

STATEMENT OF REASONS

Overview

- Duquesne Light Company (“Duquesne Light”) is responsible to provide adequate, efficient, safe and reliable electric service to its customers and must have the ability to raise capital to meet such requirements. The company is allowed to charge just and reasonable rates as established by the PA Public Utility Commission to provide it with a fair opportunity to recover its operating costs and earn a fair return on its investment. This is accomplished through a rate case process.

Duquesne Light Company Costs

- Duquesne Light has controlled its operation and maintenance expenses by implementing major process improvements and creatively deploying cost saving measures. Nevertheless, the cost of providing electric distribution service has increased since the last distribution rate increase in January 2007. Significant cost increases have occurred in many areas, including fuel, health insurance, property insurance, vegetation management, transportation, labor and benefits. Under the Pension Protection Act of 2006 (“PPA”), higher funding levels are now required to be achieved in a shorter period of time in order to provide for future benefits and remain in compliance with the law. This shorter allowable period to remedy under-funded plans, when combined with recent significant drops in the stock market which have negatively impacted overall valuation, will require significant contributions to be made to the pension plan during the test year and subsequent years to meet PPA requirements.
- Duquesne Light is currently investing over \$270 million in 2010 in its electrical distribution and transmission system infrastructure to maintain and improve customer service and continued reliable service.

Financial

- Duquesne Light’s financial condition will continue to decline in 2010 due to continued increases in capital expenditures for our infrastructure improvement program, increased operating expenses and pension contributions. On a pro forma basis for 2010 – 2011 test year, Duquesne Light anticipates an overall return on rate base of only 5.48 percent. These financial results do not provide a return that will permit the company to attract new capital on reasonable terms. Without substantial rate relief, Duquesne Light’s debt rating most likely would be downgraded, which would result in higher capital costs and would seriously jeopardize the company’s ability to complete its necessary infrastructure improvement program. Revenues at present rates simply do not provide sufficient funds for Duquesne Light to operate its business, abide by federal law requirements, and provide reliable electric service to its customers.

Reliable Electric Service

- Duquesne Light has exceeded the PUC reliability standard for customer average interruption duration (CAIDI) every year since it was established in 1999. The company also has consistently been ranked among the highest in the Commonwealth in other Commission reliability standards during the same time frame.
- Duquesne Light also has increased efficiency and reliability through the use of technology, such as automated meter reading systems and the automated control systems that continuously monitor remote switches that can re-route power during storms and other outages to quickly restore service to large blocks of customers.
- Duquesne Light has implemented performance based contracts with vegetation management contractors that reduced tree-related outages significantly and kept costs in control.

Low Income Customer

- Duquesne Light has various universal services programs available to payment-troubled customers, including the Customer Assistance program (CAP), Smart Comfort, the Customer Assistance & Referral Evaluation Service (CARES) program, Hardship Fund, and the Low-Income Home Energy Assistance Program (LIHEAP). The CAP program continues to grow dramatically in terms of customers served and benefits provided.

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011

Witness: **Bordo**
Page 1 of 2

[1] [2]

Table of Contents

| <u>Description</u> | <u>Witness:</u> | <u># of Pages</u> |
|----------------------------------------------------------------|-----------------|-------------------|
| <u>SECTION A</u> | | |
| <u>Schedule</u> | | |
| A-1 <u>Statement of Reasons</u> | Various | 2 pages |
| <u>SECTION B</u> | | |
| <u>Schedule</u> | | |
| B-1 <u>Balance Sheet</u> | Bordo | 2 pages |
| B-2 <u>Statement of Net Utility Operating Income</u> | Bordo | 1 page |
| B-3 <u>Statement of Operating Revenues</u> | Bordo | 1 page |
| B-4 <u>Operation and Maintenance Expenses</u> | Bordo | 2 pages |
| B-5 <u>Detail of Taxes</u> | Matchett | 1 page |
| B-6 <u>Composite Cost of Long-Term Debt</u> | Bordo/Moul | 1 page |
| B-7 <u>Composite Cost of Preferred Stock</u> | Bordo/Moul | 1 page |
| B-8 <u>Capital Structure - Year End 3-31-10 and 3-31-11</u> | Bordo/Moul | 1 page |
| B-9 <u>Rate of Return</u> | Moul | 1 page |
| <u>SECTION C</u> | | |
| <u>Schedule</u> | | |
| C-1 <u>Measures of Value and Rate of Return</u> | Crowley | 1 page |
| C-2 <u>Pro Forma Electric Plant in Service</u> | Bordo/O'Brien | 1 page |
| <u>Pro Forma Plant Adjustment Summary</u> | Bordo/O'Brien | 1 page |
| <u>Pro Forma FTY End 3-31-11 Plant Balances</u> | Bordo/O'Brien | 2 pages |
| <u>Additions to Plant FTY Ended 3-31-11</u> | Bordo/O'Brien | 2 pages |
| <u>Retirements for FTY Ended 3-31-11</u> | Bordo/O'Brien | 2 pages |
| <u>Pro Forma Adjustments to Plant</u> | O'Brien | 3 pages |
| C-3 <u>Accumulated Provision for Depreciation</u> | Bordo/O'Brien | 1 page |
| <u>Summary of Accumulated Depreciation</u> | Bordo/O'Brien | 1 page |
| <u>Accumulated Depreciation by FERC Account</u> | Bordo/O'Brien | 2 pages |
| <u>Cost of Removal FTY Ended 3-31-11</u> | Bordo/O'Brien | 2 pages |
| <u>Pro Forma Accumulated Depreciation on Plant Adjustments</u> | O'Brien | 2 pages |
| C-4 <u>Working Capital</u> | O'Brien | 1 page |
| <u>Summary of Working Capital</u> | O'Brien | 1 page |
| <u>Revenue Lag</u> | O'Brien | 2 pages |
| <u>Summary of Expense Lag Calculations</u> | O'Brien | 2 pages |
| <u>Tax Expense Lag Days</u> | O'Brien | 1 page |
| <u>Interest Payments</u> | O'Brien | 1 page |
| <u>Preferred Stock Payments</u> | O'Brien | 1 page |
| <u>Prepaid Expenses</u> | O'Brien | 1 page |
| C-5 <u>Plant Materials and Operating Supplies</u> | Bordo/O'Brien | 1 page |
| C-6 <u>Accumulated Deferred Income Taxes</u> | Matchett | 1 page |
| C-7 <u>Customer Deposits and Interest</u> | O'Brien | 1 page |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011

Witness: **Bordo**
Page 2 of 2

[1] [2]

Table of Contents

| <u>Description</u> | <u>Witness:</u> | <u># of Pages</u> |
|--------------------------------------------------------------------------------|------------------|-------------------|
| <u>SECTION D</u> | | |
| <u>Schedule</u> | | |
| D-1 <u>Jurisdictional Rate Base, Net Operating Income and Revenue Increase</u> | Crowley | 3 pages |
| D-2 <u>Adjusted Net Operating Income At Present Rates</u> | Bordo/O'Brien | 1 page |
| D-3 <u>Adjustments to Net Operating Income</u> | O'Brien | 2 pages |
| D-4 <u>Summary of Adjustments by FERC Account</u> | O'Brien | 2 pages |
| D-5 <u>Summary of Revenue Adjustments</u> | O'Brien | 1 page |
| D-5B <u>Revenue Annualization</u> | O'Brien | 1 page |
| D-5C <u>CAP Revenue Credit Adjustment</u> | O'Brien | 1 page |
| D-5A <u>Update of Budget Revenue</u> | O'Brien | 1 page |
| D-5D <u>Operating Revenue Detail</u> | Pfrommer | 6 pages |
| D-6 <u>Cost Element Update From Budget</u> | O'Brien | 1 page |
| D-7 <u>Adjustment for Salaries & Wages</u> | O'Brien | 2 pages |
| D-8 <u>Rate Case Expense Normalization</u> | O'Brien | 1 page |
| D-9 <u>Adjustment for Pension</u> | O'Brien | 2 pages |
| D-10 <u>Uncollectible Accounts</u> | O'Brien | 1 page |
| D-11 <u>Energy Efficiency Expense</u> | O'Brien | 1 page |
| D-12 <u>Smart Meter Expense</u> | O'Brien | 1 page |
| D-13 <u>Other</u> | | |
| D-14 <u>Other</u> | | |
| D-15 <u>Other</u> | | |
| D-16 <u>Taxes Other Than Income Taxes</u> | Matchett | 1 page |
| <u>Taxes Other Than Income Taxes -Adjustments</u> | O'Brien | 1 page |
| D-17 <u>Depreciation and Annualization Expense Adjustment</u> | O'Brien | 6 pages |
| D-18 <u>Income Tax at Present and Proposed Revenue Levels</u> | Matchett/O'Brien | 2 pages |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
Page

B-1
Bordo
1 of 2

Balance Sheet

[1]

| Line No | Description/(Account No) | Budget FTY 3-31-11 |
|-----------------------------------|-------------------------------------------------------|----------------------------|
| UTILITY PLANT | | |
| 1 | Utility Plant (101-106, 108) | \$ 2,886,543 |
| 2 | Other Utility Plant | - |
| 3 | Total Plant In Service | <u>2,886,543</u> |
| 4 | Construction Work In Progress (107) | 147,341 |
| 5 | Total Utility Plant | <u>3,033,884</u> |
| 6 | Accumulated Provision for Depreciation | (865,427) |
| 7 | Net Utility Plant | <u>2,168,457</u> |
| OTHER PROPERTY INVESTMENTS | | |
| 8 | Non-utility Property (121) | 1,438 |
| 9 | Accumulated Depreciation on NUP (122) | (1,091) |
| 10 | Invest in Subsidiary Company (123.1) | 7,460 |
| 11 | Other Investments (124) | 250 |
| 12 | Other Special Funds (128) | 1,100 |
| 13 | Special Funds - Non Major Only (129) | 10 |
| 14 | Long Term Portion of Derivative Assets (175.1) | - |
| 15 | Total Other Property and Investments | <u>9,167</u> |
| CURRENT AND ACCRUED ASSETS | | |
| 16 | Cash & Other Temporary Investments(131-136) | 5,000 |
| 17 | Customer Accounts Receivable (142) | 136,728 |
| 18 | Other Accounts Receivable (143) | 4,800 |
| 19 | Accum Provision for Uncollectible (144) | (21,000) |
| 20 | Accounts Receivable Assoc. Comp. (146) | - |
| 21 | Plant Materials & Supplies (154) | 16,100 |
| 22 | Prepayments (165) | 29,559 |
| 23 | Interest & Dividends Receivable (171) | 617 |
| 24 | Miscellaneous Current & Accrued Assets (174) | 1,500 |
| 25 | Derivative Instrument Assets (175) | - |
| 26 | (Less) Long Term Portion of Derivative Assets (175.1) | - |
| 27 | Total Current and Accrued Assets | <u>173,304</u> |
| DEFERRED DEBITS | | |
| 28 | Unamortized Debt Expense (181) | 5,627 |
| 29 | Other Regulatory Assets (182.3) | 509,941 |
| 30 | Clearing Accounts (184) | - |
| 31 | Temporary Facilities(185) | - |
| 32 | Miscellaneous Deferred Debits (186) | (193) |
| 33 | Unamortized Loss on Reacquired Debt (189) | 38,531 |
| 34 | Accumulated Deferred Income Taxes (190) | 100,572 |
| 35 | Other Deferred Debits | - |
| 36 | Total Deferred Debits | <u>654,478</u> |
| 37 | TOTAL ASSETS AND OTHER DEBITS | <u><u>\$ 3,005,406</u></u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
Page

B-1
Bordo
2 of 2

Balance Sheet

[1]

| Line No | Description/(Account No) | Budget FTY 3-31-11 |
|------------------------------------------|---------------------------------------------------------|----------------------------|
| PROPRIETARY CAPITAL | | |
| 1 | Common Stock Issued (201) | \$ 0 |
| 2 | Preferred Stock Issued (204) | 107,935 |
| 3 | Premium on Capital Stock (207) | 137 |
| 4 | Other Paid-in-Capital (208-211) | 988,427 |
| 5 | Capital Stock Expense (214) | (2,162) |
| 6 | Retained Earnings (215, 215.2, 216, 261.1) | 310,472 |
| 7 | Accum Other Comprehensive Income (219) | (10,886) |
| 8 | Total Proprietary Capital | <u>1,393,923</u> |
| LONG TERM DEBT | | |
| 9 | Bonds (221) | 300,000 |
| 10 | Advances from Associated Companies (223) | - |
| 11 | Other Long-Term Debt (224) | 303,653 |
| 12 | Unamortized Premium on LTD (225) | - |
| 13 | Unamortized Discount on LTD (226) | (23) |
| 14 | Total Long-term Debt | <u>603,630</u> |
| OTHER NON-CURRENT LIABILITIES | | |
| 15 | Obligations under Capital Leases (227) | 5,300 |
| 16 | Accum. Prov for Injuries & Damages (228.2) | 55,073 |
| 17 | Accum. Prov for Pensions & Benefits (228.3) | 1,800 |
| 18 | Accum. Miscellaneous Operating Prov (228.4) | - |
| 19 | Total non-Current Liabilities | <u>62,173</u> |
| CURRENT & ACCRUED LIABILITIES | | |
| 20 | Notes Payable (231) | - |
| 21 | Accounts Payable (232) | 47,394 |
| 22 | Notes Payable to Assoc. Companies (233) | 106,555 |
| 23 | Accounts Payable to Assoc. Cos (234) | 4,235 |
| 24 | Customer Deposits (235) | 7,000 |
| 25 | Taxes Accrued (236) | 7,598 |
| 26 | Interest Accrued (237) | 10,466 |
| 27 | Dividends Declared (238) | 1,553 |
| 28 | Tax Collections Payable (241) | 1,500 |
| 29 | Misc Current & Accrued Liabilities (242) | 13,373 |
| 30 | Derivative Instrument Liabilities (244) | - |
| 31 | Less: Long Term Portion of Derivative Inst. Liab. Hedge | - |
| 32 | Total Current & Accrued Liabilities | <u>199,674</u> |
| OTHER DEFERRED CREDITS | | |
| 33 | Customer Advances for Construction (252) | - |
| 34 | Other Deferred Credits (253) | 178,988 |
| 35 | Other Regulatory Liabilities (254) | 50,299 |
| 36 | Deferred Investment Tax Credit (255) | - |
| 37 | Unamortized Gain on Reacquired Debt (257) | - |
| 38 | Accumulated Deferred Income Taxes (283) | 202,581 |
| 39 | Total Other Deferred Credits | <u>314,138</u> |
| 40 | Total Other Deferred Credits | <u>746,006</u> |
| 41 | TOTAL LIABILITIES & OTHER CREDITS | <u><u>\$ 3,005,406</u></u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule B-2
 Witness: Bordo
 Page 1 of 1

Statement of Net Utility Operating Income

| Line No | Description | [1] Acct No | [2] Budget FTY 3-31-11 | Reference |
|---------------------------------|----------------------------------------------|------------------|--------------------------------|-----------|
| Total Operating Revenues | | | | |
| 1 | Total Sales Revenues | | \$ 837,979 | B-3 |
| 2 | Sales for Resale | | 1,400 | B-3 |
| 3 | Other Operating Revenues | | 68,496 | B-3 |
| 4 | Total Revenues | 400 | <u>907,875</u> | |
| Total Operating Expenses | | | | |
| 5 | Operation & Maintenance Expenses | 401,402 | 557,811 | B-4 |
| 6 | Depreciation Expense | 404 | 78,383 | |
| 7 | Other Amortization | 405 | 8,391 | |
| 8 | Amortization of Regulatory Assets | 405 | - | |
| 9 | Taxes Other Than Income Taxes | 408.1 | 58,941 | B-5 |
| 10 | Total Operating Expenses | | <u>703,526</u> | |
| 11 | Operating Income Before Income Taxes (OIBIT) | | 204,349 | |
| Income Taxes: | | | | |
| 12 | State | 409.1 | 10,315 | B-5 |
| 13 | Federal | 409.1 | 34,452 | B-5 |
| 14 | Total Income Taxes | | <u>44,767</u> | |
| 15 | Net Utility Operating Income | | <u><u>\$ 159,582</u></u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
 Page

B-3
Bordo
 1 of 1

Statement of Operating Revenues

[1]

| Line No | Description | Budget FTY 3-31-11 |
|------------------------------------------|----------------------------------------|-----------------------|
| Electric Operating Revenues | | |
| Sales of Electricity: | | |
| 1 | Distribution Tariff Charges | \$ 406,072 |
| 2 | | |
| 3 | Generation Charges | 377,458 |
| 4 | | |
| 5 | Transmission Charges | 54,449 |
| 6 | | |
| 7 | Other | |
| 8 | Total Sales to Ultimate Customers | 837,979 |
| 9 | Sales for Resale/Account 447 | 1,400 |
| 10 | - | 839,379 |
| Other Operating Revenues | | |
| Forfeited Discounts/Account 450: | | |
| 11 | Late Payment Charges | 3,749 |
| 12 | Returned Check Charges | 149 |
| 13 | Total Account 450 | 3,898 |
| 14 | Miscellaneous Service Revenues | 1,196 |
| 15 | Transmission PJM Credit | 732 |
| Rent from Electric Property/Account 454: | | |
| 16 | Rent - Electric Property | 8,998 |
| 17 | Customer Work - Reimbursement | 727 |
| 18 | Total Account 454 | 9,725 |
| Other Electric Revenues/Account 456: | | |
| 19 | Customer Choice - EGS Transmission | 46,922 |
| 20 | Other Electric Revenues - Distribution | 479 |
| 21 | Other Electric Revenues - Transmission | - |
| 22 | Transmission Revenues - AES/APW | 267 |
| 23 | Transmission Revenues - APS/Piney Fork | 1,800 |
| 23 | Non-Firm Transmission Service | 1,577 |
| 23 | Total Account 456 | 1,900 |
| 24 | Total Account 456 | 52,945 |
| 25 | Total Other Operating Revenues | 68,496 |
| 26 | Total Operating Revenues | \$ 907,875 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule B-4
Witness: Bordo
Page 1 of 2

Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget FTY 3-31-11 |
|----------------------------------|------------------------------------------|------------|-----------------------|
| Purchased Power Expenses: | | | |
| 1 | Purchased power | 555 | \$ 366,436 |
| 2 | Other Power Supply Expense | 556 | - |
| 3 | Total Purchased Power Expenses | | <u>366,436</u> |
| Transmission Expense: | | | |
| 4 | Operation Supervision & Engineering | 560 | 517 |
| 5 | Load Dispatching | 561 | (9) |
| 6 | Station Expenses | 562 | 201 |
| 7 | Overhead Line Expenses | 563 | 139 |
| 8 | Underground Line Expenses | 564 | 176 |
| 9 | Transmission of Electricity by Others | 565 | - |
| 10 | Miscellaneous Transmission Expenses | 566 | 2,674 |
| 11 | Rents | 567 | - |
| 12 | Maintenance Supervision & Engineering | 568 | 187 |
| 13 | Maintenance of Structures | 569 | 1,220 |
| 14 | Maintenance of Station Equipment | 570 | 1,743 |
| 15 | Overhead Lines | 571 | 1,196 |
| 16 | Underground Lines | 572 | 3 |
| 17 | Underground Lines | 573 | 29 |
| 18 | Total Transmission Expenses | | <u>8,078</u> |
| Distribution Expense: | | | |
| 19 | Operation Supervision & Engineering | 580 | 1,442 |
| 20 | Load Dispatching | 581 | 804 |
| 21 | Station Expenses | 582 | 351 |
| 22 | Overhead Line Expense | 583 | 327 |
| 23 | Underground Line Expense | 584 | 494 |
| 24 | Street Lighting & Signal Systems | 585 | - |
| 25 | Meter Expenses | 586 | 1,431 |
| 26 | Customer Installations Expense | 587 | 33 |
| 27 | Miscellaneous Expenses | 588 | 6,000 |
| 28 | Rents | 589 | - |
| 29 | Total Distribution Operation Expenses | | <u>10,882</u> |
| 30 | Maintenance Supervision & Engineering | 590 | 38 |
| 31 | Maintenance of Structures | 591 | 152 |
| 32 | Maintenance of Station Equipment | 592 | 1,815 |
| 33 | Maintenance of OH lines | 593 | 16,819 |
| 34 | Maintenance of Underground lines | 594 | 1,085 |
| 35 | Maintenance of Line Transformers | 595 | 81 |
| 36 | Maintenance of Street Lighting & Signals | 596 | 373 |
| 37 | Maintenance of Meters | 597 | 1,450 |
| 38 | Maintenance of Miscellaneous Plant | 598 | 93 |
| 39 | Total Distribution Maintenance Expenses | | <u>21,906</u> |
| 40 | Total Distribution Expenses | | <u>32,788</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule B-4
 Witness: Bordo
 Page 2 of 2

Operation and Maintenance Expenses

[1]

| Line No | Description | Account No | Budget FTY 3-31-11 |
|-----------------------------------------------|----------------------------------------------------|------------|-----------------------|
| Customer Accounting Expense: | | | |
| 41 | Supervision | 901 | 2,997 |
| 42 | Customer Assistance | 902 | 4,248 |
| 43 | Records & Collections | 903 | 7,752 |
| 44 | Uncollectible Accounts | 904 | 12,549 |
| 45 | Miscellaneous Expenses | 905 | 30,485 |
| 46 | Total Customer Accounts Expense | | <u>58,031</u> |
| Customer Services Expense: | | | |
| 47 | Customer Service-Supervision | 907 | - |
| 48 | Customer Service-Customer Assistance | 908 | 3,808 |
| 49 | Customer Service-Information and Instruction | 909 | - |
| 50 | Customer Service-Miscellaneous Service & Info | 910 | - |
| 51 | Total Customer Service & Informational Expenses | | <u>3,808</u> |
| Sales Expense: | | | |
| 52 | Supervision | 911 | - |
| 53 | Demonstration and Selling Expenses | 912 | - |
| 54 | Advertising Expenses | 913 | - |
| 55 | Miscellaneous Sales Expenses | 916 | - |
| 56 | Total Sales Expense | | <u>-</u> |
| Administrative & General Expenses: | | | |
| 57 | Administrative and General Salaries | 920 | 18,292 |
| 58 | Office Supplies and Expenses | 921 | 7,537 |
| 59 | Administrative Expenses Transferred - Credit | 922 | - |
| 60 | Outside Services Employed | 923 | 13,629 |
| 61 | Property Insurance | 924 | 5,671 |
| 62 | Injuries and Damages | 925 | - |
| 63 | Employee Pensions and Benefits | 926 | 22,634 |
| 64 | Regulatory Commission Expenses | 928 | 3,387 |
| 65 | General Advertising Expenses | 930.1 | 5,241 |
| 66 | Miscellaneous General Expenses | 930.2 | - |
| 67 | Rents | 931 | 2,980 |
| 68 | Total Operation | | <u>79,371</u> |
| 69 | Maintenance of General Plant | 935 | 9,299 |
| 70 | Total Administrative and General Expenses | | <u>88,670</u> |
| 71 | Total Operation & Maintenance Expenses- | | <u>\$ 557,811</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule
 Witness: B-5
 Page 1 Matchett
 of 1

Detail of Taxes

[1]

| Line No | Description | Reference | Budget FTY 3-31-11 |
|--------------------------------------|-------------------------------------|-------------------|-----------------------|
| Taxes Other Than Income Taxes | | | |
| Non-revenue related: | | | |
| 1 | PA Real Estate Tax | | \$ 404 |
| 2 | Pennsylvania - PURTA | | 933 |
| 3 | Capital Stock | | 2,700 |
| 4 | Insurance Premiums | | - |
| 5 | Miscellaneous Taxes | | 307 |
| 6 | Subtotal | Sum L 1 to L 5 | <u>4,344</u> |
| Payroll Taxes | | | |
| 7 | FICA | | 3,608 |
| 8 | SUTA | | 44 |
| 9 | FUTA | | 495 |
| 10 | City of Pittsburgh | | 271 |
| 11 | Subtotal | Sum L 7 to L 10 | <u>4,418</u> |
| Revenue Related: | | | |
| State Gross Receipts: | | | |
| 12 | Pennsylvania | | 50,179 |
| <hr/> | | | |
| 13 | Total Taxes Other Than Income Taxes | L 6 + L 11 + L 12 | <u>\$ 58,941</u> |
| Income Taxes | | | |
| 14 | State | | \$ 10,315 |
| 15 | Federal | | 34,452 |
| 16 | Total Income Taxes | L 14 + L 15 | <u>\$ 44,767</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule
 Witness:
 Page

B-6
 Bordo/Moul
 1 of 1

Composite Cost of Long-Term Debt

| Line No | Description | [1] | [2] | [3] | [4] | [5] |
|---------|--------------------------------------------|--------------------|------------------|-------------------------|----------------------|----------------------------|
| | | Amount Outstanding | Percent to Total | Effective Interest Rate | Annual Interest Cost | Average Weighted Cost Rate |
| 1 | 6.70 % First Mortgage Bond, Due 4-15-12 | \$ 200,000 | 23.32% | 6.79% | | 1.58% |
| 2 | 6.57% Series R due 02-15-14 | 100,000 | 11.66% | 6.79% | | 0.79% |
| 3 | 4.05% PCRBA ACIDA Series 1999B Due 9-1-11 | 47,925 | 5.59% | 4.13% | | 0.23% |
| 4 | 4.35% PCRBA ACIDA Series 1999A Due 12-1-13 | 50,000 | 5.83% | 4.39% | | 0.26% |
| 5 | 4.50% PCRBA BCIDA Series 1999D Due 11-1-29 | 44,250 | 5.16% | 4.55% | | 0.23% |
| 6 | 4.90% PCRBA BCIDA Series 1999E Due 3-3-31 | 75,500 | 8.80% | 5.02% | | 0.44% |
| 7 | 4.90% PCRBA OWDA Series 1999C Due 3-1-31 | 33,955 | 3.96% | 5.02% | | 0.20% |
| 8 | 5.40% PCRBA OWDA Series 1999B Due 3-31-31 | 13,500 | 1.57% | 5.52% | | 0.09% |
| 9 | 4.73% PCRBA OAQDA Series 1999B Due 10-1-27 | 20,500 | 2.39% | 4.86% | | 0.12% |
| 10 | 4.95% PCRBA BCIDA Series 1999C Due 8-1-33 | 18,000 | 2.10% | 5.06% | | 0.11% |
| 11 | Intercompany Loans | 253,901 | 29.61% | 4.89% | | 1.45% |
| 12 | Sub-Total | 857,531 | 100.00% | | 47,120 | 5.49% |
| 13 | Amortization of Loss on Reacquired Debt | | | | 2,619 | |
| 14 | Loss on Reacquired Debt | (38,531) | | | | |
| 15 | Net Long-Term Debt | \$ 819,000 | | | \$ 49,739 | 6.07% |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule
 Witness:
 Page

B-7
 Bordo/Moul
 1 of 1

Composite Cost of Preferred Stock

| Line No | Description | [1] Amount Outstanding | [2] Percent to Total | [3] Effective Cost Rate | [4] Annual Cost | [5] Weighted Cost Rate |
|---------|-----------------------|-----------------------------|---------------------------|------------------------------|----------------------|-----------------------------|
| 1 | 3.75% Series | \$ 7,400 | 6.86% | 3.77% | | 0.26% |
| 2 | 4.10% Series | 5,993 | 5.55% | 4.11% | | 0.23% |
| 3 | 4.15% Series | 6,623 | 6.14% | 4.15% | | 0.25% |
| 4 | 4.20% Series | 5,000 | 4.63% | 4.21% | | 0.19% |
| 5 | 6.50% Series | 74,950 | 69.44% | 6.67% | | 4.63% |
| 6 | \$2.10 Series | <u>7,970</u> | <u>7.38%</u> | 4.16% | | <u>0.31%</u> |
| 7 | Total Preferred Stock | <u>\$ 107,936</u> | <u>100.00%</u> | | <u>\$ 6,342</u> | <u>5.87%</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Capital Structure - Year End 3-31-10 and 3-31-11

| Line No | Description | [1] | [2] March 31, 2010 | [3] March 31, 2011 |
|------------------------------|-----------------|-------|----------------------------|----------------------------|
| Capitalization | | | | |
| 1 | Long-Term Debt | | \$ 400,980 | \$ 819,000 |
| 2 | Preferred Stock | | 107,936 | 107,936 |
| 3 | Common Equity | | 1,081,267 | 1,021,186 |
| 4 | Total | | <u>\$ 1,590,183</u> | <u>\$ 1,948,122</u> |
| Capitalization Ratios | | | | |
| 5 | Long-Term Debt | | 25.22% | 42.04% |
| 6 | Preferred Stock | | 6.79% | 5.54% |
| 7 | Common Equity | | 67.99% | 52.42% |
| 8 | Total | | <u>100.00%</u> | <u>100.00%</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule B-9
 Witness: Moul
 Page 1 of 1

Rate of Return

| | [1] | [2] | [3] | [4] | [5] | |
|---------|-----------------|---------------------|----------------------|---------------|---------------------|------------------|
| Line No | Description | Capitalization | Capitalization Ratio | Embedded Cost | Statement Reference | Return - Percent |
| 1 | Long-Term Debt | \$ 819,000 | 42.04% | 6.07% | B-6 | 2.55% |
| 2 | Preferred Stock | 107,936 | 5.54% | 5.89% | B-7 | 0.33% |
| 3 | Common Equity | <u>1,021,186</u> | <u>52.42%</u> | 11.25% | | <u>5.90%</u> |
| 4 | Total | <u>\$ 1,948,122</u> | <u>100.00%</u> | | | <u>8.78%</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-1
Witness: Crowley
Exhibit No. (LAC-1)
 Page 1 of 1

Measures of Value and Rate of Return

| Line No | Description | [1] | [2] | [3] |
|-------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------------|------------------|
| | | <u>FTY Ended 3-31-11</u> | | <u>Reference</u> |
| | | <u>Total Electric Utility</u> | <u>Total PA Jurisdiction (1)</u> | |
| 1 | Total Measure of Value/Rate Base - Net | <u>\$ 1,889,030</u> | <u>\$ 1,439,932</u> | D-1, page 3 |
| Pro Forma Return at Present rates | | | | |
| 2 | Amount | <u>\$ 119,150</u> | <u>\$ 78,917</u> | D-1, Page 2 |
| 3 | Percent | <u>6.307%</u> | <u>5.481%</u> | |
| Pro Forma Return at Proposed Rates | | | | |
| 4 | Amount | | <u>\$ 126,426</u> | D-1, Page 1 |
| 5 | Percent | | <u>8.78%</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 1 of 11

Pro Forma Electric Plant in Service

[1] [2]

| Line No | Description | Account No | Pro Forma FTY Ended 3/31/11 |
|----------------------------------|-----------------------------------------------------------------|------------|-----------------------------------|
| Electric Plant in Service | | | |
| Intangible Plant | | | |
| 1 | Organizations | 301 | 100 |
| 2 | Franchises & Consents | 302 | 7 |
| 3 | Software | 303 | 26,968 |
| 4 | Total Intangible Plant | | <u>27,075</u> |
| Transmission Plant: | | | |
| 5 | Land and Land Rights | 350 | 18,049 |
| 6 | Structures and Improvements | 352 | 9,118 |
| 7 | Station Equipment | 353 | 280,328 |
| 8 | Towers and Fixtures | 354 | 76,727 |
| 9 | Poles and Fixtures | 355 | 16,356 |
| 10 | Overhead Conductors & Devices | 356 | 92,474 |
| 11 | Underground Conduit | 357 | 66,029 |
| 12 | Underground Conduit & Devices | 358 | 46,670 |
| 13 | Roads and Trails | 359 | - |
| 14 | Subtotal Transmission Plant | | <u>605,751</u> |
| Distribution Plant: | | | |
| 15 | Land and Land Rights | 360 | 11,132 |
| 16 | Structures and Improvements | 361 | 52,608 |
| 17 | Station Equipment | 362 | 396,218 |
| 18 | Poles, Towers and Fixtures | 364 | 332,783 |
| 19 | Overhead Conductors and Devices | 365 | 380,970 |
| 20 | Underground Conduit | 366 | 115,126 |
| 21 | Underground Conductors and Devices | 367 | 249,665 |
| 22 | Line Transformers | 368 | 274,128 |
| 23 | OH & UND Services | 369 | 94,152 |
| 24 | Meters & Appurtencies | 370 | 105,224 |
| 25 | Meter Communication Equipment | 370.1 | 2,654 |
| 26 | Street Lighting | 373 | 35,614 |
| 27 | Total Distribution Plant | | <u>2,050,274</u> |
| General Plant: | | | |
| 28 | Land and Land Rights | 389 | 5,887 |
| 29 | Structures and Improvements (1) | 390 | 100,735 |
| 30 | Office Equipment & Equipment | 391 | 8,713 |
| 31 | Transportation Equipment | 392 | 57,798 |
| 32 | Stores Equipment | 393 | 2,731 |
| 33 | Tools, Shop and Garage Equipment | 394 | 11,581 |
| 34 | Laboratory Equipment | 395 | 4,619 |
| 35 | Power Operated Equipment | 396 | 1,309 |
| 36 | Communication Equipment | 397 | 64,197 |
| 37 | Miscellaneous Equipment | 398 | 458 |
| 38 | Total General Plant | | <u>258,026</u> |
| 39 | Total Electric Plant in Service - Accounts 101 & 106 | | <u>\$ 2,941,126</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 2 of 11

Pro Forma Plant Adjustment Summary

| Line # | Description | [1] Schedule | [2] FTY Ended 3/31/11 Budget | [3] Adjustments | [4] Pro Forma FTY Ended 3/31/11 |
|--------|---------------------------------------|-------------------|-----------------------------------------|----------------------|--------------------------------------------|
| 1 | INTANGIBLE PLANT | Sch. C-2, Page 3 | \$ 25,370 | \$ 1,705 | \$ 27,075 |
| 2 | PRODUCTION PLANT | Sch C-2, Page 3 | - | - | - |
| 3 | STORAGE PLANT | Sch. C-2, Page 3 | - | - | - |
| 4 | TRANSMISSION PLANT | Sch C-2, Page 3 | 589,539 | 16,212 | 605,751 |
| 5 | DISTRIBUTION PLANT | Sch C-2, Page 4 | 2,018,308 | 31,966 | 2,050,274 |
| 6 | GENERAL PLANT | Sch. C-2, Page 4 | 253,325 | 4,701 | 258,026 |
| 7 | SUB-TOTAL PLANT-IN-SERVICE | Sum (L 1 to L 6) | <u>2,886,542</u> | <u>54,584</u> | <u>2,941,126</u> |
| 8 | | | - | - | - |
| 9 | COMPLETED CONSTRUCTION NOT CLASSIFIED | G/L a/c # 106 | <u>-</u> | <u>-</u> | <u>-</u> |
| 10 | PLANT-IN-SERVICE | Sum (L 7 to L 9) | <u>\$ 2,886,542</u> | <u>\$ 54,584</u> | <u>\$ 2,941,126</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 3 of 11

Pro Forma FTY End 3-31-11 Plant Balances

| Line # | Description | Account Number | [1] | [2] | [3] | [4] |
|-------------------------------|----------------------------------|------------------|---------------|----------------------|-------------------|-------|
| | | | Budget Amount | Pro Forma Adjustment | Test Year Balance | |
| Pro Forma - FTY Ended 3-31-11 | | | | | | |
| [2] + [3] | | | | | | |
| <u>INTANGIBLE PLANT</u> | | | | | | |
| 1 | Organization | 301 | \$ 100 | \$ - | \$ 100 | |
| 2 | Franchise & Consent | 302 | 7 | - | 7 | |
| 3 | Miscellaneous Intangible Plant | 303 | 25,263 | 1,705 | 26,968 | |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 25,370 | 1,705 | 27,075 | |
| <u>PRODUCTION PLANT</u> | | | | | | |
| 5 | Land and land rights | 310 | - | - | - | |
| 6 | Structures, Improvements | 311 | - | - | - | |
| 7 | Misc. Power Plant equipment | 316 | - | - | - | |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - | - | |
| <u>STORAGE PLANT</u> | | | | | | |
| 9 | Land and land rights | 340 | - | - | - | |
| 10 | Structures, Improvements | 341 | - | - | - | |
| 11 | Misc Power Plant Equipment | 346 | - | - | - | |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - | - | |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - | - | |
| <u>TRANSMISSION PLANT</u> | | | | | | |
| 14 | Land and land rights | 350 | - | - | - | |
| 15 | Structures, Improvements | 352 | - | - | - | |
| 16 | Station Equipment | 353 | 17,557 | 492 | 18,049 | |
| 17 | Towers and Fixtures | 354 | 8,932 | 186 | 9,118 | |
| 18 | Poles and Fixtures | 355 | 272,040 | 8,288 | 280,328 | |
| 19 | Overhead Conductors & Devices | 356 | 75,627 | 1,100 | 76,727 | |
| 20 | Underground Conduit | 357 | 15,691 | 665 | 16,356 | |
| 21 | Underground Conductors & Devices | 358 | 87,461 | 5,013 | 92,474 | |
| 22 | Road and Trails | 359 | 66,245 | (216) | 66,029 | |
| 23 | Asset Retirement Costs | 359.1 | 45,986 | 684 | 46,670 | |
| 24 | Other Transmission Plant | | - | - | - | |
| 25 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | 589,539 | 16,212 | 605,751 | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 4 of 11

Pro Forma FTY End 3-31-11 Plant Balances

| Line # | Description | Account Number | [1] | [2] | [3] | [4] |
|----------------------------------|-------------------------------------------------------|------------------|-------------------------------|----------------------|---------------------|---------------|
| | | | Pro Forma - FTY Ended 3-31-11 | | | |
| | | | Budget Amount | Pro Forma Adjustment | Test Year Balance | [2] + [3] |
| <u>DISTRIBUTION PLANT</u> | | | | | | |
| 26 | Land and land rights | 360 | 11,058 | 74 | 11,132 | |
| 27 | Structures, Improvements | 361 | 52,389 | 219 | 52,608 | |
| 28 | Station Equipment | 362 | 387,733 | 8,485 | 396,218 | |
| 29 | Storage Battery Equipment | 363 | - | - | - | |
| 30 | Poles, Towers and Fixtures | 364 | 329,639 | 3,144 | 332,783 | |
| 31 | Overhead Conductors and Devices | 365 | 373,364 | 7,606 | 380,970 | |
| 32 | Underground Conduit | 366 | 113,824 | 1,302 | 115,126 | |
| 33 | Underground Conductors and Devices | 367 | 245,428 | 4,237 | 249,665 | |
| 34 | Line Transformers | 368 | 269,660 | 4,468 | 274,128 | |
| 35 | Services | 369 | 92,958 | 1,194 | 94,152 | |
| 36 | Meters | 370 | 106,823 | 1,055 | 107,878 | |
| 37 | Leased Property On Customers Premises | 372 | - | - | - | |
| 38 | Street Lighting and Signaling Systems | 373 | 35,432 | 182 | 35,614 | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL DISTRIBUTION PLANT | Sum L 26 to L 40 | <u>2,018,308</u> | <u>31,966</u> | <u>2,050,274</u> | |
| <u>GENERAL PLANT</u> | | | | | | |
| 42 | Land and land rights | 389 | 5,892 | (5) | 5,887 | |
| 43 | Structures, Improvements | 390 | 90,819 | 1,649 | 92,468 | |
| 44 | Leasehold Improvements | | 8,100 | 167 | 8,267 | |
| 45 | Office Furniture & Equipment | 391 | 8,236 | 477 | 8,713 | |
| 46 | Transportation equipment | 392 | 56,860 | 938 | 57,798 | |
| 47 | Store equipment | 393 | 2,729 | 2 | 2,731 | |
| 48 | Tools, shop and garage equipment | 394 | 11,460 | 121 | 11,581 | |
| 49 | Laboratory equipment | 395 | 4,566 | 53 | 4,619 | |
| 50 | Power operated equipment | 396 | 1,285 | 24 | 1,309 | |
| 51 | Electric communications equipment | 397 | 62,921 | 1,276 | 64,197 | |
| 52 | Miscellaneous equipment | 398 | 457 | 1 | 458 | |
| 53 | | | | | | |
| 54 | TOTAL GENERAL | Sum L 42 to L 52 | <u>253,325</u> | <u>4,701</u> | <u>258,026</u> | |
| 55 | SUB-TOTAL (L 4 + L 13 + L 25 L 41 + L 54) | | 2,886,542 | 54,584 | 2,941,126 | |
| 56 | Closed Plant Not Classified | 106 | - | - | - | |
| 57 | TOTAL PLANT IN SERVICE | L 55 + L 56 | <u>\$ 2,886,542</u> | <u>\$ 54,584</u> | <u>\$ 2,941,126</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 5 of 11

Additions to Plant FTY Ended 3-31-11

| Line # | Description | Account Number | [1] | [2] | [3] | [4] |
|-----------------------------|----------------------------------|------------------|---------------------------------------|---------------|-------|-------|
| | | | Plant Additions For FTY Ended 3-31-11 | | | |
| Pro Forma Adjustment Amount | | | | | | |
| | | | Budget | Adjustments | Other | |
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | | |
| 2 | Franchise & Consent | 302 | - | - | | |
| 3 | Miscellaneous Intangible Plant | 303 | 6,860 | 1,705 | | |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | <u>6,860</u> | <u>1,705</u> | | - |
| PRODUCTION PLANT | | | | | | |
| 5 | Land and land rights | 310 | - | - | | |
| 6 | Structures, Improvements | 311 | - | - | | |
| 7 | Misc. Power Plant equipment | 316 | - | - | | |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | <u>-</u> | <u>-</u> | | - |
| STORAGE PLANT | | | | | | |
| 9 | Land and land rights | 340 | - | - | | |
| 10 | Structures, Improvements | 341 | - | - | | |
| 11 | Misc Power Plant Equipment | 346 | - | - | | |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | <u>-</u> | <u>-</u> | | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | <u>-</u> | <u>-</u> | | - |
| TRANSMISSION PLANT | | | | | | |
| 14 | Land and land rights | 350 | 5,246 | 492 | | |
| 15 | Structures, Improvements | 352 | - | 186 | | |
| 16 | Station Equipment | 353 | 45,489 | 8,288 | | |
| 17 | Towers and Fixtures | 354 | 7,215 | 1,100 | | |
| 18 | Poles and Fixtures | 355 | 3,907 | 665 | | |
| 19 | Overhead Conductors & Devices | 356 | 11,277 | 5,013 | | |
| 20 | Underground Conduit | 357 | 3,841 | (216) | | |
| 21 | Underground Conductors & Devices | 358 | 3,738 | 684 | | |
| 22 | Road and Trails | 359 | - | - | | |
| 23 | Asset Retirement Costs | 359 1 | - | - | | |
| 24 | Other Transmission Plant | | - | - | | |
| 25 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | <u>80,713</u> | <u>16,212</u> | | - |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **C-2**
Witness: **Bordo/O'Brien**
Page 6 of 11

Additions to Plant FTY Ended 3-31-11

| Line # | Description | Account Number | [1] | [2] | [3] | [4] |
|----------------------------------|------------------------------------------------|------------------|---------------------------------------|-------------|-----------|-------|
| | | | Plant Additions For FTY Ended 3-31-11 | | | |
| | | | Budget | Adjustments | Other | |
| <u>DISTRIBUTION PLANT</u> | | | | | | |
| 26 | Land and land rights | 360 | - | | 74 | |
| 27 | Structures, Improvements | 361 | - | | 219 | |
| 28 | Station Equipment | 362 | 38,293 | | 8,485 | |
| 29 | Storage Battery Equipment | 363 | - | | - | |
| 30 | Poles, Towers and Fixtures | 364 | 16,587 | | 3,144 | |
| 31 | Overhead Conductors and Devices | 365 | 53,420 | | 7,606 | |
| 32 | Underground Conduit | 366 | 6,575 | | 1,302 | |
| 33 | Underground Conductors and Devices | 367 | 6,080 | | 4,237 | |
| 34 | Line Transformers | 368 | 16,445 | | 4,468 | |
| 35 | Services | 369 | 6,866 | | 1,194 | |
| 36 | Meters | 370 | 4,036 | | 1,054 | |
| 37 | Leased Property On Customers Premises | 372 | - | | 1 | |
| 38 | Street Lighting and Signaling Systems | 373 | 301 | | 182 | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL DISTRIBUTION PLANT | Sum L 26 to L 40 | 148,603 | | 31,966 | - |
| <u>GENERAL PLANT</u> | | | | | | |
| 42 | Land and land rights | 389 | | | (5) | |
| 43 | Structures, Improvements | 390 | 9,095 | | 1,649 | |
| 44 | Leasehold Improvements | | - | | 167 | |
| 45 | Office Furniture & Equipment | 391 | 1,523 | | 477 | |
| 46 | Transportation equipment | 392 | 6,413 | | 938 | |
| 47 | Store equipment | 393 | - | | 2 | |
| 48 | Tools, shop and garage equipment | 394 | 40 | | 121 | |
| 49 | Laboratory equipment | 395 | - | | 53 | |
| 50 | Power operated equipment | 396 | - | | 24 | |
| 51 | Electric communications equipment | 397 | 6,019 | | 1,276 | |
| 52 | Miscellaneous equipment | 398 | - | | 1 | |
| 53 | | | | | | |
| 54 | TOTAL GENERAL | Sum L 42 to L 52 | 23,090 | | 4,701 | - |
| 55 | SUB-TOTAL (L 4 + L 13 + L 25 L 41 + L 54) | | 259,266 | | 54,584 | - |
| 56 | Closed Plant Not Classified | 106 | | | | |
| 57 | TOTAL PLANT IN SERVICE | L 55 + L 56 | \$ 259,266 | | \$ 54,584 | \$ - |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 7 of 11

Retirements for FTY Ended 3-31-11

| Line # | Description | [1] Account Number | [2] Retirements Budget | [3] Adjustments |
|---------------------------|----------------------------------|-------------------------|--------------------------------|----------------------|
| <u>INTANGIBLE PLANT</u> | | | | |
| 1 | Organization | 301 | - | |
| 2 | Franchise & Consent | 302 | - | |
| 3 | Miscellaneous Intangible Plant | 303 | 1,590 | |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 1,590 | - |
| <u>PRODUCTION PLANT</u> | | | | |
| 5 | Land and land rights | 310 | - | |
| 6 | Structures, Improvements | 311 | - | |
| 7 | Misc. Power Plant equipment | 316 | - | |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - |
| <u>STORAGE PLANT</u> | | | | |
| 9 | Land and land rights | 340 | - | |
| 10 | Structures, Improvements | 341 | - | |
| 11 | Misc Power Plant Equipment | 346 | - | |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - |
| <u>TRANSMISSION PLANT</u> | | | | |
| 14 | Land and land rights | 350 | - | |
| 15 | Structures, Improvements | 352 | - | |
| 16 | Station Equipment | 353 | 6,904 | |
| 17 | Towers and Fixtures | 354 | 1,009 | |
| 18 | Poles and Fixtures | 355 | 698 | |
| 19 | Overhead Conductors & Devices | 356 | 286 | |
| 20 | Underground Conduit | 357 | - | |
| 21 | Underground Conductors & Devices | 358 | - | |
| 22 | Road and Trails | 359 | - | |
| 23 | Asset Retirement Costs | 359.1 | - | |
| 24 | Other Transmission Plant | 0 | - | |
| 25 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | 8,897 | - |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-2
Witness: Bordo/O'Brien
Page 8 of 11

Retirements for FTY Ended 3-31-11

| Line # | Description | Account Number | [1] | [2] | [3] |
|---------------------------|------------------------------------------------|------------------|--------|------------------|-------------|
| | | | | Retirements | |
| | | | Budget | Adjustments | |
| <u>DISTRIBUTION PLANT</u> | | | | | |
| 26 | Land and land rights | 360 | | - | |
| 27 | Structures, Improvements | 361 | | - | |
| 28 | Station Equipment | 362 | | 8,351 | |
| 29 | Storage Battery Equipment | 363 | | - | |
| 30 | Poles, Towers and Fixtures | 364 | | 1,996 | |
| 31 | Overhead Conductors and Devices | 365 | | 7,799 | |
| 32 | Underground Conduit | 366 | | 179 | |
| 33 | Underground Conductors and Devices | 367 | | 769 | |
| 34 | Line Transformers | 368 | | 4,379 | |
| 35 | Services | 369 | | 292 | |
| 36 | Meters | 370 | | 161 | |
| 37 | Leased Property On Customers Premises | 372 | | - | |
| 38 | Street Lighting and Signaling Systems | 373 | | 143 | |
| 39 | | | | | |
| 40 | | | | | |
| 41 | TOTAL DISTRIBUTION PLANT | Sum L 26 to L 40 | | <u>24,069</u> | <u>-</u> |
| <u>GENERAL PLANT</u> | | | | | |
| 42 | Land and land rights | 389 | | | |
| 43 | Structures, Improvements | 390 | | 12,569 | |
| 44 | Leasehold Improvements | | | 1,378 | |
| 45 | Office Furniture & Equipment | 391 | | 4,650 | |
| 46 | Transportation equipment | 392 | | - | |
| 47 | Store equipment | 393 | | 6 | |
| 48 | Tools, shop and garage equipment | 394 | | 2,007 | |
| 49 | Laboratory equipment | 395 | | 303 | |
| 50 | Power operated equipment | 396 | | - | |
| 51 | Electric communications equipment | 397 | | 1,773 | |
| 52 | Miscellaneous equipment | 398 | | 12 | |
| 53 | | | | | |
| 54 | TOTAL GENERAL | Sum L 42 to L 52 | | <u>22,698</u> | <u>-</u> |
| 55 | SUB-TOTAL (L 4 + L 13 + L 25 L 41 + L 54) | | | 57,254 | - |
| 56 | Closed Plant Not Classified | 106 | | | |
| 57 | TOTAL PLANT IN SERVICE | L 55 + L 56 | | <u>\$ 57,254</u> | <u>\$ -</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-2
 Witness: O'Brien
 Page 9 of 11

Pro Forma Adjustments to Plant

| Line # | Description | [1] Account Number | [2] Pension Contribution Capitalized | [3] Adjustment To Re Class Per Depre Study | [4] Re Class | [5] Reduction of S&W Chgd To Plant in FTY | [6] Total |
|---------------------------|----------------------------------|-----------------------|-----------------------------------------|-----------------------------------------------|-----------------|----------------------------------------------|--------------|
| A | Total Amount of Adjustment | | \$ 55,506 | | | \$ (922) | |
| <u>INTANGIBLE PLANT</u> | | | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | - | - | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | 1,729 | - | - | (24) | 1,705 |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 1,729 | - | - | (24) | 1,705 |
| <u>PRODUCTION PLANT</u> | | | | | | | |
| 5 | Land and land rights | 310 | - | - | - | - | - |
| 6 | Structures, Improvements | 311 | - | - | - | - | - |
| 7 | Misc. Power Plan equipment | 316 | - | - | - | - | - |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - | - | - | - |
| <u>STORAGE PLANT</u> | | | | | | | |
| 9 | Land and land rights | 340 | - | - | - | - | - |
| 10 | Structures, Improvements | 341 | - | - | - | - | - |
| 11 | Misc Power Plant Equipment | 346 | - | - | - | - | - |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - | - | - | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - | - | - | - |
| <u>TRANSMISSION PLANT</u> | | | | | | | |
| 14 | Land and land rights | 350 | 510 | - | - | (19) | 492 |
| 15 | Structures, Improvements | 352 | 186 | - | - | - | 186 |
| 16 | Station Equipment | 353 | 8,450 | - | - | (162) | 8,288 |
| 17 | Towers and Fixtures | 354 | 1,126 | - | - | (26) | 1,100 |
| 18 | Poles and Fixtures | 355 | 679 | - | - | (14) | 665 |
| 19 | Overhead Conductors & Devices | 356 | 5,053 | - | - | (40) | 5,013 |
| 20 | Underground Conduit | 357 | (202) | - | - | (14) | (216) |
| 21 | Underground Conductors & Devices | 358 | 697 | - | - | (13) | 684 |
| 22 | Road and Trails | 359 | - | - | - | - | - |
| 23 | Asset Retirement Costs | 359 1 | - | - | - | - | - |
| 24 | | 0 0 | - | - | - | - | - |
| 25 | | 0 0 | - | - | - | - | - |
| 26 | | 0 | - | - | - | - | - |
| 27 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | 16,499 | - | - | (287) | 16,212 |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-2
 Witness: O'Brien
 Page 10 of 11

Pro Forma Adjustments to Plant

| Line # | Description | [1] Account Number | [2] Pension Contribution Capitalized | [3] Adjustment To Reclass Per Depre Study | [4] Re Class | [5] Reduction of S&W Chgd To Plant in FTY | [6] Total |
|---------------------------|------------------------------------------------------|-------------------------|-------------------------------------------|------------------------------------------------|-------------------|------------------------------------------------|----------------|
| DISTRIBUTION PLANT | | | | | | | |
| 28 | Land and land rights | 360 | 74 | - | - | - | 74 |
| 29 | Structures, Improvements | 361 | 219 | - | - | - | 219 |
| 30 | Station Equipment | 362 | 8,622 | - | - | (136) | 8,485 |
| 31 | Storage Battery Equipment | 363 | - | - | - | - | - |
| 32 | Poles, Towers and Fixtures | 364 | 3,203 | - | - | (59) | 3,144 |
| 33 | Overhead Conductors and Devices | 365 | 7,796 | - | - | (190) | 7,606 |
| 34 | Underground Conduit | 366 | 1,325 | - | - | (23) | 1,302 |
| 35 | Underground Conductors and Devices | 367 | 4,259 | - | - | (22) | 4,237 |
| 36 | Line Transformers | 368 | 4,526 | - | - | (58) | 4,468 |
| 37 | Services | 369 | 1,219 | - | - | (24) | 1,194 |
| 38 | Meters | 370 | 1,068 | - | - | (14) | 1,054 |
| 39 | Meter Communications Equipment | 370 1 | 1 | - | - | - | 1 |
| 40 | Leased Property On Customers Premises | 372 | - | - | - | - | - |
| 41 | Street Lighting and Signaling Systems | 373 | 183 | - | - | (1) | 182 |
| 42 | | 0 | 0 | | | | - |
| 43 | TOTAL DISTRIBUTION PLANT | 373 | 32,495 | - | - | (528) | 31,966 |
| GENERAL PLANT | | | | | | | |
| 44 | Land and land rights | 389 | (5) | - | - | - | (5) |
| 45 | Structures, Improvements | 390 | 1,681 | - | - | (32) | 1,649 |
| 46 | Leasehold Improvements | 0 | 167 | - | - | - | 167 |
| 47 | Office furniture | 391.1 | 263 | 1,373 | - | - | 1,636 |
| 48 | Office furniture - Combined for FTY | 391.1 | - | (1,373) | - | - | (1,373) |
| 49 | Office equipment | 391.2 | 112 | 1 | (112) | - | 1 |
| 50 | Office equipment - Combined for FTY | 391 2 | 110 | (3) | 112 | (5) | 213 |
| 51 | Transportation equipment | 392 | 961 | - | - | (23) | 938 |
| 52 | Store equipment | 393 | - | 974 | 2 | - | 976 |
| 53 | Store equipment - Combined for FTY | 393 | 2 | (974) | (2) | - | (974) |
| 54 | Tools, shop and garage equipment | 394 | - | 5,036 | 120 | - | 5,156 |
| 55 | Tools, shop and garage equipment - Combined for FTY | 394 | 120 | (5,035) | (120) | (0) | (5,035) |
| 56 | Laboratory equipment | 395 | 2 | 4,862 | 50 | - | 4,915 |
| 57 | Laboratory equipment - Combined for FTY | 395 | 50 | (4,862) | (50) | - | (4,862) |
| 58 | Power operated equipment | 396 | 24 | - | - | - | 24 |
| 59 | Electric communications equipment | 397 | 474 | 34,842 | 810 | - | 36,126 |
| 60 | Electric communications equipment - Combined for FTY | 397 | 824 | (34,842) | (810) | (21) | (34,850) |
| 61 | Miscellaneous equipment | 398 | - | 35 | - | - | 35 |
| 62 | Miscellaneous equipment - Combined for FTY | 398 | - | (34) | - | - | (34) |
| 63 | TOTAL GENERAL | 0 | 4,783 | - | - | (82) | 4,701 |
| 64 | 0 | | | | | | |
| | Closed Plant Not Classified | | 55,506 | - | - | (922) | 54,584 |
| 65 | | | | | | | |
| 66 | | 106 | | | | | |
| 67 | TOTAL PLANT IN SERVICE | L 55 + L 56 | \$ 55,506 | \$ - | \$ - | \$ (922) | \$ 54,584 |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-2
 Witness: O'Brien
 Page 11 of 11

Pro Forma Adjustments to Plant

| Line # | Description | [1] Factor Or Reference | [2] Total Pension Contribution | [3] Percent Capitalized | [4] Amount Capitalized | [5] Composite Depreciation Rate | [6] Depreciation Expense & Accumulated Depreciation |
|-------------------------------------------------------------------|-----------------------------------------------|------------------------------------|-------------------------------------------|---------------------------------|--------------------------------|--------------------------------------------|-------------------------------------------------------------------|
| <u>Pension Contribution</u> | | | | | | | |
| 1 | Pension Contribution - 2008 | | \$ 10,000 | 50 00% | \$ 5,000 | | |
| 2 | Pension Contribution - 2009 | | 20,000 | 50 00% | 10,000 | | |
| 3 | Pension Contribution - 2010 | | 50,000 | 50 00% | 25,000 | | |
| 4 | Pension Contribution - Through 4/1/11 | | 56,500 | 50 00% | 28,250 | | |
| 5 | Total Pension Contributions | Sum L 1 to L 4 | <u>136,500</u> | | <u>68,250</u> | | |
| <u>FAS 87 Capitalized Pension Cost</u> | | | | | | | |
| 6 | FAS 87 - 2008 | | | | (800) | | |
| 7 | FAS 87 - 2009 | | | | 600 | | |
| 8 | FAS 87 - 2010 | | | | 9,250 | | |
| 9 | FAS 87 - 2011 Prior to 3-31-11 | | | | 3,694 | | |
| 10 | Total FAS 87 Pension Capitalized | Sum L 6 to L 9 | | | <u>12,744</u> | | |
| <u>Depreciation Expense & Accumulated Depreciation</u> | | | | | | | |
| 11 | Depreciation Expense - Calendar Year 2008 | | | | 5,800 | 3 0960% | 90 |
| 12 | Depreciation Expense - Calendar Year 2009 | | | | 9,400 | 3 0960% | 325 |
| 13 | Depreciation Expense - Calendar Year 2010 | | | | 15,750 | 3 0960% | 714 |
| 14 | Depreciation Expense - 2011 to March 31, 2011 | | | | 24,556 | 3 0960% | 335 |
| 15 | Net Addition to Plant | Sum L 11 to L 14 | | | <u>\$ 55,506</u> | | |
| 16 | Addition to Accumulated Depreciation | | | | | | <u>\$ 1,464</u> |
| <u>Annualized Test Year Depreciation Expense</u> | | | | | | | |
| 17 | Net Adjustment to Plant | | | | <u>\$ 55,506</u> | | |
| 18 | FTY Depreciation Rate | | | | | <u>3 0960%</u> | |
| 19 | Annualized Depreciation Expense | | | | | | <u>\$ 1,718</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-3
 Witness: Bordo/O'Brien
 Page 1 of 8

Accumulated Provision for Depreciation

| Line No | Description | [1] Account No | [2] Pro Forma FTY Ended 3/31/11 |
|----------------------------------|----------------------------------------------------------------|---------------------|--------------------------------------------|
| Electric Plant in Service | | | |
| Intangible Plant | | | |
| 1 | Organizations | 301 | \$ - |
| 2 | Franchises & Consents | 302 | - |
| 3 | Software | 303 | 6,826 |
| 4 | Total Intangible Plant | | <u>6,826</u> |
| Transmission Plant: | | | |
| 5 | Land and Land Rights | 350 | 13 |
| 6 | Structures and Improvements | 352 | 4,630 |
| 7 | Station Equipment | 353 | 66,579 |
| 8 | Towers and Fixtures | 354 | 24,782 |
| 9 | Poles and Fixtures | 355 | 1,091 |
| 10 | Overhead Conductors & Devices | 356 | 22,829 |
| 11 | Underground Conduit | 357 | 19,114 |
| 12 | Underground Conduit & Devices | 358 | 13,159 |
| 13 | Roads and Trails | 359 | (2) |
| 14 | Subtotal Transmission Plant | | <u>152,195</u> |
| Distribution Plant: | | | |
| 15 | Land and Land Rights | 360 | 2 |
| 16 | Structures and Improvements | 361 | 28,170 |
| 17 | Station Equipment | 362 | 95,896 |
| 18 | Poles, Towers and Fixtures | 364 | 127,749 |
| 19 | Overhead Conductors and Devices | 365 | 106,400 |
| 20 | Underground Conduit | 366 | 34,992 |
| 21 | Underground Conductors and Devices | 367 | 80,435 |
| 22 | Line Transformers | 368 | 70,439 |
| 23 | OH & UND Services | 369 | 30,710 |
| 24 | Meters & Appurtencies | 370 | 47,186 |
| 25 | Meter Communication Equipment | 370.1 | 1,862 |
| 26 | Street Lighting | 373 | 23,731 |
| 27 | Total Distribution Plant | | <u>647,572</u> |
| General Plant: | | | |
| 28 | Land and Land Rights | 389 | - |
| 29 | Structures and Improvements (1) | 390 | 22,046 |
| 30 | Office Equipment & Equipment | 391 | (3,466) |
| 31 | Transportation Equipment | 392 | 32,270 |
| 32 | Stores Equipment | 393 | 958 |
| 33 | Tools, Shop and Garage Equipment | 394 | 2,864 |
| 34 | Laboratory Equipment | 395 | 1,606 |
| 35 | Power Operated Equipment | 396 | 824 |
| 36 | Communication Equipment | 397 | 15,137 |
| 37 | Miscellaneous Equipment | 398 | 131 |
| 38 | Total General Plant | | <u>72,370</u> |
| 39 | Total Accumulated Depreciation - Accounts 101 & 106 | | <u>\$ 878,963</u> |

Duquesne Light Company
before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
 Page

C-3
Bordo/O'Brien
 2 of 8

Summary of Accumulated Depreciation

| Line # | Description | [1] Account Number | [2] | | [3] | | [4] |
|--------|--------------------------------|-------------------------|-------------------|-----------------|-------------|-------------------|-------|
| | | | Budget | FTY 3-31-11 | Pro Forma | Pro Forma | |
| | | | 03/31/11 | Pro Forma | Adjustments | 03/31/11 | |
| 1 | INTANGIBLE PLANT | | \$ 6,780 | \$ 46 | | \$ 6,826 | |
| 2 | PRODUCTION PLANT | | | | | - | |
| 3 | STORAGE PLANT | | | | | - | |
| 4 | TRANSMISSION PLANT | | 151,759 | 436 | | 152,195 | |
| 5 | DISTRIBUTION PLANT | | 645,669 | 1,903 | | 647,572 | |
| 6 | GENERAL PLANT | | 72,956 | (586) | | 72,370 | |
| 7 | | | | | | - | |
| 8 | ACCUMULATED DEPRECIATION | Sum L 1 to L 7 | 877,164 | 1,799 | | 878,963 | |
| 9 | | | | | | | |
| 10 | OTHER UTILITY PLANT | | | | | - | |
| 11 | TRANSPORTATION | | - | - | | - | |
| 12 | TOTAL ACCUMULATED DEPRECIATION | Sum L 9 to L 11 | 877,164 | 1,799 | | 878,963 | |
| 13 | ACCUMULATED AMORTIZATION | | - | - | | - | |
| 14 | TOTAL ACC DEPR & AMORTIZATION | L 12 + L 13 | <u>\$ 877,164</u> | <u>\$ 1,799</u> | | <u>\$ 878,963</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **C-3**
Witness: **Bordo/O'Brien**
Page 3 of 8

Accumulated Depreciation by FERC Account

| Line # | Description | Account Number | [1] | [2] | [3] | [4] |
|---------------------------|----------------------------------|------------------|-------------------|-----------------------|---------------------|-----|
| | | | FTY Ended 3-31-11 | | | |
| | | | Budget | Pro Forma Adjustments | Pro Forma [2] + [3] | |
| INTANGIBLE PLANT | | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | \$ - | |
| 2 | Franchise & Consent | 302 | - | - | - | |
| 3 | Miscellaneous Intangible Plant | 303 | 6,780 | 46 | 6,826 | |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | <u>6,780</u> | <u>46</u> | <u>6,826</u> | |
| PRODUCTION PLANT | | | | | | |
| 5 | Land and land rights | 310 | - | - | - | |
| 6 | Structures, Improvements | 311 | - | - | - | |
| 7 | Misc. Power Plant equipment | 316 | - | - | - | |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | <u>-</u> | <u>-</u> | <u>-</u> | |
| STORAGE PLANT | | | | | | |
| 9 | Land and land rights | 340 | - | - | - | |
| 10 | Structures, Improvements | 341 | - | - | - | |
| 11 | Misc Power Plant Equipment | 346 | - | - | - | |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | <u>-</u> | <u>-</u> | <u>-</u> | |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | <u>-</u> | <u>-</u> | <u>-</u> | |
| TRANSMISSION PLANT | | | | | | |
| 14 | Land and land rights | 350 | - | 13 | 13 | |
| 15 | Structures, Improvements | 352 | 4,674 | (44) | 4,630 | |
| 16 | Station Equipment | 353 | 65,965 | 614 | 66,579 | |
| 17 | Towers and Fixtures | 354 | 25,160 | (378) | 24,782 | |
| 18 | Poles and Fixtures | 355 | 1,176 | (85) | 1,091 | |
| 19 | Overhead Conductors & Devices | 356 | 22,583 | 246 | 22,829 | |
| 20 | Underground Conduit | 357 | 19,132 | (18) | 19,114 | |
| 21 | Underground Conductors & Devices | 358 | 13,071 | 88 | 13,159 | |
| 22 | Road and Trails | 359 | (2) | - | (2) | |
| 23 | Asset Retirement Costs | 359.1 | - | - | - | |
| 24 | Other Transmission Plant | 0 | - | - | - | |
| 25 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | <u>151,759</u> | <u>436</u> | <u>152,195</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-3
Witness: Bordo/O'Brien
Page 4 of 8

Accumulated Depreciation by FERC Account

| Line # | Description | Account Number | [1] | [2] | [3] | [4] |
|----------------------------------|-------------------------------------------------------|-------------------------|-------------------|-----------------------|-------------------------|-------|
| | | | FTY Ended 3-31-11 | | | |
| | | | Budget | Pro Forma Adjustments | Pro Forma [2] + [3] | |
| <u>DISTRIBUTION PLANT</u> | | | | | | |
| 26 | Land and land rights | 360 | - | 2 | 2 | |
| 27 | Structures, Improvements | 361 | 28,171 | (1) | 28,170 | |
| 28 | Station Equipment | 362 | 94,966 | 930 | 95,896 | |
| 29 | Storage Battery Equipment | 363 | - | - | - | |
| 30 | Poles, Towers and Fixtures | 364 | 127,611 | 138 | 127,749 | |
| 31 | Overhead Conductors and Devices | 365 | 105,910 | 490 | 106,400 | |
| 32 | Underground Conduit | 366 | 35,242 | (250) | 34,992 | |
| 33 | Underground Conductors and Devices | 367 | 80,352 | 83 | 80,435 | |
| 34 | Line Transformers | 368 | 70,757 | (318) | 70,439 | |
| 35 | Services | 369 | 30,009 | 701 | 30,710 | |
| 36 | Meters | 370 | 48,750 | 298 | 49,048 | |
| 37 | Leased Property On Customers Premises | 372 | - | - | - | |
| 38 | Street Lighting and Signaling Systems | 373 | 23,901 | (170) | 23,731 | |
| 39 | | | | | | |
| 40 | | | | - | - | |
| 41 | TOTAL DISTRIBUTION PLANT | Sum L 26 to L 40 | <u>645,669</u> | <u>1,903</u> | <u>647,572</u> | |
| <u>GENERAL PLANT</u> | | | | | | |
| 42 | Land and land rights | 389 | - | - | - | |
| 43 | Structures, Improvements | 390 | 17,793 | 197 | 17,990 | |
| 44 | Leasehold Improvements | 0 | 4,052 | 4 | 4,056 | |
| 45 | Office Furniture & Equipment | 391 | (2,773) | (693) | (3,466) | |
| 46 | Transportation equipment | 392 | 32,245 | 25 | 32,270 | |
| 47 | Store equipment | 393 | 1,053 | (95) | 958 | |
| 48 | Tools, shop and garage equipment | 394 | 2,867 | (3) | 2,864 | |
| 49 | Laboratory equipment | 395 | 1,508 | 98 | 1,606 | |
| 50 | Power operated equipment | 396 | 823 | 1 | 824 | |
| 51 | Electric communications equipment | 397 | 15,256 | (119) | 15,137 | |
| 52 | Miscellaneous equipment | 398 | 132 | (1) | 131 | |
| 53 | | | | | | |
| 54 | TOTAL GENERAL | Sum L 42 to L 52 | <u>72,956</u> | <u>(586)</u> | <u>72,370</u> | |
| 55 | SUB-TOTAL (L 4 + L 13 + L 25 L 41 + L 54) | | 877,164 | 1,799 | 878,963 | |
| 56 | Closed Plant Not Classified | 106 | | | - | |
| 57 | TOTAL ACCUMULATED DEPRECIATION | L 55 + L 56 | <u>\$ 877,164</u> | <u>\$ 1,799</u> | <u>\$ 878,963</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-3
Witness: Bordo/O'Brien
Page 5 of 8

Cost of Removal FTY Ended 3-31-11

| Line # | Description | [1] Account Number | [2] | [3] Budgeted FTY Ended 3/31/11 |
|---------------------------|----------------------------------|-----------------------|-----|-----------------------------------|
| <u>INTANGIBLE PLANT</u> | | | | |
| 1 | Organization | 301 | | \$ - |
| 2 | Franchise & Consent | 302 | | - |
| 3 | Miscellaneous Intangible Plant | 303 | | - |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | | - |
| <u>PRODUCTION PLANT</u> | | | | |
| 5 | Land and land rights | 310 | | |
| 6 | Structures, Improvements | 311 | | |
| 7 | Misc. Power Plant equipment | 316 | | |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | | - |
| <u>STORAGE PLANT</u> | | | | |
| 9 | Land and land rights | 340 | | |
| 10 | Structures, Improvements | 341 | | |
| 11 | Misc Power Plant Equipment | 346 | | |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | | - |
| <u>TRANSMISSION PLANT</u> | | | | |
| 14 | Land and land rights | 350 | | |
| 15 | Structures, Improvements | 352 | | - |
| 16 | Station Equipment | 353 | | 510 |
| 17 | Towers and Fixtures | 354 | | 1,023 |
| 18 | Poles and Fixtures | 355 | | 868 |
| 19 | Overhead Conductors & Devices | 356 | | 245 |
| 20 | Underground Conduit | 357 | | - |
| 21 | Underground Conductors & Devices | 358 | | - |
| 22 | Road and Trails | 359 | | - |
| 23 | Asset Retirement Costs | 359.1 | | - |
| 24 | Other Transmission Plant | 0 | | - |
| 25 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | | 2,646 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-3
Witness: Bordo/O'Brie
Page 6 of 8

Cost of Removal FTY Ended 3-31-11

| Line # | Description | [1] Account Number | [2] | [3] Budgeted FTY Ended 03/31/11 |
|---------------------------|------------------------------------------------|-------------------------|-------|--------------------------------------------|
| <u>DISTRIBUTION PLANT</u> | | | | |
| 26 | Land and land rights | 360 | | |
| 27 | Structures, Improvements | 361 | | - |
| 28 | Station Equipment | 362 | | 1,303 |
| 29 | Storage Battery Equipment | 363 | | - |
| 30 | Poles, Towers and Fixtures | 364 | | 3,927 |
| 31 | Overhead Conductors and Devices | 365 | | 1,252 |
| 32 | Underground Conduit | 366 | | 106 |
| 33 | Underground Conductors and Devices | 367 | | 307 |
| 34 | Line Transformers | 368 | | 821 |
| 35 | Services | 369 | | 3,665 |
| 36 | Meters | 370 | | 5 |
| 37 | Leased Property On Customers Premises | 372 | | - |
| 38 | Street Lighting and Signaling Systems | 373 | | 56 |
| 39 | | | | |
| 40 | | | | |
| 41 | TOTAL DISTRIBUTION PLANT | Sum L 26 to L 40 | | <u>11,442</u> |
| <u>GENERAL PLANT</u> | | | | |
| 42 | Land and land rights | 389 | | |
| 43 | Structures, Improvements | 390 | | |
| 44 | Leasehold Improvements | 0 | | |
| 45 | Office Furniture & Equipment | 391 | | |
| 46 | Transportation equipment | 392 | | |
| 47 | Store equipment | 393 | | |
| 48 | Tools, shop and garage equipment | 394 | | |
| 49 | Laboratory equipment | 395 | | |
| 50 | Power operated equipment | 396 | | |
| 51 | Electric communications equipment | 397 | | |
| 52 | Miscellaneous equipment | 398 | | |
| 53 | | | | |
| 54 | TOTAL GENERAL | Sum L 42 to L 52 | | <u>-</u> |
| 55 | SUB-TOTAL (L 4 + L 13 + L 25 L 41 + L 54) | | | 14,088 |
| 56 | Closed Plant Not Classified | 106 | | |
| 57 | TOTAL ACCUMULATED DEPRECIATION | L 55 + L 56 | | <u>\$ 14,088</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-3
 Witness: Bordo/O'Brien
 Page 7 of 8

Pro Forma Accumulated Depreciation on Plant Adjustments

| Line # | Description | [1] Account Number | [2] Pension Contribution Capitalized | [3] Change in Amortization of Net Salvage | [4] Change in Accum Depre Per Study | [5] Reclassification | [6] Total |
|---------------------------|----------------------------------|-----------------------|-----------------------------------------|----------------------------------------------|----------------------------------------|-------------------------|--------------|
| A | Total Amount of Adjustment | | \$ 1,464 | | | | |
| INTANGIBLE PLANT | | | | | | | |
| 1 | Organization | 301 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | Franchise & Consent | 302 | - | - | - | - | - |
| 3 | Miscellaneous Intangible Plant | 303 | 46 | - | - | - | 46 |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 46 | - | - | - | 46 |
| PRODUCTION PLANT | | | | | | | |
| 5 | Land and land rights | 310 | - | - | - | - | - |
| 6 | Structures, Improvements | 311 | - | - | - | - | - |
| 7 | Misc. Power Plant equipment | 316 | - | - | - | - | - |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - | - | - | - |
| STORAGE PLANT | | | | | | | |
| 9 | Land and land rights | 340 | - | - | - | - | - |
| 10 | Structures, Improvements | 341 | - | - | - | - | - |
| 11 | Misc Power Plant Equipment | 346 | - | - | - | - | - |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - | - | - | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - | - | - | - |
| TRANSMISSION PLANT | | | | | | | |
| 14 | Land and land rights | 350 | 13 | - | - | - | 13 |
| 15 | Structures, Improvements | 352 | 5 | (1) | (48) | - | (44) |
| 16 | Station Equipment | 353 | 223 | 18 | 373 | - | 614 |
| 17 | Towers and Fixtures | 354 | 30 | 41 | (449) | - | (378) |
| 18 | Poles and Fixtures | 355 | 18 | 29 | (132) | - | (85) |
| 19 | Overhead Conductors & Devices | 356 | 133 | 9 | 104 | - | 246 |
| 20 | Underground Conduit | 357 | (5) | - | (13) | - | (18) |
| 21 | Underground Conductors & Devices | 358 | 18 | - | 70 | - | 88 |
| 22 | Road and Trails | 359 | - | - | - | - | - |
| 23 | Asset Retirement Costs | 359 1 | - | - | - | - | - |
| 24 | Other Transmission Plant | 0 | - | - | - | - | - |
| 25 | | | | | | | |
| 26 | 0 | 0 | | | | | |
| 27 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 24 | 435 | 96 | (95) | - | 436 |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-3
 Witness: O'Brien
 Page 8 of 8

Pro Forma Accumulated Depreciation on Plant Adjustments

| Line # | Description | [1] Account Number | [2] Pension Contribution Capitalized | [3] Change in Amortization of Net Salvage | [4] Change in Accum Depre Per Study | [5] Reclassification | [6] Total |
|---------------------------|----------------------------------------------------|-------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------|---------------------------|-----------------|
| DISTRIBUTION PLANT | | | | | | | |
| 28 | Land and land rights | 360 | 2 | - | - | - | 2 |
| 29 | Structures, Improvements | 361 | 6 | - | (7) | - | (1) |
| 30 | Station Equipment | 362 | 227 | (9) | 712 | - | 930 |
| 31 | Storage Battery Equipment | 363 | - | - | - | - | - |
| 32 | Poles, Towers and Fixtures | 364 | 84 | (423) | 477 | - | 138 |
| 33 | Overhead Conductors and Devices | 365 | 206 | (479) | 763 | - | 490 |
| 34 | Underground Conduit | 366 | 35 | 12 | (297) | - | (250) |
| 35 | Underground Conductors and Devices | 367 | 112 | (54) | 25 | - | 83 |
| 36 | Line Transformers | 368 | 119 | (577) | 140 | - | (318) |
| 37 | Services | 369 | 32 | (3) | 672 | - | 701 |
| 38 | Meters | 370 | 28 | 1 | (236) | - | (207) |
| 39 | Leased Property On Customers Premises | | - | - | 505 | - | 505 |
| 40 | | 372 | - | - | - | - | - |
| 41 | Street Lighting and Signaling Systems | 373 | 5 | (3) | (172) | - | (170) |
| 42 | | | | | | | |
| 43 | TOTAL DISTRIBUTION PLANT | Sum L 26 to L 40 | <u>856</u> | <u>(1,535)</u> | <u>2,582</u> | <u>-</u> | <u>1,903</u> |
| GENERAL PLANT | | | | | | | |
| 44 | Land and land rights | 389 | - | - | - | - | - |
| 45 | Structures, Improvements | 390 | 44 | (37) | 190 | - | 197 |
| 46 | Leasehold Improvements | 0 | 4 | - | - | - | 4 |
| 47 | Office furniture | 391.1 | 7 | - | 1,980 | - | 1,987 |
| 48 | Office furniture - Combined for FTY | 391.1 | - | - | (1,906) | - | (1,906) |
| 49 | Office equipment | 391.2 | 3 | - | 5,883 | 3 | 5,889 |
| 50 | Office equipment - Combined for FTY | 391.2 | 3 | - | (6,663) | (3) | (6,663) |
| 51 | Transportation equipment | 392 | 25 | - | - | - | 25 |
| 52 | Store equipment | 393 | - | (95) | 505 | - | 410 |
| 53 | Store equipment - Combined for FTY | 393 | - | - | (505) | - | (505) |
| 54 | Tools, shop and garage equipment | 394 | - | - | 2,705 | - | 2,705 |
| 55 | Tools, shop and garage equipment - Combined for F | 394 | 3 | - | (2,711) | - | (2,708) |
| 56 | Laboratory equipment | 395 | - | - | 1,354 | - | 1,354 |
| 57 | Laboratory equipment - Combined for FTY | 395 | 1 | - | (1,257) | - | (1,256) |
| 58 | Power operated equipment | 396 | 1 | - | - | - | 1 |
| 59 | Electric communications equipment | 397 | 12 | (8) | 17,987 | - | 17,991 |
| 60 | Electric communications equipment - Combined for I | 397 | 22 | - | (18,132) | - | (18,110) |
| 61 | Miscellaneous equipment | 398 | - | - | 116 | - | 116 |
| 62 | Miscellaneous equipment - Combined for FTY | 398 | - | - | (117) | - | (117) |
| 63 | TOTAL GENERAL | Sum L 44 to L 62 | <u>125</u> | <u>(140)</u> | <u>(571)</u> | <u>-</u> | <u>(586)</u> |
| 64 | Sum-Total | 0 | 1,462 | (1,579) | 1,916 | - | 1,799 |
| 65 | | 106 | | | | | |
| 66 | TOTAL | 0 | <u>\$ 1,462</u> | <u>\$ (1,579)</u> | <u>\$ 1,916</u> | <u>\$ -</u> | <u>\$ 1,799</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
 Page

C-4
O'Brien
 1 of 11

Working Capital

| Line No | Description | [1] Pro Forma FTY Ended 3/31/11 | [2] Reference |
|------------|-----------------------------------------|--------------------------------------------|--------------------|
| 1 | Operation & Maintenance Expenses | \$ 36,202 | C-4, P 2, L 11 |
| 2 | Average Prepayments | 3,493 | C-4, P 11, L 19 |
| 3 | Tax Expense | 23,312 | C-4, P 7, L 12 |
| 4 | Interest Payments | (4,966) | C-4, P 8, L 9 |
| 5 | Preferred Dividend Payments | <u>136</u> | C-4, P 9, L 9 |
| 6 | Total Cash Working Capital Requirements | <u>\$ 58,177</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
Page 2 of 11
C-4
O'Brien

Summary of Working Capital

| Line # | Description | [1] Reference | [2] Test Year Expenses | [3] Factor | [4] Number of (Lead) / Lag Days [2] * [3] | [5] Totals |
|-------------------------------------------|---------------------------------------|--------------------|-----------------------------|-----------------|-------------------------------------------------------|------------------|
| <u>WORKING CAPITAL REQUIREMENT</u> | | | | | | |
| 1 | REVENUE LAG DAYS | Sch C-4, P 3 | | | | 53.67 |
| 2 | EXPENSE LAG DAYS | | | | | |
| 3 | Payroll | Sec D, Sch 7 | \$ 50,351 | 11.04 | \$ 555,714 | |
| 4 | Pension Expense | Sec D, Sch 9 | 33,917 | (43.3) | (1,468,584) | |
| 5 | Power Purchased for Resale | Sec D, Sch 2 | 348,758 | 35.00 | 12,206,527 | |
| 6 | Other Expenses | L 23 - L 3 to L 5 | 80,870 | 38.01 | 3,073,872 | |
| 7 | Total | Sum (L 3 to L 6) | <u>\$ 513,896</u> | | <u>\$ 14,367,528</u> | |
| 8 | O & M Expense Lag Days | L7, [4] / [2] | | | | 27.96 |
| 9 | Net (Lead) Lag Days | L 1 - L 8 | | | | 25.71 |
| 10 | Operating Expenses Per Day | L 7, [2] / 365 | | | | <u>\$ 1,408</u> |
| 11 | Working Capital for O & M Expense | L 9 * L 10 | | | | \$ 36,202 |
| 12 | Average Prepayments | Sch C-4, Pg 11 | | | | 3,493 |
| 13 | Accrued Taxes | Sch C-4, Pg 7 | | | | 23,312 |
| 14 | Interest Payments | Sch C-4, Pg 8 | | | | (4,966) |
| 15 | Preferred Dividend Payments | Sch C-4, Pg 9 | | | | 136 |
| 16 | Total Working Capital Requirement | Sum (L 11 to L 15) | | | | <u>\$ 58,177</u> |
| 17 | Pro Forma O & M Expense | | \$ 522,963 | | | |
| 18 | Less: | | | | | |
| | Power Purchased for Resale | | - | | | |
| 19 | Uncollectible Expense - Present Rates | | 8,190 | | | |
| 20 | Uncollectible Expense-on Rev Increase | | 877 | | | |
| 21 | Other | | | | | |
| 22 | Sub-Total | Sum (L 18 to L 21) | | | | <u>9,067</u> |
| 23 | Pro Forma Cash O&M Expense | L 17 - L22 | <u>\$ 513,896</u> | | | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness: C-4
Page 3 of 11

Revenue Lag

| Line No. | Description | [1] Reference Or Factor | [2] Accounts Receivable Balance End of Month | [3] Total Monthly Sales <small>Sch C-4, Pg 4</small> | [4] A/R Turnover <small>[3] / [2]</small> | [5] Days Lag <small>365 / [4]</small> |
|----------|-------------------------------------------|------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------|
| 1 | Annual Number of Days | | | | | <u>365</u> |
| 2 | December, 2008 | | \$ 89,362 | | | |
| 3 | January, 2009 | | 96,204 | 80,706 | | |
| 4 | February | | 64,459 | 67,724 | | |
| 5 | March | | 88,540 | 67,785 | | |
| 6 | April | | 82,361 | 61,444 | | |
| 7 | May | | 81,119 | 66,200 | | |
| 8 | June | | 80,226 | 70,770 | | |
| 9 | July | | 81,456 | 71,035 | | |
| 10 | August | | 88,605 | 80,820 | | |
| 11 | September | | 84,101 | 60,491 | | |
| 12 | October | | 77,542 | 61,861 | | |
| 13 | November | | 74,593 | 60,271 | | |
| 14 | December, 2009 | | 82,866 | 76,120 | | |
| 15 | Total | Sum L 2 to L 14 | <u>\$1,071,434</u> | | | |
| 16 | Average A/R Balance | <u>13</u> | | | | |
| 17 | Factor | | <u>\$82,418</u> | <u>\$ 825,227</u> | <u>10.01</u> | <u>36.46</u> |
| 18 | Collection Days Lag (L 17 [5]) | | | | | 36.46 |
| 19 | Billing Calculation and mailing days lag | | | | | 2.00 |
| 20 | Billing Lag (Mid-Point of Service Period) | | 365 | / | 12 | * |
| | | | | | 0.5 | = |
| 21 | Total Revenue Lag Days | Sum L 18 to L 20 | | | | <u>53.67</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-4
Witness: O'Brien
Page 4 of 11

Revenue By Class of Service

| Line # | Description | [1] | [2] | [3] | [4] | [5] |
|--------|-----------------|-----------------------------|-------------------|------------------|------------------|--------------------|
| | | Revenue By Class of Service | | | | |
| | | Residential | Commercial | Industrial | Lighting | Sum [1] to [4] |
| 1 | January -- 2007 | 36,858 | 24,143 | 4,255 | 1,134 | 66,390 |
| 2 | February | 37,359 | 24,419 | 4,243 | 1,114 | 67,135 |
| 3 | March | 33,523 | 25,362 | 4,316 | 1,268 | 64,469 |
| 4 | April | 31,365 | 24,728 | 4,398 | 1,130 | 61,621 |
| 5 | May | 33,068 | 28,032 | 4,394 | 1,213 | 66,707 |
| 6 | June | 39,865 | 28,579 | 4,192 | 1,205 | 73,841 |
| 7 | July | 44,491 | 30,336 | 4,505 | 1,161 | 80,493 |
| 8 | August | 51,656 | 31,640 | 4,693 | 1,243 | 89,232 |
| 9 | September | 37,064 | 28,309 | 3,850 | 1,062 | 70,285 |
| 10 | October | 33,767 | 26,889 | 4,391 | 1,197 | 66,244 |
| 11 | November | 33,607 | 25,719 | 3,965 | 1,169 | 64,460 |
| 12 | December | 38,942 | 25,408 | 6,760 | 1,197 | 72,307 |
| 13 | TOTAL | <u>\$ 451,565</u> | <u>\$ 323,564</u> | <u>\$ 53,962</u> | <u>\$ 14,093</u> | <u>\$ 843,184</u> |
| 14 | January -- 2008 | 41,264 | 27,632 | 4,495 | 1,250 | 74,641 |
| 15 | February | 40,692 | 27,239 | 5,201 | 1,230 | 74,362 |
| 16 | March | 37,823 | 26,740 | 5,359 | 1,304 | 71,226 |
| 17 | April | 29,216 | 25,077 | 4,378 | 1,245 | 59,916 |
| 18 | May | 30,752 | 26,997 | 4,502 | 1,339 | 63,590 |
| 19 | June | 44,148 | 32,866 | 4,762 | 1,223 | 82,999 |
| 20 | July | 50,017 | 33,577 | 4,851 | 1,305 | 89,750 |
| 21 | August | 44,210 | 32,180 | 4,930 | 1,027 | 82,347 |
| 22 | September | 36,297 | 28,868 | 4,500 | 1,482 | 71,147 |
| 23 | October | 33,634 | 26,501 | 4,729 | 1,356 | 66,220 |
| 24 | November | 37,580 | 47,443 | 5,250 | 1,180 | 91,453 |
| 25 | December | 44,141 | 26,943 | 4,632 | 1,330 | 77,046 |
| 26 | TOTAL | <u>\$ 469,774</u> | <u>\$ 362,063</u> | <u>\$ 57,589</u> | <u>\$ 15,271</u> | <u>\$ 904,697</u> |
| 27 | January -- 2009 | 46,761 | 27,926 | 4,787 | 1,232 | 80,706 |
| 28 | February | 38,076 | 24,028 | 4,498 | 1,122 | 67,724 |
| 29 | March | 36,682 | 25,316 | 4,455 | 1,332 | 67,785 |
| 30 | April | 32,499 | 23,638 | 4,088 | 1,219 | 61,444 |
| 31 | May | 34,044 | 26,460 | 4,381 | 1,315 | 66,200 |
| 32 | June | 38,998 | 26,191 | 4,385 | 1,196 | 70,770 |
| 33 | July | 41,123 | 24,996 | 3,592 | 1,324 | 71,035 |
| 34 | August | 49,397 | 26,203 | 4,024 | 1,196 | 80,820 |
| 35 | September | 32,794 | 22,722 | 3,762 | 1,213 | 60,491 |
| 36 | October | 34,708 | 22,082 | 3,763 | 1,308 | 61,861 |
| 37 | November | 34,592 | 20,861 | 3,650 | 1,168 | 60,271 |
| 38 | December | 46,779 | 23,941 | 4,046 | 1,354 | 76,120 |
| 39 | TOTAL | <u>\$ 466,453</u> | <u>\$ 294,364</u> | <u>\$ 49,431</u> | <u>\$ 14,979</u> | <u>\$ 825,227</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness: C-4
Page 5 of 11

Summary of Expense Lag Calculations

| Line No. | Description | [1] Reference Or Factor | [2] Amount | [3] (Lead) / Lag Days | [4] Weighted Dollar Value [2] * [3] | [5] (Lead) / Lag Days [4] / [2] |
|----------------------------------------|---------------------------------------------------------|------------------------------------|-------------------|-------------------------------|-------------------------------------------------------|------------------------------------------------|
| <u>PAYROLL</u> | | | | | | |
| 1 | Union | | \$ 27,038 | 14.00 | \$ 378,532 | |
| 2 | Paid Bi-Weekly with one week lag (14 days / 2 + 7 days) | | | | | |
| 3 | Non-Union | | 23,313 | 7.60 | 177,179 | |
| 4 | Twice Monthly (365 days / 24 / 2) | | | | | |
| 5 | Payroll Lag | Sum L 1 to L 4 | <u>\$ 50,351</u> | | <u>\$ 555,711</u> | <u>11.04</u> |
| <u>PENSION EXPENSE</u> | | | | | | |
| 6 | Payment # 1 | 15-Jan | \$ 9,600 | (167.0) | \$ (1,603,200) | |
| 7 | Payment # 2 | 1-Apr | 7,000 | (91.0) | (637,000) | |
| 8 | Payment # 3 | 15-Apr | 8,800 | (77.0) | (677,600) | |
| 9 | Payment # 4 | 15-Jul | 8,800 | 14.0 | 123,200 | |
| 10 | Payment # 5 | 15-Oct | 8,800 | 106.0 | 932,800 | |
| 11 | Mid-point of Service Period | 1-Jul | | | | |
| 12 | Totals & (Lead) Lag Days | Sum L 6 to L 11 | <u>43,000</u> | | <u>(1,861,800)</u> | <u>(43.3)</u> |
| <u>PURCHASED ELECTRICITY</u> | | | | | | |
| 13 | Contract Payment Lag | | <u>\$ 348,758</u> | <u>35.00</u> | <u>\$ 12,206,527</u> | <u>35.00</u> |
| <u>OTHER O & M EXPENSES</u> | | | | | | |
| 14 | FEBRUARY 2010 | Sch C-4, Pg 6 | \$ 3,017 | | \$ 101,893 | |
| 15 | NOVEMBER 2009 | Sch C-4, Pg 6 | 2,916 | | 111,186 | |
| 16 | AUGUST 2009 | Sch C-4, Pg 6 | 3,664 | | 139,975 | |
| 17 | MAY 2009 | Sch C-4, Pg 6 | 4,529 | | 183,796 | |
| 18 | TOTAL | Sum L 14 to L 17 | <u>14,125</u> | | <u>536,849</u> | <u>38.01</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
Page 6 **C-4**
 O'Brien
 of 11

General Disbursements Lag

| Line # | Description | [1] Number of CDs | [2] Cash Disbursements | [3] Dollar-Days | [4] Expense Lag-Days [3] / [2] |
|--------------------------------------|---------------------------------------|------------------------|-----------------------------|----------------------|--------------------------------------------|
| <u>FEBRUARY 2010</u> | | | | | |
| 1 | Total Test Month Disbursements Used | 5564 | \$ 68,016 | \$ 128,823 | 1.89 |
| 2 | Total Test Month A/P Disbursement | 618 | \$ 3,893 | \$ 133,876 | 34.39 |
| 3 | Total Test Month Expense Disbursement | 461 | \$ 3,017 | \$ 101,893 | 33.77 |
| <u>NOVEMBER 2009</u> | | | | | |
| 4 | Total Test Month Disbursements Used | 6725 | \$ 103,781 | \$ 614,768 | 5.92 |
| 5 | Total Test Month A/P Disbursement | 782 | \$ 4,167 | \$ 162,796 | 39.06 |
| 6 | Total Test Month Expense Disbursement | 561 | \$ 2,916 | \$ 111,186 | 38.14 |
| <u>AUGUST 2009</u> | | | | | |
| 7 | Total Test Month Disbursements Used | 7359 | \$ 84,706 | \$ 667,666 | 7.88 |
| 8 | Total Test Month A/P Disbursement | 911 | \$ 5,755 | \$ 241,619 | 41.99 |
| 9 | Total Test Month Expense Disbursement | 602 | \$ 3,664 | \$ 139,975 | 38.20 |
| <u>MAY 2009</u> | | | | | |
| 10 | Total Test Month Disbursements Used | 7207 | \$ 71,216 | \$ 842,757 | 11.83 |
| 11 | Total Test Month A/P Disbursement | 877 | \$ 5,958 | \$ 245,942 | 41.28 |
| 12 | Total Test Month Expense Disbursement | 619 | \$ 4,529 | \$ 183,796 | 40.58 |
| <u>TOTAL FOUR TEST MONTHS</u> | | | | | |
| 13 | Total Test Month Disbursements Used | 26855 | \$ 327,719 | \$ 2,254,014 | 6.88 |
| 14 | Total Test Month A/P Disbursement | 3188 | \$ 19,773 | \$ 784,232 | 39.66 |
| 15 | Total Test Month Expense Disbursement | 2243 | \$ 14,125 | \$ 536,849 | 38.01 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness: **C-4**
Page 7 of 11

Tax Expense Lag Days

| Line No. | Description | Reference Or Factor | [1] Pro Forma Proposed Rate Amount | [2] 12-Month Accrued Factor C-4, P 10 | [3] Accrued Taxes [2] * [3] |
|----------|------------------------------------------|---------------------|-----------------------------------------|-----------------------------------------------|-----------------------------------------|
| 1 | FEDERAL INCOME TAX | | \$ 80,561 | 16.17 | \$ 1,302,674 |
| 2 | STATE INCOME TAX | | 22,001 | 23.92 | 526,268 |
| 3 | PURTA | | 933 | 114.67 | 106,987 |
| 4 | PA CAPITAL STOCK TAX | | 2,700 | 23.92 | 64,584 |
| 5 | PA LOCAL & USE TAX | | 307 | 17.67 | 5,425 |
| 6 | PA PROPERTY TAX | | 404 | 54.17 | 21,885 |
| 7 | PA CORPORATE LOAN TAX | | 276 | 130.67 | 36,065 |
| 8 | GROSS RECEIPTS TAX | | 46,515 | 125.17 | 5,822,237 |
| 9 | GRT - REVENUE INCREASE | | 4,974 | 125.17 | 622,596 |
| 10 | Total | Sum L 1 to L 9 | | | <u>\$ 8,508,721</u> |
| 11 | Days in Year | | | | <u>365</u> |
| 12 | Average Daily Amount for Working Capital | | | | <u>\$ 23,312</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness: C-4
Page 8 O'Brien
of 11

Interest Payments

| Line No. | Description | [1] Reference Or Factor | [2] # of Days | [3] # of Days | [4] Total |
|----------|----------------------------------------|------------------------------------|-----------------------|-----------------------|-------------------|
| 1 | Measures of Value at March 31, 3011 | | | | \$ 1,889,030 |
| 2 | Long-term Debt Ratio | | | | 42.04% |
| 3 | Embedded Cost of Long-term Debt | | | | 6.07% |
| 4 | Pro forma Interest Expense | L 1 * L 2 * L 3 | | | <u>\$ 48,230</u> |
| 5 | Daily Amount | L 4 / L 5 [2] | 365 | | \$ 132 |
| 6 | Days to mid-point of interest payments | | | 91.25 | |
| 7 | Less: Revenue Lag Days | | | 53.67 | |
| 8 | Interest Payment lag days | L 7 - L 6 | | | (37.6) |
| 9 | Total Interest for Working Capital | L 5 * L 8 | | | <u>\$ (4,966)</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness: C-4
Page 9 of 11

Preferred Stock Payments

| Line No. | Description | [1] Reference Or Factor | [2] # of Days | [3] # of Days | [4] Total |
|----------|----------------------------------------|------------------------------------|-----------------------|-----------------------|-----------------|
| 1 | Measures of Value at March 31, 2011 | | | | \$ 1,889,030 |
| 2 | Preferred Stock Ratio | | | | 5.54% |
| 3 | Embedded Cost of Preferred | | | | 5.89% |
| 4 | Pro forma Dividend Expense | L 1 * L 2 * L 3 | | | <u>\$ 6,164</u> |
| 5 | Daily Amount | L 4 / L 5 [2] | 365 | | \$ 17 |
| 6 | Days to mid-point of Dividend payments | | | 45.63 | |
| 7 | Less: Revenue Lag Days | | | 53.67 | |
| 8 | Dividend Payment lag days | L 7 - L 6 | | | <u>8.0</u> |
| 9 | Total Dividend for Working Capital | L 5 * L 8 | | | <u>\$ 136</u> |

DUQUESNE LIGHT COMPANY
 FUTURE TEST YEAR ENDED MARCH 31, 2011
 (\$ in Thousands)

TAX EXPENSE LAG DAYS

| Line # | Description | [1] Payment Dates | [2] Mid-Point of Service Period | [3] Lead (Lag) Payment Days [1] - [2] | [4] Payment Amount | [5] Weighted Lead (Lag) Dollars [3] * [4] | [6] Payment Lead (Lag) Days [5] / [4] | [7] Revenue (Lag) Days C-4, Pg3 | [8] Net Payment Lead (Lag) Days [6] - [7] |
|--------|-------------------------------|------------------------|--------------------------------------|---------------------------------------------------|-------------------------|-------------------------------------------------------|---------------------------------------------------|-----------------------------------------|-------------------------------------------------------|
| 1 | FEDERAL INCOME TAX | <u>25%</u> | | | \$ 80,561 | | | | |
| 2 | First Payment | 04/15/10 | 07/01/10 | 77 00 | \$ 20,140 | 1,550,803 | | | |
| 3 | Second Payment | 06/15/10 | 07/01/10 | 16 00 | 20,140 | 322,245 | | | |
| 4 | Third Payment | 09/15/10 | 07/01/10 | (76 00) | 20,140 | (1,530,662) | | | |
| 5 | Fourth Payment | 12/15/10 | 07/01/10 | (167 00) | 20,140 | (3,363,429) | | | |
| 6 | Total | | | | \$ 80,561 | \$ (3,021,044) | (37 50) | 53 67 | 16 17 |
| 7 | STATE INCOME TAX | <u>25%</u> | | | \$ 22,001 | | | | |
| 8 | First Payment | 03/15/10 | 07/01/10 | 108 00 | \$ 5,500 | 594,032 | | | |
| 9 | Second Payment | 06/15/10 | 07/01/10 | 16 00 | 5,500 | 88,005 | | | |
| 10 | Third Payment | 09/15/10 | 07/01/10 | (76 00) | 5,500 | (418,023) | | | |
| 11 | Fourth Payment | 12/15/10 | 07/01/10 | (167 00) | 5,500 | (918,550) | | | |
| 12 | Total | | | | \$ 22,001 | (654,535) | (29.75) | 53 67 | 23 92 |
| 13 | PURTA | | | | \$ 933 | | | | |
| 14 | Payment | 05/01/10 | 07/01/10 | 61 00 | \$ 933 | 56,913 | 61 00 | 53 67 | 114 67 |
| 15 | PA CAPITAL STOCK TAX | <u>25%</u> | | | \$ 2,700 | | | | |
| 16 | First Payment | 03/15/10 | 07/01/10 | 108.00 | \$ 675 | 72,900 | | | |
| 17 | Second Payment | 06/15/10 | 07/01/10 | 16.00 | 675 | 10,800 | | | |
| 18 | Thirrd Payment | 09/15/10 | 07/01/10 | (76 00) | 675 | (51,300) | | | |
| 19 | Fourth Payment | 12/15/10 | 07/01/10 | (167.00) | 675 | (112,725) | | | |
| 20 | Total | | | | \$ 2,700 | (80,325) | (29 75) | 53 67 | 23 92 |
| 21 | PA LOCAL & USE TAX | | | | \$ 307 | | | | |
| 22 | Payment | 02/20/10 | 01/15/10 | (36 00) | \$ 307 | (11,052) | (36 00) | 53 67 | 17 67 |
| 23 | PA PROPERTY TAX | <u>50%</u> | | | \$ 404 | | | | |
| 24 | First Payment | 03/31/10 | 07/01/10 | 92 00 | \$ 202 | 18,584 | | | |
| 25 | Second Payment | 09/30/10 | 07/01/10 | (91 00) | 202 | (18,382) | | | |
| 26 | Total | | | | \$ 404 | 202 | 0 50 | 53 67 | 54 17 |
| 27 | PA CORPORATE LOAN TAX | | | | \$ 276 | | | | |
| 28 | Payment | 04/15/10 | 07/01/10 | 77 00 | \$ 276 | 21,252 | 77 00 | 53 67 | 130 67 |
| 29 | GROSS RECEIPTS TAX | <u>90%</u> | | | \$ 46,515 | | | | |
| 30 | 90% of Estimated GRT | 03/15/10 | 07/01/10 | 108 00 | \$ 41,863 | 4,521,223 | | | |
| 31 | | | | | | | | | |
| 32 | Balance Based on Estimate | 03/15/11 | 07/01/10 | (257 00) | 4,651 | (1,195,426) | | | |
| 33 | | | | | | | | | |
| 34 | Total | | | | \$ 46,515 | 3,325,797 | 71 50 | 53 67 | 125 17 |

DUQUESNE LIGHT COMPANY
 FUTURE TEST YEAR ENDED MARCH 31, 2011
 (\$ in Thousands)

Schedule C-4
 Witness: O'Brien
 Page 11 of 11

PREPAID EXPENSES

| Line # | Description | [1] TOTAL | [2] Amortization | [3] PUC Assessments | [4] Prepaid Expenses | [5] Prepaid Hardware & Software | [6] Insurance Expense | [7] Insurance Property T & D | [8] Insurance Property All Risk | [9] Insurance Auto & Pollution | [10] Insurance Workers Compens | [11] Insurance Liability Misc | [12] Insurance D & O | [13] Insurance General | [14] Insurance Fiduciary | [15] Insurance Excess Gen Liability | |
|--------|---------------------------------|--------------|---------------------|------------------------|-------------------------|------------------------------------|--------------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-------------------------|---------------------------|-----------------------------|----------------------------------------|-----------|
| 1 | December, 2008 | 4,689 | \$ (4,275) | \$ 747 | \$ 50 | \$ 840 | \$ 215 | \$ 310 | \$ 1,318 | \$ 59 | \$ 22 | \$ 445 | \$ 349 | \$ 287 | \$ 159 | \$ 4,163 | |
| 2 | January, 2009 | 4,608 | (314) | 623 | 231 | 997 | 59 | 138 | 322 | 24 | 8 | 105 | 135 | 101 | 57 | 2,122 | |
| 3 | February | 4,169 | (673) | 498 | 237 | 1,038 | 59 | 137 | 322 | 24 | 7 | 105 | 135 | 101 | 57 | 2,122 | |
| 4 | March | 3,657 | (1,077) | 374 | 180 | 1,050 | 118 | 138 | 323 | 24 | 8 | 105 | 135 | 101 | 57 | 2,121 | |
| 5 | April | 3,228 | (1,451) | 249 | 302 | 1,001 | 118 | 137 | 322 | 24 | 7 | 104 | 135 | 101 | 57 | 2,122 | |
| 6 | May | 2,844 | (1,744) | 125 | 304 | 1,029 | 118 | 138 | 322 | 24 | 8 | 105 | 135 | 101 | 57 | 2,122 | |
| 7 | June | 4,690 | (2,253) | 1,350 | 91 | 1,020 | 177 | 137 | 1,618 | 24 | 7 | 105 | 135 | 101 | 57 | 2,121 | |
| 8 | July | 4,071 | (2,651) | 1,238 | 113 | 891 | 177 | 138 | 1,618 | 24 | 8 | 105 | 135 | 101 | 57 | 2,117 | |
| 9 | August | 3,430 | (3,051) | 1,125 | 96 | 783 | 177 | 137 | 1,618 | 24 | 7 | 104 | 135 | 101 | 57 | 2,117 | |
| 10 | September | 3,010 | (3,452) | 1,012 | 71 | 900 | 177 | 138 | 1,617 | 24 | 8 | 105 | 135 | 101 | 57 | 2,117 | |
| 11 | October | 2,578 | (3,854) | 938 | 199 | 724 | 236 | 137 | 1,618 | 24 | 7 | 139 | 135 | 101 | 57 | 2,117 | |
| 12 | November | 2,458 | (4,288) | 810 | 79 | 902 | 236 | 172 | 1,618 | 27 | 8 | 167 | 154 | 107 | 65 | 2,401 | |
| 13 | December, 2009 | 1,971 | (4,485) | 694 | 12 | 796 | 236 | 171 | 1,618 | 26 | 9 | 167 | 154 | 107 | 65 | 2,401 | |
| 14 | TOTAL | \$ - | \$ 45,403 | \$ (33,568) | \$ 9,783 | \$ 1,965 | \$ 11,971 | \$ 2,103 | \$ 2,028 | \$ 14,254 | \$ 352 | \$ 114 | \$ 1,861 | \$ 2,007 | \$ 1,511 | \$ 859 | \$ 30,163 |
| 15 | Distribution Pct | Exp Factor | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| 16 | Distribution Amt | L 14 * L 15 | \$ 45,403 | \$ (33,568) | \$ 9,783 | \$ 1,965 | \$ 11,971 | \$ 2,103 | \$ 2,028 | \$ 14,254 | \$ 352 | \$ 114 | \$ 1,861 | \$ 2,007 | \$ 1,511 | \$ 859 | \$ 30,163 |
| 17 | Number of Months | | 13 | | | | | | | | | | | | | | |
| 18 | Monthly Average | L 16 / L 17 | \$ (2,582) | \$ 753 | \$ 151 | \$ 921 | \$ 162 | \$ 156 | \$ 1,096 | \$ 27 | \$ 9 | \$ 143 | \$ 154 | \$ 116 | \$ 66 | \$ 2,320 | |
| 19 | Rate Case Amount Sum Line 18 | | \$ 3,493 | | | | | | | | | | | | | | |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule C-5
 Witness: Bordo/O'Brien
 Page 1 of 1

Plant Materials and Operating Supplies

| Line No | Description | [1] | [2] |
|---------------------------------------|-----------------------|---------------------------------|------------------------|
| | | <u>FTY Ended 3-31-11</u> | |
| | | <u>Materials & Supplies</u> | <u>Stores Expenses</u> |
| Plant Materials & Supplies | | | |
| 1 | December, 2008 | \$ 15,851 | \$ - |
| 2 | January, 2009 | 15,883 | 12 |
| 3 | February | 15,635 | - |
| 4 | March | 15,840 | - |
| 5 | April | 16,144 | - |
| 6 | May | 16,144 | - |
| 7 | June | 16,387 | - |
| 8 | July | 16,590 | - |
| 9 | August | 16,562 | - |
| 10 | September | 17,107 | - |
| 11 | October | 17,083 | - |
| 12 | November | 17,254 | - |
| 13 | December, 2009 | 16,962 | - |
| 14 | Totals | <u>\$ 213,442</u> | <u>\$ 12</u> |
| 15 | 13-Month Average | <u>\$ 16,419</u> | <u>\$ 1</u> |
| 16 | 13-Month Net Average | | <u>\$ 16,420</u> |
| Amounts Assigned by Function: | | | |
| 17 | Transmission Plant | 37.0% | \$ 6,081 |
| 18 | Distribution Plant | 53.8% | 8,830 |
| 19 | General Plant | 9.2% | 1,509 |
| 20 | Intangible Plant | 0.0% | - |
| 21 | Construction Category | 0.0% | - |
| 22 | Total | <u>100.00%</u> | <u>16,420</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness:
 Page 1 of 1
C-6
Matchett

Accumulated Deferred Income Taxes

| Line No | Description | [1] Reference | [2] Pro Forma FTY Ended 3/31/11 |
|-------------------------------------------------|-------------------------|--------------------|--------------------------------------------|
| <u>ACCUMULATED DEFERRED INCOME TAXES</u> | | | |
| 1 | Transmission Plant | | \$ 38,754 |
| 2 | Distribution Plant | | 180,841 |
| 3 | General and Other Plant | | 24,014 |
| 4 | CIAC Plant | | (1,857) |
| 5 | Total | | \$ 241,752 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule C-7
Witness: O'Brien
 Page 1 of 1

Customer Deposits and Interest

| Line # | Description | Factor Or Reference | [1] Customer Deposits | [2] Interest On Customer Deposits |
|--------|-------------------------|---------------------------|-------------------------------|----------------------------------------------|
| 1 | December, 2008 | | \$ (4,949) | |
| 2 | January, 2009 | | (5,085) | \$ 26 |
| 3 | February | | (5,233) | 27 |
| 4 | March | | (5,315) | 28 |
| 5 | April | | (5,624) | 29 |
| 6 | May | | (5,815) | 30 |
| 7 | June | | (6,030) | 31 |
| 8 | July | | (6,225) | 32 |
| 9 | August | | (6,307) | 33 |
| 10 | September | | (6,574) | 34 |
| 11 | October | | (6,681) | 35 |
| 12 | November | | (6,877) | 37 |
| 13 | December, 2009 | | (6,989) | 35 |
| 14 | Total | | <u>\$ (77,704)</u> | <u>\$ 377</u> |
| 15 | Average Monthly Balance | | <u>\$ (5,977)</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-1
Witness: Crowley
Exhibit No. (LAC-3)
Page 1 of 3

Jurisdictional Rate Base, Net Operating Income and Revenue Increase

Table No 1
Earned Rate of Return with Additional Proposed Revenues - PA Jurisdiction

| Line No | Description | Reference | (1) ROR Before Additional Revenues | (2) Proposed Additional Revenues | (3) ROR With Additional Revenues |
|---------|---------------------------------------|--------------|---------------------------------------------|-------------------------------------------|-------------------------------------------|
| 1 | Total Electric Rate Base | D-1, P 3 | \$ 1,439,932 | \$ - | \$ 1,439,932 |
| | Total Operating Revenues: | | | | |
| 2 | Total Sales Revenues | | \$ 373,079 | \$ 87,329 | \$ 460,408 |
| 3 | Other Revenues - Off System Sales | | - | - | - |
| 4 | Other Operating Revenues | | 13,211 | - | 13,211 |
| 5 | Total Revenues | L 2 to L 4 | 386,290 | 87,329 | 473,619 |
| | Total Operating Expenses: | | | | |
| 6 | Operation & Maintenance Expenses | | 152,744 | 1,027 | 153,771 |
| 7 | Depreciation Expense | | 73,716 | - | 73,716 |
| 8 | Amortization of Net Salvage | | 5,635 | - | 5,635 |
| 9 | Taxes Other Than Income Taxes | | 29,272 | 5,099 | 34,372 |
| 10 | Total Operating Expenses | L 6 to L 9 | 261,367 | 6,126 | 267,493 |
| 11 | Utility Operating Income Before Taxes | L 5 - L 10 | \$ 124,923 | \$ 81,203 | \$ 206,126 |
| | Income Taxes: | | | | |
| 12 | Federal | | 36,690 | 25,582 | 62,272 |
| 13 | State | | 9,316 | 8,112 | 17,428 |
| 14 | Total Income Taxes | L 12 + L: 13 | 46,006 | 33,694 | 79,700 |
| 15 | Total Operating Expenses | L 10 + L 14 | 307,373 | 39,820 | 347,193 |
| 16 | Total Operating Income | L 5 - L 15 | \$ 78,917 | \$ 47,509 | \$ 126,426 |
| 17 | Earned Rate of Return - % | L 16 / L 1 | 5.48% | | 8.78% |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-1
 Witness: Crowley
 Exhibit No. (LAC-3)
 Page 2 of 3

Jurisdictional Rate Base, Net Operating Income and Revenue Increase

Table No 2
 Determination of Jurisdictional Revenue Deficiency

| Line No | Description | Reference | (1) Total Company | (2) Total PA Jurisdiction | (3) PA JSS Reference |
|---------|---------------------------------------|--------------|-------------------------|---------------------------------|----------------------------|
| 1 | Total Electric Rate Base | Table No 1 | \$ 1,889,030 | \$ 1,439,932 | Table No 1 |
| | Total Operating Revenues: | | | | |
| 2 | Total Sales Revenues | D-3 | 795,174 | 373,079 | Table No 5 |
| 3 | Other Revenues - Off System Sales | D-3 | 1,400 | - | Table No 5 |
| 4 | Other Operating Revenues | D-3 | 68,363 | 13,211 | Table No 5 |
| 5 | Total Revenues | | 864,937 | 386,290 | |
| | Total Operating Expenses: | | | | |
| 6 | Operation & Maintenance Expenses | D-4 | 521,962 | 152,744 | Table No 6 |
| 7 | Depreciation Expense | D-17 | 91,593 | 73,716 | Table No 7 |
| 8 | Amortization of Net Salvage | D-17 | 6,812 | 5,635 | Table No 7 |
| 9 | Taxes Other Than Income Taxes | D-16 | 55,358 | 29,272 | Table No 8 |
| 10 | Total Operating Expenses | | 675,725 | 261,367 | |
| 11 | Utility Operating Income Before Taxes | | 189,212 | 124,923 | |
| | Income Taxes: | | | | |
| 12 | Federal | D-18 | 55,608 | 36,690 | Table No 9 |
| 13 | State | D-18 | 14,088 | 9,316 | Table No 9 |
| 14 | Total Income Taxes | | 69,696 | 46,006 | |
| 15 | Total Operating Expenses | | 745,421 | 307,373 | |
| 16 | Total Operating Income | | \$ 119,516 | \$ 78,917 | |
| | Return Before Adjustments | | | | |
| 17 | Earned Rate of Return - % | | | 5.4806% | |
| 18 | Required Rate of Return - % | B-9 | | 8.7800% | |
| 19 | Return at Required Rate of Return | | | \$ 126,426 | |
| 20 | Income Deficiency - \$ | | | 47,509 | |
| 21 | Revenue Deficiency - Tax Multiplier | D-18, Page 2 | | 1.83817 | |
| 22 | Revenue Deficiency-\$ | | | \$ 87,329 | |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-1
 Witness: Crowley
 Exhibit No. (LAC-3)
 Page 3 of 3

Jurisdictional Rate Base, Net Operating Income and Revenue Increase

Table No 3
 Electric Rate Base - Pennsylvania

| Line No | Description | Reference | (1) Total Company | (2) Total PA Jurisdiction | (3) PA JSS Reference |
|-------------------------------------|----------------------------------------|-----------|----------------------|------------------------------|-------------------------|
| 1 | Electric Plant in Service | C-2 | \$ 2,941,126 | \$ 2,297,792 | Table No 1 |
| 2 | Accumulated Provision for Depreciation | C-3 | 878,963 | 716,387 | Table No 1 |
| 3 | Net Electric Plant in Service | | <u>2,062,163</u> | <u>1,581,404</u> | |
| Other Rate Base Items - Additions: | | | | | |
| 4 | Cash Working Capital | C-4 | 58,177 | 54,852 | Table No 12 |
| 5 | Materials & Supplies | C-5 | 16,419 | 10,155 | Table No 1 |
| 6 | Total Additions | | <u>74,596</u> | <u>65,007</u> | |
| 7 | Total Rate Base Before Deductions | | 2,136,759 | 1,646,412 | |
| Other Rate Base Items - Deductions: | | | | | |
| 8 | Customer Deposits - Account 235 | C-7 | (5,977) | (5,977) | Table No 1 |
| 9 | Accumulated Deferred Income Taxes | C-6 | (241,752) | (200,502) | Table No 1 |
| 10 | Total Deductions | | <u>(247,729)</u> | <u>(206,479)</u> | |
| 11 | Total Electric Rate Base | | <u>\$ 1,889,030</u> | <u>\$ 1,439,932</u> | |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)
Adjusted Net Operating Income At Present Rates

Schedule
Witness:
Page 1 of 1
D-2
Bordo/O'Brien

| Line # | Description | Reference | [1] | [2] | [3] |
|---------------------------|---------------------------------------|------------------|--------------------------------|---------------------------------------------------------|--------------------------------------------------------------|
| | | | FTY Ended 3/31/11 Budget | Adjustments D-3, Pgs 1 & 2 Increase (Decrease) | Pro Forma Adjusted Year Ended 3/31/11 [1] + [2] |
| <u>OPERATING REVENUES</u> | | | | | |
| 1 | | | | \$ - | \$ - |
| 2 | Distribution Tariff Charges | | 406,072 | (32,993) | 373,079 |
| 3 | Generation Charges | | 377,458 | (8,321) | 369,137 |
| 4 | Transmission Charges | | 54,449 | (1,491) | 52,958 |
| 5 | Sales for Resale (Off System Sales) | | 1,400 | - | 1,400 |
| 6 | | | - | - | - |
| 7 | | | - | - | - |
| 8 | Late Payment Charges | | 3,749 | 41 | 3,790 |
| 9 | Returned Check Charges | | 149 | 1 | 150 |
| 10 | Miscellaneous Service Revenues | | 1,196 | (123) | 1,073 |
| 11 | Transmission PJM Credit | 447 | 732 | - | 732 |
| 12 | Rent - Electric Property | 450 | 8,998 | (1,885) | 7,113 |
| 13 | Customer Work - Reimbursement | 451 | 727 | (7) | 720 |
| 14 | | | - | - | - |
| 15 | Other Electric Revenues - Transmissic | 456 | 52,945 | 1,840 | 54,785 |
| 16 | 0 | | - | - | - |
| 17 | | Sum L 1 to L 16 | <u>907,875</u> | <u>(42,938)</u> | <u>864,937</u> |
| <u>OPERATING EXPENSES</u> | | | | | |
| 18 | Power Production Expense | | - | - | - |
| 19 | Cost of Purchased Power | | 366,436 | (17,678) | 348,758 |
| 20 | Other Production Expense | | - | - | - |
| 21 | Transmission | | 8,078 | (690) | 7,388 |
| 22 | Distribution | | 32,788 | (1,952) | 30,837 |
| 23 | Customer accounts | 1.0300% | 58,031 | (30,946) | 27,085 |
| 24 | Customer service and information | | 3,808 | (605) | 3,203 |
| 25 | Sales | | - | - | - |
| 26 | Administrative and general | 0.1461% | 88,670 | 16,021 | 104,692 |
| 27 | Depreciation | | 78,383 | 13,210 | 91,593 |
| 28 | Amortization | | 8,391 | (1,579) | 6,812 |
| 29 | Amortization of Regulatory Expense | | - | - | - |
| 30 | Taxes other than income taxes | 5.8392% | 58,941 | (3,583) | 55,358 |
| 31 | | | - | - | - |
| 32 | Total operating expenses | Sum L 18 to L 31 | <u>703,526</u> | <u>(27,801)</u> | <u>675,725</u> |
| 33 | Net Operating Income - BIT | L 17 - L 32 | <u>\$ 204,349</u> | <u>\$ (15,137)</u> | <u>189,212</u> |
| <u>INCOME TAXES</u> | | | | | |
| 34 | State Income Taxes | | | | 14,088 |
| 35 | Federal Income Taxes | | | | 55,974 |
| 36 | Total Income Taxes | L 34 + L 35 | | | <u>70,063</u> |
| 37 | Net Operating Income | L33 - L 36 | | | <u>\$ 119,150</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-3
 Witness: O'Brien
 Page 1 of 2

Adjustments to Net Operating Income

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] | [10] | [11] | [12] |
|---------------------------|-----------------------------------------|---------------------------------|------------|---------------------------|---------------------|-------------|----------------------------|------------------------|--------------------------|------------------------------|---------------|-----------------------|------------|
| | | As Recorded And Allocated | Revenues | Update of Cost Element | Salaries & Wages | Adjustments | Rate Case Normalization | Benefits & Pensions | Uncollectible Expense | Energy Efficiency Program | SM Program | Sub-Total Proforma | |
| OPERATING REVENUES | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | |
| 2 | Distribution Tariff Charges | 406,072 | (32,993) | | | | | | | | | | \$ 373,079 |
| 3 | Generation Charges | 377,458 | (8,321) | | | | | | | | | | 369,137 |
| 4 | Transmission Charges | 54,449 | (1,491) | | | | | | | | | | 52,958 |
| 5 | | - | - | | | | | | | | | | - |
| 6 | Sales for Resale (Off System Sales) | 1,400 | - | | | | | | | | | | 1,400 |
| 7 | | - | - | | | | | | | | | | - |
| 8 | Late Payment Charges | 3,749 | 41 | | | | | | | | | | 3,790 |
| 9 | Returned Check Charges | 149 | 1 | | | | | | | | | | 150 |
| 10 | Miscellaneous Service Revenues | 1,196 | (123) | | | | | | | | | | 1,073 |
| 11 | Transmission PJM Credit | 732 | - | | | | | | | | | | 732 |
| 12 | Rent - Electric Property | 8,998 | (1,885) | | | | | | | | | | 7,113 |
| 13 | Customer Work - Reimbursement | 727 | (7) | | | | | | | | | | 720 |
| 14 | | - | - | | | | | | | | | | - |
| 15 | Other Electric Revenues - Transmission | 52,945 | 1,840 | | | | | | | | | | 54,785 |
| 16 | | - | - | | | | | | | | | | - |
| 17 | Total operating revenues | Sum L 1 to L 16 | 907,875 | (42,938) | - | - | - | - | - | - | - | - | 864,937 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| 18 | Power Production Expense | - | - | | | | | | | | | | - |
| 19 | Cost of Purchased Power | 366,436 | - | (17,678) | - | - | - | - | - | - | - | - | 348,758 |
| 20 | Other Production Expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Transmission | 8,078 | - | (759) | 69 | - | - | - | - | - | - | - | 7,388 |
| 22 | Distribution | 32,788 | - | (2,273) | 321 | - | - | - | - | - | - | - | 30,837 |
| 23 | Customer accounts | 58,031 | - | (516) | 188 | - | - | (509) | (23,519) | (6,967) | - | - | 26,708 |
| 24 | Customer service and information | 3,808 | - | (608) | 3 | - | - | - | - | - | - | - | 3,203 |
| 25 | Sales | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | Administrative and general | 88,670 | - | (8,249) | 331 | - | 1,272 | 22,667 | - | - | - | - | 104,692 |
| 27 | Depreciation | 78,383 | - | - | - | - | - | - | - | - | - | - | 78,383 |
| 28 | Amortization Net Salvage | 8,391 | - | - | - | - | - | - | - | - | - | - | 8,391 |
| 29 | Regulatory and Other Amortization | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | Taxes other than income taxes | 58,941 | - | - | - | - | - | - | - | - | - | - | 58,941 |
| 31 | | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Total operating expenses | Sum L 18 to L 31 | 703,526 | (30,083) | 913 | - | 1,272 | 22,667 | (509) | (23,519) | (6,967) | - | 667,300 |
| 33 | Net operating margins Before Income Tax | L 17 - L 32 | \$ 204,349 | \$ (42,938) | \$ 30,083 | \$ (913) | \$ - | \$ (1,272) | \$ (22,667) | \$ 509 | \$ 23,519 | \$ 6,967 | \$ 197,637 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **D-3**
Witness: **O'Brien**
Page **2** of **2**

Adjustments to Net Operating Income

| Line # | Description | [13] | [14] | [15] | [16] | [17] | [18] | [19] | [20] | [21] | [22] | [23] | [24] |
|---------------------------|-----------------------------------------|-----------------------|--------|------------------------|-------------------|---------------------|--------|----------------------|--------|--------|--------|--------|----------------|
| | | From Page 1 Sub-total | 0 | Gross Receipts Tax Exp | FICA, FUI SUI Exp | Pro Forma Depre Adj | 0 | Interest on Cust Dep | | | | | Total Proforma |
| OPERATING REVENUES | | | | | | | | | | | | | |
| 34 | | | | | | | | | | | | | \$ - |
| 35 | Distribution Tariff Charges | 373,079 | | | | | | | | | | | 373,079 |
| 36 | Generation Charges | 369,137 | | | | | | | | | | | 369,137 |
| 37 | Transmission Charges | 52,958 | | | | | | | | | | | 52,958 |
| 38 | 0 | - | | | | | | | | | | | - |
| 39 | Sales for Resale (Off System Sales) | 1,400 | | | | | | | | | | | 1,400 |
| 40 | 0 | - | | | | | | | | | | | - |
| 41 | Late Payment Charges | 3,790 | | | | | | | | | | | 3,790 |
| 42 | Returned Check Charges | 150 | | | | | | | | | | | 150 |
| 43 | Miscellaneous Service Revenues | 1,073 | | | | | | | | | | | 1,073 |
| 44 | Transmission PJM Credit | 732 | | | | | | | | | | | 732 |
| 45 | Rent - Electric Property | 7,113 | | | | | | | | | | | 7,113 |
| 46 | Customer Work - Reimbursement | 720 | | | | | | | | | | | 720 |
| 47 | 0 | - | | | | | | | | | | | - |
| 48 | Other Electric Revenues - Transmission | 54,785 | | | | | | | | | - | | 54,785 |
| 49 | | | | | | | | | | | | | - |
| 50 | Total operating revenues | 864,937 | - | - | - | - | - | - | - | - | - | - | 864,937 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| 51 | Power Production Expense | | | | | | | | | | | | |
| 52 | Cost of Purchased Power | 348,758 | - | - | - | - | - | - | - | - | - | - | 348,758 |
| 53 | Other Production Expenses | - | - | - | - | - | - | - | - | - | - | - | - |
| 54 | Transmission | 7,388 | - | - | - | - | - | - | - | - | - | - | 7,388 |
| 55 | Distribution | 30,837 | - | - | - | - | - | - | - | - | - | - | 30,837 |
| 56 | Customer accounts | 26,708 | - | - | - | - | - | 377 | - | - | - | - | 27,085 |
| 57 | Customer service and information | 3,203 | - | - | - | - | - | - | - | - | - | - | 3,203 |
| 58 | Sales | - | - | - | - | - | - | - | - | - | - | - | - |
| 59 | Administrative and general | 104,692 | - | - | - | - | - | - | - | - | - | - | 104,692 |
| 60 | Depreciation | 78,383 | - | - | - | 13,210 | - | - | - | - | - | - | 91,593 |
| 61 | Amortization of Net Salvage | 8,391 | - | - | - | (1,579) | - | - | - | - | - | - | 6,812 |
| 62 | Regulatory and Other Amortization | - | - | - | - | - | - | - | - | - | - | - | - |
| 63 | Taxes other than income taxes | 58,941 | - | (3,664) | 81 | - | - | - | - | - | - | - | 55,358 |
| 64 | | | | | | | | | | | | | - |
| 65 | Total operating expenses | 667,300 | - | (3,664) | 81 | 11,631 | - | 377 | - | - | - | - | 675,725 |
| 66 | Net operating margins Before Income Tax | \$ 197,637 | \$ - | \$ 3,664 | \$ (81) | \$ (11,631) | \$ - | \$ (377) | \$ - | \$ - | \$ - | \$ - | \$ 189,212 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **D-4**
Witness: **O'Brien**
Page 1 of 2

Summary of Adjustments by FERC Account

| Line No | Account Description | Account No | [1] | [2] | [3] |
|-------------------------------------|----------------------------------------|------------|-------------------|------------|-------------------|
| | | | FTY Ended 3-31-11 | | |
| | | | Budget | Pro Forma | PA Jurisdictional |
| Revenues -- At Present Rates | | | | | |
| 1 | | | | | |
| 2 | Distribution Tariff Charges | | \$ 406,072 | \$ 373,079 | \$ 373,079 |
| 3 | Generation Charges | | 377,458 | 369,137 | - |
| 4 | Transmission Charges | | 54,449 | 52,958 | - |
| 5 | Sales for Resale (Off System Sales) | | 1,400 | 1,400 | - |
| 6 | Sum Sales to Customers | | 839,379 | 796,574 | 373,079 |
| 7 | | | | | |
| 8 | Late Payment Charges | | 3,749 | 3,790 | 3,790 |
| 9 | Returned Check Charges | | 149 | 150 | 150 |
| 10 | Miscellaneous Service Revenues | | 1,196 | 1,073 | 1,073 |
| 11 | Transmission PJM Credit | | 732 | 732 | |
| 12 | Rent - Electric Property | | 8,998 | 7,113 | 7,113 |
| 13 | Customer Work - Reimbursement | | 727 | 720 | 720 |
| 14 | Customer Choice - EGS Transmission | | 46,922 | 48,939 | - |
| 15 | Other Electric Revenues - Transmission | | 6,023 | 5,846 | 365 |
| 16 | Total operating revenues | | 907,875 | 864,937 | 386,290 |
| Purchased Power Expenses: | | | | | |
| 17 | Purchased power | 555 | 366,436 | 348,758 | - |
| 18 | Other Power Supply Expense | 556 | - | - | - |
| 19 | Total Purchased Power Expenses | | 366,436 | 348,758 | - |
| Transmission Expense: | | | | | |
| 20 | Operation Supervision & Engineering | 560 | 517 | 489 | |
| 21 | Load Dispatching | 561 | (9) | (7) | |
| 22 | Station Expenses | 562 | 201 | 190 | |
| 23 | Overhead Line Expenses | 563 | 139 | 126 | |
| 24 | Underground Line Expenses | 564 | 176 | 164 | |
| 25 | Transmission of Electricity by Others | 565 | - | - | |
| 26 | Miscellaneous Transmission Expenses | 566 | 2,674 | 2,405 | |
| 27 | Rents | 567 | - | - | |
| 28 | Maintenance Supervision & Engineering | 568 | 187 | 182 | |
| 29 | Maintenance of Structures | 569 | 1,220 | 1,096 | |
| 30 | Maintenance of Station Equipment | 570 | 1,743 | 1,711 | |
| 31 | Maintenance of Overhead Lines | 571 | 1,196 | 1,003 | |
| 32 | Maintenance of Underground Facilities | 572 | 3 | 3 | |
| 33 | Misc Transmission Maintenance / Repair | 573 | 29 | 29 | |
| 34 | Total Transmission Expenses | | 8,078 | 7,388 | - |
| Distribution Expense: | | | | | |
| 35 | Operation Supervision & Engineering | 580 | 1,442 | 1,403 | 1,403 |
| 36 | Load Dispatching | 581 | 804 | 795 | 795 |
| 37 | Station Expenses | 582 | 351 | 347 | 347 |
| 38 | Overhead Line Expense | 583 | 327 | 313 | 313 |
| 39 | Underground Line Expense | 584 | 494 | 482 | 482 |
| 40 | Meter Expenses | 586 | 1,431 | 1,413 | 1,413 |
| 41 | Customer Installations Expense | 587 | 33 | 33 | 33 |
| 42 | Miscellaneous Expenses | 588 | 6,000 | 5,954 | 5,954 |
| 43 | Rents | 589 | - | - | - |
| 44 | Total Distribution Operation Expenses | | 10,882 | 10,741 | 10,741 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **D-4**
Witness: **O'Brien**
Page 2 of 2

Summary of Adjustments by FERC Account

| Line No | Description | Account No | [1] | [2] | [3] |
|-----------------------------------------------|------------------------------------------------------|------------|-------------------|-------------------|-------------------|
| | | | FTY Ended 3-31-11 | | |
| | | | Budget | Pro Forma | PA Jurisdictional |
| 45 | Maintenance Supervision & Engineering | 590 | 38 | 38 | 38 |
| 46 | Maintenance of Structures | 591 | 152 | 151 | 151 |
| 47 | Maintenance of Station Equipment | 592 | 1,815 | 1,745 | 1,745 |
| 48 | Maintenance of OH lines | 593 | 16,819 | 15,173 | 15,173 |
| 49 | Maintenance of Underground lines | 594 | 1,085 | 1,026 | 1,026 |
| 50 | Maintenance of Line Transformers | 595 | 81 | 81 | 81 |
| 51 | Maintenance of Street Lighting & Signals | 596 | 373 | 370 | 370 |
| 52 | Maintenance of Meters | 597 | 1,450 | 1,429 | 1,429 |
| 53 | Maintenance of Miscellaneous Plant | 598 | 93 | 85 | 85 |
| 54 | Total Distribution Maintenance Expenses | | <u>21,907</u> | <u>20,096</u> | <u>20,096</u> |
| 55 | Total Distribution Expenses | | <u>32,788</u> | <u>30,837</u> | <u>30,837</u> |
| Customer Accounting Expense: | | | | | |
| 56 | Supervision | 901 | 2,997 | 2,928 | 2,928 |
| 57 | Customer Assistance | 902 | 4,248 | 4,131 | 4,131 |
| 58 | Records & Collections | 903 | 7,752 | 7,980 | 7,980 |
| 59 | Uncollectible Accounts | 904 | 12,549 | 12,040 | 12,040 |
| 60 | Miscellaneous Expenses | 905 | 30,485 | 6 | 6 |
| 61 | Total Customer Accounts Expense | | <u>58,031</u> | <u>27,085</u> | <u>27,085</u> |
| Customer Services Expense: | | | | | |
| 62 | Customer Service-Supervision | 907 | - | - | - |
| 63 | Customer Service-Customer Assistance | 908 | 3,808 | 3,203 | 3,203 |
| 64 | Customer Service-Information and Instruction | 909 | - | - | - |
| 65 | Customer Service-Miscellaneous Service & Info | 910 | - | - | - |
| 66 | Total Customer Service & Informational Expenses | | <u>3,808</u> | <u>3,203</u> | <u>3,203</u> |
| Sales Expense: | | | | | |
| 67 | Supervision | 911 | - | - | - |
| 68 | Demonstration and Selling Expenses | 912 | - | - | - |
| 69 | Advertising Expenses | 913 | - | - | - |
| 70 | Miscellaneous Sales Expenses | 916 | - | - | - |
| 71 | Total Sales Expense | | <u>-</u> | <u>-</u> | <u>-</u> |
| Administrative & General Expenses: | | | | | |
| 72 | Administrative and General Salaries | 920 | 18,292 | 14,470 | 12,745 |
| 73 | Office Supplies and Expenses | 921 | 7,537 | 6,247 | 5,502 |
| 74 | Administrative Expenses Transferred - Credit | 922 | - | - | - |
| 75 | Outside Services Employed | 923 | 13,629 | 11,907 | 10,487 |
| 76 | Property Insurance | 924 | 5,671 | 5,671 | 4,432 |
| 77 | Injuries and Damages | 925 | - | - | - |
| 78 | Employee Pensions and Benefits | 926 | 22,634 | 44,953 | 39,591 |
| 79 | Regulatory Commission Expenses | 928 | 3,387 | 4,659 | 4,104 |
| 80 | General Advertising Expenses | 930.1 | 5,241 | 4,656 | 4,100 |
| 81 | Miscellaneous General Expenses | 930.2 | - | - | - |
| 82 | Rents | 931 | 2,980 | 2,980 | 2,624 |
| 83 | Total Operation | | <u>79,371</u> | <u>95,543</u> | <u>83,585</u> |
| 84 | Maintenance of General Plant | 935 | 9,299 | 9,149 | 8,057 |
| 85 | Total Administrative and General Expenses | | <u>88,670</u> | <u>104,692</u> | <u>91,642</u> |
| 86 | Total Operation & Maintenance Expenses-\$ | | <u>\$ 557,811</u> | <u>\$ 521,962</u> | <u>\$ 152,767</u> |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-5
 Witness: O'Brien
 Page 1 of 1

Summary of Revenue Adjustments

| Line # | Description | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] |
|--------|----------------------------------------|--------------------------------------|------------------------------|----------------------------------|----------------------------------|---------------------------|----------------------------------|------------------------------------|----------------------------------------------|----------------------------------------------------------|
| | | Reference Or Account Number | FTY End 3-31-11 Budget | D-5A Update of Orig Budget | D-5B Revenue Annualization | D-5C Revenue Credit | D-5D Pole Rental & POR Fee | D-5E Remove EE & CES Revenue | Total Proforma Adjustments [3 to 7] | Proforma Adjusted At Present Rates [2] + [8] |
| 1 | | | | | | | | | | |
| 2 | Distribution Tanff Charges | | \$ 406,072 | \$ (686) | \$ 593 | \$ (3,090) | \$ - | \$ (29,810) | \$ (32,993) | \$ 373,079 |
| 3 | Generation Charges | | 377,458 | (8,321) | - | - | - | - | (8,321) | 369,137 |
| 4 | Transmission Charges | | 54,449 | (1,491) | - | - | - | - | (1,491) | 52,958 |
| 5 | | 0 | | | | | | | | |
| 6 | Sum Sales to Customers | Sum L 1 to L 5 | 837,979 | (10,498) | 593 | (3,090) | - | (29,810) | (42,805) | 795,174 |
| 7 | | 0 | | | | | | | | |
| 8 | Provision for Rate Refunds | | - | | | | | | - | - |
| 9 | | 0 | | | | | | | | |
| 10 | Sub-Total | Sum L 6 to L 9 | 837,979 | (10,498) | 593 | (3,090) | - | (29,810) | (42,805) | 795,174 |
| 11 | Sales for Resale (Off System Sales) | | 1,400 | | | | | | - | 1,400 |
| 12 | Sales to Customers | L 10 + L 11 | 839,379 | (10,498) | 593 | (3,090) | - | (29,810) | (42,805) | 796,574 |
| 13 | Late Payment Charges | | 3,749 | 41 | | | | | 41 | 3,790 |
| 14 | Returned Check Charges | | 149 | 1 | | | | | 1 | 150 |
| 15 | Miscellaneous Service Revenues | | 1,196 | 79 | | | (202) | | (123) | 1,073 |
| 16 | Transmission PJM Credit | | 732 | - | | | | | - | 732 |
| 17 | Rent - Electric Property | | 8,998 | (1,885) | | | | | (1,885) | 7,113 |
| 18 | Customer Work - Reimbursement | | 727 | (7) | | | | | (7) | 720 |
| | Other Electric Revenue | | | | | | | | | |
| 19 | Customer Choice - EGS Transmission | | 46,922 | 2,017 | | | | | 2,017 | 48,939 |
| 20 | Other Electric Revenues - Distribution | | 479 | (114) | | | | | (114) | 365 |
| 21 | | 0 | | | | | | | | |
| 22 | Other Electric Revenues - Transmission | | 267 | (63) | | | | | (63) | 204 |
| 23 | Transmission Revenues - AES/APW | | 1,800 | - | | | | | - | 1,800 |
| 24 | Transmission Revenues - APS/Piney Fork | | 1,577 | - | | | | | - | 1,577 |
| 25 | Non-Firm Transmission Service | | 1,900 | - | | | | | - | 1,900 |
| 26 | Total Revenues | Sum L 12 to L 25 | 907,875 | (10,429) | 593 | (3,090) | (202) | (29,810) | (42,938) | 864,937 |
| 27 | | | | | | | | | | |
| 28 | TOTAL REVENUES | L 26 + L 27 | \$ 907,875 | \$ (10,429) | \$ 593 | \$ (3,090) | \$ (202) | \$ (29,810) | \$ (42,938) | \$ 864,937 |

**DUQUESNE LIGHT COMPANY
FUTURE TEST YEAR ENDED MARCH 31, 2011
(\$ in Thousands)**

Schedule
Witness: D-5A
Page 1 of 1
O'Brien

Update of Budget Revenue

| Line # | Description | Reference | [1] | [2] | [3] | [4] |
|--------|----------------------------------------|-----------------|-------|-------------------------------|--------------------------|--------------------|
| | | | | Original Budget For FTY | Updated FTY Budget | Difference |
| 1 | Distribution Tariff Charges | | | \$ 406,072 | \$ 405,386 | \$ (686) |
| 2 | Generation Charges | | | 377,458 | 369,137 | (8,321) |
| 3 | Transmission Charges | | | 54,449 | 52,958 | (1,491) |
| 4 | Sum Sales to Customers | Sum L 1 to L 3 | | 837,979 | 827,481 | (10,498) |
| 5 | | | | | | |
| 6 | Provision for Rate Refunds | | | - | - | - |
| 7 | Sub-Total | Sum L 4 to L 6 | | 837,979 | 827,481 | (10,498) |
| 8 | Sales for Resale (Off System Sales) | | | 1,400 | 1,400 | - |
| 9 | Sales to Customers | L 7 + L 8 | | 839,379 | 828,881 | (10,498) |
| 10 | Late Payment Charges | 450 | | 3,749 | 3,790 | 41 |
| 11 | Returned Check Charges | | | 149 | 150 | 1 |
| 12 | Miscellaneous Service Revenues | 451 | | 1,196 | 1,275 | 79 |
| 13 | Transmission PJM Credit | | | 732 | 732 | - |
| 14 | Rent - Electric Property | 454 | | 8,998 | 7,113 | (1,885) |
| 15 | Customer Work - Reimbursement | | | 727 | 720 | (7) |
| | Other Electric Revenue | 456 | | | | |
| 16 | Customer Choice - EGS Transmission | | | 46,922 | 48,939 | 2,017 |
| 17 | Other Electric Revenues - Distribution | | | 479 | 365 | (114) |
| 18 | Other Electric Revenues - Transmission | | | 267 | 204 | (63) |
| 19 | Transmission Revenues - AES/APW | | | 1,800 | 1,800 | - |
| 20 | Transmission Revenues - APS/Piney Fork | | | 1,577 | 1,577 | - |
| 21 | Non-Firm Transmission Service | | | 1,900 | 1,900 | - |
| 22 | Total Revenues | Sum L 9 to L 21 | | 907,875 | 897,446 | (10,429) |
| 23 | Other Revenue | | | | | |
| 24 | TOTAL REVENUES | L 22 + L 23 | | \$ 907,875 | \$ 897,446 | \$ (10,429) |

DUQUESNE LIGHT COMPANY
FUTURE TEST YEAR ENDED MARCH 31, 2011
(\$ in Thousands)

Schedule D-5B
Witness: O'Brien
Page 1 of 1

Revenue Annualization

| Line # | Description | [1] Residential | [2] Residential Heating | [3] Small C&I | [4] Large C&I | [5] Total |
|--------|-----------------------------------------------------|----------------------|------------------------------|--------------------|--------------------|-------------------|
| 1 | Distribution Revenue | <u>\$ 213,984</u> | <u>\$ 83,857</u> | <u>\$ 78,839</u> | <u>\$ 12,225</u> | <u>\$ 388,905</u> |
| 2 | Average Monthly Customers in TY | <u>526,086</u> | <u>54,853</u> | <u>918</u> | <u>7,529</u> | <u>589,386</u> |
| 3 | Average Annual Margin Per Customer (L 1 / L 2) | <u>\$ 0.407</u> | <u>\$ 1.529</u> | <u>\$ 85.881</u> | <u>\$ 1.624</u> | <u>\$ 0.660</u> |
| 4 | Number of Customers at End of Year | <u>527,652</u> | <u>54,824</u> | <u>918</u> | <u>7,529</u> | <u>590,923</u> |
| 5 | Increase in Customers during TY (L 4 - L 2) | <u>1,566</u> | <u>(29)</u> | <u>-</u> | <u>-</u> | <u>1,537</u> |
| 6 | Annualization of Revenue (L 3 * L 5) | <u>\$ 637</u> | <u>\$ (44)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 593</u> |

DUQUESNE LIGHT COMPANY
 FUTURE TEST YEAR ENDED MARCH 31, 2011
 (\$ in Thousands)

Schedule D-5C
 Witness: O'Brien
 Page 1 of 1

CAP Revenue Credit Adjustment

| Line # | Description | [1] Reference | [2] Amount | [3] Sub-Total | [4] Total |
|----------------------------------------------------------------------|-------------------------------------------|--------------------|-----------------------------|-----------------------------|-------------------|
| <u>Reflect CAP Discounts as Revenue Credit for FTY Budget</u> | | | | | |
| 1 | FTY CAP Revenue Credits | | \$ (12,512) | | |
| 2 | Total CAP Discounts in Budget | | (12,512) | | |
| 3 | Adjustment to FTY Budget | L 1 - L 2 | <u> </u> | \$ - | |
| <u>Update for End of FTY CAP Participants</u> | | | | | |
| 4 | Funding Level for Customers at End of FTY | | \$ (15,602) | | |
| 5 | Prior CAP Credit Amounts | L 1 | <u>(12,512)</u> | | |
| 6 | Increase from Participant Annualization | L 4 - L 5 | | (3,090) | |
| | | | | <u> </u> | |
| 7 | Total CAP Adjustment | L 3 + L 6 | | | <u>\$ (3,090)</u> |

Duquesne Light Company
 Future Test Year Revenue at Present Rates
 12 Month Period Ended March 31, 2011 at Customer Shopping Levels

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O |
|------|-------------------------------------------------|-----------------------|--------------------------|------------------|----------------------------------------|--------------------|---------------------------------------------|-------------------------------|------------------------------|--------------------------------|-------------------------------|------------------------------------------------|----------------------------------------------|----------------------------|
| Line | Rate Class | Average No. Customers | Distribution Sales (kWh) | POLR Sales (kWh) | Base Distribution Present Rate Revenue | CAP Revenue Credit | Act 129 Energy Efficiency (EECDR) Surcharge | Act 129 Smart Meter Surcharge | Consumer Education Surcharge | State Tax Adj Surcharge (STAS) | Distribution (Sum Col. F - K) | Transmission Present Rate Revenue (w/shopping) | Generation Present Rate Revenue (w/shopping) | Total Present Rate Revenue |
| 1 | RS | 492,699 | 3,678,261,955 | 2,833,576,701 | \$197,023,908 | (\$11,211,280) | \$8,460,002 | \$0 | \$561,715 | (\$391,684) | \$194,442,661 | \$29,998,284 | \$207,668,388 | \$432,109,334 |
| 2 | RH | 29,491 | 384,661,587 | 380,814,972 | \$15,338,329 | (\$1,265,355) | \$884,722 | \$0 | \$33,798 | (\$30,493) | \$14,961,002 | \$2,642,703 | \$27,717,136 | \$45,320,841 |
| 3 | RA | 3,738 | 52,117,152 | 44,820,750 | \$1,621,279 | (\$35,365) | \$119,869 | \$0 | \$4,285 | (\$3,223) | \$1,706,845 | \$434,037 | \$3,294,500 | \$5,435,382 |
| 4 | GS | 22,110 | 86,507,442 | 74,396,401 | \$5,518,881 | \$0 | \$95,158 | \$0 | \$50,432 | (\$10,972) | \$5,653,499 | \$812,864 | \$5,364,901 | \$11,831,264 |
| 5 | GM<25 | 19,963 | 633,556,484 | 505,953,836 | \$21,111,177 | \$0 | \$699,910 | \$0 | \$45,546 | (\$41,969) | \$21,814,664 | \$4,992,724 | \$36,796,255 | \$63,603,644 |
| 6 | GM>25 | 9,285 | 2,099,320,384 | 1,154,626,211 | \$50,036,990 | \$0 | \$2,506,365 | \$0 | \$24,515 | (\$99,474) | \$52,468,398 | \$12,867,088 | \$69,693,238 | \$135,028,723 |
| 7 | GMH<25 | 2,343 | 54,129,808 | 46,026,050 | \$2,188,584 | \$0 | \$59,749 | \$0 | \$5,342 | (\$4,351) | \$2,249,324 | \$142,521 | \$3,346,988 | \$5,738,833 |
| 8 | GMH>25 | 1,029 | 230,119,995 | 172,589,996 | \$4,957,525 | \$0 | \$260,394 | \$0 | \$2,717 | (\$9,856) | \$5,210,780 | \$823,116 | \$10,417,532 | \$16,451,428 |
| 9 | GL | 773 | 3,076,857,850 | 0 | \$51,711,475 | \$0 | \$11,070,351 | \$0 | \$1,500 | (\$102,802) | \$62,680,524 | \$0 | \$0 | \$62,680,524 |
| 10 | GLH | 115 | 528,121,557 | 0 | \$8,182,257 | \$0 | \$1,690,863 | \$0 | \$223 | (\$16,266) | \$9,857,076 | \$0 | \$0 | \$9,857,076 |
| 11 | L | 26 | 1,186,708,343 | 0 | \$18,416,104 | \$0 | \$2,360,437 | \$0 | \$50 | (\$36,611) | \$20,739,980 | \$0 | \$0 | \$20,739,980 |
| 12 | HVPS | 3 | 902,772,546 | 0 | \$528,776 | \$0 | \$872,302 | \$0 | \$6 | (\$1,051) | \$1,400,033 | \$0 | \$0 | \$1,400,033 |
| 13 | AL | 3 | 110,444 | 110,444 | \$960 | \$0 | \$0 | \$0 | \$0 | (\$2) | \$958 | \$180 | \$6,515 | \$7,653 |
| 14 | SE | 1 | 27,703,348 | 27,703,348 | \$1,511,215 | \$0 | \$0 | \$0 | \$0 | (\$3,004) | \$1,508,211 | \$56,691 | \$1,635,094 | \$3,199,996 |
| 15 | SM | 1,452 | 29,682,820 | 28,198,679 | \$9,115,735 | \$0 | \$0 | \$0 | \$0 | (\$18,122) | \$9,097,613 | \$52,097 | \$1,665,023 | \$10,814,733 |
| 16 | SH | 29 | 953,566 | 953,566 | \$127,903 | \$0 | \$0 | \$0 | \$0 | (\$254) | \$127,649 | \$1,757 | \$56,307 | \$185,712 |
| 17 | UMS | 5,509 | 23,221,543 | 20,434,958 | \$1,255,615 | \$0 | \$0 | \$0 | \$0 | (\$2,496) | \$1,253,119 | \$131,245 | \$1,388,504 | \$2,772,868 |
| 18 | PAL | 531 | 1,494,404 | 1,464,516 | \$213,817 | \$0 | \$0 | \$0 | \$0 | (\$425) | \$213,392 | \$2,715 | \$86,439 | \$302,546 |
| 19 | Total | 589,099 | 12,996,301,228 | 5,291,670,427 | \$388,860,531 | (\$12,512,000) | \$29,080,123 | \$0 | \$730,128 | (\$773,055) | \$405,385,729 | \$52,958,022 | \$369,136,821 | \$827,480,571 |
| 20 | <u>Other Electric Revenue:</u> | | | | | | | | | | | | | |
| 21 | Sales for Resale (Acct 447) | | | | | \$0 | | | | | \$0 | | \$1,400,000 | \$1,400,000 |
| 22 | Late Payment/Returned Check Charges (Acct. 450) | | | | \$3,940,100 | | | | | | \$3,940,100 | \$0 | | \$3,940,100 |
| 23 | Reconnect Fees/PJM Office (Acct 451) | | | | \$1,275,200 | | | | | | \$1,275,200 | \$732,000 | | \$2,007,200 |
| 24 | Rent Electric Property (Acct. 454) | | | | \$7,832,718 | | | | | | \$7,832,718 | \$0 | | \$7,832,718 |
| 25 | Other Revenue (Acct. 456) | | | | \$365,300 | | | | | | \$365,300 | \$0 | | \$365,300 |
| 26 | Transmission - EGS (Acct. 456) | | | | \$0 | | | | | | \$0 | \$48,939,128 | | \$48,939,128 |
| 27 | Transmission - Wholesale (Acct 456) | | | | \$0 | | | | | | \$0 | \$5,480,400 | | \$5,480,400 |
| 28 | Subtotal Other Revenue | | | | \$13,413,318 | \$0 | \$0 | \$0 | \$0 | \$0 | \$13,413,318 | \$55,151,528 | \$1,400,000 | \$69,964,846 |
| 29 | Total Operating Revenue | | | | \$402,273,849 | (\$12,512,000) | \$29,080,123 | \$0 | \$730,128 | (\$773,055) | \$418,799,047 | \$108,109,550 | \$370,536,821 | \$897,445,417 |

Duquesne Light Company
Adjusted Future Test Year Revenue at Present Rates
12 Month Period Ended March 31, 2011 at Customer Shopping Levels

| A | B | C | D | E | F | G | H | I |
|------|-------------------------------------------------|-----------------------------------|-----------------------|---------------------------------|-------------------------------|------------------------------------------------|----------------------------------------------|-------------------------------|
| Line | Rate Class | Distribution Present Rate Revenue | CAP Revenue Credit | State Tax Adj. Surcharge (STAS) | Distribution (Sum Col. C - E) | Transmission Present Rate Revenue (w/shopping) | Generation Present Rate Revenue (w/shopping) | Adjusted Present Rate Revenue |
| 1 | RS | \$197,023,908 | (\$13,980,050) | (\$391,684) | \$182,652,174 | \$29,998,284 | \$207,668,388 | \$420,318,846 |
| 2 | RH | \$15,338,329 | (\$1,577,850) | (\$30,493) | \$13,729,986 | \$2,642,703 | \$27,717,136 | \$44,089,825 |
| 3 | RA | \$1,621,279 | (\$44,099) | (\$3,223) | \$1,573,957 | \$434,037 | \$3,294,500 | \$5,302,494 |
| 4 | GS | \$5,518,881 | \$0 | (\$10,972) | \$5,507,909 | \$812,864 | \$5,364,901 | \$11,685,674 |
| 5 | GM<25 | \$21,111,177 | \$0 | (\$41,969) | \$21,069,208 | \$4,992,724 | \$36,796,255 | \$62,858,188 |
| 6 | GM>25 | \$50,036,990 | \$0 | (\$99,474) | \$49,937,517 | \$12,867,088 | \$69,693,238 | \$132,497,843 |
| 7 | GMH<25 | \$2,188,584 | \$0 | (\$4,351) | \$2,184,233 | \$142,521 | \$3,346,988 | \$5,673,742 |
| 8 | GMH>25 | \$4,957,525 | \$0 | (\$9,856) | \$4,947,669 | \$823,116 | \$10,417,532 | \$16,188,318 |
| 9 | GL | \$51,711,475 | \$0 | (\$102,802) | \$51,608,673 | \$0 | \$0 | \$51,608,673 |
| 10 | GLH | \$8,182,257 | \$0 | (\$16,266) | \$8,165,990 | \$0 | \$0 | \$8,165,990 |
| 11 | L | \$18,416,104 | \$0 | (\$36,611) | \$18,379,492 | \$0 | \$0 | \$18,379,492 |
| 12 | HVPS | \$528,776 | \$0 | (\$1,051) | \$527,725 | \$0 | \$0 | \$527,725 |
| 13 | AL | \$960 | \$0 | (\$2) | \$958 | \$180 | \$6,515 | \$7,653 |
| 14 | SE | \$1,511,215 | \$0 | (\$3,004) | \$1,508,211 | \$56,691 | \$1,635,094 | \$3,199,996 |
| 15 | SM | \$9,115,735 | \$0 | (\$18,122) | \$9,097,613 | \$52,097 | \$1,665,023 | \$10,814,733 |
| 16 | SH | \$127,903 | \$0 | (\$254) | \$127,649 | \$1,757 | \$56,307 | \$185,712 |
| 17 | UMS | \$1,255,615 | \$0 | (\$2,496) | \$1,253,119 | \$131,245 | \$1,388,504 | \$2,772,868 |
| 18 | PAL | \$213,817 | \$0 | (\$425) | \$213,392 | \$2,715 | \$86,439 | \$302,546 |
| 19 | Total | \$388,860,531 | (\$15,602,000) | (\$773,055) | \$372,485,477 | \$52,958,022 | \$369,136,821 | \$794,580,319 |
| 20 | <u>Other Electric Revenue:</u> | | | | | | | |
| 21 | Sales for Resale (Acct. 447) | \$0 | | | \$0 | | \$1,400,000 | \$1,400,000 |
| 22 | Late Payment/Returned Check Charges (Acct. 450) | \$3,940,100 | | | \$3,940,100 | \$0 | | \$3,940,100 |
| 23 | Reconnect Fees/PJM Office (Acct. 451) | \$1,073,200 | | | \$1,073,200 | \$732,000 | | \$1,805,200 |
| 24 | Rent Electric Property (Acct. 454) | \$7,832,718 | | | \$7,832,718 | \$0 | | \$7,832,718 |
| 25 | Other Revenue (Acct. 456) | \$365,300 | | | \$365,300 | \$0 | | \$365,300 |
| 26 | Revenue Annualization | \$593,021 | | | \$593,021 | | | \$593,021 |
| 27 | Transmission - EGS (Acct. 456) | \$0 | | | \$0 | \$48,939,128 | | \$48,939,128 |
| 28 | Transmission - Wholesale (Acct. 456) | \$0 | | | \$0 | \$5,480,400 | | \$5,480,400 |
| 29 | Subtotal Other Revenue | \$13,804,339 | \$0 | \$0 | \$13,804,339 | \$55,151,528 | \$1,400,000 | \$70,355,867 |
| 30 | Total Operating Revenue | \$402,664,870 | (\$15,602,000) | (\$773,055) | \$386,289,816 | \$108,109,550 | \$370,536,821 | \$864,936,187 |

Duquesne Light Company
Future Test Year at Proposed Distribution Rates
12 Month Period Ended March 31, 2011 at Customer Shopping Levels

| A | B | C | D | E | F | G | H | I | J | K | L | |
|------|------------------------------------------------|----------------------------------------|-----------------------|-----------------------|------------------------------------------------|----------------------------------------------|-----------------------------|----------------------|----------------------|-----------------------------|-----------------------------|--|
| Line | Rate Class | Distribution Revenue at Proposed Rates | CAP Revenue Credit | Proposed Distribution | Transmission Present Rate Revenue (w/shopping) | Generation Present Rate Revenue (w/shopping) | Total Proposed Rate Revenue | Total Revenue Change | Total Percent Change | Distribution Revenue Change | Distribution Percent Change | |
| 1 | RS | \$244,688,304 | (\$13,980,050) | \$230,708,254 | \$29,998,284 | \$207,668,388 | \$468,374,926 | \$48,056,080 | 11.4% | \$48,056,080 | 26.3% | |
| 2 | RH | \$21,074,377 | (\$1,577,850) | \$19,496,526 | \$2,642,703 | \$27,717,136 | \$49,856,366 | \$5,766,540 | 13.1% | \$5,766,540 | 42.0% | |
| 3 | RA | \$2,298,758 | (\$44,099) | \$2,254,659 | \$434,037 | \$3,294,500 | \$5,983,196 | \$680,702 | 12.8% | \$680,702 | 43.2% | |
| 4 | GS | \$7,423,006 | \$0 | \$7,423,006 | \$812,864 | \$5,364,901 | \$13,600,771 | \$1,915,097 | 16.4% | \$1,915,097 | 34.8% | |
| 5 | GM<25 | \$28,358,452 | \$0 | \$28,358,452 | \$4,992,724 | \$36,796,255 | \$70,147,432 | \$7,289,244 | 11.6% | \$7,289,244 | 34.6% | |
| 6 | GM>25 | \$60,199,774 | \$0 | \$60,199,774 | \$12,867,088 | \$69,693,238 | \$142,760,099 | \$10,262,257 | 7.7% | \$10,262,257 | 20.6% | |
| 7 | GMH<25 | \$3,115,189 | \$0 | \$3,115,189 | \$142,521 | \$3,346,988 | \$6,604,698 | \$930,956 | 16.4% | \$930,956 | 42.6% | |
| 8 | GMH>25 | \$6,173,401 | \$0 | \$6,173,401 | \$823,116 | \$10,417,532 | \$17,414,050 | \$1,225,732 | 7.6% | \$1,225,732 | 24.8% | |
| 9 | GL | \$60,289,263 | \$0 | \$60,289,263 | \$0 | \$0 | \$60,289,263 | \$8,680,591 | 16.8% | \$8,680,591 | 16.8% | |
| 10 | GLH | \$10,524,372 | \$0 | \$10,524,372 | \$0 | \$0 | \$10,524,372 | \$2,358,381 | 28.9% | \$2,358,381 | 28.9% | |
| 11 | L | \$21,176,268 | \$0 | \$21,176,268 | \$0 | \$0 | \$21,176,268 | \$2,796,775 | 15.2% | \$2,796,775 | 15.2% | |
| 12 | HVPS | \$706,340 | \$0 | \$706,340 | \$0 | \$0 | \$706,340 | \$178,615 | 33.8% | \$178,615 | 33.8% | |
| 13 | AL | \$757 | \$0 | \$757 | \$180 | \$6,515 | \$7,452 | (\$201) | -2.6% | (\$201) | -21.0% | |
| 14 | SE | \$1,275,163 | \$0 | \$1,275,163 | \$56,691 | \$1,635,094 | \$2,966,948 | (\$233,048) | -7.3% | (\$233,048) | -15.5% | |
| 15 | SM | \$7,185,385 | \$0 | \$7,185,385 | \$52,097 | \$1,665,023 | \$8,902,505 | (\$1,912,228) | -17.7% | (\$1,912,228) | -21.0% | |
| 16 | SH | \$100,818 | \$0 | \$100,818 | \$1,757 | \$56,307 | \$158,882 | (\$26,831) | -14.4% | (\$26,831) | -21.0% | |
| 17 | UMS | \$1,253,119 | \$0 | \$1,253,119 | \$131,245 | \$1,388,504 | \$2,772,868 | (\$0) | 0.0% | (\$0) | 0.0% | |
| 18 | PAL | \$168,539 | \$0 | \$168,539 | \$2,715 | \$86,439 | \$257,693 | (\$44,853) | -14.8% | (\$44,853) | -21.0% | |
| 19 | Total | \$476,011,286 | (\$15,602,000) | \$460,409,286 | \$52,958,022 | \$369,136,821 | \$882,504,128 | \$87,923,809 | 11.1% | \$87,923,809 | 23.6% | |
| 20 | <u>Other Electric Revenue:</u> | | | | | | | | | | | |
| 21 | Sales for Resale (Acct. 447) | \$0 | \$0 | \$0 | \$0 | \$1,400,000 | \$1,400,000 | \$0 | | \$0 | | |
| 22 | Late Payment/Returned Check Charges (Acct 450) | \$3,940,100 | \$0 | \$3,940,100 | \$0 | \$0 | \$3,940,100 | \$0 | | \$0 | | |
| 23 | Reconnect Fees/PJM Office (Acct. 451) | \$1,073,200 | \$0 | \$1,073,200 | \$732,000 | \$0 | \$1,805,200 | \$0 | | \$0 | | |
| 24 | Rent Electric Property (Acct 454) | \$7,832,718 | \$0 | \$7,832,718 | \$0 | \$0 | \$7,832,718 | \$0 | | \$0 | | |
| 25 | Other Revenue (Acct. 456) | \$365,300 | \$0 | \$365,300 | \$0 | \$0 | \$365,300 | \$0 | | \$0 | | |
| 26 | Revenue Annualization (1) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$593,021) | | (\$593,021) | | |
| 27 | Transmission - EGS (Acct. 456) | \$0 | \$0 | \$0 | \$48,939,128 | \$0 | \$48,939,128 | \$0 | | \$0 | | |
| 28 | Transmission - Wholesale (Acct 456) | \$0 | \$0 | \$0 | \$5,480,400 | \$0 | \$5,480,400 | \$0 | | \$0 | | |
| 29 | Subtotal Other Revenue | \$13,211,318 | \$0 | \$13,211,318 | \$55,151,528 | \$1,400,000 | \$69,762,846 | (\$593,021) | | (\$593,021) | | |
| 30 | Total Operating Revenue | \$489,222,604 | (\$15,602,000) | \$473,620,604 | \$108,109,550 | \$370,536,821 | \$952,266,974 | \$87,330,788 | 10.1% | \$87,330,788 | 22.6% | |

1/ Revenue annualization adjustment included in appropriate rate class revenues in lines 1-19.

Duquesne Light Company
 Future Test Year Revenue at Present Rates
 12 Month Period Ended March 31, 2011 Assuming No Customer Shopping (i.e. 100% POLR Load)

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O |
|------|-------------------------------------------------|-----------------------|--------------------------|-----------------------|----------------------------------------|--------------------|---------------------------------------------|-------------------------------|------------------------------|---------------------------------|------------------------------|--------------------------------------------------|------------------------------------------------|----------------------------|
| Line | Rate Class | Average No. Customers | Distribution Sales (kWh) | 100% POLR Sales (kWh) | Base Distribution Present Rate Revenue | CAP Revenue Credit | Act 129 Energy Efficiency (EECDR) Surcharge | Act 129 Smart Meter Surcharge | Consumer Education Surcharge | State Tax Adj. Surcharge (STAS) | Distribution (Sum Col F - K) | Transmission Present Rate Revenue (w/o shopping) | Generation Present Rate Revenue (w/o shopping) | Total Present Rate Revenue |
| 1 | RS | 492,699 | 3,678,261,955 | 3,678,261,955 | \$197,023,908 | (\$11,211,280) | \$8,460,002 | \$0 | \$561,715 | (\$391,684) | \$194,442,661 | \$37,194,585 | \$263,216,425 | \$494,853,672 |
| 2 | RH | 29,491 | 384,661,587 | 384,661,587 | \$15,338,329 | (\$1,265,355) | \$884,722 | \$0 | \$33,798 | (\$30,493) | \$14,961,002 | \$2,680,322 | \$26,522,416 | \$44,163,740 |
| 3 | RA | 3,738 | 52,117,152 | 52,117,152 | \$1,621,279 | (\$35,365) | \$119,869 | \$0 | \$4,285 | (\$3,223) | \$1,706,845 | \$474,422 | \$3,729,503 | \$5,910,771 |
| 4 | GS | 22,110 | 86,507,442 | 86,507,442 | \$5,518,881 | \$0 | \$95,158 | \$0 | \$50,432 | (\$10,972) | \$5,653,499 | \$966,375 | \$6,289,091 | \$12,908,965 |
| 5 | GM<25 | 19,963 | 633,556,484 | 633,556,484 | \$21,111,177 | \$0 | \$699,910 | \$0 | \$45,546 | (\$41,969) | \$21,814,664 | \$6,193,879 | \$46,072,228 | \$74,080,770 |
| 6 | GM>25 | 9,285 | 2,099,320,384 | 2,099,320,384 | \$50,036,990 | \$0 | \$2,506,365 | \$0 | \$24,515 | (\$99,474) | \$52,468,398 | \$23,303,681 | \$126,714,978 | \$202,487,057 |
| 7 | GMH<25 | 2,343 | 54,129,808 | 54,129,808 | \$2,188,584 | \$0 | \$59,749 | \$0 | \$5,342 | (\$4,351) | \$2,249,324 | \$209,530 | \$3,936,320 | \$6,395,173 |
| 8 | GMH>25 | 1,029 | 230,119,995 | 230,119,995 | \$4,957,525 | \$0 | \$260,394 | \$0 | \$2,717 | (\$9,856) | \$5,210,780 | \$1,272,219 | \$13,890,043 | \$20,373,042 |
| 9 | GL | 773 | 3,076,857,850 | 3,076,857,850 | \$51,711,475 | \$0 | \$11,070,351 | \$0 | \$1,500 | (\$102,802) | \$62,680,524 | \$20,319,778 | \$160,530,834 | \$243,531,136 |
| 10 | GLH | 115 | 528,121,557 | 528,121,557 | \$8,182,257 | \$0 | \$1,690,863 | \$0 | \$223 | (\$16,266) | \$9,857,076 | \$3,304,471 | \$30,511,080 | \$43,672,627 |
| 11 | L | 26 | 1,186,708,343 | 1,186,708,343 | \$18,416,104 | \$0 | \$2,360,437 | \$0 | \$50 | (\$36,611) | \$20,739,980 | \$7,253,426 | \$67,801,458 | \$95,794,865 |
| 12 | HVPS | 3 | 902,772,546 | 902,772,546 | \$528,776 | \$0 | \$872,302 | \$0 | \$6 | (\$1,051) | \$1,400,033 | \$3,516,736 | \$50,278,568 | \$55,195,337 |
| 13 | AL | 3 | 110,444 | 110,444 | \$960 | \$0 | \$0 | \$0 | \$0 | (\$2) | \$958 | \$124 | \$6,542 | \$7,624 |
| 14 | SE | 1 | 27,703,348 | 27,703,348 | \$1,511,215 | \$0 | \$0 | \$0 | \$0 | (\$3,004) | \$1,508,211 | \$43,605 | \$1,640,869 | \$3,192,685 |
| 15 | SM | 1,452 | 29,682,820 | 29,682,820 | \$9,115,735 | \$0 | \$0 | \$0 | \$0 | (\$18,122) | \$9,097,613 | \$40,841 | \$1,758,113 | \$10,896,567 |
| 16 | SH | 29 | 953,566 | 953,566 | \$127,903 | \$0 | \$0 | \$0 | \$0 | (\$254) | \$127,649 | \$1,351 | \$56,480 | \$185,480 |
| 17 | UMS | 5,509 | 23,221,543 | 23,221,543 | \$1,255,615 | \$0 | \$0 | \$0 | \$0 | (\$2,496) | \$1,253,119 | \$134,712 | \$1,560,023 | \$2,947,854 |
| 18 | PAL | 531 | 1,494,404 | 1,494,404 | \$213,817 | \$0 | \$0 | \$0 | \$0 | (\$425) | \$213,392 | \$2,050 | \$88,514 | \$303,956 |
| 19 | Total | 589,099 | 12,996,301,228 | 12,996,301,228 | \$388,860,531 | (\$12,512,000) | \$29,080,123 | \$0 | \$730,128 | (\$773,055) | \$405,385,729 | \$106,912,106 | \$804,603,486 | \$1,316,901,320 |
| 20 | <u>Other Electric Revenue:</u> | | | | | | | | | | | | | |
| 21 | Sales for Resale (Acct. 447) | | | | | \$0 | | | | | \$0 | | \$1,400,000 | \$1,400,000 |
| 22 | Late Payment/Returned Check Charges (Acct. 450) | | | | \$3,940,100 | | | | | | \$3,940,100 | | | \$3,940,100 |
| 23 | Reconnect Fees/PJM Office (Acct. 451) | | | | \$1,275,200 | | | | | | \$1,275,200 | \$732,000 | | \$2,007,200 |
| 24 | Rent Electric Property (Acct. 454) | | | | \$7,832,718 | | | | | | \$7,832,718 | | | \$7,832,718 |
| 25 | Other Revenue (Acct. 456) | | | | \$365,300 | | | | | | \$365,300 | | | \$365,300 |
| 26 | Transmission - EGS (Acct. 456) | | | | \$0 | | | | | | \$0 | \$0 | | \$0 |
| 27 | Transmission - Wholesale (Acct. 456) | | | | \$0 | | | | | | \$0 | \$5,480,400 | | \$5,480,400 |
| 28 | Subtotal Other Revenue | | | | \$13,413,318 | \$0 | \$0 | \$0 | \$0 | \$0 | \$13,413,318 | \$6,212,400 | \$1,400,000 | \$21,025,718 |
| 29 | Total Operating Revenue | | | | \$402,273,849 | (\$12,512,000) | \$29,080,123 | \$0 | \$730,128 | (\$773,055) | \$418,799,047 | \$113,124,506 | \$806,003,486 | \$1,337,927,038 |

Duquesne Light Company
Adjusted Future Test Year Revenue at Present Rates
12 Month Period Ended March 31, 2011 Assuming No Customer Shopping (i.e. 100% POLR Load)

| A | B | C | D | E | F | G | H | I |
|------|-------------------------------------------------|-----------------------------------|-----------------------|--------------------------------|-------------------------------|--------------------------------------------------|------------------------------------------------|-------------------------------|
| Line | Rate Class | Distribution Present Rate Revenue | CAP Revenue Credit | State Tax Adj Surcharge (STAS) | Distribution (Sum Col. C - E) | Transmission Present Rate Revenue (w/o shopping) | Generation Present Rate Revenue (w/o shopping) | Adjusted Present Rate Revenue |
| 1 | RS | \$197,023,908 | (\$13,980,050) | (\$391,684) | \$182,652,174 | \$37,194,585 | \$263,216,425 | \$483,063,184 |
| 2 | RH | \$15,338,329 | (\$1,577,850) | (\$30,493) | \$13,729,986 | \$2,680,322 | \$26,522,416 | \$42,932,725 |
| 3 | RA | \$1,621,279 | (\$44,099) | (\$3,223) | \$1,573,957 | \$474,422 | \$3,729,503 | \$5,777,883 |
| 4 | GS | \$5,518,881 | \$0 | (\$10,972) | \$5,507,909 | \$966,375 | \$6,289,091 | \$12,763,375 |
| 5 | GM<25 | \$21,111,177 | \$0 | (\$41,969) | \$21,069,208 | \$6,193,879 | \$46,072,228 | \$73,335,315 |
| 6 | GM>25 | \$50,036,990 | \$0 | (\$99,474) | \$49,937,517 | \$23,303,681 | \$126,714,978 | \$199,956,177 |
| 7 | GMH<25 | \$2,188,584 | \$0 | (\$4,351) | \$2,184,233 | \$209,530 | \$3,936,320 | \$6,330,082 |
| 8 | GMH>25 | \$4,957,525 | \$0 | (\$9,856) | \$4,947,669 | \$1,272,219 | \$13,890,043 | \$20,109,931 |
| 9 | GL | \$51,711,475 | \$0 | (\$102,802) | \$51,608,673 | \$20,319,778 | \$160,530,834 | \$232,459,285 |
| 10 | GLH | \$8,182,257 | \$0 | (\$16,266) | \$8,165,990 | \$3,304,471 | \$30,511,080 | \$41,981,541 |
| 11 | L | \$18,416,104 | \$0 | (\$36,611) | \$18,379,492 | \$7,253,426 | \$67,801,458 | \$93,434,377 |
| 12 | HVPS | \$528,776 | \$0 | (\$1,051) | \$527,725 | \$3,516,736 | \$50,278,568 | \$54,323,029 |
| 13 | AL | \$960 | \$0 | (\$2) | \$958 | \$124 | \$6,542 | \$7,624 |
| 14 | SE | \$1,511,215 | \$0 | (\$3,004) | \$1,508,211 | \$43,605 | \$1,640,869 | \$3,192,685 |
| 15 | SM | \$9,115,735 | \$0 | (\$18,122) | \$9,097,613 | \$40,841 | \$1,758,113 | \$10,896,567 |
| 16 | SH | \$127,903 | \$0 | (\$254) | \$127,649 | \$1,351 | \$56,480 | \$185,480 |
| 17 | UMS | \$1,255,615 | \$0 | (\$2,496) | \$1,253,119 | \$134,712 | \$1,560,023 | \$2,947,854 |
| 18 | PAL | \$213,817 | \$0 | (\$425) | \$213,392 | \$2,050 | \$88,514 | \$303,956 |
| 19 | Total | \$388,860,531 | (\$15,602,000) | (\$773,055) | \$372,485,477 | \$106,912,106 | \$804,603,486 | \$1,284,001,069 |
| 20 | <u>Other Electric Revenue:</u> | | | | | | | |
| 21 | Sales for Resale (Acct. 447) | \$0 | | | \$0 | | \$1,400,000 | \$1,400,000 |
| 22 | Late Payment/Returned Check Charges (Acct. 450) | \$3,940,100 | | | \$3,940,100 | \$0 | | \$3,940,100 |
| 23 | Reconnect Fees/PJM Office (Acct. 451) | \$1,073,200 | | | \$1,073,200 | \$732,000 | | \$1,805,200 |
| 24 | Rent Electric Property (Acct. 454) | \$7,832,718 | | | \$7,832,718 | \$0 | | \$7,832,718 |
| 25 | Other Revenue (Acct. 456) | \$365,300 | | | \$365,300 | \$0 | | \$365,300 |
| 26 | Revenue Annualization | \$593,021 | | | \$593,021 | | | \$593,021 |
| 27 | Transmission - EGS (Acct. 456) | \$0 | | | \$0 | \$0 | | \$0 |
| 28 | Transmission - Wholesale (Acct. 456) | \$0 | | | \$0 | \$5,480,400 | | \$5,480,400 |
| 29 | Subtotal Other Revenue | \$13,804,339 | \$0 | \$0 | \$13,804,339 | \$6,212,400 | \$1,400,000 | \$21,416,739 |
| 30 | Total Operating Revenue | \$402,664,870 | (\$15,602,000) | (\$773,055) | \$386,289,816 | \$113,124,506 | \$806,003,486 | \$1,305,417,808 |

Duquesne Light Company
Future Test Year at Proposed Distribution Rates
12 Month Period Ended March 31, 2011 Assuming No Customer Shopping (i.e. 100% POLR Load)

| A | B | C | D | E | F | G | H | I | J | K | L | |
|------|-------------------------------------------------|----------------------------------------|-----------------------|-----------------------|--------------------------------------------------|------------------------------------------------|-----------------------------|----------------------|----------------------|-----------------------------|-----------------------------|--|
| Line | Rate Class | Distribution Revenue at Proposed Rates | CAP Revenue Credit | Proposed Distribution | Transmission Present Rate Revenue (w/o shopping) | Generation Present Rate Revenue (w/o shopping) | Total Proposed Rate Revenue | Total Revenue Change | Total Percent Change | Distribution Revenue Change | Distribution Percent Change | |
| 1 | RS | \$244,688,304 | (\$13,980,050) | \$230,708,254 | \$37,194,585 | \$263,216,425 | \$531,119,264 | \$48,056,080 | 9.9% | \$48,056,080 | 26.3% | |
| 2 | RH | \$21,074,377 | (\$1,577,850) | \$19,496,526 | \$2,680,322 | \$26,522,416 | \$48,699,265 | \$5,766,540 | 13.4% | \$5,766,540 | 42.0% | |
| 3 | RA | \$2,298,758 | (\$44,099) | \$2,254,659 | \$474,422 | \$3,729,503 | \$6,458,585 | \$680,702 | 11.8% | \$680,702 | 43.2% | |
| 4 | GS | \$7,423,006 | \$0 | \$7,423,006 | \$966,375 | \$6,289,091 | \$14,678,472 | \$1,915,097 | 15.0% | \$1,915,097 | 34.8% | |
| 5 | GM<25 | \$28,358,452 | \$0 | \$28,358,452 | \$6,193,879 | \$46,072,228 | \$80,624,558 | \$7,289,244 | 9.9% | \$7,289,244 | 34.6% | |
| 6 | GM>25 | \$60,199,774 | \$0 | \$60,199,774 | \$23,303,681 | \$126,714,978 | \$210,218,433 | \$10,262,257 | 5.1% | \$10,262,257 | 20.6% | |
| 7 | GMH<25 | \$3,115,189 | \$0 | \$3,115,189 | \$209,530 | \$3,936,320 | \$7,261,038 | \$930,956 | 14.7% | \$930,956 | 42.6% | |
| 8 | GMH>25 | \$6,173,401 | \$0 | \$6,173,401 | \$1,272,219 | \$13,890,043 | \$21,335,663 | \$1,225,732 | 6.1% | \$1,225,732 | 24.8% | |
| 9 | GL | \$60,289,263 | \$0 | \$60,289,263 | \$20,319,778 | \$160,530,834 | \$241,139,875 | \$8,680,591 | 3.7% | \$8,680,591 | 16.8% | |
| 10 | GLH | \$10,524,372 | \$0 | \$10,524,372 | \$3,304,471 | \$30,511,080 | \$44,339,923 | \$2,358,381 | 5.6% | \$2,358,381 | 28.9% | |
| 11 | L | \$21,176,268 | \$0 | \$21,176,268 | \$7,253,426 | \$67,801,458 | \$96,231,152 | \$2,796,775 | 3.0% | \$2,796,775 | 15.2% | |
| 12 | HVPS | \$706,340 | \$0 | \$706,340 | \$3,516,736 | \$50,278,568 | \$54,501,644 | \$178,615 | 0.3% | \$178,615 | 33.8% | |
| 13 | AL | \$757 | \$0 | \$757 | \$124 | \$6,542 | \$7,422 | (\$201) | -2.6% | (\$201) | -21.0% | |
| 14 | SE | \$1,275,163 | \$0 | \$1,275,163 | \$43,605 | \$1,640,869 | \$2,959,637 | (\$233,048) | -7.3% | (\$233,048) | -15.5% | |
| 15 | SM | \$7,185,385 | \$0 | \$7,185,385 | \$40,841 | \$1,758,113 | \$8,984,339 | (\$1,912,228) | -17.5% | (\$1,912,228) | -21.0% | |
| 16 | SH | \$100,818 | \$0 | \$100,818 | \$1,351 | \$56,480 | \$158,649 | (\$26,831) | -14.5% | (\$26,831) | -21.0% | |
| 17 | UMS | \$1,253,119 | \$0 | \$1,253,119 | \$134,712 | \$1,560,023 | \$2,947,854 | (\$0) | 0.0% | (\$0) | 0.0% | |
| 18 | PAL | \$168,539 | \$0 | \$168,539 | \$2,050 | \$88,514 | \$259,103 | (\$44,853) | -14.8% | (\$44,853) | -21.0% | |
| 19 | Total | \$476,011,286 | (\$15,602,000) | \$460,409,286 | \$106,912,106 | \$804,603,486 | \$1,371,924,877 | \$87,923,809 | 6.8% | \$87,923,809 | 23.6% | |
| 20 | <u>Other Electric Revenue:</u> | | | | | | | | | | | |
| 21 | Sales for Resale (Acct. 447) | \$0 | \$0 | \$0 | \$0 | \$1,400,000 | \$1,400,000 | \$0 | | \$0 | | |
| 22 | Late Payment/Returned Check Charges (Acct. 450) | \$3,940,100 | \$0 | \$3,940,100 | \$0 | \$0 | \$3,940,100 | \$0 | | \$0 | | |
| 23 | Reconnect Fees/PJM Office (Acct. 451) | \$1,073,200 | \$0 | \$1,073,200 | \$732,000 | \$0 | \$1,805,200 | \$0 | | \$0 | | |
| 24 | Rent Electric Property (Acct. 454) | \$7,832,718 | \$0 | \$7,832,718 | \$0 | \$0 | \$7,832,718 | \$0 | | \$0 | | |
| 25 | Other Revenue (Acct. 456) | \$365,300 | \$0 | \$365,300 | \$0 | \$0 | \$365,300 | \$0 | | \$0 | | |
| 26 | Revenue Annualization (1) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$593,021) | | (\$593,021) | | |
| 27 | Transmission - EGS (Acct 456) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 | | |
| 28 | Transmission - Wholesale (Acct 456) | \$0 | \$0 | \$0 | \$5,480,400 | \$0 | \$5,480,400 | \$0 | | \$0 | | |
| 29 | Subtotal Other Revenue | \$13,211,318 | \$0 | \$13,211,318 | \$6,212,400 | \$1,400,000 | \$20,823,718 | (\$593,021) | | (\$593,021) | | |
| 30 | Total Operating Revenue | \$489,222,604 | (\$15,602,000) | \$473,620,604 | \$113,124,506 | \$806,003,486 | \$1,392,748,595 | \$87,330,788 | 6.7% | \$87,330,788 | 22.6% | |

1/ Revenue annualization adjustment included in appropriate rate class revenues in lines 1-19.

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-6
 Witness: O'Brien
 Page 1 of 1

Cost Element Update From Budget

| Line # | Description | [1] Reference Or Account Number | [2] Salaries & Wages | [3] Incentive Compensation | [4] Misc Employee Benefits | [5] Employee Expenses | [6] Outside Services | [7] Purchased Power | [8] Total Cost Element Update Adjustment Sum [2] to [7] |
|--------------------------------------------|-----------------------------------|---------------------------------------------|-------------------------------|----------------------------------|-------------------------------------|-----------------------------|----------------------------|---------------------------|------------------------------------------------------------------------|
| 1 | Change in Purchased Power Expense | | | | | | | \$ (17,678) | \$ (17,678) |
| <u>Transmission Expense</u> | | | | | | | | | |
| 2 | Operations | | \$ (51) | \$ - | \$ - | \$ (83) | \$ (233) | | (367) |
| 3 | Maintenance | | (51) | - | - | (11) | (330) | | (392) |
| 4 | Total Transmission | | (102) | - | - | (94) | (563) | - | (759) |
| <u>Distribution Expense</u> | | | | | | | | | |
| 5 | Operations | | (220) | - | - | (19) | (45) | | (283) |
| 6 | Maintenance | | (256) | - | (1) | (66) | (1,667) | | (1,990) |
| 7 | Total Distribution | | (476) | - | (1) | (84) | (1,712) | - | (2,273) |
| 8 | Customer Accounts | | (323) | (8) | - | (28) | (157) | | (516) |
| 9 | Customer Service & Information | | (5) | - | - | - | (603) | | (608) |
| <u>Administrative & General</u> | | | | | | | | | |
| 10 | Operations | | (466) | (3,603) | (348) | (725) | (2,881) | | (8,022) |
| 11 | Maintenance | | (124) | - | - | (19) | (84) | | (227) |
| 12 | Total A & G | | (590) | (3,603) | (348) | (744) | (2,965) | - | (8,249) |
| 13 | Total Expense Adjustment | | \$ (1,495) | \$ (3,611) | \$ (349) | \$ (950) | \$ (6,000) | \$ (17,678) | \$ (30,083) |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-7
 Witness: O'Brien
 Page 1 of 2

Adjustment for Salaries & Wages

| Line # | Description | [1] Account Number | [2] Budgeted Year 03/31/11 | [3] Reclass | [4] Payroll As Distributed | [5] Total Pro Forma Payroll | [6] Adjustment |
|--------------------|----------------------------------|-----------------------|----------------------------------|----------------|----------------------------------|-----------------------------------|-------------------|
| <u>OPERATIONS</u> | | | | | | | |
| 1 | Production | 500-509 | \$ - | | \$ - | \$ - | \$ - |
| 2 | Generation | 546-550 | - | | - | - | - |
| 3 | Transmission | 560-567 | 1,824 | | 1,824 | 34 | 1,858 |
| 4 | Distribution | 580-589 | 7,727 | | 7,727 | 143 | 7,870 |
| 5 | Customer Accounts | 901-905 | 10,182 | | 10,182 | 188 | 10,370 |
| 6 | Customer service and information | 907-910 | 158 | | 158 | 3 | 161 |
| 7 | Sales | 911-916 | - | | - | - | - |
| 8 | Administration and general | 920-931 | 13,821 | | 13,821 | 255 | 14,077 |
| 9 | Total Operations | Sum L 1 to L 8 | 33,712 | - | 33,712 | 623 | 34,334 |
| <u>MAINTENANCE</u> | | | | | | | |
| 10 | Production | 510-514 | - | | - | - | - |
| 11 | Generation | 551-557 | - | | - | - | - |
| 12 | Transmission | 568-573 | 1,932 | | 1,932 | 36 | 1,968 |
| 13 | Distribution | 590-598 | 9,668 | | 9,668 | 179 | 9,846 |
| 14 | Administration and general | 935 | 4,127 | | 4,127 | 76 | 4,203 |
| 15 | Total Maintenance | Sum L 10 to L 14 | 15,727 | - | 15,727 | 290 | 16,017 |
| 16 | Total Direct Payroll | L 9 + L 15 | 49,438 | - | 49,438 | \$ 913 | \$ 50,351 |
| 17 | Percent Increase | L 16, C 5 / C 4 | | | | | 1.847% |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-7
 Witness: O'Brien
 Page 2 of 2

Adjustment for Salaries & Wages

| Line # | Description | [1] Reference Or Function | [2] Union | [3] Non-Union | [4] Annualized Amounts | [5] Amount | [6] Amount | [7] Pro Forma Total Payroll |
|------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------|--------------|------------------|------------------------------|---------------|---------------|--------------------------------------|
| 1 | Budget O&M Base PR Expense for FTY | | \$ 22,616 | \$ 22,000 | \$ 44,616 | | | |
| 2 | Budget O&M Overtime PR Expense for FTY | | 4,022 | 800 | 4,822 | | | |
| 3 | Total O&M Budget PR Expense | L 1 + L 2 | 26,638 | 22,800 | 49,438 | | | |
| 4 | Pro Forma Rate Increase 10/1/10 | | 3.00% | | | | | |
| 5 | Pro Forma Rate Increase 1/1/11 | | | 3.00% | | | | |
| 6 | Number of Months for Annualization | | 6 | 9 | | | | |
| 7 | Pro Forma During FTY | L3*(L4 or 5)*L6/12 | \$ 400 | \$ 513 | 913 | | | |
| 8 | Pro Forma Rate Increase 10/1/11 | | 3.00% | | | | | |
| 9 | Number of Months | | 12 | | | | | |
| 10 | Annualization Adjustment | (L3+L7)*L8*L12/12 | | | - | | | |
| 11 | Total Pro Forma - Existing Employees | [4] L 3 + L 8 | | | | \$ 50,351 | | |
| Pro Forma For New Employees | | NO ADJUSTMENT FOR NEW EMPLOYEES - BUDGETS SHOW MINOR DOWNWARD CHANGE FOR FTY | | | | | | |
| 12 | Changes to Employee Numbers | | - | | | | | |
| 13 | Changes to Employee Numbers | | | - | | | | |
| 14 | Total New Employees - On Company List | L 10 + L 11 | | | \$ - | | | |
| 15 | Increase for Overtime | L 2 / L 1 * L 10 | - | | | - | | |
| 16 | Sub-Total -- Total Pay at Present Rates | Sum L 10 to L 13 | - | - | | - | | |
| 17 | Increase for Pay Rates | L 4 or L 5 * L 14 | - | - | | - | | |
| 18 | Pro Forma Increase for Change in Employees | L 14 + L 15 | - | - | | - | | |
| 19 | Total Pro Forma Payroll | L 7 + L 16 | \$ 400 | \$ 513 | | \$ 50,351 | | |
| 20 | Total O&M Budget PR Expense | [3] L 3 | | | | 49,438 | | |
| 21 | Payroll Increase | [6] L 17 - L 18 | | | | | \$ 913 | |
| 22 | Percent Increase over FTY Budget | L 19 / L 18 | | | | | | 1.847% |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **D-8**
Witness: **O'Brien**
Page 1 of 1

Rate Case Expense Normalization

| Line # | Description | [1] Reference | [2] Amount | [3] Amount | [4] Sub-Total | [5] Total |
|--------------------------------------------------|--------------------------------|--------------------|-----------------|-----------------|--------------------|----------------|
| <u>RATE CASE FOR NORMALIZATION</u> | | | | | | |
| <u>EXPENDITURES TO 3-31-10</u> | | | | | | |
| 1 | Expended in 2009 | | \$ 65 | | | |
| 2 | Expended in 2010 to March 31 | | 132 | | | |
| 3 | Total Recorded at 3-31-10 | L 1 + L 2 | | 197 | | |
| <u>EXPENDITURES FOR FTY Ended 3-31-11</u> | | | | | | |
| 4 | Estimated Expenditures for FTY | | 3803 | | | |
| 5 | Sub-Total | Line 4 | | 3,803 | | |
| <u>TOTAL EXPENDITURES FOR RATE FILING</u> | | | | | | |
| 6 | Total Rate Case | L 3 + L 5 | | | \$ 4,000 | |
| 7 | Normalization Period [A] | Years | 2.75 | | | |
| 8 | Normalization Expense per Year | L 6 / L 7 | | | | \$ 1,455 |
| <u>POLR "V" COSTS FOR NORMALIZATION</u> | | | | | | |
| 9 | Expended in 2009 | | | 757 | | |
| 10 | Expended in 2010 | | | 1,743 | | |
| 11 | Total POLR "V" | L 9 + L 10 | | | \$ 2,500 | |
| 12 | Normalization Period [B] | Years | 2.4167 | | | |
| 13 | Normalization Expense per Year | | | | | 1,034 |
| 14 | Normalization Expense per Year | L 8 + L 13 | | | | 2,489 |
| 15 | Expense included in FTY Budget | | | | | 1,217 |
| 16 | Normalization Adjustment | L 14 + L 15 | | | | \$ 1,272 |

[A] Company's next case planned with FTY ended December 31, 2013
[B] Period to Effective date of next POLR rates

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **D-9**
Witness: **O'Brien**
Page 1 of 1

Adjustment for Pension

| Line # | Description | [1] Reference | [2] Amount | [3] Amount | [4] Amount | [5] Total |
|-----------------------------|---------------------------------------------|--------------------|------------------|-------------------|-----------------|------------------|
| <u>PENSION COSTS</u> | | | | | | |
| 1 | Contribution - Year Ended 3/31/11 | | \$ 106,500 | \$ 106,500 | | |
| 2 | Contribution - Year Ended 3/31/12 | | | 50,400 | | |
| 3 | Contribution - Year Ended 3/31/13 | | | 46,600 | | |
| 4 | Total | L 1 to L 3 | \$ 106,500 | <u>\$ 203,500</u> | | |
| 5 | Number of Years for FTY Average | <u>3</u> | | | | |
| 6 | Average for FTY | L 4 [3] / L 5 | | \$ 67,833 | | |
| 7 | Pension Capitalization / Expense Factor | | <u>50.0%</u> | <u>50.0%</u> | | |
| 8 | Pension Payment To Be Capitalized | L 4 * L 7 | 53,250 | | | |
| 9 | Pension Payment To Be Expensed | L 6 * L 7 | | | \$ 33,917 | |
| 10 | FAS 87 Pension in 2010 Capital Additions | | 9,250 | | | |
| 11 | FAS 87 Pension in 3-31-11 Capital Additions | | 3,694 | | | |
| 12 | FAS 87 Pension Expense in FTY | | | | <u>11,250</u> | |
| 13 | Pension Adjustment to Plant | L 8 - L 10 - L 11 | <u>\$ 40,306</u> | | | |
| 14 | Pro Forma Pension Adjustment | L 9 - L 12 | | | | <u>\$ 22,667</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule
Witness: D-10
Page 1 of 1
O'Brien

Uncollectible Accounts

| Line # | Description | [1] Reference | [2] Non-CAP Net Write-Offs | [3] Tariff Revenue | [4] Percent [2]/[3] | [5] Total [2]/[3] |
|------------------------------|-------------------------------------------|------------------|-------------------------------------|--------------------------|---------------------------|-------------------------|
| 1 | 2006 | | \$ 9,313 | \$ 686,638 | 1.36% | |
| 2 | 2007 | | \$ 5,438 | \$ 843,185 | 0.64% | |
| 3 | 2008 | | \$ 8,521 | \$ 884,697 | 0.96% | |
| 4 | 2009 | | \$ 10,141 | \$ 825,227 | 1.23% | |
| 5 | Four Year Average Sum (L 1 to L 4) / 4 | 4 | \$ 8,353 | \$ 809,937 | | 1.03% |
| CAP Frozen Arrearages | | | | | | |
| 6 | 2006 | | | \$ 3,404 | | |
| 7 | 2007 | | | \$ 2,282 | | |
| 8 | 2008 | | | \$ 2,136 | | |
| 9 | 2009 | | | \$ 2,284 | | |
| 10 | 2011 | | | | \$ 3,500 | |
| 11 | 2012 | | | | \$ 3,850 | |
| 12 | 2013 | | | | \$ 4,200 | |
| 13 | Three Year Average (Sum L 10 to L 12) / 3 | 3 | | | | \$ 3,850 |
| Pro Forma Adjustment | | | | | | |
| 14 | Pro Forma Revenue | | \$ 795,174 | | | |
| 15 | Pro Forma Rate | | | | 1.030% | |
| 16 | Pro Forma Net Write-Off Expense | L 14 * L 15 | | | | 8,190 |
| 17 | Total Pro Forma Write Off | L 13 + L 16 | | | | 12,040 |
| 18 | Budget Uncollectible Expense | | | | | 12,549 |
| 19 | Pro Forma Adjustment | L 17 + L 18 | | | | (509) |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Energy Efficiency Expense

| Line # | Description | [1] Reference | [2] Amount | [3] Sub-Total | [4] Total |
|--------|--------------------------------------------|--------------------|-----------------|--------------------|------------------|
| 1 | Labor in FTY | | \$ 313 | | |
| 2 | Incentives | | 13 | | |
| 3 | Materials | | 41 | | |
| 4 | Employee Expenses | | 19 | | |
| 5 | Total Expense for Surcharge Recovery | | 23,518 | | |
| 6 | Outside Services | | 23,107 | | |
| 7 | Business meals | | 5 | | |
| 8 | Sub-Total | | | \$ 47,016 | |
| 9 | Accounting Transfer | | | (23,497) | |
| 10 | Adjustment to Remove Expense in FTY Budget | | | | <u>\$ 23,519</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Smart Meter Expense

| Line # | Description | [1] Reference | [2] Amount | [3] Sub-Total | [4] Total |
|--------|--------------------------------------------|------------------|---------------|------------------|-----------------|
| 1 | Labor in FTY | | \$ 72 | | |
| 2 | Incentives | | 0 | | |
| 3 | Materials | | - | | |
| 4 | Consulting services | | 579 | | |
| 5 | Total Expenses for Surcharge Recovery | | 6,968 | | |
| 6 | Outside Services | | 4,852 | | |
| 7 | Business meals | | - | | |
| 8 | Sub-Total | | | \$ 12,471 | |
| 9 | Accounting Transfer | | | (5,504) | |
| 10 | Adjustment to Remove Expense in FTY Budget | | | | <u>\$ 6,967</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-16
Witness: Matchett
Page 1 of 2

Taxes Other Than Income Taxes

| Line # | Description | [1] Account Number | [2] Recorded HTY 3-31-10 | [3] Budget Amounts FTY 3-31-11 | [4] Pro Forma Adjustments | [5] Pro Forma Tax Expense FTY 3-31-11 |
|--------|--------------------------------|-------------------------|----------------------------------|-------------------------------------------|-----------------------------------|--------------------------------------------------|
| 1 | PURTA Taxes | 408.1 | \$ (79) | \$ 933 | \$ - | \$ 933 |
| 2 | Capital Stock | | 2,409 | 2,700 | | 2,700 |
| 3 | Miscellaneous | | (1,128) | 307 | | 307 |
| 4 | Social Security | 408.3 | 3,621 | 3,608 | 66 | 3,674 |
| 5 | FUTA | 408.2 | 32 | 44 | 1 | 45 |
| 6 | SUTA | 408.4 | 294 | 495 | 9 | 504 |
| 7 | Gross Receipts | | 47,579 | 50,179 | (3,664) | 46,515 |
| 8 | Real Estate Taxes | | 386 | 404 | | 404 |
| 9 | City of Pittsburgh Payroll Tax | | 264 | 271 | 5 | 276 |
| 10 | | | | | | |
| 11 | Total | Sum L 1 to L 10 | <u>\$ 53,378</u> | <u>\$ 58,941</u> | <u>\$ (3,583)</u> | <u>\$ 55,358</u> |

GROSS RECEIPT TAX PRO FORMA AT PRESENT RATES

| | | | |
|----|---------------------------------------|------------------|-------------------|
| 12 | Revenue From Sales to Customers | | \$ 796,574 |
| 13 | Uncollectibles | | (8,190) |
| 14 | Other | | - |
| 15 | Net Taxable | Sum L 12 to L 14 | 788,384 |
| 16 | Tax Rate | | 5.900% |
| 17 | Gross Receipts Taxes at Present Rates | L 15 * L 16 | 46,515 |
| 18 | Budget Amount | | 50,179 |
| 19 | Adjustment | L 17 - L 18 | <u>\$ (3,664)</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Taxes Other Than Income Taxes

| Line # | Description | [1] Account Number | [2] | [3] FTY | [4] S&W Adjustment | [5] Increase in Payroll Taxes |
|--------|-----------------------------------------|-------------------------|-------|------------------|-------------------------|------------------------------------|
| 1 | Total Payroll Charged to Expense | | | <u>\$ 50,200</u> | <u>\$ 913</u> | |
| 2 | FICA Expense | | | <u>\$ 3,608</u> | | |
| 3 | FICA Expense - Percent | L 2 / L 1 | | <u>7.19%</u> | <u>7.19%</u> | |
| 4 | Pro Forma FICA Expense on Pro Forma S&W | [4] L 1 * L 3 | | | | \$ 66 |
| 5 | FUTA Expense | | | <u>\$ 44</u> | | |
| 6 | FUTA Expense - Percent | L 5 / L 1 | | <u>0.09%</u> | <u>0.09%</u> | |
| 7 | Pro Forma FUTA Expense on Pro Forma S&W | [4] L 1 * L 6 | | | | 1 |
| 8 | SUTA Expense | | | <u>\$ 495</u> | | |
| 9 | SUTA Expense - Percent | L 8 / L 1 | | <u>0.99%</u> | <u>0.99%</u> | |
| 10 | Pro Forma SUTA Expense on Pro Forma S&W | [4] L 1 * L 9 | | | | 9 |
| 11 | City of Pittsburgh Payroll Tax Expense | | | <u>\$ 271</u> | | |
| 12 | City of Pittsburgh Expense - Percent | L 11 / L 1 | | <u>0.54%</u> | <u>0.54%</u> | |
| 13 | Pro Forma Expense on Pro Forma S&W | [4] L 1 * L 12 | | | | 5 |
| 14 | Pro Forma Adjustment | Sum L 4 to L 13 | | | | <u>\$ 81</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-17
Witness: O'Brien
Page 1 of 6

Depreciation and Annualization Expense Adjustment

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
|--------------------------------|----------------------------------|------------------|---------------|---------------------------|--------------------------------|---------------------------------|---------------------------|------------------------------------------|-----|--------|
| | | | PLANT BALANCE | Current Depreciation Rate | Pro Forma Depreciation Expense | Annualized Depreciation Expense | Updated Depreciation Rate | Pro Forma Test Year Depreciation Expense | | |
| | | | 03/31/10 | 03/31/11 | | [(2 + 3)/2] * 4 | [3] * [4] | | | |
| INTANGIBLE PLANT | | | | | | | | | | |
| 1 | Organization | 301 | \$ 100 | \$ 100 | | | | | | \$ - |
| 2 | Franchise & Consent | 302 | 7 | 7 | | | | | | - |
| 3 | Miscellaneous Intangible Plant | 303 | 19,993 | 26,968 | 0.1142 | 2,681 | 3,080 | 0.1142 | | 3,079 |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 20,100 | 27,075 | | 2,681 | 3,080 | | | 3,079 |
| PRODUCTION PLANT--Steam | | | | | | | | | | |
| 5 | Land and land rights | 310 | - | - | | - | - | | | - |
| 6 | Structures, Improvements | 311 | - | - | | - | - | | | - |
| 7 | Misc Power Plan equipment | 316 | - | - | | - | - | | | - |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - | | - | - | | | - |
| PRODUCTION PLANT--Other | | | | | | | | | | |
| 9 | Land and land rights | 340 | - | - | | - | - | | | - |
| 10 | Structures, Improvements | 341 | - | - | | - | - | | | - |
| 11 | Misc Power Plant Equipment | 346 | - | - | | - | - | | | - |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - | | - | - | | | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - | | - | - | | | - |
| TRANSMISSION PLANT | | | | | | | | | | |
| 14 | Land and land rights | 350 | 12,311 | 18,049 | 0.0000 | - | - | 0.0000 | | - |
| 15 | Structures, Improvements | 352 | 8,932 | 9,118 | 0.0327 | 295 | 298 | 0.0271 | | 247 |
| 16 | Station Equipment | 353 | 233,455 | 280,328 | 0.0306 | 7,861 | 8,578 | 0.0328 | | 9,195 |
| 17 | Towers and Fixtures | 354 | 69,421 | 76,727 | 0.0222 | 1,622 | 1,703 | 0.0168 | | 1,289 |
| 18 | Poles and Fixtures | 355 | 12,482 | 16,356 | 0.0213 | 307 | 348 | 0.0281 | | 460 |
| 19 | Overhead Conductors & Devices | 356 | 76,470 | 92,474 | 0.0187 | 1,580 | 1,729 | 0.0201 | | 1,859 |
| 20 | Underground Conduit | 357 | 62,404 | 66,029 | 0.0187 | 1,201 | 1,235 | 0.0184 | | 1,215 |
| 21 | Underground Conductors & Devices | 358 | 42,248 | 46,670 | 0.0169 | 751 | 789 | 0.0186 | | 868 |
| 22 | Road and Trails | 359 | - | - | 0.0312 | - | - | 0.0000 | | - |
| 23 | Asset Retirement Costs | 359.1 | - | - | | - | - | | | - |
| 24 | | 0 | 0 | - | | - | - | | | - |
| 25 | | | | | | | | | | |
| 26 | | | | | | | | | | |
| 27 | | | | | | | | | | |
| 28 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 27 | 517,723 | 605,751 | | 13,617 | 14,680 | | | 15,133 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-17
Witness: O'Brien
Page 2 of 6

Depreciation and Annualization Expense Adjustment

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
|---------------------------|----------------------------------------------------|------------------|---------------------|---------------------|---------------------------|--------------------------------|---------------------------------|---------------------------|--------------------------------|------------------|
| | | | PLANT BALANCE | | Current Depreciation Rate | Pro Forma Depreciation Expense | Annualized Depreciation Expense | Updated Depreciation Rate | Test Year Depreciation Expense | |
| | | | 03/31/10 | 03/31/11 | | | [(2 + 3)/2] * 4 | [3] * [4] | | [3] * [7] |
| DISTRIBUTION PLANT | | | | | | | | | | |
| 29 | Land and land rights | 360 | 11,058 | 11,132 | 0 0000 | - | - | - | 0 0000 | - |
| 30 | Structures, Improvements | 361 | 52,389 | 52,608 | 0 0247 | 1,297 | 1,299 | 0.0236 | 0.0236 | 1,242 |
| 31 | Station Equipment | 362 | 357,791 | 396,218 | 0 0244 | 9,199 | 9,668 | 0.0261 | 0.0261 | 10,341 |
| 32 | Storage Battery Equipment | 363 | - | - | 0 0000 | - | - | 0.0000 | 0.0000 | - |
| 33 | Poles, Towers and Fixtures | 364 | 315,048 | 332,783 | 0.0215 | 6,964 | 7,155 | 0 0217 | 0 0217 | 7,221 |
| 34 | Overhead Conductors and Devices | 365 | 327,743 | 380,970 | 0.0230 | 8,150 | 8,762 | 0 0269 | 0 0269 | 10,248 |
| 35 | Underground Conduit | 366 | 107,428 | 115,126 | 0 0187 | 2,081 | 2,153 | 0.0175 | 0.0175 | 2,015 |
| 36 | Underground Conductors and Devices | 367 | 240,117 | 249,665 | 0.0222 | 5,437 | 5,543 | 0 0225 | 0 0225 | 5,617 |
| 37 | Line Transformers | 368 | 257,594 | 274,128 | 0 0307 | 8,172 | 8,426 | 0 0327 | 0 0327 | 8,964 |
| 38 | Services | 369 | 86,384 | 94,152 | 0 0169 | 1,526 | 1,591 | 0 0166 | 0 0166 | 1,563 |
| 39 | Meters | 370 | 100,295 | 105,224 | 0 0309 | 3,175 | 3,251 | 0 0760 | 0 0760 | 7,997 |
| 40 | Meter Communications Equipment | 370 1 | 2,653 | 2,654 | 0 0022 | 6 | 6 | 0.1393 | 0.1393 | 370 |
| 41 | Leased Property On Customers Premises | 372 | - | - | 0 0000 | - | - | 0 0000 | 0 0000 | - |
| 42 | Street Lighting and Signaling Systems | 373 | 35,274 | 35,614 | 0 0297 | 1,053 | 1,058 | 0 0234 | 0 0234 | 833 |
| 43 | | | | | | | | | | |
| 44 | TOTAL DISTRIBUTION PLANT | Sum L 29 to L 43 | <u>1,893,774</u> | <u>2,050,274</u> | | <u>47,060</u> | <u>48,912</u> | | | <u>56,411</u> |
| GENERAL PLANT | | | | | | | | | | |
| 45 | Land and land rights | 389 | 5,892 | 5,887 | | - | - | - | - | |
| 46 | Structures, Improvements | 390 | 94,293 | 92,468 | 0 0354 | 3,306 | 3,273 | 0 0410 | 0 0410 | 3,791 |
| 47 | Office furniture | 391 1 | 3,205 | 3,008 | 0 1968 | 611 | 592 | 0 0500 | 0 0500 | 150 |
| 48 | Office furniture - Combined for FTY | 391 1 | 1,373 | - | 0 0500 | 34 | - | Amort Res | Amort Res | 170 [a] |
| 49 | Office equipment | 391.2 | (1) | - | 0.1714 | 787 | - | Amort Res | Amort Res | 532 [a] |
| 50 | Office equipment - Combined for FTY | 391.2 | 6,786 | 5,705 | 0.2000 | 1,249 | 1,141 | 0 2000 | 0 2000 | 1,141 |
| 51 | Transportation equipment | 392 | 50,447 | 57,798 | 0.0729 | 3,947 | 4,215 | 0 0729 | 0 0729 | 4,216 |
| 52 | Store equipment | 393 | 1,761 | 2,731 | 0 0440 | 99 | 120 | 0 0333 | 0 0333 | 91 |
| 53 | Store equipment - Combined for FTY | 393 | 974 | - | 0 0333 | 16 | - | Amort Res | Amort Res | 35 [a] |
| 54 | Tools, shop and garage equipment | 394 | 8,432 | 11,581 | 0 0536 | 536 | 621 | 0 0400 | 0 0400 | 463 |
| 55 | Tools, shop and garage equipment - Combined for F | 394 | 4,995 | (0) | 0 0400 | 100 | - | Amort Res | Amort Res | 193 [a] |
| 56 | Laboratory equipment | 395 | (296) | 4,619 | 0 0738 | 160 | 341 | 0 0500 | 0 0500 | 231 |
| 57 | Laboratory equipment - Combined for FTY | 395 | 5,165 | - | 0 0500 | 129 | - | Amort Res | Amort Res | 130 [a] |
| 58 | Power operated equipment | 396 | 1,285 | 1,309 | 0 0342 | 44 | 45 | 0 0342 | 0 0342 | 45 |
| 59 | Electric communications equipment | 397 | 29,852 | 64,205 | 0 0820 | 3,856 | 5,265 | 0 0667 | 0 0667 | 4,282 |
| 60 | Electric communications equipment - Combined for F | 397 | 28,823 | (8) | 0 0667 | 961 | (1) | Amort Res | Amort Res | 1,109 [a] |
| 61 | Miscellaneous equipment | 398 | 435 | 458 | 0 0484 | 22 | 22 | 0 0500 | 0 0500 | 23 |
| 62 | Miscellaneous equipment - Combined for FTY | 398 | 34 | - | 0 0500 | 1 | - | Amort Res | Amort Res | 11 [a] |
| 63 | TOTAL GENERAL | Sum L 45 to L 62 | <u>243,455</u> | <u>249,759</u> | | <u>15,858</u> | <u>15,634</u> | | | <u>16,612</u> |
| 64 | SUBTOTAL (L8 + L12 + L28 L44 + L63) | | 2,654,952 | 2,905,784 | | 76,535 | 79,226 | | | 88,156 |
| | Additional Meter Depreciation for SM Replacement | | | | | | | | | - |
| 65 | Amortization of Intangible Assets | 303 | 20,100 | 27,075 | | 2,681 | 3,080 | | | 3,079 |
| 66 | Amortization of Leasehold Improvements | 0 | 9,478 | 8,267 | 0 0433 | 384 | 358 | 0 0433 | 0 0433 | 358 |
| 67 | TOTAL PLANT IN SERVICE | Sum L 64 to L 66 | <u>\$ 2,684,530</u> | <u>\$ 2,941,126</u> | | <u>\$ 79,600</u> | <u>\$ 82,664</u> | | | <u>\$ 91,593</u> |

[a] Debit Reserve Balance Amortized over 10-Year Period
DLC-2 FTY 2011 Final 7-9-10 xls
FY_D_17_p2 (A61 X123) --- 6 Pgs

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-17
Witness: O'Brien
Page 3 of 6

Depreciation and Annualization Expense Adjustment

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
|--------------------------------|----------------------------------|------------------|---------------|----------|---------------------------------|-------------------------------------|------------------------------------|-----|-----|-------|
| | | | PLANT BALANCE | | Budget Net Salvage Amortization | Annualized Net Salvage Amortization | Test Year Net Salvage Amortization | | | |
| | | | 03/31/10 | 03/31/11 | | | | | | |
| INTANGIBLE PLANT | | | | | | | | | | |
| 1 | Organization | 301 | 100 | 100 | | \$ - | \$ - | | | - |
| 2 | Franchise & Consent | 302 | 7 | 7 | | - | - | | | - |
| 3 | Miscellaneous Intangible Plant | 303 | 19,993 | 26,968 | | - | - | | | - |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 20,100 | 27,075 | | - | - | | - | - |
| PRODUCTION PLANT--Steam | | | | | | | | | | |
| 5 | Land and land rights | 310 | - | - | | - | - | | | - |
| 6 | Structures, Improvements | 311 | - | - | | - | - | | | - |
| 7 | Misc. Power Plant equipment | 316 | - | - | | - | - | | | - |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - | | - | - | | - | - |
| PRODUCTION PLANT--Other | | | | | | | | | | |
| 9 | Land and land rights | 340 | - | - | | - | - | | | - |
| 10 | Structures, Improvements | 341 | - | - | | - | - | | | - |
| 11 | Misc Power Plant Equipment | 346 | - | - | | - | - | | | - |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - | | - | - | | - | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - | | - | - | | - | - |
| TRANSMISSION PLANT | | | | | | | | | | |
| 14 | Land and land rights | 350 | 12,311 | 18,049 | | - | - | | | - |
| 15 | Structures, Improvements | 352 | 8,932 | 9,118 | | 2 | 2 | | | 1 |
| 16 | Station Equipment | 353 | 233,455 | 280,328 | | 264 | 264 | | | 282 |
| 17 | Towers and Fixtures | 354 | 69,421 | 76,727 | | 319 | 319 | | | 360 |
| 18 | Poles and Fixtures | 355 | 12,482 | 16,356 | | 204 | 204 | | | 233 |
| 19 | Overhead Conductors & Devices | 356 | 76,470 | 92,474 | | 266 | 266 | | | 275 |
| 20 | Underground Conduit | 357 | 62,404 | 66,029 | | - | - | | | - |
| 21 | Underground Conductors & Devices | 358 | 42,248 | 46,670 | | - | - | | | - |
| 22 | Road and Trails | 359 | - | - | | - | - | | | - |
| 23 | Asset Retirement Costs | 359 1 | - | - | | - | - | | | - |
| 24 | Other Transmission Plant | | - | - | | - | - | | | - |
| 25 | | | - | - | | - | - | | | - |
| 26 | | | - | - | | - | - | | | - |
| 27 | | | - | - | | - | - | | | - |
| 28 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 27 | 517,723 | 605,751 | | 1,055 | 1,055 | | - | 1,151 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-17
Witness: O'Brien
Page 4 of 6

Depreciation and Annualization Expense Adjustment

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
|---------------------------|----------------------------------------------------|------------------|---------------|--------------|-----|---------------------------------|-------------------------------------|------------------------------------|-----|----------|
| | | | PLANT BALANCE | | | Budget Net Salvage Amortization | Annualized Net Salvage Amortization | Test Year Net Salvage Amortization | | |
| | | | 03/31/10 | 03/31/11 | | | | | | |
| DISTRIBUTION PLANT | | | | | | | | | | |
| 29 | Land and land rights | 360 | 11,058 | 11,132 | | - | - | | | - |
| 30 | Structures, Improvements | 361 | 52,389 | 52,608 | | 19 | 19 | | | 19 |
| 31 | Station Equipment | 362 | 357,791 | 396,218 | | 486 | 486 | | | 477 |
| 32 | Storage Battery Equipment | 363 | - | - | | - | - | | | - |
| 33 | Poles, Towers and Fixtures | 364 | 315,048 | 332,783 | | 2,187 | 2,187 | | | 1,764 |
| 34 | Overhead Conductors and Devices | 365 | 327,743 | 380,970 | | 733 | 733 | | | 254 |
| 35 | Underground Conduit | 366 | 107,428 | 115,126 | | 70 | 70 | | | 82 |
| 36 | Underground Conductors and Devices | 367 | 240,117 | 249,665 | | 808 | 808 | | | 754 |
| 37 | Line Transformers | 368 | 257,594 | 274,128 | | 1,233 | 1,233 | | | 656 |
| 38 | Services | 369 | 86,384 | 94,152 | | 1,185 | 1,185 | | | 1,182 |
| 39 | Meters | 370 | 100,295 | 105,224 | | 80 | 80 | | | 81 |
| 40 | Meter Communications Equipment | 370 1 | 2,653 | 2,654 | | 1 | 1 | | | 1 |
| 41 | Leased Property On Customers Premises | 372 | - | - | | - | - | | | - |
| 42 | Street Lighting and Signaling Systems | 373 | 35,274 | 35,614 | | 189 | 189 | | | 186 |
| 43 | | | | | | | | | | |
| 44 | TOTAL DISTRIBUTION PLANT | Sum L 29 to L 43 | 1,893,774 | 2,050,274 | | 6,991 | 6,991 | | | 5,456 |
| GENERAL PLANT | | | | | | | | | | |
| 45 | Land and land rights | 389 | 5,892 | 5,887 | | - | - | | | - |
| 46 | Structures, Improvements | 390 | 94,293 | 92,468 | | 172 | 172 | | | 135 |
| 47 | Office furniture | 391.1 | 3,205 | 3,008 | | - | - | | | - |
| 48 | Office furniture - Combined for FTY | 391 1 | 1,373 | - | | - | - | | | - |
| 49 | Office equipment | 391.2 | (1) | - | | - | - | | | - |
| 50 | Office equipment - Combined for FTY | 391 2 | 6,786 | 5,705 | | - | - | | | - |
| 51 | Transportation equipment | 392 | 50,447 | 57,798 | | - | - | | | (95) |
| 52 | Store equipment | 393 | 1,761 | 2,731 | | - | - | | | - |
| 53 | Store equipment - Combined for FTY | 393 | 974 | - | | - | - | | | - |
| 54 | Tools, shop and garage equipment | 394 | 8,432 | 11,581 | | - | - | | | - |
| 55 | Tools, shop and garage equipment - Combined for F | 394 | 4,995 | (0) | | - | - | | | - |
| 56 | Laboratory equipment | 395 | (296) | 4,619 | | - | - | | | - |
| 57 | Laboratory equipment - Combined for FTY | 395 | 5,165 | - | | - | - | | | - |
| 58 | Power operated equipment | 396 | 1,285 | 1,309 | | - | - | | | - |
| 59 | Electric communications equipment | 397 | 29,852 | 64,205 | | 173 | 173 | | | 165 |
| 60 | Electric communications equipment - Combined for F | 397 | 28,823 | (8) | | - | - | | | - |
| 61 | Miscellaneous equipment | 398 | 435 | 458 | | - | - | | | - |
| 62 | Miscellaneous equipment - Combined for FTY | 398 | 34 | - | | - | - | | | - |
| 63 | TOTAL GENERAL | Sum L 45 to L 62 | 243,455 | 249,759 | | 345 | 345 | | | 205 |
| 64 | SUBTOTAL (L8 + L12 + L28 L44 + L63) | | 2,654,952 | 2,905,784 | | 8,391 | 8,391 | | | 6,812 |
| 65 | Amortization of Intangible Assets | | 20,100 | 27,075 | | - | - | | | - |
| 66 | Amortization of Leasehold Improvements | | 9,478 | 8,267 | | - | - | | | - |
| 67 | TOTAL PLANT IN SERVICE | Sum L 64 to L 66 | \$ 2,684,530 | \$ 2,941,126 | | \$ 8,391 | \$ 8,391 | | | \$ 6,812 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule D-17
Witness: O'Brien
Page 5 of 6

Depreciation and Annualization Expense Adjustment

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
|--------------------------------|----------------------------------|------------------|---------------|---------------|---------------|------------------------------|------------------------------|-----------|-----------|------------|
| | | | PLANT BALANCE | PLANT BALANCE | PLANT BALANCE | Depreciation & Salvage Amort | Depreciation & Salvage Amort | Pro Forma | Pro Forma | |
| | | | 03/31/10 | 03/31/11 | | Pro Forma | Annualized | | | |
| | | | | | | FTY | For FTY | | | |
| | | | | | | Pg 1 + P 3 | Pg 1 + P 3 | | | Pg 1 + P 3 |
| INTANGIBLE PLANT | | | | | | | | | | |
| 1 | Organization | 301 | \$ 100 | \$ 100 | | \$ - | \$ - | | | \$ - |
| 2 | Franchise & Consent | 302 | 7 | 7 | | - | - | | | - |
| 3 | Miscellaneous Intangible Plant | 303 | 19,993 | 26,968 | | 2,681 | 3,080 | | | 3,079 |
| 4 | TOTAL INTANGIBLE | Sum L 1 to L 3 | 20,100 | 27,075 | | 2,681 | 3,080 | | | 3,079 |
| PRODUCTION PLANT--Steam | | | | | | | | | | |
| 5 | Land and land rights | 310 | - | - | | - | - | | | - |
| 6 | Structures, Improvements | 311 | - | - | | - | - | | | - |
| 7 | Misc. Power Plant equipment | 316 | - | - | | - | - | | | - |
| 8 | TOTAL PRODUCTION PLANT | Sum L 5 to L 7 | - | - | | - | - | | | - |
| PRODUCTION PLANT--Other | | | | | | | | | | |
| 9 | Land and land rights | 340 | - | - | | - | - | | | - |
| 10 | Structures, Improvements | 341 | - | - | | - | - | | | - |
| 11 | Misc Power Plant Equipment | 346 | - | - | | - | - | | | - |
| 12 | STORAGE EQUIPMENT | Sum L 9 to L 11 | - | - | | - | - | | | - |
| 13 | TOTAL PRODUCTION PLANT | (L 8 + L 12) | - | - | | - | - | | | - |
| TRANSMISSION PLANT | | | | | | | | | | |
| 14 | Land and land rights | 350 | 12,311 | 18,049 | | - | - | | | - |
| 15 | Structures, Improvements | 352 | 8,932 | 9,118 | | 297 | 300 | | | 248 |
| 16 | Station Equipment | 353 | 233,455 | 280,328 | | 8,125 | 8,842 | | | 9,477 |
| 17 | Towers and Fixtures | 354 | 69,421 | 76,727 | | 1,941 | 2,022 | | | 1,649 |
| 18 | Poles and Fixtures | 355 | 12,482 | 16,356 | | 511 | 552 | | | 693 |
| 19 | Overhead Conductors & Devices | 356 | 76,470 | 92,474 | | 1,846 | 1,995 | | | 2,134 |
| 20 | Underground Conduit | 357 | 62,404 | 66,029 | | 1,201 | 1,235 | | | 1,215 |
| 21 | Underground Conductors & Devices | 358 | 42,248 | 46,670 | | 751 | 789 | | | 868 |
| 22 | Road and Trails | 359 | - | - | | - | - | | | - |
| 23 | Asset Retirement Costs | 359 1 | - | - | | - | - | | | - |
| 24 | Other Transmission Plant | 0 | - | - | | - | - | | | - |
| 25 | | | | | | | | | | |
| 26 | | | | | | | | | | |
| 27 | | | | | | | | | | |
| 28 | TOTAL TRANSMISSION PLANT | Sum L 14 to L 27 | 517,723 | 605,751 | | 14,672 | 15,735 | | | 16,284 |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

Schedule **D-17**
Witness: **O'Brien**
Page **6** of **6**

Depreciation and Annualization Expense Adjustment

| Line # | Description | Account Number | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
|---------------------------|---------------------------------------------------|------------------|---------------------|---------------------|-----|------------------------------|------------------|---------------|--------------------|----------------------------------------|
| | | | PLANT BALANCE | | | Depreciation & Salvage Amort | | Pro Forma FTY | Annualized For FTY | Pro Forma Depreciation & Salvage Amort |
| | | | 03/31/10 | 03/31/11 | | Pg 2 + P 4 | Pg 2 + P 4 | | Pg 2 + P 4 | |
| DISTRIBUTION PLANT | | | | | | | | | | |
| 29 | Land and land rights | 360 | 11,058 | 11,132 | | - | - | | - | |
| 30 | Structures, Improvements | 361 | 52,389 | 52,608 | | 1,316 | 1,318 | | 1,261 | |
| 31 | Station Equipment | 362 | 357,791 | 396,218 | | 9,685 | 10,154 | | 10,818 | |
| 32 | Storage Battery Equipment | 363 | - | - | | - | - | | - | |
| 33 | Poles, Towers and Fixtures | 364 | 315,048 | 332,783 | | 9,151 | 9,342 | | 8,985 | |
| 34 | Overhead Conductors and Devices | 365 | 327,743 | 380,970 | | 8,883 | 9,495 | | 10,502 | |
| 35 | Underground Conduit | 366 | 107,428 | 115,126 | | 2,151 | 2,223 | | 2,097 | |
| 36 | Underground Conductors and Devices | 367 | 240,117 | 249,665 | | 6,245 | 6,351 | | 6,371 | |
| 37 | Line Transformers | 368 | 257,594 | 274,128 | | 9,405 | 9,659 | | 9,620 | |
| 38 | Services | 369 | 86,384 | 94,152 | | 2,711 | 2,776 | | 2,745 | |
| 39 | Meters | 370 | 100,295 | 105,224 | | 3,255 | 3,331 | | 8,078 | |
| 40 | Meter Communications Equipment | 370.1 | 2,653 | 2,654 | | 7 | 7 | | 371 | |
| 41 | Leased Property On Customers Premises | 372 | - | - | | - | - | | - | |
| 42 | Street Lighting and Signaling Systems | 373 | 35,274 | 35,614 | | 1,242 | 1,247 | | 1,019 | |
| 43 | | | | | | | | | | |
| 44 | TOTAL DISTRIBUTION PLANT | Sum L 29 to L 43 | <u>1,893,774</u> | <u>2,050,274</u> | | <u>54,051</u> | <u>55,903</u> | | <u>61,867</u> | |
| GENERAL PLANT | | | | | | | | | | |
| 45 | Land and land rights | 389 | 5,892 | 5,887 | | - | - | | - | |
| 46 | Structures, Improvements | 390 | 94,293 | 92,468 | | 3,478 | 3,445 | | 3,926 | |
| 47 | Office furniture | 391.1 | 3,205 | 3,008 | | 611 | 592 | | 150 | |
| 48 | Office furniture - Combined for FTY | 391.1 | 1,373 | - | | 34 | - | | 170 | |
| 49 | Office equipment | 391.2 | (1) | - | | 787 | - | | 532 | |
| 50 | Office equipment - Combined for FTY | 391.2 | 6,786 | 5,705 | | 1,249 | 1,141 | | 1,141 | |
| 51 | Transportation equipment | 392 | 50,447 | 57,798 | | 3,947 | 4,215 | | 4,121 | |
| 52 | Store equipment | 393 | 1,761 | 2,731 | | 99 | 120 | | 91 | |
| 53 | Store equipment - Combined for FTY | 393 | 974 | - | | 16 | - | | 35 | |
| 54 | Tools, shop and garage equipment | 394 | 8,432 | 11,581 | | 536 | 621 | | 463 | |
| 55 | Tools, shop and garage equipment - Combined for f | 394 | 4,995 | (0) | | 100 | - | | 193 | |
| 56 | Laboratory equipment | 395 | (296) | 4,619 | | 160 | 341 | | 231 | |
| 57 | Laboratory equipment - Combined for FTY | 395 | 5,165 | - | | 129 | - | | 130 | |
| 58 | Power operated equipment | 396 | 1,285 | 1,309 | | 44 | 45 | | 45 | |
| 59 | Electric communications equipment | 397 | 29,852 | 64,205 | | 4,029 | 5,438 | | 4,447 | |
| 60 | Electric communications equipment - Combined for | 397 | 28,823 | (8) | | 961 | (1) | | 1,109 | |
| 61 | Miscellaneous equipment | 398 | 435 | 458 | | 22 | 22 | | 23 | |
| 62 | Miscellaneous equipment - Combined for FTY | 398 | 34 | - | | 1 | - | | 11 | |
| 63 | TOTAL GENERAL | Sum L 45 to L 62 | <u>243,455</u> | <u>249,759</u> | | <u>16,203</u> | <u>15,979</u> | | <u>16,817</u> | |
| 64 | SUBTOTAL (L8 + L12 + L28 L44 + L63) | | <u>2,654,952</u> | <u>2,905,784</u> | | <u>84,926</u> | <u>87,617</u> | | <u>94,968</u> | |
| | Additional Meter Depreciation for SM Replacement | | | | | | | | - | |
| 65 | Amortization of Intangible Assets | 303 | 20,100 | 27,075 | | 2,681 | 3,080 | | 3,079 | |
| 66 | Amortization of Leasehold Improvements | | 9,478 | 8,267 | | 384 | 358 | | 358 | |
| 67 | TOTAL PLANT IN SERVICE | Sum L 64 to L 66 | <u>\$ 2,684,530</u> | <u>\$ 2,941,126</u> | | <u>\$ 87,991</u> | <u>\$ 91,055</u> | | <u>98,405</u> | |
| | | | | | | | <u>3.096%</u> | | | |
| 68 | Budget Depreciation Expense | | | | | | | 78,383 | | |
| 69 | Budget Salvage Amortization | | | | | | | 8,391 | | |
| 70 | Total Budget Amount | | | | | | | | <u>86,774</u> | |
| 71 | Pro Forma FTY Adjustment | | | | | | | | <u>\$ 11,631</u> | |

Duquesne Light Company
 Before The Pennsylvania Public Utility Commission
 Future Test Year - 12 Months Ended March 31, 2011
 (\$ in Thousands)

Schedule D-18
 Witness: Matchett/O'Brien
 Page 1 of 2

Income Tax at Present and Proposed Revenue Levels

| Line # | Description | [1] | [2] | [3] | [4] | [5] |
|--------|-------------------------------------------|------------------------|----------------------------------------------|--------------------------------|---------------------------------------------|---------------------------------|
| | | Factor Or Reference | Total Company Pro Forma FTY At Present Rates | Pro Forma FTY At Present rates | PA Jurisdictional Proposed Rate Adjustments | Pro Forma FTY At Proposed Rates |
| 1 | Operating Income Before Income Taxes | | \$ 189,212 | \$ 124,923 | \$ 81,203 | \$ 206,126 |
| | <u>Adjustments</u> | | | | | |
| | --Interest Expense | <u>Pro Forma (C 4)</u> | | | | |
| 2 | Rate Base | \$ 1,889,030 | | | | |
| 3 | Weighted Cost of Debt | 0.02550 | | | | |
| 4 | Synchronized Interest Expense | C 1, L 2 * L 3 | (48,170) | (36,718) | | (36,718) |
| 5 | --Additional Depreciation -State | | (18) | 5,044 | | 5,044 |
| 6 | --Other | | - | - | - | - |
| 7 | Total Adjustments | | <u>(48,188)</u> | <u>(31,675)</u> | <u>-</u> | <u>(31,675)</u> |
| 8 | Income Subject to Pennsylvania Income Tax | | 141,024 | 93,249 | 81,203 | 174,451 |
| 9 | Pennsylvania Income Tax | 9.990% | <u>(14,088)</u> | <u>(9,316)</u> | <u>(8,112)</u> | <u>(17,428)</u> |
| 10 | Income Before Federal Income Tax | | 126,954 | 78,889 | 73,091 | 151,980 |
| 11 | Flow-Through of Federal Depreciation | | <u>(4,398)</u> | <u>1,737</u> | | <u>1,737</u> |
| 12 | Federal Taxable Income | | 122,556 | 80,626 | 73,091 | 153,717 |
| 13 | Current Portion of Federal Income Taxes | 35.000% | <u>(42,895)</u> | <u>(28,219)</u> | <u>(25,582)</u> | <u>(53,801)</u> |
| 14 | Total Current Income Taxes | | (56,983) | (37,535) | (33,694) | (71,229) |
| | <u>Deferred Income Tax Calculation</u> | | | | | |
| 15 | --Deferred Federal Depreciation | | 40,265 | 27,143 | - | 27,143 |
| 16 | --Other | | - | - | - | - |
| 17 | Total Deferral Adjustments | | <u>40,265</u> | <u>27,143</u> | <u>-</u> | <u>27,143</u> |
| 18 | Deferred State Income Taxes | 9.990% | - | - | - | - |
| 19 | Deferred Federal income Taxes | 34.090% | <u>(13,726)</u> | <u>(9,253)</u> | <u>-</u> | <u>(9,253)</u> |
| 20 | Calculated Income Tax Expense | | (70,709) | (46,788) | (33,694) | (80,482) |
| | <u>Other Income Tax Elements</u> | | | | | |
| 21 | --General Business Credits | | - | - | - | - |
| 22 | --Investment Tax Credit Amortization | | - | - | - | - |
| 23 | --Consolidated Tax Adjustment | | 1,013 | 782 | - | 782 |
| 24 | Net Income Tax expense | | <u>\$ (69,696)</u> | <u>\$ (46,006)</u> | <u>\$ (33,694)</u> | <u>\$ (79,700)</u> |

Duquesne Light Company
Before The Pennsylvania Public Utility Commission
Future Test Year - 12 Months Ended March 31, 2011
(\$ in Thousands)

GROSS REVENUE CONVERSION FACTOR

| Line # | Description | [1] Reference Or Factor | [2] Tax Rate | [3] Factor |
|-----------------------------------------------|----------------------------------------------|------------------------------------|-------------------|------------------------|
| <u>GROSS REVENUE CONVERSION FACTOR</u> | | | | |
| 1 | GROSS REVENUE FACTOR | | | 1.000000 |
| 2 | UNCOLLECTIBLE EXPENSES | | | <u>(0.010300)</u> |
| 3 | NET AFTER UNCOLLECTIBLE COMPONENT | L 1 + L 2 | | 0.989700 |
| 4 | GROSS RECEIPTS TAXES | [3] L 3 * Rate [2] | (0.059000) | (0.058392) |
| 5 | PUC / OCA & SBA Assessment as a % of Revenue | | | <u>(0.001461)</u> |
| 6 | NET REVENUES | Sum L 3 to L 5 | | 0.929847 |
| 7 | STATE INCOME TAXES | [3] L 6 * Rate [2] | 9.9900% | <u>(0.092892)</u> |
| 8 | FACTOR AFTER STATE TAXES | L 6 + L 7 | | 0.836955 |
| 9 | FEDERAL INCOME TAXES | [3] L 8 * Rate [2] | 35.00% | <u>(0.292934)</u> |
| 10 | NET OPERATING INCOME FACTOR | L 8 + L 9 | | <u><u>0.544021</u></u> |
| 11 | GROSS REVENUE CONVERSION FACTOR | 1 / L 10 | | <u><u>1.838164</u></u> |
| 12 | INCOME TAX FACTOR O FOR GROSS REVENUE | - L 7 - L 9 | | <u><u>38.583%</u></u> |
| <u>INCOME TAX FACTOR</u> | | | | |
| 13 | GROSS REVENUE FACTOR | | | 1.000000 |
| 14 | STATE INCOME TAXES | [3] L 13 * Rate [2] | 9.9900% | (0.099900) |
| 15 | FACTOR AFTER STATE TAXES | L 13 + L 14 | | 0.900100 |
| 16 | FEDERAL INCOME TAXES | [3] L 15 * Rate [2] | 35.00% | (0.315035) |
| 17 | NET OPERATING INCOME FACTOR | L 15 + L 16 | | 0.585065 |
| 18 | GROSS REVENUE CONVERSION FACTOR | 1 / L 17 | | <u><u>1.709212</u></u> |
| 19 | Combined Income Tax Factor On Taxable Income | - L 14 - L 16 | | <u><u>41.494%</u></u> |