

June 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 – Tax Cuts and Jobs Act of 2017 (TCJA) Voluntary Surcharge in Accordance with Commission Order at Docket No. R-2018-3000602**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 45 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 36, which bears an issue date of June 15, 2018.

The purpose of Tariff Supplement No. 45 is to establish a voluntary rate reduction TCJA Voluntary Surcharge effective July 1, 2018, which cancels and supersedes Tariff Supplement No. 38 pursuant to 66 Pa.C.S. § 1307(a) of the Public Utility Code

If you have any questions regarding the enclosed documents, please contact me at (610) 921-6498.

Sincerely,



Charles V. Fullem  
Director – Rates & Regulatory Affairs – PA  
610.921.6525

Enclosures

c: Certificate of Service  
Paul Diskin, TUS

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**TAX CUTS AND JOBS ACT OF 2017 – : Docket Nos. R-2018-3000602  
PENNSYLVANIA POWER COMPANY**

**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).

**VIA FIRST CLASS MAIL**

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Bureau of Investigation & Enforcement  
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Dated: June 15, 2018



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**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**

Filed in compliance with the order of Pennsylvania Public Utility Commission of May 17, 2018, at Docket No. R-2018-3000602. This order cancels and supersedes the temporary rates filed in response to the Commission's Temporary Rates Order of March 15, 2018.

**Issued: June 15, 2018**

**Effective: July 1, 2018**

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

**NOTICE**

This Supplement 45 makes decreases in rates.  
See Forty-Second Revised Page 2

LIST OF MODIFICATIONS

**Riders**

Rider B – Adds Rider to Tariff to include the Tax Cuts and Job Acts (TCJA) Voluntary Surcharge (See First Revised Page 103-104).

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(C) Change

## RIDERS

(C)

RIDER B  
TAX CUTS AND JOBS ACT  
VOLUNTARY SURCHARGE

To implement the effects of the Tax Cuts and Jobs Act (“TCJA”), on March 15, 2018 the Pennsylvania Public Utility Commission (“Commission”) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the Company to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code 66 Pa. C.S. § 1310(d). Subsequently, on May 17, 2018, the Commission entered an Order superseding the March 15, 2018 Temporary Rates Order directing the utility to establish rates as follows:

A negative surcharge of -8.07% will apply as a credit for intrastate service to all customer bills rendered on and after July 1, 2018. This negative surcharge will apply equally to all customers in the Residential Customer Class, the Commercial Customer Class and the Industrial Customer Class, exclusive of STAS and all automatic adjustment clause rider revenues.

This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the Company files and the Commission approves new base rates for the Company pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes.

The Tax Cuts and Jobs Act Voluntary Surcharge (“TCJAVSC”) shall be calculated in accordance with the formula set forth below:

$$\frac{\text{TCJAVSC} = (\text{TS} - \text{E})}{\text{Distribution Revenues}}$$

Where:

TS = The estimated current tax savings for the Company, resulting from all changes in corporate taxes resulting from the TCJA compared to taxes that would have been accrued absent TCJA, based on the Company’s most current budget for the Computational Period. Calculated consistent with Appendix A, attached to the Commission’s Order at Docket No. R-2018-3000597.

E = The over or under-refunding of the TCJAVSC that result from the billing of the TCJVSC during the Reconciliation Period, with interest. The reconciliation report showing the actual amounts of over refund / (under

(C) Change

Issued: June 15, 2018

Effective: July 1, 2018

## RIDERS

(C)

## Rider B (continued)

refund) shall be filed with the Commission 120 days after the end of the Reconciliation Year and included in the following calendar year's TCJAVSC (an over refund is denoted by a positive E and an under refund is denoted by a negative E). Interest shall be computed monthly for the over or under refund at the prime rate of interest for commercial banking.

Distribution = All billed Customer Charge, distribution kWh energy charge, distribution kW Revenues demand charge, distribution kVA charge, distribution kW voltage discount, kW transformer charge, and monthly per unit charge for lighting rate schedules that are applicable and billed to Customers.

All capitalized terms not otherwise defined in this Rider shall have the definitions specified in Section 2 of this Tariff. For purposes of this Rider the following additional definitions shall apply:

1. TCJAVSC Initial Computational Period – the 6-month period from July 1, 2018 through December 31, 2018.
2. TCJAVSC Initial Reconciliation Period – the 6-month period from July 1, 2018 through December 31, 2018.
3. TCJAVSC Computational Period – The 12-month period from January 1 through December 31 of each year following the Initial Computational Period.
4. TCJAVSC Reconciliation Period – The 12-month period from January 1 to December 31.

The TCJAVSC shall be filed with the Commission by December 1 of each year. The TCJAVSC shall become effective the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year.

This TCJA Voluntary Surcharge will expire on a bills-rendered basis when new Commission approved base rates will be implemented, on a service rendered basis.

If there is a change in the federal tax law that impacts the Company's tax position before the application of new base rates, a modification to this Rider shall be completed.

The TCJAVSC shall be subject to review and audit by the Commission.

(C) Change