Duquesne Light Company One Oxford Centre
301 Grant Street
Pittsburgh, PA 15279
(412) 393-4131

JAMES D. MITCHELL
Treasurer

March 30, 1994

Mr. David Mark, Section Chief
Policy Development and Financial Evaluation Section
Office of Nuclear Regulatory Commission
Washington, DC 20555

Re: Docket No. 50-440 - Perry Nuclear Power Plant Unit No. 1
Docket No. 50-334 - Beaver Valley Power Station Unit No. 1
Docket No. 50-412 - Beaver Valley Power Station Unit No. 2

Gentlemen:

In accordance with NRC Regulation 10 CFR Section 140.21, regarding the Price-Anderson Act retrospective premium system guarantee requirements, you will find enclosed:

1. A copy of Duquesne Light Company's consolidated financial statements for the twelve month period ended December 31, 1993;

2. An internal cash flow projection, including actual 1993 data and projections for 1994. This statement indicates that $7.498 million, our portion of the $30 million retrospective premiums for the three subject units, would be available for the payment of such premiums in 1994. Duquesne Light Company has a 47.5% ownership in Beaver Valley Unit No. 1, a 13.74% ownership in Perry Unit No. 1 and a 13.74% leasehold interest in Beaver Valley Unit No. 2.

Pursuant to Commission rules, Duquesne Light Company has elected to utilize its financial statement as its guarantee of payment of deferred premiums. We are providing these statements to meet our reporting requirements for both Beaver Valley Unit 1 and Unit 2 and Perry Unit 1 at this time.

Sincerely,

James D. Mitchell

James D. Mitchell
Treasurer

Enclosures

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1/1

Source and Application of Funds
(In Millions of Dollars)

	ACTUAL 1993	FORECAST 1994
Capital Requirements		
Construction Expenditures (Excluding AFUDC) 1	$101	$110
Capital Additions Projected to be Leased (Principally nuclear fuel)	32	36
Maturities and Sinking Funds	1	1
Total Capital Requirements (Excluding AFUDC) 1	$134	$147
Sources of Capital		
Internal Sources 2		
Depreciation	$125	$136
Amortization	16	15
Deferred Taxes	(29)	(10)
Investment Tax Credit	(5)	(5)
Phase-In Plan Deferred Revenues & Carrying Charges	99	29
Total Internal Sources (Excluding Retained Earnings)	$206	$165

1 Total AFUDC for 1994 is projected to be $3 million.
2 Changes in Retained Earnings have not been reflected.

[CONFORMED]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [Fee Required] for the fiscal year ended December 31, 1993 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required] for the transition period from _______ to _______

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	I.R.S. Employer Identification No.
1-956	DUQUESNE LIGHT COMPANY (A Pennsylvania Corporation) One Oxford Centre 301 Grant Street Pittsburgh, Pennsylvania 15279 Telephone (412) 393-6000	25-0451600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No_____

DQE is the holder of all shares of outstanding common stock ($1 par value) of Duquesne Light Company consisting of 10 shares as of February 23, 1994.

[X] Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Name of each exchange on which registered
Duquesne Light Company	**Preferred Stock (par value $50)**	New York Stock Exchange

Series	Involuntary Liquidation Value
4%	$50 per share
3.75%	$50 per share
4.15%	$50 per share
4.20%	$50 per share
4.10%	$50 per share
$2.10	$50 per share
$7.20	$100 per share

Sinking Fund Debentures, due March 1, 2010 (5%) New York Stock Exchange

DOCUMENTS INCORPORATED BY REFERENCE

Description	Part of Form 10-K Into Which Document Is Incorporated
DQE Annual Report to Shareholders for the year ended December 31, 1993	Parts I and II
Proxy Statement for DQE Annual Meeting of Shareholders to be held on April 20, 1994	Part III

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PART I

ITEM 1. BUSINESS.

General

Duquesne Light Company (Duquesne) is a wholly owned subsidiary of DQE, an energy services holding company formed in 1989. Duquesne is engaged in the production, transmission, distribution and sale of electric energy. Duquesne was formed under the laws of Pennsylvania by the consolidation and merger in 1912 of three constituent companies.

Service Territory

Duquesne provides electric service to customers in Allegheny County, including the City of Pittsburgh, and Beaver County. This represents a service territory of approximately 800 square miles. The population of the area served by Duquesne, based on 1990 census data, is approximately 1,510,000, of whom 370,000 reside in the City of Pittsburgh. In addition to serving approximately 579,000 customers within this service area, Duquesne also sells electricity to other utilities beyond its service territory.

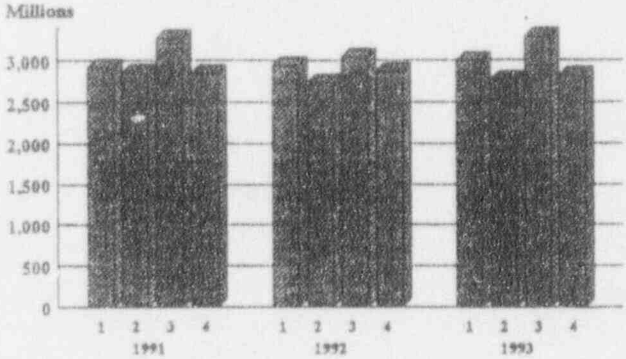
Regulation

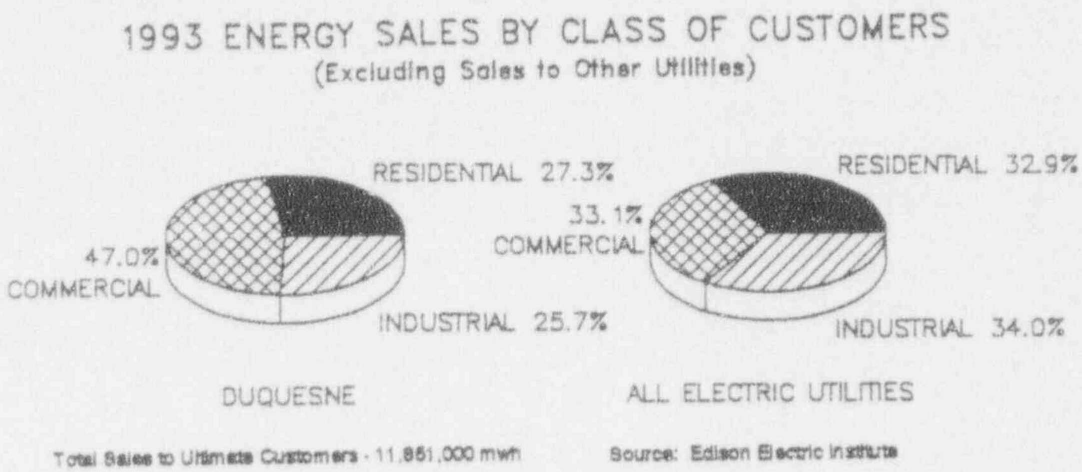
Duquesne's utility operations are subject to regulation by the Pennsylvania Public Utility Commission (PUC). Duquesne is also subject to regulation by the Federal Energy Regulatory Commission (FERC) under the Federal Power Act in respect of rates for interstate sales, transmission of electric power, accounting and other matters. This regulation is designed to provide for the recovery of operating costs and investment and the opportunity to earn a fair return on funds invested in the utility business. The regulatory process imposes a time lag during which increases in operating expenses, capital costs or construction costs may not be recovered. Duquesne is also subject to regulation by the Nuclear Regulatory Commission (NRC) under the Atomic Energy Act of 1954, as amended, with respect to the operation of its jointly owned nuclear power plants, Beaver Valley Unit 1, Beaver Valley Unit 2 and Perry Unit 1.

Seasonality

Sales of electricity to ultimate customers by Duquesne tend to increase during the warmer summer and cooler winter seasons because of greater customer use of electricity for cooling and heating.

Quarterly Kilowatt-Hour Sales





Power Sales

In 1993, sales to Duquesne's 20 largest customers accounted for 14.5 percent of customer revenues. Sales to USX Corporation, Duquesne's largest customer, accounted for 3.7 percent of total 1993 customer revenues. Kilowatt-hour (KWH) sales to ultimate customers in 1993 increased 2.4 percent in comparison with KWH sales to ultimate customers in 1992. Above normal temperatures in the summers of 1993 and 1991 were responsible for increased KWH sales to residential and commercial customers in those years. Mild summer and winter temperatures had the opposite effect on residential and commercial sales in 1992.

Power sales to other utilities in 1993, 1992 and 1991 were 2,820,920 KWH, 4,059,989 KWH and 2,978,662 KWH, respectively. Sales to other utilities in 1993 declined from the record level in 1992 because higher system demand and more planned and forced generating station outages in 1993 reduced Duquesne's generating capacity available for off-system sales. The increase from 1991 to 1992 in these short-term sales to other utilities resulted from greater availability of transmission and generating capacity, increased demand by other utilities for energy and Duquesne's marketing efforts. The profits from these sales were passed through the Energy Cost Rate Adjustment Clause (ECR) to benefit Duquesne's customers. See discussion on page 7.

Customer operating revenues result from Duquesne's sales of electricity to ultimate customers and are based on rates authorized by the PUC. These rates are designed to recover Duquesne's operating expenses and investment in utility assets and to provide a return on the investment. *Current* and *deferred customer revenues* resulted from a $232 million rate increase granted in early 1988. The PUC required Duquesne to phase in this increase during a six-year period. The phase-in plan provided that, with no impact on total reported customer revenues, rates would increase by approximately $85 million in April of each year from 1988 through 1991, remain constant in 1992 and 1993, and decrease by approximately $85 million in April 1994. The phase-in plan also provided for recovery of *deferred revenues* and carrying costs on such deferred revenues. The rate increase has been recognized in *operating revenues* since March 1988. A regulatory asset has been established for that portion of revenues yet to be collected from customers, and carrying charges on this deferred asset have been recognized as a component of *other income* in the Statement of Consolidated Income. Duquesne expects the remaining deferred asset balance at December 31, 1993 of $28.6 million to be recovered by April 1994, the end of the phase-in period.

Short-term sales to other utilities are made at market rates and are recorded in *other operating revenues* in the Statement of Consolidated Income. Revenues from sales to other utilities were $50.7 million, $72.4 million and $58.9 million in 1993, 1992 and 1991, respectively. Factors influencing record 1992 revenues correspond to those affecting KWH power sales to other utilities (above).

Yearly fluctuations in *fuel and purchased power* expense result from changes in the cost of fuel, the mix between coal and nuclear generation, the total KWHs generated and the effects of deferred energy costs. In 1993, the impact of the ECR on deferred energy costs decreased fuel expense, in comparison to that for 1992. Also contributing to the 16.7 percent decline in fuel expense was a 6 percent decrease in generation that was primarily due to more scheduled and forced generating plant outages in 1993. Fuel expense for 1992 was greater than that for 1991 because of increased generation of electricity attributable to record sales to other utilities. The greater fuel expense in 1992, however, was partially offset by lower coal and nuclear fuel costs per KWH. In 1994, nuclear fuel costs per KWH generated are expected to continue to decline, and coal costs per KWH generated are expected to remain near the 1993 level.

Other operating expenses were 6.5 percent higher in 1993 than in 1992. In 1993, Duquesne finalized plans to sublease the majority of its office space at corporate headquarters; relocation of its principal business offices is anticipated in 1994. A charge of approximately $13 million was recorded as an operating expense to reflect the shortfall in anticipated sublease revenues from the rental payments related to space leased through January 2003, the date the leasing arrangements expire. Included in 1991 *operating expenses* was an increase of $11.9 million in the allowance for uncollectible accounts receivable caused by the deterioration of Duquesne's past due customer accounts and increased collection costs.

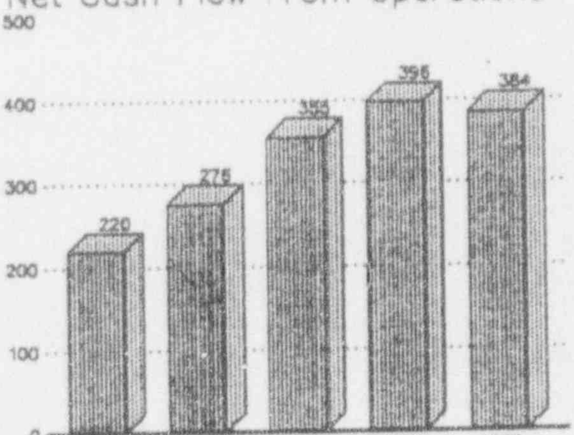
Maintenance expense incurred for scheduled refueling outages at Duquesne's nuclear units is deferred and amortized over the period between scheduled outages. During 1993, amortization of deferred nuclear refueling outage expense increased approximately $3.5 million over the 1992 level. Contributing further to the increase in *maintenance expense* in 1993 was Duquesne's change, as of January 1, 1993, in its method of accounting for maintenance costs during major fossil station outages. Prior to 1993, maintenance costs incurred for scheduled major outages at fossil stations were charged to expense as the costs were incurred. Under the new accounting policy, Duquesne accrues, over the period between outages, anticipated expenses for scheduled major fossil station outages. (Maintenance costs incurred for non-major scheduled outages and for forced outages continue to be charged to expense as the costs are incurred.) This new method was adopted to match more accurately the maintenance costs with the revenue produced during the periods between scheduled major fossil outages.

Depreciation and amortization expense increased in 1993 by comparison with that for 1992 and 1991. The increase was primarily a result of an increase in depreciable property.

Taxes other than income taxes decreased in 1993 primarily as a result of a favorable resolution of property tax assessments retroactive to 1987. Also in 1993, Duquesne recorded, on the basis of this revised assessment, the expected refunds of these overpayments in prior years. By comparison with those for 1991, *taxes other than income taxes* decreased in 1992 as the result of favorable resolution of capital stock tax, gross receipts tax and sales tax matters.

Income taxes increased in 1993 as a result of an increase in taxable income and a 1 percent increase in the corporate federal income tax rate.

Net Cash Flow From Operations*



* Graph excludes working capital and other-net changes.

Other Income and Deductions

Other income decreased in 1993, in comparison with that for 1992, as a result of a decrease of approximately $13 million in *carrying charges on deferred revenues.* During 1993, the deferred revenue balance upon which carrying charges are earned declined in comparison with that for 1992 and since April 1993, Duquesne has not recorded additional *carrying charges on deferred revenues.* (See the discussion of the phase-in plan under the section on *Power Sales* on page 2.)

Income taxes related to *other income* decreased $15 million in 1993, in comparison with those for 1992, because of a favorable settlement (related to Duquesne's 1988 tax return and the consolidated 1989 tax return) with the United States Internal Revenue Service. The remaining decrease in 1993 was caused by lower non-operating income.

Other income for 1992 increased, in comparison with that for 1991, primarily as the result of an increase of $3.5 million in interest income and a decrease of $3.7 million in fees related to Duquesne's sale of receivables. *Other income* for 1991 included a $5.3 million regulatory accounting reclassification that decreased *other income*, reduced depreciation expense and had no impact on *net income.*

Financial Condition

Financing

Duquesne plans to meet its current obligations and debt maturities through 1998 with funds generated from operations and through new financings. At December 31, 1993, Duquesne was in compliance with all of its debt covenants.

Duquesne continues to reduce capital costs by refinancing, repurchasing and retiring securities. Since the end of 1987, annual interest expense on long-term debt has been reduced by $55.3 million through the repurchase and refinancing of high cost debt. Preferred and preference dividend costs have been reduced $10.6 million through the repurchase or redemption of preferred and preference stock. During 1993, Duquesne issued $695 million of first collateral trust bonds with maturities ranging from the year 1996 through the year 2025 and with an average interest rate of 6.58 percent. The proceeds of these sales, together with other funds, were used to redeem $713.7 million of first mortgage bonds with an average interest rate of 8.16 percent.

Specifically, on June 15, 1993, a shelf registration for the periodic sale of up to $300 million of First Collateral Trust Bonds became effective. Duquesne issued bonds totaling $200 million under this shelf registration and, in conjunction with the issuance of $495 million of First Collateral Trust Bonds under 1992 shelf registrations, redeemed the remaining balances of the following first mortgage bonds outstanding: $99.0 million of 9.00% First Mortgage Bonds, Series due February 1, 2017; $98.0 million of 9.50% First Mortgage Bonds, Series due December 1, 2016; $96.4 million of 8.375% First Mortgage Bonds, Series due April 1, 2007; $49.0 million of 9.50% First Mortgage Bonds, Series due March 1, 2005; $43.6 million of 8.625% First Mortgage Bonds, Series due April 1, 2004; $35.0 million of 7.75% First Mortgage Bonds, Series due July 1, 2003; $32.7 million of 7.25% First Mortgage Bonds, Series due January 1, 2003; $28.5 million of 7.50% First Mortgage Bonds, Series due June 1, 2002; $26.5 million of 7.50% First Mortgage Bonds, Series due December 1, 2001; $34.7 million of 7.875% First Mortgage Bonds, Series due March 1, 2001; $29.7 million of 8.75% First Mortgage Bonds, Series due March 1, 2000; $28.6 million of 7.75% First Mortgage Bonds, Series due July 1, 1999; $30.0 million of 7.00% First Mortgage Bonds, Series due January 1, 1999; $34.6 million of 6.375% First Mortgage Bonds, Series due February 1, 1998; $24.6 million of 5.25% First Mortgage Bonds, Series due February 1, 1997; and $22.8 million of 5.125% First Mortgage Bonds, Series due February 1, 1996.

In June 1993, Duquesne participated in the issuance of $25 million of Beaver County Industrial Development Authority Pollution Control Revenue Bonds. In August 1993, Duquesne participated in the issuance of $20.5 million of Ohio Air Quality Development Authority Pollution Control Revenue Refunding Bonds to refund a like amount of pollution control obligations.

On January 14, 1994, Duquesne redeemed all of its outstanding shares of $2.10 preference stock and $7.50 preference stock for approximately $38 million.

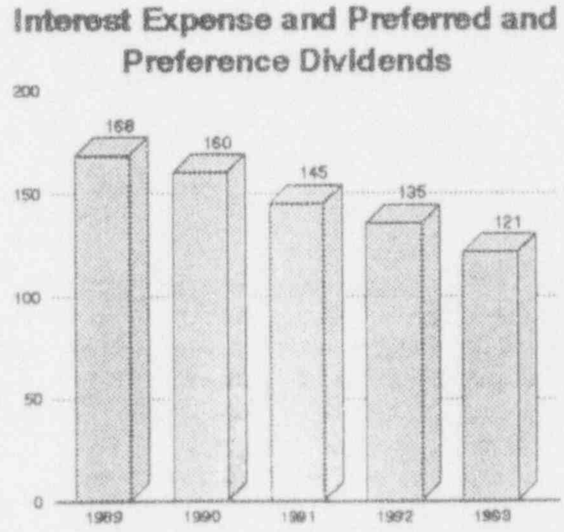
Short-Term Borrowings

Duquesne has extendible revolving credit agreements with a group of banks totaling $225 million. The current expiration date of this credit arrangement is September 30, 1994. Interest rates can, in accordance with the option selected at the time of each borrowing, be based on prime, federal funds, Eurodollar or CD rates. Commitment fees are based on the unborrowed amount of the commitments.

There were no short-term borrowings during 1992. During 1993 and 1991, the maximum short-term bank and commercial paper borrowings outstanding were $27 million and $66 million; the average daily short-term borrowings outstanding were $1.6 million and $11.0 million; and the weighted average daily interest rates applied to such borrowings were 3.42 percent and 6.36 percent, respectively. At December 31, 1993, short-term borrowings were $11.0 million. There were no short-term borrowing balances outstanding at December 31, 1992 or 1991.

Interest Charges

Duquesne achieved reductions in *interest charges* in 1993 and 1992 through refinancing first mortgage bonds and through obtaining lower average short-term rates on certain tax exempt pollution control notes. Duquesne also retired $24.2 million of preferred and preference stock during 1992. Interest expense and dividends on preferred and preference stock declined to $121 million in 1993 from $135 million in 1992 and $145 million in 1991. Interest expense and dividends on preferred and preference stock are expected to decline in 1994 by approximately $9 million from the 1993 level.



Sale of Accounts Receivable

In 1989, Duquesne and an unaffiliated corporation entered into an agreement that entitled Duquesne to sell and the corporation to purchase, on an ongoing basis, up to $100 million of accounts receivable. At December 31, 1993, Duquesne had sold $9 million of receivables. The accounts receivable sales agreement, which expires in June 1994, is one of many sources of funds available to Duquesne. Duquesne is currently evaluating whether to seek an extension or a replacement of the agreement.

Nuclear Fuel Leasing

Duquesne finances its acquisitions of nuclear fuel through a leasing arrangement under which it may finance up to $75 million of nuclear fuel. As of December 31, 1993, the amount of nuclear fuel financed by Duquesne under this arrangement totaled approximately $65 million. Duquesne plans to continue leasing nuclear fuel to fulfill its requirements at least through 1995, the remaining term of the leasing arrangement.

ESOP

As discussed in Notes C and I to Duquesne's consolidated financial statements, effective January 1, 1992, Duquesne established an Employee Stock Ownership Plan (ESOP) through which it will match up to $.50 (depending on whether certain incentive targets are met) of every $1.00 an employee contributes to the 401(k) Retirement Savings Plan for Management Employees up to a maximum of six percent of their eligible salary. Duquesne's matching contributions are invested in Duquesne Preference Stock which can be exchanged for DQE Common Stock. Duquesne may purchase shares of DQE Common Stock from DQE or on the open market to satisfy the exchange feature of the Preference Stock.

Transmission Access

During the fourth quarter of 1993, Duquesne recognized a charge to ***other income*** of approximately $15.2 million for its investment in the abandoned General Public Utilities (GPU) transmission line project. On December 8, 1993, the New Jersey Board of Regulatory Commissioners (BRC) denied a request by GPU's subsidiary Jersey Central Power and Light Company for approval of long-term power purchase* and operating agreements that were originally signed in 1990 by GPU and Duquesne and further amended in 1993. The BRC rejected an administrative law judge's recommended decision that the project be approved and, within hours of the BRC decision, GPU terminated its participation in the project. In view of GPU's decision, Duquesne also terminated its participation in the project and the Pennsylvania PUC transmission line siting proceeding.

In March of 1994, Duquesne submitted, pursuant to the Federal Power Act, a "Good Faith" request for transmission service with the Allegheny Power System (APS) and Pennsylvania-New Jersey-Maryland Interconnection Association (PJM). The request is based on 20-year firm service with flexible delivery points for 300 megawatts of transfer capability over the transmission network that extends from Western Pennsylvania to the East Coast. In this request Duquesne has identified a $50 million investment that would enhance and stabilize this transmission system. APS and PJM have sixty days from the receipt of this request to formally respond.

* For discussion of Duquesne's investment in the cold-reserved units, see Property Held for Future Use in Note J of Duquesne's consolidated financial statements.

Construction

During 1993, Duquesne spent approximately $100 million for construction to improve and expand its production, transmission and distribution systems. Duquesne estimates that it will spend approximately $110 million for construction in 1994. Construction expenditures are estimated to be $70 million in 1995 and $80 million in 1996. These amounts exclude AFC, nuclear fuel and expenditures for possible early replacement of steam generators at the Beaver Valley Power Station. (See Note K to Duquesne's consolidated financial statements.) Duquesne currently has no plans for construction of new base load generating plants.

Duquesne anticipates that funds for planned capital expenditures in the next several years will be provided primarily from cash becoming available from operations and, to a lesser degree, from additional financings. Interim financing has been and will continue to be provided through bank borrowings and sales of commercial paper. Substantially all funds needed for 1994 capital expenditures are expected to be generated internally.

See "Nuclear Fuel" on page 10 for a discussion of Duquesne's commitments with respect to the cost of nuclear fuel as of December 31, 1993, and for each of the years 1994 through 1998.

Rate Matters

Electric rates charged by Duquesne to its customers are regulated by the PUC. Electric rates charged to the Borough of Pitcairn and to other electric utilities are regulated by the FERC. These rates are designed to recover Duquesne's operating expenses, investment in utility assets, and a return on those investments. Sales to other utilities are made at market rates. See Note J to Duquesne's consolidated financial statements for additional discussion of rate-related matters.

1987 Rate Case

In March 1988, the PUC adopted a rate order that increased Duquesne's annual revenues by $232 million phased-in from April 1988 through April 1994. Deficiencies which resulted from the phase-in plan in current revenues from customers have been included in the consolidated income statement as deferred revenues. Deferred revenues have been recorded on the balance sheet as a deferred asset for future recovery. As customers were billed for deficiencies related to prior periods, this deferred asset was reduced. As designed, the phase-in plan provided for carrying charges (at the after-tax AFC rate) on revenues deferred for future recovery. Duquesne has not recorded additional carrying charges on the deferred revenue balance since April 1993. Duquesne had recovered previously deferred revenues and carrying charges of $285.9 million as of December 31, 1993. Phase-in plan deferrals of $28.6 million remained unrecovered as of that date. Duquesne expects to recover this remaining unrecovered balance.

At this time, Duquesne has no pending base rate case and no immediate plans to file a base rate case.

Energy Cost Rate Adjustment Clause (ECR)

Duquesne defers fuel and other energy costs for recovery in subsequent years through the ECR. The deferrals reflect the difference between the amount that Duquesne is currently collecting from customers and its actual fuel costs. The PUC reviews Duquesne's fuel costs annually, for the fiscal year April through March, against the previously projected fuel costs and adjusts the ECR for over- or under-recoveries and for two PUC-established coal cost caps. The ECR is based on projected unit costs, is recalculated each year, and is subject to PUC review. The adjustment includes a credit to Duquesne's customers for profits from short-term power sales to other utilities, as well as an adjustment for any over- or under-collections from customers that may have occurred in prior years. The 1993 ECR reduced customer costs from 1992 levels and has continued to reduce revenues through the first quarter of 1994 by a greater amount than in the prior year. From April 1994 through March 1995, the ECR is expected to reduce revenues by a lesser amount than in the prior year. This ECR treatment is intended to have no impact on net income.

Deferred Rate Synchronization Costs

In 1987, the PUC approved Duquesne's petition to defer initial operating and other costs of Perry Unit 1 and Beaver Valley Unit 2. Duquesne deferred the costs incurred from November 17, 1987, when the units went into commercial operation, until March 25, 1988 when a rate order was issued. In its order, the PUC postponed ruling on whether these costs would be recoverable from ratepayers. At December 31, 1993, these costs totaled $51.1 million, net of deferred fuel savings related to the two units. Duquesne is not earning a return on the deferred costs. Duquesne believes that these costs are recoverable. In 1990, another Pennsylvania utility was permitted recovery, with no return on the unamortized balance, of similar costs over a 10-year period.

Demand-Side Management

In March of 1994, Duquesne filed with the PUC an updated Demand-Side Management Plan (DSM) designed to encourage customer energy conservation and load management. Duquesne's proposed DSM programs include compact fluorescent lighting, load management, cool storage systems, emergency generation networks and long-term interruptible rates. The Pennsylvania Industrial Energy Coalition filed an appeal in Commonwealth Court of Pennsylvania on December 31, 1993, requesting reversal of the PUC order of December 13, 1993 which originated electric utility DMS programs in Pennsylvania and allows utilities to recover prudently incurred DSM program costs through rates. Implementation of Duquesne's DSM plan awaits PUC approval and disposition of this appeal.

Joint Interests in Generating Units

Duquesne has various contracts with The Potomac Edison Company, Monongahela Power Company, Ohio Edison Company, Pennsylvania Power Company, The Cleveland Electric Illuminating Company (CEI) and The Toledo Edison Company including provisions for coordinated maintenance responsibilities, limited and qualified mutual back-up in the event of outages and certain capacity and energy transactions.

Duquesne has an interest in the following nuclear plants jointly with the following companies:

	Beaver Valley		Perry
	Unit 1	Unit 2 (1)	Unit 1
Duquesne	* 47.50%	* 13.74%	13.74%
Ohio Edison Company	35.00%	41.88%	30.00%
Pennsylvania Power Company	17.50%	-0-	5.24%
Cleveland Electric Illuminating Company	-0-	24.47%	* 31.11%
Toledo Edison Company	-0-	19.91%	19.91%

*Denotes Operator

(1) In 1987, Duquesne sold its 13.74 percent interest in Beaver Valley Unit 2; the sale was exclusive of transmission and common facilities. The total sales price of $537.9 million was the appraised value of Duquesne's interest in the property. Duquesne subsequently leased back its interest in the unit for a term of 29.5 years. The lease provides for semiannual payments and is accounted for as an operating lease. Duquesne is responsible under the terms of the lease for all costs of its interest in the unit. See Note E to Duquesne's consolidated financial statements.

Duquesne owns the following fossil plants jointly with the following companies:

	Sammis	Bruce Mansfield			Eastlake	Ft. Martin
	Unit 7	Unit 1	Unit 2	Unit 3	Unit 5	Unit 1
Duquesne	31.20%	29.30%	8.00%	13.74%	31.20%	50.00%
Ohio Edison Company	* 48.00%	60.00%	39.30%	35.60%	-0-	-0-
Pennsylvania Power Company	20.80%	* 4.20%	* 6.80%	* 6.28%	-0-	-0-
Cleveland Electric Illuminating Company	-0-	6.50%	28.60%	24.47%	* 68.80%	-0-
Toledo Edison Company	-0-	-0-	17.30%	19.91%	-0-	-0-
Potomac Edison Company	-0-	-0-	-0-	-0-	-0-	25.00%
Monongahela Power Company	-0-	-0-	-0-	-0-	-0-	* 25.00%

*Denotes Operator

Under the agreements governing the operation of these jointly owned generating units, the day-to-day operating authority is assigned to a specific company. CEI has such authority for Perry Unit 1 and Eastlake Unit 5, Ohio Edison Company has authority for Sammis Unit 7, Pennsylvania Power Company has authority for Bruce Mansfield Units 1, 2 and 3 and Monongahela Power Company operates Ft. Martin Unit 1. Duquesne monitors activities in connection with all of these units. Duquesne has day-to-day operating authority for Beaver Valley Units 1 and 2. All the companies with a joint interest in these units are kept fully informed of developments at these generating units.

Employees

At December 31, 1993, Duquesne had 4,042 employees, including 1,285 employees at the Duquesne-operated Beaver Valley Power Station. The International Brotherhood of Electrical Workers represents 2,481 of Duquesne's employees. The current contract runs through September 1994.

Electric Operations

Approximately 78% of the electric energy generated by Duquesne's system during 1993 was produced by its coal-fired generating capacity and approximately 22% by its nuclear generating capacity. Duquesne normally experiences its peak loads in the summer. The customer system peak for 1993 of 2,499 megawatts occurred on August 31, 1993.

Duquesne's fossil plants operated at 83% availability in 1993 and 80% in 1992. Duquesne's nuclear plants operated at 63% availability in 1993 compared to 90% in 1992. The timing of scheduled maintenance and refueling outages, as well as the duration of forced outages, affect availability of power plants.

In 1986, the PUC approved Duquesne's request to remove the Phillips and most of the Brunot Island (BI) power stations from service and place them in cold reserve. At that time, Duquesne's net investment in the cold-reserved stations was $106 million. In connection with a proposed long-term power sale, Duquesne invested in the cold-reserved plants an additional $24 million in preservation, condition assessment and plant improvements. Duquesne's net investment in the plants at December 31, 1993 is approximately $130 million. For further discussion of Duquesne's investment in the cold-reserved units, see Property Held for Future Use in "Outlook" and Note J of Duquesne's consolidated financial statements.

The North American Electric Reliability Council, of which Duquesne is a member, uses capacity margin to report generating capability as compared to demand. Capacity margin is expressed as capacity less demand divided by capacity. Although Duquesne also uses criteria other than capacity margin for determining the need for installation of additional generating capability, Duquesne's capacity margin in 1993 was 10.7% based on installed non-cold-reserved generating capacity and internal peak load, including 93 megawatts of interruptible load. Duquesne has ties with regional utilities which provide the capability to import in excess of 4,000 megawatts of capacity to supplement Duquesne's generation, as required. Peak generation on June 28, 1993 was 2,621 megawatts, which included 483 megawatts of off-system sales.

Additional information relating to Duquesne's electric operations is set forth on page 42 of DQE's Annual Report to Shareholders for the year ended December 31, 1993. The information is incorporated here by reference.

Fossil Fuel

Duquesne believes that sufficient coal for its coal-fired generating units will be available from various sources to satisfy its requirements for the foreseeable future. During 1993, approximately 2.4 million tons of coal were consumed at Duquesne's two wholly owned coal-fired stations - Cheswick and Elrama.

Duquesne owns Warwick Mine, an underground mine located on the Monongahela River approximately 83 river miles from Pittsburgh. Warwick Mine has been excluded from rate base since 1981. Duquesne temporarily idled the mine in June 1988 due to excess coal inventories. In 1990, Duquesne restarted the mine by an agreement under which an unaffiliated company operates the mine until March 2000 and sells the coal produced. Production began in late 1990. The mine reached a full production rate in early 1991. Warwick Mine coal reserves include both high and low sulfur coal; the sulfur content averages in the mid-range at 1.7 percent – 1.9 percent. More than 90 percent of the coal mined at Warwick Mine currently is used by Duquesne, although Duquesne is not precluded from selling this coal on the open market. Duquesne receives a royalty on sales of coal to the open market. The Warwick Mine currently supplies less than one-fifth of the coal used in the production of electricity at the plants owned or jointly owned by Duquesne. Duquesne estimates that, at December 31, 1993, its economically recoverable coal reserves at Warwick Mine were 11.5 million tons. Costs at Warwick Mine and Duquesne's investment in the mine are expected to be recovered through the cost of coal in the ECR. Recovery is subject to the system-wide coal cost standard. Duquesne also has an opportunity to earn a return on its investment in the mine through the cost of coal during the period of the system-wide coal cost standard, including extensions. At December 31, 1993, Duquesne's net investment in the mine was $24.5 million. The estimated current liability, including final site reclamation, mine water treatment and certain labor liabilities for mine closing is $33.0 million and Duquesne has collected approximately $8.9 million toward these costs. For further discussion of Duquesne's investment in Warwick Mine costs, see Note J of Duquesne's consolidated financial statements.

During 1993, 65% of Duquesne's coal supplies were provided by contracts, with the remainder satisfied through purchases on the spot market. Duquesne had four long-term contracts in effect at December 31, 1993, which, in combination with spot market purchases, are expected to furnish an adequate future coal supply. Duquesne does not anticipate any difficulty in replacing or renewing these contracts as they expire in future years ranging from 1995 through 2002. At December 31, 1993, Duquesne's wholly owned and jointly owned generating units had on hand an average coal supply of 45 days.

The PUC has established two market price coal cost standards. One applies only to coal delivered at the Mansfield plant. The other, the system-wide coal cost standard, applies to coal delivered to the remainder of Duquesne's system. Both standards are updated monthly to reflect prevailing market prices of similar coal during the month. The PUC has directed Duquesne to defer recovery of the delivered cost of coal over generally prevailing market prices for similar coal. Through the ECR, however, the PUC does allow deferred amounts to be recovered from customers when the delivered costs of coal fall below prevailing market prices. The unrecovered cost of Mansfield coal was $7.4 million and the unrecovered cost of the remainder of the system-wide coal was $8.8 million at December 31, 1993. Duquesne estimates that all deferred coal costs will be recovered. Duquesne's average cost per ton of coal consumed during the past three years at generating units which it operates or in which it has an ownership interest was as follows: 1993-$40.08; 1992-$40.44; and 1991-$42.49. See Note J to Duquesne's consolidated financial statements for a discussion of the coal cost standards. The cost of coal, which falls within the market price limitations discussed in Note J of Duquesne's consolidated financial statements, is recovered from Duquesne's customers through the ECR discussed previously in "Rate Matters" on page 7.

Nuclear Fuel

The cycle of production and utilization of nuclear fuel consists of (1) mining and milling of uranium ore and processing the ore into uranium concentrates, (2) conversion of uranium concentrates to uranium hexafluoride, (3) enrichment of the uranium hexafluoride, (4) fabrication of fuel assemblies, (5) utilization of the nuclear fuel in the generating station reactor and (6) storing and reprocessing or disposal of spent fuel.

Adequate supplies of uranium and conversion services are under contract for Duquesne's requirements for its jointly owned nuclear units through 1997. Enrichment services are supplied under a 1984 United States Enrichment Corporation Utility Services Contract entered into for a period of 30 years by the companies for their joint interests in Perry Unit 1 and Beaver Valley Units 1 and 2. Under the terms of this contract Duquesne is committed to 100% of its enrichment needs through 1998. Fuel fabrication contracts are in place to supply reload requirements for the next three cycles for Beaver Valley Unit 1, the next three cycles for Beaver Valley Unit 2 and the next twenty-one cycles of Perry Unit 1. Duquesne will be required to make arrangements for uranium supply and related services as existing commitments expire.

For joint interests in generating units (See page 8.), each company is responsible for financing its proportionate share of the costs of nuclear fuel for each nuclear unit in which it has an ownership interest. Duquesne has entered into a lease arrangement for the acquisition of nuclear fuel pursuant to which

Duquesne is permitted to finance up to $75 million. As of December 31, 1993, the cost of Duquesne's nuclear fuel financed was $65 million. Duquesne's nuclear fuel costs, which are amortized to reflect fuel consumed, are charged to fuel expense and are recovered through rates. Duquesne estimates that, over the next three years, the amortization of nuclear fuel consumed will exceed the expenditures for new fuel by approximately $18 million. The actual nuclear fuel costs to be financed and amortized during the period 1994 through 1996 will be influenced by such factors as changes in interest rates, lengths of the respective fuel cycles and changes in nuclear material cost and services, the prices and availability of which are not known at this time. Such costs may also be influenced by other events not presently foreseen.

Duquesne's nuclear fuel costs related to Beaver Valley Unit 1, Beaver Valley Unit 2 and Perry Unit 1 under the lease arrangement are charged to fuel expense based on the quantity of energy generated. Nuclear fuel costs for these units averaged .918 cents per KWH in 1993, inclusive of charges associated with spent fuel. Duquesne is recovering from its customers the costs associated with the ultimate disposal of spent fuel. All three units presently operate on an 18-month refueling cycle with the scheduled refueling dates established as follows: Beaver Valley Unit 1, October 1994; Beaver Valley Unit 2, March 1995 and Perry Unit 1, February 1994.

Nuclear Decommissioning

The PUC ruled that recovery of the decommissioning costs for Beaver Valley Unit 1 could begin December 24, 1977 and that recovery for Beaver Valley Unit 2 and Perry Unit 1 could begin March 25, 1988. Duquesne expects to decommission each nuclear plant at the end of its life, a date that currently coincides with the expiration of each plant's operating license. (See Note L to Duquesne's consolidated financial statements.) The total estimated decommissioning costs, including removal and decontamination costs, being recovered in rates are $70 million for Beaver Valley Unit 1, $20 million for Beaver Valley Unit 2, and $38 million for Perry Unit 1. These amounts were based upon the most recent studies available at the time of Duquesne's last rate case.

Since the time of Duquesne's last rate case, site specific studies have been performed to update the estimated decommissioning costs, in current dollars, for each of its nuclear generating units. In 1992, Duquesne's share of the estimated decommissioning costs for Beaver Valley Unit 2 was revised to $35 million. Duquesne's share of decommissioning costs, which is based on preliminary site specific studies to be finalized early in 1994, is estimated to increase to $134 million for Beaver Valley Unit 1 and to $71 million for Perry. (See Note L to Duquesne's consolidated financial statements for additional NRC licensing information.)

During 1994, it is Duquesne's intention to increase the annual contribution to its decommissioning trusts by $2 million to bring the total annual funding to approximately $4 million per year. Duquesne plans to continue making periodic reevaluations of estimated decommissioning costs, to provide additional funding from time to time, and to seek regulatory approval for recognition of these increased funding levels.

Duquesne records decommissioning costs under the category of depreciation expense and accrues a liability, equal to that amount, for nuclear decommissioning expense. Such nuclear decommissioning funds are deposited in external, segregated trust accounts. Trust fund earnings increase the fund balance and the recorded liability. The aggregate trust fund balances at the end of 1993 totaled $18.1 million. On the Company's consolidated balance sheet, the decommissioning trusts have been reflected in *other property and investments*, and the related liability has been recorded as *other deferred credits*.

Environmental Matters

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and the Superfund Amendments and Reauthorization Act of 1986 established a variety of informational and environmental action programs. The Environmental Protection Agency (EPA) has informed Duquesne of its involvement or potential involvement in three hazardous waste sites. If Duquesne is ultimately determined to be a responsible party with respect to these sites, it could be liable for all or a portion of the cleanup costs. However, in each case, other solvent, potentially responsible parties that may bear all or part of any liability are also involved. In addition, Duquesne believes that available defenses, along with other factors (including overall limited involvement and low estimated remediation costs for one site) will limit any potential liability that Duquesne may have for cleanup costs. Duquesne believes that it is adequately reserved for all known liabilities and costs and, accordingly, that these matters will not have a materially adverse effect on its financial position or results of operations.

In 1990, Congress approved amendments to the Clean Air Act. Among other innovations, this legislation established the Emission Allowance Trading System. An "emission allowance" permits fuel emission of one ton of sulphur dioxide (SO_2) for one year. These allowances are issued by the EPA to fossil-fired stations with generating capability of more than 25 megawatts that were in existence as of the passage of the 1990 amendments. Allowances are part of a market-based approach to SO_2 reduction. Emission allowances can also be obtained through purchases on the open market or directly from other sources. Excess allowances may be banked for future use or sold on the open market to other parties for their use in offsetting emissions.

The legislation requires significant reductions of SO_2 and oxides of nitrogen (NO_X) by 1995 and additional reductions by the year 2000. Duquesne continues to work with the operators of its jointly owned stations to implement cost-effecti e compliance strategies to meet these requirements. Duquesne's plans for meeting the 1995 SO_2 compliance .equirements include increasing the use of scrubbed capacity, switching to fuel with a lower sulfur content and purchasing emission allowances. NO_X reductions under Title IV are required by 1995 at only the Cheswick station; work to achieve the reductions was completed in 1993. The ozone attainment provisions of Title I of the Clean Air Act Amendments will require NO_X reductions by 1995 at Duquesne's Elrama plant and at the jointly owned Mansfield plant. Duquesne plans to achieve such reductions with low NO_X burner technology. Duquesne has currently 1,187 megawatts of scrubbed capacity, including 300 megawatts at the currently cold-reserved Phillips plant, as well as 570 megawatts of capacity that meets the 1995 standards of the Clean Air Act amendments through the use of low sulfur coal. The estimated capital costs to achieve 1995 compliance standards are approximately \$30 million, of which approximately \$15 million has already been spent. Through the year 2000, Duquesne is planning a combination of compliance methods that include fuel switching; increased use of, and improvements in, scrubbed capacity; flue gas conditioning; low NO_X burner technology; and the purchase of emission allowances. Duquesne currently estimates that additional capital costs to comply with environmental requirements from 1995 through the year 2000 will be approximately \$20 million. This estimate is subject to the finalization of federal and state regulations.

Duquesne is closely monitoring other potential air quality programs and air emission control requirements that could be imposed in the future. These areas include additional NO_X control requirements that could be imposed on fossil fuel plants by the Ozone Transport Commission, more stringent ambient air quality and emission standards for SO_2 and particulates, or carbon dioxide (CO_2) control measures. As these potential programs are in various stages of discussion and consideration, it is impossible to make reasonable estimates of the potential costs and impacts of these programs at this time.

In July 1992, the Pennsylvania Department of Environmental Resources (DER) issued Residual Waste Management Regulations governing the generation and management of non-hazardous waste. Duquesne is currently conducting tests and developing compliance strategies. Capital compliance costs are estimated, on the basis of information currently available, at \$10 million through 1995. The expected additional capital cost of compliance from 1995 through 2000 is approximately \$25 million; this estimate is subject to the results of ground water assessments and DER final approval of compliance plans.

Duquesne operates the scrubbed Elrama plant and converts the scrubber slurry to a fixated pozolonic material. This material is placed at an off-site disposal area having approximately six years of remaining capacity. Additionally, Duquesne owns 17 percent of the scrubbed Mansfield plant, which is operated by Pennsylvania Power. This plant pumps a similar slurry to an off-site impoundment where the slurry is treated by using a Calcilox fixation process. The site has at least 14 years of remaining capacity. Both plants have limited temporary on-site storage for flue gas desulfurization material and no permanent on-site disposal capacity. While there is no imminent shortage of disposal capacity, Duquesne continues to monitor this situation and to plan for future disposal. The siting of future disposal facilities will be facilitated by the 1993 EPA determination that coal combustion waste products are not hazardous waste and are therefore exempt from the Hazardous Waste Regulations. The second phase of EPA's determination will consider the co-management of coal combustion wastes with other low volume fossil fuel combustion waste streams.

Under the Nuclear Waste Policy Act of 1982, which establishes a policy for handling and disposing of spent nuclear fuel and requires the establishment of a final repository to accept spent fuel, contracts for jointly owned nuclear plants have been entered into with the Department of Energy (DOE) for permanent disposal of spent nuclear fuel and high-level radioactive waste. The DOE has indicated that the repository will not be available for acceptance of spent fuel before 2010. Existing on-site spent fuel storage capacities at Beaver Valley 1, Beaver Valley 2 and Perry Unit 1 are expected to be sufficient until 1996, 2010, and 2009, respectively. Duquesne is currently increasing the storage capacity at Beaver Valley 1 by equipping the spent fuel pool with high density fuel storage racks. Duquesne anticipates that such action will increase the spent fuel storage capacity at Beaver Valley 1 to provide for sufficient storage through 2014.

In October 1992, the President signed into law the National Energy Policy Act of 1992 (energy act). The energy act addresses a wide range of energy issues, including several matters affecting bulk power competition in the electric utility industry. See discussion in "Outlook" below. The energy act requires utilities (including Duquesne) that have purchased uranium enrichment services from the DOE to collectively contribute as much as $150 million annually (adjusted for inflation) up to a total of $2.25 billion for decommissioning and decontamination of DOE enrichment facilities. Assessments are based on the amount of uranium a utility had processed for enrichment prior to enactment of the energy act and are to be paid by such utilities over a 15-year period. The energy act states that the assessments shall be deemed a necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as the utility's other fuel costs. Duquesne believes these assessments will be fully recoverable through rates. Duquesne's total estimated liability for contributions is $12.5 million.

The Low-Level Waste Policy Act of 1980 (LLWPA) mandated that the responsibility for the disposal of low-level radioactive waste rests with the individual states. Most states, including Pennsylvania and Ohio, have formed regional compacts to comply with the LLWPA by providing permanent disposal sites for radioactive waste generated within each compact. However, plans for these disposal sites have not progressed as anticipated in the LLWPA and it is not certain when the regional sites will be available for disposal of waste. Radioactive waste from Duquesne's jointly owned nuclear plants is currently shipped to a disposal facility in South Carolina. This facility has announced that it will not accept any additional waste from outside the Southeast Compact after June 30, 1994. The co-owners have constructed on-site waste storage facilities at the Beaver Valley Power Station and the Perry Power Plant for interim storage of the plants' low-level radioactive waste. The Beaver Valley on-site facility is expected to be sufficient to meet site storage requirements until regional disposal facilities become available. The Perry on-site facility is expected to be sufficient to meet site storage requirements for a period of five years.

The Company believes that it is adequately reserved for all known environmental liabilities and costs. Accordingly, the Company believes that the ultimate outcome of these environmental matters will not have a material adverse effect on its financial position or the results of its operations.

Outlook

Competition

Regulatory developments in the industry are placing increasing competitive pressures on electric public utilities. Duquesne, like the industry in general, is continuing to assess the impact of these competitive forces on its future operations.

The National Energy Policy Act of 1992 (energy act) was designed, among other things, to foster competition. Among other provisions, the energy act amends the Public Utility Holding Company Act of 1935 (1935 act) and the Federal Power Act. Amendments to the 1935 act create a new class of independent power producers known as Exempt Wholesale Generators (EWGs), which are exempt from the corporate structure regulations of the 1935 act. EWGs, which may include independent power producers as well as affiliates of electric utilities, do not require Securities and Exchange Commission approval or regulation. At the current time, Duquesne has not made, and has no plans to make, any investment in EWGs.

Amendments to the Federal Power Act create the potential for utilities and other power producers to gain increased access to transmission systems of other utilities to facilitate sales to other utilities. The amendments would permit the FERC to order utilities to transmit power over their lines for use by other suppliers and to enlarge or construct additional transmission capacity to provide these services. The FERC may not, however, issue any order that would unreasonably impair the continuing reliability of affected electric systems.

Finally, the legislation allows brokers and marketers, without owning or operating any generation or transmission facilities, to enter into the business of buying and selling electric capacity and energy.

The energy efficiency title of the energy act requires states to consider adopting integrated resource planning, which allows utility investments in conservation and other demand-side management techniques to be at least as profitable as supply investments. The energy act also establishes new efficiency standards in industrial and commercial equipment and lighting and requires states to establish commercial and residential building codes with energy efficiency standards. Additionally, the energy act requires utilities to consider energy efficiency programs in their integrated resource planning. The effects on Duquesne of these standards and requirements cannot be determined at this time.

The energy act encourages increased use of alternative transportation fuels by federal, state, city and power provider fleets. The energy act also provides funding for development of electric vehicles and associated infrastructures. The effects on Duquesne cannot be determined at this time.

The nuclear-related provisions of the energy act generally encourage further development of the nuclear power industry through a variety of measures, including the consolidation of construction and operating license steps into one proceeding. The impact of these provisions on Duquesne is not expected to be material.

These new regulations also permit industrial and large commercial customers to own and operate facilities to generate their own electric energy requirements and, if such facilities are qualifying facilities, to require the displaced electric utility to purchase the output of such facilities. Customers may also have the option of substituting fuels, such as the use of natural gas, oil or wood for heating and/or cooling purposes rather than electric energy or of relocating their facilities to a lower cost environment.

In addition, increased competition may also result from the 1990 Amendments to the Clean Air Act. Such amendments exempt from SO_2 and NO_x control requirements existing units with less than 25 megawatts of generating capacity and new or existing co-generation units supplying less than one-third of their electric output and less than 25 megawatts for commercial sale.

Property Held for Future Use

In 1986, the PUC approved Duquesne's request to remove the Phillips and most of the Brunot Island power stations from service and place them in cold reserve. Duquesne's capitalized costs and net investment in the plants at December 31, 1993 totaled $130 million. (See Note L to Duquesne's consolidated financial statements.)

Duquesne expects to recover its net investment in these plants through future sales. Phillips and BI represent licensed, certified, clean sources of electricity that will be necessary to meet expanding opportunities in the power markets. Duquesne believes that anticipated growth in peak load demand for electricity within its service territory will require additional peaking generation. Duquesne looks to BI to meet this need. The Phillips Power Plant is an important component in meeting market opportunities to supply long-term bulk power. Recent legislation may permit wider transmission access to these long-term bulk power markets. In summary, Duquesne believes its investment in these cold-reserved plants will be necessary in order to meet future business needs. If business opportunities do not develop as expected, Duquesne will consider the sale of these assets. In the event that market demand, transmission access or rate recovery do not support the utilization or sale of the plants, Duquesne may have to write off part or all of their costs.

Retirement Plan Measurement Assumptions

Duquesne reduced the discount rate used to determine the projected benefit obligation on Duquesne's retirement plans at December 31, 1993 to 7 percent. The assumed change in future compensation levels was also decreased by 0.5 percent to reflect current market and economic conditions.

The effect of these changes on Duquesne's retirement plan obligations is reflected in the amounts shown in Note I to Duquesne's consolidated financial statements. The resulting increase in related expenses for subsequent years is not expected to be material.

Other

Duquesne's utility operations are subject to regulation by the PUC and the FERC. This regulation is designed to provide for the recovery of operating costs and investment and the opportunity to earn a fair return on funds invested in the utility business. The regulatory process imposes a time lag during which increases in operating expenses, capital costs or construction costs may not be recovered.

Information relating to the business of Duquesne and additional information relating to Duquesne is set forth on pages 9 to 44 of DQE's Annual Report to Shareholders for the year ended December 31, 1993. The information is incorporated here by reference.

Executive Officers of the Registrant

Set forth below are the names, ages as of March 1, 1994, positions and brief accounts of the business experience during the past five years of the executive officers of Duquesne.

Name	Age	Office
Wesley W. von Schack	49	Chairman of the Board since September 1987 and President and Chief Executive Officer since January 1986.
David D. Marshall (a)	41	Executive Vice President since February 1992.
Gary L. Schwass (b)	48	Chief Financial Officer since July 1989 and Vice President - Finance since May 1988.
Roger D. Beck	57	Vice President - Marketing and Customer Services since August 1986.
Gary R. Brandenberger	56	Vice President - Power Supply since August 1986.
William J. DeLeo (c)	43	Vice President - Corporate Performance and Information Services since January 1991.
Dianna L. Green (d)	47	Vice President - Administrative Services since August 1988.
John D. Sieber (e)	54	Vice President - Nuclear since March 1988.
James D. Mitchell (f)	42	Treasurer since July 1989.
Raymond H. Panza (g)	43	Controller and Principal Accounting Officer since July 1990.

(a) Mr. Marshall was Assistant to the President from October 1990 to January 1992 and Vice President - Corporate Development from August 1987 to January 1992.

(b) Mr. Schwass was Vice President and Treasurer from September 1987 to April 1988.

(c) Mr. DeLeo was Vice President - Corporate Planning and Management Information Services from April 1989 to December 1990. He also served as General Manager, Planning, Budgeting and Business Development from November 1987 to March 1989.

(d) Ms. Green was General Manager, Human Resources Unit from May 1988 to August 1988. She served Xerox Corporation as Vice President - Personnel of the Information Products Division from May 1985 to April 1988.

(e) Mr. Sieber was Vice President - Nuclear Operations from August 1986 to March 1988.

(f) Mr. Mitchell was Assistant Treasurer from October 1988 to June 1989. He served US West Information Systems, Inc. as Executive Director from August 1985 to September 1988.

(g) Mr. Panza served as Assistant Controller of Squibb Corporation from May 1989 to July 1990. He served RKO General, a GenCorp company, from May 1985 to May 1989 in various positions including Vice President - Controller and Assistant Controller.

ITEM 2. PROPERTIES.

Duquesne's properties consist of electric generating stations, transmission and distribution facilities and supplemental properties and appurtenances, comprising as a whole an integrated electric utility system, located substantially in Allegheny and Beaver counties in southwestern Pennsylvania.

Duquesne owns all or a portion of the following generating units except Beaver Valley 2, which is leased.

Name and Location	Type	Duquesne's Share of Net Demonstrated Capability December 31, 1993 (Megawatts)	Net Plant Output Year Ended December 31, 1993 (Megawatt-hours)
Cheswick Springdale, Pa.	Coal	570	3,238,308
Fort Martin No. 1 (1) Maidsville, W.Va.	Coal	276	1,834,484
Elrama Elrama, Pa.	Coal	487	2,531,720
Sammis No. 7 (1) Stratton, Ohio	Coal	187	1,175,234
Eastlake No. 5 (1) Eastlake, Ohio	Coal	186	1,043,863
Beaver Valley No. 1 (1) Shippingport, Pa.	Nuclear	385	2,077,722
Beaver Valley No. 2 (1) Shippingport, Pa.	Nuclear	113	730,789
Perry No. 1 (1) North Perry, Ohio	Nuclear	164	547,375
Bruce Mansfield No. 1 (1) Shippingport, Pa.	Coal	228	1,075,002
Bruce Mansfield No. 2 (1) Shippingport, Pa.	Coal	62	230,670
Bruce Mansfield No. 3 (1) Shippingport, Pa.	Coal	110	465,116
Brunot Island Brunot Island, Pa.	Oil	66	(5,812)
Total		2,834	14,944,471
Cold-reserved units:			
Brunot Island	Oil	240	
Phillips	Coal	300	
Total		3,374	

(1) Amounts represent Duquesne's share of the unit which is owned by Duquesne in common with one or more other electric utilities (or, in the case of Beaver Valley Unit 2, leased by Duquesne).

Duquesne owns 24 transmission substations (including interests in common in the step-up transformers at Fort Martin No. 1; Sammis No. 7; Eastlake No. 5; Bruce Mansfield No. 1; Beaver Valley Unit 1; Beaver Valley Unit 2; Perry Unit 1; Bruce Mansfield No. 2; and Bruce Mansfield No. 3) and 563 distribution substations. Duquesne has 714 circuit-miles of transmission lines, comprised of 345,000, 138,000 and 69,000 volt lines. Street lighting and distribution circuits of 23,000 volts and less include approximately 50,000 miles of lines and cable.

Duquesne owns the Warwick Mine, including 4,849 acres owned in fee of unmined coal lands and mining rights, located on the Monongahela River in Greene County, Pennsylvania, approximately 83 river miles from Pittsburgh. See Item 1. "Fossil Fuel" on page 10.

Substantially all of Duquesne's properties are subject to a first mortgage lien of the Trust Indenture dated as of August 1, 1947 securing Duquesne's first mortgage bonds. In May 1992, Duquesne began issuing secured debt under a new First Collateral Trust Indenture. This new indenture will ultimately replace Duquesne's First Mortgage Bond Indenture.

ITEM 3. LEGAL PROCEEDINGS.

Westinghouse Lawsuit

Beaver Valley Units 1 and 2 are jointly owned/leased generating units (See Item 1. Business.). In 1991, the co-owners of Beaver Valley Units 1 and 2 filed suit against Westinghouse Electric Corporation (Westinghouse) in the United States District Court for the Western District of Pennsylvania. The suit alleges that six steam generators supplied by Westinghouse for the two units contain serious defects – in particular defects causing tube corrosion and cracking. Duquesne is seeking monetary and corrective relief. Steam generator maintenance costs have increased as a result of these defects and are likely to continue increasing. The condition of the steam generators is being monitored closely. If the corrosion and cracking continue, replacement of the steam generators could be required prior to the ends of their 40-year design lives. Duquesne is continuing to conduct a corrective maintenance program and to explore longer term options, including replacement of the steam generators. While Duquesne has no current plans to replace the steam generators and has not yet completed a detailed, site-specific study, replacement cost per unit is estimated to be between $100 million and $150 million. (Other utilities with similar units have replaced steam generators at costs in this range.) Duquesne cannot predict the outcome of this matter; however, Duquesne does not believe that resolution will have a materially adverse effect on Duquesne's financial position or results of operations. Duquesne's percentage interests (ownership and leasehold) in Beaver Valley Unit 1 and in Beaver Valley Unit 2 are 47.5 percent and 13.74 percent, respectively. The remainder of Beaver Valley Unit 1 is owned by Ohio Edison Company and by Pennsylvania Power Company. The remaining interest in Beaver Valley Unit 2 is held by Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company. Duquesne operates both units on behalf of the joint owners.

General Electric Settlement

In January 1994, Duquesne Light Company, The Cleveland Electric Illuminating Company, Ohio Edison Company, Pennsylvania Power Company and The Toledo Edison Company reached a settlement in connection with a 1991 lawsuit filed in the United States District Court in Cleveland against General Electric Company (GE) regarding the Perry Plant. These co-owners jointly constructed Perry Unit 1, a nuclear power plant on the southern shore of Lake Erie in Ohio for which GE supplied the nuclear steam supply systems and other goods and services. The out-of-court settlement disposed of a complaint filed by the co-owners of Perry Unit 1 which included claims of breach of contract, warranty, and duties of good faith and fair dealing, as well as constructive fraud, negligence, misrepresentation and various RICO violations in connection with delays and cost increases relating to the construction of Perry Unit 1. The settlement provides for cash payments to the Perry owners and discounts on their future purchases from GE. This settlement will not materially affect Duquesne's results of operations in future years.

Rate-Related and Environmental Litigation

Proceedings involving Duquesne's rates are reported in Item 1. "Rate Matters". Proceedings involving environmental matters are reported in Item 1. "Environmental Matters".

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS.

Effective July 7, 1989, Duquesne Light Company became a wholly owned subsidiary of DQE, the holding company formed as part of a shareholder-approved restructuring. As a result of the restructuring, DQE common stock replaced all outstanding shares of Duquesne Light Company common stock, except for ten shares which DQE holds. As such, this item is not applicable to Duquesne Light Company because all its common equity is held solely by DQE. During 1993, Duquesne declared quarterly dividends on its common stock totaling $144 million for the year.

ITEM 6. SELECTED FINANCIAL DATA.

Selected financial data for Duquesne Light Company for each year of the six-year period ended December 31, 1993 are set forth on page 67. The financial data is incorporated here by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's discussion and analysis of financial condition and results of operations are set forth in Item 1. BUSINESS and on pages 10 through 17 of the DQE Annual Report to Shareholders for the year ended December 31, 1993. The discussion and analysis are incorporated here by reference.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Balance Sheet of Duquesne Light Company and its Subsidiary as of December 31, 1993 and 1992, and the related Statements of Consolidated Income, Retained Earnings and Cash Flows for each of the three years in the period ended December 31, 1993 together with the Independent Auditors' Report dated January 25, 1994 are set forth here on pages 43 to 66. The financial statements and report are incorporated here by reference. Quarterly financial information is included on page 66 in Note M to Duquesne's consolidated financial statements and is incorporated here by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information relating to the Directors of Duquesne Light Company is set forth under the captions "Proposal No. 1 - Election of Directors", "Nominees for Director" and "Standing Directors" in the DQE definitive Proxy Statement, filed with the Securities and Exchange Commission in connection with its annual meeting of shareholders to be held on April 20, 1994. The Proxy Statement is incorporated here by reference. All Directors of DQE are also Directors of Duquesne Light Company. Information relating to the executive officers of the Registrant is set forth in Part I of this Report under the caption "Executive Officers of the Registrant".

ITEM 11. EXECUTIVE COMPENSATION.

The information relating to executive compensation is set forth in Exhibit 28.1, filed as part of this Report. The information is incorporated here by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

DQE is the beneficial owner and holder of all shares of outstanding Common Stock, $1 par value, of Duquesne Light, consisting of 10 shares as of February 23, 1994. Information relating to the ownership of equity securities of DQE and Duquesne Light by directors and executive officers of Duquesne Light is set forth in Exhibit 28.1, filed as part of this Report. The information is incorporated here by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a)(1) The following financial statements are included on pages 43 to 66.

Independent Auditors' Report.

Statement of Consolidated Income for the Three Years Ended December 31, 1993.

Consolidated Balance Sheet, December 31, 1993 and 1992.

Statement of Consolidated Cash Flows for the Three Years Ended December 31, 1993.

Statement of Consolidated Retained Earnings for the Three Years Ended December 31, 1993.

Notes to Consolidated Financial Statements.

(a)(2) The following financial statement schedules and the related Independent Auditors' Report (See page 43.) are filed here as a part of this Report:

Schedules for the Three Years Ended December 31, 1993:

V - Property, Plant and Equipment.

VI - Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment.

VIII - Valuation and Qualifying Accounts.

X - Supplementary Income Statement Information.

The remaining schedules are omitted because of the absence of the conditions under which they are required or because the information called for is shown in the financial statements or notes to the financial statements.

(a)(3) Exhibits relating to Duquesne Light Company filed as a part of this Report are set forth in the Duquesne Light Company Exhibit List on pages 22 to 33, incorporated here by reference. Documents other than those designated as being filed here are incorporated here by reference. Documents incorporated by reference to a DQE Annual Report on Form 10-K, a Quarterly Report on Form 10-Q or a Current Report on Form 8-K are at Securities and Exchange Commission File No. 1-956.

(b) On December 8, 1993 a Form 8-K was filed with respect to Duquesne Light Company regarding a long-term power sales contract with General Public Utilities.

(c) Executive Compensation Plans and Arrangements

Deferred Compensation Plan for the Directors of Duquesne Light Company, as amended to date.	Exhibit 10.1 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992.
Incentive Compensation Program for Certain Executive Officers of Duquesne Light Company, as amended to date.	Exhibit 10.2 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992.
Description of Duquesne Light Company Pension Service Supplement Program.	Exhibit 10.3 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992.
Duquesne Light Company Outside Directors' Retirement Plan, as amended to date.	Exhibit 10.59 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1990.
Employment Agreement dated as of December 15, 1992 between DQE, Duquesne Light Company and Wesley W. von Schack.	Exhibit 10.5 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992.
Duquesne Light/DQE Charitable Giving Program.	Exhibit 10.6 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992.

DUQUESNE LIGHT COMPANY EXHIBITS

Exhibit No.	Description	Method of Filing
3.1	Restated Articles of Duquesne Light Company, as amended through December 19, 1991 and as currently in effect.	Exhibit 3.1 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1991.
3.2	By-Laws of Duquesne Light Company, as amended through December 19, 1991 and as currently in effect.	Exhibit 3.2 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1991.
4.1	Trust Indenture dated as of August 1, 1947, securing Duquesne Light Company's First Mortgage Bonds.	Exhibit 4.3 to Registration Statement (Form S-1) No. 2-11326.
4.2	Supplemental Trust Indentures supplementing the Trust Indenture -	

Exhibit No.	Description	Method of Filing
	First through Tenth and an amendment to the Fifth.	Exhibits 4.4 through 4.13 to Registration Statement (Form S-1) No. 2-11326.
	Eleventh.	Exhibit 4.3 to Registration Statement (Form S-1) No. 2-12309.
	Twelfth.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Thirteenth.	Exhibit 4.5 to Registration Statement (Form S-1) No. 2-13360.
	Fourteenth and Fifteenth.	Exhibits 4.6 and 4.7 to Registration Statement (Form S-1) No. 2-13596.
	Sixteenth.	Exhibit 4.8 to Registration Statement (Form S-1) No. 2-14704.
	Seventeenth and Eighteenth.	Exhibits 4.4 and 4.5 to Registration Statement (Form S-1) No. 2-16033.
	Nineteenth through Twenty-Third.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Twenty-Fourth.	Exhibit 2.2 to Registration Statement (Form S-9) No. 2-24412.
	Twenty-Fifth.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Twenty-Sixth.	Exhibit 2.2 to Registration Statement (Form S-9) No. 2-25887.
	Twenty-Seventh.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Twenty-Eighth.	Exhibit 2.2 to Registration Statement (Form S-9) No. 2-28042.
	Twenty-Ninth.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.

Exhibit No.	Description	Method of Filing
	Thirtieth.	Exhibit 2.2 to Registration Statement (Form S-9) No. 2-30927.
	Thirty-First and Thirty-Second.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Thirty-Third.	Exhibit 2.4 to Registration Statement (Form S-7) No. 2-36333.
	Thirty-Fourth and Thirty-Fifth.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Thirty-Sixth.	Exhibit 2.4 to Registration Statement (Form S-7) No. 2-39375.
	Thirty-Seventh.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Thirty-Eighth.	Exhibit 2.4 to Registration Statement (Form S-7) No. 2-42154.
	Thirty-Ninth through Forty-Fifth.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Forty-Sixth.	Exhibit 2.3 to Registration Statement (Form S-7) No. 2-52874.
	Forty-Seventh through Forty-Ninth.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Fiftieth.	Exhibit 2.3 to Registration Statement (Form S-7) No. 2-58483.
	Fifty-First through Fifty-Third.	Exhibit 2.2 to Registration Statement (Form S-7) No. 2-63467.
	Fifty-Fourth and Fifty-Fifth.	Exhibit 2.2 to Registration Statement (Form S-16) No. 2-66258.
	Fifty-Sixth.	Exhibit 2.2 to Registration Statement (Form S-16) No. 2-68959.

Exhibit No.	Description	Method of Filing
	Fifty-Seventh.	Exhibit 4.1 to Registration Statement (Form S-16) No. 2-72522.
	Fifty-Eighth and Fifty-Ninth.	Exhibit 4.1 to Registration Statement (Form S-16) No. 2-76768.
	Sixtieth and Sixty-First.	Exhibit 4.1 to Registration Statement (Form S-3) No. 2-82139.
	Sixty-Second and Sixty-Third.	Exhibit 4.1 to Registration Statement (Form S-3) No. 2-87452.
	Sixty-Fourth.	Exhibit 4.1 to Registration Statement (Form S-3) No. 2-89719.
	Sixty-Fifth through Sixty-Ninth.	Exhibit 4.1 to Registration Statement (Form S-3) No. 33-1509.
	Seventieth through Seventy-Seventh.	Exhibit 4.1 to Registration Statement (Form S-3) No. 33-32026.
	Seventy-Eighth through Eightieth.	Exhibit 4.1 to Registration Statement (Form S-3) No. 33-46990.
	Eighty-First.	Exhibit 4.2 to Registration Statement (Form S-3) No. 33-46990.
	Eighty-Second.	Exhibit 4.1 to Registration Statement (Form S-3) No. 33-52782.
	Eighty-Third and Eighty-Fourth.	Exhibit 4.1 to Registration Statement (Form S-3) No. 33-63602.
	Eighty-Fifth through Eighty-Eighth.	Filed here.
4.3	Indenture dated March 1, 1960, relating to Duquesne Light Company's 5% Sinking Fund Debentures.	Exhibit 4.3 to the Form 10-K Annual Report of DQE for the year ended December 31, 1989.
4.4	Indenture dated as of November 1, 1989 relating to the issuance of Duquesne Light Company's unsecured notes.	Exhibit 4.4 to the Form 10-K Annual Report of DQE for the year ended December 31, 1989.

Exhibit No.	Description	Method of Filing
4.5	Indenture of Mortgage and Deed of Trust dated as of April 1, 1992, securing Duquesne Light Company's First Collateral Trust Bonds.	Exhibit 4.3 to Registration Statement (Form S-3) No. 33-52782.
4.6	Supplemental Indentures supplementing the said Indenture of Mortgage and Deed of Trust -	
	Supplemental Indenture No. 1.	Exhibit 4.4 to Registration Statement (Form S-3) No. 33-52782.
	Supplemental Indenture No. 2 through Supplemental Indenture No. 4.	Exhibit 4.4 to Registration Statement (Form S-3) No. 33-63602.
	Supplemental Indenture No. 5 through Supplemental Indenture No. 7.	Filed here.

Agreements relating to the Jointly Owned Generating Units:

Exhibit No.	Description	Method of Filing
10.1	Administration Agreement dated as of September 14, 1967.	Exhibit 5.8 to Registration Statement (Form S-7) No. 2-43106.
10.2	Transmission Facilities Agreement dated as of September 14, 1967.	Exhibit 5.9 to Registration Statement (Form S-7) No. 2-43106.
10.3	Operating Agreement dated as of September 21, 1972 for Eastlake Unit No. 5.	Exhibit 5.1 to Registration Statement (Form S-7) No. 2-48164.
10.4	Memorandum of Agreement dated as of July 1, 1982 re reallocation of rights and liabilities of the companies under uranium supply contracts.	Exhibit 10.14 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
10.5	Operating Agreement dated August 5, 1982 as of September 1, 1971 for Sammis Unit No. 7.	Exhibit 10.17 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1988.
10.6	Memorandum of Understanding dated as of March 31, 1985 re implementation of company-by-company management of uranium inventory and delivery.	Exhibit 10.19 to the Form 10-K Annual Report of DQE for the year ended December 31, 1989.
10.7	Restated Operating Agreement for Beaver Valley Unit Nos. 1 and 2 dated September 15, 1987.	Exhibit 10.23 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.

Exhibit No.	Description	Method of Filing
10.8	Operating Agreement for Perry Unit No. 1 dated March 10, 1987.	Exhibit 10.24 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
10.9	Operating Agreement for Bruce Mansfield Units Nos. 1, 2 and 3 dated September 15, 1987 as c. June 1, 1976.	Exhibit 10.25 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
10.10	Basic Operating Agreement, as amended January 1, 1993.	Filed here.
10.11	Amendment No. 1 dated December 23, 1993 to Transmission Facilities Agreement (as of January 1, 1993).	Filed here.
10.12	Microwave Sharing Agreement (as amended January 1, 1993) dated December 23, 1993.	Filed here.
10.13	Agreement (as of September 1, 1980) dated December 23, 1993 for termination or construction of certain agreements.	Filed here.
10.14	Fort Martin Construction and Operating Agreement dated April 30, 1965.	Filed here.
10.15	Fort Mar.in Transmission Agreement dated March 15, 1967.	Filed here.
10.16	Amendment of January 1, 1988 to Fort Martin Transmission Agreement.	Filed here.
	Agreements relating to the Sale and Leaseback of Beaver Valley Unit No. 2:	
10.17	Order of the Pennsylvania Public Utility Commission dated September 25, 1987 regarding the application of the Duquesne Light Company under Section 1102(a)(3) of the Public Utility Code for approval in connection with the sale and leaseback of its interest in Beaver Valley Unit No. 2.	Exhibit 28.2 to the Form 10-Q Quarterly Report of Duquesne Light Company for the quarter ended September 30, 1987.
.8	rder of the Pennsylvania Public Utility Commission dated October 15, 1992 regarding the Securities Certificate of Duquesne Light Company for the assumption of contingent obligations under financing agreements in connection with the refunding of Collateralized Lease Bonds.	Exhibit 10.28 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.

Exhibit No.	Description	Method of Filing
x10.19	Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, Lessor, and Duquesne Light Company, Lessee.	Exhibit (4)(c) to Registration Statement (Form S-3) No. 33-18144.
y10.20	Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987, with the corporate Owner Participant named therein, Lessor, and Duquesne Light Company, Lessee.	Exhibit (4)(d) to Registration Statement (Form S-3) No. 33-18144.
x10.21	Amendment No. 1 dated as of December 1, 1987 to Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, Lessor, and Duquesne Light Company, Lessee.	Exhibit 10.30 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
y10.22	Amendment No. 1 dated as of December 1, 1987 to Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the corporate Owner Participant named therein, Lessor, and Duquesne Light Company, Lessee.	Exhibit 10.31 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
x10.23	Amendment No. 2 dated as of November 15, 1992 to Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, Lessor, and Duquesne Light Company, Lessee.	Exhibit 10.33 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
y10.24	Amendment No. 2 dated as of November 15, 1992 to Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the corporate Owner Participant named therein, Lessor, and Duquesne Light Company, Lessee.	Exhibit 10.34 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
x10.25	Participation Agreement dated as of September 15, 1987 among the limited partnership Owner Participant named therein, the Original Loan Participants listed in Schedule 1 thereto, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit (28)(a) to Registration Statement (Form S-3) No. 33-18144.

Exhibit No.	Description	Method of Filing
y10.26	Participation Agreement dated as of September 15, 1987 among the corporate Owner Participant named therein, the Original Loan Participants listed in Schedule 1 thereto, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit (28)(b) to Registration Statement (Form S-3) No. 33-18144.
x10.27	Amendment No. 1 dated as of December 1, 1987 to Participation Agreement dated as of September 15, 1987 among the limited partnership Owner Participant named therein, the Original Loan Participants listed therein, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit 10.34 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
y10.28	Amendment No. 1 dated as of December 1, 1987 to Participation Agreement dated as of September 15, 1987 among the corporate Owner Participant named therein, the Original Loan Participants listed therein, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit 10.35 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
x10.29	Amendment No. 2 dated as of March 1, 1988 to Participation Agreement dated as of September 15, 1987 among the limited partnership Owner Participant named therein, the Original Loan Participants listed therein, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit (28)(c)(3) to Registration Statement (Form S-3) No. 33-54648.
y10.30	Amendment No. 2 dated as of March 1, 1988 to Participation Agreement dated as of September 15, 1987 among the corporate Owner Participant named therein, the Original Loan Participants listed therein, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, Irving Trust Company, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit (28)(c)(4) to Registration Statement (Form S-3) No. 33-54648.

Exhibit No.	Description	Method of Filing
x10.31	Amendment No. 3 dated as of November 15, 1992 to Participation Agreement dated as of September 15, 1987 among the limited partnership Owner Participant named therein, the Original Loan Participants listed therein, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit 10.41 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
y10.32	Amendment No. 3 dated as of November 15, 1992 to Participation Agreement dated as of September 15, 1987 among the corporate Owner Participant named therein, the Original Loan Participants listed therein, as Original Loan Participants, DQU Funding Corporation, as Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee and Duquesne Light Company, as Lessee.	Exhibit 10.42 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
z10.33	Ground Lease and Easement Agreement dated as of September 15, 1987 between Duquesne Light Company, Ground Lessor and Grantor, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, Tenant and Grantee.	Exhibit (28)(e) to Registration Statement (Form S-3) No. 33-18144.
z10.34	Assignment, Assumption and Further Agreement dated as of September 15, 1987 among The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, The Cleveland Electric Illuminating Company, Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company and The Toledo Edison Company.	Exhibit (28)(f) to Registration Statement (Form S-3) No. 33-18144.
z10.35	Additional Support Agreement dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, and Duquesne Light Company.	Exhibit (28)(g) to Registration Statement (Form S-3) No. 33-18144.
z10.36	Indenture, Bill of Sale, Instrument of Transfer and Severance Agreement dated as of October 2, 1987 between Duquesne Light Company, Seller, and The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, Buyer.	Exhibit (28)(h) to Registration Statement (Form S-3) No. 33-18144.
z10.37	Tax Indemnification Agreement dated as of September 15, 1987 between the Owner Participant named therein and Duquesne Light Company, as Lessee.	Exhibit 28.1 to the Form 8-K Current Report of Duquesne Light Company dated November 20, 1987.

Exhibit No.	Description	Method of Filing
z10.38	Amendment No. 1 dated as of November 15, 1992 to Tax Indemnification Agreement dated as of September 15, 1987 between the Owner Participant named therein and Duquesne Light Company, as Lessee.	Exhibit 10.48 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
z10.39	Extension Letter dated December 8, 1992 from Duquesne, each Owner Participant, The First National Bank of Boston, the Lease Indenture Trustee, DQU II Funding Corporation and DQU II Funding Corporation addressed to the New Collateral Trust Trustee extending their respective representations and warranties and covenants set forth in each of the Participation Agreements.	Exhibit 10.49 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
x10.40	Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, and Irving Trust Company, as Indenture Trustee.	Exhibit (4)(g) to Registration Statement (Form S-3) No. 33-18144.
y10.41	Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the corporate Owner Participant named therein, and Irving Trust Company, as Indenture Trustee.	Exhibit (4)(h) to Registration Statement (Form S-3) No. 33-18144.
x10.42	Supplemental Indenture No. 1 dated as of December 1, 1987 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, and Irving Trust Company, as Indenture Trustee.	Exhibit 10.45 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
y10.43	Supplemental Indenture No. 1 dated as of December 1, 1987 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the corporate Owner Participant named therein, and Irving Trust Company, as Indenture Trustee.	Exhibit 10.46 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1987.
x10.44	Supplemental Indenture No. 2 dated as of November 15, 1992 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the limited partnership Owner Participant named therein, and The Bank of New York, as Indenture Trustee.	Exhibit 10.54 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.

Exhibit No.	Description	Method of Filing
y10.45	Supplemental Indenture No. 2 dated as of November 15, 1992 to Trust Indenture, Mortgage, Security Agreement and Assignment of Facility Lease dated as of September 15, 1987 between The First National Bank of Boston, as Owner Trustee under a Trust Agreement dated as of September 15, 1987 with the corporate Owner Participant named therein, and The Bank of New York, as Indenture Trustee.	Exhibit 10.55 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
10.46	Reimbursement Agreement dated as of July 15, 1992 among Duquesne Light Company, Swiss Bank Corporation, New York Branch, as LOC Bank, Union Bank, as Administrating Bank, Swiss Bank Corporation, New York Branch, as Administrating Bank and The Participating Banks Named Therein.	Exhibit 10.56 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
10.47	Supplemental Reimbursement Agreement dated as of July 15, 1992 among Duquesne Light Company, Swiss Bank Corporation, New York Branch, as LOC Bank, Union Bank, as Administrating Bank, Swiss Bank Corporation, New York Branch, as Administrating Bank and The Participating Banks Named Therein.	Exhibit 10.57 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
10.48	Collateral Trust Indenture dated as of November 15, 1992 among DQU II Funding Corporation, Duquesne Light Company and The Bank of New York, as Trustee.	Exhibit 10.58 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
10.49	First Supplemental Indenture dated as of November 15, 1992 to Collateral Trust Indenture dated as of November 15, 1992 among DQU II Funding Corporation, Duquesne Light Company and The Bank of New York, as Trustee.	Exhibit 10.59 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
x10.50	Refinancing Agreement dated as of November 15, 1992 among the limited partnership Owner Participant named therein, as Owner Participant, DQU Funding Corporation, as Funding Corporation, DQU II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee, The Bank of New York, as Collateral Trust Trustee, The Bank of New York, as New Collateral Trust Trustee, and Duquesne Light Company, as Lessee.	Exhibit 10.60 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
y10.51	Refinancing Agreement dated as of November 15, 1992 among the corporate Owner Participant named therein, as Owner Participant, DQU Funding Corporation, as Funding Corporation, DQU II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee, The Bank of New York, as Collateral Trust Trustee, The Bank of New York, as New Collateral Trust Trustee, and Duquesne Light Company, as Lessee.	Exhibit 10.61 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.

Exhibit No.	Description	Method of Filing
x10.52	Addendum dated December 8, 1992 to Refinancing Agreement dated as of November 15, 1992 among the limited partnership Owner Participant named therein, as Owner Participant, DQU Funding Corporation, as Funding Corporation, DQU II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee, The Bank of New York, as Collateral Trust Trustee, The Bank of New York, as New Collateral Trust Trustee, and Duquesne Light Company, as Lessee.	Exhibit 10.62 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
y10.53	Addendum dated December 8, 1992 to Refinancing Agreement dated as of November 15, 1992 among the corporate Owner Participant named therein, as Owner Participant, DQU Funding Corporation, as Funding Corporation, DQU II Funding Corporation, as New Funding Corporation, The First National Bank of Boston, as Owner Trustee, The Bank of New York, as Indenture Trustee, The Bank of New York, as Collateral Trust Trustee, The Bank of New York, as New Collateral Trust Trustee, and Duquesne Light Company, as Lessee.	Exhibit 10.63 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1992.
	Other Agreements:	
*10.54	Deferred Compensation Plan for the Directors of Duquesne Light Company, as amended to date.	Exhibit 10.1 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992.
*10.55	Incentive Compensation Program for Certain Executive Officers of Duquesne Light Company, as amended to date.	Exhibit 10.2 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992
*10.56	Description of Duquesne Light Company Pension Service Supplement Program.	Exhibit 10.3 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992
*10.57	Duquesne Light Company Outside Directors' Retirement Plan, as amended to date.	Exhibit 10.59 to the Form 10-K Annual Report of Duquesne Light Company for the year ended December 31, 1990.
*10.58	Employment Agreement dated as of December 15, 1992 between DQE, Duquesne Light Company and Wesley W. von Schack.	Exhibit 10.5 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992
*10.59	Duquesne Light/DQE Charitable Giving Program.	Exhibit 10.6 to the Form 10-K Annual Report of DQE for the year ended December 31, 1992
12.1	Calculation of Ratio of Earnings to Fixed Charges.	Filed here.

22.1	Subsidiaries of registrant: Duquesne has no significant subsidiaries.	
23.1	Independent Auditors' Consent.	Filed here.
28.1	Executive Compensation of Duquesne Light Company Executive Officers for 1993 and Security Ownership of Duquesne Light Company Directors and Executive Officers as of February 23, 1994.	Filed here.
28.2	DQE Annual Report to Shareholders for year ended December 31, 1993. The Report, except those portions specifically incorporated by reference here, is furnished for the information of the Securities and Exchange Commission and is not to be deemed "filed" for any purpose under the Securities Exchange Act of 1934 or otherwise.	Filed here.

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x An additional document, substantially identical in all material respects to this Exhibit, has been entered into relating to one additional limited partnership Owner Participant. Although the additional document may differ in some respects (such as name of the Owner Participant, dollar amounts and percentages), there are no material details in which the document differs from this Exhibit.

y Additional documents, substantially identical in all material respects to this Exhibit, have been entered into relating to four additional corporate Owner Participants. Although the additional documents may differ in some respects (such as names of the Owner Participants, dollar amounts and percentages), there are no material details in which the documents differ from this Exhibit.

z Additional documents, substantially identical in all material respects to this Exhibit, have been entered into relating to six additional Owner Participants. Although the additional documents may differ in some respects (such as name of the Owner Participant, dollar amounts and percentages), there are no material details in which the documents differ from this Exhibit.

* This document is required to be filed as an exhibit to this form under Item 14(c).

Copies of the exhibits listed above will be furnished, upon request, to holders or beneficial owners of any class of the Company's stock as of February 23, 1994, subject to payment in advance of the cost of reproducing the exhibits requested.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
Year Ended December 31, 1993
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Year	Additions at Cost	Retirements	Other Changes Add (Deduct)(A)	Balance at End of Year
Property, Plant and Equipment:					
Electric Plant In Service (B):					
Intangible Plant	$ 39,100	$3,132	$ 77	$	$ 42,155
Production Plant	2,227,746	42,103	4,495	73,415	2,338,769
Transmission Plant	290,822	3,874	306	12,941	307,331
Distribution Plant	1,033,930	42,281	5,319	63,911	1,134,803
General Plant:					
Coal Properties	72,499				72,499
Other	195,943	11,072	2,505	(9)	204,501
Total Electric Plant in Service	3,860,040	102,462	12,702	150,258	4,100,058
Construction Work in Progress	67,435	(7,658) (C)			59,777
Held under Capital Leases	212,172	11,811	46,183		177,800
Held for Future Use	216,893	484	35	(479)	216,863
Total Property, Plant and Equipment	$4,356,540	$107,099	$ 58,920	$149,779	$4,554,498
Other Property - Nonutility Property	$ 2,888	$	$	$	$ 2,888

Notes:

(A) Reclassifications and adjustments including $150 million as a result of the January 1, 1993 adoption of SFAS No. 109.

(B) Duquesne provides for depreciation of electric plant, including plant-related intangibles, on a straight-line basis. Amortization of other intangibles is on a straight-line basis over a five-year period. At December 31, 1993 depreciation was computed on the basis of the following annual rates expressed as a percentage of original cost: production plant - 2.48% to 5.01%, transmission plant - 1.35% to 3.70%, distribution plant - 1.10% to 4.81% and general plant - 1.82% to 4.82%. Amortization of capital leases is based on nuclear fuel burned and rental payments made. Nonutility property is depreciated under the Modified Accelerated Cost Recovery System (MACRS) for various classes of property as defined in section 168 of the Internal Revenue Code.

(C) Represents net change in construction work in progress.

SCHEDULE V PROPERTY, PLANT AND EQUIPMENT
Year Ended December 31, 1992
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Year	Additions at Cost	Retirements	Other Changes Add (Deduct)(A)	Balance at End of Year
Property, Plant and Equipment:					
Electric Plant In Service (B):					
Intangible Plant	$ 1,175	$19,408	$ 6	$ 18,523	$ 39,100
Production Plant	2,222,652	30,281	6,791	(18,396)	2,227,746
Transmission Plant	274,543	17,060	652	(129)	290,822
Distribution Plant	987,857	52,792	6,708	(11)	1,033,930
General Plant:					
Coal Properties	72,499				72,499
Other	182,083	16,870	3,011	1	195,943
Total Electric Plant in Service	3,740,809	136,411	17,168	(12)	3,860,040
Construction Work in Progress	91,140	(23,705) (C)			67,435
Held under Capital Leases	220,106	17,089	25,132	109	212,172
Held for Future Use	216,343	658	103	(5)	216,893
Total Property, Plant and Equipment	$4,268,398	$130,453	$ 42,403	$ 92	$4,356,540
Other Property - Nonutility Property	$ 2,888	$	$	$	$ 2,888

Notes:
(A) Reclassifications and adjustments.
(B) Duquesne provides for depreciation of electric plant, including plant-related intangibles, on a straight-line basis. Amortization of other intangibles is on a straight-line basis over a five-year period. At December 31, 1992 depreciation was computed on the basis of the following annual rates expressed as a percentage of original cost: production plant - 2.48% to 5.01%, transmission plant - 1.35% to 3.70%, distribution plant - 1.10% to 4.81% and general plant - 1.82% to 4.82%. Amortization of capital leases is based on nuclear fuel burned and rental payments made.
(C) Represents net change in construction work in progress.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
Year Ended December 31, 1991
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Year	Additions at Cost	Retirements	Other Changes Add (Deduct)(A)	Balance at End of Year
Property, Plant and Equipment:					
Electric Plant In Service (B):					
Intangible Plant	$ 948	$ 579	$	$(352)	$ 1,175
Production Plant	2,202,903	30,692	10,873	(70)	2,222,652
Transmission Plant	271,482	3,437	376		274,543
Distribution Plant	940,641	52,199	4,984	1	987,857
General Plant:					
Coal Properties	72,502			(3)	72,499
Other	171,346	12,281	2,485	941	182,083
Total Electric Plant in Service	3,659,822	99,188	18,718	517	3,740,809
Construction Work in Progress	64,172	26,968 (C)			91,140
Held under Capital Leases	235,791	22,028	37,713		220,106
Held for Future Use	216,246	798	255	(446)	216,343
Total Property, Plant and Equipment	$4,176,031	$148,982	$56,686	$ 71	$4,268,398
Other Property - Nonutility Property	$ 2,875	$ 13			$ 2,888

Notes:
(A) Reclassifications and adjustments.
(B) Duquesne provides for depreciation on a straight-line basis. At December 31, 1991 depreciation was computed on the basis of the following annual rates expressed as a percentage of original cost: production plant - 2.48% to 5.01%, transmission plant - 1.35% to 3.70%, distribution plant - 1.10% to 4.81% and general plant - 1.82% to 4.82%. Amortization of capital leases is based on nuclear fuel burned and rental payments made.
(C) Represents net change in construction work in progress.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
Year Ended December 31, 1993
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses (A)	Retirements	Other Changes Add (Deduct)	Balance at End of Year
Accumulated Depreciation - Electric Plant, Exclusive of Coal Properties:					
Intangible Plant	$ 2,859	$ 3,761	$ 77	$	$ 6,543
Production Plant	766,793	68,687	4,457	2,056	833,079
Transmission Plant	92,411	6,655	285	365	99,146
Distribution Plant	286,802	29,538	7,763	1,805	310,382
General Plant	58,798	7,891	2,646		64,043
Retirement Work in Progress	(12,715)	(2,137)			(14,852)
Other	3,535			(1,060)	2,475
Total	1,198,483	114,395	15,228	3,166	1,300,816
Accumulated Amortization - Capital Leases	101,860	28,749	45,892		84,717
Accumulated Depreciation and Depletion - Coal Properties:					
Depreciation	24,029	5,781			29,810
Depletion	10,190	836			11,026
Total	34,219	6,617			40,836
Accumulated Amortization of Limited-term Electric Investments	6,284	4,273		(1,194)	9,363
Total	$1,340,846	$154,034	$ 61,120	$ 1,972	$1,435,732
Accumulated Depreciation - Nonutility Property	$ 587	$ 40			$ 627

Notes: (A) Amounts shown in column C do not agree with depreciation and amortization shown in the Statement of Consolidated Income due to inclusion on this schedule of fuel amortization. The amounts are included in fuel expense on the Statement of Consolidated Income.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 1992
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses (A)	Retirements	Other Changes Add (Deduct)	Balance at End of Year
Accumulated Depreciation - Electric Plant, Exclusive of Coal Properties:					
Intangible Plant	$	$	$	$ 2,859	$ 2,859
Production Plant	709,708	68,199	8,534	(2,580)	766,793
Transmission Plant	86,789	6,310	674	(14)	92,411
Distribution Plant	269,647	28,321	11,166		286,802
General Plant	54,585	6,499	2,286		58,798
Retirement Work in Progress	(8,729)	(3,986)			(12,715)
Other	4,597			$(1,062)	3,535
Total	1,116,597	105,343	22,660	(797)	1,198,483
Accumulated Amortization - Capital Leases	84,003	42,989	25,132		101,860
Accumulated Depreciation and Depletion - Coal Properties:					
Depreciation	18,198	5,831			24,029
Depletion	9,355	835			10,190
Total	27,553	6,666			34,219
Accumulated Amortization of Limited-term Electric Investments	5,130	1,419		(265)	6,284
Total	$1,233,283	$156,417	$ 47,792	$(1,062)	$1,340,846
Accumulated Depreciation - Nonutility Property	$ 549	$ 38			$ 587

Notes: (A) Amounts shown in column C do not agree with depreciation and amortization shown in the Statement of Consolidated Income due to inclusion on this schedule of fuel amortization. The amounts are included in fuel expense on the Statement of Consolidated Income.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
Year Ended December 31, 1991
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses (A)	Retirements	Other Changes Add (Deduct)	Balance at End of Year
Accumulated Depreciation - Electric Plant, Exclusive of Coal Properties:					
Production Plant	$ 654,016	$ 67,662	$11,970	$	$ 709,708
Transmission Plant	81,019	6,114	344		86,789
Distribution Plant	251,284	27,158	8,795		269,647
General Plant	51,580	6,017	3,012		54,585
Retirement Work in Progress	(7,286)	(1,443)			(8,729)
Other				4,597	4,597
Total	1,030,613	105,508	24,121	4,597	1,116,597
Accumulated Amortization - Capital Leases	80,000	39,108	35,105		84,003
Accumulated Depreciation and Depletion - Coal Properties:					
Depreciation	12,398	5,800			18,198
Depletion	8,520	835			9,355
Total	20,918	6,635			27,553
Accumulated Amortization of Limited-term Electric Investments	3,938	1,419	227		5,130
Total	$1,135,469	$152,670	$59,453	$ 4,597	$1,233,283
Accumulated Depreciation - Nonutility Property	$ 517	$ 32			$ 549

Notes: (A) Amounts shown in column C do not agree to depreciation and amortization shown in the Statement of Consolidated Income due to inclusion on this schedule of nuclear fuel amortization. Such amounts are included in fuel expense on the Statement of Consolidated Income.

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 1993, 1992 and 1991
(Thousands of Dollars)

Column A	Column B	Column C	Column D	Column E	Column F
		Additions			
Description	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
Year Ended December 31, 1993					
Reserve Deducted from the Asset to which it applies:					
Allowance for uncollectible accounts	$7,707	17,093	2,925 (A)	14,443 (B)	$13,282
Year Ended December 31, 1992					
Reserve Deducted from the Asset to which it applies:					
Allowance for uncollectible accounts	$30,898	10,900	2,101 (A)	36,192 (B)	$7,707
Year Ended December 31, 1991					
Reserve Deducted from the Asset to which it applies:					
Allowance for uncollectible accounts	$16,805	24,045	1,674 (A)	11,626 (B)	$30,898

Notes: (A) Recovery of accounts previously written off.
(B) Accounts receivable written off.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION
For the Years Ended December 31, 1993, 1992 and 1991
(Thousands of Dollars)

Column A	Column B Charged to Costs and Expenses		
Description	1993	1992	1991
Maintenance	$80,292 (A)	$79,397	$83,985
Amortization of extraordinary property losses	15,501	16,444	16,444
Taxes other than payroll and income taxes:			
Gross receipts	34,650	34,498	37,870
Property	14,284 (B)	31,120	34,489
Capital Stock	12,132	9,051	12,014

Under the system of accounting followed by Duquesne, a portion of maintenance expenses and of taxes other than payroll and income taxes represents amounts charged to coal inventories. The inventory accounts are relieved and operation expense charged as the coal is used.

(A) Duquesne changed, as of January 1, 1993, its method of accounting for maintenance costs during scheduled major fossil station outages. Prior to that time, maintenance costs incurred for scheduled major outages at fossil stations were charged to expense as these costs were incurred. Under the new accounting policy, Duquesne accrues, over the periods between outages, anticipated expenses for scheduled major fossil station outages. (Maintenance costs incurred for non-major scheduled outages and for forced outages will continue to be charged to expense as such costs are incurred.) This new method was adopted to match more accurately the maintenance costs and the revenue produced during the periods between scheduled major fossil station outages. The cumulative effect of $5.4 million (net of income taxes of $3.9 million) of the change on prior years is reflected on the Statement of Consolidated Income as "Accounting for maintenance costs - net".

(B) The 1993 decrease reflects a favorable resolution of property tax assessments. In 1993, Duquesne recorded on the basis of this revised assessment, the expected refunds of these overpayments related to prior years.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DUQUESNE LIGHT COMPANY
(Registrant)

Date: March 22, 1994

By: /s/ Wesley W. von Schack
(Signature)
Wesley W. von Schack
Chairman of the Board,
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Wesley W. von Schack Wesley W. von Schack	Chairman of the Board, President, Chief Executive Officer and Director	March 22, 1994
/s/ Gary L. Schwass Gary L. Schwass	Vice President - Finance and Chief Financial Officer	March 22, 1994
/s/ Raymond H. Panza Raymond H. Panza	Controller and Principal Accounting Officer	March 22, 1994
/s/ John M. Arthur John M. Arthur	Director	March 22, 1994
/s/ Daniel Berg Daniel Berg	Director	March 22, 1994
/s/ Doreen E. Boyce Doreen E. Boyce	Director	March 22, 1994
/s/ Robert P. Bozzone Robert P. Bozzone	Director	March 22, 1994
/s/ Sigo Falk Sigo Falk	Director	March 22, 1994
W. H. Knoell	Director	March 22, 1994
/s/ G. Christian Lantzsch G. Christian Lantzsch	Director	March 22, 1994
/s/ Robert Mehrabian Robert Mehrabian	Director	March 22, 1994
/s/ Thomas J. Murrin Thomas J. Murrin	Director	March 22, 1994
/s/ Robert B. Pease Robert B. Pease	Director	March 22, 1994
/s/ Eric W. Springer Eric W. Springer	Director	March 22, 1994

INDEPENDENT AUDITORS' REPORT

To the Directors and Stockholder of Duquesne Light Company:

We have audited the accompanying consolidated balance sheets of Duquesne Light Company and its subsidiary as of December 31, 1993 and 1992, and the related consolidated statements of income, retained earnings, and cash flows for each of the three years in the period ended December 31, 1993. Our audits also included the financial statement schedules listed in Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Duquesne Light Company and its subsidiary as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note A to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for income taxes to conform with Statement of Financial Accounting Standards No. 109, and the Company changed its method of accounting for maintenance costs during scheduled major fossil station outages.

/s/ Deloitte & Touche
DELOITTE & TOUCHE
Pittsburgh, Pennsylvania
January 25, 1994

Glossary of Terms

Following are explanations of certain financial and operating terms used in our report and unique in our core business.

Allowance for Funds Used During Construction (AFC)

AFC is an amount recorded on the books of a utility during the period of construction of plant. The amount represents the estimated cost of both debt and equity used to finance the construction.

Construction Work In Progress (CWIP)

This amount represents utility plant in the process of construction but not yet placed in service. The amount is shown on the consolidated balance sheet as a component of *property, plant and equipment.*

Deferred Energy Costs

In conjunction with the Energy Cost Rate Adjustment Clause, Duquesne Light Company records deferred energy costs to offset differences between actual energy costs and the level of energy costs currently recovered from customers.

Energy Cost Rate Adjustment Clause (ECR)

Duquesne Light Company recovers through the ECR, to the extent that such amounts are not included in base rates, the cost of nuclear fuel, fossil fuel and purchased power costs and passes to its customers the profits from short-term power sales to other utilities.

Federal Energy Regulatory Commission (FERC)

FERC is an independent five-member commission within the U.S. Department of Energy. Among its many responsibilities, FERC sets rates and charges for the wholesale transportation and sale of natural gas and electricity, and the licensing of hydroelectric power projects.

Kilowatt (KW)

A kilowatt is a unit of power or capacity. A kilowatt hour (KWH) is a unit of energy or kilowatts times the length of time the kilowatts are used. For example, a 100-watt bulb has a demand of .1 KW and, if burned continuously, will consume 1 KWH in ten hours. One thousand KWs is a megawatt (MEGAWATT). One thousand KWHs is a megawatt hour (MWH).

Nuclear Decommissioning Costs

Decommissioning costs are expenses to be incurred in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of a nuclear power plant that has permanently ceased the production of electric energy.

Peak Load

Peak load is the amount of electricity required during periods of highest demand. Peak periods fluctuate by season and generally occur in the morning hours in winter and in late afternoon during the summer.

Pennsylvania Public Utility Commission (PUC)

The Pennsylvania governmental body that regulates all utilities (electric, gas, telephone, water, etc.) is made up of five members (one a chairman) appointed by the governor.

Regulatory Asset

Costs that Duquesne Light Company would otherwise have charged to expense are capitalized or deferred because these costs are currently being recovered or because it is probable that the PUC will allow recovery of these costs through rates.

DUQUESNE LIGHT COMPANY
STATEMENT OF CONSOLIDATED INCOME

	(Thousands of Dollars) Year Ended December 31,		
	1993	1992	1991
Operating Revenues:			
Customers:			
Current	$1,175,578	$1,181,242	$1,181,514
Deferred (Note J)	(100,315)	(98,201)	(78,344)
Other	85,713	104,348	96,480
Total Operating Revenues	1,160,976	1,187,389	1,199,650
Operating Expenses:			
Fuel	206,896	255,866	237,855
Purchased power	14,032	9,474	12,900
Other operating	297,510	279,228	289,178
Maintenance	80,292	79,146	83,773
Depreciation and amortization	140,500	127,924	119,264
Taxes other than income taxes	72,160	85,368	95,067
Income taxes (Note F)	103,700	96,253	95,941
Total Operating Expenses	915,090	933,259	933,978
Operating Income	245,886	254,130	265,672
Other Income and (Deductions):			
Allowance for equity funds used during construction	869	2,598	1,855
Long-term power sale write-off (Note J)	(15,225)	–	–
Carrying charges on deferred revenues	1,801	15,145	21,514
Income taxes (Note F)	19,033	(11,746)	(5,132)
Other – net	3,693	13,205	(9,379)
Total Other Income and (Deductions)	10,171	19,202	8,858
Income Before Interest Charges	256,057	273,332	274,530
Interest Charges:			
Interest on long-term debt	108,479	123,402	131,499
Other interest	3,517	2,458	2,316
Allowance for borrowed funds used during construction	(726)	(2,296)	(2,418)
Total Interest Charges	111,270	123,564	131,397
Income Before Cumulative Effect on Prior Years of Changes in Accounting Principles	144,787	149,768	143,133
Adoption of SFAS 109 - Income Taxes (Notes A and F)	8,000	–	–
Accounting for maintenance costs - net (Note A)	(5,425)	–	–
Net Income	147,362	149,768	143,133
Dividends on Preferred and Preference Stock	9,188	9,411	10,801
Earnings for Common Stock	$138,174	$140,357	$132,332

See Notes to Consolidated Financial Statements.

DUQUESNE LIGHT COMPANY
CONSOLIDATED BALANCE SHEET

ASSETS	(Thousands of Dollars) Year Ended December 31, 1993	1992
Property, Plant and Equipment:		
Electric plant in service (Note A)	$4,100,058	$3,860,040
Construction work in progress	59,777	67,435
Property held under capital leases (Note E)	177,800	212,172
Property held for future use (Note J)	216,863	216,893
Total	4,554,498	4,356,540
Less accumulated depreciation and amortization	(1,435,732)	(1,340,846)
Property, Plant and Equipment – Net	3,118,766	3,015,694
Other Property and Investments (at cost):		
Investment in DQE Common Stock	29,998	30,000
Other property and investments	31,062	21,307
Current Assets:		
Cash and temporary cash investments (at cost which approximates market)	–	6,156
Receivables (Note D):		
Electric customer accounts receivable	107,342	109,692
Tax receivables	18,857	2,403
Other receivables	35,842	23,700
Less: Allowance for uncollectible accounts	(13,282)	(7,707)
Receivables less allowance for uncollectible accounts	148,759	128,088
Less: Receivables sold	(9,000)	(76,000)
Total Receivables	139,759	52,088
Materials and supplies (generally at average cost):		
Coal	26,793	39,297
Operating and construction	64,885	66,016
Other current assets	8,130	11,766
Total Current Assets	239,567	175,323
Other Assets:		
Extraordinary property loss (Note B)	35,781	46,447
Unamortized loss on reacquired debt (Note C)	95,266	70,324
Beaver Valley Unit 2 sale/leaseback premium (Note E)	34,903	36,371
Deferred rate synchronization costs (Note J)	51,149	51,149
Phase-in plan deferrals (Note E)	28,621	127,996
Uncollected deferred income taxes (Note A)	569,555	–
Deferred debits	162,798	152,844
Total Other Assets	978,073	485,131
Total Assets	$4,397,466	$3,727,455

See Notes to Consolidated Financial Statements.

DUQUESNE LIGHT COMPANY
CONSOLIDATED BALANCE SHEET
CAPITALIZATION AND LIABILITIES

	(Thousands of Dollars) As of December 31, 1993	1992
Capitalization (Note C):		
Common stock (authorized – 90,000,000 shares, issued – 10 shares)	$ —	$ —
Capital surplus	805,755	806,867
Retained earnings	294,916	300,742
Total common stockholder's equity	1,100,671	1,107,609
Non-redeemable preferred and preference stock	121,906	121,906
Redeemable preferred and preference stock	8,392	8,579
Non-redeemable preference stock, Plan Series A	29,956	29,995
Total preferred and preference stock before deferred ESOP benefit (involuntary liquidation values of $160,117 and $160,342 exceed par by $81,585 and $81,808, respectively)	160,254	160,480
Deferred employee stock ownership plan (ESOP) benefit	(27,126)	(28,471)
Total preferred and preference stock (Note C)	133,128	132,009
Senior secured debt (excluding Pollution Control Notes)	999,400	1,018,098
Other long-term debt	422,524	398,915
Unamortized debt discount and premium – net	(5,219)	(4,012)
Total long-term debt (Note C)	1,416,705	1,413,001
Total Capitalization	2,650,504	2,652,619
Obligations Under Capital Leases (Note E)	55,733	71,876
Current Liabilities:		
Notes payable	10,991	—
Current maturities and sinking fund requirements (Notes C and E)	45,741	46,054
Accounts payable	112,401	118,423
Accrued taxes	49,345	48,191
Accrued interest	14,185	28,258
Dividends declared	36,436	35,109
Deferred energy costs (Note A)	10,108	18,893
Total Current Liabilities	279,207	294,928
Other Noncurrent Liabilities:		
Investment tax credits unamortized	129,574	135,580
Accumulated deferred income taxes (Note A)	1,145,782	470,716
Deferred credits (Note A)	136,666	101,736
Total Other Noncurrent Liabilities	1,412,022	708,032
Commitments and Contingencies (Notes B through L)		
Total Capitalization and Liabilities	$4,397,466	$3,727,455

See Notes to Consolidated Financial Statements.

DUQUESNE LIGHT COMPANY
STATEMENT OF CONSOLIDATED CASH FLOWS

	(Thousands of Dollars) Year Ended December 31,		
	1993	1992	1991
Cash Flows From Operating Activities:			
Net income	$147,362	$149,768	$143,133
Principal non-cash charges (credits) to net income:			
Depreciation and amortization	140,500	127,924	119,264
Capital lease and other amortization	32,428	49,001	56,437
Deferred income taxes and investment tax credits – net	(34,795)	(10,896)	(18,974)
Allowance for equity funds used during construction	(869)	(2,598)	(1,855)
Phase-in plan revenues and related carrying charges	99,375	83,056	56,830
Changes in working capital other than cash (Note H)	(96,799)	55,193	(41,651)
Other – net	19,505	7,166	36,691
Net Cash Provided from Operating Activities	306,707	458,614	349,875
Cash Flows Used By Investing Activities:			
Construction expenditures	(100,628)	(112,409)	(125,358)
Purchase of DQE common stock	—	(18,476)	(11,524)
Allowance for borrowed funds used during construction	(726)	(2,296)	(2,418)
Other – net	(12,317)	(7,877)	(6,905)
Net Cash Used by Investing Activities	(113,671)	(141,058)	(146,205)
Cash Flows Used In Financing Activities:			
Sale of bonds	740,500	312,925	50,000
Increase in notes payable	10,990	—	—
Dividends on capital stock	(154,204)	(151,404)	(143,801)
Reductions of long-term obligations:			
Preferred and preference stock	(187)	(24,158)	(38,505)
Long-term debt	(735,048)	(394,951)	(58,782)
Other obligations	(27,751)	(43,686)	(42,997)
Premium on reacquired debt	(31,702)	(18,127)	(2,947)
Contribution from parent company	—	45,000	30,000
Beaver Valley Unit 2 sale/leaseback premium	—	(36,371)	—
Other – net	(1,790)	(3,797)	963
Net Cash Used In Financing Activities	(199,192)	(314,569)	(206,069)
Net increase (decrease) in cash and temporary cash investments	(6,156)	2,987	(2,399)
Cash and temporary cash investments at beginning of year	6,156	3,169	5,568
Cash and temporary cash investments at end of year	$ —	$ 6,156	$ 3,169

SUPPLEMENTAL CASH FLOW INFORMATION

	1993	1992	1991
Cash paid during the year for:			
Interest (net of amount capitalized)	$124,692	$126,014	$136,147
Income taxes	$133,303	$112,859	$ 86,201
Non-cash investing and financing activities:			
Capital lease obligations recorded	$ 11,811	$ 17,089	$ 22,028
ESOP preference stock issued	$ —	$ —	$ 30,000

See Notes to Consolidated Financial Statements.

DUQUESNE LIGHT COMPANY
STATEMENT OF CONSOLIDATED RETAINED EARNINGS

	(Thousands of Dollars) Year Ended December 31,		
	1993	1992	1991
Balance, January 1	**$300,742**	$301,385	$302,053
Net Income for the Year	**147,362**	149,768	143,133
Total	**448,104**	451,153	445,186
Cash dividends declared:			
Preferred stock	**4,740**	4,906	5,456
Preference stock (net of tax benefit of ESOP dividend)	**4,448**	4,505	5,345
Common stock	**144,000**	141,000	133,000
Total Cash Dividends Declared	**153,188**	150,411	143,801
Balance, December 31	**$294,916**	$300,742	$301,385

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Summary of Accounting Policies

Consolidation and Reclassifications

The consolidated financial statements include the accounts of Duquesne Light Company (Duquesne) and its wholly owned subsidiary. All material intercompany balances and transactions have been eliminated in the preparation of the consolidated financial statements.

Basis of Accounting

The consolidated financial statements reflect the rate-making practices of Duquesne and contain regulatory assets and liabilities as deferred charges and credits in accordance with *Statement of Financial Accounting Standards Number 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71).* Duquesne's accounting practices conform to the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the requirements of the Pennsylvania Public Utility Commission (PUC). The Company is also subject to the accounting and reporting requirements of the Securities and Exchange Commission (SEC).

Property, Plant and Equipment

The asset values of properties are stated at original construction cost, which includes related payroll taxes, pensions, and other fringe benefits, as well as administrative and general costs. Also included in original construction cost is an allowance for funds used during construction (AFC), which represents the estimated cost of debt and equity funds used to finance construction. The amount of AFC that is capitalized will vary according to changes in the cost of capital and in the level of construction work in progress (CWIP). On a current basis, Duquesne does not realize cash from the allowance for funds used during construction. Duquesne does realize cash, during the service life of the plant, through increased revenues reflecting a higher rate base (upon which a return is earned) and increased depreciation. The AFC rates applied to CWIP were 9.6 percent in 1993, 10.3 percent in 1992, and 9.6 percent in 1991.

Additions to, and replacements of, property units are charged to plant accounts. Maintenance, repairs and replacement of minor items of property are recorded as expenses when they are incurred. The costs of properties that are retired (plus removal costs and less any salvage value) are charged to the accumulated provision for depreciation.

Substantially all of Duquesne's properties are subject to a first mortgage lien, and substantially all of Duquesne's electric properties are subject to junior liens.

Depreciation

Depreciation of *property plant and equipment*, including plant-related intangibles, is recorded on a straight-line basis over the estimated useful lives of properties. Amortization of other intangibles is recorded on a straight-line basis over a five-year period. Depreciation and amortization of other properties are calculated on various bases.

Nuclear Decommissioning

The PUC ruled that recovery of the decommissioning costs for Beaver Valley Unit 1 could begin in 1977 and that recovery for Beaver Valley Unit 2 and Perry Unit 1 could begin in 1988. Duquesne expects to decommission each nuclear plant at the end of its life, a date that currently coincides with the expiration of each plant's operating license. (See Note L.) The total estimated decommissioning costs, including removal and decontamination costs, being recovered in rates are $70 million for Beaver Valley Unit 1, $20 million for Beaver Valley Unit 2, and $38 million for Perry Unit 1. These amounts were based upon the most recent studies available at the time of Duquesne's last rate case.

Since the time of Duquesne's last rate case, site specific studies have been performed to update the estimated decommissioning costs, in current dollars, for each of its nuclear generating units. In 1992, Duquesne's share of the estimated decommissioning costs for Beaver Valley Unit 2 was revised to $35 million. Duquesne's share of decommissioning costs, which is based on preliminary site specific studies to be finalized early in 1994, is estimated to increase to $134 million for Beaver Valley Unit 1 and to $71 million for Perry.

During 1994, it is Duquesne's intention to increase the annual contribution to its decommissioning trusts by $2 million to bring the total annual funding to approximately $4 million per year. Duquesne plans to continue making periodic reevaluations of estimated decommissioning costs, to provide additional funding from time to time, and to seek regulatory approval for recognition of these increased funding levels.

Duquesne records decommissioning costs under the category of depreciation expense and accrues a liability, equal to that amount, for nuclear decommissioning expense. Such nuclear decommissioning funds are deposited in external, segregated trust accounts. Trust fund earnings increase the fund balance and the recorded liability. The aggregate trust fund balances at the end of 1993 totaled $18.1 million. On Duquesne's consolidated balance sheet, the decommissioning trusts have been reflected in *other property and investments*, and the related liability has been recorded as *other deferred credits.*

Maintenance

Maintenance expense incurred for scheduled refueling outages at Duquesne's nuclear units is deferred and amortized over the period between scheduled outages. Duquesne changed, as of January 1, 1993, its method of accounting for maintenance costs during scheduled major fossil station outages. Prior to that time, maintenance costs incurred for scheduled major outages at fossil stations were charged to expense as these costs were incurred. Under the new accounting policy, Duquesne accrues, over the periods between outages, anticipated expenses for scheduled major fossil station outages. (Maintenance costs incurred for non-major scheduled outages and for forced outages will continue to be charged to expense as such costs are incurred.) This new method was adopted to match more accurately the maintenance costs and the revenue produced during the periods between scheduled major fossil station outages.

The cumulative effect (approximately $5.4 million, net of income taxes of approximately $3.9 million) of the change on prior years was included in income in 1993. The effect of the change in 1993 was to reduce income, before the cumulative effect of changes in accounting principle, by approximately $2.4 million or $.05 per share and to reduce net income, after the cumulative effect of changes in accounting principle, by approximately $7.8 million or $.15 per share.

Revenues

Meters are read monthly and customers are billed on the same basis. Revenues are recorded in the accounting periods for which they are billed. Deferred revenues are associated with Duquesne's 1987 rate case. (See Note J.)

Income Taxes

On January 1, 1993, Duquesne adopted *Statement of Financial Accounting Standards Number 109 (SFAS No. 109).* Implementation of *SFAS No. 109* involved a change in accounting principle. The cumulative $8 million effect on prior years was reported in 1993 as an increase in net income.

SFAS No. 109 requires that the liability method be used in computing deferred taxes on all differences between book and tax bases of assets. These book tax differences occur when events and transactions recognized for financial reporting purposes are not recognized in the same period for tax purposes. As a utility, Duquesne recognizes *uncollected deferred income taxes* for these deferred tax liabilities that are expected to be recovered from customers through rates. The adoption of *SFAS No. 109* on January 1, 1993 resulted in a $700 million increase in deferred tax liabilities and the recognition of $550 million in net regulatory assets. Prior to the adoption of *SFAS No. 109*, Duquesne recorded certain costs in *electric plant in service* net of taxes. Because *SFAS No. 109* eliminates this "net of tax" accounting, the adoption of *SFAS No. 109* also resulted in an increase in plant assets of $150 million.

When applied to reduce Duquesne's income tax liability, investment tax credits related to utility property generally were deferred. Such credits are subsequently reflected, over the lives of the related assets, as reductions to tax expense.

Energy Cost Rate Adjustment Clause (ECR)

Through the ECR, Duquesne recovers (to the extent that such amounts are not included in base rates) nuclear fuel, fossil fuel and purchased power expenses and, also through the ECR, passes to its customers the profits from short-term power sales to other utilities. Nuclear fuel expense is recorded on the basis of the quantity of electric energy generated and includes such costs as the fee, imposed by the United States Department of Energy (DOE), for future disposal and ultimate storage and disposition of spent nuclear fuel. Fossil fuel expense includes the costs of coal and fuel oil used in the generation of electricity.

Duquesne defers fuel and other energy expenses for recovery through the ECR in subsequent years. The deferrals reflect the difference between the amount that Duquesne is currently collecting from customers and its actual fuel costs. The Pennsylvania Public Utility Commission (PUC) annually reviews Duquesne's fuel costs for the fiscal year April through March, compares them to previously projected fuel costs and adjusts the ECR for over- or under-recoveries and for two PUC-established coal cost standards. (See Note J.)

Over- or under-recoveries from customers are recorded in the Consolidated Balance Sheet of Duquesne as payable to, or receivable from, customers. At December 31, 1993 and 1992, $10.1 million and $18.9 million were payable to customers and shown as *deferred energy costs.*

Cash Flows

For the purpose of the statement of cash flows, Duquesne considers all highly liquid investments maturing in three or fewer months to be cash equivalents.

Reclassifications

The 1992 and 1991 financial statements have been reclassified to conform with accounting presentations adopted during 1993.

B. Extraordinary Property Loss

In 1984, Duquesne, Ohio Edison Company, The Cleveland Electric Illuminating Company, Pennsylvania Power Company and The Toledo Edison Company agreed to minimize construction work and cash expenditures on Perry Unit 2 until several alternatives, including resumption of construction or cancellation of the unit, were evaluated. Duquesne abandoned its interest in the unit in 1986 and subsequently disposed of its interest in 1992.

In 1987, the PUC approved recovery, over a 10-year period, of Duquesne's original $155 million investment in Perry Unit 2. Duquesne is not earning a return on the as yet unrecovered portion (approximately $39.4 million at December 31, 1993) of its investment in the unit.

C. Capitalization

Common Stock and Capital Surplus

In July 1989, Duquesne became a wholly owned subsidiary of DQE, the holding company formed as part of a shareholder-approved restructuring. As a result of the restructuring, DQE common stock replaced all outstanding shares of Duquesne common stock, except for ten shares which DQE holds.

DQE or its predecessor, Duquesne, has continuously paid dividends on *common stock* since 1953. Dividends may be paid on DQE common stock to the extent permitted by law and as declared by its board of directors. However, in Duquesne's *Restated Articles* of incorporation, provisions relating to *preferred and preference stock* may restrict the payment of Duquesne's common dividends. No dividends or distributions may be made on Duquesne's *common stock* if Duquesne has not paid dividends or sinking fund obligations on its preferred or preference stock. Further, the aggregate amount of Duquesne's common stock dividend payments or distributions may not exceed certain percentages of *net income* if the ratio of *common stockholders' equity* to total *capitalization* is less than specified percentages. As all of Duquesne's *common stock* is owned by DQE, to the extent that Duquesne cannot pay common dividends, DQE may not be able to pay dividends to its common stockholders. No part of the *retained earnings* of Duquesne was restricted at December 31, 1993.

Capital Surplus	(Amounts in Thousands of Shares)		
Year Ended December 31,	1993	1992	1991
Capital Surplus	$ —	$ —	$ —
Premium on common stock	807,593	808,707	764,687
Capital stock expense	(1,838)	(1,840)	(1,968)
Total Capital Surplus	$805,755	$806,867	$762,719

Preferred and Preference Stock

Holders of Duquesne's preferred stock are entitled to cumulative quarterly dividends. If four quarterly dividends on any series of preferred stock are in arrears, holders of the preferred stock are entitled to elect a majority of Duquesne's board of directors until all dividends have been paid. At December 31, 1993, Duquesne had made all preferred stock dividend payments.

Holders of Duquesne's preference stock are entitled to receive cumulative quarterly dividends if dividends on all series of preferred stock are paid. If six quarterly dividends on any series of preference stock are in arrears, holders of the preference stock are entitled to elect two of Duquesne's directors until all dividends have been paid. At December 31, 1993 Duquesne had made all dividend payments.

Outstanding *preferred and preference stock* is generally callable, on notice of not less than 30 days, at stated prices (See table on page 55.) plus accrued dividends. On January 14, 1994, Duquesne called for redemption of all of its outstanding shares of $2.10 and $7.50 preference stock. None of the remaining preferred or preference stock issues has mandatory purchase requirements.

In December 1991, Duquesne established an Employee Stock Ownership Plan (ESOP) to provide matching contributions for a 401(k) Retirement Savings Plan for Management Employees. (See Note I.) Duquesne issued and sold 845,070 shares of *redeemable preference stock, plan series A* to the trustee of the ESOP. As consideration for the stock, Duquesne received a note valued at $30 million from the trustee. The preference stock has an annual dividend rate of $2.80 per share, and each share of the preference stock is exchangeable for one share of DQE *common stock*. At December 31, 1993, $27.1 million of preference stock issued in connection with the establishment of the ESOP had been offset, for financial statement purposes, by the recognition of a deferred ESOP benefit. Dividends on the preference stock and cash contributions from Duquesne will be used to repay the ESOP note. During 1993, Duquesne made cash contributions of approximately $2.1 million, the difference between the ESOP debt service and the amount of dividends on ESOP shares (approximately $2.3 million). As shares of preference stock are allocated to the accounts of participants in the ESOP, Duquesne recognizes compensation expense, and the amount of the deferred compensation benefit is amortized. In 1993, Duquesne recognized $1.7 million of compensation expense related to the 401(k) plan.

Preferred and Preference Stock of Duquesne Light Company at December 31

	Call Price Per Share	1993 Shares	1993 Amount	1992 Shares	1992 Amount	1991 Shares	1991 Amount
		(Shares and Amounts in Thousands)					
Preferred Stock Series: (a)							
3.75% (b) (c)	$ 51.00	148	$ 7,407	148	$ 7,407	148	$ 7,407
4.00% (b) (c)	51.50	550	27,486	550	27,486	550	27,486
4.10% (b) (c)	51.75	120	6,012	120	6,012	120	6,012
4.15% (b) (c)	51.73	132	6,643	132	6,643	132	6,643
4.20% (b) (c)	51.71	100	5,021	100	5,021	100	5,021
$2.10 (b) (c)	51.84	159	8,039	159	8,039	159	8,039
$7.20 (c) (d)	101.00	319	31,915	319	31,915	319	31,915
$8.375 (d) (e)	—	—	—	—	—	80	7,945
Total Preferred Stock		1,528	92,523	1,528	92,523	1,608	100,468
Preference Stock Series: (f)							
$2.100 (c) (g) (h)	25.00	1,175	29,383	1,175	29,383	1,175	29,383
$7.500 (d) (e) (h)	101.00	84	8,392	86	8,579	87	8,692
$9.125 (d) (e)	—	—	—	—	—	161	16,100
Plan Series A (c) (i)	37.74	844	29,956	845	29,995	845	30,000
Total Preference Stock		2,103	67,731	2,106	67,957	2,268	84,175
Purchase and sinking fund requirements			—		—		(17,300)
Deferred ESOP benefit			(27,126)		(28,471)		(30,000)
Total Preferred and Preference Stock		3,631	$133,128	3,634	$132,009	3,876	$137,343

(a) Preferred stock: 4,000,000 authorized shares; $50 par value; cumulative
(b) $50 per share involuntary liquidation value
(c) Non-redeemable
(d) $100 per share involuntary liquidation value
(e) Redeemable
(f) Preference stock: 8,000,000 authorized shares; $1 par value: cumulative
(g) $25 per share involuntary liquidation value
(h) Redeemed January 14, 1994
(i) $35.50 per share involuntary liquidation value

Long-Term Debt

At December 31, 1993, Duquesne had $1.433 billion of outstanding debt securities; these consisted of $960 million of first collateral trust bonds, $49 million of first mortgage bonds, $418 million of pollution control notes and $6 million of debentures.

During 1992, Duquesne began issuing secured debt under a new first collateral trust indenture. This indenture will ultimately replace Duquesne's 1947 first mortgage bond indenture.

First collateral trust bonds totaling $695 million and $265 million, and having weighted average interest rates of 6.58 percent and 8.04 percent, were issued in 1993 and 1992.

Since 1985, Duquesne has reacquired $1.561 billion of first mortgage bonds. The difference between the purchase prices and the net carrying amounts of these bonds has been included in the consolidated balance sheet as ***unamortized loss on reacquired debt***. At December 31, 1993, the balance of ***unamortized loss on reacquired debt*** was $95.3 million.

Long-Term Debt at December 31

Senior Secured Debt at December 31,		*Principal Outstanding (Amounts In Thousands of Dollars)*	
Interest Rate (a)	Maturity	1993	1992
First Collateral Trust Bonds:			
4.75%	5-15-96	$ 50,000	$ —
6.08%	11-15-97	50,000	50,000
6.15%	2-12-98	35,000	—
5.85%	6-01-98	35,000	—
6.55%	11-15-98	5,000	5,000
5.90%	7-01-99	75,000	—
6.45%	3-01-00	45,000	—
6.10%	5-10-00	55,000	—
6.65%	4-01-03	45,000	—
6.70%	5-15-03	55,000	—
6.625%	6-15-04	100,000	—
8.75%	5-15-22	100,000	100,000
8.20%	11-15-22	10,000	10,000
7.625%	4-15-23	100,000	—
8.375%	5-15-24	100,000	100,000
7.55%	6-15-25	100,000	—
Less current maturities and sinking fund requirements (b)		(9,600)	—
Total First Collateral Trust Bonds		950,400	265,000
First Mortgage Bonds:			
8.25%	6-1-95	49,500	50,000
5.125%	2-1-96	—	22,800
5.25%	2-1-97	—	24,600
6.375%	2-1-98	—	34,700
7.00%	1-1-99	—	30,000
7.75%	7-1-99	—	28,647
8.75%	3-1-00	—	29,700
7.875%	3-1-01	—	34,650
7.50%	12-1-01	—	26,461
7.50%	6-1-02	—	28,470
7.25%	1-1-03	—	32,670
7.75%	7-1-03	—	35,000
8.625%	4-1-04	—	43,650
9.50%	3-1-05	—	49,000
8.375%	4-1-07	—	96,400
9.50%	12-1-16	—	98,000
9.00%	2-1-17	—	99,000
Less current maturities and sinking fund requirements		(500)	(10,650)
Total First Mortgage Bonds		49,000	753,098
Total Senior Secured Debt		999,400	1,018,098

Other Long-Term Debt at December 31

Interest Rate (a)	Maturity	Series	Principal Outstanding (Amounts In Thousands of Dollars) 1993	1992
Pollution Control Notes:				
(c) (d)	9-1-11	1992 Allegheny County Series A	**47,925**	47,925
(c)	12-1-13	1990 Allegheny County Series A	**50,000**	50,000
5.739%	6-1-03	1973 Beaver County Series A	**9,500**	9,800
(c)	8-1-09	1990 Beaver County Series B	**18,000**	18,000
6.90%	9-1-11	1976 Beaver County Series C	**15,000**	15,000
11.625%	12-1-14	1984 Beaver County Series B	**51,000**	51,000
(c)	8-1-20	1990 Beaver County Series A	**13,700**	13,700
(c)	8-1-25	1990 Beaver County Series C	**44,250**	44,250
(c) (d)	9-1-30	1993 Beaver County Series A	**25,000**	—
10.50%	10-1-13	1983 Ohio Development Authority	**—**	20,500
11.125% (d)	2-1-15	1985 Ohio Development Authority	**38,610**	38,610
(c)	9-1-18	1988 Ohio Development Authority	**71,000**	71,000
6.65% (e)	10-1-23	1989 Ohio Development Authority	**13,500**	13,500
(c) (d)	10-1-27	1993 Ohio Development Authority	**20,500**	—
Less current maturities and sinking fund requirements			**(1,719)**	(690)
Total Pollution Control Notes			**416,266**	392,595
5% sinking fund debentures due March 1, 2010 (f)			**6,042**	6,042
Miscellaneous			**216**	278
Less unamortized debt discount and premium–net			**(5,219)**	(4,012)
Total Long-Term Debt			**$1,416,705**	$1,413,001

(a) These interest rates are the average coupon rate for multiple issuances with the same maturity dates.
(b) Sinking fund requirement relates to the first mortgage bonds held by the trustee as collateral for the publicly-held collateral trust bonds. The outstanding collateral trust bonds do not have a sinking fund requirement.
(c) Certain of the pollution control notes have adjustable interest rate periods currently ranging from 1 to 360 days. On 30 days' to 90 days' notice prior to any interest reset date, Duquesne can change the subsequent interest rate period on the notes to a different interest rate period ranging from 1 day to the final maturity of the bonds.
(d) Issued in the form of first mortgage bonds or first collateral trust bonds
(e) Fixed rate through first five years, thereafter becoming variable rates as in footnote c
(f) As of January 1994, the sinking fund requirement for 1995 had been met and the requirement for 1996 had been partially satisfied.

At December 31, 1993 and 1992, Duquesne was in compliance with all of its debt covenants.

At December 31, 1993, sinking fund requirements and maturities of long-term debt outstanding for the next five years were: $11.8 million and $.1 million in 1994; $11.4 million and $49.6 million in 1995; $11.2 million and $50.1 million in 1996; $10.8 million and $50.0 million in 1997; and $10.1 million and $75.0 million in 1998.

Sinking fund requirements relate primarily to the first mortgage bonds and may be satisfied by cash or the certification of property additions equal to 166-2/3 percent of the bonds required to be redeemed. During 1993, annual sinking fund requirements of $.5 million were satisfied by cash and $4.8 million by certification of property additions.

Total interest costs incurred were $118.1 million in 1993, $133.9 million in 1992 and $147.2 million in 1991. Of these amounts, which included AFC, $2.0 million in 1993, $4.7 million in 1992 and $9.3 million in 1991 were capitalized. Debt discount or premium and related issuance expenses are amortized over the lives of the applicable issues.

In 1992, Duquesne was involved in the issuance of $419.0 million of collateralized lease bonds, which were originally issued by an unaffiliated corporation for the purpose of partially financing the lease of Beaver Valley Unit 2. Duquesne is also associated with a letter of credit securing the lessors' $188 million equity interest in the unit and certain tax benefits. If certain specified events occur, the letter of credit could be drawn down by the owners, the leases could terminate and the bonds would become direct obligations of Duquesne.

The pollution control notes arise from the sale of bonds by public authorities for the purposes of financing construction of pollution control facilities at Duquesne's plants or refunding previously issued bonds.

Duquesne is obligated to pay the principal and interest on the bonds. For certain of the pollution control notes, there is an annual commitment fee for an irrevocable letter of credit. Under certain circumstances, the letter of credit is available for the payment of interest on, or redemption of, a portion of the notes. In June 1993, $25 million of pollution control notes were issued; the proceeds were used to reimburse Duquesne for pollution control expenditures related to the Beaver Valley plant. In August 1993, pollution control notes totaling $20.5 million were refinanced at lower interest rates.

At December 31, 1993, the fair value of Duquesne's long-term debt and redeemable preference stock approximated the carrying value. The fair value of Duquesne's long-term debt and redeemable preference stock was estimated on the basis of (a) quoted market prices for the same or similar issues or (b) current rates offered to Duquesne for debt of the same remaining maturities.

At December 31, 1993, the fair market value of Duquesne's investment in DQE common stock was $34.0 million.

D. Receivables

An arrangement between Duquesne and an unaffiliated corporation entitles Duquesne to sell, and the corporation to purchase, up to $100 million of Duquesne's accounts receivable. At December 31, 1993 and 1992, Duquesne had sold $7.1 million and $66.3 million of *electric customer accounts receivable* and $1.9 million and $9.7 million of receivables under contracts from co-owners of jointly owned generating facilities, respectively, to the unaffiliated corporation. The sales agreement includes a limited recourse obligation under which Duquesne could be required to repurchase certain of the receivables. The maximum amount of Duquesne's contingent liability was $2.8 million at December 31, 1993.

E. Leases

Duquesne leases nuclear fuel, a portion of a nuclear generating plant, office buildings, computer equipment and other property and equipment.

(Amounts in Thousands of Dollars)

Capital Leases at December 31	1993	1992
Nuclear fuel	**$136,755**	$169,837
Electric plant	**41,045**	42,335
Total	**177,800**	212,172
Less accumulated amortization	**(84,717)**	(101,860)
Property Held Under Capital Leases – Net (a)	**$ 93,083**	$110,312

(a) Includes $3,492 in 1993 and $3,782 in 1992 of capital leases with associated obligations retired

In 1987, Duquesne sold its 13.74 percent interest in Beaver Valley Unit 2; the sale was exclusive of transmission and common facilities. The total sales price of $537.9 million was the appraised value of Duquesne's interest in the property. Duquesne subsequently leased back its interest in the unit for a term of 29.5 years. The lease provides for semiannual payments and is accounted for as an operating lease. Duquesne is responsible under the terms of the lease for all costs of its interest in the unit. In December 1992, Duquesne participated in the refinancing of collateralized lease bonds originally issued in 1987 for the purpose of partially financing the lease of Beaver Valley Unit 2. In accordance with the Beaver Valley Unit 2 lease agreement, Duquesne paid the premiums of approximately $36.4 million as a supplemental rent payment to the lessors. This amount was deferred and is being amortized over the remaining lease term.Leased nuclear fuel is amortized as the fuel is burned. The amortization of all other leased property is based on rental payments made. Payments for capital and operating leases are charged to operating expenses on the statement of consolidated income.

Summary of Rental Payments	1993	1992	1991
	(Amounts in Thousands of Dollars)		
Operating leases	**$57,398**	$ 64,986	$ 65,414
Amortization of capital leases	**28,758**	43,119	39,323
Interest on capital leases	**5,382**	7,880	10,057
Total Rental Payments	**$91,538**	$115,985	$114,794

Future minimum lease payments for capital leases are related principally to the estimated use of nuclear fuel financed through leasing arrangements and building leases. Minimum payments for operating leases are related principally to Beaver Valley Unit 2 and the corporate headquarters.

Future Minimum Lease Payments	*(Amounts in Thousands of Dollars)*	
Year Ended December 31,	Operating Leases	Capital Leases
1994	$ 53,467	$ 39,500
1995	51,970	24,987
1996	51,949	13,811
1997	51,836	8,041
1998	51,711	4,749
1999 and thereafter	976,176	28,278
Total Minimum Lease Payments	$1,237,109	119,366
Less amount representing interest		(29,775)
Present value of minimum lease payments for capital leases		$ 89,591

Future payments due to Duquesne, as of December 31, 1993, under subleases of its corporate headquarters space are approximately $1.7 million in 1994, $3.4 million in 1995 and $24.9 million thereafter.

F. Income Taxes

Since DQE's formation in 1989, Duquesne has filed consolidated federal income tax returns with its parent and other companies in the affiliated group. Duquesne's federal income tax returns have been audited by the Internal Revenue Service and closed for the tax years through 1989.

Returns filed for the tax years 1990 to date remain subject to IRS review. Duquesne does not believe that final settlement of the federal tax returns for these years will have a materially adverse effect on its financial position or results of operations. The effects of the 1993 adoption of *SFAS No. 109* are discussed in Note A. Implementation of the standard involved a change in accounting principle. The cumulative effect of $8 million on prior years was reported in 1993 as an increase in net income. The *SFAS No. 109* impact to 1993 income before cumulative effect of changes in accounting principle is immaterial.

At December 31, 1993, the accumulated deferred income taxes of Duquesne totaled $1.146 billion. As discussed in Note A, this includes the deferred tax liability for the book and tax bases differences associated with (i) ***electric plant in service*** of $855 million; (ii) ***uncollected deferred income taxes*** of $199 million; and (iii) ***unamortized loss on reacquired debt*** of $40.9 million. Duquesne also nets against this liability balance the deferred tax assets associated with (i) ***investment tax credits unamortized*** of $45.3 million and (ii) the gain on the sale and leaseback of Beaver Valley Unit 2 of $67.1 million. Duquesne expects to realize these deferred tax assets.

Total Income Tax Expense		1993	1992	1991
Included in operating expenses:				
Currently payable:	Federal	**$100,521**	$ 80,850	$ 84,862
	State	**37,718**	27,797	31,980
Deferred – net:	Federal	**(20,133)**	(3,208)	(4,823)
	State	**(9,007)**	(3,750)	(10,750)
Investment tax credits deferred – net		**(5,399)**	(5,436)	(5,328)
Total Included in Operating Expenses		**103,700**	96,253	95,941
Included in other income and deductions:				
Currently payable:	Federal	**(17,557)**	7,265	2,131
	State	**(1,220)**	2,983	1,074
Deferred:	Federal	**251**	1,654	1,943
	State	**100**	377	443
Investment tax credits		**(607)**	(533)	(459)
Total Included in Other Income and Deductions		**(19,033)**	11,746	5,132
Total Income Tax Expense		**$84,667**	$107,999	$101,073

(Amounts in Thousands of Dollars)

Total *income taxes* differ from the amount computed by applying the statutory federal income tax rate to income before income taxes, preferred and preference dividends of subsidiary and before the cumulative effect of changes in accounting principle.

(Amounts in Thousands of Dollars)

Income Tax Expense Reconciliation	1993	1992	1991
Computed federal income tax at statutory rate	**$ 80,309**	$ 87,641	$ 83,030
Increase (decrease) in taxes resulting from:			
Tax audit settlement	**(15,000)**	—	—
Excess of book over tax depreciation	**7,162**	3,830	5,333
State income taxes, net of federal income tax benefit	**17,934**	18,089	15,013
Amortization of deferred investment tax credits	**(6,006)**	(5,969)	(5,787)
Other – net	**268**	4,408	3,484
Total Income Tax Expense	**$84,667**	$107,999	$101,073

(Amounts in Thousands of Dollars)

Sources of Deferred Tax Expense	1993	1992	1991
Sources of income taxes deferred and the related tax effects were:			
Excess of tax depreciation	**$16,651**	$ 16,611	$ 20,957
Deferred revenues recorded/(recovered) for book purposes	**(37,576)**	(30,702)	(21,240)
Allowance for uncollectible accounts	**(2,890)**	9,760	(5,930)
Fuel costs	**4,829**	(10,820)	1,047
Loss on early retirement of debt	**9,798**	20,999	(166)
Other-net	**(19,601)**	(10,775)	(7,855)
Total Deferred Income Tax Expense (Benefit)	**$(28,789)**	$ (4,927)	$(13,187)

G. Short-Term Borrowing and Related Credit Agreements

Duquesne has extendible revolving credit agreements with banks totaling $225 million. Expiration dates vary during 1994. Interest rates can, in accordance with the option selected at the time of each borrowing, be based on prime, federal funds, Eurodollar or CD rates. Commitment fees are based on the unborrowed amount of the commitments.

There were no short-term borrowings during 1992. During 1993 and 1991, the maximum short-term bank and commercial paper borrowings outstanding were $27 million and $66 million; the average daily short-term borrowings outstanding were $1.6 million and $11.0 million; and the weighted average daily interest rates applied to such borrowings were 3.42 percent and 6.36 percent, respectively. At December 31, 1993, short-term borrowings were $11.0 million. There were no short-term borrowings at December 31, 1992 or 1991.

H. Changes in Working Capital Other Than Cash

(Amounts in Thousands of Dollars)

Changes in Working Capital Other Than Cash	1993	1992	1991
Accounts receivable	**$(87,671)**	$64,571	$(55,001)
Materials and supplies	**13,635**	(4,151)	(3,122)
Other current assets	**3,636**	7,131	(8,050)
Accounts payable	**(6,022)**	(8,573)	(465)
Other current liabilities	**(20,377)**	(3,785)	24,987
Total	**$(96,799)**	$55,193	$(41,651)

I. Employee Benefits

Retirement Plans

Duquesne maintains retirement plans to provide pensions for all full-time employees. Upon retirement, an employee receives a monthly pension based on his or her length of service and compensation. The cost of funding the pension plan is determined by the unit credit actuarial cost method. Duquesne's policy is to record this cost as an expense and to fund the pension plans by an amount that is at least equal to the minimum funding requirements of the Employee Retirement Income Security Act (ERISA) but not to exceed the maximum tax deductible amount for the year. Pension costs charged to expense or construction were $9.8 million for 1993, $11.4 million for 1992 and $11.2 million for 1991.

(Amounts in Thousands of Dollars)

Funded Status of the Retirement Plans and Amounts Recognized on the Consolidated Balance Sheet of Duquesne	At December 31, 1993	1992	1991
Actuarial present value of benefits rendered to date:			
Vested benefits	**$321,249**	$287,360	$279,917
Non-vested benefits	**16,826**	16,252	14,294
Accumulated benefit obligations based on compensation to date	**338,075**	303,612	294,211
Additional benefits based on estimated future salary levels	**74,718**	77,017	64,919
Projected benefit obligation	**412,793**	380,629	359,130
Fair market value of plan assets	**434,384**	411,440	392,027
Projected benefit obligation under plan assets	**$ 21,591**	$ 30,811	$ 32,897
Unrecognized net gain	**$ 80,411**	$ 81,971	$ 86,695
Unrecognized prior service cost	**(21,449)**	(20,848)	(22,317)
Unrecognized net transition liability	**(19,289)**	(21,102)	(22,913)
Net pension liability per balance sheet	**(18,082)**	(9,210)	(8,568)
Total	**$ 21,591**	$ 30,811	$ 32,897
Assumed rate of return on plan assets	**8.00%**	8.00%	7.50%
Discount rate used to determine projected benefit obligation	**7.00%**	7.50%	7.50%
Assumed change in compensation levels	**5.25%**	5.75%	5.75%

Pension assets consist primarily of common stocks, United States obligations and corporate debt securities.

(Amounts in Thousands of Dollars)

Components of Net Pension Cost	1993	1992	1991
Service cost (Benefits earned during the year)	**$ 11,657**	$ 11,397	$ 9,911
Interest on projected benefit obligation	**27,423**	26,390	24,705
Return on plan assets	**(41,725)**	(26,736)	(80,716)
Net amortization and deferrals	**12,454**	325	57,319
Net Pension Cost	**$ 9,809**	$ 11,376	$ 11,219

Retirement Savings Plan and Other Benefit Options

Duquesne sponsors separate 401(k) retirement plans for its union-represented employees and its management employees. The 401(k) Retirement Savings Plan for Management Employees provides that Duquesne will match employee contributions to a 401(k) account up to a maximum of 6 percent of his or her eligible salary. Duquesne's match consists of a $.25 base match and an additional $.25 incentive match, if targets approved by it's board of directors are met. The 1993 incentive target was met. Duquesne is funding its matching contributions with contributions to an ESOP established in December 1991. (See Note C.)

Duquesne's shareholders have approved a long-term incentive plan through which Duquesne may grant management employees options to purchase, during the years 1987 through 2003, up to a total of five million shares of DQE *common stock* at prices equal to the fair market value of such stock on the dates the options were granted. At December 31, 1993, approximately 2.9 million of these shares were available for future grants.

As of December 31, 1993, 1992 and 1991, respectively, active grants totaled 1,174,000; 823,000; and 1,263,000 shares. Exercise prices of these options ranged from $12.3125 to $34.1875 at December 31, 1993 and from $12.3125 to $28.75 at December 31, 1992 and 1991. Expiration dates of these grants ranged from 1997 to 2003 at December 31, 1993; from 1997 to 2002 at December 31, 1992; and from 1997 to 2001 at December 31, 1991. As of December 31, 1993, 1992 and 1991, respectively, stock appreciation rights (SARs) had been granted in connection with 778,000; 612,000; and 822,000 of the options outstanding. During 1993, 103,000 SARs were exercised; 8,500 options were exercised at prices ranging from $12.3125 to $28.375; and 52,000 options lapsed. During 1992, 108,000 SARs were exercised; 50,000 options were exercised at prices ranging from $12.3125 to $26.375; and 59,000 options lapsed. During 1991, 229,000 SARs were exercised; 11,000 options were exercised at $12.3125; and 48,000 options lapsed. Of the active grants at December 31, 1993, 1992 and 1991, respectively, 549,000; 211,000; and 526,000 were not exercisable.

Other Postretirement Benefits

In addition to pension benefits, Duquesne provides certain health care benefits and life insurance for some retired employees. Substantially all of Duquesne's full-time employees may, upon attaining the age of 55 and meeting certain service requirements, become eligible for the same benefits available to retired employees. Participating retirees make contributions, which are adjusted annually, to the health care plan. The life insurance plan is non-contributory. Company-provided health care benefits terminate when covered individuals become eligible for Medicare benefits or reach age 65, whichever comes first. Duquesne funds actual expenditures for obligations under the plans on a "pay-as-you-go basis." Duquesne has the right to modify or terminate the plans.

As of January 1, 1993, Duquesne adopted *Statement of Financial Accounting Standards Number 106, Employers' Accounting for Postretirement Benefits Other Than Pensions,* which requires the actuarially determined costs of the aforementioned postretirement benefits to be accrued over the period from the date of hire until the date the employee becomes fully eligible for benefits. Duquesne has adopted the new standard prospectively and has elected to amortize the transition liability over 20 years.

In prior years, Duquesne recognized the cost of providing postretirement benefits by expensing the contributions as they were made. Costs recognized under this method in 1992 approximated $1.2 million. The new accrual method increased the cost recognized for providing postretirement benefits to approximately $6.0 million.

(Amounts in Thousands of Dollars)

Components of Postretirement Cost	1993
Service cost (Benefits earned during the period)	$1,779
Interest cost on accumulated benefit obligation	2,497
Amortization of the transition obligation over twenty years	1,700
Total Postretirement Cost	$5,976

The accumulated postretirement benefit obligation comprises the present value of the estimated future benefits payable to current retirees and a pro rata portion of estimated benefits payable to active employees after retirement.

Funded Status of Postretirement Plan and Amounts Recognized on the Consolidated Balance Sheet of Duquesne at December 31, 1993

	(Amounts in Thousands of Dollars)
Actuarial present value of benefits:	
Retirees	$ 4,830
Fully eligible active plan participants	3,482
Other active plan participants	24,170
Accumulated postretirement benefit obligation	32,482
Fair market value of plan assets	0
Accumulated benefit obligation in excess of plan assets	$(32,482)
Unrecognized net loss	$(122)
Unrecognized prior service cost	4,383
Unrecognized net transition liability	(32,296)
Postretirement liability per balance sheet	(4,447)
Total	$(32,482)

For measurement purposes, a 10.5 percent increase in the cost of covered health care benefits was assumed as of January 1, 1993. This rate is assumed to decrease to 5.5 percent by 1999 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. A 1 percent increase in the health care cost trend rate would increase the accumulated postretirement benefit obligation by $4.0 million at January 1, 1994 and the net annual cost by $0.6 million for the year. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7 percent.

J. Rate Matters

1987 Rate Case

In March 1988, the PUC adopted a rate order that increased Duquesne's annual revenues by $232 million to be phased in from April 1, 1988 through April 1, 1994. Deficiencies which resulted from the phase-in plan in current revenues from customers have been included in the consolidated income statement as deferred revenues. Deferred revenues have been recorded on the balance sheet as a deferred asset for future recovery. As customers were billed for deficiencies related to prior periods, this deferred asset was reduced. As designed, the phase-in plan provided for carrying charges (at the after-tax AFC rate) on revenues deferred for future recovery. Since April 1993, Duquesne has not recorded additional carrying charges on the deferred revenue balance. As of December 31, 1993, Duquesne had recovered previously deferred revenues and carrying charges of $285.9 million. Phase-in plan deferrals of $28.6 million remained unrecovered as of that date. Duquesne expects to recover this remaining unrecovered balance by the end of the phase-in period.

At this time, Duquesne has no pending base rate case and has no immediate plans to file a base rate case.

Deferred Rate Synchronization Costs

In 1987, the PUC approved Duquesne's petition to defer initial operating and other costs of Perry Unit 1 and Beaver Valley Unit 2. Duquesne deferred the costs incurred from November 17, 1987, when the units went into commercial operation, until March 25, 1988 when a rate order was issued. In its order, the PUC deferred ruling on whether these costs would be recoverable from ratepayers. At December 31, 1993, these costs totaled $51.1 million, net of deferred fuel savings related to the two units. Duquesne is not earning a return on the deferred costs. Duquesne believes that these deferred costs are recoverable. In 1990, another Pennsylvania utility was permitted recovery, with no return on the unamortized balance, of similar costs over a 10-year period.

Deferred Energy Costs

Duquesne defers fuel and other energy costs for recovery in subsequent years through the ECR. The deferrals reflect the difference between the amount that Duquesne is currently collecting from customers and its actual fuel costs. The PUC reviews Duquesne's fuel costs annually, for the fiscal year April through March, against the previously projected fuel costs and adjusts the ECR for over- or under-recoveries and for two PUC-established coal cost caps.

The PUC has established market price coal cost standards for all Pennsylvania utilities that have interests in mines that supply coal to their generating stations. Duquesne is subject to two such standards. One applies only to coal delivered at the Mansfield plant. The other, the system-wide coal cost standard, applies to coal delivered to the remainder of Duquesne's system. Both standards are updated monthly to reflect prevailing market prices for similar coal. The PUC has directed Duquesne to defer recovery of the delivered cost of coal to the extent that such cost exceeds generally prevailing market prices, as determined by the PUC, for similar coal. The PUC allows deferred amounts to be recovered from customers when the delivered costs of coal fall below such PUC-determined prevailing market prices.

In 1990, the PUC approved a joint petition for settlement that clarified certain aspects of the system-wide coal cost standard and gave Duquesne options to extend the standard through March 2000. In December 1991, Duquesne exercised the first of two options that extended the standard through March 1996. The unrecovered cost of coal used at Mansfield amounted to $7.4 million and the unrecovered cost of coal used throughout the system amounted to $8.8 million at December 31, 1993. Duquesne believes that all deferred coal costs will be recovered.

Warwick Mine Costs

The 1990 joint petition for settlement (See preceding section on deferred energy costs.) also recognized costs at Duquesne's Warwick Mine, which had been on standby since 1988, and allowed for recovery of such costs, including the costs of ultimately closing the mine. In 1990, Duquesne entered into an agreement under which an unaffiliated company will operate the mine until March 2000 and sell the coal produced. Production began in late 1990. The mine reached a full production rate in early 1991. The Warwick Mine coal reserves include both high and low sulfur coal; the sulfur content averages in the mid-range at 1.7 percent – 1.9 percent sulfur content. More than 90 percent of the coal mined at Warwick currently is used by Duquesne. Duquesne receives a royalty on sales of coal in the open market. The Warwick Mine currently supplies less than one-fifth of the coal used in the production of electricity at the plants owned or co-owned by Duquesne.

Costs at the Warwick Mine and Duquesne's investment in the mine are expected to be recovered through the ECR. Recovery is subject to the system-wide coal cost standard. Duquesne also has an opportunity to earn, through the ECR, a return on its investment in the mine during the period, including extensions, of the system-wide coal cost standard. At December 31, 1993, Duquesne's net investment in the mine was $24.5 million. The estimated current liability for mine closing (including final site reclamation, mine water treatment and certain labor liabilities) is $33.0 million and Duquesne has collected approximately $8.9 million toward these costs.

Property Held for Future Use

In 1986, the PUC approved Duquesne's request to remove the Phillips and most of the Brunot Island (BI) power stations from service and place them in cold reserve. Duquesne's capitalized costs and net investment in the plants at December 31, 1993 totaled $130 million. (See Note L.)

On December 8, 1993, the New Jersey Board of Regulatory Commissioners (BRC) denied a request by General Public Utilities' (GPU) subsidiary Jersey Central Power and Light Company for approval of the long-term power purchase and operating agreements, originally signed in 1990, between GPU and Duquesne and further amended earlier in 1993. The BRC rejected an administrative law judge's recommended decision that the project be approved and, within hours of the BRC decision, GPU terminated its participation in the project. In view of GPU's decision not to proceed, Duquesne terminated its participation in the project and in the PUC transmission line siting proceeding. During the fourth quarter of 1993, Duquesne recognized a charge of approximately $15.2 million for its investment in this abandoned GPU transmission line project.

Duquesne expects to recover its net investment in these plants through future sales. Phillips and BI represent licensed, certified, clean sources of electricity that will be necessary to meet expanding opportunities in the power markets. Duquesne beli es that anticipated growth in peak load demand for electricity within its service territory will require ad itional peaking generation. Duquesne looks to BI to meet this need. The Phillips Power Plant is an important component in meeting market opportunities to supply long term bulk power. Recent legislation may permit wider transmission access to these long-term bulk power markets. In summary, Duquesne believes its investment in these cold-reserved plants will be necessary in order to meet future business needs. If business opportunities do not develop as expected, Duquesne will consider the sale of these assets. In the event that market demand, transmission access or rate recovery do not support the utilization or sale of the plants, Duquesne may have to write off part or all of their costs.

K. Commitments and Contingencies

Construction

Duquesne estimates that it will spend approximately $110 million on construction during 1994. Construction expenditures are estimated to be $70 million in 1995 and $80 million in 1996. These amounts exclude AFC, nuclear fuel and expenditures for possible early replacement of steam generators at the Beaver Valley Station.

Westinghouse Lawsuit

In 1991, the co-owners of Beaver Valley Units 1 and 2 filed suit against Westinghouse Electric Corporation (Westinghouse) in the United States District Court for the Western District of Pennsylvania. The suit alleges that six steam generators supplied by Westinghouse for the two units contain serious defects -- in particular defects causing tube corrosion and cracking. Duquesne is seeking monetary and corrective relief. Steam generator maintenance costs have increased as a result of these defects and are likely to continue increasing. The condition of the steam generators is being monitored closely. If the corrosion and cracking continue, replacement of the steam generators could be required prior to the ends of their 40-year design lives. Duquesne is continuing to conduct a corrective maintenance program and to explore longer term options, including replacement of the steam generators. While Duquesne has no current plans to replace the steam generators and has not yet completed a detailed, site-specific study, replacement cost per unit is estimated to be between $100 million and $150 million. (Other utilities with similar units have replaced steam generators at costs in this range.) Duquesne cannot predict the outcome of this matter; however, Duquesne does not believe that resolution will have a materially adverse effect on it's financial position or results of operations. Duquesne's percentage interests (ownership and leasehold) in Beaver Valley Unit 1 and in Beaver Valley Unit 2 are 47.5 percent and 13.74 percent, respectively. The remainder of Beaver Valley Unit 1 is owned by Ohio Edison Company and Pennsylvania Power Company. The remaining interest in Beaver Valley Unit 2 is owned by Ohio Edison Company, Cleveland Electric Illuminating Company and Toledo Edison Company. Duquesne operates both units on behalf of these co-owners.

Nuclear Insurance

Co-owners of the Beaver Valley Power Station maintain the maximum available nuclear insurance for the $5.9 billion total investment in Beaver Valley Units 1 and 2. The insurance program provides $2.7 billion for property damage, decommissioning, and decontamination liabilities. Similar property insurance is held by the joint owners of the Perry Plant for their $5.4 billion total investment in Perry Unit 1. Duquesne would be responsible for its share of any damages in excess of insurance coverage. In addition, if the property damage reserves of Nuclear Electric Insurance Limited (NEIL), an industry mutual, are inadequate to cover claims arising from an incident at any United States nuclear site covered by that insurer, Duquesne could be assessed retrospective premiums of as much as $6.5 million for up to seven years.

The Price-Anderson Amendments to the Atomic Energy Act limit public liability from a single incident at a nuclear plant to $9.4 billion. Duquesne has purchased $200 million of insurance, the maximum amount available, which provides the first level of financial protection. Additional protection of $8.8 billion would be provided by an assessment of up to $75.5 million per incident on each nuclear unit in the United States. Duquesne's maximum total assessment, $56.6 million, which is based upon its ownership interests in nuclear generating stations, would be limited to a maximum of $7.5 million per incident per year. A further surcharge of 5 percent could be levied if the total amount of public claims exceeded the funds provided under the assessment program. Additionally, a premium tax of 3 percent would be charged on the assessment and surcharge. Finally, the United States Congress could impose other revenue-raising measures on the nuclear industry if funds prove insufficient to pay claims.

Duquesne carries extra expense insurance; coverage includes the incremental cost of any replacement power purchased (in addition to costs that would have been incurred had the units been operating) and other incidental expense after the occurrence of certain types of accidents at it's nuclear units. The amounts of the coverage are 100 percent of the estimated extra expense per week during the 52-week period starting 21 weeks after an accident and 67 percent of such estimate per week for the following 104 weeks. The amount and duration of actual extra expense could substantially exceed insurance coverage.

Guarantees

Duquesne and the other co-owners have guaranteed certain debt and lease obligations related to a coal supply contract for the Bruce Mansfield plant. At December 31, 1993, Duquesne's share of these guarantees was $35.2 million. The prices paid for the coal by the companies under this contract are expected to be sufficient to meet debt and lease obligations to be satisfied in the year 2000. (See Note J.) The minimum future payments to be made by Duquesne solely in relation to these obligations are $6.9 million in 1994, $6.6 million in 1995, $6.3 million in 1996, $5.9 million in 1997, $5.6 million in 1998, $5.3 million in 1999 and $4.1 million in 2000. Duquesne's total payments for coal purchased under the contract were $26.5 million in 1993, $25.2 million in 1992 and $32.6 million in 1991.

Residual Waste Management Regulations

In July 1992, the Pennsylvania Department of Environmental Resources (DER) issued residual waste management regulations governing the generation and management of non-hazardous waste. Duquesne is currently conducting tests and developing compliance strategies for these regulations. Capital compliance costs are estimated, on the basis of currently available information, at $10 million through 1995. Through the year 2000, the expected additional capital cost of compliance, which is subject to the results of ground water assessments and DER final approval of compliance plans, is approximately $25 million.

Other

Duquesne is involved in various other legal proceedings and environmental matters. Duquesne believes that such proceedings and matters, in total, will not have a materially adverse effect on its financial position or results of operations.

L. Generating Units

In addition to its wholly owned generating units, Duquesne, together with other electric utilities, has an ownership or leasehold interest in certain jointly owned units. Duquesne is required to pay its share of the construction and operating costs of the units. Duquesne's share of the operating expenses of the units is included in the Statement of Consolidated Income.

Generating Units at December 31, 1993

Unit	Percentage Interest	Megawatts	Net Utility Plant (Millions of Dollars)	Fuel Source
Cheswick	100.0	570	$ 124.4	Coal
Elrama (a)	100.0	487	91.7	Coal
Ft. Martin 1	50.0	276	39.2	Coal
Eastlake 5	31.2	186	46.9	Coal
Sammis 7	31.2	187	54.7	Coal
Bruce Mansfield 1 (a)	29.3	228	65.3	Coal
Bruce Mansfield 2 (a)	8.0	62	17.5	Coal
Bruce Mansfield 3 (a)	13.74	110	51.0	Coal
Beaver Valley 1 (b)	47.5	385	262.3	Nuclear
Beaver Valley 2 (c)(d)	13.74	113	15.5	Nuclear
Beaver Valley Common Facilities			169.5	
Perry 1 (e)	13.74	164	608.7	Nuclear
Brunot Island	100.0	66	7.4	Fuel Oil
Total		2,834	1,554.1	
Cold-reserved units:				
Brunot Island	100.0	240	44.5	Fuel Oil
Phillips (a)	100.0	300	78.0	Coal
Total Generating Units		3,374	$1,676.6	

(a) The unit is equipped with flue gas desulfurization equipment.
(b) The NRC has granted a license to operate through January 2016.
(c) On October 2, 1987 Duquesne sold its 13.74 percent interest in Beaver Valley Unit 2; the sale was exclusive of transmission and common facilities. Amounts shown represent facilities not sold and subsequent leasehold improvements.
(d) The NRC has granted a license to operate through May 2027.
(e) The NRC has granted a license to operate through March 2026.

M. Quarterly Financial Information (Unaudited)

Summary of Selected Quarterly Financial Data (thousands of dollars, except per share amounts)

[The quarterly data reflect seasonal weather variations in Duquesne's service territory.]

1993 (a)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating Revenues	**$283,845**	**$274,311**	**$324,577**	**$278,243**
Operating Income	**58,537**	**60,618**	**66,339**	**60,392**
Income Before Cumulative Effect on Prior Years of Changes in Accounting Principles	**32,788**	**34,570**	**48,478**	**28,951**
Net Income	**35,363**	**34,570**	**48,478**	**28,951**
1992				
Operating Revenues (b)	$298,178	$290,149	$314,515	$284,547
Operating Income (b)	62,810	59,200	74,600	57,520
Net Income	36,171	32,769	47,996	32,832

(a) Fourth quarter 1993 results included the effects of a $15.2 million charge for the write-off of Duquesne's investment in abandoned transmission line project (See Note J.) and a $14.6 million reduction of taxes other than income as a result of a favorable resolution of tax assessments.
(b) Restated to conform with presentations adopted during 1993.

SELECTED FINANCIAL DATA

Thousands of Dollars	1993	1992	1991	1990	1989	1988
INCOME STATEMENT ITEMS						
Total operating revenues	**$1,160,976**	$1,187,389	$1,199,650	$1,131,005	$1,118,583	$1,060,817
Operating income	**$ 245,886**	$ 254,130	$ 265,672	$ 266,402	$ 269,506	$ 244,342
Net income	**$ 147,362**	$ 149,768	$ 143,133	$ 135,456	$ 129,437	$ 137,422
Earnings for common stock	**$ 138,174**	$ 140,357	$ 132,332	$ 121,410	$ 112,644	$ 118,566
BALANCE SHEET ITEMS						
Property, plant and equipment-net	**$3,118,766**	$3,015,694	$3,035,115	$3,040,562	$3,053,978	$3,065,922
Total assets	**$4,397,466**	$3,727,455	$3,811,989	$3,803,676	$3,822,656	$3,799,334
Capitalization:						
Common stockholder's equity	**$1,100,671**	$1,107,609	$1,064,104	$1,035,059	$1,033,826	$1,070,575
Non-redeemable preferred and preference stock	**124,736**	123,430	121,906	151,346	154,030	154,073
Redeemable preferred and preference stock	**8,392**	8,579	15,437	37,747	65,961	90,743
Long-term debt	**1,416,705**	1,413,001	1,420,726	1,501,295	1,540,329	1,550,231
Total capitalization	**$2,650,504**	$2,652,619	$2,622,173	$2,725,447	$2,794,146	$2,865,622

Duquesne Light Company and Subsidiary

Calculation of Ratio of Earnings to Fixed Charges
(Thousands of Dollars)

	Year Ended December 31,				
	1993	1992	1991	1990	1989
FIXED CHARGES:					
Interest on long-term debt	$102,938	$119,179	$127,606	$135,850	$140,623
Other interest	3,517	2,464	2,339	6,148	12,332
Amortization of debt discount, premium and expense-net	5,541	4,223	3,892	4,039	4,010
Portion of lease payments representing an interest factor	45,925	60,721	64,189	64,586	64,854
Total Fixed Charges	$157,921	$186,587	$198,026	$210,623	$221,819
EARNINGS:					
Income from continuing operations	$144,787	$149,768	$143,133	$135,456	$129,437
Income taxes	84,667	107,999	101,073	84,478	75,151
Fixed charges as above	157,921	186,587	198,026	210,623	221,819
Total Earnings	$387,375	$444,354	$442,232	$430,557	$426,407
RATIO OF EARNINGS TO FIXED CHARGES	2.45	2.38	2.23	2.04	1.92

Duquesne's share of the fixed charges of an unaffiliated coal supplier, which amounted to approximately $4.0 million for the year ended December 31, 1993, has been excluded from the ratio.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-52782 and 33-63602 of Duquesne Light Company on Form S-3 of our report dated January 25, 1994, appearing in the Annual Report on Form 10-K of Duquesne Light Company for the year ended December 31, 1993.

/s/ Deloitte & Touche
DELOITTE & TOUCHE
Pittsburgh, Pennsylvania
March 22, 1994