

October 17, 2019

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

**Re: Pennsylvania Electric Company Tariff Electric Pa. P.U.C. No. 81 – Rate
Changes in Compliance with Pennsylvania Electric Company’s Default Service
Plan, Docket No. P-2017-2637857**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 85 to Pennsylvania Electric Company’s (“Penelec” or the “Company”) Tariff Electric Pa. P.U.C. No. 81, which bears an issue date of October 17, 2019. The tariff changes contained in Supplement No. 85 are proposed to be effective with service rendered on or after December 1, 2019.

The purpose of Tariff Supplement No. 85 is to reflect: (1) default service rate changes for the Residential Class served under the Price to Compare Default Service Rider; and (2) default service rate changes for the 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-2017-2637857.

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 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:

VIA FIRST CLASS MAIL

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PENNSYLVANIA ELECTRIC COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

**The Territory as Defined on
Page Nos. 8 - 15 of this Tariff**

Issued: October 17, 2019

Effective: December 1, 2019

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

NOTICE

Supplement No. 85 makes changes to Riders H and I.
See Eighty-Second Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

Rider H – Price to Compare Default Service Rate Rider rates have been changed and increased (See Twentieth Revised Page 136).

Rider I – Hourly Pricing Default Service Rider service rates have been changed and increased (See Twenty-First Revised Page 145).

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 Penelec 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, 2019 through February 29, 2020 the PTC_{Default} rates billed by Customer Class are as follows:

(C)

Commercial Customer Class (Rate GS-Small, Rate GS-Medium, Rate H, Borderline Service, Street Lighting Service, Ornamental Street Lighting, LED Street Lighting Service, and Outdoor Lighting Service):

\$0.05163 per kWh.

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

\$0.06445 per kWh

(I)

(C) Change
(I) Increase

RIDERS

Rider I (continued)

HP Reconciliation Charge:

The HP Reconciliation Charge Rate (“E_{HP}”) shall be applied to each kWh of Default Service that Penelec 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.

(C)

For service rendered December 1, 2019 through February 29, 2020, the E_{HP} rate is as follows:

$$\text{HP Reconciliation Charge Rate} = \$0.03709 \text{ per kWh} \tag{I}$$

The E_{HP} rate will be calculated at the end of each Default Service Quarter (three months ending January 31st, April 30th, July 31st, and October 31st) to be effective for the three-month period beginning on the first day of the second calendar month following the end of that Default Service Quarter (March 1st, June 1st, September 1st and December 1st). The E_{HP} rate shall be calculated in accordance with the formula set forth below:

$$E_{HP} = [((DS_{HPExp1} + DS_{HPExp2} + DS_{HPExp3}) - PTC_{HPRev} + DS_{HPInt}) / DS_{HPSales}] \times [1 / (1 - T)]$$

Where:

E_{HP} = The rate determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Customers under this rider.

DS_{HPExp1} = An allocated portion of the incremental start-up costs incurred by the Company through May 31, 2019 in connection with the Company’s Default Service Supply Plan to provide Default Service amortized over the forty-eight (48) month period ending May 31, 2023 including but not limited to:

- Incremental start-up administrative costs including metering and billing costs incurred and other costs as necessary to provide service to Retail Default Service Customers
- Other start-up costs incurred to develop and implement the competitive bid process for the Retail Default Service Supply Plan including legal, customer notice, and consultant fees.

(C) Change
 (I) Increase

Pennsylvania Electric Company
Hourly Pricing Default Service Rate Calculation (for Illustrative Purposes Only)
Industrial Class: For the Default Service Period December 1, 2019 through February 29, 2020

**Line
No.**

1	HP Energy Charge = $\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth}) \times \text{HP}_{\text{Loss Multiplier}}$	kWh for each hour in billing period
2	$\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth})$	LMP = Real Time PJM Load Weighted average LMP for PN Zone for each hour
3	<hr/>	HPOth = \$.004 per kWh for Ancillary Services
4	HP Energy Charge (Line 1 x Line 2)	t = An hour in the Billing Period
5	x HP Loss Multiplier	GS Small, Medium, and Large = 1.0573 GP = 1.0234 LP = 1.0035
6	<hr/> HP Energy Charge (Line 4 x Line 5)	
7	HP Cap-AEPS-Other Purchases (\$/MWh)	Price
8	January 2019 (June 19 through May 20)	\$ 15.02 \$/MWh
9	x HP Loss Multiplier	\$ 0.01502 per kWh GS Small, Medium, and Large = 1.0573 GP = 1.0234 LP = 1.0035
10	<hr/> HP Cap-AEPS-Other Purchases (\$/MWh) (Line 8 x Line 9)	
11	HP Administrative Charge	\$ 0.00008 per kWh
12	HP Uncollectibles Charge	\$ 0.00100 per kWh
13	HP Reconciliation Charge	<u>\$ 0.03709 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 Electric Company
Computation of Industrial Class Hourly Pricing Default Service Rate Reconciliation Factor
Rate Effective December 1, 2019 through February 29, 2020

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of September 30, 2019 (See Page 3, Line 19)	\$ 1,658,453
2	Projected Industrial Class kilowatt hour sales - December 1, 2019 - February 29, 2020 (Line 11)	11,880,766 kWh
3	Industrial Class Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ 0.13959 per kWh
4	Industrial Class Reconciliation Rate Adjustment Factor	<u>25.00%</u>
5	Industrial Class Reconciliation Rate before PA Gross Receipts Tax, as adjusted (Line 3 X Line 4)	\$ 0.03490 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>\$ 0.03709 per kWh</u>

Projected Industrial Class kilowatt hour sales December 1, 2019 through February 29, 2020

8	Dec-19	3,981,495
9	Jan-20	3,888,070
10	Feb-20	<u>4,011,201</u>
11	Total Projected Industrial Class kWh Sales	<u>11,880,766</u>

Pennsylvania Electric Company
Industrial Class Hourly Pricing Default Service Rate Reconciliation
July 1, 2019 through September 30, 2019

Line No.	Description	Jul-19	Aug-19	Sep-19
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 314,078	\$ 820,006	\$ 1,249,564
2	Gross Default Service Plan Revenues	\$ 491,208	\$ 516,261	\$ 567,783
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>28,981</u>	<u>30,459</u>	<u>33,499</u>
4	PTC _{HPR} Rev Net Default Service Plan Revenues	\$ 462,227	\$ 485,802	\$ 534,284
5	Plus: Prior Period E-factor Amortization	\$ 63,097	\$ 63,096	\$ (104,693)
6	Revenue Available for Current Deferral	\$ 525,324	\$ 548,898	\$ 429,591
7	Less: Revenue Allocated to Uncollectibles, net of GRT	\$ 10,510	\$ 10,561	\$ 10,373
8	Revenue Available for Current Deferral	\$ 514,814	\$ 538,337	\$ 419,218
	<u>Expenses</u>			
9	DS _{HPE} Exp1 Amortization of Start Up Costs	\$ -	\$ -	\$ -
10	DS _{HPE} Exp2 Cost to provide Default Service	944,834	896,188	893,703
11	DS _{HPE} Exp2 Cost of Network Integration Transmission Service (NITS)	-	-	-
12	Total Expenses	\$ 944,834	\$ 896,188	\$ 893,703
13	Current Month (Over)/Under Collection (Line 12 - Line 8)	\$ 430,020	\$ 357,851	\$ 474,485
14	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
15	Current Month Interest Rate	5.50%	5.25%	5.00%
16	DS _{Int} Interest on Current Month Deferral (Line 13 X Line 14 X (Line 15/14))	\$ 12,811	\$ 8,611	\$ 8,897
17	June 1, 2015 through May 31, 2017 Audit Period Adjustment	\$ -	\$ -	\$ -
18	Interest on June 1, 2015 through May 31, 2017 Audit Period Adjustment through 9/30/19	-	-	<u>30,200</u>
19	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 13 + Line 16 + Line 17 + Line 18)	<u>\$ 820,006</u>	<u>\$ 1,249,564</u>	<u>\$ 1,658,453</u>

Pennsylvania Electric Company
Price to Compare Default Service Rate Calculation
Residential Class: For the Default Service Period December 1, 2019 through February 29, 2020

**Line
No.**

	Number of	Clearing	Weighted	
	Tranches	Price	Clearing	
			Price	
	<u>Fixed Price Tranche Purchases (\$ per MWh)</u>			
1	October 2018 Auction (June 19 through May 20)	3	50.61	\$ 151.83
2	October 2018 Auction (June 19 through May 21)	2	49.47	\$ 98.94
3	January 2019 (June 19 through May 20)	3	52.63	\$ 157.89
4	January 2019 (June 19 through May 21)	3	51.74	\$ 155.22
5	April 2019 (June 19 through May 20)	3	51.00	\$ 153.00
6	April 2019 (June 19 through May 21)	3	50.45	\$ 151.35
7	Total	17		\$ 868.23
8	Total Average Fixed Price Tranche		\$ 51.07	
9	Times Fixed Portion of Load		<u>95%</u>	
10	Total Fixed Price Cost (Line 8 X Line 9)			\$ 48.52
11	Average Variable Hourly Price Tranche		\$39.40	
12	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)		<u>20.00</u>	
13	Variable Hourly Priced Cost (Line 11 + Line 12)		\$ 59.40	
14	Times Variable Portion of Load		<u>5%</u>	
15	Total Variable Hourly Priced Cost (Line 13 X Line 14)			\$ 2.97
16	Price to Compare Weighted Average Price ((Line 10 + Line 15) / 1000)			\$ 0.05149
17	Times PTC Loss _{Current}			<u>1.0573</u>
18	Price to Compare Weighted Average Price, including line losses (Line 16 X Line 17)			\$ 0.05444 <i>per kWh</i>
19	PTC _{Administrative Charge}			<u>\$ 0.00004</u> <i>per kWh</i>
20	PTC _{Current} before PA Gross Receipts Tax (Line 18 + Line 19)			\$ 0.05448
21	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]			<u>1.062699</u>
22	PTC_{Current} Residential Class including PA Gross Receipts Tax (Line 20 X Line 21)			\$ 0.05790 <i>per kWh</i>
23	E Reconciliation Rate, including PA Gross Receipts Tax (Page 2, Line 8)			\$ 0.00655 <i>per kWh</i>
24	PTC_{Default} Residential Class (Line 22 + Line 23)			\$ 0.06445 <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 Electric Company
Computation of Residential Class Price to Compare Default Service Rate Reconciliation Factor
Rate Effective December 1, 2019 through February 29, 2020

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of September 30, 2019 (See Page 3, Line 17)	\$ 825,447
2	Adjustment for projected Residential Class (Over) / Under Collection through February 2020	2,727,736
3	Adjustment for projected Residential Class E-factor revenue for the remainder of the Default Service Quarter beginning September 1, 2019	<u>2,120,254</u>
4	Total Cumulative Residential Class (Over) / Under Collection, as adjusted (Lines 1 + 2 + 3)	\$ 5,673,437
5	Projected Residential Class kilowatt hour sales - December 1, 2019 - February 29, 2020 (Line 12)	920,591,417 kWh
6	Residential Class Reconciliation Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ 0.00616 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>\$ 0.00655 per kWh</u>

Projected Residential Class kilowatt hour sales December 1, 2019 through February 29, 2020

9	Dec-19	273,337,169
10	Jan-20	323,920,196
11	Feb-20	<u>323,334,051</u>
12	Total Projected Residential Class kWh Sales	<u><u>920,591,417</u></u>

Pennsylvania Electric Company
Residential Class Price to Compare Default Service Rate Reconciliation
July 1, 2019 through September 30, 2019

Line No.	Description	Jul-19	Aug-19	Sep-19
1	Cumulative (Over)/Under Collection at Beginning of Month 1	\$ (2,751,455)	\$ 966,550	\$ 160,233
2	Gross Default Service Plan Revenues	\$ 14,547,024	\$ 16,519,361	\$ 13,833,566
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>858,274</u>	<u>974,642</u>	<u>816,180</u>
4	PTC _{Rev} Net Default Service Plan Revenues	\$ 13,688,749	\$ 15,544,719	\$ 13,017,386
5	Plus: Prior Period E-factor Amortization	<u>291,147</u>	<u>291,148</u>	<u>917,152</u>
6	Revenue Available for Current Deferral	\$ 13,979,896	\$ 15,835,867	\$ 13,934,538
	<u>Expenses</u>			
7	DS _{Exp1} Amortization of Start Up Costs	\$ -	\$ -	\$ -
8	DS _{Exp2} Cost to provide Default Service	17,306,637	14,763,176	11,406,355
9	DS _{Exp2} Cost of Network Integration Transmission Service (NITS)	<u>979</u>	<u>1,013</u>	<u>1,421</u>
10	Total Expenses	\$ 17,307,616	\$ 14,764,189	\$ 11,407,776
11	Current Month (Over)/Under Collection (Line 10 - Line 6)	\$ 3,327,720	\$ (1,071,678)	\$ (2,526,762)
12	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
13	Current Month Interest Rate	5.50%	5.25%	5.00%
14	DS _{Int} Interest on Current Month Deferral (Line 11 X Line 12 X (Line 13/12))	<u>\$ 99,138</u>	<u>\$ (25,787)</u>	<u>\$ (47,377)</u>
15	June 1, 2015 through May 31, 2017 Audit Period Adjustment	\$ -	\$ -	\$ 1,696,394
16	Interest on June 1, 2015 through May 31, 2017 Audit Period Adjustment through 9/30/19	<u>-</u>	<u>-</u>	<u>625,807</u>
17	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 11 + Line 14 + Line 15 + Line 16)	<u>\$ 966,550</u>	<u>\$ 160,233</u>	<u>\$ 825,447</u>