

June 21, 2019

VIA e-FILING

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

Re: *Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 36 – Rate Changes in Compliance with Pennsylvania Power Company’s Distribution System Improvement Charge Rider, Docket No. P-2015-2508931*

Dear Secretary Chiavetta:

Enclosed for filing at the above-referenced docket are: (1) Supplement No. 65 to Pennsylvania Power Company’s (“Penn Power”) Tariff Electric Pa. P.U.C. No. 36, bearing an issue date of June 21, 2019. The tariff changes contained in Supplement No. 65 are proposed to be effective with bills rendered on or after July 1, 2019.

The purpose of Tariff Supplement No. 65 is to reflect changes to the Distribution System Improvement Charge (“DSIC”) Rider. The rate change is consistent with the Commission’s Order entered June 9, 2016 at Docket No. P-2015-2508931.

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

- Schedule 1 shows the calculation of the DSIC rate set forth in Supplement 65.
- Schedule 2 details the DSIC-eligible property that was placed in service.

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

Sincerely,



Joanne M. Savage
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 :
POWER COMPANY FOR APPROVAL : **Docket No. P-2015-2508931, 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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Respectfully submitted:



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Dated: June 21, 2019

Supplement No. 65
Electric Pa. P.U.C. No. 36

PENNSYLVANIA POWER COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

**The Territory as Defined on
Page Nos. 8 - 9 of this Tariff**

Issued: June 21, 2019

Effective: July 1, 2019

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

NOTICE

This Supplement 65 makes changes to Rider O.
See Sixty-Second Revised Page 2

LIST OF MODIFICATIONS

Riders

Rider O – DSIC Rider rates have been changed and increased (See Tenth Revised Page 160).

RIDERS

RIDER O

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 3.06% will apply (I)
consistent with the Commission Order dated June 9, 2016 at Docket No. P-2015-2508931,
approving the Distribution System Improvement Charge (“DSIC”). This charge will be effective (C)
during the period July 1, 2019 through September 30, 2019.

1. General Description

- A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide Pennsylvania Power Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Poles and towers (account 364);
- Overhead conductors (account 365) and underground conduit and conductors (accounts 366 and 367);
- Line transformers (account 368) and substation equipment (account 362);
- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The DSIC will become effective July 1, 2016.

(I) Increase
(C) Change

Pennsylvania Power Company
Computation of DSIC Rate
To be effective July 1, 2019 through September 30, 2019

Line No.		7/1/2019 Quarterly Rate
1	Incremental Plant Additions	\$ 1,582,677
2	Cumulative Plant	28,610,217
3	Accumulated Depreciation	450,245
4	Retirements	<u>-</u>
5	Distribution System Improvement Projects net of Accumulated Depreciation	\$ 28,159,973
6	Quarterly Pre-tax return rate (Page 2) applied to DSIC-eligible property (Line 5)	670,207
7	Weighted Average Depreciation rate (Page 4) applied to DSIC-eligible property (Line 2) divided by 4	179,366
8	(Over)/Under collection of revenues	<u>-</u>
9	Net Amount to be recovered w/o GRT	\$ 849,574
10	Net Amount to be recovered w GRT ¹	\$ 902,841
11	Projected Quarterly Revenue (Page 3)	\$ 29,480,827
12	DSIC Rate (Line 10 divided by Line 11)	3.06%

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

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

Line No.	Description	Capitalization Ratio	¹⁾ Embedded Cost	Pre-tax Rate of Return	Tax Multiplier	Pre-Tax Rate of Return (PTRR)
1	Long-Term Debt	48.72%	5.26% ²⁾	2.56%	-	2.56%
2	Common Equity	<u>51.28%</u>	9.65% ³⁾	4.95%	1.406313504	<u>6.96%</u>
3	Total	<u>100.00%</u>		<u>7.51%</u>		<u>9.52%</u>
Quarterly Pre-Tax Rate of Return (Line No 3, Col. 7 / 4)						<u>2.38%</u>

Footnotes:

- 1) Capitalization Ratio from the actual capitization structure as of May 31, 2019
- 2) Long-Term Debt Cost from the Company's actual embedded debt cost as of May 31, 2019
- 3) Common Equity Cost from the Commission's Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities May 23, 2019
- 4) Last Quarterly Earnings Report dated March 31, 2019, Schedule D-2, Line 15 - Return on Common Equity

Meets Test 7.61%
Yes

**Pennsylvania Power Company
Revenue Forecast**

Jul-19	9,775,978
Aug-19	10,167,666
Sep-19	<u>9,537,183</u>
Total	29,480,827

Pennsylvania Power Company
Weighted Average Depreciation rate

	January 2019 Capital Additions *	February 2019 Capital Additions	March 2019 Capital Additions	April 2019 Capital Additions	May 2019 Capital Additions	Total Capital Additions
<u>Incremental Plant Additions - January to May 2019</u>						
355- Poles and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
356.1- Overhd Conductr, Devices	-	-	-	-	(19,444)	(19,444)
361 - Structures, Improvements	-	-	5	9	0	13
362 - Station Equipment	-	-	390,735	6,559	602,311	999,605
364 - Poles, Towers And Fixtures	-	-	20,617	31,910	125,469	177,995
365 - Overhd Conductr, Devices	2,761	349	11,659	50,649	231,672	297,091
366 - Underground Conduit	-	-	-	(93)	-	(93)
367 - Underground Conductor, devices	45,365	6,160	49,250	116	21,630	122,521
368 - Line Transformers	(2,458)	108	(185)	1,911	5,496	4,873
369 - Overhead Services	-	-	-	116	(0)	116
373.1 - Street Light - Oh, Ug Lines	-	-	-	-	-	-
Total	\$ 45,667	\$ 6,617	\$ 472,081	\$ 91,178	\$ 967,134	\$ 1,582,677

* January - February 2019 expenditures are incremental to the expenditures included in the April 2019 DSIC rate calculation

	Total Capital Additions	% of Total	Book Depreciation Rate	Weighted Average Depreciation
<u>Total Cummulative Plant- March 2018 to May 2019</u>				
355- Poles and Fixtures	\$ 111,874	0.391%	1.77%	0.007%
356.1- Overhd Conductr, Devices	144,450	0.505%	1.57%	0.008%
361 - Structures, Improvements	554,416	1.938%	1.31%	0.025%
362 - Station Equipment	12,701,716	44.396%	2.76%	1.225%
364 - Poles, Towers And Fixtures	4,094,575	14.312%	2.24%	0.321%
365 - Overhd Conductr, Devices	8,142,563	28.460%	2.40%	0.683%
366 - Underground Conduit	14,276	0.050%	1.85%	0.001%
367 - Underground Conductor, devices	1,734,250	6.062%	2.23%	0.135%
368 - Line Transformers	1,082,943	3.785%	2.66%	0.101%
369 - Overhead Services	21,979	0.077%	1.35%	0.001%
373.1 - Street Light - Oh, Ug Lines	<u>7,175</u>	<u>0.025%</u>	2.88%	0.001%
Total	\$ 28,610,217	100.000%		2.508%

company	utility_account	act_work_order_number	act_work_order_description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Grand Total
PPCO Penn Power Co.	35500 - Poles And Fixtures	14563744	SR0718, A04, 2016 DISTRIBUTION					(19,444)	(19,444)
PPCO Penn Power Co.	35500 - Poles And Fixtures	15499584	TOPPER SWITCH REPLACEMENT -POLE 324					(19,444)	(19,444)
PPCO Penn Power Co.	35610 - Overhd Conductr, Devices	14777035	NEW FREW MILL ROAD MOD SUB						
PPCO Penn Power Co.	35610 - Overhd Conductr, Devices	15351193	NEW PINE DIST MOD SUB						
PPCO Penn Power Co.	36110 - Structures, Improvements	14777035	NEW FREW MILL ROAD MOD SUB						
PPCO Penn Power Co.	36110 - Structures, Improvements	15351193	NEW PINE DIST MOD SUB						
PPCO Penn Power Co.	36200 - Station Equipment	15351193	NEW PINE DIST MOD SUB						
PPCO Penn Power Co.	36200 - Station Equipment	15399410	IR RECLOSERS AT STONEBORO SUB						
PPCO Penn Power Co.	36200 - Station Equipment	15480908	PP LTIP - Wheatland Sub SCADA						
PPCO Penn Power Co.	36200 - Station Equipment	15480909	PP LTIP - Darlington Sub SCADA						
PPCO Penn Power Co.	36200 - Station Equipment	15480943	PP LTIP - Hermitage Sub W-260 and W-2						
PPCO Penn Power Co.	36200 - Station Equipment	15486141	LTIP - South Dock Street Sub						
PPCO Penn Power Co.	36200 - Station Equipment	15602479	LTIP - Silver Street Sub						
PPCO Penn Power Co.	36200 - Station Equipment	15602535	PP LTIP WEST MIDDLESEX SUB - INSTA						
PPCO Penn Power Co.	36200 - Station Equipment	15602567	PP LTIP - RAY STREET SUB - INSTALL						
PPCO Penn Power Co.	36200 - Station Equipment	15673986	PP LTIP - CEDAR STREET SUB SCADA						
PPCO Penn Power Co.	36200 - Station Equipment	15902859	INGOMAR SUB #1 REPLACEMENT TRANSFOR						
PPCO Penn Power Co.	36200 - Station Equipment	13505743	NEW WILMINGTON SUB IR INGOMAR TRAN						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	14563744	Comneaut Lake Streetscape						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205720	SR0718, A04, 2016 DISTRIBUTION						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205721	2018 LTIP - RPL NON-REST PRIOR POL						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205744	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205746	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205748	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205749	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205821	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205830	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15205831	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15206151	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15206587	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15206631	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15206633	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15206657	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15206671	2018 LTIP - 2014 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15242837	2018 LTIP - 2016 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15435179	2017 LTIP HT-JT Sect4 URD Const						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15495584	TOPPER SWITCH REPLACEMENT -POLE 324						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15595693	2018 LTIP - 2016 GLI NON REST POLE						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596161	2018 LTIP - 2014 GLI NON REST POLE 7						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596173	2018 LTIP - 2015 GLI NON REST POLE 2						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596230	2018 LTIP - 2014 GLI NON REST POLE 8						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596261	2018 LTIP - 2014 GLI NON REST POLE 1						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596625	2018 LTIP - 2015 GLI NON REST POLE 3						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596632	2018 LTIP - 2015 GLI NON REST POLE 3						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596637	2018 LTIP - 2015 GLI NON REST POLE 3						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15596640	2018 LTIP - 2015 GLI NON REST POLE 3						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15607563	2018 LTIP - 2015 GLI NON REST POLE 3						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15607571	2018 LTIP Hemphield Hadley Seg 1						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15626948	2018 LTIP Hemphield Hadley Seg 2						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15701929	2018 LTIP ADM RIDGE W-780 MYOMA RD						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures	15735201	2018 LTIP STONEBORO EXITS						
PPCO Penn Power Co.	36400 - Poles, Towers And Fixtures		2018 LTIP McDowell W 120 Sectional						

PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017606	2019 LTIP TRIP SAVER 1333-32		5,956	16	5,972
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017625	2019 LTIP TRIP SAVER 1180-72		4,661	3,108	7,769
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017632	2019 LTIP TRIP SAVER 1188-76			12,592	12,592
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017639	2019 LTIP TRIP SAVER 1178-6			7,341	7,341
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017678	2019 LTIP TRIP SAVER 274-167			4,421	4,421
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017600	2019 LTIP TRIP SAVER 840-10			2,459	2,459
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017803	2019 LTIP TRIP SAVER 767-21		4,461	6,920	5,301
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017819	2019 LTIP TRIP SAVER 638-7		5,301	6,904	6,904
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16017844	2019 LTIP TRIP SAVER 676-73			6,413	6,413
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16019273	2019 LTIP TRIP SAVER 1323-76			6,536	6,536
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16019274	2019 LTIP TRIP SAVER 1047-10			9	4,050
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16018321	2019 LTIP TRIP SAVER 1098-10		4,041	5,081	5,081
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16019346	2019 LTIP TRIP SAVER 1451-131			18,819	18,819
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16021861	2019 LTIP CR W-134 - Osprey Improv		24	7,028	7,028
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16036439	2019 LTIP TRIP SAVER 760-156		6,031	962	6,031
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16051443	2019 LTIP Stoneboro W-131 Trip Sav		11,066	12,029	12,029
PPCO Penn Power Co.	36500 - Overhd Conductr, Devices	16083375	2019 LTIP Trip Saver 1345-198		50,649	231,672	297,091
		15936767	R/P CABLE ON BELLWOOD DR - 1407-39	2,761	349	11,659	297,091
			Conneaut Lake Streetscape				(93)
			SR0718, A04, 2016 DISTRIBUTION				(93)
			2018 LTIP - 2014 GLI NON REST POLE	488	0	-	488
			GARDEN WAY HERMITAGE -CREATE URD TI		1	12,295	12,295
			2017 LTIP W Pitt D- 391 Moravia TI			9,334	9,334
			URD CABLE REPLACEMENT - ALYDAR RD		40	0	40
			2018 LTIP ADM RIDGE W-780 MYOMA RD		57	57	57
			Hickory W 241 - 3 strikes URD Basl	47,845	(93)	-	53,803
			Sharon w 136-3 strikes Westminster	(2,480)	(41)	-	(2,412)
			R/P CABLE ON BELLWOOD DR - 1407-39		75	-	2,037
			RIP CABLE ON ARROWWOOD DR - 1381-65	1,962	(3)	-	(3)
			RIP CABLE ON HAINE SCHOOL RD - 1320	46,800	79	-	46,880
				49,250	116	21,630	122,521
			Conneaut Lake Streetscape		0	0	0
			SR0718, A04, 2016 DISTRIBUTION			0	0
			2018 LTIP - 2014 GLI NON REST POLE	410	1,391	-	1,802
			2018 LTIP - 2014 GLI NON REST POLE			-	-
			GARDEN WAY HERMITAGE -CREATE URD TI		6	2,525	2,525
			2018 LTIP-2014 GLI NON REST POLE 7		494	987	1,481
			2018 LTIP-2015 GLI NON REST POLE 3		22	1,984	1,984
			2018 LTIP-2015 GLI NON REST POLE 3		(0)	(0)	22
			2018 LTIP Hempfield Hadley Seg 1		19	-	19
			2018 LTIP Hempfield Hadley Seg 2		2	-	2
			2018 LTIP McDowell W 120 Sectional	(1,249)		-	(1,249)
			R/P 140L RECLOSER WITH ELASTIMOLD	0	0	-	0
			2018 LTIP Hadley Perry 1			-	(0)
			2018 LTIP Hadley Perry 4			-	(0)
			2018 LTIP Walmo W 411 ERECL (4) J			-	(0)
			Brush Creek W-652 Protection Change	(3)		-	(3)
			Brush Creek W-651 Protection Change	(1)		-	(1)
			Sharon w 136-3 strikes Westminster	658	18	-	676
			R/P CABLE ON BELLWOOD DR - 1407-39	(185)	1,911	5,496	4,873
						(0)	(0)
			Conneaut Lake Streetscape			-	-
			SR0718, A04, 2016 DISTRIBUTION			-	-
			2018 LTIP Hadley Perry 1		116	(0)	116
			2019 LTIP raise neutral on pole 14		116	(0)	116
				45,667	91,178	967,134	1,562,677