

April 25, 2019

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 36, Supplement No. 60, Changes for Solar Photovoltaic Requirements Charge Rates

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission (“Commission”) is an original of Supplement No. 60 to Pennsylvania Power Company’s (“Penn Power” or the “Company”) Tariff Electric Pa. P.U.C. No. 36 bearing an issue date of April 25, 2019. The tariff changes contained in Supplement No. 60 are proposed to be effective for service rendered on or after June 1, 2019.

Supplement No. 60 reflects changes in rates consistent with the Commission’s Order entered September 4, 2018 at Docket No. P-2017- 2637858, which approved Penn Power’s Default Service Program for the period June 1, 2019 through May 31, 2023.

In support of the proposed changes set forth in Tariff No. 36, Supplement No. 60, Penn Power is also filing the following enclosed schedule:

- Supporting details for rates under the Solar Photovoltaic Requirements Charge, pursuant to the Company’s Solar Photovoltaic Requirements Charge Rider (Rider N).

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

Sincerely,


Joanne M. Savage
Director – Rates and Regulatory Affairs – PA
610-921-6525

Enclosures

c: Paul Diskin – PaPUC Bureau of Technical Utility Services
Lori Burger – PaPUC Bureau of Audits
Certificate of Service

**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:

VIA FIRST CLASS MAIL

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Supplement No. 60
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: April 25, 2019

Effective: June 1, 2019

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

NOTICE

This Supplement 60 makes changes to Rider N.
See Fifty-Seventh Revised Page 2

LIST OF MODIFICATIONS

Riders

Rider N – Solar Photovoltaic Requirements Charge Rider rates have been changed and increased (See Fifth Revised Page 155).

RIDER N
SOLAR PHOTOVOLTAIC REQUIREMENTS CHARGE RIDER

A Solar Photovoltaic Requirements Charge (“SPVRC”), determined to the nearest one-thousandth of a cent per kWh, shall be applied to each kWh delivered during a billing month to all Delivery Service Customers not qualifying for Solar Photovoltaic (“SPV”) self generation exclusion. The SPVRC shall be non-bypassable.

For service rendered June 1, 2019 through May 31, 2020, the SPVRC shall be equal to 0.035 (C) cents per kWh for all kWh. (I)

The SPVRC shall be calculated annually in accordance with the formula set forth below:

$$SPVRC = [(SPVRC_C - E) / S] \times [1 / (1 - T)]$$

$$SPVRC_C = SPVRC_{Exp1} + SPVRC_{Exp2} + SPVRC_{Exp3} + SPVRC_{Exp4}$$

Where:

SPVRC = The charge in cents per kWh to be applied to each kWh delivered to Delivery Service Customers served under this tariff.

SPVRC_C = Solar Photovoltaic Requirements Charge Costs calculated in accordance with the formula shown above.

E = The over or under-collection of SPVRC costs that results from billing the SPVRC during the SPVRC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. The E rate shall be applied to each kWh delivered to Delivery Service Customers. Interest shall be computed monthly at the legal rate determined pursuant to 41 P.S. §202, from the month in which the over or under-collection occurs to the month in which the over-collection is refunded to or the under-collection is recovered from all Delivery Service Customers.

SPVRC_{Exp1} = A projection of the costs incurred to acquire the Solar Photovoltaic Alternative Energy Credits (“SPAECs”) to be retired during the SPVRC Computational Year obtained from winning bidders selected in the competitive procurement process to fulfill the Company’s SPV obligations imposed by the AEPS Act and related laws and regulations, as the same may be amended from time to time (“AEPS Laws And Regulations”).

(C) Change
 (I) Increase

**Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Rates to be Effective from June 1, 2019 through May 31, 2020**

<u>Budgeted SPVRC</u>	<u>E factor</u>	<u>Total SPVRC</u>	<u>Sales (KWh)</u>	<u>SPVRC Rate w/o</u>	<u>Tax Factor</u>	<u>SPVRC Rate</u>
<u>Costs</u>	<u>(2)</u>	<u>Costs</u>	<u>(KWh)</u>	<u>GRT</u>	<u>(6) = 1 / (1-T)</u>	<u>(cents/kwh)</u>
(1)	(2)	(3) = (1)-(2)	(4)	((5) = (3) / (4)) X 100	(6) = 1 / (1-T)	(7) = (5) X (6)
(Page 2)	(Page 6)		(Page 4)	T = 5.9%		
1,628,338	100,204	1,528,134	4,654,065,303	0.033	1.062699	0.035

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Forecasted Expenses from June 1, 2019 through May 31, 2020

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Forecasted Distribution - MWh (Page 4, Line 13)	4,654,065
2	Solar Photovoltaic Requirement (%)	0.44%
3	Total SPAECs Required (Line 1 x Line 2)	20,631
4	SPAECs Under Contract (Page 3, Column 3 Line 9)	14,700
5	SPAECs Under Contract Costs (Page 3, Column 4 Line 9)	\$ 1,345,605
6	SPAEC Position (Short)/Long (Line 4 - Line 3)	(5,931)
7	SPAEC Market Quote	\$ 45.00
8	SPAEC Spot Market Cost (Line 6 x Line 7)	\$ 266,895
9	Estimated Annual SPAEC Cost (Line 5 + Line 8)	<u>\$ 1,612,500</u>
10	Administrative Costs	
11	Incremental Start-Up Costs	15,838
12	Carrying Charges on SPAECs Inventory (A)	-
13	Total Projected SPV/R/C Costs (Lines 9+10+11+12)	<u>\$ 1,628,338</u>
(A) Unrecovered SPAECs Investment as of 4/1/2019		\$ -
Interest		6%
Carrying Charges on SPAECs Investment		<u>\$ -</u>

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Average SPAEC Price for Delivery from June 1, 2019 through May 31, 2020

<u>Line No.</u>	<u>Trade Date</u>	<u>Price</u>	<u>Amount</u>	<u>Total Cost</u>
	(1)	(2)	(3)	(4) = (2) x (3)
1	3/11/2011	\$	198	198,000
2	11/20/2012		64	32,240
3	11/20/2012		60	90,645
4	11/20/2013		50	49,970
5	11/20/2013		81	81,000
6	8/23/2017		200	240,000
7	3/6/2019		80	560,000
8	3/6/2019		63	93,750
9	Total		14,700	\$ 1,345,605

**Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Solar Photovoltaic Requirements Charge Forecasted kWh Sales from June 1, 2019 - May 31, 2020**

<u>Line No.</u>	<u>Month</u>	<u>kWh</u>
1	June-19	369,485,925
2	July	379,411,593
3	August	398,597,063
4	September	384,287,063
5	October	356,294,780
6	November	366,403,111
7	December	401,692,968
8	January-20	436,451,160
9	February	430,625,517
10	March	408,455,226
11	April	377,070,987
12	May	<u>345,289,912</u>
13	Total	<u>4,654,065,303</u>

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Solar Photovoltaic Requirements Charge Over/Under Collection from April 2018 - March 2019

Line No.	Description	Apr-18 (1)	May-18 (2)	Jun-18 (3)	Jul-18 (4)	Aug-18 (5)	Sep-18 (6)	Oct-18 (7)	Nov-18 (8)	Dec-18 (9)	Jan-19 (10)	Feb-19 (11)	Mar-19 (12)	Total Current Over/(Under) Collection (13)
Revenues														
1	Penn Power SPVRC Revenues	\$ 156,361	\$ 141,031	\$ 119,283	\$ 38,722	\$ 36,624	\$ 37,590	\$ 34,173	\$ 33,007	\$ 37,318	\$ 36,452	\$ 41,283	\$ 36,988	\$ 762,831
2	Gross Receipts Tax @ 5.9%	\$ 9,225	\$ 8,321	\$ 7,038	\$ 2,285	\$ 2,279	\$ 2,218	\$ 2,016	\$ 1,947	\$ 2,202	\$ 2,269	\$ 2,436	\$ 2,182	\$ 44,417
3	SPVRC Revenues net of GRT [Line 1 - Line 2]	\$ 147,135	\$ 132,710	\$ 112,245	\$ 36,437	\$ 36,345	\$ 35,373	\$ 32,156	\$ 31,059	\$ 35,117	\$ 36,183	\$ 38,846	\$ 34,805	\$ 708,413
4	SPVRC Revenues Applied to E Factor	\$ (4,681)	\$ (4,222)	\$ (70,797)	\$ (56,852)	\$ (56,799)	\$ (55,280)	\$ (50,253)	\$ (48,539)	\$ (54,880)	\$ (56,546)	\$ (60,711)	\$ (54,393)	\$ (673,953)
5	SPVRC Revenues Available for Current Deferral [Line 3 - Line 4]	\$ 151,816	\$ 136,932	\$ 183,042	\$ 93,289	\$ 93,144	\$ 90,653	\$ 82,409	\$ 79,598	\$ 89,997	\$ 92,729	\$ 99,559	\$ 89,198	\$ 1,282,366
Expenses														
6	Cost of Acquiring SPAECs	\$ 87,924	\$ 98,354	\$ 83,460	\$ 83,460	\$ 80,984	\$ 64,164	\$ 80,846	\$ 80,846	\$ 76,840	\$ 82,221	\$ 128,381	\$ 155,241	\$ 1,102,720
7	SPVRC Administrative Costs	-	-	-	-	-	-	-	-	-	-	6,634	9,204	15,838
8	SPVRC Start-up Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Seller/Purchase of Excess, Unused, and/or Additional SPAECs	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Carrying Charges on Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Total SPVRC Expenses [Line 6 + Line 7 + Line 8 + Line 9 + Line 10]	\$ 87,924	\$ 98,354	\$ 83,460	\$ 83,460	\$ 80,984	\$ 64,164	\$ 80,846	\$ 80,846	\$ 76,840	\$ 82,221	\$ 135,015	\$ 164,445	\$ 1,118,559
12	Net Over/(Under) Collection for the Month [Line 5 - Line 11]	\$ 63,892	\$ 38,578	\$ 99,582	\$ 9,829	\$ 12,160	\$ 26,489	\$ 1,563	\$ (1,248)	\$ 13,157	\$ 10,508	\$ (38,456)	\$ (75,247)	\$ 163,807
Interest														
13	Annual Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
14	Monthly Interest Rate	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
15	Number of Months to mid-point of next SPVRC Rider Rate Billing Period From Current Month	20	19	18	17	16	15	14	13	12	11	10	9	
16	Interest Expense for Regulatory Purposes	\$ 6,389	\$ 3,665	\$ 8,962	\$ 835	\$ 973	\$ 1,987	\$ 109	\$ (81)	\$ 789	\$ 578	\$ (1,773)	\$ (3,386)	\$ 19,047
17	Total Over/(Under) Collection [Line 12 + Line 16]	\$ 70,281	\$ 42,243	\$ 108,544	\$ 10,664	\$ 13,133	\$ 28,476	\$ 1,672	\$ (1,329)	\$ 13,946	\$ 11,086	\$ (37,229)	\$ (78,633)	\$ 182,854

**Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
E-Factor Balances**

<u>Line No.</u>	<u>Month</u>	Revenue Applied to <u>E-Factor</u>	Current Period Over/(Under) <u>Collection</u>	Cumulative E-Factor <u>Balance</u>
1	Beginning Balance at March 31, 2018	(1)	(2)	(3)
				\$ 591,838
	<u>2018</u>			
2	April	actual (4,681)		\$ 587,157
3	May	actual (4,222)		582,935
4	June	actual (70,797)		512,138
5	July	actual (56,852)		455,286
6	August	actual (56,799)		398,487
7	September	actual (55,280)		343,207
8	October	actual (50,253)		292,954
9	November	actual (48,539)		244,415
10	December	actual (54,880)		189,535
	<u>2019</u>			
11	January	actual (56,546)		132,989
12	February	actual (60,711)		72,278
13	March	actual (54,393)		17,885
14	April	budget (50,243)		(32,358)
15	May	budget (50,292)		(82,650)
16	Total	\$ (674,488)		
17	E-Factor for Current Reconciliation Period ended March 31, 2019 (Page 5, Line 17, Col. 13)		\$ 182,854	
18	Total E-Factor to include in rates (Line 15, Col. 3 + Line 17, Col. 2)			\$ <u>100,204</u>