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DUQUESNE LIGHT WINS APPROVAL TO LEAVE PJM

While FERC Approves Move to Midwest ISO, Decision Maintains Exorbitant PJM Capacity Charges, Through 2011, That Favor Generators Over Utility Customers

PITTSBURGH – Today, the Federal Energy Regulatory Commission (FERC) conditionally approved Duquesne Light’s transfer from the PJM Interconnection to the Midwest ISO, in a move that would free customers from exorbitant power capacity charges over the longer term, but require payment of these charges through 2011.

“It is very good news that Duquesne Light is allowed to leave PJM, because the method the group uses to set capacity charges has put the profits of generators ahead of the interests of our customers,” said Morgan O’Brien, president and chief executive officer. “In the long term, this will be good for our customers because we will be able to avoid future PJM capacity auctions. All indicators are that capacity is only going to get more expensive, beyond the exorbitant prices PJM already charges.”

“It is disappointing, however, that Duquesne Light customers will be paying for PJM capacity through 2011, long after the company has left PJM,” O’Brien added. “These costs could exceed \$100 million annually for all of our customers.”

These capacity charges are monies paid to generators to encourage the construction of new power plants. So far, it is having the opposite effect. There has been no apparent interest in building future generation.

It has been estimated that the average Duquesne Light residential customer could pay an extra \$80 a year for these capacity charges, through 2011, while seeing no improvement in service and reliability. In total, the new system for determining capacity charges will result in an additional \$15 billion transfer of money from customers throughout PJM’s service territory to generators over a three-year period.

Duquesne Light is waiting to receive the actual FERC order before fully evaluating today’s decision, and considering the company’s options.

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