
| 6 FICA   | line 5  | 3,701,596                           |                             |
| 7 PA Unemployment  | line 18   | 127,021                             |                             |
| 8 City of Pittsburgh   | line 34   | <u>266,260</u>                      |                             |
| 9 <b>Total Labor Related-- Sum of line 5 through line 8</b>  |   | 4,130,765                           | 10.8059% \$ 446,365         |
|  |   | <b>All other</b>                    |                             |
| <b>Other Excluded</b>  |   |                                     |                             |
| 10 Highway Use   | line 6  | -                                   |                             |
| 11 Excise Tax on Coal  | line 7  | -                                   |                             |
| 12 PA Gross receipts Tax                                     | line 14   | 53,527,296                          |                             |
| 13 PA Corporate Loans  | line 16   | -                                   |                             |
| 14 PA Insurance Premiums                                     | line 17   | -                                   |                             |
| 15 PA Fuel Use   | line 19   | -                                   |                             |
| 16 PA Motor Carriers   | line 20   | -                                   |                             |
| 17 PA Other  | line 21   | (1,128,935)                         |                             |
| 18 WV Franchise  | line 26   | -                                   |                             |
| 19 WV Income   | line 27   | -                                   |                             |
| 20 Gross Receipts  | line 32   | <u>-</u>                            |                             |
| 21 <b>Total Excluded</b>                                     |   | 52,398,361                          | 0.00%                       |
| 22 <b>Total (line 4 + line 9 + line 21)</b>                  |   | 58,011,019                          | \$ 731,999                  |
| 23 Total 'Other' Taxes included on p.114.14c                 |   | <u>58,011,019</u>                   |                             |
| Difference (line 23-line 22) Note E                          |   | -                                   |                             |

Criteria for Allocation:

- A All Taxes Other than Income Tax line items and allocations will be supported by the settlement in Docket No. ER06-1549 and no change in allocation will be allowed absent a filing at FERC.
- B Any new Taxes Other than Income Tax will be clearly marked and separated in each account from the settled items for review.
- C Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they may not be included.
- D Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they may not be included.
- E Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- F Other taxes, except as provided for in C, D and E above, which include amounts related to transmission service, will be allocated based on the Gross Plant Allocator.
- G Excludes prior period adjustments for periods before January 1, 2007.

**Account 454 - Rent from Electric Property**

|    |   |            |
|----|---|------------|
| 1  | Rent from FERC Form No. 1 - Note 8  | 9,485,372  |
| 2  | Rent from Electric Property - Transmission Related (Notes 3 & 8)  | 474,506    |
| 3  |   |            |
| 4  | Customer Choice - EGS Transmission  | 31,280,679 |
| 5  | Other Electric Revenues   | 546,022    |
| 6  | SECA Credits - Other EGS  | -          |
| 7  | Schedule 1A   | 785,039    |
| 8  | Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)                          | 2,418,510  |
| 6  | PTP Serv revs for which the load is not included in the divisor received by TO  | 2,378,643  |
| 7  | PJM Transitional Revenue Neutrality (Note 1)  | -          |
| 8  | PJM Transitional Market Expansion (Note 1)  | -          |
| 9  | Professional Services (Note 3)  | -          |
| 10 | Revenues from Directly Assigned Transmission Facility Charges (Note 2)  | 288,000    |
| 11 | Rent or Attachment Fees associated with Transmission Facilities (Note 3)  | -          |
| 12 | Gross Revenue Credits   | 6,344,698  |
| 13 | Less line 20  | (335,698)  |
| 14 | Total Revenue Credits   | 6,009,000  |
|    |   |            |
| 15 | Revenues associated with lines 15 thru 20 are to be included in lines 1-10 and total of those revenues entered here   | 474,506    |
| 16 | Income Taxes associated with revenues in line 15  | 196,889    |
| 17 | One half margin (line 15 - line 16)/2   | 138,808    |
| 18 | All expenses (other than income taxes) associated with revenues in line 15 that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue. | -          |
| 19 | Line 17 plus line 18  | 138,808    |
| 20 | Line 15 less line 19  | 335,698    |

- Note 1 All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 168 of Appendix A.
- Note 2 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the rates, the associated revenues are included in the rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the rates, the associated revenues are not included in the rates.
- Note 3 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). DLC will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. Note: In order to use lines 15 - 20, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).
- Note 4 If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and explained in the Cost Support. For example, revenues associated with distribution facilities. In addition, revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12.
- Note 5 Customer Choice - EGS Transmission represents revenues received from Electric Generation Suppliers providing energy to retail customers in Duquesne's zone. As a result, the load is in the divisor for the zonal revenue requirement.
- Note 6 Other electric Revenues - includes revenues for various related electricity products/premium services such as surge protectors and appliance guards.
- Note 7 SECA Credits - Other EGS - represents revenues received from Electric Generation Suppliers for transition transmission charges imposed by FERC.

Note 8 All Account 454 and 456 Revenues must be itemized below

|   | Include          | Exclude           |
|---|------------------|-------------------|
| Account 454                                 |                  |                   |
| Joint pole attachments - telephone          | -                | 3,493,502         |
| Joint pole attachments - cable              | -                | 1,942,147         |
| Underground rentals                         | -                | -                 |
| Transmission tower wireless rentals         | 474,506          | -                 |
| Other rentals                               | -                | 3,142,323         |
| Corporate headquarters sublease             | -                | 181,742           |
| Misc non-transmission services              | -                | 76,503            |
| Customer commitment services                | -                | 649,155           |
| <u>Total</u>                                | <u>474,506</u>   | <u>9,485,372</u>  |
| <br>  |                  |                   |
| Account 456                                 | Include          | Exclude           |
| Customer Choice - EGS transmission          |                  | 31,280,679        |
| Other electric revenues                     |                  | 546,022           |
| SECA credits                                |                  | -                 |
| Transmission Revenue - AES/APS              | 2,378,643        |                   |
| Transmission Revenue - Piney Fork           | 288,000          |                   |
| Transmission Revenue - Firm                 | 1,962,703        |                   |
| Transmission Revenue - Non-Firm             | 455,807          |                   |
| Dominion Marketing Revenue (Account 456.12) |                  | 209,400           |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| <u>Total</u>                                | <u>5,085,153</u> | <u>32,036,101</u> |

|  |   |  |             |
|--|---|--|-------------|
| A                                      | 100 Basis Point increase in ROE and Income Taxes                                  | Line 12 + Line 23                      | 48,073,761  |
| B                                      | 100 Basis Point increase in ROE   |  | 1.00%       |
| <hr style="border: 1px solid black;"/> |   |  |             |
| 1                                      | Rate Base   | Appendix A, Line 51                    | 308,066,670 |
| 2                                      | Debt %  | (Line 109 / Line 112)                  | 30.2%       |
| 3                                      | Preferred %   | (Line 110 / Line 112)                  | 10.8%       |
| 4                                      | Common %  | (Line 111 / Line 112)                  | 59.0%       |
| 5                                      | Debt Cost   | (Line 92 / Line 109)                   | 7.59%       |
| 6                                      | Preferred Cost  | (Line 99 / Line 110)                   | 5.76%       |
| 7                                      | Common Cost   | Appendix A % plus 100 Basis Pts        | 12.40%      |
| 8                                      | Weighted Cost of Debt   | (Line 113 * Line 116)                  | 0.0229      |
| 9                                      | Weighted Cost of Preferred  | (Line 114 * Line 117)                  | 0.0062      |
| 10                                     | Weighted Cost of Common   | (Line 115 * Line 118)                  | 0.0732      |
| 11                                     |   | (Sum Lines 119 to 121)                 | 0.1023      |
| 12                                     |   | (Line 51 * Line 122)                   | 31,510,435  |
| <hr style="border: 1px solid black;"/> |   |  |             |
| 13                                     | FIT=Federal Income Tax Rate   | Appendix A, Line 124                   | 35.00%      |
| 14                                     | SIT=State Income Tax Rate or Composite  | Appendix A, Line 125                   | 9.99%       |
| 15                                     | p (percent of federal income tax deductible for state purposes)                   | Appendix A, Line 126                   | 0.00%       |
| 16                                     | $T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$                     | Appendix A, Line 127                   | 41.49%      |
| 17                                     | $T / (1-T)$   | Appendix A, Line 128                   | 70.92%      |
| <b>ITC Adjustment</b>                  |   |  |             |
| 18                                     | Amortized Investment Tax Credit; enter negative                                   | Attachment 1                           |             |
| 19                                     | $1/(1-T)$   | $1 / (1 - \text{Line 127})$            | 170.92%     |
| 20                                     | Net Plant Allocation Factor   | (Line 12)                              | 19.9214%    |
| 21                                     | ITC Adjustment Allocated to Transmission  | (Line 129 * (1 + Line 130) * Line 131) | (785,116)   |
| 22                                     | Income Tax Component = $CIT=(T/1-T) * \text{Investment Return} * (1-(WCLTD/R)) =$ | Line 17*Line 12*(1-(Line 8/Line 11))   | 17,348,442  |
| 23                                     | <b>Total Income Taxes</b>   | (Line 132 + Line 133)                  | 16,563,326  |

| Plant in Service Worksheet |  | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions |          | Balance For True up | Balance for Estimate |
|----------------------------|--|--|----------|---------------------|----------------------|
| 13                         | Calculation of Transmission Plant In Service | Source   |          |                     |                      |
|                            | December                                     | p206.58.b  | For 2007 | 442,348,220         |                      |
|                            | January                                      | Company Records  | For 2008 | 439,110,214         |                      |
|                            | February                                     | Company Records  | For 2008 | 438,961,191         |                      |
|                            | March  | Company Records  | For 2008 | 438,454,555         |                      |
|                            | April  | Company Records  | For 2008 | 443,510,310         |                      |
|                            | May  | Company Records  | For 2008 | 444,543,758         |                      |
|                            | June   | Company Records  | For 2008 | 448,054,538         |                      |
|                            | July   | Company Records  | For 2008 | 448,747,062         |                      |
|                            | August                                       | Company Records  | For 2008 | 448,738,849         |                      |
|                            | September                                    | Company Records  | For 2008 | 444,246,970         |                      |
|                            | October                                      | Company Records  | For 2008 | 444,728,882         |                      |
|                            | November                                     | Company Records  | For 2008 | 444,717,431         |                      |
|                            | December                                     | p207.58.g  | For 2008 | 445,086,821         | 445,086,821          |
|                            | <b>Transmission Plant In Service</b>         |  |          | 443,942,215         |                      |
|                            | Calculation of Distribution Plant In Service | Source   |          |                     |                      |
|                            | December                                     | p206.75.b  | For 2007 | 1,717,039,999       |                      |
|                            | January                                      | Company Records  | For 2008 | 1,718,548,840       |                      |
|                            | February                                     | Company Records  | For 2008 | 1,724,615,893       |                      |
|                            | March  | Company Records  | For 2008 | 1,726,735,258       |                      |
|                            | April  | Company Records  | For 2008 | 1,740,650,448       |                      |
|                            | May  | Company Records  | For 2008 | 1,747,060,135       |                      |
|                            | June   | Company Records  | For 2008 | 1,750,265,948       |                      |
|                            | July   | Company Records  | For 2008 | 1,754,809,247       |                      |
|                            | August                                       | Company Records  | For 2008 | 1,760,687,752       |                      |
|                            | September                                    | Company Records  | For 2008 | 1,763,451,327       |                      |
|                            | October                                      | Company Records  | For 2008 | 1,766,904,372       |                      |
|                            | November                                     | Company Records  | For 2008 | 1,772,352,013       |                      |
|                            | December                                     | p207.75.g  | For 2008 | 1,779,820,298       | 1,779,820,298        |
|                            | <b>Distribution Plant In Service</b>         |  |          | 1,747,918,579       |                      |
| 16                         | Calculation of Intangible Plant In Service   | Source   |          |                     |                      |
|                            | December                                     | p204.5.b   | For 2007 | 21,761,526          |                      |
|                            | December                                     | p205.5.g   | For 2008 | 11,366,431          | 11,366,431           |
|                            | <b>Intangible Plant In Service</b>           |  |          | 16,563,979          |                      |
|                            | Calculation of General Plant In Service      | Source   |          |                     |                      |
|                            | December                                     | p206.99.b  | For 2007 | 237,255,388         |                      |
|                            | December                                     | p207.99.g  | For 2008 | 236,477,190         | 236,477,190          |
|                            | <b>General Plant In Service</b>              |  |          | 236,866,289         |                      |
| 16                         | Calculation of Production Plant In Service   | Source   |          |                     |                      |
|                            | December                                     | p204.46b   | For 2007 | -                   |                      |
|                            | January                                      | Company Records  | For 2008 | -                   |                      |
|                            | February                                     | Company Records  | For 2008 | -                   |                      |
|                            | March  | Company Records  | For 2008 | -                   |                      |
|                            | April  | Company Records  | For 2008 | -                   |                      |
|                            | May  | Company Records  | For 2008 | -                   |                      |
|                            | June   | Company Records  | For 2008 | -                   |                      |
|                            | July   | Company Records  | For 2008 | -                   |                      |
|                            | August                                       | Company Records  | For 2008 | -                   |                      |
|                            | September                                    | Company Records  | For 2008 | -                   |                      |
|                            | October                                      | Company Records  | For 2008 | -                   |                      |
|                            | November                                     | Company Records  | For 2008 | -                   |                      |
|                            | December                                     | p205.46.g  | For 2008 | -                   |                      |
|                            | <b>Production Plant In Service</b>           |  |          | -                   |                      |
| 17                         | Calculation of Common Plant In Service       | Source   |          |                     |                      |
|                            | December (Electric Portion)                  | p356   | For 2007 | -                   |                      |
|                            | December (Electric Portion)                  | p356   | For 2008 | -                   |                      |
|                            | <b>Common Plant In Service</b>               |  |          | -                   |                      |
| 6                          | <b>Total Plant In Service</b>                | Sum of averages above  |          | 2,445,291,062       | 2,472,750,740        |

Details

Accumulated Depreciation Worksheet

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions |  |          |                 | Balance For True up | Balance for Estimate |             |
|--|--|----------|-----------------|---------------------|----------------------|-------------|
| Source   |  |          |                 |                     |                      |             |
| <b>Calculation of Transmission Accumulated Depreciation</b>                |  |          |                 |                     |                      |             |
| December   | Prior year p219  | For 2007 | Company Records | 132,683,752         |                      |             |
| January  | Company Records  | For 2008 | Company Records | 133,622,154         |                      |             |
| February   | Company Records  | For 2008 | Company Records | 134,009,135         |                      |             |
| March  | Company Records  | For 2008 | Company Records | 134,798,008         |                      |             |
| April  | Company Records  | For 2008 | Company Records | 135,447,686         |                      |             |
| May  | Company Records  | For 2008 | Company Records | 135,848,800         |                      |             |
| June   | Company Records  | For 2008 | Company Records | 136,169,124         |                      |             |
| July   | Company Records  | For 2008 | Company Records | 136,926,919         |                      |             |
| August   | Company Records  | For 2008 | Company Records | 137,800,823         |                      |             |
| September  | Company Records  | For 2008 | Company Records | 135,378,950         |                      |             |
| October  | Company Records  | For 2008 | Company Records | 135,778,635         |                      |             |
| November   | Company Records  | For 2008 | Company Records | 136,639,191         |                      |             |
| December   | p219,25  | For 2008 | Company Records | 137,066,562         | 137,066,562          |             |
| 22   | <b>Transmission Accumulated Depreciation</b>                 |          |                 |                     | 135,551,518          | 137,066,562 |
| <b>Calculation of Distribution Accumulated Depreciation</b>                |  |          |                 |                     |                      |             |
| December   | Prior year p219,26   | For 2007 | Company Records | 573,513,292         |                      |             |
| January  | Company Records  | For 2008 | Company Records | 576,072,059         |                      |             |
| February   | Company Records  | For 2008 | Company Records | 578,918,775         |                      |             |
| March  | Company Records  | For 2008 | Company Records | 580,701,692         |                      |             |
| April  | Company Records  | For 2008 | Company Records | 582,602,550         |                      |             |
| May  | Company Records  | For 2008 | Company Records | 585,251,357         |                      |             |
| June   | Company Records  | For 2008 | Company Records | 588,542,539         |                      |             |
| July   | Company Records  | For 2008 | Company Records | 591,381,854         |                      |             |
| August   | Company Records  | For 2008 | Company Records | 594,369,413         |                      |             |
| September  | Company Records  | For 2008 | Company Records | 596,971,755         |                      |             |
| October  | Company Records  | For 2008 | Company Records | 599,357,135         |                      |             |
| November   | Company Records  | For 2008 | Company Records | 601,009,668         |                      |             |
| December   | p219,26  | For 2008 | Company Records | 603,444,523         | 603,444,523          |             |
| 26   | <b>Distribution Accumulated Depreciation</b>                 |          |                 |                     | 588,625,893          | 603,444,523 |
| <b>Calculation of Intangible Accumulated Depreciation</b>                  |  |          |                 |                     |                      |             |
| December   | Prior year p200,21,c   | For 2007 | Source          | 21,824,865          |                      |             |
| December   | p200,21c   | For 2008 | Source          | 12,446,305          | 12,446,305           |             |
| 26   | <b>Accumulated Intangible Depreciation</b>                   |          |                 |                     | 17,135,585           | 12,446,305  |
| <b>Calculation of General Accumulated Depreciation</b>                     |  |          |                 |                     |                      |             |
| December   | Prior year year p219   | For 2007 | Source          | 57,076,867          |                      |             |
| December   | p219,28  | For 2008 | Source          | 64,296,770          | 64,296,770           |             |
| 25   | <b>Accumulated General Depreciation</b>                      |          |                 |                     | 60,686,819           | 64,296,770  |
| <b>Calculation of Production Accumulated Depreciation</b>                  |  |          |                 |                     |                      |             |
| December   | Prior year p219  | For 2007 | Source          | -                   |                      |             |
| January  | Company Records  | For 2008 | Company Records | -                   |                      |             |
| February   | Company Records  | For 2008 | Company Records | -                   |                      |             |
| March  | Company Records  | For 2008 | Company Records | -                   |                      |             |
| April  | Company Records  | For 2008 | Company Records | -                   |                      |             |
| May  | Company Records  | For 2008 | Company Records | -                   |                      |             |
| June   | Company Records  | For 2008 | Company Records | -                   |                      |             |
| July   | Company Records  | For 2008 | Company Records | -                   |                      |             |
| August   | Company Records  | For 2008 | Company Records | -                   |                      |             |
| September  | Company Records  | For 2008 | Company Records | -                   |                      |             |
| October  | Company Records  | For 2008 | Company Records | -                   |                      |             |
| November   | Company Records  | For 2008 | Company Records | -                   |                      |             |
| December   | p219,20 thru 219,24  | For 2008 | Company Records | -                   |                      |             |
| 7  | <b>Production Accumulated Depreciation</b>                   |          |                 |                     | -                    | -           |
| <b>Calculation of Common Accumulated Depreciation</b>                      |  |          |                 |                     |                      |             |
| December (Electric Portion)  | Source   | For 2007 | Source          | -                   |                      |             |
| December (Electric Portion)  | p356   | For 2008 | Source          | -                   |                      |             |
| 28   | <b>Common Plant Accumulated Depreciation (Electric Only)</b> |          |                 |                     | -                    | -           |
| 7  | <b>Total Accumulated Depreciation</b>                        |          |                 |                     | 801,999,815          | 817,254,160 |

Details

| Electric / Non-electric Cost Support |  | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | Form 1 Amount | Electric Portion | Non-electric Portion | Details |
|--------------------------------------|--|--|---------------|------------------|----------------------|---------|
| 26                                   | Plant Allocation Factors                   |  |               |                  |                      |         |
| 27                                   | Accumulated Intangible Depreciation        | p200.21.c  | 12,446,305    | 12,446,305       |                      |         |
| 28                                   | Accumulated Common Amortization - Electric | p356   | -             | -                |                      |         |
| 17                                   | Plant In Service                           |  |               |                  |                      |         |
| 17                                   | Common Plant (Electric Only)               | p356   | -             | -                |                      |         |
| 42                                   | Materials and Supplies                     |  |               |                  |                      |         |
| 42                                   | Undistributed Stores Exp                   | p227.6c & 15.c   | 1,801,836     | 1,801,836        |                      |         |
| 55                                   | Allocated General & Common Expenses        |  |               |                  |                      |         |
| 57                                   | Plus Net Transmission Lease Payments       | p200.4.c   | -             | -                |                      |         |
| 57                                   | Common Plant O&M                           | p356   | -             | -                |                      |         |
| 80                                   | Depreciation Expense                       |  |               |                  |                      |         |
| 80                                   | Intangible Amortization                    | p336.1d&e  | 2,949,639     | 2,949,639        |                      |         |
| 84                                   | Common Depreciation - Electric Only        | p336.11.b  | -             | -                |                      |         |
| 85                                   | Common Amortization - Electric Only        | p356 or p356.11d   | -             | -                |                      |         |

| Transmission / Non-transmission Cost Support |                           | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | Beg of year | End of Year | End of Year for Est. Average for Final | Details |
|--|---------------------------|--|-------------|-------------|--|---------|
| 38   | Plant Held for Future Use | p214   | 109,135     | 109,135     | 109,135                                |         |
|  | Total                     |  | 109,135     | 109,135     | 109,135                                |         |
|  | Non-transmission Related  |  | 109,135     | 109,135     | 109,135                                |         |
|  | Transmission Related      |  | -           | -           | -                                      |         |

| CWIP & Expensed Lease Worksheet |                                       | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | Form 1 Amount | CWIP in Form 1 Amount | Expensed Lease in Form 1 Amount | Details |
|---------------------------------|---------------------------------------|--|---------------|-----------------------|---------------------------------|---------|
| 6                               | Plant Allocation Factors              |  |               |                       |                                 |         |
| 6                               | Total Plant In Service                | p207.104.g   | 2,472,750,740 |                       |                                 |         |
| 13                              | Transmission Plant In Service         |  |               |                       |                                 |         |
| 17                              | Common Plant (Electric Only)          | p207.58.g  | 445,086,821   |                       |                                 |         |
| 22                              | Accumulated Depreciation              |  |               |                       |                                 |         |
| 22                              | Transmission Accumulated Depreciation | p219.25.c  | 137,066,562   |                       |                                 |         |

| PBOPs Cost Support   |  | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | Form 1 Amount | PBOBs     | All other    | Details      |
|--|--|--|---------------|-----------|--------------|--------------|
|  | Allocated General & Common Expenses                        |  |               |           |              |              |
|  | Account 926 (Prior Year)                                   |  | 31,719,047    | 4,035,401 | 27,683,646   | Prior Year   |
|  | Account 926 (Current Year)                                 |  | 16,461,810    | 4,484,684 | 11,977,126   | Current Year |
|  | Change in PBOP Expense                                     |  | (15,257,237)  | 449,283   | (15,706,520) |              |
| 59   | Less PBOP Expense in Acct. 926 in Excess of Allowed Amount |  |               |           |              |              |
| Calculation of allowed increase in PBOP expense recorded in Acct. 926 (increase not to cause more than \$.05/kW/Mo in zonal rate):<br>1 Allowed Change in Rate (\$/kW/mo) 0.05<br>2 Divide zonal rate at Appendix A, line 168 by 1000 and by 12 = 2<br>3 Multiply Transmission Net Revenue Requirement (Appendix A, line 165) by ratio of line 1 over line 2 1,693,200<br>4 Divide line 3 by the wage & salary allocator (Appendix A, line 5) 15,669,252<br>5 Subtract line 4 from the Change in PBOP expense shown above (15,219,969)<br>6 Enter the result at line 5 on Appendix A, line 62 ONLY if it is positive; otherwise enter zero |  |  |               |           |              |              |

| EPRI Dues Cost Support |                                     | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | Form 1 Amount | EPRI Dues | Details |
|------------------------|-------------------------------------|--|---------------|-----------|---------|
| 63                     | Allocated General & Common Expenses |  |               |           |         |
| 63                     | Less EPRI Dues                      | p352-353   |               |           |         |

**Regulatory Expense Related to Transmission Cost Support**

|    |  |  |                            |                      |                          |                                   |
|----|--|--|----------------------------|----------------------|--------------------------|-----------------------------------|
| 67 | Directly Assigned A&G<br>Regulatory Commission Exp Account 928 | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions<br>p323.189.b | Form 1 Amount<br>3,016,839 | Transmission Related | Non-transmission Related | Details<br>FERC Annual Assessment |
|----|--|--|----------------------------|----------------------|--------------------------|-----------------------------------|

**Safety Related Advertising Cost Support**

|    |  |  |                            |                |                    |                 |
|----|--|--|----------------------------|----------------|--------------------|-----------------|
| 68 | Directly Assigned A&G<br>General Advertising Exp Account 930.1 | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions<br>p323.191.b | Form 1 Amount<br>1,057,570 | Safety Related | Non-safety Related | Details<br>None |
|----|--|--|----------------------------|----------------|--------------------|-----------------|

**MultiState Workpaper**

|     |  |  |                        |         |         |         |         |         |
|-----|--|--|------------------------|---------|---------|---------|---------|---------|
| 125 | Income Tax Rates<br>SIT=State Income Tax Rate or Composite | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | State 1<br>PA<br>9.99% | State 2 | State 3 | State 4 | State 5 | Details |
|-----|--|--|------------------------|---------|---------|---------|---------|---------|

**Education and Out Reach Cost Support**

|    |  |  |                            |                      |       |                 |
|----|--|--|----------------------------|----------------------|-------|-----------------|
| 68 | Directly Assigned A&G<br>General Advertising Exp Account 930.1 | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions<br>p323.191.b | Form 1 Amount<br>1,057,570 | Education & Outreach | Other | Details<br>None |
|----|--|--|----------------------------|----------------------|-------|-----------------|

**Excluded Plant Cost Support**

|   |  |  |                                       |  |          |                             |
|---|--|--|---------------------------------------|--|----------|-----------------------------|
| 145   | Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities<br>Excluded Transmission Facilities | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions<br>Excluded Transmission Facilities | Excluded Transmission Facilities<br>0 | Description of the Facilities<br>General Description of the Facilities | None     | Details                     |
| Instructions:<br>1 Remove all investment below 69 kV facilities, including the investment allocated to distribution of a dual function substation, generator, interconnection and local and direct assigned facilities for which separate costs are charged and step-up generation substation included in transmission plant in service.<br>2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:<br>A Total investment in substation 1,000,000<br>B Identifiable investment in Transmission (provide workpapers) 500,000<br>C Identifiable investment in Distribution (provide workpapers) 400,000<br>D Amount to be excluded (A x (C / (B + C))) 444,444<br><b>Example</b> |  |  | Enter \$                              | Or   | Enter \$ | Add more lines if necessary |

Transmission Related Account 242 Reserves

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

39 Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)

Directly Assignable to Transmission

Accrued FERC Assessment

Labor Related, General plant related or Common Plant related

Prior Years Severance Expenses  
Workers's Compensation Liability  
Accrued Payroll  
Accrued Vacations  
Accrued Legal Settlements  
Employee Benefits  
Misc

Other

Incentive Compensation Accrual  
Low Income Smart Comfort Assistance  
Accrued Compensated Absences  
Affordable Housing Recapture  
Pension Gross-up to match 2005 actuary

Total Transmission Related Reserves

Prepayments

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

40 Prepayments

Labor Related

Prepaid Federal Highway Use Tax  
Infrastructure Improvement Program Project Insurance  
Workman's Compensation  
Director's & Officer's Liability  
Excess General Liability  
Misc

Other

PA PUC Assessments  
PA GRT  
Property insurance

Plant Related

| Bag of year | End of Year<br>Enter \$ | End of Year for<br>Est. Average for<br>Final | Allocation | Trans Rtd<br>Amount | Details |
|-------------|-------------------------|--|------------|---------------------|---------|
| -           | -                       | -  | 100%       | -                   | -       |
| 2,008,025   | -                       | 1,004,013                                    |            |                     |         |
| 2,271,215   | 2,598,524               | 2,434,870                                    |            |                     |         |
| 2,217,391   | 2,583,925               | 2,400,658                                    |            |                     |         |
| 350,143     | 342,072                 | 346,108                                      |            |                     |         |
| 3,021,000   | 2,612,500               | 2,816,750                                    |            |                     |         |
| 4,687,965   | 7,188,566               | 5,938,266                                    |            |                     |         |
| 14,555,739  | 15,325,587              | 14,940,663                                   | 10.81%     | 1,614,470           |         |
| 7,937,022   | 8,061,775               | 7,999,399                                    |            |                     |         |
| 7,330,970   | 6,615,111               | 6,973,041                                    |            |                     |         |
| 364,103     | 303,033                 | 333,568                                      |            |                     |         |
| 15,632,095  | 14,979,919              | 15,306,007                                   | 0.00%      | -                   |         |
| 30,187,834  | 30,305,506              | 30,246,670                                   |            | 1,614,470           |         |

| Bag of year | End of Year | End of Year for<br>Est. Average for<br>Final | Allocation | Trans Rtd<br>To Line 45 | Details |
|-------------|-------------|--|------------|-------------------------|---------|
| 212         | 6,230       | 3,221  | 10.806%    | 348                     |         |
| 483,082     | 40,871      | 261,977                                      | 10.806%    | 28,309                  |         |
| -           | 145,166     | 72,583                                       | 10.806%    | 7,843                   |         |
| -           | 166,160     | 83,080                                       | 10.806%    | 8,978                   |         |
| 3,896,744   | 2,121,660   | 3,009,202                                    | 10.806%    | 325,171                 |         |
| 953,314     | 1,173,566   | 1,063,440                                    | 10.806%    | 114,914                 |         |
| 611,430     | 747,164     | 679,297                                      | 0.000%     | -                       |         |
| -           | -           | -  | -          | -                       |         |
| 351,949     | 322,367     | 337,158                                      | 19.921%    | 67,167                  |         |
| 6,296,731   | 4,723,184   | 5,509,958                                    |            | 552,729                 |         |

| Materials & Supplies   |         | Beg of year      | End of Year | End of Year for |
|--|---------|------------------|-------------|-----------------|
| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions |         | Est. Average for | Final       |                 |
| Assigned to O&M  | p227.6  | 1,801,836        | 1,801,836   | 1,956,086       |
| Stores Expense Undistributed   | p227.16 | -                | -           | -               |
| 42 Undistributed Stores Exp  |         | 2,110,336        | 1,801,836   | 1,956,086       |
| 45 Transmission Materials & Supplies                                       | p227.8  | 1,315,989        | 2,104,149   | 1,710,069       |

| Adjustments to Transmission O&M         |  | Total | Allocation | Related |
|---|--|-------|------------|---------|
| 55 Plus Net Transmission Lease Payments |  |       |            |         |

| Facility Credits under Section 30.9 of the PJM OATT |  | Amount | Description & PJM Documentation |
|---|--|--------|---------------------------------|
| 166 Net Revenue Requirement                         | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | -      |                                 |
| Facility Credits under Section 30.9 of the PJM OATT |  |        |                                 |

| PJM Load Cost Support      |              | 1 CP Peak | Description & PJM Documentation |
|----------------------------|--------------|-----------|---------------------------------|
| Network Zonal Service Rate |              |           |                                 |
| 168 1 CP Peak              | Attachment 5 | 2,822.0   |                                 |

| Cost of Long Term Debt                             |                | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions |                    | Amount                        |               |
|--|----------------|--|--------------------|-------------------------------|---------------|
| 92 Long Term Interest                              |                | Total Column F below   | 19,533,026         |                               |               |
| 105 Long Term Debt                                 |                | Total Column E below   | 342,175,000        |                               |               |
|  | A              | B  | C                  | D                             | E             |
|  | Principle      | Outstanding  | Months Outstanding | Weighted Outstanding (C*D/12) | F             |
| Act List all Bonds in Accounts 221 thru 224        |                |  |                    | Interest                      |               |
| 221 6.450% Series due 02/27/08                     | 40,000,000.00  | -  | -                  | -                             | -             |
| 221 6.70% 1st Mort Bond due 4/15/12                | 200,000,000.00 | 200,000,000.00   | 12                 | 200,000,000                   | 13,400,000.00 |
| 221 6.70% 1st Mort Public Notes D due 4/30/32      | 100,000,000.00 | -  | -                  | -                             | -             |
| 221 5.70% 1st Mort Bond due 5/15/14                | 200,000,000.00 | -  | -                  | -                             | -             |
| 224 Allegheny County Industrial Development:       |                |  |                    |                               |               |
| 224 4.35% 1999 Series A due 2013                   | 50,000,000.00  | 50,000,000.00  | 12                 | 50,000,000                    | 2,175,000.00  |
| 224 4.05% 1999 Series B due 2011                   | 47,925,000.00  | 47,925,000.00  | 12                 | 47,925,000                    | 1,940,963.00  |
| 224 Beaver County Industrial Development:          |                |  |                    |                               |               |
| 224 1999 Series B due 2020 Variable Interest Rates | 13,700,000.00  | -  | -                  | -                             | 1,281.00      |
| 224 1999 Series C due 2033 Variable Interest Rates | 18,000,000.00  | -  | -                  | -                             | 1,684.00      |
| 224 1999 Series D due 2029 Variable Interest Rates | 44,250,000.00  | 44,250,000.00  | 12                 | 44,250,000                    | 1,991,250.00  |
| 224 1999 Series E due 2031 Variable Interest Rates | 25,000,000.00  | -  | -                  | -                             | 2,338.00      |
| 224 1999 Series E due 2031 Variable Interest Rates | 75,500,000.00  | -  | -                  | -                             | 7,062.00      |
| 224 Authorities Pollution Control Revenue Bonds:   |                |  |                    |                               |               |
| 224 1999 Series A due 2031 Variable Interest Rates | 71,000,000.00  | -  | -                  | -                             | 6,641.00      |
| 224 1999 Series B due 2031 Variable Interest Rates | 13,500,000.00  | -  | -                  | -                             | 1,263.00      |
| 224 1999 Series B due 2027 Variable Interest Rates | 20,500,000.00  | -  | -                  | -                             | 1,917.00      |
| 224 1999 Series C due 2031 Variable Interest Rates | 33,955,000.00  | -  | -                  | -                             | 3,176.00      |
| 224 1999 Series C due 2031 Variable Interest Rates | 4,655,000.00   | -  | -                  | -                             | 451.00        |
| xx Total   |                |  |                    | 342,175,000                   | 19,533,026    |

Note: the amount outstanding for debt retired during the year is the outstanding amount as of the last month it was outstanding

Attachment 6 - Estimate and Reconciliation Worksheet

**Exec Summary**

| Step | Month | Year   | Action   |
|------|-------|--------|--|
| 1    | April | Year 2 | TO populates the formula with Year 1 data from FERC Form 1.  |
| 2    | April | Year 2 | TO estimates all transmission Cap Adds, Retirements, CWIP, and associated depreciation for Year 2 based on Months expected to be in service and monthly CWIP balances in Year 2.   |
| 3    | April | Year 2 | TO adds 13 month average Cap Adds and retirements (line 14), CWIP (line 36) and associated depreciation (lines 23 and 77) to the Formula.  |
| 4    | May   | Year 2 | Post results of Step 3 on PJM web site.  |
| 5    | June  | Year 2 | Results of Step 3 go into effect.  |
| 6    | April | Year 3 | TO populates the formula with Year 2 data from FERC Form 1.  |
| 7    | April | Year 3 | Reconciliation - TO calculates the true up amount by subtracting the results of Step 6 by Step 3.  |
| 8    | April | Year 3 | Reconciliation - TO calculates interest and amortization associated with the true up calculated in Step 7 and applies that amount to line 164 of the formula (if the difference results in refund and a cash refund is made, then this step is not implemented). |
| 9    | April | Year 3 | TO estimates all transmission Cap Adds, Retirements, CWIP and associated depreciation for Year 3 based on Months expected to be in service and monthly CWIP balances in Year 3.  |
| 10   | April | Year 3 | TO adds 13 month average Cap Adds and retirements (line 14), CWIP (line 36) and associated depreciation (lines 23 and 77) to the Formula.  |
| 11   | May   | Year 3 | Post results of Step 10 on PJM web site.   |
| 12   | June  | Year 3 | Results of Step 9 go into effect for the Rate Year 2.  |

**Reconciliation details**

|   |       |        |   |  |                |               |                           |                     |                |               |               |       |  |
|---|-------|--------|---|--|----------------|---------------|---------------------------|---------------------|----------------|---------------|---------------|-------|--|
| 1 | April | Year 2 | TO populates the formula with Year 1 data from FERC Form 1.<br>\$ - Rev Req based on Year 1 data  | Must run Appendix A to get this number (without any cap adds in line 21) of Appendix A |                |               |                           |                     |                |               |               |       |  |
| 2 | April | Year 2 | TO estimates all transmission Cap Adds, Retirements, CWIP and associated depreciation for Year 2 based on Months expected to be in service and monthly CWIP balances in Year 2. |  |                |               |                           |                     |                |               |               |       |  |
|   |       |        | (A)   | (B)  | (C)            | (D)           | (E)                       | (F)                 | (G)            | (H)           |               |       |  |
|   |       |        | Other Project PIS   | other retirements  | Project X CWIP | Project X PIS | Project X PIS retirements | Accumulated Balance | Project X CWIP | Project X PIS | Project X PIS | Total |  |
|   |       |        | Dec   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Jan   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Feb   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Mar   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Apr   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | May   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Jun   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Jul   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Aug   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Sep   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Oct   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Nov   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Dec   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |
|   |       |        | Total   | -  | -              | -             | -                         | 0                   | -              | -             | -             | -     |  |

13 month avg of new plant additions = Col F + Col H  
13 month avg of current year changes to CWIP = Col G

goes to line 14 of the formula  
goes to line 36 of the formula

Duquesne Light Company  
Attachment H - 17A  
Attachment 6 - Estimate and Reconciliation Worksheet

|       | (I) = F<br>Total Other<br>Project PIS | (J)<br>Composite Trans<br>Deprec Rate | (K) = I * J<br>Depreciation<br>Expense | (L)<br>Accum Deprec | (M) = H<br>Total Project X<br>PIS | (N)<br>Composite Trans<br>Deprec Rate | (O) = L * M<br>Depreciation<br>Expense | (P)<br>Accum<br>Deprec |
|-------|---------------------------------------|---------------------------------------|--|---------------------|-----------------------------------|---------------------------------------|--|------------------------|
| DEC   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Jan   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Feb   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Mar   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Apr   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| May   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Jun   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Jul   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Aug   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Sep   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Oct   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Nov   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Dec   | 0                                     | 0.19%                                 | -                                      | -                   | -                                 | -                                     | 0.19%                                  | -                      |
| Total |                                       |                                       |  |                     |                                   |                                       |  |                        |

13 mo. Avg accumulated depreciation = Col L + Col P;  
Depreciation Expense = Col K + Col O

3 April Year 2 TO adds 13 month average Cap Adds and retirements (line 14), CWIP (line 36) and associated depreciation (lines 23 and 77) to the Formula.  
Input to Formula Line 21

4 May Year 2 Post results of Step 3 on PJM web site. Must run Appendix A to get this number (with results of step 2)

5 June Year 2 Results of Step 3 go into effect.

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1.

\$ 71,262,102 Rev Req based on Prior Year data Must run Appendix A to get this number (without any adjustments for cap adds) of Appendix A  
Detail of actual Cap Adds, Retirements, CWIP and associated depreciation for Year 2 based on Months expected to be in service and monthly CWIP balances in Year 2.

|       | (A)<br>Other Project PIS | (B)<br>other retirements | (C)<br>Project X CWIP | (D)<br>Project X PIS | (E)<br>Project X PIS retirements | (F)<br>Accumulated Balance |                | Total       |
|-------|--------------------------|--------------------------|-----------------------|----------------------|----------------------------------|----------------------------|----------------|-------------|
|       |                          |                          |                       |                      |                                  | Other Project PIS          | Project X CWIP |             |
| Dec   | (1,762,626)              | -                        | 744,720               | (1,475,360)          | -                                | (1,762,626)                | 8,266,708      | 94,738,524  |
| Jan   | (1,691,449)              | (503,056)                | (1,579,502)           | 2,045,482            | -                                | (3,957,131)                | 9,011,428      | 93,263,144  |
| Feb   | (1,664,047)              | (343,537)                | (852,255)             | 1,500,948            | -                                | (5,964,715)                | 7,431,926      | 95,308,625  |
| Mar   | 4,642,765                | (25,309)                 | 2,372,064             | 438,299              | -                                | (1,347,259)                | 6,579,671      | 96,809,573  |
| Apr   | 962,731                  | (11,098)                 | 2,765,319             | 61,815               | -                                | (375,626)                  | 8,951,735      | 97,247,872  |
| May   | 3,552,686                | (100,933)                | 2,612,184             | 59,027               | -                                | 3,076,127                  | 11,717,054     | 97,309,687  |
| Jun   | 511,470                  | (143,643)                | 3,450,616             | 324,697              | -                                | 3,443,954                  | 14,329,238     | 97,368,714  |
| Jul   | 139,339                  | -                        | 4,402,570             | (147,553)            | -                                | 3,563,293                  | 17,779,855     | 97,693,412  |
| Aug   | (674,686)                | (3,515,950)              | 2,896,808             | (301,243)            | -                                | (607,343)                  | 22,182,424     | 97,545,859  |
| Sep   | 19,842                   | (444,603)                | 3,098,906             | 906,673              | -                                | (1,032,104)                | 25,079,232     | 97,244,616  |
| Oct   | (11,451)                 | -                        | 5,279,521             | -                    | -                                | (1,043,555)                | 28,178,138     | 98,151,289  |
| Nov   | 144,505                  | (78,206)                 | 5,783,322             | 303,092              | -                                | (977,257)                  | 33,457,659     | 96,151,289  |
| Dec   | 4,189,079                | 30,974,273               | 3,715,857             | (580,354)            | -                                | 17,862,004                 | 39,240,981     | 98,454,381  |
| Total |                          |                          |                       |                      |                                  |                            | 17,862,004     | 114,149,880 |

13 month avg of new plant additions = Col F + Col H  
End of Year balance new plant additions Col A + Col C  
13 month avg of current year changes to CWIP = Col G

Duquesne Light Company  
Attachment H - 17A  
Attachment 6 - Estimate and Reconciliation Worksheet

|       | (I) = F<br>Total Other<br>Project PIS | (J)<br>Composite Trans<br>Deprec Rate | (K) = J * J<br>Depreciation<br>Expense | (L)<br>Accum Deprec | (M) = H<br>Total Project X | (N)<br>Composite Trans<br>Deprec Rate | (O) = L * M<br>Depreciation<br>Expense | (P)<br>Total |
|-------|---------------------------------------|---------------------------------------|--|---------------------|----------------------------|---------------------------------------|--|--------------|
| DEC   | 0                                     | 0.19%                                 | -                                      | -                   | 94,738,524                 | 0.19%                                 | 180,003                                | 296,633      |
| Jan   | -1,762,626                            | 0.19%                                 | (3,349)                                | (3,349)             | 93,263,144                 | 0.19%                                 | 177,200                                | 473,833      |
| Feb   | -3,957,131                            | 0.19%                                 | (7,519)                                | (10,868)            | 95,308,625                 | 0.19%                                 | 181,086                                | 654,919      |
| Mar   | -5,964,715                            | 0.19%                                 | (11,333)                               | (22,200)            | 96,809,573                 | 0.19%                                 | 183,938                                | 838,856      |
| Apr   | -1,347,259                            | 0.19%                                 | (2,560)                                | (24,760)            | 97,247,872                 | 0.19%                                 | 184,771                                | 1,023,629    |
| May   | -375,626                              | 0.19%                                 | (714)                                  | (25,474)            | 97,309,687                 | 0.19%                                 | 184,888                                | 1,208,517    |
| Jun   | 3,076,127                             | 0.19%                                 | 5,845                                  | (19,629)            | 97,368,714                 | 0.19%                                 | 185,001                                | 1,393,517    |
| Jul   | 3,443,954                             | 0.19%                                 | 6,544                                  | (13,086)            | 97,693,412                 | 0.19%                                 | 185,617                                | 1,579,135    |
| Aug   | 3,583,293                             | 0.19%                                 | 6,808                                  | (6,278)             | 97,545,859                 | 0.19%                                 | 185,337                                | 1,764,472    |
| Sep   | -607,343                              | 0.19%                                 | (1,154)                                | (7,432)             | 97,244,616                 | 0.19%                                 | 184,765                                | 1,949,237    |
| Oct   | -1,032,104                            | 0.19%                                 | (1,961)                                | (9,393)             | 98,151,289                 | 0.19%                                 | 186,487                                | 2,135,724    |
| Nov   | -1,043,555                            | 0.19%                                 | (1,983)                                | (11,375)            | 98,151,289                 | 0.19%                                 | 186,487                                | 2,322,212    |
| Dec   | -977,257                              | 0.19%                                 | (1,857)                                | (13,232)            | 98,454,381                 | 0.19%                                 | 187,063                                | 2,509,275    |
| Total |                                       |                                       | (13,232)                               | (12,852)            | 96,866,230                 |                                       | 2,212,642                              | 1,396,151    |

7

April Year 3

Reconciliation - TO calculates the true up amount by subtracting the results of Step 6 by Step 3.

|                      |               |
|----------------------|---------------|
| Results of Step 6    | \$ 72,410,834 |
| Results of Step 3    | \$ 72,240,085 |
| True up w/o interest | \$ 170,749    |
| 1st year             | \$ 14,229     |

Note: for 1st year, divide this amt by 12 and multiply by the number of months the rate was in effect and place that number in the month that the rate went in effect in the interest calculation below

Duquesne Light Company  
Attachment H - 17A  
Attachment 6 - Estimate and Reconciliation Worksheet

8 April Year 3 Reconciliation - TO calculates interest and amortization associated with the true up calculated in Step 7 and applies that amount to line 164 of the formula (if the difference results in refund and a cash refund is made, then this step is not implemented).

| Month  | Yr     | 1/12 of Step 7 | Interest 35.19a for and 35.19 b March Current Yr | Months | Interest | Refunds Owed |
|--------|--------|----------------|--|--------|----------|--------------|
| Year 1 |        | 14,229         | 0.2800%  | 11.5   | 458      | 14,687       |
| Jun    | Year 1 | 14,229         | 0.2800%  | 10.5   | 418      | 14,647       |
| Jul    | Year 1 | 14,229         | 0.2800%  | 9.5    | 378      | 14,608       |
| Aug    | Year 1 | 14,229         | 0.2800%  | 8.5    | 339      | 14,568       |
| Sep    | Year 1 | 14,229         | 0.2800%  | 7.5    | 299      | 14,528       |
| Oct    | Year 1 | 14,229         | 0.2800%  | 6.5    | 259      | 14,488       |
| Nov    | Year 1 | 14,229         | 0.2800%  | 5.5    | 219      | 14,448       |
| Dec    | Year 1 | 14,229         | 0.2800%  | 4.5    | 179      | 14,408       |
| Jan    | Year 2 | 14,229         | 0.2800%  | 3.5    | 139      | 14,369       |
| Feb    | Year 2 | 14,229         | 0.2800%  | 2.5    | 100      | 14,329       |
| Mar    | Year 2 | 14,229         | 0.2800%  | 1.5    | 60       | 14,289       |
| Apr    | Year 2 | 14,229         | 0.2800%  | 0.5    | 20       | 14,249       |
| May    | Year 2 | 14,229         | 0.2800%  |        |          |              |
| Total  |        | 170,749        |  |        |          | 173,618      |

|                     | Balance | Amort   | Interest | Balance |
|---------------------|---------|---------|----------|---------|
| Year 2              | 173,618 | 14,733  | 0.2800%  | 159,371 |
| Jun                 | 159,371 | 14,733  | 0.2800%  | 145,084 |
| Jul                 | 145,084 | 14,733  | 0.2800%  | 130,758 |
| Aug                 | 130,758 | 14,733  | 0.2800%  | 116,391 |
| Sep                 | 116,391 | 14,733  | 0.2800%  | 101,984 |
| Oct                 | 101,984 | 14,733  | 0.2800%  | 87,537  |
| Nov                 | 87,537  | 14,733  | 0.2800%  | 73,049  |
| Dec                 | 73,049  | 14,733  | 0.2800%  | 58,521  |
| Jan                 | 58,521  | 14,733  | 0.2800%  | 43,952  |
| Feb                 | 43,952  | 14,733  | 0.2800%  | 29,342  |
| Mar                 | 29,342  | 14,733  | 0.2800%  | 14,692  |
| Apr                 | 14,692  | 14,733  | 0.2800%  | (0)     |
| May                 |         |         |          |         |
| Total with interest |         | 176,794 |          | 176,794 |

The difference between the Reconciliation in Step 6 and the forecast in Prior Year with interest  
Place result in line 164 of the formula for Year 2 rate

Duquesne Light Company  
Attachment H - T7A  
Attachment 6 - Estimate and Reconciliation Worksheet

9 April Year 3 TO estimates all transmission Cap Adds, Retirements, CWIP and associated depreciation for Year 3 based on Months expected to be in service and monthly CWIP balances in Year 3.

|       | (A)<br>Other Project PIS | (B)<br>other retirements | ©<br>Project X CWIP | (D)<br>Project X PIS | (E)<br>Project X PIS retirements | (F)<br>Accumulated Balance |                | (H)<br>Project X PIS | Total |
|-------|--------------------------|--------------------------|---------------------|----------------------|----------------------------------|----------------------------|----------------|----------------------|-------|
|       |                          |                          |                     |                      |                                  | Other Project PIS          | Project X CWIP |                      |       |
| Dec   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Jan   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Feb   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Mar   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Apr   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| May   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Jun   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Jul   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Aug   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Sep   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Oct   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Nov   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Dec   | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |
| Total | -                        | -                        | -                   | -                    | -                                | -                          | -              | -                    | -     |

13 month avg of new plant additions = Col F + Col H  
13 month avg of current year changes to CWIP = Col G

| (I)=F<br>Total Other<br>Project PIS | (J)<br>Composite Trans<br>Deprec Rate | K = I * J<br>Depreciation<br>Expense | (L)<br>Accum Deprec | (M) = H<br>Total Project X<br>PIS | (N)<br>Composite Trans<br>Deprec Rate | (O) = L * M<br>Depreciation<br>Expense | (P) |
|-------------------------------------|---------------------------------------|--------------------------------------|---------------------|-----------------------------------|---------------------------------------|--|-----|
|                                     |                                       |                                      |                     |                                   |                                       |  |     |
| DEC                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Jan                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Feb                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Mar                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Apr                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| May                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Jun                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Jul                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Aug                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Sep                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Oct                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Nov                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Dec                                 | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |
| Total                               | 0.19%                                 | -                                    | -                   | -                                 | -                                     | 0.19%                                  | -   |

13 mo. Avg accumulated depreciation = Col L + Col P;  
Depreciation Expense = Col K + Col O

11 Rev Req based on Year 2 data with estimated Cap Adds, Rets, CWIP and Deprec for Year 3. Cap Adds (Step 9) and True up of Year 1 data (Step 8)

Must run App A to get this # (with 13 mo. avg cap adds, CWIP, depreciation for Year 3 cap adds)  
Post results of Step 10 on PJM web site.

Post results of Step 3 on PJM web site.

12 Results of Step 9 go into effect for the Rate Year 2.

\$ -  
\$ -

Duquesne Light Company  
Attachment H -17A  
Attachment 7 - Transmission Enhancement Charge Worksheet

|        |              |  |              |
|--------|--------------|--|--------------|
| line # | Formula Line |  |              |
| 1      | 165          | Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects<br>=Incentive - Revenue Credit for the corresponding rate year | \$ 1,148,732 |
| 2      | 155          | Net Plant Carrying Charge without Depreciation   | 21.6246%     |
| 3      | 162          | Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation   | 22.6320%     |
| 4      |              | Line B less Line A   | 1.0074%      |
| 5      | 156          | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes   | 7.0434%      |

**Fixed Charge Rate (FCR) if not a CIAC**

Beginning = 13 month Plant CWIP or Incentive Plant balance  
 Deprec = 13 month avg Accumulated Depreciation  
 Ending = Beginning - Deprec  
 Revenue= FCR\* Ending + Ending

| Details                        | Project CWIP |           |              |        | Duquesne Trans Enhancement Project PIS |              |        |   | Total | Incentive | Rev Credit |
|--------------------------------|--------------|-----------|--------------|--------|--|--------------|--------|---|-------|-----------|------------|
|                                | Invest Yr    | Beginning | Depreciation | Ending | Beginning                              | Depreciation | Ending | Revenue [(Beginning + Ending)/2* Line 11] |       |           |            |
| 6 Schedule 12                  |              | No        |              |        | No                                     |              |        |   |       |           |            |
| 7 Life                         |              | No        |              |        | 43                                     |              |        |   |       |           |            |
| 8 CIAC                         |              | No        |              |        | No                                     |              |        |   |       |           |            |
| 9 Increased ROE (Basis Points) |              | 100       |              |        | 100                                    |              |        |   |       |           |            |
| 10 FCR W base ROE              |              | 21.625%   |              |        | 21.625%                                |              |        |   |       |           |            |
| 11 FCR W increased ROE         |              | 22.632%   |              |        | 22.632%                                |              |        |   |       |           |            |
| 12 Investment                  |              |           |              |        | 3,715,957                              |              |        |   |       |           |            |
| 13 Annual Depreciation Exp     |              |           |              |        | 1,396,151                              |              |        |   |       |           |            |
| 14 13 monthly Avg              |              |           |              |        | 17,862,004                             |              |        |   |       |           |            |
|                                |              |           |              |        | 17,862,004                             |              |        |   |       |           |            |
| 15                             |              |           |              |        | 12,009,449                             |              |        |   |       |           |            |
| 16 FCR W base ROE              | 2006         |           |              |        | 131,821                                |              |        |   |       |           |            |
| 17 W increased ROE             | 2006         |           |              |        | 131,821                                |              |        |   |       |           |            |
| 18 FCR W base ROE              | 2007         |           |              |        | 50,485,747                             |              |        |   |       |           |            |
| 19 W increased ROE             | 2007         |           |              |        | 50,485,747                             |              |        |   |       |           |            |
| 20 FCR W base ROE              | 2008         |           |              |        | 96,868,230                             |              |        |   |       |           |            |
| 21 W increased ROE             | 2008         |           |              |        | 96,868,230                             |              |        |   |       |           |            |
| 22 FCR W base ROE              | 2009         |           |              |        | 1,396,151                              |              |        |   |       |           |            |
| 23 W increased ROE             | 2009         |           |              |        | 1,396,151                              |              |        |   |       |           |            |
| 24 FCR W base ROE              | 2010         |           |              |        | 11,877,628                             |              |        |   |       |           |            |
| 25 W increased ROE             | 2010         |           |              |        | 11,877,628                             |              |        |   |       |           |            |
| 26 FCR W base ROE              | 2011         |           |              |        | 49,709,030                             |              |        |   |       |           |            |
| 27 W increased ROE             | 2011         |           |              |        | 49,709,030                             |              |        |   |       |           |            |
| 28 FCR W base ROE              | 2012         |           |              |        | 95,472,079                             |              |        |   |       |           |            |
| 29 W increased ROE             | 2012         |           |              |        | 95,472,079                             |              |        |   |       |           |            |
| 30 FCR W base ROE              | 2013         |           |              |        | 3,862,593                              |              |        |   |       |           |            |
| 31 W increased ROE             | 2013         |           |              |        | 3,862,593                              |              |        |   |       |           |            |
| 32 FCR W base ROE              | 2014         |           |              |        |  |              |        |   |       |           |            |
| 33 W increased ROE             | 2014         |           |              |        |  |              |        |   |       |           |            |
| 34 FCR W base ROE              | 2015         |           |              |        |  |              |        |   |       |           |            |
| 35 W increased ROE             | 2015         |           |              |        |  |              |        |   |       |           |            |
| 36 FCR W base ROE              | 2016         |           |              |        |  |              |        |   |       |           |            |
| 37 W increased ROE             | 2016         |           |              |        |  |              |        |   |       |           |            |
| 38 FCR W base ROE              | 2017         |           |              |        |  |              |        |   |       |           |            |
| 39 W increased ROE             | 2017         |           |              |        |  |              |        |   |       |           |            |
| 40 FCR W base ROE              | 2018         |           |              |        |  |              |        |   |       |           |            |
| 41 W increased ROE             | 2018         |           |              |        |  |              |        |   |       |           |            |
| 42 FCR W base ROE              | 2019         |           |              |        |  |              |        |   |       |           |            |
| 43 W increased ROE             | 2019         |           |              |        |  |              |        |   |       |           |            |

Total = Sum of Revenue for Project CWIP and DTEP  
 Incentive = Total for "W Increased ROE" row  
 Revenue Credit = Total for "FCR W base ROE" row



Duquesne Light Company  
Attachment H 17A  
Attachment 8 - Depreciation Rates

| (A)                       | (B)                        | (C)                  | (D)                     |
|---------------------------|----------------------------|----------------------|-------------------------|
| Account Number            | Depreciation<br>Plant Base | Depreciation<br>Rate | Depreciation<br>Expense |
| <b>Transmission Plant</b> |                            |                      |                         |
| 352-Major Structures      | 4,072,352                  | 3.66                 | 149,048                 |
| 352-Minor Structures      | 3,570,948                  | 2.63                 | 93,916                  |
| 353                       | 197,785,331                | 3.02                 | 5,973,117               |
| 354                       | 66,964,279                 | 2.23                 | 1,493,303               |
| 355                       | 10,945,270                 | 2.15                 | 235,323                 |
| 356                       | 45,659,859                 | 1.84                 | 840,141                 |
| 357                       | 62,213,613                 | 1.95                 | 1,213,165               |
| 358                       | 42,056,863                 | 1.39                 | 584,590                 |
| 359                       | 4,354                      | 3.19                 | 139                     |
| Subtotal                  | 433,272,868                |                      | 10,582,744              |
| <b>General Plant</b>      |                            |                      |                         |
| 390                       | 97,026,438                 | 3.67                 | 3,560,870               |
| 391                       | 7,518,782                  | 20                   | 1,503,756               |
| 391.1                     | 5,149,875                  | 5                    | 257,494                 |
| 392                       | 45,515,161                 | 9.1                  | 4,141,880               |
| 393                       | 2,763,065                  | 3.33                 | 92,010                  |
| 394                       | 12,300,091                 | 4                    | 492,004                 |
| 395                       | 4,526,540                  | 5                    | 226,327                 |
| 396                       | 1,083,230                  | 6.1                  | 66,077                  |
| 397                       | 54,173,322                 | 6.67                 | 3,613,361               |
| 398                       | 499,084                    | 5                    | 24,954                  |
| Subtotal                  | 230,555,589                |                      | 13,978,733              |

# **Appendix 2**

**Formula Rate - Appendix A Estimate**

Notes

FERC Form 1 Page # or Instruction

2008

Shaded cells are input cells

|                                 |                                |          |                    |                 |
|---------------------------------|--------------------------------|----------|--------------------|-----------------|
| 1                               | Transmission Wages Expense     |          | p354.21.b          | 3,169,673       |
| 2                               | Total Wages Expense            |          | p354.28.b          | 53,073,862      |
| 3                               | Less A&G Wages Expense         |          | p354.27.b          | 23,740,998      |
| 4                               | Total                          |          | (Line 2 - 3)       | 29,332,864      |
| 5                               |                                |          | (Line 1 / Line 4)  | <b>10.8059%</b> |
| <b>Plant Allocation Factors</b> |                                |          |                    |                 |
| 6                               | Total Plant In Service         | (Note B) | Attachment 5       | 2,472,750,740   |
| 7                               | Total Accumulated Depreciation | (Note A) | Attachment 5       | 817,254,160     |
| 8                               | Net Plant                      |          | (Line 6 - Line 7)  | 1,655,496,580   |
| 9                               | Transmission Gross Plant       |          | (Line 21)          | 490,386,483     |
| 10                              | <b>Gross Plant Allocator</b>   |          | (Line 9 / Line 6)  | <b>19.8316%</b> |
| 11                              | Transmission Net Plant         |          | (Line 33)          | 344,895,732     |
| 12                              | <b>Net Plant Allocator</b>     |          | (Line 11 / Line 8) | <b>20.8334%</b> |

0

**Plant In Service**

|                                 |   |          |                               |                    |
|---------------------------------|---|----------|-------------------------------|--------------------|
| 13                              | Transmission Plant In Service   | (Note B) | Attachment 5                  | 445,086,821        |
| 14                              | New Transmission Plant Additions and Retirements only for Annual Estimate   | (Note B) | Attachment 6, Cols F + H      | 18,517,987         |
| 15                              | <b>Total Transmission Plant In Service</b>                                  |          | (Line 13 + Line 14)           | <b>463,604,808</b> |
| 16                              | General & Intangible  |          | Attachment 5                  | 247,843,621        |
| 17                              | Common Plant (Electric Only)  | (Note A) | Attachment 5                  | -                  |
| 18                              | Total General & Common  |          | (Line 16 + Line 17)           | 247,843,621        |
| 19                              | Wage & Salary Allocation Factor   |          | (Line 5)                      | 10.8059%           |
| 20                              | <b>General &amp; Common Plant Allocated to Transmission</b>                 |          | (Line 18 * Line 19)           | <b>26,781,675</b>  |
| 21                              | <b>TOTAL Transmission-Related Plant In Service</b>                          |          | (Line 15 + Line 20)           | <b>490,386,483</b> |
| <b>Accumulated Depreciation</b> |   |          |                               |                    |
| 22                              | Transmission Accumulated Depreciation                                       | (Note B) | Attachment 5                  | 137,066,562        |
| 23                              | Accumulated Depreciation for Transmission Plant Additions Only for Estimate | (Note B) | Attachment 6, Col. L + Col. P | 131,427            |
| 24                              | <b>Total Transmission Accumulated Depreciation</b>                          |          | (Line 22 + Line 23)           | <b>137,197,989</b> |
| 25                              | Accumulated General Depreciation  |          | Attachment 5                  | 64,296,770         |
| 26                              | Accumulated Intangible Depreciation   |          | Attachment 5                  | 12,446,305         |
| 27                              | Accumulated Common Amortization - Electric                                  |          | Attachment 5                  | -                  |
| 28                              | Common Plant Accumulated Depreciation (Electric Only)                       |          | Attachment 5                  | -                  |
| 29                              | Total Accumulated General, Intangible and Common Depreciation               |          | (Sum Lines 25 to 28)          | 76,743,075         |
| 30                              | Wage & Salary Allocation Factor   |          | (Line 5)                      | 10.8059%           |
| 31                              | <b>General &amp; Common Allocated to Transmission</b>                       |          | (Line 29 * Line 30)           | <b>8,292,762</b>   |
| 32                              | <b>TOTAL Transmission-Related Accumulated Depreciation</b>                  |          | (Line 24 + Line 31)           | <b>145,490,751</b> |
| 33                              | <b>TOTAL Transmission-Related Net Property, Plant &amp; Equipment</b>       |          | (Line 21 - Line 32)           | <b>344,895,732</b> |

|   |  |  |                     |
|---|--|--|---------------------|
| <b>Accumulated Deferred Income Taxes</b>        |  |  |                     |
| 34  | ADIT net of FASB 106 and 109                                       | Enter Negative Attachment 1, Col B, Line 9 | (42,095,934)        |
| 35  | <b>Accumulated Deferred Income Taxes Allocated To Transmission</b> | Line 34                                    | <b>(42,095,934)</b> |
| <b>CWIP for Incentive Transmission Projects</b> |  |  |                     |
| 36  | CWIP Balance for Current Rate Year                                 | (Note P) Attachment 6, Col G               | 56,816,828          |
| 37  | <b>Total CWIP for Incentive Transmission Projects</b>              |  | <b>56,816,828</b>   |
| 38  | <b>Plant Held for Future Use</b>                                   | (Note C) Attachment 5                      | 109,135             |
| <b>Transmission O&amp;M Reserves</b>            |  |  |                     |
| 39  | <b>Total Balance Transmission Related Account 242 Reserves</b>     | Enter Negative Attachment 5                | (1,656,064)         |
| <b>Prepayments</b>                              |  |  |                     |
| 40  | Prepayments  | (Note A) Attachment 5                      | 461,969             |
| 41  | <b>Total Prepayments Allocated to Transmission</b>                 | (Line 40)                                  | <b>461,969</b>      |
| <b>Materials and Supplies</b>                   |  |  |                     |
| 42  | Undistributed Stores Exp   | (Note A) Attachment 5                      | 1,801,836           |
| 43  | Wage & Salary Allocation Factor                                    | (Line 5)                                   | 10.8059%            |
| 44  | Total Transmission Allocated                                       | (Line 42 * Line43)                         | 194,704             |
| 45  | Transmission Materials & Supplies                                  | Attachment 5                               | 2,104,149           |
| 46  | <b>Total Materials &amp; Supplies Allocated to Transmission</b>    | (Line 44 + Line45)                         | <b>2,298,853</b>    |
| <b>Cash Working Capital</b>                     |  |  |                     |
| 47  | Operation & Maintenance Expense                                    | (Line 75)                                  | 19,197,351          |
| 48  | 1/8th Rule   | x 1/8                                      | 12.5000%            |
| 49  | <b>Total Cash Working Capital Allocated to Transmission</b>        | (Line 47 * Line 48)                        | <b>2,399,669</b>    |
| 50  | <b>TOTAL Adjustment to Rate Base</b>                               | (Lines 35 + 37 + 39 + 41 + 46 + 49)        | <b>18,334,457</b>   |
| 51  | <b>Rate Base</b>   | (Line 33 + Line 50)                        | <b>363,230,189</b>  |

|  |  |   |                   |
|--|--|---|-------------------|
| <b>Transmission O&amp;M</b>                    |  |   |                   |
| 52   | Transmission O&M   |   | 10,109,961        |
| 53   | Less Account 565   | p321.112.b                                | -                 |
| 54   | Plus PJM Schedule 12 Charges billed to DLC and booked to Account 565 | p321.96.b<br>PJM Data                     | -                 |
| 55   | Plus Net Transmission Lease Payments                                 | (Note N)<br>p200.4.c                      | -                 |
| 56   | <b>Transmission O&amp;M</b>  | (Note A)                                  | <b>10,109,961</b> |
| <b>Allocated General &amp; Common Expenses</b> |  |   |                   |
| 57   | Common Plant O&M   | (Note A) p356                             | -                 |
| 58   | Total A&G  | p323.197.b                                | 84,369,735        |
| 59   | Less PBOP Expense in Acct. 926 in Excess of Allowed Amount           | Attachment 5                              | -                 |
| 60   | Less Property Insurance Account 924                                  | p323.185.b                                | 4,096,500         |
| 61   | Less Regulatory Commission Expense Account 928                       | (Note E) p323.189.b                       | 3,016,839         |
| 62   | Less General Advertising Expense Account 930.1                       | p323.191.b                                | 1,057,570         |
| 63   | Less EPRI Dues   | (Note D) p352-353                         | -                 |
| 64   | <b>General &amp; Common Expenses</b>                                 | (Lines 57 thru 58) - Sum (Lines 59 to 63) | <b>76,198,826</b> |
| 65   | <b>Wage &amp; Salary Allocation Factor</b>                           | (Line 5)                                  | <b>10.8059%</b>   |
| 66   | <b>General &amp; Common Expenses Allocated to Transmission</b>       | (Line 64 * Line 65)                       | <b>8,233,951</b>  |
| <b>Directly Assigned A&amp;G</b>               |  |   |                   |
| 67   | Regulatory Commission Exp Account 928                                | (Note G) Attachment 5                     | -                 |
| 68   | General Advertising Exp Account 930.1                                | (Note K) Attachment 5                     | -                 |
| 69   | <b>Subtotal - Transmission Related</b>                               | (Line 67 + Line 68)                       | <b>-</b>          |
| 70   | Property Insurance Account 924                                       | Line 60                                   | 4,096,500         |
| 71   | General Advertising Exp Account 930.1                                | (Note F) Attachment 5                     | -                 |
| 72   | <b>Total</b>   | (Line 70 + Line 71)                       | <b>4,096,500</b>  |
| 73   | <b>Net Plant Allocation Factor</b>                                   | (Line 12)                                 | <b>20.8334%</b>   |
| 74   | <b>A&amp;G Directly Assigned to Transmission</b>                     | (Line 72 * Line 73)                       | <b>853,439</b>    |
| 75   | <b>Total Transmission O&amp;M</b>                                    | (Lines 56 + 66 + 69 + 74)                 | <b>19,197,351</b> |
| <b>Depreciation Expense</b>                    |  |   |                   |
| 76   | Transmission Depreciation Expense                                    | Attachment 8, Col. (D)                    | 10,582,744        |
| 77   | New plant Depreciation Expense only for Estimate                     | (Note B) Attachment 6, Col. K + Col. O    | 466,538           |
| 78   | <b>Total Transmission Depreciation Expense</b>                       | (Line 76 + Line 77)                       | <b>11,049,282</b> |
| 79   | General Depreciation   | Attachment 8, Col. (D)                    | 13,978,733        |
| 80   | Intangible Amortization  | (Note A) p336.1.f                         | 2,949,639         |
| 81   | <b>Total</b>   | (Line 79 + Line 80)                       | <b>16,928,372</b> |
| 82   | <b>Wage &amp; Salary Allocation Factor</b>                           | (Line 5)                                  | <b>10.8059%</b>   |
| 83   | <b>General Depreciation Allocated to Transmission</b>                | (Line 81 * Line 82)                       | <b>1,829,259</b>  |
| 84   | Common Depreciation - Electric Only                                  | (Note A) p336.11.b                        | -                 |
| 85   | Common Amortization - Electric Only                                  | (Note A) p356 or p336.11d                 | -                 |
| 86   | <b>Total</b>   | (Line 84 + Line 85)                       | <b>-</b>          |
| 87   | <b>Wage &amp; Salary Allocation Factor</b>                           | (Line 5)                                  | <b>10.8059%</b>   |
| 88   | <b>Common Depreciation - Electric Only Allocated to Transmission</b> | (Line 86 * Line 87)                       | <b>-</b>          |
| 89   | <b>Total Transmission Depreciation &amp; Amortization</b>            | (Lines 78 + 83 + 88)                      | <b>12,878,541</b> |
| 90   | <b>Taxes Other than Income</b>                                       | Attachment 2                              | <b>740,249</b>    |
| 91   | <b>Total Taxes Other than Income</b>                                 | (Line 90)                                 | <b>740,249</b>    |

|                           |   |   |                   |
|---------------------------|---|---|-------------------|
| <b>Long Term Interest</b> |   |   |                   |
| 92                        | Long Term Interest  | (Note Q) Attachment 5                               | 19,533,026        |
| 93                        | Amortization of Debt Discount and Expense   | p117.63.c   | 597,240           |
| 94                        | Amortization of Loss on Reacquired Debt   | p117.64.c   | 2,764,087         |
| 95                        | Less Amort of Gain on Reacquired on Debt-Credit                                     | p117.65.c   | -                 |
| 96                        | Less Amort of Premium on Debt-Credit  | p117.66.c   | 119,663           |
| 97                        | Interest on Debt to Associated Companies  | p117.67.c   | -                 |
| 98                        | <b>Total Long Term Debt Costs</b>   | (Sum lines 92 to 94) - Line 95 - Line 96 + Line 97  | 22,774,690        |
| 99                        | <b>Preferred Dividends</b>  | Enter Positive p118.29.c                            | 6,214,539         |
| <b>Common Stock</b>       |   |   |                   |
| 100                       | Proprietary Capital   | p112.16.c   | 671,584,800       |
| 101                       | Less Accumulated Other Comprehensive Income Account 219                             | p112.15.c   | (7,926,942)       |
| 102                       | Less Preferred Stock  | (Line 110)  | 107,935,500       |
| 103                       | Less Account 216.1  | p112.12.c   | (15,684,153)      |
| 104                       | <b>Common Stock</b>   | (Line 100 - (Sum Lines 101 to 103))                 | 587,260,395       |
| <b>Capitalization</b>     |   |   |                   |
| 105                       | Long Term Debt  |   |                   |
| 106                       | Bonds   | Attachment 5  | 342,175,000       |
| 107                       | Less Loss on Reacquired Debt  | Enter Negative p111.81.c                            | (42,153,721)      |
| 108                       | Plus Gain on Reacquired Debt  | p113.61.c   | 139,428           |
| 109                       | <b>Total Long Term Debt</b>   | Sum (Lines 105 to Line 108)                         | 300,160,707       |
| 110                       | Preferred Stock   | p112.3.c  | 107,935,500       |
| 111                       | Common Stock  | (Line 104)  | 587,260,395       |
| 112                       | <b>Total Capitalization</b>   | (Sum Lines 109 to 111)                              | 995,356,602       |
| 113                       | Debt %  | (Line 109 / Line 112)                               | 30.1561%          |
| 114                       | Preferred %   | (Line 110 / Line 112)                               | 10.8439%          |
| 115                       | Common %  | (Note O) (Line 111 / Line 112)                      | 59.0000%          |
| 116                       | Debt Cost   | (Line 92 / Line 109)                                | 0.0759            |
| 117                       | Preferred Cost  | (Line 99 / Line 110)                                | 0.0576            |
| 118                       | Common Cost   | (Note J) 10.9% ROE + .5% RTO Adder                  | 0.1140            |
| 119                       | Weighted Cost of Debt   | (Line 113 * Line 116)                               | 0.0229            |
| 120                       | Weighted Cost of Preferred  | (Line 114 * Line 117)                               | 0.0062            |
| 121                       | Weighted Cost of Common   | (Line 115 * Line 118)                               | 0.0673            |
| 122                       | <b>Total Return ( R )</b>   | (Sum Lines 119 to 121)                              | <b>0.0964</b>     |
| 123                       | <b>Investment Return = Rate Base * Rate of Return</b>                               | (Line 51 * Line 122)                                | <b>35,009,748</b> |
| <b>Income Tax Rates</b>   |   |   |                   |
| 124                       | FIT=Federal Income Tax Rate   | (Note I)  | 35.0000%          |
| 125                       | SIT=State Income Tax Rate or Composite  |   | 9.9900%           |
| 126                       | p (percent of federal income tax deductible for state purposes)                     | Per State Tax Code                                  | 0.0000%           |
| 127                       | $T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$                       |   | 41.4935%          |
| 128                       | $T / (1 - T)$   |   | 70.9212%          |
| <b>ITC Adjustment</b>     |   |   |                   |
| 129                       | Amortized Investment Tax Credit   | (Note I) Enter Negative Attachment 1                | (1,454,691)       |
| 130                       | $1 / (1 - T)$   | 1 / (1 - Line 127)                                  | 170.9212%         |
| 131                       | Net Plant Allocation Factor   | (Line 12)   | 20.8334%          |
| 132                       | <b>ITC Adjustment Allocated to Transmission</b>                                     | (Line 129 * (1 + Line 130) * Line 131)              | <b>(821,057)</b>  |
| 133                       | <b>Income Tax Component = CIT = (T/(1-T)) * Investment Return * (1-(WCLTD/R)) =</b> | [Line 128 * Line 123 * (1 - (Line 119 / Line 122))] | <b>18,935,034</b> |
| 134                       | <b>Total Income Taxes</b>   | (Line 132 + Line 133)                               | <b>18,113,977</b> |

| <b>Summary</b>  |  |   |                    |
|---|--|---|--------------------|
| 135   | Net Property, Plant & Equipment  | (Line 33)   | 344,895,732        |
| 136   | Adjustment to Rate Base  | (Line 50)   | 18,334,457         |
| 137   | <b>Rate Base</b>   | (Line 51)   | <b>363,230,189</b> |
| 138   | O&M  | (Line 75)   | 19,197,351         |
| 139   | Depreciation & Amortization  | (Line 89)   | 12,878,541         |
| 140   | Taxes Other than Income  | (Line 91)   | 740,249            |
| 141   | Investment Return  | (Line 123)  | 35,009,748         |
| 142   | Income Taxes   | (Line 134)  | 18,113,977         |
| <b>143</b>  | <b>Gross Revenue Requirement</b>   | <b>(Sum Lines 138 to 142)</b>                         | <b>85,939,865</b>  |
| <b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b> |  |   |                    |
| 144   | Transmission Plant In Service  | (Line 13)   | 445,086,821        |
| 145   | Excluded Transmission Facilities (Note M)  | Attachment 5  | -                  |
| 146   | Included Transmission Facilities   | (Line 144 - Line 145)                                 | 445,086,821        |
| 147   | Inclusion Ratio  | (Line 146 / Line 144)                                 | 100.00%            |
| 148   | Gross Revenue Requirement  | (Line 143)  | 85,939,865         |
| 149   | <b>Adjusted Gross Revenue Requirement</b>  | (Line 147 * Line 148)                                 | <b>85,939,865</b>  |
| 150   | Revenue Credits  | Attachment 3  | 6,009,000          |
| <b>151</b>  | <b>Net Revenue Requirement</b>   | <b>(Line 151)</b>                                     | <b>79,930,865</b>  |
| <b>Net Plant Carrying Charge</b>  |  |   |                    |
| 152   | Gross Revenue Requirement  | (Line 143)  | 85,939,865         |
| 153   | Net Transmission Plant   | (Line 13 - Line 22)                                   | 308,020,259        |
| 154   | Net Plant Carrying Charge  | (Line 152 / Line 153)                                 | 27.9007%           |
| 155   | Net Plant Carrying Charge without Depreciation                                     | (Line 152 - Line 76) / Line 153                       | 24.4650%           |
| 156   | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes           | (Line 152 - Line 76 - Line 123 - Line 134) / Line 153 | 7.2182%            |
| <b>Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE</b>                  |  |   |                    |
| 157   | Gross Revenue Requirement Less Return and Taxes                                    | (Line 151 - Line 141 - Line 142)                      | 32,816,141         |
| 158   | Increased Return and Taxes   | Attachment 4  | 56,786,665         |
| 159   | Net Revenue Requirement per 100 Basis Point increase in ROE                        | (Line 157 + Line 158)                                 | 89,602,806         |
| 160   | Net Transmission Plant   | (Line 13 - Line 22)                                   | 308,020,259        |
| 161   | Net Plant Carrying Charge per 100 Basis Point increase in ROE                      | (Line 159 / Line 160)                                 | 29.0899%           |
| 162   | Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation | (Line 158 - Line 76) / Line 160                       | 25.6542%           |
| 163   | <b>Net Revenue Requirement</b>   | (Line 151)  | <b>79,930,865</b>  |
| 164   | True-up amount   | Attachment 6  | 176,794            |
| 165   | Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects  | Attachment 7  | 2,002,886          |
| 166   | Facility Credits under Section 30.9 of the PJM OATT                                | Attachment 5  | -                  |
| 167   | <b>Net Zonal Revenue Requirement</b>   | Sum (Lines 163 to 166)                                | <b>82,110,545</b>  |
| <b>Network Zonal Service Rate</b>   |  |   |                    |
| 168   | 1 CP Peak  | (Note L)  | 2,822.00           |
| 169   | Rate (\$/MW-Year)  | Attachment 5<br>(Line 167 / Line 168)                 | 29,096.58          |
| <b>170</b>  | <b>Network Service Rate (\$/MW/Year)</b>   | <b>(Line 169)</b>                                     | <b>29,096.58</b>   |

Notes

- A Electric portion only.
- B Excludes leases that are expensed as O&M (rather than amortized). Includes new Transmission plant that is expected to be placed in service in the current calendar year. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Expansion Plan (RTEP) must be separately detailed on Attachment 6. Lines 14, 23, and 77 refer to Attachment 6, Step 2 in the first year and Step 9 in all subsequent years; line 36 use Step 6 for True Up and Step 9 for Estimate. For the estimate, all rate base items will be calculated based on end of year data, except transmission plant additions, retirements and depreciation will be calculated based on 13 month averages. For the True-up, transmission and distribution plant and the associated depreciation reserve shall be calculated using the average of 13 monthly balances in Attachment 5 and all other rate base items, excluding Cash Working Capital, shall be calculated using beginning and end of year averages in Attachment 5 or Attachment 1. Include on line 36, the 13 monthly average CWIP balance on Attachment 6 for FERC authorized incentive transmission projects shown on Attachment 6.
- C Includes Transmission Portion Only. Only land held for future use that has an estimated in service date within the next ten years may be included.
- D Excludes All EPRI Annual Membership Dues.
- E Includes All Regulatory Commission Expenses.
- F Includes transmission system safety related advertising included in Account 930.1.
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- H Reserved for future use.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by  $(1/1-T)$ . A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE will be supported in the original filing and no change in ROE will be made absent a Section 205 filing at FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing.
- L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M on line 54. If they are booked to Acct 565, they are included on line 54.
- O The equity component of DLC' capital structure shall not be greater than 59 percent, nor less than 45 percent, regardless of Duquesne's actual capital structure. When DLC's equity component falls within the stated range, DLC shall use its actual capital structure. The input value on line 100 -- Proprietary Capital -- shall be adjusted so that the equity percentage shown on line 115 will be 45% if the actual equity percentage is less than 45% or 59% if the actual equity percentage is above 59%.
- P Include on line 36, the 13 monthly average CWIP balance on Attachment 6 for FERC authorized incentive transmission projects shown on Attachment 6.
- Q DLC will include interest associated with debt that is outstanding using 13 monthly averages at the end of the FERC Form No. 1 year. Therefore only interest included in column I on page 257 of the FERC Form No. 1 that has an outstanding amount included in column H will be included in the interest calculation.

Duquesne Light Company  
Attachment H-17A  
Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet Tax Detail

| Line # | A  | B                 | C                 | D               | E                          | F                         | G               | H             | G  |
|--------|--|-------------------|-------------------|-----------------|----------------------------|---------------------------|-----------------|---------------|--|
|        | End of Year Total                            | End of Year Total | Beg of Year Total | Average         | Gas, Prod Or Other Related | Only Transmission Related | Plant Related   | Labor Related |  |
| 1      | ADIT-190 (enter negative) - line 37          | (123,735,453)     | (72,038,809)      | (123,735,453)   | (28,509,025)               | -                         | (1,564,822)     | (92,661,606)  |  |
| 2      | ADIT-202 - line 42                           | 186,003,127       | 182,299,575       | 186,003,127     | -                          | -                         | 186,003,127     | -             |  |
| 3      | ADIT-203 - line 56                           | 127,793,594       | 73,109,926        | 127,793,594     | 5,602,116                  | -                         | 25,791,478      | 96,400,000    |  |
| 4      | Subtotal - Sum (line 1 + line 2 + line 3)    | 190,061,268       | 183,370,692       | 190,061,268     | (23,906,909)               | -                         | 210,229,783     | 3,738,394     |  |
| 5      | Wages & Salary Allocator - Appendix A line 5 |                   |                   |                 |                            |                           |                 | 10,905.9%     |  |
| 6      | Gross Plant Allocator - Appendix A line 10   |                   |                   |                 |                            |                           |                 |               |  |
| 7      | Transmission Allocator                       |                   |                   |                 |                            |                           |                 |               |  |
| 8      | All other                                    |                   |                   |                 |                            | 100.00%                   | 19,831.6%       |               |  |
| 9      | ADIT   | 42,035,934        |                   |                 | 0.00%                      |                           |                 |               |  |
|        |  |                   |                   | line 8 - line 4 | line 7 - line 4            | line 6 - line 4           | line 5 - line 4 |               | 403,966  |
|        |  |                   |                   |                 |                            |                           |                 |               | Enter Column B as a negative on Appendix A, line 34. (Column B = Sum of Columns F through H) |

16,545,279 <from Acct 283 below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns C-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

Instructions for Account 190, 202 and 203:  
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column E.  
 2. ADIT items related only to Transmission are directly assigned to Column F.  
 3. ADIT items related to Plant and not in Columns A & B are included in Column G.  
 4. ADIT items related to labor and not in Columns A & B are included in Column H.  
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.  
 6. All ADIT line items and allocations will be supported by the settlement in Docket No. ER06-1549 and no change in allocation will be allowed absent a filing at FERC.  
 7. Any new ADIT items will be clearly marked and separated in each account from the settled items for review.

| A        | B   | C                 | D  | E                          | F                         | G             | H             | G           | Justification  |
|----------|---|-------------------|--|----------------------------|---------------------------|---------------|---------------|-------------|--|
|          | End of Year Total                             | Beg of Year Total | End of Year for Est. Average for Final Total | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related |             |  |
| ADIT-190 |   |                   |  |                            |                           |               |               |             |  |
| 10       | Vacation Pay                                  | 141,938           | 145,287                                      | 141,938                    |                           |               | 141,938       |             | Vacation pay earned and expensed for books, tax deduction when paid - employees in all functions                                 |
| 11       | Reserve for Healthcare                        | 746,883           | 1,031,113                                    | 746,883                    | 746,883                   |               |               |             | Sell insurance reserve expanded for books, tax deduction when paid - employees in all functions                                  |
| 12       | Reserve for Compensated Absences              | 2,744,841         | 3,041,876                                    | 2,744,841                  | 2,744,841                 |               |               |             | Vacation pay accrued and expensed for books, tax deduction when paid - employees in all functions                                |
| 13       | Severance Pay                                 | 111,214           | 500,239                                      | 111,214                    |                           |               | 111,214       |             | Book expenses related to 2001 workforce reduction, tax deduction when paid - related to all functions                            |
| 14       | FAS 106                                       | 20,330,682        | 23,219,333                                   | 20,330,682                 |                           |               | 20,330,682    |             | FAS postretirement benefit liability   |
| 15       | Pension                                       | 90,500,000        | 24,167,060                                   | 90,500,000                 |                           |               | 90,500,000    |             | Book accrual for pension contributions   |
| 16       | Pension Regulatory Liability                  |                   | 9,601,831                                    |                            |                           |               |               |             | Regulatory Liability associated with adoption of FAS 159   |
| 17       | Operations Reserve                            |                   |  |                            |                           |               |               |             | Book expenses related to 2000 generation asset sale, tax deduction pending IRS audit resolution                                  |
| 18       | Wanrock Mine Closing Costs                    | 11,207,001        | 12,902,925                                   | 11,207,001                 | 11,207,001                |               |               |             | Costs expensed related to 2000 generation asset sale, tax deduction when paid - related to all functions                         |
| 19       | Bad Debt Reserve Amount                       | 9,143,352         | 9,277,972                                    | 9,143,352                  | 9,143,352                 |               |               |             | Book expense for bad debts, tax deduction when fully written-off and all collection efforts abandoned - relates to all functions |
| 20       | Stock Investments                             |                   |  |                            |                           |               |               |             | Duquesne Light Co. investment in parent Company stock, not taxable within related group  |
| 21       | Unamortized ITC                               | 1,506,968         | 2,110,571                                    | 1,506,968                  |                           | 1,506,968     |               |             | Investment Tax credit benefit recognized for tax, deferred and amortized ratably for books                                       |
| 22       | Capital Stock Tax                             |                   | 373,857                                      |                            |                           |               |               |             | Book capital stock estimate accrued and expensed, tax deduction when paid - related to all functions                             |
| 23       | Gross Receipts Tax                            | 829,030           | 110,580                                      | 829,030                    | 829,030                   |               |               |             | Book gross receipts tax estimate accrued and expensed, tax deduction when paid - relates to all functions                        |
| 24       | Accrued PURTA                                 | 55,186            | 394,188                                      | 55,186                     | 55,186                    |               |               |             | Book PURTA tax estimate accrued and expensed, tax deduction when paid - relates to all functions                                 |
| 25       | Accrued Sales and Use Tax                     | 577,110           | 699,166                                      | 577,110                    | 577,110                   |               |               |             | Book sales & use tax estimate accrued and expensed, tax deduction when paid - relates to all functions                           |
| 26       | Unamortized Gain on Reacquired Debt           | 57,854            | 107,506                                      | 57,854                     |                           | 57,854        |               |             | Gain recognized for tax purposes, deferred and recognized ratably for book purposes - relates to all functions                   |
| 27       | Reserve - legacy issues                       | 1,156,029         | 1,303,487                                    | 1,156,029                  | 1,156,029                 |               |               |             | Book reserve related to environmental remediation for generation assets, tax deductible when paid                                |
| 28       | Provision for injuries and damages            | 1,447,827         | 2,223,729                                    | 1,447,827                  | 1,447,827                 |               |               |             | Reserve expensed for books, tax deduction when paid - employees in all functions   |
| 29       | Accrued Rent                                  | 748,101           | 935,582                                      | 748,101                    | 748,101                   |               |               |             | Rent accrued on corporate headquarters, tax deduction when paid - relates to all functions                                       |
| 30       | ITRON settlement                              | 727,926           | 873,511                                      | 727,926                    | 727,926                   |               |               |             | Investment recovery included in taxable income when received, deferred for book purposes - relates to all functions              |
| 31       | AIT Housing tax recapture bond                | 125,739           | 151,079                                      | 125,739                    | 125,739                   |               |               |             | Accrued bond expense, tax deduction when paid  |
| 32       | Legal Accrual                                 | 1,084,018         | 1,953,519                                    | 1,084,018                  |                           |               | 1,084,018     |             | Legal reserve expensed for books, tax deduction when paid - relates to all functions   |
| 33       | Accrued Misc. Reserves                        | 824,436           | 824,436                                      | 824,436                    |                           |               | 824,436       |             | Accrued miscellaneous items included in account 190.   |
| 34       | Subtotal - p234 (Sum line 10 through line 33) | 144,066,135       | 95,256,142                                   | 144,066,135                | 29,509,025                |               | 1,564,822     | 112,992,288 |  |

|  | A                 |                   | B                                      |                            | C                         |               | D             |               | E |  | F |  | G |             | H |            | G |            |
|--|-------------------|-------------------|--|----------------------------|---------------------------|---------------|---------------|---------------|---|--|---|--|---|-------------|---|------------|---|------------|
|  | End of Year Total | Beg of Year Total | End of Year for Est. Average for Final | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related | Justification |   |  |   |  |   |             |   |            |   |            |
| 35 Less FASB 109 Above if not separately removed |                   |                   |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |            |
| 36 Less FASB 106 Above if not separately removed | 20,330,682        | 23,219,393        | 20,330,682                             |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |            |
| 37 Total = Line line 34 - (Line 36 + line 35)    | 123,735,453       | 72,039,609        | 123,735,453                            | 29,509,025                 |                           |               |               |               |   |  |   |  |   | 1,564,822   |   | 20,330,682 |   | 92,661,808 |
| <b>ADIT- 282</b>                                 |                   |                   |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |            |
| 38 Accelerated Depreciation                      | 186,003,127       | 182,299,575       | 186,003,127                            |                            |                           |               |               |               |   |  |   |  |   | 186,003,127 |   |            |   |            |
| 39 Subtotal - p275                               | 186,003,127       | 182,299,575       | 186,003,127                            |                            |                           |               |               |               |   |  |   |  |   | 186,003,127 |   |            |   |            |
| 40 Less FASB 109 Above if not separately removed |                   |                   |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |            |
| 41 Less FASB 106 Above if not separately removed |                   |                   |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |            |
| 42 Total = Line line 39 - (Line 41 + line 40)    | 186,003,127       | 182,299,575       | 186,003,127                            |                            |                           |               |               |               |   |  |   |  |   | 186,003,127 |   |            |   |            |

|  | A                 |                   | B                                      |                            | C                         |               | D             |               | E |  | F |  | G |             | H |            | G |  |
|--|-------------------|-------------------|--|----------------------------|---------------------------|---------------|---------------|---------------|---|--|---|--|---|-------------|---|------------|---|--|
|  | End of Year Total | Beg of Year Total | End of Year for Est. Average for Final | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related | Justification |   |  |   |  |   |             |   |            |   |  |
| <b>ADIT-283</b>  |                   |                   |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 43 Property Depreciation                               | 124,733,466       | 121,125,454       | 124,733,466                            |                            |                           |               |               |               |   |  |   |  |   | 124,733,466 |   |            |   |  |
| 44 Amort Less on Reacquisition                         | 16,545,279        | 17,634,890        | 16,545,279                             |                            |                           |               |               |               |   |  |   |  |   | 16,545,279  |   |            |   |  |
| 45 FAS 109 tax gross-up                                | 95,242,676        | 94,250,700        | 95,242,676                             |                            |                           |               |               |               |   |  |   |  |   | 95,242,676  |   |            |   |  |
| 46 Partnership investments                             | 1,447,104         | 1,346,928         | 1,447,104                              | 1,447,104                  |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 47 Regulatory Assets                                   | 2,744,841         | 4,435,126         | 2,744,841                              | 2,744,841                  |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 48 State Income Taxes                                  | 2,668,120         | 2,776,324         | 2,668,120                              | 2,668,120                  |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 49 Pension Regulatory asset                            | 96,400,000        | 23,556,214        | 96,400,000                             | 96,400,000                 |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 50 Prepaid Pension cost                                |                   | 15,999,057        |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 51 FIN 48 Tax Reserves                                 | 6,578,079         | 5,974,467         | 6,578,079                              | 6,578,079                  |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 52 Other   | 1,410,171         | 1,387,920         | 1,410,171                              | 1,410,171                  |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 53 Subtotal - p277 (Form 1-F filer: see note 6, below) | 347,769,736       | 288,486,080       | 347,769,736                            | 347,769,736                |                           |               |               |               |   |  |   |  |   | 245,767,620 |   | 96,400,000 |   |  |
| 54 Less FASB 109 Above if not separately removed       | 219,976,142       | 215,376,154       | 219,976,142                            | 219,976,142                |                           |               |               |               |   |  |   |  |   | 219,976,142 |   |            |   |  |
| 55 Less FASB 106 Above if not separately removed       |                   |                   |  |                            |                           |               |               |               |   |  |   |  |   |             |   |            |   |  |
| 56 Total = Line line 53 - (Line 55 + line 54)          | 127,793,594       | 73,109,926        | 127,793,594                            | 5,602,116                  |                           |               |               |               |   |  |   |  |   | 25,791,478  |   | 96,400,000 |   |  |

**ADITC-255**

| Item                                   | Amortization |
|--|--------------|
| Amortization                           |              |
| Amortization to line 129 of Appendix A | 1,454,691    |
| Total                                  | 1,454,691    |
| Total Form No. 1 (p 266 & 267)         | 1,454,691    |
| Difference /1                          |              |

/1 Difference must be zero or the difference included in Appendix A.

| <b>Other Taxes</b>   | <b>FERC Form No. 1<br/>Page 263<br/>Col (i)</b> | <b>Allocated<br/>Allocator<br/>Amount</b> |
|--|---|---|
| <b>Plant Related</b>   |   |   |
|  | <b>Gross Plant Allocator</b>                    |   |
| 1 PA Capital Stock Tax                                       | line 15   | 1,327,145                                 |
| 2 Real Estate  | line 33   | 564,000                                   |
| 3 PA PURTA   | line 13   | <u>(409,252)</u>                          |
| 4 <b>Total Plant Related -- Sum of line 1 through line 3</b> |   | 1,481,893 19.8316% \$ 293,883             |

**Wages & Salary Allocator**

|   |         |                |                     |
|---|---------|----------------|---------------------|
| 5 Federal Unemployment                                      | line 4  | 35,888         |                     |
| 6 FICA  | line 5  | 3,701,596      |                     |
| 7 PA Unemployment   | line 18 | 127,021        |                     |
| 8 City of Pittsburgh  | line 34 | <u>266,260</u> |                     |
| 9 <b>Total Labor Related-- Sum of line 5 through line 8</b> |         | 4,130,765      | 10.8059% \$ 446,365 |

**Other Excluded**

**All other**

|  |         |                   |            |
|--|---------|-------------------|------------|
| 10 Highway Use                               | line 6  | -                 |            |
| 11 Excise Tax on Coal                        | line 7  | -                 |            |
| 12 PA Gross receipts Tax                     | line 14 | 53,527,296        |            |
| 13 PA Corporate Loans                        | line 16 | -                 |            |
| 14 PA Insurance Premiums                     | line 17 | -                 |            |
| 15 PA Fuel Use                               | line 19 | -                 |            |
| 16 PA Motor Carriers                         | line 20 | -                 |            |
| 17 PA Other                                  | line 21 | (1,128,935)       |            |
| 18 WV Franchise                              | line 26 | -                 |            |
| 19 WV Income                                 | line 27 | -                 |            |
| 20 Gross Receipts                            | line 32 | <u>-</u>          |            |
| 21 <b>Total Excluded</b>                     |         | 52,398,361        | 0.00%      |
| 22 <b>Total (line 4 + line 9 + line 21)</b>  |         | 58,011,019        | \$ 740,249 |
| 23 Total 'Other' Taxes included on p.114.14c |         | <u>58,011,019</u> |            |
| Difference (line 23-line 22) Note E          |         | -                 |            |

Criteria for Allocation:

- A All Taxes Other than Income Tax line items and allocations will be supported by the settlement in Docket No. ER06-1549 and no change in allocation will be allowed absent a filing at FERC.
- B Any new Taxes Other than Income Tax will be clearly marked and separated in each account from the settled items for review.
- C Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they may not be included.
- D Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they may not be included.
- E Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- F Other taxes, except as provided for in C, D and E above, which include amounts related to transmission service, will be allocated based on the Gross Plant Allocator.
- G Excludes prior period adjustments for periods before January 1, 2007.

**Account 454 - Rent from Electric Property**

|  |                            |            |
|--|----------------------------|------------|
| 1 Rent from FERC Form No. 1 - Note 8   |                            | 9,485,372  |
| 2 Rent from Electric Property - Transmission Related (Notes 3 & 8)   |                            | 474,506    |
| 3  |                            |            |
| 4 Customer Choice - EGS Transmission   | See Note 5                 | 31,280,679 |
| 5 Other Electric Revenues  | See Note 6                 | 546,022    |
| 6 SECA Credits - Other EGS   | See Note 7                 | -          |
| 7 Schedule 1A  |                            | 785,039    |
| 8 Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)                           |                            | 2,418,510  |
| 6 PTP Serv revs for which the load is not included in the divisor received by TO   |                            | 2,378,643  |
| 7 PJM Transitional Revenue Neutrality (Note 1)   |                            | -          |
| 8 PJM Transitional Market Expansion (Note 1)   |                            | -          |
| 9 Professional Services (Note 3)   |                            | -          |
| 10 Revenues from Directly Assigned Transmission Facility Charges (Note 2)  |                            | 288,000    |
| 11 Rent or Attachment Fees associated with Transmission Facilities (Note 3)  |                            | -          |
| 12 Gross Revenue Credits   | Sum Lines 7 to 11 + line 3 | 6,344,698  |
| 13 Less line 20  | - line 20                  | (335,698)  |
| 14 Total Revenue Credits   | line 12 + line 13          | 6,009,000  |
| 15 Revenues associated with lines 15 thru 20 are to be included in lines 1-10 and total of those revenues entered here   |                            | 474,506    |
| 16 Income Taxes associated with revenues in line 15  |                            | 196,889    |
| 17 One half margin (line 15 - line 16)/2   |                            | 138,808    |
| 18 All expenses (other than income taxes) associated with revenues in line 15 that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue. |                            | -          |
| 19 Line 17 plus line 18  |                            | 138,808    |
| 20 Line 15 less line 19  |                            | 335,698    |

- Note 1 All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 168 of Appendix A.
- Note 2 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the rates, the associated revenues are included in the rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the rates, the associated revenues are not included in the rates.
- Note 3 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). DLC will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. Note: In order to use lines 15 - 20, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).
- Note 4 If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and explained in the Cost Support. For example, revenues associated with distribution facilities. In addition, revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12.
- Note 5 Customer Choice - EGS Transmission represents revenues received from Electric Generation Suppliers providing energy to retail customers in Duquesne's zone. As a result, the load is in the divisor for the zonal revenue requirement.
- Note 6 Other electric Revenues - includes revenues for various related electricity products/premium services such as surge protectors and appliance guards.
- Note 7 SECA Credits - Other EGS - represents revenues received from Electric Generation Suppliers for transition transmission charges imposed by FERC.

Note 8 All Account 454 and 456 Revenues must be itemized below

|   | Include          | Exclude           |
|---|------------------|-------------------|
| Account 454                                 |                  |                   |
| Joint pole attachments - telephone          | -                | 3,493,502         |
| Joint pole attachments - cable              | -                | 1,942,147         |
| Underground rentals                         | -                | -                 |
| Transmission tower wireless rentals         | 474,506          | -                 |
| Other rentals                               | -                | 3,142,323         |
| Corporate headquarters sublease             | -                | 181,742           |
| Misc non-transmission services              | -                | 76,503            |
| Customer commitment services                | -                | 649,155           |
| <u>Total</u>                                | <u>474,506</u>   | <u>9,485,372</u>  |
| <br>  |                  |                   |
| Account 456                                 | Include          | Exclude           |
| Customer Choice - EGS transmission          |                  | 31,280,679        |
| Other electric revenues                     |                  | 546,022           |
| SECA credits                                |                  | -                 |
| Transmission Revenue - AES/APS              | 2,378,643        |                   |
| Transmission Revenue - Piney Fork           | 288,000          |                   |
| Transmission Revenue - Firm                 | 1,962,703        |                   |
| Transmission Revenue - Non-Firm             | 455,807          |                   |
| Dominion Marketing Revenue (Account 456.12) |                  | 209,400           |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| xxxx  |                  |                   |
| <u>Total</u>                                | <u>5,085,153</u> | <u>32,036,101</u> |

|   |  |                   |            |
|---|--|-------------------|------------|
| A | 100 Basis Point increase in ROE and Income Taxes | Line 12 + Line 23 | 56,786,665 |
| B | 100 Basis Point increase in ROE                  |                   | 1.00%      |

|    |                            |                                 |                   |
|----|----------------------------|---------------------------------|-------------------|
|    |                            |                                 |                   |
| 1  | Rate Base                  | Appendix A, Line 51             | 363,230,189       |
| 2  | Debt %                     | (Line 109 / Line 112)           | 30.2%             |
| 3  | Preferred %                | (Line 110 / Line 112)           | 10.8%             |
| 4  | Common %                   | (Line 111 / Line 112)           | 59.0%             |
| 5  | Debt Cost                  | (Line 92 / Line 109)            | 7.59%             |
| 6  | Preferred Cost             | (Line 99 / Line 110)            | 5.76%             |
| 7  | Common Cost                | Appendix A % plus 100 Basis Pts | 12.40%            |
| 8  | Weighted Cost of Debt      | (Line 113 * Line 116)           | 0.0229            |
| 9  | Weighted Cost of Preferred | (Line 114 * Line 117)           | 0.0062            |
| 10 | Weighted Cost of Common    | (Line 115 * Line 118)           | 0.0732            |
| 11 |                            | (Sum Lines 119 to 121)          | <b>0.1023</b>     |
| 12 |                            | <b>(Line 51 * Line 122)</b>     | <b>37,152,806</b> |

|                       |   |  |                   |
|-----------------------|---|--|-------------------|
|                       |   |  |                   |
| 13                    | FIT=Federal Income Tax Rate   | Appendix A, Line 124                   | 35.00%            |
| 14                    | SIT=State Income Tax Rate or Composite  | Appendix A, Line 125                   | 9.99%             |
| 15                    | p (percent of federal income tax deductible for state purposes)                 | Appendix A, Line 126                   | 0.00%             |
| 16                    | $T = 1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$                   | Appendix A, Line 127                   | 41.49%            |
| 17                    | $T / (1-T)$   | Appendix A, Line 128                   | 70.92%            |
| <b>ITC Adjustment</b> |   |  |                   |
| 18                    | Amortized Investment Tax Credit; enter negative                                 | Attachment 1                           |                   |
| 19                    | $1/(1-T)$   | Appendix A, Line 129                   | (1,454,691)       |
| 20                    | Net Plant Allocation Factor   | Appendix A, Line 130                   | 170.92%           |
| 21                    | ITC Adjustment Allocated to Transmission  | Appendix A, Line 131                   | 20.8334%          |
| 21                    |   | (Line 129 * (1 + Line 130) * Line 131) | <b>(821,057)</b>  |
| 22                    | <b>Income Tax Component = CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =</b> | Line 17*Line 12*(1-(Line 8/Line 11))   | <b>20,454,916</b> |
| 23                    | <b>Total Income Taxes</b>   | <b>(Line 132 + Line 133)</b>           | <b>19,633,859</b> |

| Plant in Service Worksheet |  | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions |  | Balance For True up | Balance for Estimate | Details       |  |
|----------------------------|--|--|--|---------------------|----------------------|---------------|--|
| 13                         | <p><b>Calculation of Transmission Plant In Service</b></p> <p>December For 2007 442,348,220</p> <p>January Company Records For 2008 439,110,214</p> <p>February Company Records For 2008 438,961,191</p> <p>March Company Records For 2008 438,454,565</p> <p>April Company Records For 2008 443,510,310</p> <p>May Company Records For 2008 444,543,758</p> <p>June Company Records For 2008 448,054,538</p> <p>July Company Records For 2008 448,747,062</p> <p>August Company Records For 2008 448,738,849</p> <p>September Company Records For 2008 444,246,970</p> <p>October Company Records For 2008 444,728,882</p> <p>November Company Records For 2008 444,717,431</p> <p>December Company Records For 2008 445,086,821</p> <p><b>Transmission Plant In Service</b> 443,942,215</p>                              | Source   |  |                     | 445,086,821          | 445,086,821   |  |
| 16                         | <p><b>Calculation of Distribution Plant In Service</b></p> <p>December p206.75.b 1,717,039,999</p> <p>January Company Records For 2008 1,718,548,840</p> <p>February Company Records For 2008 1,724,615,893</p> <p>March Company Records For 2008 1,726,735,258</p> <p>April Company Records For 2008 1,740,650,448</p> <p>May Company Records For 2008 1,747,060,135</p> <p>June Company Records For 2008 1,750,265,948</p> <p>July Company Records For 2008 1,754,808,247</p> <p>August Company Records For 2008 1,760,687,752</p> <p>September Company Records For 2008 1,763,451,327</p> <p>October Company Records For 2008 1,766,904,372</p> <p>November Company Records For 2008 1,772,352,013</p> <p>December Company Records For 2008 1,779,820,298</p> <p><b>Distribution Plant In Service</b> 1,747,918,579</p> | Source   |  |                     | 1,779,820,298        | 1,779,820,298 |  |
| 16                         | <p><b>Calculation of Intangible Plant In Service</b></p> <p>December p204.5.b 21,761,528</p> <p>January Company Records For 2008 11,366,431</p> <p>February Company Records For 2008 16,563,979</p> <p><b>Intangible Plant In Service</b></p>  | Source   |  |                     | 11,366,431           | 11,366,431    |  |
| 16                         | <p><b>Calculation of General Plant In Service</b></p> <p>December p206.99.b 237,255,388</p> <p>January Company Records For 2008 236,477,190</p> <p>February Company Records For 2008 236,477,190</p> <p>March Company Records For 2008 236,477,190</p> <p>April Company Records For 2008 236,477,190</p> <p>May Company Records For 2008 236,477,190</p> <p>June Company Records For 2008 236,477,190</p> <p>July Company Records For 2008 236,477,190</p> <p>August Company Records For 2008 236,477,190</p> <p>September Company Records For 2008 236,477,190</p> <p>October Company Records For 2008 236,477,190</p> <p>November Company Records For 2008 236,477,190</p> <p>December Company Records For 2008 236,477,190</p> <p><b>General Plant In Service</b> 236,866,289</p>                                       | Source   |  |                     | 236,477,190          | 236,477,190   |  |
| 17                         | <p><b>Calculation of Production Plant In Service</b></p> <p>December p204.46b -</p> <p>January Company Records For 2008 -</p> <p>February Company Records For 2008 -</p> <p>March Company Records For 2008 -</p> <p>April Company Records For 2008 -</p> <p>May Company Records For 2008 -</p> <p>June Company Records For 2008 -</p> <p>July Company Records For 2008 -</p> <p>August Company Records For 2008 -</p> <p>September Company Records For 2008 -</p> <p>October Company Records For 2008 -</p> <p>November Company Records For 2008 -</p> <p>December Company Records For 2008 -</p> <p><b>Production Plant In Service</b></p>  | Source   |  |                     | -                    | -             |  |
| 6                          | <p><b>Calculation of Common Plant In Service</b></p> <p>December (Electric Portion) p356 -</p> <p>December (Electric Portion) p356 -</p> <p><b>Common Plant In Service</b></p>   | Source   |  |                     | -                    | -             |  |
| 6                          | <p><b>Total Plant In Service</b></p> <p>Sum of averages above 2,445,291,062</p>  |  |  |                     | 2,472,750,740        |               |  |

Accumulated Depreciation Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

Details

|   |                       |                       | Balance For True up | Balance for Estimate |
|---|-----------------------|-----------------------|---------------------|----------------------|
| <b>Calculation of Transmission Accumulated Depreciation</b> |                       |                       |                     |                      |
| December  | Prior year p219       | Source                |                     |                      |
| January   | Company Records       |                       | 132,683,752         |                      |
| February  | Company Records       | For 2007              | 133,622,154         |                      |
| March   | Company Records       | For 2008              | 134,008,135         |                      |
| April   | Company Records       | For 2008              | 134,795,008         |                      |
| May   | Company Records       | For 2008              | 135,447,686         |                      |
| June  | Company Records       | For 2008              | 135,848,800         |                      |
| July  | Company Records       | For 2008              | 136,169,124         |                      |
| August  | Company Records       | For 2008              | 136,926,919         |                      |
| September   | Company Records       | For 2008              | 137,600,823         |                      |
| October   | Company Records       | For 2008              | 136,378,950         |                      |
| November  | Company Records       | For 2008              | 135,778,635         |                      |
| December  | Company Records       | For 2008              | 136,639,191         |                      |
|   | p219, 25              | For 2008              | 137,066,562         | 137,066,562          |
| 22  |                       |                       | 135,551,518         |                      |
| <b>Calculation of Distribution Accumulated Depreciation</b> |                       |                       |                     |                      |
| December  | Prior year p219, 26   | Source                |                     |                      |
| January   | Company Records       |                       | 573,513,292         |                      |
| February  | Company Records       | For 2007              | 576,072,059         |                      |
| March   | Company Records       | For 2008              | 578,918,775         |                      |
| April   | Company Records       | For 2008              | 580,701,692         |                      |
| May   | Company Records       | For 2008              | 582,602,550         |                      |
| June  | Company Records       | For 2008              | 585,251,357         |                      |
| July  | Company Records       | For 2008              | 588,542,539         |                      |
| August  | Company Records       | For 2008              | 591,381,854         |                      |
| September   | Company Records       | For 2008              | 594,369,413         |                      |
| October   | Company Records       | For 2008              | 596,971,755         |                      |
| November  | Company Records       | For 2008              | 599,357,135         |                      |
| December  | Company Records       | For 2008              | 601,009,668         |                      |
|   | p219, 26              | For 2008              | 603,444,523         | 603,444,523          |
| 26  |                       |                       | 588,625,893         |                      |
| <b>Calculation of Intangible Accumulated Depreciation</b>   |                       |                       |                     |                      |
| December  | Prior year p200, 21.c | Source                |                     |                      |
| December  | p200, 21c             |                       | 21,824,865          |                      |
|   |                       | For 2007              | 12,446,305          | 12,446,305           |
| 26  |                       |                       | 17,135,595          | 12,446,305           |
| <b>Calculation of General Accumulated Depreciation</b>      |                       |                       |                     |                      |
| December  | Prior year p219       | Source                |                     |                      |
| December  | p219, 28              |                       | 57,076,867          |                      |
|   |                       | For 2007              | 64,296,770          | 64,296,770           |
| 25  |                       |                       | 60,686,819          | 64,296,770           |
| <b>Calculation of Production Accumulated Depreciation</b>   |                       |                       |                     |                      |
| December  | Prior year p219       | Source                |                     |                      |
| January   | Company Records       |                       | -                   |                      |
| February  | Company Records       | For 2007              | -                   |                      |
| March   | Company Records       | For 2008              | -                   |                      |
| April   | Company Records       | For 2008              | -                   |                      |
| May   | Company Records       | For 2008              | -                   |                      |
| June  | Company Records       | For 2008              | -                   |                      |
| July  | Company Records       | For 2008              | -                   |                      |
| August  | Company Records       | For 2008              | -                   |                      |
| September   | Company Records       | For 2008              | -                   |                      |
| October   | Company Records       | For 2008              | -                   |                      |
| November  | Company Records       | For 2008              | -                   |                      |
| December  | Company Records       | For 2008              | -                   |                      |
|   | p219, 20 thru 219, 24 | For 2008              | -                   | -                    |
| 28  |                       |                       | -                   | -                    |
| <b>Calculation of Common Accumulated Depreciation</b>       |                       |                       |                     |                      |
| December  | Source                |                       |                     |                      |
| December  | p356                  |                       | -                   |                      |
|   | p356                  | For 2007              | -                   |                      |
|   |                       | For 2008              | -                   |                      |
| 28  |                       |                       | -                   | -                    |
| <b>Total Accumulated Depreciation</b>                       |                       |                       |                     |                      |
| 7   |                       | Sum of averages above | 801,999,815         | 817,254,160          |

