

April 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. 74 to Pennsylvania Electric Company’s (“Penelec” or the “Company”) Tariff Electric Pa. P.U.C. No. 81, which bears an issue date of April 17, 2019. The tariff changes contained in Supplement No. 74 are proposed to be effective with service rendered on or after June 1, 2019.

The purpose of Tariff Supplement No. 74 is to reflect: (1) default service rate changes for 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.

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, Bureau of Technical Utility Services
Lori Burger, Bureau of Audits

**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:

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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: April 17, 2019

Effective: June 1, 2019

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

NOTICE

Supplement No. 74 makes changes to Rider I.
See Seventy-First Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

Rider I – Hourly Pricing Default Service Rider service rates have been changed, increased and decreased (See Seventh Revised Page 144 and Nineteenth Revised Page 145).

RIDERS

Rider I (continued)

HP Loss Multipliers:	GS-Small	1.0573
	GS-Medium	1.0573
	GS-Large	1.0573
	GP	1.0234
	LP	1.0035

These HP Loss Multipliers exclude transmission losses.

HP Cap-AEPS-Other Charge:

\$0.01502 per kWh representing the costs paid by the Company to the Supplier for Capacity, AEPS costs, and any other costs incurred by the Supplier multiplied by the HP Loss Multipliers. This charge is subject to quarterly adjustments.

(I)

HP Administrative Charge:

\$0.00008 per kWh representing the administrative costs incurred by the Company associated with providing Hourly Pricing Service.

(D)

HP Uncollectibles Charge:

\$0.00100 per kWh representing the default service related uncollectible accounts expense associated with Hourly Pricing Default Service. This charge is subject to annual adjustment on June 1 of each year.

(I) Increase
 (D) Decrease

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 June 1, 2019 through August 31, 2019, the E_{HP} rate is as follows:

HP Reconciliation Charge Rate = (\$0.00289) per kWh (D)

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:

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

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
(D) Decrease

Pennsylvania Electric Company
Hourly Pricing Default Service Rate Calculation (for Illustrative Purposes Only)
Industrial Class: For the Default Service Period June 1, 2019 through August 31, 2019

**Line
No.**

1	HP Energy Charge = $\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth})) \times \text{HP}_{\text{Loss Multiplier}}$	
2	$\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth}))$	kWh for each hour in billing period
3		LMP = Real Time PJM Load Weighted average LMP for PN Zone for each hour
4	<hr/> HP Energy Charge (Line 1 x Line 2)	HP _{Oth} = \$.004 per kWh for Ancillary Services
5	x HP Loss Multiplier	t = An hour in the Billing Period 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>\$ (0.00289) 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 June 1, 2019 through August 31, 2019**

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of March 31, 2019 (See Page 3, Line 17)	\$ (189,290)
2	Projected Industrial Class kilowatt hour sales - June 1, 2019 - August 31, 2019 (Line 11)	17,376,148 kWh
3	Industrial Class Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.01089) 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)	\$ (0.00272) 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>\$ (0.00289) per kWh</u>

Projected Industrial Class kilowatt hour sales June 1, 2019 through August 31, 2019

8	Jun-19	5,792,637
9	Jul-19	5,799,955
10	Aug-19	<u>5,783,556</u>
11	Total Projected Industrial Class kWh Sales	<u>17,376,148</u>

**Pennsylvania Electric Company
Industrial Class Hourly Pricing Default Service Rate Reconciliation
January 1, 2019 through March 31, 2019**

Line No.	Description	Jan-19	Feb-19	Mar-19
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 68,798	\$ (205,676)	\$ (255,389)
2	Gross Default Service Plan Revenues	\$ 435,580	\$ 298,583	\$ 239,948
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>25,699</u>	<u>17,616</u>	<u>14,157</u>
4	PTC _{HPR} Rev Net Default Service Plan Revenues	\$ 409,881	\$ 280,967	\$ 225,791
5	Plus: Prior Period E-factor Amortization	\$ 235,664	\$ 235,665	\$ (22,933)
6	Revenue Available for Current Deferral	\$ 645,545	\$ 516,632	\$ 202,858
7	Less: Revenue Allocated to Uncollectibles, net of GRT	\$ 10,485	\$ 7,189	\$ 5,219
8	Revenue Available for Current Deferral	\$ 635,060	\$ 509,443	\$ 197,639
<u>Expenses</u>				
9	DS _{HPExp1} Amortization of Start Up Costs	\$ -	\$ -	\$ -
10	DS _{HPExp2} Cost to provide Default Service	139,680	231,082	284,872
11	DS _{HPExp2} Cost of Network Integration Transmission Service (NITS)	<u>-</u>	<u>-</u>	<u>-</u>
12	Total Expenses	\$ 139,680	\$ 231,082	\$ 284,872
13	Current Month (Over)/Under Collection (Line 12 - Line 8)	\$ (495,380)	\$ (278,361)	\$ 87,233
14	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
15	Current Month Interest Rate	5.50%	5.50%	5.50%
16	DS _{Int} Interest on Current Month Deferral (Line 13 X Line 14 X (Line 15/14))	<u>\$ (14,758)</u>	<u>\$ (7,017)</u>	<u>\$ 1,799</u>
17	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 13 + Line 16)	<u>\$ (205,676)</u>	<u>\$ (255,389)</u>	<u>\$ (189,290)</u>