



Duquesne Light
Our Energy...Your Power™

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Morgan K. O'Brien
President and Chief Executive Officer

March 26, 2007

The Honorable Edward G. Rendell
Governor of Pennsylvania
225 Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

I write this letter to commend you on the vision you have shown in leading this Commonwealth over the past four years. And at no time more does that vision shine more brightly than in the outline of your energy strategy for this state and its citizens.

This vision challenges Pennsylvanians to value the environment while committing to keeping jobs here and bringing new jobs to the state. In doing so, Pennsylvania will become a yardstick by which the rest of this nation can measure its success in creating a long term vision for providing essential energy to their citizens.

You asked two questions in your recent inauguration.

"Having achieved a great deal already, the question now is whether we will demonstrate the commitment to make Pennsylvania great for years to come? Can we sustain our momentum and avoid the detours of special interests and partisan politics that threaten Pennsylvania's future?"

We at Duquesne Light answer your challenge with a resounding "yes" to both challenges. Our company is committed to making western Pennsylvania **the** best place to live and work. On a day-to-day basis, the people of Duquesne Light have demonstrated their heartfelt commitment to the needs of our neighbors in the Pittsburgh region.

Our only interest in helping you realize your vision is to ensure what is best for this state and its people in moving forward into the future.

Continued development of Pennsylvania's industrial community is one such area. Serving western Pennsylvania for more than 120 years, Duquesne Light always has valued the importance of industry in this region. While the local economy has evolved over that time, even today our industrial customers account for a large portion of this region's economy.

Helping large industrial users lock in more stable energy prices through longer-term contracts, and finding new ways to reduce energy consumption during peak periods, are two components of your plan that we believe are critical to our region's success.



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We believe all of those same initiatives can be offered to small businesses and to families and individual users of electricity in this state. However, there are important policy decisions and legislative actions that need to be made at this time in order to accomplish your vision. In addition to these initiatives, we believe there are further redesigns to the wholesale electric markets that studies show will lower electric prices to consumers. When combined these could make Pennsylvania the most competitive state from an energy perspective for all of our businesses.

Your goal of achieving energy independence is critical to this state and this nation. The specific goal of ensuring the use of one billion gallons per year of renewable fuels is crucial because it would be enough to replace Pennsylvania's share of fuel imported from the Persian Gulf. With its technology leaders and innovators and its richness in natural resources, we believe Pennsylvania is perfectly situated, with the necessary tools and power in hand, to execute this strategy. Whether as a leader in ethanol or bio-diesel production or in converting our rich coal and natural gas resources into electricity, we believe the state is perfectly situated to lead the nation in this arena.

Your Energy Independence Strategy also calls for expanding our commitment to the development of a "clean energy" industry, helping local companies create and bring to market a whole range of energy products and technologies, creating thousands of jobs for Pennsylvanians. We fully support the development of incentives necessary to create this economic and energy leadership position for our Commonwealth.

Buying cheaper, cleaner energy that is produced in Pennsylvania for Pennsylvanians, while educating and enabling wise, efficient use of that energy, is a foundation for this vital strategy that all of the state's residents can join you in embracing. It's a vision that is needed and critical to this state's success -- now and into the future. And we at Duquesne Light want you to know that we too embrace your vision.

We commend you on your courage in articulating a bold and clear view of Pennsylvania's energy future. We stand ready to help you achieve this bold vision.

Sincerely,

Morgan O'Brien
President & Chief Executive Officer
Duquesne Light Company