

November 26, 2019

VIA ELECTRONIC FILING

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

Re: Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 36 - Universal Service Charge Rate Update

Dear Secretary Chiavetta:

In accordance with the Order entered April 11, 2008 approving Pennsylvania Power Company's ("Penn Power") Universal Service Plan and Universal Service Costs Rider filed February 8, 2008 at Docket Nos. R-00072347 and M-00072023, enclosed for filing is Supplement No. 69. Supplement No. 69 reflects the computation of the Universal Service Charge under Penn Power's Tariff Electric Pa. P.U.C. No. 36, proposed to be effective January 1, 2020.

This filing adjusts Penn Power's Universal Service Charge consistent with the provisions of Penn Power's Universal Service Cost Rider. Exhibit A accompanying this filing provides details of the computation of the rate.

Sincerely,



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

Enclosures

c: Lori Burger — Bureau of Audits (lburger@pa.gov)
Tanya McCloskey — Office of Consumer Advocate (tmccloskey@paoca.org)
Paul Diskin — Bureau of Technical Utility Services (pdiskin@pa.gov)
Alexis Bechtel — Bureau of Consumer Services (abechtel@pa.gov)

Supplement No. 69
Electric Pa. P.U.C. No. 36

PENNSYLVANIA POWER COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

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

Issued: November 26, 2019

Effective: January 1, 2020

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

NOTICE

This Supplement No. 69 makes changes to Rider C.
See Sixty-Sixth Revised Page 2.

LIST OF MODIFICATIONS

Riders

Rider C – Universal Service Cost Rider rates have been changed and increased (See Fifth Revised Page 106).

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, 2020 through December 31, 2020 the USC shall be equal to 0.478 cents per kWh for all kWh. The USC shall be included in the distribution charges of the monthly bill. (C)
(I)

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

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

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.

USc = 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 POWER COMPANY
Computation of Proposed Universal Service Charge
For the Twelve Months Ending December 31, 2020

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)	\$ 8,216,191
2	Sres = Projected kWh Sales for Customers Served Under Residential Retail Rate Schedules during USC Billing Period (See Schedule 3)	1,613,601,196 kWh
3	E = Cumulative Prior Reconciliation Periods' Net Over / (Under) Collections (See Schedule 7)	\$ 945,434
4	USc/Sres (Line 1/Line 2)	\$ 0.00509 per kWh
5	E/Sres = Reconciliation Component (Line 3/Line 2)	<u>\$ 0.00059 per kWh</u>
6	(USc/Sres) - (E/Sres) (Line 4 - Line 5)	\$ 0.00450 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><u>\$ 0.00478 per kWh</u></u>

PENNSYLVANIA POWER COMPANY
Projected Universal Service Program Costs
For the Twelve Months Ending December 31, 2020

Line No.	Description	Amounts
1	Penn Power Customer Assistance and Referral for Evaluation of Services ("CARES") Program Costs	\$ 1,000
2	Penn Power Customer Assistance Program ("P CAP") Costs	5,190,191
3	Penn Power Fuel Fund Administration Costs	35,000
4	Penn Power Gatekeeper Program Costs	1,000
5	Penn Power WARM (formerly LIURP) Program Costs	<u>2,989,000</u>
6	Total Projected 2020 Universal Service Program Costs (Lines 1 through 5)	<u>\$ 8,216,191</u>

PENNSYLVANIA POWER COMPANY
Forecasted Kilowatt-Hours Applicable to Universal Service Charge
For the Twelve Months Ending December 31, 2020

Line No.	Month	Kilowatt-Hours
1	January 2020	177,050,931
2	February 2020	171,629,627
3	March 2020	154,963,172
4	April 2020	125,210,420
5	May 2020	104,453,443
6	June 2020	113,707,868
7	July 2020	136,749,792
8	August 2020	146,156,245
9	September 2020	131,573,736
10	October 2020	103,509,785
11	November 2020	108,390,848
12	December 2020	140,205,329
13	Total for Twelve Months Ending December 31, 2020	<u>1,613,601,196</u>

PENNSYLVANIA POWER COMPANY
Universal Service Charge ("USC") Reconciliation Statement
For the USC Reconciliation Year Ended October 31, 2019

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 2018	\$ 551,212	\$ 487,761	\$ 63,451	6.0000%	0.5000%	20	\$ 6,345	\$ 69,796
2	December 2018	712,898	852,126	(139,228)	6.0000%	0.5000%	19	(13,227)	(82,659)
3	January 2019	790,030	458,418	331,612	6.0000%	0.5000%	18	29,845	278,798
4	February 2019	872,141	545,110	327,031	6.0000%	0.5000%	17	27,798	633,627
5	March 2019	749,563	748,412	1,151	6.0000%	0.5000%	16	92	634,870
6	April 2019	609,344	482,815	126,529	6.0000%	0.5000%	15	9,490	770,889
7	May 2019	501,463	529,717	(28,254)	6.0000%	0.5000%	14	(1,978)	740,657
8	June 2019	540,547	833,892	(293,345)	6.0000%	0.5000%	13	(19,067)	428,245
9	July 2019	707,157	460,440	246,717	6.0000%	0.5000%	12	14,803	689,765
10	August 2019	772,492	518,568	253,924	6.0000%	0.5000%	11	13,966	957,655
11	September 2019	659,512	826,502	(166,990)	6.0000%	0.5000%	10	(8,350)	782,315
12	October 2019	547,116	507,779	39,337	6.0000%	0.5000%	9	1,770	823,422
13	Totals for the USC reconciliation period ended October 31, 2019	<u>\$ 8,013,475</u>	<u>\$ 7,251,540</u>	<u>\$ 761,935</u>				<u>\$ 61,487</u>	<u>\$ 823,422</u>

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

(B) Mid-point of the next USC Rate Billing Period is June 30, 2020 during which the net over / (under) recoveries, including interest, for the USC Reconciliation Year ended October 31, 2019 will be refunded to / (recouped from) Penn Power customers served under residential retail rate schedules.

PENNSYLVANIA POWER COMPANY
Recoverable Universal Service Program Costs
For the USC Reconciliation Year Ended October 31, 2019

Details of Universal Service Program Costs

Line No.	Description of Universal Service Program Costs	November	December	January	February	March	April	May	June	July	August	September	October	12 Months Ended October
		2018	2018	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	Penn Power Customer Assistance and Referral for Evaluation of Services ("CARES") Program Costs	\$ 22	\$ 62	\$ 44	\$ 182	\$ 134	\$ 157	\$ 304	\$ 46	\$ 664	\$ 52	\$ 526	\$ 240	\$ 2,433
2	Penn Power Customer Assistance Program ("CAP") Costs	404,254	347,778	413,146	362,717	434,003	356,682	420,056	372,994	348,958	358,037	360,888	344,553	4,524,066
3	Penn Power Fuel Fund Administration Costs	262	446	9,837	70	140	122	122	227	69	262	296	315	12,168
4	Penn Power Gatekeeper Program Costs	-	-	-	-	-	-	-	23	-	-	-	-	23
5	Penn Power WARM (formerly LIURP) Program Costs	83,223	503,840	35,391	182,141	314,135	125,854	109,235	460,602	110,749	160,217	464,792	162,671	2,712,850
6	Reconciliation Year Cost Adjustment (A)	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Universal Service Program Costs (Lines 1 through 6)	<u>\$ 487,761</u>	<u>\$ 852,126</u>	<u>\$ 458,418</u>	<u>\$ 545,110</u>	<u>\$ 748,412</u>	<u>\$ 482,815</u>	<u>\$ 529,717</u>	<u>\$ 833,892</u>	<u>\$ 460,440</u>	<u>\$ 518,568</u>	<u>\$ 826,502</u>	<u>\$ 507,779</u>	<u>\$ 7,251,540</u>

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

PENNSYLVANIA POWER COMPANY
Recoverable Universal Service Program Costs

**Cost Offset to October 2019 Universal Service Costs to Reflect Penn Power's Tariff
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 Penn Power Joint Petition for Partial Settlement of Rate Investigation at Docket No. R-2016-2537355	5,000
2	Month End CAP Participants November 2018 (Actual)	4,668
3	Month End CAP Participants December 2018 (Actual)	4,619
4	Month End CAP Participants January 2019 (Actual)	4,541
5	Month End CAP Participants February 2019 (Actual)	4,511
6	Month End CAP Participants March 2019 (Actual)	4,489
7	Month End CAP Participants April 2019 (Actual)	4,439
8	Month End CAP Participants May 2019 (Actual)	4,309
9	Month End CAP Participants June 2019 (Actual)	4,197
10	Month End CAP Participants July 2019 (Actual)	4,212
11	Month End CAP Participants August 2019 (Actual)	4,096
12	Month End CAP Participants September 2019 (Actual)	3,996
13	Month End CAP Participants October 2019 (Actual)	3,900
14	Average Month-end CAP Participants for the 12 months ended October 31, 2019	4,331
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, 2019	\$ 4,056,036
17	CAP credits and Pre-Program Arrearage Forgiveness Credits per participant (Line 16 / Line 14)	\$ 937
18	Offset by 14.3%	\$ (134)
19	Adjustment to October 2019 Penn Power Universal Service Costs to Reflect Cost Adjustment per Penn Power Universal Service Cost Rider (Line 15 x Line 18)	\$ -

**PENNSYLVANIA POWER 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 2020 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, 2019	Cumulative Remaining Prior Reconciliation Periods' Over / (Under) Collections Including Interest
		(1)	(2)	(3)
1	Beginning Balance at October 31, 2017			\$ 1,001,628
2	November 2018	\$ (30,954)		970,674
3	December 2018	(40,033)		930,641
4	January 2019	(65,646)		864,995
5	February 2019	(108,384)		756,611
6	March 2019	(93,504)		663,107
7	April 2019	(76,012)		587,095
8	May 2019	(62,555)		524,540
9	June 2019	(67,430)		457,110
10	July 2019	(88,214)		368,896
11	August 2019	(96,364)		272,532
12	September 2019	(82,270)		190,262
13	October 2019	<u>(68,250)</u>	<u>\$ 823,422</u> (A)	945,434
14	Totals November 1, 2018 through October 31, 2019	<u>\$ (879,616)</u>	<u>\$ 823,422</u>	

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