

July 16, 2018

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 – Revised
Rate Changes in Compliance with Pennsylvania Electric Company’s Default
Service Plan, Docket No. P-2015-2511351**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 59 to Pennsylvania Electric Company’s (“Penelec” or the “Company”) Tariff Electric Pa. P.U.C. No. 81, which bears an issue date of July 16, 2018. The tariff changes contained in Supplement No. 59 are proposed to be effective with service rendered on or after September 1, 2018.

The purpose of Tariff Supplement No. 59 is to reflect: (1) default service rate changes for the Commercial and Residential Customer Class served under the Price to Compare Default Service Rider; and (2) default service rate changes for customers served under the Hourly Pricing Default Service Rider. This rate changes are consistent with the Commission’s Order entered May 19, 2016 at Docket No. P-2015-2511351.

As support for the rate changes, the following schedules accompany this tariff filing:

- Schedule 1 provides supporting details for the changes to the Commercial Class’s default service rates stated in the tariff’s Price to Compare Default Service Rate 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.
- Schedule 3 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,



Charles V. Fullem
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	:	Docket Nos. P-2015-2511333
Company, Pennsylvania Electric Company,	:	P-2015-2511351
Pennsylvania Power Company and West	:	P-2015-2511355
Penn Power Company for Approval of	:	P-2015-2511356
their Default Service Program	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant.)

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Dated: July 16, 2018



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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: July 16, 2018

Effective: September 1, 2018

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

NOTICE

Supplement No. 59 makes changes to Riders H and I.
See Fifty-Sixth Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

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

Rider I – Hourly Pricing Default Service Rider service rates have been changed and decreased (See Fifteenth 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 September 1, 2018 through November 30, 2018 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):

\$0.05842 per kWh.

(I)

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

\$0.05968 per kWh

(D)

(C) Change
(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 September 1, 2018 through November 30, 2018, the E_{HP} rate is as follows:

HP Reconciliation Charge Rate = \$0.03750 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:

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

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, 2015 in connection with the Company’s Default Service Supply Plan to provide Default Service amortized over the 24 month period ending May 31, 2017 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
Price to Compare Default Service Rate Calculation
Commercial Class: For the Default Service Period September 1, 2018 through November 30, 2018

**Line
No.**

	Number of Tranches	Clearing Price	Weighted Clearing Price
<u>Fixed Price Tranche Purchases (\$ per MWh)</u>			
1	2	53.62	\$ 107.24
2	3	54.33	\$ 162.99
3	1	54.59	\$ 54.59
4	2	53.98	\$ 107.96
5	2	52.17	\$ 104.34
6	2	53.97	\$ 107.94
7	4	51.71	\$ 206.84
8	<u>16</u>		<u>\$ 851.90</u>
9	Total Average Fixed Price Tranche		\$ 53.24
10	Times Fixed Portion of Load		<u>100%</u>
11	Total Fixed Price Cost (Line 9 X Line 10)		\$ 53.24
12	Average Variable Hourly Price Tranche		\$ -
13	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)		<u>20.00</u>
14	Variable Priced Hourly Cost (Line 12 + Line 13)		\$ 20.00
15	Times Variable Portion of Load		<u>0%</u>
16	Total Variable Hourly Priced Cost (Line 14 X Line 15)		\$ -
17	Price to Compare Weighted Average Price ((Line 11 + Line 16) / 1000)		\$ 0.05324
18	Times PTC Loss _{Current}		<u>1.0573</u>
19	Price to Compare Weighted Average Price, including line losses (Line 17 X Line 18)		\$ 0.05629 <i>per kWh</i>
20	PTC _{Administrative Charge}		\$ 0.00022 <i>per kWh</i>
21	PTC _{Current} before PA Gross Receipts Tax (Line 19 + Line 20)		\$ 0.05651
22	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]		<u>1.062699</u>
23	PTC _{Current} Commercial Class including PA Gross Receipts Tax (Line 21 X Line 22)		\$ 0.06006 <i>per kWh</i>
24	E Reconciliation Rate, including PA Gross Receipts Tax (Page 2, Line 7)		\$ (0.00164) <i>per kWh</i>
25	PTC _{Default} Commercial Class (Line 23 + Line 24)		\$ 0.05842 <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 Commercial Class Price to Compare Default Service Rate Reconciliation Factor
Rate Effective September 1, 2018 through November 30, 2018

Line No.	Description	Amounts
1	Cumulative Commercial Class (Over) / Under Collection as of June 30, 2018 (See Page 3, Line 15)	\$ (1,102,451)
2	Adjustment for projected Commercial Class E-factor revenue for the remainder of the Default Service Quarter beginning June 1, 2018	<u>777,924</u>
3	Total Cumulative Commercial Class (Over) / Under Collection, as adjusted (Line 1 + Line 2)	\$ (324,527)
4	Projected Commercial Class kilowatt hour sales - September 1, 2018 - November 30, 2018 (Line 11)	210,682,072 kWh
5	Commercial Class Reconciliation Rate before PA Gross Receipts Tax (Line 3 / Line 4)	\$ (0.00154) per kWh
6	PA Gross Receipt Gross-Up $[1/(1-T)]$ (5.9% Gross Receipts Tax)	<u>1.062699</u>
7	Commercial Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 5 X Line 6)	<u>\$ (0.00164) per kWh</u>

Projected Commercial Class kilowatt hour sales September 1, 2018 through November 30, 2018

8	Sep-18	73,450,611
9	Oct-18	68,920,402
10	Nov-18	<u>68,311,058</u>
11	Total Projected Commercial Class kWh Sales	<u>210,682,072</u>

Pennsylvania Electric Company
Commercial Class Price to Compare Default Service Rate Reconciliation
April 1, 2018 through June 30, 2018

Line No.	Description	Apr-18	May-18	Jun-18
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ (47,821)	\$ (462,889)	\$ (1,010,995)
2	Gross Default Service Plan Revenues	\$ 5,501,714	\$ 5,068,819	\$ 5,017,168
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>324,601</u>	<u>299,060</u>	<u>296,013</u>
4	PTC _{Rev} Net Default Service Plan Revenues	\$ 5,177,112	\$ 4,769,759	\$ 4,721,155
5	Plus: Prior Period E-factor Amortization	<u>\$ (773,590)</u>	<u>\$ (773,589)</u>	<u>\$ 15,940</u>
6	Revenue Available for Current Deferral	\$ 4,403,522	\$ 3,996,170	\$ 4,737,095
	<u>Expenses</u>			
7	DS _{Exp1} Amortization of Start Up Costs	\$ -	\$ -	\$ -
8	DS _{Exp2} Cost to provide Default Service	4,753,051	4,216,849	4,631,676
9	DS _{Exp2} Cost of Network Integration Transmission Service (NITS)	-	-	-
10	Total Expenses	<u>\$ 4,753,051</u>	<u>\$ 4,216,849</u>	<u>\$ 4,631,676</u>
11	Current Month (Over)/Under Collection (Line 10 - Line 6)	\$ 349,529	\$ 220,679	\$ (105,419)
12	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
13	Current Month Interest Rate	4.75%	4.75%	5.00%
14	DS _{Int} Interest on Current Month Deferral (Line 11 X Line 12 X (Line 13/12))	<u>\$ 8,993</u>	<u>\$ 4,804</u>	<u>\$ (1,977)</u>
15	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 11 + Line 14)	<u>\$ (462,889)</u>	<u>\$ (1,010,995)</u>	<u>\$ (1,102,451)</u>

Pennsylvania Electric Company
Price to Compare Default Service Rate Calculation
Residential Class: For the Default Service Period September 1, 2018 through November 30, 2018

**Line
No.**

	Number of Tranches	Clearing Price	Weighted Clearing Price
<u>Fixed Price Tranche Purchases (\$ per MWh)</u>			
1	2	50.29	\$ 100.58
2	3	52.24	\$ 156.72
3	3	54.25	\$ 162.75
4	2	52.45	\$ 104.90
5	3	52.86	\$ 158.58
6	3	54.00	\$ 162.00
7	16		\$ 845.53
8		\$ 52.85	
9		95%	
10			\$ 50.20
11		\$28.31	
12		20.00	
13		\$ 48.31	
14		5%	
15			\$ 2.42
16			\$ 0.05262
17			1.0573
18			\$ 0.05563 <i>per kWh</i>
19			\$ 0.00020 <i>per kWh</i>
20			\$ 0.05584
21			1.062699
22			\$ 0.05934 <i>per kWh</i>
23			\$ 0.00034 <i>per kWh</i>
24			\$ 0.05968 <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 September 1, 2018 through November 30, 2018

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of June 30, 2018 (See Page 3, Line 15)	\$ 1,344,801
2	Adjustment for projected Residential Class (Over) / Under Collection through November 2018	139,351
3	Adjustment for projected Residential Class E-factor revenue for the remainder of the Default Service Quarter beginning June 1, 2018	<u>(1,283,232)</u>
4	Total Cumulative Residential Class (Over) / Under Collection, as adjusted (Lines 1 + 2 + 3)	\$ 200,920
5	Projected Residential Class kilowatt hour sales - September 1, 2018 - November 30, 2018 (Line 12)	633,870,524 kWh
6	Residential Class Reconciliation Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ 0.00032 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>\$ 0.00034 per kWh</u>

Projected Residential Class kilowatt hour sales September 1, 2018 through November 30, 2018

9	Sep-18	219,145,102
10	Oct-18	200,369,835
11	Nov-18	<u>214,355,588</u>
12	Total Projected Residential Class kWh Sales	<u>633,870,524</u>

Pennsylvania Electric Company
Residential Class Price to Compare Default Service Rate Reconciliation
April 1, 2018 through June 30, 2018

Line No.	Description	Apr-18	May-18	Jun-18
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 1,933,553	\$ 1,211,346	\$ 136,978
2	Gross Default Service Plan Revenues	\$ 15,044,069	\$ 12,477,330	\$ 13,362,639
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>887,600</u>	<u>736,162</u>	<u>788,396</u>
4	PTC _{Rev} Net Default Service Plan Revenues	\$ 14,156,469	\$ 11,741,167	\$ 12,574,244
5	Plus: Prior Period E-factor Amortization	\$ (2,617,701)	\$ (2,617,700)	\$ (644,518)
6	Revenue Available for Current Deferral	\$ 11,538,768	\$ 9,123,467	\$ 11,929,726
	<u>Expenses</u>			
7	DS _{Exp1} Amortization of Start Up Costs	\$ -	\$ -	\$ -
8	DS _{Exp2} Cost to provide Default Service	13,386,716	10,633,915	13,747,975
9	DS _{Exp2} Cost of Network Integration Transmission Service (NITS)	<u>-</u>	<u>-</u>	<u>-</u>
10	Total Expenses	\$ 13,386,716	\$ 10,633,915	\$ 13,747,975
11	Current Month (Over)/Under Collection (Line 10 - Line 6)	\$ 1,847,948	\$ 1,510,448	\$ 1,818,249
12	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
13	Current Month Interest Rate	4.75%	4.75%	5.00%
14	DS _{Int} Interest on Current Month Deferral (Line 11 X Line 12 X (Line 13/12))	\$ 47,546	\$ 32,884	\$ 34,092
15	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 11 + Line 14)	\$ <u>1,211,346</u>	\$ <u>136,978</u>	\$ <u>1,344,801</u>

Pennsylvania Electric Company
Hourly Pricing Default Service Rate Calculation (for Illustrative Purposes Only)
Industrial Class: For the Default Service Period September 1, 2018 through November 30, 2018

**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		HP _{Oth} = \$.004 per kWh for Ancillary Services
4	<u>HP Energy Charge (Line 1 x Line 2)</u>	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	<u>HP Energy Charge (Line 4 x Line 5)</u>	

7	HP Cap-AEPS-Other Purchases (\$/MWh)	Price
8	January 2018 (June 18 through May 19)	\$ 14.54 \$/MWh
9	x HP Loss Multiplier	\$ 0.01454 per kWh GS Small, Medium, and Large = 1.0573 GP = 1.0234 LP = 1.0035
10	<u>HP Cap-AEPS-Other Purchases (\$/MWh) (Line 8 x Line 9)</u>	

11	HP Administrative Charge	\$ 0.00012 per kWh
12	HP Uncollectibles Charge	\$ 0.00100 per kWh
13	HP Reconciliation Charge	<u>\$ 0.03750 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 September 1, 2018 through November 30, 2018

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of June 30, 2018 (See Page 3, Line 15)	\$ 578,815
2	Projected Industrial Class kilowatt hour sales - September 1, 2018 - November 30, 2018 (Line 11)	16,402,622 kWh
3	Industrial Class Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ 0.03529 per kWh
4	Industrial Class Reconciliation Rate Adjustment Factor	<u>100.00%</u>
5	Industrial Class Reconciliation Rate before PA Gross Receipts Tax, as adjusted (Line 3 X Line 4)	\$ 0.03529 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><u>\$ 0.03750</u></u> per kWh

Projected Industrial Class kilowatt hour sales September 1, 2018 through November 30, 2018

8	Sep-18	5,443,983
9	Oct-18	5,534,734
10	Nov-18	<u>5,423,905</u>
11	Total Projected Industrial Class kWh Sales	<u><u>16,402,622</u></u>

Pennsylvania Electric Company
Industrial Class Hourly Pricing Default Service Rate Reconciliation
April 1, 2018 through June 30, 2018

Line No.	Description	Apr-18	May-18	Jun-18
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 917,239	\$ 650,878	\$ 299,679
2	Gross Default Service Plan Revenues	\$ 1,076,643	\$ 1,032,801	\$ 633,523
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>63,522</u>	<u>60,935</u>	<u>37,378</u>
4	PTC _{HPR} Rev Net Default Service Plan Revenues	\$ 1,013,121	\$ 971,866	\$ 596,145
5	Plus: Prior Period E-factor Amortization	<u>\$ (334,468)</u>	<u>\$ (334,468)</u>	<u>\$ (305,746)</u>
6	Revenue Available for Current Deferral	\$ 678,653	\$ 637,398	\$ 290,399
	<u>Expenses</u>			
7	DS _{HPE} exp1 Amortization of Start Up Costs	\$ -	\$ -	\$ -
8	DS _{HPE} exp2 Cost to provide Default Service	745,052	621,023	864,516
9	DS _{HPE} exp2 Cost of Network Integration Transmission Service (NITS)	<u>-</u>	<u>-</u>	<u>-</u>
10	Total Expenses	\$ 745,052	\$ 621,023	\$ 864,516
11	Current Month (Over)/Under Collection (Line 10 - Line 6)	\$ 66,399	\$ (16,375)	\$ 574,117
12	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
13	Current Month Interest Rate	4.75%	4.75%	5.00%
14	DS _{Int} Interest on Current Month Deferral (Line 11 X Line 12 X (Line 13/12))	<u>\$ 1,708</u>	<u>\$ (356)</u>	<u>\$ 10,765</u>
15	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 + Line 5 + Line 11 + Line 14)	<u>\$ 650,878</u>	<u>\$ 299,679</u>	<u>\$ 578,815</u>