

November 30, 2018

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

**Re: *Pennsylvania Power Company
Supplement No. 51 to Tariff Electric Pa. P.U.C. No. 36
Universal Service Charge Rate Effective January 1, 2019***

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. 51. Supplement No. 51 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, 2019.

Supplement No. 51 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 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

Supplement No. 51
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 30, 2018

Effective: January 1, 2019

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

NOTICE

This Supplement No. 51 makes changes to Rider C.
See Forty-Eighth Revised Page 2.

LIST OF MODIFICATIONS

Riders

Rider C – Universal Service Cost Rider rates have been changed and decreased (See Fourth 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, 2019 through December 31, 2019 the USC shall be equal to 0.455 ^(C) _(D) cents per kWh for all kWh. The USC shall be included in the distribution charges of the monthly bill.

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
 (D) Decrease

PENNSYLVANIA POWER 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)	\$ 7,974,278	
2	Sres = Projected kWh Sales for Customers Served Under Residential Retail Rate Schedules during USC Billing Period (See Schedule 3)	1,630,861,067	kWh
3	E = Cumulative Prior Reconciliation Periods' Net Over / (Under) Collections (See Schedule 7)	\$ 1,001,628	
4	USc/Sres (Line 1/Line 2)	\$ 0.00489	per kWh
5	E/Sres = Reconciliation Component (Line 3/Line 2)	<u>\$ 0.00061</u>	per kWh
6	(USc/Sres) - (E/Sres) (Line 4 - Line 5)	\$ 0.00428	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>\$ 0.00455</u></u>	per kWh

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

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	5,091,278
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>2,846,000</u>
6	Total Projected 2019 Universal Service Program Costs (Lines 1 through 5)	<u>\$ 7,974,278</u>

PENNSYLVANIA POWER 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	180,970,533
2	February 2019	166,776,412
3	March 2019	152,538,689
4	April 2019	127,087,167
5	May 2019	105,456,939
6	June 2019	117,590,426
7	July 2019	136,220,747
8	August 2019	144,576,286
9	September 2019	128,351,711
10	October 2019	107,873,307
11	November 2019	115,511,934
12	December 2019	147,906,915
13	Total for Twelve Months Ending December 31, 2019	<u>1,630,861,067</u>

PENNSYLVANIA POWER 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	\$ 531,715	\$ 453,076	\$ 78,639	6.0000%	0.5000%	20	\$ 7,864	\$ 86,503
2	December 2017	724,490	694,785	29,705	6.0000%	0.5000%	19	2,822	119,030
3	January 2018	946,686	448,643	498,043	6.0000%	0.5000%	18	44,824	661,897
4	February 2018	763,128	507,161	255,967	6.0000%	0.5000%	17	21,757	939,621
5	March 2018	650,725	812,041	(161,316)	6.0000%	0.5000%	16	(12,905)	765,400
6	April 2018	633,556	427,876	205,680	6.0000%	0.5000%	15	15,426	986,506
7	May 2018	507,624	732,558	(224,934)	6.0000%	0.5000%	14	(15,745)	745,827
8	June 2018	603,667	797,280	(193,613)	6.0000%	0.5000%	13	(12,585)	539,629
9	July 2018	692,842	383,603	309,239	6.0000%	0.5000%	12	18,554	867,422
10	August 2018	686,636	554,816	131,820	6.0000%	0.5000%	11	7,250	1,006,492
11	September 2018	689,252	715,773	(26,521)	6.0000%	0.5000%	10	(1,326)	978,645
12	October 2018	544,602	522,559	22,043	6.0000%	0.5000%	9	992	1,001,680
13	Totals for the USC reconciliation period ended October 31, 2018	\$ 7,974,923	\$ 7,050,171	\$ 924,752				\$ 76,928	\$ 1,001,680

(A) See Penn Power 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) 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, 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	Penn Power Customer Assistance and Referral for Evaluation of Services ("CARES") Program Costs	\$ 66	\$ -	\$ 953	\$ 923	\$ -	\$ 94	\$ 107	\$ 63	\$ 41	\$ -	\$ 213	\$ -	\$ 2,460
2	Penn Power Customer Assistance Program ("CAP") Costs	359,279	385,652	357,147	348,035	439,503	362,167	402,541	425,303	382,733	450,025	366,985	436,248	4,723,618
3	Penn Power Fuel Fund Administration Costs	66	166	9,229	426	663	576	786	727	409	261	209	296	13,814
4	Penn Power Gatekeeper Program Costs	-	-	-	-	-	-	-	11	-	-	-	-	11
5	Penn Power WARM (formerly LIURP) Program Costs	93,665	298,967	81,314	159,777	371,875	65,039	329,124	371,176	420	104,530	348,366	86,015	2,310,268
6	Reconciliation Year Cost Adjustment (A)	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Universal Service Program Costs (Lines 1 through 6)	\$ 453,076	\$ 684,785	\$ 448,643	\$ 507,161	\$ 812,041	\$ 427,876	\$ 732,558	\$ 797,280	\$ 383,603	\$ 554,816	\$ 715,773	\$ 522,559	\$ 7,050,171

(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 2018 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 2017 (Actual) 4,658
3	Month-end CAP Participants December 2017 (Actual) 4,650
4	Month End CAP Participants January 2018 (Actual) 4,591
5	Month End CAP Participants February 2018 (Actual) 4,611
6	Month End CAP Participants March 2018 (Actual) 4,667
7	Month End CAP Participants April 2018 (Actual) 4,646
8	Month End CAP Participants May 2018 (Actual) 4,735
9	Month End CAP Participants June 2018 (Actual) 4,726
10	Month End CAP Participants July 2018 (Actual) 4,623
11	Month End CAP Participants August 2018 (Actual) 4,584
12	Month End CAP Participants September 2018 (Actual) 4,623
13	Month End CAP Participants October 2018 (Actual) <u>4,590</u>
14	Average Month-end CAP Participants for the 12 months ended October 31, 2018 4,642
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 \$ 4,234,119
17	CAP credits and Pre-Program Arrearage Forgiveness Credits per participant (Line 16 / Line 14) \$ 912
18	Offset by 14.3% \$ (130)
19	Adjustment to October 2018 Penn Power Universal Service Costs to Reflect Cost Adjustment per Penn Power Universal Service Cost Rider (Line 15 x Line 18) <u>\$ -</u>

**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 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			\$ 427,687
2	November 2017	\$ (23,859)		403,828
3	December 2017	(32,509)		371,319
4	January 2018	(47,265)		324,054
5	February 2018	(42,829)		281,225
6	March 2018	(36,542)		244,683
7	April 2018	(35,578)		209,105
8	May 2018	(28,506)		180,599
9	June 2018	(33,899)		146,700
10	July 2018	(38,907)		107,793
11	August 2018	(38,558)		69,235
12	September 2018	(38,705)		30,530
13	October 2018	<u>(30,582)</u>	<u>\$ 1,001,680</u> (A)	1,001,628
14	Totals November 1, 2017 through October 31, 2018	<u>\$ (427,739)</u>	<u>\$ 1,001,680</u>	

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