

Supplement No. XX  
Electric-Pa. P. U. C. No. 38

**WEST PENN POWER COMPANY**

RATES, TERMS, AND CONDITIONS

GOVERNING

INTERCHANGE OF ELECTRIC ENERGY

WITH

**THE PENNSYLVANIA STATE UNIVERSITY**

**Issued:**

**Effective:**

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

**NOTICE**

Supplement No. XX makes changes to Definitions, Rules  
and Regulations, Rate Schedules and Riders .  
See Twelfth Revised Page No. 2.

WEST PENN POWER COMPANY

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Twelfth Revised Page No. 2  
Superseding Eleventh Revised Page No. 2

## LIST OF MODIFICATIONS

### Definitions

Definitions of Customer Choice and Competition Act, Industrial Customer Class, Kilovolt-ampere language has changed (See Second Revised Pages 4 and 5).

### Rules and Regulations

Format Changes (See Second Revised Page 7 and Page 8).

Rule 6 – Changing Electric Generation Supplier language has been changed (See Second Revised Page 10).

### Rate Schedule

Rate Schedule – Late Payment Charge – Rates have been increased (See Second Revised Pages 11 and 12).

### Riders

Rider F – Phase II Energy Efficiency and Conservation Charge Rider - Language has been changed (See Thrid Revised Page 16).

Rider G – Smart Meter Technologies Surcharge – Language has been changed (See Third Revised Page 20).

Format Changes (See Second Revised Pages 20, 21, 27 and 28, Third Revised Page 24, 25, 26 and First Revised Pages 21A and 27A).

Rider I – Hourly Pricing Default Service Rider - Language has been changed (See Third Revised Page No. 22).

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## DEFINITIONS

Certain words, when used in the Rules and Regulations, and Agreements of West Penn Power Company, shall have the following meanings:

“Advanced Metering”: A Customer’s billing meter as defined in 52 Pa. Code Chapter 57, Subchapter O. Advanced Meter Deployment.

“Alternative Energy Portfolio Standards (AEPS)”: Standards requiring that a certain amount of electric energy sold from alternative energy sources be included as part of the sources of electric utilities within the Commonwealth of Pennsylvania in accordance with the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1 – 1648.8 (“AEPS Act”) as may be amended from time to time.

“Billing Demand”: The demand determinant used to compute the monthly bill.

“Commission”: The Pennsylvania Public Utility Commission or any lawful successor thereto.

"Company": West Penn Power Company.

“Company Charges”: The sum of distribution charges, non-bypassable surcharges and riders, and, if Default Service is taken from Company, Default Service charges.

“Competitive Energy Supply”: The unbundled energy, capacity, market based transmission and ancillary services provided by an Electric Generation Supplier pursuant to the Customer Choice and Competition Act.

"Customer": The Pennsylvania State University.

“Customer Choice and Competition Act”: The Pennsylvania legislation known as the “Electricity Generation Customer Choice and Competition Act,” 66 Pa. Code S. §§ 2801-2813 as implemented by the Default Service Regulations 52 Pa. Code S. §§52.181-52.189, and by Act 129 and as may be amended from time to time. (C)

“Default Service”: Service provided pursuant to a Default Service Program to a Default Service Customer.

“Default Service Customer”: A Delivery Service Customer not receiving service from an EGS.

“Delivery Service”: Provision of distribution of electric energy and other services provided by the Company.

“Delivery Service Customer”: A Customer who takes Delivery Service.

“Direct Access”: Direct Access shall have the meaning as set forth in the Customer Choice and Competition Act.

“Electric Generation Supplier (EGS)”: EGS shall have the meaning as set forth in the Customer Choice and Competition Act.

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DEFINITIONS (continued)

- “FERC”: The Federal Energy Regulatory Commission (C)
- “Industrial Customer Class”: Tariff No. 38 and Tariff No. 40 Rate Schedules 35, 40, 44 and 46. (C)
- “Kilovolt-ampere (KVA)”: 1,000 volt-amperes
- “Measured Demand”: The measured demand for any month shall be the average of the weekly demands established during the calendar weeks ending within the billing month.
- “Network Service Peak Load (kW NSPL)” – A Customer’s one (1) coincident peak kW Network Service Peak Load in effect from time to time, as calculated by the Company in accordance with PJM rules and requirements.
- “Non-Market Based Services Transmission Charge”: PJM Regional Transmission Enhancement Plan charges, PJM Expansion Cost Recovery, as well as any other FERC-approved PJM transmission charges that will not be reconciled through the Company’s Hourly Pricing Default Service Rider.
- “Pennsylvania Gross Receipts Tax”: References to the Pennsylvania gross receipts tax or Pennsylvania gross receipts tax rate, or provisions that incorporate the same shall include the Revenue Neutral Reconciliation enacted by the Customer Choice and Competition Act.
- “PJM”: PJM Interconnection, L.L.C. or any successor organization/entity thereto.
- “Revenue”: Revenue when used with guarantee, guarantee of Revenue, Revenue guarantee or financing means the Revenue derived only from the Variable Distribution Charge or Distribution Charges that vary with billing determinants.
- "Service": Any regulated supply of electricity by the Company, or provision to supply electricity, or any work or material furnished, or any obligation performed by the Company under its Rules and Regulations or Rate Schedules. Regulated charges for Service are published in this Tariff, including Distribution Charges, Default Service charges, surcharges, and riders. Charges for Service exclude Default Service charges when Customer receives Competitive Energy Supply.
- “Week”: A seven day period commencing on Sunday at 0000 through Saturday 2400 midnight.
- “Weekly Demand”: The maximum simultaneous fifteen-minute kilovolt-ampere demand but not less than 50 percent of the highest weekly demand of the month.

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## RULES AND REGULATIONS (continued)

The Company shall implement Customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to Customer receiving Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch Customer.

The Company shall have no duty or liability with respect to electrical energy before it is delivered by an EGS to a point of delivery on the Company's electric distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to Customers receiving Competitive Energy Supply as to those receiving Default Service from the Company.

The Customer, by accepting service from the Company, assumes responsibility for the safety and adequacy of the wiring and equipment installed by the Customer. The Customer agrees to indemnify and save harmless the Company from any liability which may arise as a result of the presence or use of the Company's electric service or property, defects in wiring or devices on the Customer's premises, or the Customer's failure to comply with the National Electrical Code.

The Company does not guarantee a continuous, uninterrupted, or regular supply of electric service. The Company may, without liability, interrupt or limit the supply of electric service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company shall not be liable for any damages due to accident, strike, storm, lightning, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

In all other circumstances, unless caused by the willful and/or wanton misconduct of the Company, the liability of the Company to Customers or third parties for all injuries and damages, direct or consequential, including damage to computers and other electronic equipment and appliances, or loss of business, profit or production caused by variations or interruptions in electric supply, high or low voltage, spikes, surges, single phasing, phase failure or reversal, stray voltage, neutral to earth voltage, equipment failure or malfunction, response time to electric outages or emergencies, or the non-functioning or malfunctioning of street lights or traffic control signals and devices shall be limited to Five Hundred Dollars (\$500) for residential customers and Two Thousand Dollars (\$2,000) for commercial and industrial customers. In no case shall the Company's aggregate liability for multiple claims arising from a single alleged negligent act, incident, event, or omission exceed Two Hundred Thousand (\$200,000). The Company's actions that are in conformance with electric system design, the National Electrical Safety Code, or electric industry operation practices shall be conclusively deemed not to be negligent. A variety of

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## RULES AND REGULATIONS (continued)

(C)

protective devices and alternate power supply equipment that may prevent or limit such damages are available. Due to the sensitive nature of computers and other electronically controlled equipment, the Customer, especially three-phase Customers, should provide protection against variations in supply.

To the extent applicable under the Uniform Commercial Code or on any theory of contract or products liability, the Company disclaims and shall not be liable to any Customer or third party for any claims involving and including, but not limited to, strict products liability, breach of contract, and breach of actual or implied warranties of merchantability or fitness for an intended purpose.

If the Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 Pa.C.S. §§ 2806(g) and 2809(f), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify the Company for the amount of additional state tax liability imposed upon the Company by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 of Title 66.

## 2. Metering

(a) The Company owns, maintains, installs and operates all meters and metering equipment necessary to obtain the information required to bill Customer. The Company may select and use any type of meters and metering equipment, provided it meets the accuracy requirements of the Public Utility Commission.

If requested by the Customer, the Company will install a communicating point-to-point (“PTP”) smart meter at the Customer’s metered service location prior to the Company’s system-wide deployment of smart meters. Prior to installation, the Customer shall pay \$457.82 for a three phase PTP smart meter. Costs for Customer requests for a PTP smart meter at service locations without a functional public cellular network will be determined on a case by case basis and must be paid by the Customer prior to the commencement of Company work. Costs are charged individually for each metering point at each service location, and include the estimated incremental costs associated with a PTP smart meter that meets the requirements of direct access, a communication cellular card, and connection fees. The Customer shall pay \$30.00 for requests to remove a PTP smart meter prior to the Company’s system-wide deployment of smart meters. All other costs and cost reconciliations associated with Customer requests for a PTP smart meter shall be collected from the associated customer class in the Smart Meter Technologies Surcharge. The Customer is responsible for any repairs to Customer-owned equipment, such as meter socket repairs, prior to the installation of a PTP smart meter. The Company shall maintain ownership of all PTP smart meters.

(b) An advanced meter may be installed, maintained, and removed according to provisions in Appendix C of the Joint Petition for Full Settlement of West Penn Power Company’s Restructuring Plan and Related Court Proceeding at s Docket No. R-00973981.

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RULES AND REGULATIONS (continued)

5. Individualized Company Facilities and Services:

The Company may, at its sole discretion and upon Customer's request, furnish special, substitute, or additional facilities or services. When the Company provides facilities or services not normally supplied, or when the estimated or actual cost of such individualized, substitute, or additional facilities or services exceeds the estimated costs of the standard facilities or services that normally would be supplied by the Company without special charge, the Company may require special agreements and may establish minimum charges and facilities charges. At a minimum, rates or contract provisions shall be established on a case by case basis and shall be sufficient to recover all appropriate incremental costs of the service and a contribution to fixed costs.

The Company may modify or discontinue the provisions of this rule at any time, subject to any orders of the Pennsylvania Public Utility Commission. Unless otherwise ordered by the Pennsylvania Public Utility Commission, any contracts in effect prior to any such modification or discontinuance of the rule shall remain in effect under the existing term and conditions specified in the contract.

6. Changing Electric Generation Supplier

(C)

The Company shall change a Customer's EGS in accordance with the regulations and directives. Changes in a Customer's EGS shall be effective within three (3) business days after the enrollment request is processed, regardless of whether the meter reading is actual or estimated.

7. Payment Processing

When Customer requests that Company provide billing service for Competitive Energy Supply, Company shall provide such service, indicating the charges for the EGS on Customer's monthly bill. Should payments made in response to said billing be less than the full amount billed, payment will be first credited against Company charges until paid in full. The balance will then be credited to the EGS.

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RATE SCHEDULE

AVAILABILITY

Available for service at 12,470 volts from Company substations.

DISTRIBUTION CHARGES

CUSTOMER CHARGE.....\$793.00 per month (I)

DEMAND CHARGE

First 10,000 kilovolt-amperes ..... \$2.52 per kilovolt-ampere (I)

Additional kilovolt-amperes ..... \$2.42 per kilovolt-ampere (I)

RIDERS

Bills rendered under this schedule are subject to the following applicable Rider Charges:

- Rider A -- Tax Adjustment Surcharge
- Rider F -- Phase II Energy Efficiency and Conservation Charge
- Rider G -- Smart Meter Technologies Charge
- Rider J -- Default Service Support Charge

DEFAULT SERVICE CHARGES

For Customers receiving Default Service from the Company, Rider I the Hourly Pricing Default Service Rider rates apply.

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RATE SCHEDULE (continued)

LATE PAYMENT CHARGE

(C)

The above net rates apply if the current bill is paid in full within 15 days of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 2.0% per month of the unpaid balance of a bill will be made for failure to make payment in full by the due date. These charges are to be calculated on the overdue portions of the bill only. Such interest rate, when annualized, shall not exceed 15% simple interest per annum.

DETERMINATION OF CUSTOMER'S BILLING DEMAND

The Measured Demand for any month shall be the average of the weekly demands established during the calendar weeks ending within the billing month. The Weekly Demand shall be the maximum simultaneous fifteen-minute kilovolt-ampere demand but not less than 50 percent of the highest weekly demand of the month. The Billing Demand in the current month shall be the greatest of: (i) twenty-five (25) KW, (ii) the Measured Demand established in the month during On-peak hours, (iii) forty percent (40%) of the Measured Demand established in the month during Off-peak hours, (iv) 18,000 kW, or (v) fifty percent (50%) of the highest billing demand established during the preceding eleven (11) months.

Measured Demand shall be determined from the synchronous aggregation of the substation meters with adjustments made to eliminate double counting of peak load when load is moved among substations causing a peak.

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RIDERS

RIDER F

PHASE II ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

A Phase II Energy Efficiency and Conservation Charge ("Phase II EE&C-C") shall be applied to each Billing Unit during a billing month to Customers served under this Tariff. Billing Units are defined as follows:

Industrial Customer Class rates will be calculated to the nearest one-hundredth of a dollar per kW PLC. The Phase II EE&C-C rates shall be calculated separately for each Customer Class according to the provisions of this rider. The Phase II EE&C-C shall be listed as a separate charge on the monthly bill.

For service rendered June 1, 2015 through May 31, 2016 the Phase II EE&C-C rates billed by Customer Class are as follows:

Industrial Customer Class (Tariff No. 40 Rate Schedule 35, 40, 44, 46 and Tariff No. 38): (C)

\$ 0.22 per kW PLC.

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## RIDERS

## RIDER G

## SMART METER TECHNOLOGIES SURCHARGE

A Smart Meter Technologies (“SMT”) Surcharge shall be applied as a monthly Customer charge during each billing month to metered Customers served under this Tariff determined to the nearest cent. The SMT Surcharge rate shall be calculated separately for each Customer Class according to the provisions of this Surcharge Tariff. The SMT-C shall be included in the distribution charges of the monthly bill.

(C)

For service rendered on or after May 3, 2015 the SMT Surcharge rate billed by Customer Class is as follows:

(C)

Industrial Customer Class (Tariff No. 40 Rate Schedules 35, 40, 44, 46, and Tariff No. 38)

\$0.00 per month

The SMT Surcharge rate by Customer Class shall be calculated in accordance with the formula set forth below:

$$SMT = [((SMT_C - E) / CCBD) / 12] \times [1 / (1 - T)]$$

$$SMT_C = SMT_{Exp1} + SMT_{Exp2}$$

Where:

SMT = The monthly surcharge by Customer Class as defined by this Surcharge Tariff applied to each Customer billed under this Tariff.

SMT<sub>C</sub> = The Smart Meter Technologies costs by Customer Class projected to be incurred by the Company for the SMT Computational Year calculated in accordance with the formula shown above.

SMT<sub>Exp1</sub> = A projection of costs to be incurred associated with the Customer Class specific Smart Meter Technology Procurement and Installation Plan (“Plan”) as approved by the Commission for the SMT Computation Year by Customer Class including carrying charges on capital costs, depreciation expense, accumulated deferred income taxes, allowance for funds used during construction, and operational and maintenance expenses. These costs would also include an allocated portion of any projected indirect costs to be incurred benefiting all Customer Classes of the Company’s Plan for the SMT Computational Year. Any reduction in operating expenses or avoided capital expenditures due to the Smart Metering Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is recoverable. Such reductions shall include any reductions in the Company’s current meter and meter reading costs.

(C)

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## RIDERS

Rider G (continued)

SMT<sub>Exp2</sub> = A Customer Class allocated portion of \$45.1 million of expenditures between 2009 and 2010 in support of the development of a smart meter deployment plan. The \$45.1 million will be recovered via a levelized basis over a 5.5-year period beginning with the SMT Surcharge start date, and will not include interest on over-collections or under-collections. A Customer Class allocation of \$5.712 million of interest charges will be added, and will be amortized for recovery over a 5.5-year period coincident with the recovery of the \$45.1 million. (C)

E = The over or under-collection of SMT costs by Customer Class that results from the billing of the SMT Surcharge rates during the SMT Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest for SMT<sub>Exp1</sub> costs. Interest shall be computed monthly at the legal rate determined pursuant to 41 P.S. § 202, from the month the over or under-collection occurs to the month that the over-collection is refunded or the under-collection is recovered from Customers in the specific Customer Class. Any reduction in operating expenses or avoided capital expenditures due to the Smart Metering Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is reconciled to the billed SMT Surcharge rates during the SMT Reconciliation Year. Such reductions shall include any reductions in the Company's current meter and meter reading costs.

CCBD = The Company's projected Customer Class Billing Determinants for the specific Customer Class for the SMT Computational Year. Billing Determinants shall be the average Customer Class count for the Industrial Class.

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

All capitalized terms not otherwise defined in this Surcharge Tariff shall have the definitions specified in the Definitions section of this Tariff. For the purpose of this Surcharge Tariff, the following additional definitions shall apply:

1. SMT Computational Year – The 12-month period from January 1 through the following December 31 with the exception of the initial SMT Computational Year that will be the 4-month period from September 1, 2011 through December 31, 2011.
2. SMT Reconciliation Year – The 12-month period ending June 30 immediately preceding the SMT Computational Year.

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RIDERS

Rider G (continued)

(C)

The initial SMT Surcharge rates pursuant to this Surcharge Tariff shall be effective September 1, 2011 through December 31, 2011. Subsequent SMT Surcharge rates shall be filed with the Commission by August 1 of each year beginning August 1, 2012, and the SMT Surcharge rates shall become effective the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that the SMT Surcharge rates, if left unchanged, would result in material over or under-collection of all recoverable costs incurred or expected to be incurred during the then-current SMT Computational Year, the Company may request that the Commission approve one or more interim revisions to the SMT Surcharge rates to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

The Company shall file an annual report of collections under this Surcharge Tariff within thirty (30) days following the conclusion of each SMT Reconciliation Year.

At the conclusion of the duration of this reconciliation Surcharge Tariff, the Company is authorized to recover or refund any remaining amounts not reconciled at that time under such mechanism as approved by the Commission.

Application of the SMT Surcharge rates shall be subject to annual review and audit by the Commission.

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RIDERS

RIDER I

HOURLY PRICING DEFAULT SERVICE RIDER

**AVAILABILITY:**

The charges billed under this rider are applicable to all Customers on Rate Schedules 35 (large), 40, 44, and 46 who elect to take Default Service from the Company. These charges are also applicable to Customers on Rate Schedules 20, and 30 (small) on a voluntary basis who meet the metering requirements of this rider. Rates shall be billed under this rider on the next scheduled meter reading date after electing Default Service. (C)

Rate Schedules 20 and 30 Customers electing service under this rider must have smart meter technology installed as part of the Company's smart meter plan filed with and approved by the Commission. (C)

**Hourly Pricing Service Charges:**

Customers participating in the Hourly Pricing Default Service Rider will be billed for usage based on the following calculation:

$$\text{Hourly Pricing Service Charges} = (\text{HP}_{\text{Energy Charge}} + \text{HP}_{\text{Cap-AEPS-Other Charge}} + \text{HP}_{\text{Administrative Charge}} + \text{HP}_{\text{Unc}} + \text{HP}_{\text{Reconciliation Charge}}) \times [1 / (1-T)]$$

**HP Energy Charge per kWh:**

$$\text{HP}_{\text{Energy Charge}} = \sum_{t=1}^n [\text{kWh}_t \times (\text{LMP}_t + \text{HP}_{\text{Oth}}) \times \text{HP}_{\text{Loss Multipliers}}]$$

Where:

n = Total number of hours in the billing period

t = An hour in the billing period

LMP = the "Real Time" PJM load-weighted average Locational Marginal Price for the APS Transmission Zone

HP<sub>Oth</sub> = \$0.00400 per kWh for estimate of capacity, ancillary services, NITS, AEPS compliance and other supply components.

HP<sub>Loss Multipliers</sub>: 1.0356

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## RIDERS

Rider I (continued)

DS<sub>HPExp1</sub> = 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 twenty-four (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

Interest will be calculated monthly on the average of the beginning and the end of month balances of these costs and included in the determination of the monthly amortized amount. The monthly interest rate will be based upon the 41 P.S. § 202 statutory rate.

DS<sub>HPExp2</sub> = The cumulative costs to provide Hourly Pricing Default Service incurred by the Company through the end of the previous Default Service Quarter including but not limited to the following:

- Payments made to winning bidders
- Any PJM related charges other than Non-Market Based Services Transmission Charges identified in Rider J associated with the procurement of Hourly Pricing Default Service.
- Net AEPS expenses and AEPS expenses incurred by the Company related to amendments to the AEPS Act and/or related laws or regulations occurring subsequent to the effective date of the Supplier Master Agreement for the Default Service Supply Plan.
- An allocated portion of incremental administrative costs including metering and billing costs incurred and other costs as necessary to provide service to retail Default Service Customers
- All contingency plan implementation costs incurred during the supply period
- An allocated portion of other costs incurred to develop and implement the competitive bid process for retail Default Service including legal, customer notice, and consultant fees

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## RIDERS

Rider I (continued)

(C)

- The cost of credit when the Company is considered by PJM to be the load serving entity
- Incremental costs, including but not limited to metering costs and billing expenses, incurred by the Company to expand Rate Schedule 35 to include Customers with a Kilowatt demand greater than or equal to 400 Kilowatts.

$PTC_{HPRev}$  = The cumulative revenues, excluding any revenues associated with the HP Uncollectibles Charge and applicable Pennsylvania gross receipts tax, through the end of the most recent Default Service Quarter billed to Hourly Pricing Default Service Customers under this rider including the applicable  $E_{HP}$  rates.

$DS_{HPInt}$  = The cumulative amount of carrying charges calculated on a monthly basis through the end of the most recent Default Service Quarter. Interest will be calculated monthly on the average balance of: 1) the respective month's beginning balance of prior months' cumulative over or under collection of  $PTC_{HPRev}$  compared to the sum of the amortized portion of  $DS_{HPExp1}$  costs and  $DS_{HPExp2}$  costs incurred to date including cumulative interest calculated thereon through the beginning of the month; and 2) the respective month's ending balance of cumulative over or under collection of  $PTC_{HPRev}$  compared to the amortized portion of  $DS_{HPExp1}$  costs and  $DS_{HPExp2}$  costs incurred to date including cumulative interest calculated thereon through the beginning of the month. The monthly interest rate will be based upon the 41 P.S. § 202 statutory annual rate for under collections and the 41 P.S. § 202 statutory annual rate plus two percent for (over) collections.

$DS_{HPSales}$  = The Company's projected Hourly Pricing Default Service kWh sales to retail Customers for the three-month billing period that the  $E_{HP}$  rate will be in effect.

**Gross Receipts Tax:**

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

**General:**

Each change in the  $E_{HP}$  rate as well as other rates within this rider will be filed with the Commission by the later of: (a) forty-five (45) days prior to the effective date of the rate changes; or (b) seven (7) days after the last supply auction. The Company shall file details in support of the revised rates.

At the conclusion of the duration of this reconciliation rider, the Company is authorized to recover or refund any remaining amounts not reconciled at that time under such mechanism as approved by the Commission.

Application of the  $E_{HP}$  rate shall be subject to annual review and audit by the Commission.

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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 dollar per kW NSPL. 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 Computational Year, the DSS rate billed by Customer Class as follows:

Industrial Customer Class:

\$1.253 per kW NSPL (I)

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

$$\text{DSS Rate} = [\text{NMB} + \text{RE} + \text{CEC}] \times [1 / (1-\text{T})]$$

The components of the formula are defined below

**Non-Market Based Services Transmission Charges**

$$\text{NMB} = (\text{NMBc} - \text{E}) / \text{S}$$

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 date of the PaPUC approval of the Company’s Default Service Program at Docket No. P-2013-2391378; (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.

(C) Change  
 (I) Increase

(C)

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Rider J (continued)

- E = The over or under-collection of the NMB<sub>c</sub> 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 at the legal statutory interest rate stated in 41 P.S. § 202, from the month the over or under-collection occurs to the month that the over-collection is refunded to or the under-collection is recovered from Delivery Service Customers. (C)
- S= The Company's total DSS Sales for the Industrial Customer Class projected for the DSS Computational Year

The NMB rates to be included in DSS Rates are as follows:

Industrial Customer Class:

\$0.560 per kW NSPL

**Retail Enhancements**

$$RE = [(RE_c - E) / S]$$

Where:

- RE = The charge to be applied to Delivery Service Customers served under this rider for the Retail Enhancement Costs incurred by the Company.
- RE<sub>c</sub> = 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 RE<sub>c</sub> 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 at the legal statutory interest rate stated in 41 P.S. § 202, from the month the over or under-collection occurs to the month that the over-collection is refunded to or the under-collection is recovered from Delivery Service Customers.

(C)

(C) Change

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## RIDERS

Rider J (continued)

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

(C)

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

Industrial Customer Class:

\$0.000 per kW NSP

**Customer Education Charges**

$$CEC = (CEC_c - E) / S$$

Where:

CEC = The charge to be applied to Delivery Service Customers served under this rider for Customer Education Charges incurred by the Company.

CEC<sub>c</sub> = Customer Education costs for the specific Customer Class to cover customer education costs associated with competitive market enhancements approved by the Commission, excluding costs being recovered by the Consumer Education Program Cost Recovery Rider.

E = The over or under-collection of the CEC<sub>c</sub> that results from the billing of the CEC 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 at the legal statutory interest rate stated in 41 P.S. § 202 from the month the over or under-collection occurs to the month that the over-collection is refunded to or the under-collection is recovered from Delivery Service Customers.

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

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

Industrial Customer Class:

\$0.000 per kW NSPL

(C) Change

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## RIDERS

Rider J (continued)

(C)

**Gross Receipts Tax**

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

All capitalized terms not otherwise defined in this Rider shall have the definitions specified in Section 2 of this Tariff. For purposes of this Rider, the following additional definitions shall apply:

1. DSS Sales – The kWh or kW NSPL delivered during a billing month to all Delivery Service Customers, as applicable to each Rate Schedule billed under the DSS Rider.
2. DSS Computational Year – The 12-month period from June 1 through the following May 31.
3. DSS Reconciliation Year – The 12-month period ending March 31 immediately preceding the DSS Computational Year.
4. Initial DSS Period – the period from the effective date through May 31, 2015 that the DSS Rider is in effect. Thereafter, the DSS Computational Year will apply.

The Company shall recalculate its DSS Rates annually and, based on that recalculation, shall file with the Commission, by May 1<sup>st</sup> of each year, revised Rates to become effective on June 1<sup>st</sup> of the same year unless the Commission orders otherwise. The revised DSS rates shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determining that its DSS Rates, if left unchanged, would result in material over or under-collection of all costs incurred, or expected to be incurred, for DSS during the then current DSS Reconciliation Year, the Company may request that the Commission approve one or more interim revisions to its DSS Rates to become effective thirty (30) days from the date of filing, unless the Commission orders otherwise.

At the conclusion of the period during which this DSS Rider is in effect, the Company shall be authorized to recover or refund at any time, any remaining differences between recoverable costs and revenues billed under this rider by charges or credits to be applied to customer's bills under such mechanism the Commission may approve, but uncollectibles, which are non-reconcilable under the terms of this rider, shall not be included in the final reconciliation.

Application of the DSS rates shall be subject to annual review and audit by the Commission.

(C) Change

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