Supplement No. 40

Electric Pa. P.U.C. No. 81

**PENNSYLVANIA ELECTRIC COMPANY**

**READING, PENNSYLVANIA**

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**Electric Service Tariff**

**Effective in**

**The Territory as Defined on**

**Page Nos. 8 - 15 of this Tariff**

### Issued: April 28, 2017 Effective: June 1, 2017

**By: Steven E. Strah, President**

###### Reading, Pennsylvania

##### NOTICE

Supplement No. 40 makes changes to Rider J.

See Thirty-Seventh Revised Page No. 2.

#### LIST OF MODIFICATIONS

Riders

Rider J – Default Service Support Rider has been modified to eliminate the TSC1 Component and rates have been decreased (See Fifth Revised Page 149, Second Revised Page 150 and Third Revised Pages 151-154).

RIDERS

RIDER J

DEFAULT SERVICE SUPPORT RIDER

 A Default Service Support (“DSS”) rate shall be applied to DSS Sales delivered by the Company to Delivery Service Customers under this rider as determined to the nearest one-thousandth of a cent per kWh or dollar per kW NSPL, as applicable. The DSS rate shall be billed to Customers receiving Delivery Service from the Company under this rider. The DSS rates shall be calculated according to the provisions of this rider. The DSS Rider shall be non-bypassable.

For service rendered during the DSS Initial Computational Period and thereafter, the DSS Computational Year, the DSS rates billed by Rate Schedule are as follows:

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Rate Schedule** |  | **DSS Rates**  |
|  |  |  |
| Rate Schedule RS & GS Volunteer Fire Company and Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate  |  | 0.478 cents per kWh (D) |
| Rate Schedule GS – Small |  | 0.264 cents per kWh (D) |
| Rate Schedule GS – Medium |  | 0.264 cents per kWh (D) |
| Rate Schedule H |  | 0.264 cents per kWh (D) |
| Rate Schedule BRD |  | 0.264 cents per kWh (D) |
| Rate Schedule LED |  | 0.264 cents per kWh (D) |
| Rate Schedule Street Lighting |  | 0.264 cents per kWh (D) |
| Rate Schedule Municipal Street Lighting |  | 0.264 cents per kWh (D) |
| Rate Schedule OAL |  | 0.264 cents per kWh (D) |
| Rate Schedule GS – Large |  | $ 0.953 per kW NSPL (D) |
| Rate Schedule GP |  | $ 0.953 per kW NSPL (D) |
| Rate Schedule LP |  | $ 0.953 per kW NSPL (D) |

 (D) Decrease

Rider J (continued)

The DSS rates by rate schedule shall be calculated annually in accordance with the formula set

forth below: (C)

 DSS rate = [UE + NMB + RE + CEC] X [1 / (1-T)]

The components of the formula are defined below:

Default Service Related Uncollectibles

UE = A default service-related unbundled uncollectible accounts expense charge,

determined by Customer Class and stated to the nearest one-thousandth of a cent per kWh

to be applied to DSS Sales delivered by the Company to residential and commercial

Delivery Service Customers under this rider. The UE reflects the default service-related portion of the uncollectible account expense based on revenues in the Company’s distribution base rate case and the additional uncollectible accounts expense incurred by

the Company as a result of providing Default Service under this tariff. This component

of the DSS rate in this non-bypassable rider is non-reconcilable.

The unbundled uncollectible accounts expense associated with Default Service and a purchase of receivables program allocated to Delivery Service Customers on a non-bypassable, non-reconcilable basis will be Customer Class specific and will be adjusted annually on June 1 of each year based on the projected price of Default Service. Adjustments, if necessary, will be made to the uncollectible percentage in a future distribution base rate case or the start of the next Default Service Program, whichever occurs earlier.

(C) Change

Rider J (continued)

The UE charges by Customer Class to be included in DSS rates are as follows:

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):

 0.011 cents per kWh

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

0.248 cents per kWh

 (C)

(C) Change

Rider J (continued)

 (C)

**Non-Market Based Services Transmission Charges**

 NMB = (NMBC – E) / S

Where:

NMB = The charge to be applied to Delivery Service Customers served under this rider for Non-Market Based Services Transmission Charge costs incurred by the Company.

NMBC = Forecasted NMB costs applicable to the Company’s DSS Sales. Forecasted NMB costs shall include FERC approved costs for (i) PJM Regional Transmission Expansion Plan charges; (ii) PJM Expansion Cost Recovery; (iii) PJM charges for Reliability Must Run generating unit declarations and charges associated with plants deactivated after July 24, 2014, the approval date of the Company’s Default Service Program at Docket No. P-2013-2391372; (iv) historical tie line, generation, and retail customer meter adjustments; (v) Unaccounted for Energy; and (vi) any other FERC-approved PJM transmission charges billed to the Company by PJM that will not be reconciled through the Company’s Price To Compare Default Service Rate Rider and/or Hourly Pricing Default Service Rider and are approved by the Commission for recovery under this rider. Forecasted NMB costs are allocated to each Customer Class based upon each Customer Class’s contribution to the total Company Network Service Peak Load

E = The over or under-collection of the NMBC that results from billing of the NMB during the DSS Reconciliation Year, including applicable interest. An over-collection is denoted by a positive E and an under-collection by a negative E. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over and under collection occurs, as reported in the *Wall Street Journal*,

 to the effective month that the over collection is refunded or the under collection is collected.

S = The Company’s total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

(C) Change

Rider J (continued)

 (C)

The NMB charges by Customer Class to be included in DSS rates are as follows:

Industrial Customer Class (Rate GS – Large, GP and Rate LP):

$0.897 per kW NSPL (D)

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):

0.237 cents per kWh (D)

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

0.197 cents per kWh (D)

(C) Change

 (D) Decrease

Rider J (continued)

**Retail Enhancements**

 RE = [ (REc – E) / S]

Where:

RE = The charge to be applied to Delivery Service Customers served under this rider for the Retail Enhancement Costs incurred by the Company.

REc= The Retail Enhancement Costs incurred by the Company to cover programming expenses and implementation costs associated with competitive market enhancements approved by the Commission.

E = The over or under-collection of the REC that results from billing of the RE during the DSS Reconciliation Year, including applicable interest. An over-collection is denoted by a positive E and an under-collection by a negative E. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over and under collection occurs, as reported in the *Wall Street Journal*, to the effective month that the over collection is refunded or the under collection is collected.

S = The Company’s total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

The RE rates by Customer Class to be included in DSS rates are as follows:

Industrial Customer Class (Rate GS – Large, GP and Rate LP):

 $0.000 per kW NSPL

Commercial Customer Class (Rate GS-Small):

 0.000 cents per kWh (D)

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

 0.005 cents per kWh

(D) Decrease