

October 15, 2018

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-2015-2511355**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 50 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 36, which bears an issue date of October 15, 2018. The tariff changes contained in Supplement No. 50 are proposed to be effective with service rendered on or after December 1, 2018.

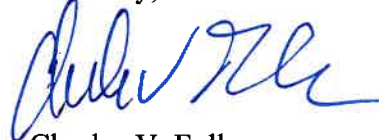
The purpose of Tariff Supplement No. 50 is to reflect: (1) default service rate changes for the Residential Customer Class served under the Price to Compare Default Service Rider; and (2) default service rate changes for customers served under the Hourly Pricing Default Service Rider. These rate changes are consistent with the Commission's Order entered May 19, 2016 at Docket No. P-2015-2511355.

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

- Schedule 1 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.
- Schedule 2 provides supporting details for the changes to the Hourly Pricing Default Service Reconciliation Charge rate contained in the Hourly Pricing Default Service Rider.

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

Sincerely,



Charles V. Fullem
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	:	Docket Nos. P-2015-2511333
Company, Pennsylvania Electric Company,	:	P-2015-2511351
Pennsylvania Power Company and West	:	P-2015-2511355
Penn Power Company for Approval of	:	P-2015-2511356
their Default Service Program	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant.)

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Supplement No. 50
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: October 15, 2018

Effective: December 1, 2018

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

NOTICE

This Supplement No. 50 makes changes to Riders H and I.
See Forty-Seventh Revised Page 2.

LIST OF MODIFICATIONS

Riders

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

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

RIDERS

RIDER H
PRICE TO COMPARE DEFAULT SERVICE RATE RIDER

A Price to Compare Default Service Rate (“PTC_{Default}”) 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_{Default} 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 December 1, 2018 through February 28, 2019 the PTC_{Default} rates billed by Customer Class are as follows:

(C)

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

\$0.07548per kWh.

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

\$0.07714 per kWh

(I)

(C) Change

(I) Increase

RIDERS

Rider I (continued)

HP Cap-AEPS-Other Charge:

\$0.01696 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:

\$0.00003 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_{HP}”) 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_{HP} 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 December 1, 2018 February 28, 2019, the E_{HP} rate is as follows:

(C)

HP Reconciliation Charge Rate = \$(0.01860) per kWh

(I)

(C) Change
 (I) Increase

Pennsylvania Power Company
Price to Compare Default Service Rate Calculation
Residential Class: For the Default Service Period December 1, 2018 through February 28, 2019

**Line
No.**

	Fixed Price Tranche Purchases (\$ per MWh)	Number of Tranches	Clearing Price	Weighted Clearing Price	
1	October 2016 Auction (June 17 through May 19)	1	\$ 55.21	\$	55.21
2	October 2017 Auction (June 18 through May 19)	1	59.89		59.89
3	January 2017 Auction (June 17 through May 19)	1	58.15		58.15
4	January 2018 Auction (June 18 through May 19)	1	60.95		60.95
5	April 2017 Auction (June 17 through May 19)	1	57.94		57.94
6	April 2018 Auction (June 18 through May 19)	2	65.84		131.68
7	Total	7		\$	423.82
8	Total Average Fixed Price Tranche		\$ 60.55		
9	Times Fixed Portion of Load		95%		
10	Total Fixed Price Cost (Line 8 X Line 9)			\$	57.52
11	Average Variable Hourly Price Tranche		\$ 36.69		
12	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)		20.00		
13	Variable Hourly Priced Cost (Line 11 + Line 12)		\$ 56.69		
14	Times Variable Portion of Load		5%		
15	Total Variable Hourly Priced Cost (Line 13 X Line 14)			\$	2.83
16	Price to Compare Weighted Average Price ((Line 10 + Line 15) / 1000)			\$	0.06035
17	Times PTC Loss _{Current}				1.0661
18	Price to Compare Weighted Average Price, including line losses (Line 16 X Line 17)			\$	0.06434 <i>per kWh</i>
19	<u>PTC</u> Administrative Charge			\$	0.00010 <i>per kWh</i>
20	PTC _{Current} before PA Gross Receipts Tax (Line 18 + Line 19)			\$	0.06444
21	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]				1.062699
22	PTC_{Current} Residential Class including PA Gross Receipts Tax (Line 20 X Line 21)			\$	0.06849 <i>per kWh</i>
23	E Reconciliation Rate, including PA Gross Receipts Tax (Page 2, Line 8)			\$	0.00865 <i>per kWh</i>
24	PTC_{Default} Residential Class (Line 22 + Line 23)			\$	0.07714 <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 December 1, 2018 through February 28, 2019

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of September 30, 2018 (See Page 3, Line 15)	\$ 724,771
2	Adjustment for projected Residential Class (Over) / Under Collection through February 2019	1,994,573
3	Adjustment for projected Residential Class E-factor revenue for the remainder of the Default Service Quarter beginning September 1, 2018	<u>285,920</u>
4	Total Cumulative Residential Class (Over) / Under Collection, as adjusted (Lines 1 + 2 + 3)	\$ 3,005,264
5	Projected Residential Class kilowatt hour sales - December 1, 2018 - February 28, 2019 (Line 12)	369,072,349 kWh
6	Residential Class Reconciliation Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ 0.00814 per kWh
7	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)	<u>1.062699</u>
8	Residential Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 6 X Line 7)	<u>\$ 0.00865 per kWh</u>

Projected Residential Class kilowatt hour sales December 1, 2018 through February 28, 2019

9	Dec-18	110,683,579
10	Jan-19	134,467,508
11	Feb-19	<u>123,921,262</u>
12	Total Projected Residential Class kWh Sales	<u>369,072,349</u>

Pennsylvania Power Company
Residential Class Price to Compare Default Service Rate Reconciliation
July 1, 2018 through September 30, 2018

Line No.	Description	Jul-18	Aug-18	Sep-18
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 729,546	\$ 1,048,917	\$ 923,803
2	Gross Default Service Plan Revenues	\$ 7,629,512	\$ 7,553,250	\$ 7,540,457
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>450,141</u>	<u>445,642</u>	<u>444,887</u>
4	PTC _{Rev} Net Default Service Plan Revenues	\$ 7,179,371	\$ 7,107,609	\$ 7,095,570
5	Plus: Prior Period E-factor Amortization	<u>\$ (97,911)</u>	<u>\$ (97,911)</u>	<u>\$ (243,182)</u>
6	Revenue Available for Current Deferral	\$ 7,081,460	\$ 7,009,698	\$ 6,852,388
<u>Expenses</u>				
7	DS _{Exp1} Amortization of Start Up Costs	\$ -	\$ -	\$ -
8	DS _{Exp2} Cost to provide Default Service	7,495,652	6,976,501	6,895,786
9	DS _{Exp2} Cost of Network Integration Transmission Service (NITS)	<u>(7,913)</u>	<u>6,603</u>	<u>(61)</u>
10	Total Expenses	\$ 7,487,739	\$ 6,983,104	\$ 6,895,725
11	Current Month (Over)/Under Collection (Line 10 - Line 6)	\$ 406,279	\$ (26,594)	\$ 43,337
12	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
13	Current Month Interest Rate	5.00%	5.00%	5.00%
14	DS _{int} Interest on Current Month Deferral (Line 11 X Line 12 X (Line 13/12))	<u>\$ 11,003</u>	<u>\$ (609)</u>	<u>\$ 813</u>
15	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 11 + Line 14)	<u>\$ 1,048,917</u>	<u>\$ 923,803</u>	<u>\$ 724,771</u>

Pennsylvania Power Company
Hourly Pricing Default Service Rate Calculation (for Illustrative Purposes Only)
Industrial Class: For the Default Service Period December 1, 2018 through February 28, 2019

**Line
No.**

	HP 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 _{Oth} = \$.004 per kWh for Ancillary Services
4	<hr/> HP Energy Charge (Line 1 x Line 2)	t = An hour in the Billing Period
5	x HP Loss Multiplier	GS Small, Medium, Large = 1.0515 GP = 1.0171 TP = 1.0007
6	<hr/> HP Energy Charge (Line 4 x Line 5)	
	HP Cap-AEPS-Other Purchases (\$/MWh)	Price
7	January 2018 (June 18 through May 19)	\$ 16.96 \$/MWh
8		\$ 0.01696 per kWh
9	x HP Loss Multiplier	GS Small, Medium, Large = 1.0515 GP = 1.0171 TP = 1.0007
10	<hr/> HP Cap-AEPS-Other Purchases (\$/MWh) (Line 8 x Line 9)	
11	HP Administrative Charge	\$ 0.00003 per kWh
12	HP Uncollectibles Charge	\$ 0.00002 per kWh
13	HP Reconciliation Charge	<u>\$ (0.01860) per kWh</u>
14	Hourly Pricing Service Charge (Lines 6 + 10 + 11 + 12 + 13)	<u><u>\$ x.xxxxx</u></u>

- (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 December 1, 2018 through February 28, 2019

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of September 30, 2018 (See Page 3, Line 15)	\$ (617,320)
2	Projected Industrial Class kilowatt hour sales - December 1, 2018 - February 28, 2019 (Line 11)	1,763,402 kWh
3	Industrial Class Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.35007) per kWh
4	Industrial Class Reconciliation Rate Adjustment Factor	<u>5.00%</u>
5	Industrial Class Reconciliation Rate before PA Gross Receipts Tax, as adjusted (Line 3 X Line 4)	\$ (0.01750) per kWh
6	PA Gross Receipt Gross-Up $[1/(1-T)]$ (5.9% Gross Receipts Tax)	<u>1.062699</u>
7	Industrial Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 5 X Line 6)	<u>\$ (0.01860) per kWh</u>

Projected Industrial Class kilowatt hour sales December 1, 2018 through February 28, 2019

8	Dec-18	595,953
9	Jan-19	565,035
10	Feb-19	<u>602,414</u>
11	Total Projected Industrial Class kWh Sales	<u><u>1,763,402</u></u>

Pennsylvania Power Company
Industrial Class Hourly Pricing Default Service Rate Reconciliation
July 1, 2018 through September 30, 2018

Line No.	Description	Jul-18	Aug-18	Sep-18
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ (674,155)	\$ (658,663)	\$ (641,435)
2	Gross Default Service Plan Revenues	\$ 23,141	\$ 24,017	\$ 31,893
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>1,365</u>	<u>1,417</u>	<u>1,882</u>
4	PTC _{HPR^{ev}} Net Default Service Plan Revenues	\$ 21,776	\$ 22,600	\$ 30,011
5	Plus: Prior Period E-factor Amortization	<u>\$ 234,653</u>	<u>\$ 234,652</u>	<u>\$ 224,718</u>
6	Revenue Available for Current Deferral	\$ 256,429	\$ 257,252	\$ 254,729
7	Less: Revenue Allocated to Uncollectibles, net of GRT	<u>\$ 12</u>	<u>\$ 14</u>	<u>\$ 15</u>
8	Revenue Available for Current Deferral	\$ 256,417	\$ 257,238	\$ 254,714
	<u>Expenses</u>			
9	DS _{HPE^{xp1}} Amortization of Start Up Costs	\$ -	\$ -	\$ -
10	DS _{HPE^{xp2}} Cost to provide Default Service	43,035	44,685	57,803
11	DS _{HPE^{xp2}} Cost of Network Integration Transmission Service (NITS)	<u>-</u>	<u>-</u>	<u>-</u>
12	Total Expenses	\$ 43,035	\$ 44,685	\$ 57,803
13	Current Month (Over)/Under Collection (Line 12 - Line 8)	\$ (213,382)	\$ (212,553)	\$ (196,911)
14	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
15	Current Month Interest Rate	5.00%	5.00%	5.00%
16	DS _{Int} Interest on Current Month Deferral (Line 13 X Line 14 X (Line 15/14))	<u>\$ (5,779)</u>	<u>\$ (4,871)</u>	<u>\$ (3,692)</u>
17	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 13 + Line 16)	<u>\$ (658,663)</u>	<u>\$ (641,435)</u>	<u>\$ (617,320)</u>