

September 24, 2018

VIA e-FILING

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

Re: *Pennsylvania Electric Company Tariff Electric Pa. P.U.C. No. 81 – Rate Changes in Compliance with Pennsylvania Electric Company’s Distribution System Improvement Charge Rider, Docket No. M-2018-3004819*

Dear Secretary Chiavetta:

Enclosed for filing at the above-referenced docket is a Revised Schedule 1 showing the calculation of the Distribution System Improvement Charge (“DSIC”) rate set forth in Supplement 62. The revised schedule corrects the depreciation rates used in calculation of the DSIC rate effective October 1, 2018. There is no change to the DSIC charge that was filed September 20, 2018.

If you have any questions regarding the enclosed documents, please feel free to contact the undersigned.

Sincerely,



Charles V. Fullem
Director of Rates & Regulatory Affairs-PA
610-921-6525

Enclosures

c: Per Certificate of Service
Paul T. Diskin, Bureau of Technical Utility Services
Lori Burger, Bureau of Audits

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PENNSYLVANIA :
ELECTRIC COMPANY FOR APPROVAL : **Docket No. P-2015-2508936, et al.**
TO AND IMPLEMENT A DISTRIBUTION :
SYSTEM IMPROVEMENT CHARGE :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54:

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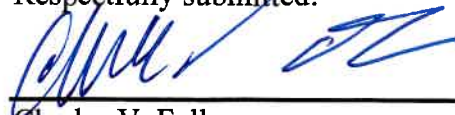
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Dated: September 24, 2018

**Pennsylvania Electric Company
Computation of DSIC Rate**

To be effective October 1, 2018 through December 31, 2018

Line No.		10/1/2018 Quarterly Rate
1	Incremental Plant Additions (June-August 2018)	\$ 3,895,054
2	Cumulative Plant ³	8,153,815
3	Accumulated Depreciation	23,366
4	Retirements	<u> -</u>
5	Distribution System Improvement Projects net of Accumulated Depreciation	\$ 8,130,449
6	Quarterly Pre-tax return rate (Page 2) applied to DSIC-eligible property (Line 5)	195,944
7	Weighted Average Depreciation rate (Page 4) applied to DSIC-eligible property (Line 2) divided by 4	45,603
8	(Over)/Under collection of revenues ²	<u> 2,200</u>
9	Net Amount to be recovered w/o GRT	\$ 243,747
10	Net Amount to be recovered w GRT ¹	259,030
11	Projected Quarterly Revenue (Page 3)	\$ 108,714,496
12	DSIC Rate (Line 10 divided by Line 11)	0.24%

¹ Gross up for Gross Receipts Tax = Net Amount x (1/ (1-5.9%))

² Annual Reconciliation of Year End Balance 12/31/17

³ For the period March to May 2018, the Company includes the incremental plant additions for that time period on line 2 and the accumulated depreciation associated with those investments on line 3 to include only the cumulative net depreciated book value fixed costs.

Pennsylvania Electric Company
Computation of Composite DSIC Pre-tax Rate of Return

Line No.	Description	Capitalization Ratio	¹⁾ Embedded Cost	²⁾ Pre-tax Rate of Return	Tax Multiplier	Pre-Tax Rate of Return (PTRR)
1	Long-Term Debt	45.56%	4.93%	2.25%	-	2.25%
2	Common Equity	<u>54.44%</u>	9.65% ³⁾	<u>5.25%</u>	1.406313504	<u>7.39%</u>
3	Total	<u>100.00%</u>		<u>7.50%</u>		<u>9.63%</u>
Quarterly Pre-Tax Rate of Return (Line No 3, Col. 7 / 4)						<u>2.41%</u>

Footnotes:

- 1) Capitalization Ratio from the actual capitization structure as of August 31, 2018
- 2) Long-Term Debt Cost from the Company's actual embedded debt cost as of August 31, 2018
- 3) Common Equity Cost from the Commission's Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities July 17, 2018
- 4) Last Quarterly Earnings Report dated June 30, 2018, Schedule D-2, Line 15 - Return on Common Equity

Meets Test 9.39%
Yes

**Pennsylvania Electric Company
Revenue Forecast**

Oct-18	34,529,375
Nov-18	35,287,055
Dec-18	<u>38,898,066</u>
Total	108,714,496

Pennsylvania Electric Company
Weighted Average Depreciation rate

	March 2018 Capital Additions	April 2018 Capital Additions	May 2018 Capital Additions	Total Capital Additions	% of Total	Book Depreciation Rate	Weighted Average Depreciation
362 - Station Equipment	\$ 42,019	\$ 412,190	\$ 72,524	\$ 526,733	12.368%	1.77%	0.219%
364 - Poles, Towers And Fixtures	24,472	100,792	837,960	963,224	22.617%	1.99%	0.450%
365 - Overhd Conductr, Devices	743,136	631,725	1,334,479	2,709,340	63.618%	2.30%	1.463%
366 - Underground Conduit	(274)	28,268	(28,177)	(183)	-0.004%	1.43%	0.000%
367 - Undergrnd Conductr,Devices	(456)	78,760	(78,271)	33	0.001%	2.38%	0.000%
368 - Line Transformers	8,199	32,447	(1,514)	39,132	0.919%	2.71%	0.025%
369 - Services	225	2,590	25	2,840	0.067%	1.74%	0.001%
373.1 - Street Light - Oh, Ug Lines	7	6	491	504	0.012%	5.27%	0.001%
397 - Communication Equipment	3,570	278	13,290	17,138	0.402%	8.89%	0.036%
Total	\$ 820,898	\$ 1,287,056	\$ 2,150,807	\$ 4,258,761	100.000%		2.195%

	June 2018 Capital Additions	July 2018 Capital Additions	August 2018 Capital Additions	Total Capital Additions	% of Total	Book Depreciation Rate	Weighted Average Depreciation
362 - Station Equipment	\$ 48,714	\$ 864,299	\$ 91,090	\$ 1,004,103	25.779%	1.77%	0.456%
364 - Poles, Towers And Fixtures	119,357	483,171	218,720	821,248	21.084%	1.99%	0.420%
365 - Overhd Conductr, Devices	356,337	654,115	624,468	1,634,920	41.974%	2.30%	0.965%
366 - Underground Conduit	28,649	20,001	16,342	64,992	1.669%	1.43%	0.024%
367 - Undergrnd Conductr,Devices	46,554	(21,259)	113,264	138,559	3.557%	2.38%	0.085%
368 - Line Transformers	37,631	2,621	77,254	117,506	3.017%	2.71%	0.082%
369 - Services	4,733	2,761	158	7,652	0.196%	1.74%	0.003%
373.1 - Street Light - Oh, Ug Lines	(1,714)	(1)	(5,366)	(7,081)	-0.182%	5.27%	-0.010%
397 - Communication Equipment	6,038	103,230	3,887	113,155	2.905%	8.89%	0.258%
Total	\$ 646,299	\$ 2,108,938	\$ 1,139,817	\$ 3,895,054	100.000%		2.284%

	Total Capital Additions	% of Total	Book Depreciation Rate	Weighted Average Depreciation
Total Plant Additions - March to August 2018				
362 - Station Equipment	\$ 1,530,836	18.774%	1.77%	0.332%
364 - Poles, Towers And Fixtures	1,784,472	21.885%	1.99%	0.436%
365 - Overhd Conductr, Devices	4,344,260	53.279%	2.30%	1.225%
366 - Underground Conduit	64,809	0.795%	1.43%	0.011%
367 - Undergrnd Conductr,Devices	138,592	1.700%	2.38%	0.040%
368 - Line Transformers	156,638	1.921%	2.71%	0.052%
369 - Services	10,492	0.129%	1.74%	0.002%
373.1 - Street Light - Oh, Ug Lines	(6,577)	-0.081%	5.27%	-0.004%
397 - Communication Equipment	130,293	1.598%	8.89%	0.142%
Total	\$ 8,153,815	100.000%		2.237%