

January 16, 2020

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 36 – Rate Changes  
in Compliance with Pennsylvania Power Company’s Default Service Plan,  
Docket No. P-2017-2637858**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 74 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 36, which bears an issue date of January 16, 2020. The tariff changes contained in Supplement No. 74 are proposed to be effective with service rendered on or after March 1, 2020.

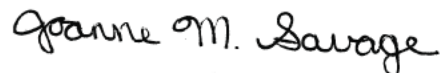
The purpose of this supplement is to reflect: (1) default service rate changes for the Residential Customer Class served under the Price to Compare Default Service Rider; and (2) default service rate changes for customers served under the Hourly Pricing Default Service Rider. These rate changes are consistent with the Commission's Order entered September 4, 2018 at Docket No. P-2017-2637858.

As support for the rate changes, the following schedules accompany this tariff filing:

- Schedule 1 provides supporting details for the changes to the Hourly Pricing Default Service Reconciliation Charge rate contained in the Hourly Pricing Default Service Rate Rider.
- Schedule 2 provides supporting details for the changes to the Residential Class's default service rates stated in the tariff's Price to Compare Default Service Rate Rider.

If you have any questions regarding the enclosed documents, please contact me.

Sincerely,



Joanne M. Savage  
Director of Rates & Regulatory Affairs-PA  
610-921-6525

Enclosures

c: Certificate of Service  
Paul Diskin, TUS

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs** :  
: **Docket No. P-2017-2637855, et al.**  
:  
:  
:  
:

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have this day served a copy of the foregoing documents of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54:

**Service by e-mail as follows:**

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Date: January 16, 2020

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Supplement No. 74  
Electric Pa. P.U.C. No. 36

**PENNSYLVANIA POWER COMPANY**  
**READING, PENNSYLVANIA**

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**Electric Service Tariff**

**Effective in**

**The Territory as Defined on  
Page Nos. 8 - 9 of this Tariff**

**Issued: January 16, 2020**

**Effective: March 1, 2020**

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

**NOTICE**

This Supplement No. 74 makes changes to Riders H and I.  
See Seventy-First Revised Page 2

## LIST OF MODIFICATIONS

### **Riders**

Rider H - Price to Compare Default Service Rate Rider rates have been changed and decreased (See Twenty-Fourth Revised Page 123).

Rider I - Hourly Pricing Default Service Rider rates have been changed and increased (See Twentieth Revised Page 131).

## RIDERS

## RIDER H

## PRICE TO COMPARE DEFAULT SERVICE RATE RIDER

A Price to Compare Default Service Rate (“PTC<sub>Default</sub>”) shall be applied to each kWh of Default Service that Penn Power delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The PTC<sub>Default</sub> rate shall be billed to Customers receiving Default Service from the Company under this rider. The rates shall be calculated according to the provisions of this rider.

For service rendered March 1, 2020 through May 31, 2020 the PTC<sub>Default</sub> rates billed by Customer Class are as follows: (C)

Commercial Customer Class (Rate GS (excluding Special Rate GSDS), Rate GM (PTC), Rate PNP, PLS, SV, SVD, SM and LED):

\$0.07325 per kWh.

Residential Customer Class (Rate RS, and Rate GS – Volunteer Fire Company, Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate):

\$0.06267 per kWh (D)

(C) Change  
(D) Decrease

## RIDERS

Rider I (continued)

**HP Cap-AEPS-Other Charge:**

\$0.03200 per kWh representing the costs paid by the Company to the Supplier for Capacity, AEPS costs, and any other costs incurred by the Supplier multiplied by the HP Loss Multipliers. This charge is subject to quarterly adjustments.

**HP Administrative Charge:**

\$0.00051 per kWh representing the administrative costs incurred by the Company associated with providing Hourly Pricing Service.

**HP Uncollectibles Charge:**

\$0.00002 per kWh representing the default service-related uncollectible accounts expense associated with Hourly Pricing Default Service. This charge is subject to annual adjustment on June 1 of each year.

**HP Reconciliation Charge:**

The HP Reconciliation Charge Rate (“E<sub>HP</sub>”) shall be applied to each kWh of Default Service that Penn Power delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The E<sub>HP</sub> rate shall be included as a non-bypassable component billed to Customers receiving Default Service from the Company under this rider. The rate shall be calculated according to the provisions of this rider.

For service rendered March 1, 2020 through May 31, 2020, the E<sub>HP</sub> rate is as follows: (C)

HP Reconciliation Charge Rate = \$0.04845 per kWh (I)

(C) Change  
(I) Increase

**Pennsylvania Power Company**  
**Hourly Pricing Default Service Rate Calculation (for Illustrative Purposes Only)**  
**Industrial Class: For the Default Service Period March 1, 2020 through May 31, 2020**

**Line  
No.**

	<b>HP</b> Energy Charge = $\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth}) \times \text{HP}_{\text{Loss Multiplier}}$	
1	$\sum (\text{kWh}_t \times$	kWh for each hour in billing period
2	$(\text{LMP}_t + \text{HPOth})$	LMP = Real Time PJM Load Weighted average LMP for ATSI Zone for each hour
3		HP <sub>Oth</sub> = \$.004 per kWh for Ancillary Services
4	<hr/> <b>HP</b> Energy Charge (Line 1 x Line 2)	t = An hour in the Billing Period
5	x <b>HP</b> Loss Multiplier	GS Small, Medium, Large = 1.0515 GP = 1.0171 TP = 1.0007
6	<hr/> <b>HP</b> Energy Charge (Line 4 x Line 5)	
	<b>HP</b> Cap-AEPS-Other Purchases (\$/MWh)	<b>Price</b>
7	January 2019 (June 19 through May 20)	\$ 32.00 \$/MWh
8		\$ 0.03200 per kWh
9	x <b>HP</b> Loss Multiplier	GS Small, Medium, Large = 1.0515 GP = 1.0171 TP = 1.0007
10	<hr/> <b>HP</b> Cap-AEPS-Other Purchases (\$/MWh) (Line 8 x Line 9)	
11	<b>HP</b> Administrative Charge	\$ 0.00051 per kWh
12	<b>HP</b> Uncollectibles Charge	\$ 0.00002 per kWh
13	<b>HP</b> Reconciliation Charge	<hr/> \$ 0.04845 per kWh
14	<b>Hourly Pricing Service Charge (Lines 6 + 10 + 11 + 12 + 13)</b>	<hr/> <b>\$ x.xxxxx</b>

- (A) All Hourly Pricing Service Charge computations will be pursuant to the terms of the Company's "Hourly Pricing Default Service Rider".
- (B) All Adders are subject to Quarterly Updates



**Pennsylvania Power Company**  
**Computation of Industrial Class Hourly Pricing Default Service Rate Reconciliation Factor**  
**Rate Effective March 1, 2020 through May 31, 2020**

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of December 31, 2019 (See Page 3, Line 17)	\$ 1,510,230
2	Revenue adjustment for new default service customer not included in billed revenue	<u>\$ (1,166,533)</u>
3	Net Cumulative Industrial Class (Over) / Under Collection as of December 31, 2019	\$ 343,697
4	Projected Industrial Class kilowatt hour sales - March 1, 2020 - May 31, 2020 (Line 13)	3,769,244 kWh
5	Industrial Class Reconciliation Rate before PA Gross Receipts Tax (Line 3 / Line 4)	\$ 0.09118 per kWh
6	Industrial Class Reconciliation Rate Adjustment Factor	<u>50.00%</u>
7	Industrial Class Reconciliation Rate before PA Gross Receipts Tax, as adjusted (Line 5 X Line 6)	\$ 0.04559 per kWh
8	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]	<u>1.062699</u>
9	<b>Industrial Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 7 X Line 8)</b>	<b><u>\$ 0.04845 per kWh</u></b>
 <b>Projected Industrial Class kilowatt hour sales March 1, 2020 through May 31, 2020</b>		
10	Mar-20	1,244,750
11	Apr-20	1,270,847
12	May-20	<u>1,253,646</u>
13	Total Projected Industrial Class kWh Sales	<u><u>3,769,244</u></u>

**Pennsylvania Power Company**  
**Industrial Class Hourly Pricing Default Service Rate Reconciliation**  
**October 1, 2019 through December 31, 2019**

Line No.	Description	Oct-19	Nov-19	Dec-19
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 557,199	\$ 530,433	\$ 686,300
2	Gross Default Service Plan Revenues	\$ 520,519	\$ 255,740	\$ 390,853
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>30,711</u>	<u>15,089</u>	<u>23,060</u>
4	PTC <sub>HPRev</sub> Net Default Service Plan Revenues	\$ 489,808	\$ 240,651	\$ 367,793
5	Plus: Prior Period E-factor Amortization	<u>\$ 57,004</u>	<u>\$ 57,005</u>	<u>\$ (185,733)</u>
6	Revenue Available for Current Deferral	\$ 546,812	\$ 297,656	\$ 182,060
7	Less: Revenue Allocated to Uncollectibles, net of GRT	<u>\$ 138</u>	<u>\$ 119</u>	<u>\$ 129</u>
8	Revenue Available for Current Deferral	\$ 546,674	\$ 297,537	\$ 181,931
	<u>Expenses</u>			
9	DS <sub>HPExp1</sub> Amortization of Start Up Costs	\$ -	\$ -	\$ -
10	DS <sub>HPExp2</sub> Cost to provide Default Service	465,005	394,293	1,173,924
11	DS <sub>HPExp2</sub> Cost of Network Integration Transmission Service (NITS)	<u>-</u>	<u>-</u>	<u>-</u>
12	Total Expenses	\$ 465,005	\$ 394,293	\$ 1,173,924
13	Current Month (Over)/Under Collection (Line 12 - Line 8)	\$ (81,669)	\$ 96,756	\$ 991,993
14	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
15	Current Month Interest Rate	4.75%	4.75%	4.75%
16	DS <sub>Int</sub> Interest on Current Month Deferral (Line 13 X Line 14 X (Line 15/14))	<u>\$ (2,101)</u>	<u>\$ 2,106</u>	<u>\$ 17,670</u>
17	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 13 + Line 16)	<u><u>\$ 530,433</u></u>	<u><u>\$ 686,300</u></u>	<u><u>\$ 1,510,230</u></u>

**Pennsylvania Power Company**  
**Price to Compare Default Service Rate Calculation**  
**Residential Class: For the Default Service Period March 1, 2020 through May 31, 2020**

**Line  
No.**

	<b>Number of Tranches</b>	<b>Clearing Price</b>	<b>Weighted Clearing Price</b>
<b><u>Fixed Price Tranche Purchases (\$ per MWh)</u></b>			
1	1	\$ 58.80	\$ 58.80
2	1	60.38	60.38
3	1	59.87	59.87
4	1	60.70	60.70
5	1	58.34	58.34
6	<u>2</u>	60.19	<u>120.38</u>
7	7		\$ 418.47
8	Total Average Fixed Price Tranche		\$ 59.78
9	Times Fixed Portion of Load		<u>95%</u>
10	Total Fixed Price Cost (Line 8 X Line 9)		\$ 56.79
11	Average Variable Hourly Price Tranche		\$ 25.91
12	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)		<u>20.00</u>
13	Variable Hourly Priced Cost (Line 11 + Line 12)		\$ 45.91
14	Times Variable Portion of Load		<u>5%</u>
15	Total Variable Hourly Priced Cost (Line 13 X Line 14)		<u>\$ 2.30</u>
16	Price to Compare Weighted Average Price ((Line 10 + Line 15) / 1000)		\$ 0.05909
17	Times PTC Loss <sub>Current</sub>		<u>1.0661</u>
18	Price to Compare Weighted Average Price, including line losses (Line 16 X Line 17)		\$ 0.06299 <i>per kWh</i>
19	<u>PTC</u> Administrative Charge		<u>\$ 0.00004</u> <i>per kWh</i>
20	PTC <sub>Current</sub> before PA Gross Receipts Tax (Line 18 + Line 19)		\$ 0.06303
21	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]		<u>1.062699</u>
22	<b>PTC<sub>Current</sub> Residential Class including PA Gross Receipts Tax (Line 20 X Line 21)</b>		<b>\$ 0.06698</b> <i>per kWh</i>
23	<b>E Reconciliation Rate, including PA Gross Receipts Tax (Page 2, Line 8)</b>		<b>\$ (0.00431)</b> <i>per kWh</i>
24	<b>PTC<sub>Default</sub> Residential Class (Line 22 + Line 23)</b>		<b>\$ 0.06267</b> <i>per kWh</i>

- (A) All Price to Compare computations will be pursuant to the terms of the Company's "Price to Compare Default Service Rate Rider".  
(B) All Adders are subject to Quarterly Updates

**Pennsylvania Power Company**  
**Computation of Residential Class Price to Compare Default Service Rate Reconciliation Factor**  
**Rate Effective March 1, 2020 through May 31, 2020**

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of December 31, 2019 (See Page 3, Line 15)	\$ 3,521,234
2	Adjustment for projected Residential Class (Over) / Under Collection through May 2020	(2,524,156)
3	Adjustment for projected Residential Class E-factor revenue for the remainder of the Default Service Quarter beginning December 1, 2019	<u>(2,189,561)</u>
4	Total Cumulative Residential Class (Over) / Under Collection, as adjusted (Lines 1 + 2 + 3)	\$ (1,192,483)
5	Projected Residential Class kilowatt hour sales - March 1, 2020 - May 31, 2020 (Line 12)	293,835,748 kWh
6	Residential Class Reconciliation Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ (0.00406) per kWh
7	PA Gross Receipt Gross-Up $[1/(1-T)]$ (5.9% Gross Receipts Tax)	<u>1.062699</u>
8	<b>Residential Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 6 X Line 7)</b>	<b><u>\$ (0.00431) per kWh</u></b>
 <b>Projected Residential Class kilowatt hour sales March 1, 2020 through May 31, 2020</b>		
9	Mar-20	118,382,765
10	Apr-20	95,654,625
11	May-20	<u>79,798,358</u>
12	Total Projected Residential Class kWh Sales	<u>293,835,748</u>

**Pennsylvania Power Company**  
**Residential Class Price to Compare Default Service Rate Reconciliation**  
**October 1, 2019 through December 31, 2019**

<b>Line No.</b>	<b>Description</b>	<b>Oct-19</b>	<b>Nov-19</b>	<b>Dec-19</b>
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 710,397	\$ 766,338	\$ 2,549,728
2	Gross Default Service Plan Revenues	\$ 5,324,096	\$ 5,287,011	\$ 7,536,862
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>314,122</u>	<u>311,934</u>	<u>444,675</u>
4	PTC <sub>Rev</sub> Net Default Service Plan Revenues	\$ 5,009,974	\$ 4,975,077	\$ 7,092,187
5	Plus: Prior Period E-factor Amortization	\$ <u>388,867</u>	\$ <u>388,867</u>	\$ <u>(236,799)</u>
6	Revenue Available for Current Deferral	\$ 5,398,841	\$ 5,363,944	\$ 6,855,388
	<u>Expenses</u>			
7	DS <sub>Exp1</sub> Amortization of Start Up Costs	\$ -	\$ -	\$ -
8	DS <sub>Exp2</sub> Cost to provide Default Service	5,073,841	6,728,365	8,042,253
9	DS <sub>Exp2</sub> Cost of Network Integration Transmission Service (NITS)	<u>425</u>	<u>389</u>	<u>294</u>
10	Total Expenses	\$ 5,074,266	\$ 6,728,754	\$ 8,042,547
11	Current Month (Over)/Under Collection (Line 10 - Line 6)	\$ (324,575)	\$ 1,364,810	\$ 1,187,159
12	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
13	Current Month Interest Rate	4.75%	4.75%	4.75%
14	DS <sub>Int</sub> Interest on Current Month Deferral (Line 11 X Line 12 X (Line 13/12))	\$ <u>(8,351)</u>	\$ <u>29,713</u>	\$ <u>21,146</u>
15	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 11 + Line 14)	\$ <u>766,338</u>	\$ <u>2,549,728</u>	\$ <u>3,521,234</u>