

November 30, 2018

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: *Pennsylvania Electric Company
Supplement No. 65 to Tariff Electric Pa. P.U.C. No. 81
Universal Service Charge Rate Effective January 1, 2019***

Dear Secretary Chiavetta:

In accordance with the Order dated January 11, 2007 approving the *2006 General Rate Case of Metropolitan Edison Company and Pennsylvania Electric Company* at Docket Nos. R-00061366 and R-00061367 respectively, enclosed for filing is Supplement No. 65. Supplement No. 65 reflects the computation of the Universal Service Charge under Pennsylvania Electric Company's ("Penelec") Tariff Electric Pa. P.U.C. No. 81, proposed to be effective January 1, 2019.

Supplement No. 65 adjusts Penelec's Universal Service Charge consistent with the provisions of Penelec's Universal Service Cost Rider. Exhibit A accompanying this filing provides details of the computation of the rate that will be effective with service rendered on or after January 1, 2019.

Very truly yours,



Charles V. Fullem
Director
Rates & Regulatory Affairs, PA

Enclosures

c: Kelly Monaghan — PAPUC Bureau of Audits
Lori Burger — PAPUC Bureau of Audits
Tanya McCloskey — Office of Consumer Advocate
Paul Diskin — PAPUC Bureau of Technical Utility Services
Alexis Bechtel — PAPUC Bureau of Consumer Services

PENNSYLVANIA ELECTRIC COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

**The Territory as Defined on
Page Nos. 8 - 15 of this Tariff**

Issued: November 30, 2018

Effective: January 1, 2019

**By: Samuel L. Belcher, President
Reading, Pennsylvania**

NOTICE

This Supplement No. 65 makes changes to Rider C.
See Sixty-Second Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

Rider C – Universal Service Cost Rider rates have been changed and increased (See Fourth Revised Page 117).

RIDERS

RIDER C

UNIVERSAL SERVICE COST RIDER

Universal Service Charge (“USC”) shall be applied to each kilowatt-hour delivered during a billing month to all Customers served under residential retail rate schedules under this Tariff, determined to the nearest one-thousandth of a cent per kilowatt-hour. The USC shall be non-bypassable.

For service rendered January 1, 2019 through December 31, 2019, the Universal Service (C) Cost Rider shall be equal to 0.719 cents per kWh for all kWh. The USC shall be included in the (I) distribution charges of the monthly bill.

The USC shall be calculated in accordance with the formula set forth below:

$$USC = [(US_C/S_{Res}) - (E/S_{Res})] \times [1/(1-T)]$$

Where:

USC = The charge in mills per kilowatt-hour to be applied to each kilowatt-hour delivered to all Customers served under residential retail rate schedules under this Tariff.

US_C = Universal Service Program Costs, which are the estimated direct, indirect and administrative costs to be incurred by the Company to provide Universal Service to Customers for the USC Computational Year for the following programs (“Universal Service Programs”):

- Customer Assistance and Referral for Evaluation of Services (“CARES”) Program
- Customer Assistance Program (“CAP”)
- Fuel Fund Administration
- Gatekeeper Program
- WARM (formerly LIURP) Program
- Any other replacement or Commission-mandated Universal Service Programs.

S_{Res} = The Company’s projected retail kilowatt-hour sales for the projected USC billing period for Customers served under residential retail rate schedules under this Tariff.

(C) Change
(I) Increase

PENNSYLVANIA ELECTRIC COMPANY
Computation of Proposed Universal Service Charge
For the Twelve Months Ending December 31, 2019

Line No.	Description	Amounts	
	Universal Service Charge = $[(USc/Sres) - (E/Sres)] \times [1/(1-T)]$		
1	USc = Projected Universal Service Program Costs (See Schedule 2)	\$ 27,640,489	
2	Sres = Projected kWh Sales for Customers Served Under Residential Retail Rate Schedules during USC Billing Period (See Schedule 3)	4,156,209,082	kWh
3	E = Cumulative Prior Reconciliation Periods' Net Over / (Under) Collections (See Schedule 7)	\$ (501,169)	
4	USc/Sres (Line 1/Line 2)	\$ 0.00665	per kWh
5	E/Sres = Reconciliation Component (Line 3/Line 2)	<u>\$ (0.00012)</u>	per kWh
6	(USc/Sres) - (E/Sres) (Line 4 - Line 5)	\$ 0.00677	per kWh
7	1/(1-T): (T = 5.90% Pa Gross Receipts Tax in Base Rates)	<u>1.062699</u>	
8	USC = Universal Service Charge (Line 6 X Line 7)	<u>\$ 0.00719</u>	per kWh

PENNSYLVANIA ELECTRIC COMPANY
Projected Universal Service Program Costs
For the Twelve Months Ending December 31, 2019

Line No.	Description	Amounts
1	Penelec Customer Assistance and Referral for Evaluation of Services ("CARES") Program Costs	\$ 3,500
2	Penelec Customer Assistance Program ("P CAP") Costs	21,750,992
3	Penelec Fuel Fund Administration Costs	75,000
4	Penelec Gatekeeper Program Costs	2,000
5	Penelec WARM (formerly LIURP) Program Costs	<u>5,808,997</u>
6	Total Projected 2019 Universal Service Program Costs (Lines 1 through 5)	<u>\$ 27,640,489</u>

PENNSYLVANIA ELECTRIC COMPANY
Forecasted Kilowatt-Hours Applicable to Universal Service Charge
For the Twelve Months Ending December 31, 2019

Line No.	Month	Kilowatt-Hours
1	January 2019	432,584,022
2	February 2019	429,688,929
3	March 2019	393,877,727
4	April 2019	337,611,062
5	May 2019	286,186,807
6	June 2019	302,901,473
7	July 2019	330,686,425
8	August 2019	353,461,081
9	September 2019	318,799,361
10	October 2019	286,962,547
11	November 2019	307,812,947
12	December 2019	<u>375,636,699</u>
13	Total for Twelve Months Ending December 31, 2019	<u><u>4,156,209,082</u></u>

PENNSYLVANIA ELECTRIC COMPANY
Universal Service Charge ("USC") Reconciliation Statement
For the USC Reconciliation Year Ended October 31, 2018

Line No.	Month	USC Revenues Applied to Current Month's Costs Excluding PA GRT (1)	Universal Service Program Costs for Month (A) (2)	Monthly Over / (Under) Collection (3) = (1) - (2)	Annual Interest Rate Per 41 P.S. § 202 (4)	Monthly Interest Rate (5) = (4) / 12	Number of Months to Mid-Point of Next USC Rate Billing Period from Current Month (B) (6)	Interest Amount on Monthly Over / (Under) Collection (7) = (3) X (5) X (6)	Cumulative Over / (Under) Collections and Interest (8)
1	November 2017	\$ 1,958,255	\$ 2,038,123	\$ (79,868)	6.0000%	0.5000%	20	\$ (7,987)	\$ (87,855)
2	December 2017	2,419,264	2,569,628	(150,364)	6.0000%	0.5000%	19	(14,285)	(252,504)
3	January 2018	2,953,829	1,755,666	1,198,163	6.0000%	0.5000%	18	107,835	1,053,494
4	February 2018	2,458,498	2,116,390	342,108	6.0000%	0.5000%	17	29,079	1,424,681
5	March 2018	2,173,910	2,408,652	(234,742)	6.0000%	0.5000%	16	(18,779)	1,171,160
6	April 2018	2,122,216	2,008,633	113,583	6.0000%	0.5000%	15	8,519	1,293,262
7	May 2018	1,757,327	2,333,097	(575,770)	6.0000%	0.5000%	14	(40,304)	677,188
8	June 2018	1,835,965	2,230,137	(394,172)	6.0000%	0.5000%	13	(25,621)	257,395
9	July 2018	2,143,598	2,155,549	(11,951)	6.0000%	0.5000%	12	(717)	244,727
10	August 2018	2,199,924	2,188,529	11,395	6.0000%	0.5000%	11	627	256,749
11	September 2018	2,271,599	2,477,952	(206,353)	6.0000%	0.5000%	10	(10,318)	40,078
12	October 2018	1,813,102	2,067,004	(253,902)	6.0000%	0.5000%	9	(11,426)	(225,250)
13	Reconciliation year ended October 31, 2018	\$ 26,107,487	\$ 26,349,360	\$ (241,873)				\$ 16,623	\$ (225,250)

(A) See Penelec Exhibit A, Schedule 5 for supporting details.

(B) Mid-point of the next USC Rate Billing Period is June 30, 2019 during which the net over / (under) recoveries, including interest, for the USC Reconciliation Year ended October 31, 2018 will be refunded to / (recouped from) Penelec customers served under residential retail rate schedules.

RECOVERABLE UNIVERSAL SERVICE PROGRAM COSTS
For the USC Reconciliation Year Ended October 31, 2018

Details of Universal Service Program Costs

Line No.	Description of Universal Service Program Costs	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018	September 2018	October 2018	12 Months Ended October 2018
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	Penelec Customer Assistance and Referral for Evaluation of Services ("CARES") Program Costs	\$ 537	\$ -	\$ 996	\$ 773	\$ 96	\$ 281	\$ 124	\$ 202	\$ 1,102	\$ 278	\$ 932	\$ 311	\$ 5,632
2	Penelec Customer Assistance Program ("CAP") Costs	1,609,281	1,742,458	1,522,574	1,583,136	1,876,054	1,573,167	1,814,029	1,724,594	1,703,452	1,775,099	1,722,499	1,637,126	20,293,469
3	Penelec Fuel Fund Administration Costs	66	183	17,486	468	517	436	726	706	409	261	209	421	21,888
4	Penelec Gatekeeper Program Costs	-	-	-	21	-	-	11	-	-	-	-	-	32
5	Penelec WARM (formerly LIURP) Program Costs	428,239	826,987	214,610	521,992	531,985	434,749	518,207	504,635	450,586	412,891	754,312	429,146	6,028,339
6	Reconciliation Year Cost Adjustment (A)	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Universal Service Program Costs (Lines 1 through 6)	\$ 2,038,123	\$ 2,569,628	\$ 1,755,966	\$ 2,116,390	\$ 2,408,652	\$ 2,008,633	\$ 2,333,097	\$ 2,230,137	\$ 2,155,549	\$ 2,188,529	\$ 2,477,952	\$ 2,067,004	\$ 26,349,360

(A) See Schedule 6 for computation of Reconciliation Year Cost Adjustment pursuant to Penelec Universal Service Cost Rider.

PENNSYLVANIA ELECTRIC COMPANY
Recoverable Universal Service Program Costs

Cost Offset to October 2017 Universal Service Costs to Reflect Penelec's Universal Service Cost Rider Adjustment for Increase in CAP Participants Through the End of the Reconciliation Year (12 Months Ended October 31)

Line No.		CAP Customer Counts at Respective Month's End
1	Participant level per Penelec Joint Petition for Partial Settlement of Rate Investigation at Docket No. R-2016-2537352	23,200
2	Month-end CAP Participants November 2017 (Actual)	21,048
3	Month-end CAP Participants December 2017 (Actual)	20,957
4	Month-end CAP Participants January 2018 (Actual)	20,848
5	Month-end CAP Participants February 2018 (Actual)	20,977
6	Month-end CAP Participants March 2018 (Actual)	21,335
7	Month-end CAP Participants April 2018 (Actual)	21,384
8	Month-end CAP Participants May 2018 (Actual)	21,610
9	Month-end CAP Participants June 2018 (Actual)	21,563
10	Month-end CAP Participants July 2018 (Actual)	21,359
11	Month-end CAP Participants August 2018 (Actual)	21,252
12	Month-end CAP Participants September 2018 (Actual)	21,179
13	Month-end CAP Participants October 2018 (Actual)	21,058
14	Average Month-end CAP Participants for the 12 months ended October 31, 2018	21,214
15	Number of CAP Participants that exceeds the average allowed participant level, if less than zero enter 0 (Line 14 - Line 1)	0
16	CAP credits and Pre-Program Arrearage Forgiveness Credits for the 12 months ended October 31, 2018	\$ 18,415,596
17	CAP credits and Pre-Program Arrearage Forgiveness Credits per participant (Line 16 / Line 14)	\$ 868
18	Offset by 14.7%	\$ (128)
19	Adjustment to October 2018 Penelec Universal Service Costs to Reflect Cost Adjustment per Penelec Universal Service Cost Rider (Line 15 x Line 18)	\$ -

PENNSYLVANIA ELECTRIC COMPANY
USC E-Factor Revenues

**Details of Revenues Applied to Prior Universal Service Charge Reconciliation Years'
 Cumulative Over / (Under) Collections and Cumulative Remaining Prior Reconciliation Periods' Over /
 (Under) Collections to be Reflected in the 2019 USC Rate**

Line No.	Month	USC Period Revenues Applied (Excluding PA GRT)	Cumulative Over / (Under) Collections Including Interest for the USC Reconciliation Year Ended October 31 2018	Cumulative Remaining Prior Reconciliation Periods' Over / (Under) Collections Including Interest
		(1)	(2)	(3)
1	Beginning Balance at October 31, 2017			\$ 2,456,024
2	November 2017	\$ (247,098)		2,208,926
3	December 2017	(305,270)		1,903,656
4	January 2018	(336,687)		1,566,969
5	February 2018	(241,494)		1,325,475
6	March 2018	(213,345)		1,112,130
7	April 2018	(208,272)		903,858
8	May 2018	(172,462)		731,396
9	June 2018	(180,179)		551,217
10	July 2018	(210,370)		340,847
11	August 2018	(215,898)		124,949
12	September 2018	(222,932)		(97,983)
13	October 2018	<u>(177,936)</u>	<u>\$ (225,250) (A)</u>	(501,169)
14	Totals November 1, 2017 through October 31, 2018	<u>\$ (2,731,943)</u>	<u>\$ (225,250)</u>	

(A) From Schedule 4, Column 8, Line 13