

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**METROPOLITAN EDISON COMPANY
Docket No. M-2009-209222**

**PENNSYLVANIA ELECTRIC COMPANY
Docket No. M-2009-2112952**

**PENNSYLVANIA POWER COMPANY
Docket No. M-2009-2112956**

ENERGY EFFICIENCY AND CONSERVATION PLANS

**Testimony
of
Raymond I. Parrish**

List of Topics Addressed

Cost Recovery and Reconciliation of Program Costs

1 **I. Introduction and Background**

2

3 **Q. Please state your name and business address.**

4 A. My name is Raymond I. Parrish and my business address is FirstEnergy, P.O. Box 16001,
5 Reading, Pennsylvania 19612-6001.

6

7 **Q. Mr. Parrish, by whom are you employed and in what capacity?**

8 A. I am employed by FirstEnergy Service Company as a Senior Business Analyst in
9 FirstEnergy Service Company's Pennsylvania Rate Department. This department
10 provides regulatory support for Metropolitan Edison Company ("Met-Ed"), Pennsylvania
11 Electric Company ("Penelec") and Pennsylvania Power Company ("Penn Power")
12 (collectively "Companies"). I report to the Manager of Rates and Regulatory Affairs –
13 Pennsylvania and am responsible for the development and preparation of the Companies'
14 accounting and financial data in support of rate-related matters before the Pennsylvania
15 Public Utility Commission ("PUC" or "Commission").

16

17 **Q. Please describe your educational and professional background?**

18 A. I graduated from Indiana University of Pennsylvania with a Bachelor of Science degree
19 in Business Administration/Accounting in 1978 and a Master of Business Administration
20 degree in 1987. I am a licensed Certified Public Accountant in the Commonwealth of
21 Pennsylvania and a member of the American Institute of Certified Public Accountants.
22 Prior to the merger of GPU, Inc. into FirstEnergy Corp. in 2001, I spent more than
23 twenty years working in various capacities within the GPU organization. My work
24 experience is more fully described in Appendix A.

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Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of Met-Ed, Penelec, and Penn Power.

Q. What is the purpose of your direct testimony.

A. The purpose of my testimony is to introduce and explain the Companies' proposed cost recovery mechanism that will be used to recover the costs incurred by the Companies during the planning and implementation of their respective Energy Efficiency and Conservation Plans ("EE&C") Plans ("Plans") which are required by Act 129 of 2008, 66 Pa C.S. § 2806.1 ("Act 129").

Q. Mr. Parrish, have you prepared exhibits to accompany your testimony?

A. Yes. Met-Ed/Penelec/Penn Power Exhibits RIP-1 through RIP-4 were prepared by me or under my supervision and are described in detail later in my testimony.

II. Rider Cost Recovery and Reconciliation

Q. Mr. Parrish, do the Companies' current tariffs have in place rates that will recover the costs associated with the development and implementation of the EE&C Plans and related programs that are being proposed in this proceeding?

A. No, they do not. The costs associated with the development and implementation of the Plans and programs will not be recovered through existing base rates.

1 **Q. What recovery mechanism are the Companies proposing?**

2 A. As permitted by Act 129 and 66 Pa. C.S. § 1307, the Companies are proposing to
3 implement an Energy Efficiency and Conservation Charge (“EEC-C”) Rider for each
4 Company. Copies of the EEC-C Rider for Met-Ed, Penelec, and Penn Power are
5 included as Met-Ed/Penelec/Penn Power Exhibits RIP-1 through RIP-3 respectively.
6 Met-Ed/Penelec/Penn Power Exhibit RIP-4, which is also included with my testimony,
7 sets forth the specific calculation of the rates included in each EEC-C Rider.

8

9 **Q. Please describe the EEC-C Riders.**

10 A. As previously indicated, Met-Ed/Penelec/Penn Power Exhibits RIP-1 through RIP-3 are
11 copies of the Met-Ed, Penelec, and Penn Power EEC-C Riders, respectively, that are
12 being proposed for approval by the Commission. Page 1 of each rider sets forth the EEC-
13 C rates, while the remaining pages of each rider set forth the formula and description for
14 developing the EEC-C rates and the reconciliation of revenues billed under the EEC-C
15 Riders to actual costs as they are incurred.

16
17 The EEC-C rates are expressed as a price per kilowatt-hour (“kWh”) and will be billed on
18 that basis. The EEC-C rates will be calculated and stated separately for the residential,
19 commercial, and industrial customer classes. The rate schedules that comprise the
20 residential, commercial, and industrial customer classes are identified on page 1 of each
21 Company’s rider.

22

1 For Met-Ed and Penelec, the rate schedules that comprise the residential customer class
2 are the same (Rate Schedules RS, RT, and GS – Volunteer Fire Company and Non-Profit
3 Ambulance Service, Rescue Squad and Senior Center Service Rate). For Penn Power,
4 the residential class is comprised of Rate Schedules RS; RS Optional Controlled Service
5 Rider; RH Water Heating Option; WH; and GS Special Provision for Volunteer Fire
6 Companies, Non Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-
7 Profit Ambulance Services.

8
9 Met-Ed's commercial customer class is comprised of Rate Schedules GS-Small, GS-
10 Medium, MS, Street Lighting Services, Ornamental Street Lighting, and Outdoor
11 Lighting Service. Penelec's commercial customer class consists of Rate Schedules GS-
12 Small, GS-Medium, H, High Pressure Sodium Vapor Street Lighting, Municipal Street
13 Lighting Service, and Outdoor Lighting Service. Penn Power's commercial customer
14 class is comprised of Rate Schedules GS, GS Special Rule GSDS, GS Optional
15 Controlled Service Rider, PLS, SV, SVD, SM, OH With Cooling Capabilities, OH
16 Without Cooling Capabilities, and WH Non-Residential.

17
18 Met-Ed's industrial customer class is comprised of Rate Schedules GS-Large, GP, and
19 TP. Penelec's industrial customer class is made up of Rate Schedules GS-Large, GP, and
20 LP. Penn Power's the industrial customer class consists of Rate Schedules GP and GT.

21
22 Because Met-Ed's and Penelec's Borderline Service rate schedules are both only
23 available to public utility companies for resale in adjacent service territories under

1 reciprocal agreements between Met-Ed or Penelec and other public utilities, these public
2 utilities are not eligible for any of the programs being proposed in the Companies' EE&C
3 Plans. Therefore, no EEC-C rate will be applied to these Companies' Borderline Service
4 customers.

5
6 **Q. What was the basis for determining by Company the customer class into which each
7 respective Rate Schedule was grouped?**

8 A. For Met-Ed and Penelec, the EEC-C Rate Schedule groupings by residential, commercial,
9 and industrial customer classes are the same as those proposed by the Companies in their
10 current Default Service Supply Plans Proceeding at Docket Nos. P-2009-2093053 (Met-
11 Ed) and P-2009-2093054 (Penelec) for recovery of default service costs. Penn Power's
12 EEC-C Rate Schedule groupings, with the exception of Rate Schedule GS Special Rule
13 GSDS included as part of the commercial customer class, mirror those for default service
14 cost recovery approved by the Commission in 2008 in Penn Power's Interim Default
15 Service Supply Plan Proceeding at Docket No. P-00072305.

16
17 **Q. When would the EEC-C Riders for each Company become effective?**

18 A. The Companies are proposing that their EEC-C Riders become effective for service
19 rendered on or after November 1, 2009.

20
21 **Q. Are the Companies proposing specific EEC-C rates at this time?**

22 A. Yes. Page 1 of Met-Ed/Penelec/Penn Power Exhibits RIP-1, RIP-2, and RIP-3 have the
23 applicable residential, commercial, and industrial EEC-C rates that would become

1 effective November 1, 2009. The specific calculation of the proposed EEC-C rates are
2 contained in Met-Ed/Penelec/Penn Power Exhibit RIP-4. These rates represent the Act
3 129 mandated 2% capped limit by class based on 2006 revenue for each Company. The
4 costs associated with each Company's respective EE&C programs, as well as the costs
5 incurred during the planning and development of the Plan, are being reviewed and
6 approved by the Commission in this proceeding.

7
8 **Q. Will the EEC-C Riders and the associated EEC-C rates be by-passable for**
9 **customers served under the Rate Schedules identified in the proposed EEC-C**
10 **Riders?**

11 A. No. Except for the Borderline Service customers previously discussed for Met-Ed and
12 Penelec, the EEC-C Riders and applicable EEC-C rates will be applied to each kWh
13 delivered during a billing month to customers served under the Rates Schedules identified
14 as part of either the residential, commercial, or industrial classes.

15
16 **Q. Are all three Companies' EEC-C Riders the same?**

17 A. Generally yes. However, because Met-Ed and Penelec are located within the territory of
18 PJM Interconnection, L.L.C. ("PJM") while Penn Power is located within the Midwest
19 Independent Transmission System Operator, Inc., there are several minor differences.
20 Unless I expressly distinguish between Penn Power and the other Companies, however,
21 my testimony applies to all three Companies.

22
23 **Q. How are the EEC-C Riders structured?**

1 A. The EEC-C rates to be billed to the residential, commercial and industrial classes consist
2 of two principal components. The first is the EEC_C , or “current cost” component; the
3 second, the reconciliation component, or “E” factor.

4
5 **Q. Please describe the EEC_C component.**

6 A. The EEC_C component represents the recovery of costs incurred during the 43 month
7 period (November 1, 2009 through May 31, 2013) or “Computational Period” during
8 which the EEC-C rates will be in effect for each customer class. As shown on pages 2
9 and 3 of Met-Ed/Penelec/Penn Power Exhibits RIP-1(Met-Ed EEC-C Rider) and RIP-2
10 (Penelec EEC-C Rider) and RIP-3 (Penn Power EEC-C Rider), the EEC_C component is
11 customer class specific. The costs included in each customer class’ EEC_C rate are
12 identified as EEC_{Exp1} , EEC_{Exp2} , EEC_{Exp3} , and EEC_{Exp4} .

13
14 EEC_{Exp1} represents customer class specific costs that will be associated with the customer
15 class specific EEC programs as approved by the Commission. These costs will also
16 include an allocated portion of any indirect costs, such as marketing costs, that will be
17 incurred by the Companies.

18
19 EEC_{Exp2} represents an allocated portion of administrative start-up costs incurred by the
20 Companies in connection with the development of each Company’s EE&C Plans and
21 related programs in response to the Commission’s orders and guidance at Docket No. M-
22 2008-2069887. These costs were incurred to design, create, and obtain Commission
23 approval of the Companies’ respective Plans, and include consultant costs, legal fees, and

1 other direct and indirect costs. The Companies are proposing that the EEC_{Exp2} costs be
2 amortized over the 7-month period ending May 31, 2010. Interest will be accrued
3 monthly on the average of the beginning and ending of the month balances of these costs
4 as they are incurred by the Companies and included in the determination of the monthly
5 amortized amount. The interest will be computed at the legal rate determined pursuant to
6 41 P.S. §202.

7
8 EEC_{Exp3} represents the costs allocated to the Companies for the funding of the
9 Commission's statewide evaluator contract. I will further discuss the statewide evaluator
10 contract later in my testimony.

11
12 EEC_{Exp4} only applies to Met-Ed and Penelec and represents an allocated portion by
13 customer class of energy-related costs to be paid to PJM for the Economic Load
14 Response Program, or any successor PJM program incurred by either Met-Ed or Penelec
15 as the load serving entity.

16
17 **Q. Please describe the Commission's statewide evaluator contract costs included in**
18 **EEC_{Exp3}.**

19 A. On June 25, 2009, the Commission announced a partnership with GDS Associates Inc.
20 Engineers and Consultants to provide long-term, statewide evaluation of electric
21 distribution companies' ("EDC's") energy efficiency programs. According to the
22 Commission's press release, "As the evaluator, GDS will work with senior Commission
23 staff and assist the PUC to implement a legislative mandate containing significant

1 consumption and peak demand reduction targets; audit programs to be implemented
2 across Pennsylvania by the seven largest Pennsylvania electric utilities; evaluate and
3 improve the EDC's programs in their initial, critical four years of implementation; and
4 provide assessments and recommendations to policymakers for potential programs
5 beyond the initial 2013 program implementation period.”

6
7 It is my understanding that the costs of this partnership — that are at this time unknown to
8 the Companies — will be paid by the Pennsylvania EDC's that are subject to Act 129.
9 The Companies' EEC-C Riders are designed to recover these costs. However, these costs
10 will not be included in the final determination of the Companies' Act 129 two percent
11 limitation on EEC Programs costs.

12
13 **Q. Why are Met-Ed and Penelec assessed the PJM Load Response Program costs that
14 are included in EEC_{Exp4}?**

15 A. PJM's Economic Load Response Program enables end-use customers to voluntarily
16 respond to PJM locational marginal prices (“LMP”) by reducing consumption and
17 receiving payment for the reduction. Through their Curtailment Service Provider,
18 qualifying end use customers can offer to reduce the load they draw from the PJM system
19 by either participating in the day ahead market and receiving their bid price if accepted,
20 or simply notifying PJM of their intended load reduction in advance of real-time
21 operations and receive payments based on real-time LMP's for their actual, real-time
22 reductions. These payments made by PJM to the end user are then billed to Met-Ed or

1 Penelec as the load serving entity. Met-Ed and Penelec will recover these payments
2 through the EEC_{Exp4} component of their EEC-C Riders.

3
4 **Q. Please explain how the E factor component of the EEC-C rates will work.**

5 The E factor component of each Company's residential, commercial, and industrial class
6 specific EEC-C rates represents a reconciliation of actual EEC-C costs incurred by
7 customer class to actual EEC-C revenues billed by customer class on a monthly basis.
8 For each Company this monthly reconciliation by specific customer class will result in
9 either an over-collection of costs by customer class (revenues billed, excluding
10 Pennsylvania Gross Receipts Tax, above actual costs) or an under-collection by customer
11 class (revenues billed, excluding Pennsylvania Gross Receipts Tax, below actual costs).

12
13 **Q. Will the initial EEC-C rates by customer class include a reconciliation or E factor
14 component?**

15 A. No. The initial EEC-C rates will not include a reconciliation or E factor component. The
16 E factor will only be relevant if the Companies do not spend the entire EEC program
17 costs collected over the length of the program (November 1, 2009 through December 31,
18 2013). When the E-factor component is included, it will be applied on a customer class
19 specific basis.

20
21 **Q. How often will the EEC-C rates by customer class be changed?**

22 A. As proposed, the EEC-C rates requested in this proceeding will remain in effect
23 throughout the Company's EE&C Plan. However, if it is determined that the EEC-C

1 rates would result in material over or under-collections of recoverable costs incurred or
2 expected to be incurred during the EEC Computational Period (November 1, 2009
3 through December 31, 2013), the Companies may ask the Commission to approve interim
4 revisions to the EEC-C rates that would become effective thirty days after the date of
5 filing such a request. If necessary, the interim changes in the EEC-C rates may also
6 address a re-allocation of program expenses for cost recovery among customer classes.
7

8 **Q. In your opinion, do the Companies' proposed EEC-C Riders as described in your**
9 **testimony meet the requirements for a reconcilable adjustment clause tariff**
10 **mechanism as set forth in 66 Pa. C.S. § 1307?**

11 A. Yes, they do meet the requirements of 66 Pa. C.S. § 1307, as well as the provisions
12 included in the Commission's Implementation Order and Act 129.
13

14 **Q. Will the Companies file with the Commission any reports related to the EEC-C**
15 **Riders?**

16 A. Yes. As stated in each Company's respective EEC-C Rider, an annual report that sets
17 forth the revenues billed and costs incurred will be filed with the Commission by June
18 30th of each year. These reconciliations will be provided by customer class and will be
19 subject to annual review and audit by the Commission.
20

21 **III. Summary of Benefits of EEC-C Riders**
22

1 **Q. Mr. Parrish please summarize the benefits of the Companies' proposed EEC-C**
2 **Riders.**

3 A. Consistent with the Commission's Implementation Order and Act 129, the Companies'
4 proposed EEC-C Riders will permit Met-Ed, Penelec, and Penn Power to bill annual,
5 levelized EEC-C rates on a per kWh basis to all residential, commercial, and industrial
6 customers. The rates are calculated specifically for each customer class to recover the
7 Companies' EE&C Plan costs approved by the Commission in this proceeding consistent
8 with Act 129 and the provisions included in 66 Pa. C.S. § 1307. When coupled with the
9 reconciliation provisions included in the Riders, the EEC-C rates will provide full,
10 equitable and timely cost recovery of actual EE&C program costs incurred by each
11 Company.

12
13 **Q. Mr. Parrish, does this complete your direct testimony?**

14 A. Yes, it does.

Resume: Education and Experience of Raymond I. Parrish

Education:

- 1978 Bachelor of Science Degree in Business Administration/Accounting – Indiana University of Pennsylvania
1987 Master of Business Administration Degree - Indiana University of Pennsylvania

Professional License:

Certified Public Accountant, Pennsylvania

Experience:

- 7/78 - 12/79 Staff Accountant – Barnes, Saly and Company, Certified Public Accountants
12/79 - 8/84 Auditor – GPU Service Corporation
8/84 – 6/87 Rate Analyst within the Rate Department – Pennsylvania Electric Company (“Penelec”)
6/87 – 9/89 Senior Rate Analyst within the Rate Department (Penelec)
9/89 – 4/92 Supervisor – Rate Revenue Requirements within the Rate Department (Penelec)
4/92 – 3/95 Manager - Rate Revenue Requirements within the Rate Department (Penelec)
3/95 - 8/96 Manager – Rate Revenue Requirement within the Regulatory Affairs and Pricing Department (Met-Ed/Penelec)
8/96 – 2/99 Staff Analyst within the Rate Department (GPU Energy)
2/99 – 1/02 Revenue Requirements Specialist within the Rate Department (GPU Energy)
1/02– Present Senior Business Analyst within Rates and Regulatory Affairs - Pennsylvania (FirstEnergy)

Prepared and presented testimony in the following rate-related cases:

Pa. P.U.C. Cases: Docket Nos. P-2009-2093053
P-2009-2093054
M-2008-2077883
M-2008-2077886
M-2008-2077888
M-2008-2044167

M-2008-2041169
P-00072305
C-00945489
P-00920567
M-920312, et al.
D-90E011
I-900005
M-FACE 9105
M-FACE 9106
M-FACE 9001
M-FACE 9004
M-FACE 8902
M-FACE 8909

Assisted in development and preparation in the following rate-related cases:

Pa. P.U.C. Cases: Docket Nos. P-00062235
R-00061366
R-00061367
P-00062213
P-00062214
P-00052149
P-00052188
R-00016851C0001
R-00016852C0001
R-00016853C0001
A-110300F.0095
A-110400F.0040
P-00001860
P-00001861
P-00001837 (Phase 2)
P-00001838 (Phase 2)
R-00974008 (Phase 1)
R-00974009 (Phase 1)
P-00971215
P-00971216
P-00971217
P-00971223
P-00971278

Met-Ed/Penelec/Penn Power Statement No. 3
Witness: R. I. Parrish
Appendix A
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P-00961015
P-00950968
C-902788 and C-902799
R-860413
R-842771
M-870172
C-860690
A-110400F009
M-FACE 8810
M-FACE 8811

FERC Case: Docket No. ER-86-204-000

Metropolitan Edison Company

RIDERS

RIDER XX

ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

An Energy Efficiency and Conservation ("EEC") Charge ("EEC-C") shall be applied to each kWh delivered during a billing month to Customers served under this Tariff, with the exception of those served under Borderline Service rates, determined to the nearest one-thousandth of a cent per kWh. The EEC-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered November 1, 2009 through May 31, 2013 the EEC-C rates billed by Customer Class are as follows:

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

0.353 cents per kWh

Commercial Customer Class (Rate GS-Small, Rate GS-Medium, Rate MS, Street Lighting Service, Ornamental Street Lighting, and Outdoor Lighting Service):

0.189 cents per kWh.

Industrial Customer Class (Rate GS-Large, Rate GP, and Rate TP):

0.045 cents per kWh.

Metropolitan Edison Company

The EEC-C rates by Customer Class shall be calculated in accordance with the formula set forth below:

$$EEC-C = [(EEC_C - E) / S] \times [1 / (1 - T)]$$

$$EEC_C = EEC_{Exp1} + EEC_{Exp2} + EEC_{Exp3} + EEC_{Exp4}$$

Where:

- EEC-C = The charge in cents per kWh by Customer Class as defined by this rider applied to each kWh delivered for the Rate Schedules identified in this rider.
- EEC_C = The Energy Efficiency and Conservation Costs by Customer Class projected to be incurred by the Company for the EEC-C Computational Period calculated in accordance with the formula shown above.
- EEC_{Exp1} = Costs incurred associated with the Customer Class specific EEC Programs as approved by the Commission for the EEC-C Computation Period by Customer Class. These costs also include an allocated portion of any indirect costs incurred associated with all the Company's EEC Programs for the EEC-C Computational Period.
- EEC_{Exp2} = An allocated portion of incremental administrative start-up costs incurred by the Company through October 31, 2009 in connection with the development of the Company's EEC Programs in response to the Commission's orders and guidance at Docket No. M-2008-2069887. These costs to design, create, and obtain Commission approval for the Company's EEC Programs include, but are not limited to, consultant costs, legal fees, and other direct and indirect costs associated with the development and implementation of the Company's EEC Programs in compliance with Commission directives. These costs shall be amortized over the 7-month period ending May 31, 2010. Interest will be calculated monthly on the average of the beginning and ending of month balance of these costs as incurred and included in the determination of the monthly amortized amount. The interest shall be computed at the legal rate determined pursuant to 41 P.S. § 202.

Metropolitan Edison Company

- EEC_{Exp3} = An allocated portion of the costs the Company incurs to fund the Commission's statewide evaluator contract which shall be excluded in the final determination of the Act 129 limitation on the Company's EEC Programs costs.
- EEC_{Exp4} = An allocated portion of energy-related costs to be paid to PJM for the Economic Load Response Program, or any successor PJM program, incurred by the Company as the load serving entity.
- E = The cumulative over or under-collection of EEC costs by Customer Class that results from the billing of the EEC-C rates (an over-collection is denoted by a positive E and an under-collection by a negative E).
- S = The Company's projected kWh sales delivered to all Customers in the specific Customer 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 rider shall have the definitions specified in the Definitions of Terms section of this tariff. For the purpose of this rider, the following additional definitions shall apply:

1. EEC-C Computational Period – The 43-month period from November 1, 2009 through May 31, 2013.
2. EEC-C Reconciliation Year – The 12-month period ending May 31 each year for the duration of this rider.

Upon determination that the EEC-C rates, if left unchanged, would result in material over or under-collection of all recoverable costs incurred or expected to be incurred by Customer Class, the Company may request that the Commission approve one or more interim revisions to the EEC-C 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 rider within thirty (30) days following the conclusion of each EEC-C Reconciliation Year.

Metropolitan Edison Company

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 EEC-C rates shall be subject to annual review and audit by the Commission.

Pennsylvania Electric Company

RIDERS

RIDER XX

ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

An Energy Efficiency and Conservation ("EEC") Charge ("EEC-C") shall be applied to each kWh delivered during a billing month to Customers served under this Tariff, with the exception of those served under Borderline Service rates, determined to the nearest one-thousandth of a cent per kWh. The EEC-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered November 1, 2009 through May 31, 2013 the EEC-C rates billed by Customer Class are as follows:

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

0.380 cents per kWh.

Commercial Customer Class (Rate GS-Small, Rate GS-Medium, Rate H, High Pressure Sodium Vapor Street Lighting Service, Municipal Street Lighting Service, and Outdoor Lighting Service):

0.142 cents per kWh.

Industrial Customer Class (Rate GS-Large, Rate GP, and Rate LP):

0.048 cents per kWh.

Pennsylvania Electric Company

The EEC-C rates by Customer Class shall be calculated in accordance with the formula set forth below:

$$EEC-C = [(EEC_C - E) / S] \times [1 / (1 - T)]$$

$$EEC_C = EEC_{Exp1} + EEC_{Exp2} + EEC_{Exp3} + EEC_{Exp4}$$

Where:

- EEC-C = The charge in cents per kWh by Customer Class as defined by this rider applied to each kWh delivered for the Rate Schedules identified in this rider.
- EEC_C = The Energy Efficiency and Conservation Costs by Customer Class projected to be incurred by the Company for the EEC-C Computational Year calculated in accordance with the formula shown above.
- EEC_{Exp1} = Costs incurred associated with the Customer Class specific EEC Programs as approved by the Commission for the EEC-C Computation Period by Customer Class. These costs would also include an allocated portion of any projected indirect costs to be incurred associated with all the Company's EEC Programs for the EEC-C Computational Period.
- EEC_{Exp2} = An allocated portion of incremental administrative start-up costs incurred by the Company through October 31, 2009 in connection with the development of the Company's EEC Programs in response to the Commission's orders and guidance at Docket No. M-2008-2069887. These costs to design, create, and obtain Commission approval for the Company's EEC Programs include, but are not limited to, consultant costs, legal fees, and other direct and indirect costs associated with the development and implementation of the Company's EEC Programs in compliance with Commission directives. These costs shall be amortized over the 7-month period ending May 31, 2010. Interest will be calculated monthly on the average of the beginning and ending of month balance of these costs as incurred and included in the determination of the monthly amortized amount. The interest shall be computed at the legal rate determined pursuant to 41 P.S. § 202.

Pennsylvania Electric Company

- EEC_{Exp3} = An allocated portion of the costs the Company incurs to fund the Commission's statewide evaluator contract which shall be excluded in the final determination of the Act 129 limitation on the Company's EEC Programs costs.
- EEC_{Exp4} = An allocated portion of energy-related costs to be paid to PJM for the Economic Load Response Program, or any successor PJM program, incurred by the Company as the load serving entity.
- E = The cumulative over or under-collection of EEC costs by Customer Class that results from the billing of the EEC-C rates (an over-collection is denoted by a positive E and an under-collection by a negative E).
- S = The Company's projected kWh sales delivered to all Customers in the specific Customer 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 rider shall have the definitions specified in the Definitions of Terms section of this tariff. For the purpose of this rider, the following additional definitions shall apply:

1. EEC-C Computational Period – The 43-month period from November 1, 2009 through May 31, 2013.
2. EEC-C Reconciliation Year – The 12-month period ending May 31 each year for the duration of this rider.

Upon determination that the EEC-C rates, if left unchanged, would result in material over or under-collection of all recoverable costs incurred or expected to be incurred by Customer Class, the Company may request that the Commission approve one or more interim revisions to the EEC-C 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 rider within thirty (30) days following the conclusion of each EEC-C Reconciliation Year.

Pennsylvania Electric Company

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 EEC-C rates shall be subject to annual review and audit by the Commission.

Pennsylvania Power Company

RIDERS

RIDER XX

ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

An Energy Efficiency and Conservation ("EEC") Charge ("EEC-C") shall be applied to each kWh delivered during a billing month to Customers served under this Tariff determined to the nearest one-thousandth of a cent per kWh. The EEC-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered November 1, 2009 through May 31, 2013 the EEC-C rates billed by Customer Class are as follows:

Residential Customer Class (Rate Schedules RS; RS Optional Controlled Service Rider; RH; RH Water Heating Option; WH; and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services):

0.223 cents per kWh.

Commercial Customer Class (Rate Schedules GS, GS Special Rule GSDS, GS Optional Controlled Service Rider, PNP, GM, GM Optional Controlled Service Rider, PLS, SV, SVD, SM, OH With Cooling Capabilities, OH Without Cooling Capabilities, and WH Non-Residential):

0.115 cents per kWh.

Industrial Customer Class (Rate Schedules GP and GT):

0.106 cents per kWh.

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The EEC-C rates by Customer Class shall be calculated in accordance with the formula set forth below:

$$EEC-C = [(EEC_C - E) / S] \times [1 / (1 - T)]$$

$$EEC_C = EEC_{Exp1} + EEC_{Exp2} + EEC_{Exp3}$$

Where:

- EEC-C = The charge in cents per kWh by Customer Class as defined by this rider applied to each kWh delivered for the Rate Schedules identified in this rider.
- EEC_C = The Energy Efficiency and Conservation Costs by Customer Class projected to be incurred by the Company for the EEC-C Computational Period calculated in accordance with the formula shown above.
- EEC_{Exp1} = Costs incurred associated with the Customer Class specific EEC Programs as approved by the Commission for the EEC-C Computation Year by Customer Class. These costs also include an allocated portion of any indirect costs to be incurred associated with all the Company's EEC Programs for the EEC-C Computational Period.
- EEC_{Exp2} = An allocated portion of incremental administrative start-up costs incurred by the Company through October 31, 2009 in connection with the development of the Company's EEC Programs in response to the Commission's orders and guidance at Docket No. M-2008-2069887. These costs to design, create, and obtain Commission approval for the Company's EEC Programs include, but are not limited to, consultant costs, legal fees, and other direct and indirect costs associated with the development and implementation of the Company's EEC Programs in compliance with Commission directives. These costs shall be amortized over the 7-month period ending May 31, 2010. Interest will be calculated monthly on the average of the beginning and ending of month balance of these costs as incurred and included in the determination of the monthly amortized amount. The interest shall be computed at the legal rate determined pursuant to 41 P.S. § 202.

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- EEC_{Exp3} = An allocated portion of the costs the Company incurs to fund the Commission's statewide evaluator contract which shall be excluded in the final determination of the Act 129 limitation on the Company's EEC Programs costs.
- E = The cumulative over or under-collection of EEC costs by Customer Class that results from the billing of the EEC-C rates (an over-collection is denoted by a positive E and an under-collection by a negative E).
- S = The Company's projected kWh sales delivered to all Customers in the specific Customer 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 rider shall have the definitions specified in the Definitions of Terms section of this tariff. For the purpose of this rider, the following additional definitions shall apply:

1. EEC-C Computational Period – The 43-month period from November 1, 2009 through May 31, 2013.
2. EEC-C Reconciliation Year – The 12-month period ending May 31 each year for the duration of this rider.

Upon determination that the EEC-C rates, if left unchanged, would result in material over or under-collection of all recoverable costs incurred or expected to be incurred by Customer Class, the Company may request that the Commission approve one or more interim revisions to the EEC-C 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 rider within thirty (30) days following the conclusion of each EEC-C Reconciliation Year.

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 EEC-C rates shall be subject to annual review and audit by the Commission.

**Calculation of Metropolitan Edison Company's Energy Efficiency and Conservation ("EEC") Charge ("EEC-C") Rates
Effective November 1, 2009**

Line No.	Description	Met-Ed Residential Customer Class (1)	Met-Ed Commercial Customer Class (2)	Met-Ed Industrial Customer Class (3)	Met-Ed Total (4)
1	2% of Met-Ed's Annual Revenues for 12 Months Ended 12/31/2006 for Maximum Annual Cost Recovery (A)	\$ 60,620,465	\$ 17,480,259	\$ 8,239,870	\$ 24,866,894 (A)
2	Met-Ed's Estimated EEC Program Costs for 43 Months Ending May 31, 2013				\$ 86,340,594
3	Percentage of Customer Class' Program Costs to Total Company Program Costs	70.21%	20.25%	9.54%	100.00%
4	Allocation of Annual Maximum Cost Recovery (Line 1, Column 4 X Line 3)	\$ 17,459,046	\$ 5,035,546	\$ 2,372,302	\$ 24,866,894
5	Customer Class 2006 Kilo-watt-Hours ("kWh") Delivered	5,255,025,652 kWhs	2,832,960,871 kWhs	5,657,535,116 kWhs	13,745,521,639 kWhs
6	EEC-C Rates Before Pa Gross Receipts Tax Gross-Up Factor (Line 4 / Line 5)	\$ 0.00332 per kWh	\$ 0.00178 per kWh	\$ 0.00042 per kWh	
7	Pa Gross Receipts Tax Gross-Up Factor [1 / (1-T)] with T = 5.90% Pa Gross Receipts Tax in Base Rates]	1.062699	1.062699	1.062699	
8	Proposed EEC-C Rates Effective November 1, 2009 (Line 6 X Line 7)	\$ 0.00353 per kWh	\$ 0.00189 per kWh	\$ 0.00045 per kWh	

(A) Pennsylvania's Act 129 of 2008 states that the maximum annual cost recovery for Energy Efficiency and Conservation Programs cannot exceed 2% of the electric distribution company's total annual revenue as of December 31, 2006.

**Calculation of Pennsylvania Electric Company's Energy Efficiency and Conservation ("EEC") Charge ("EEC-C") Rates
Effective November 1, 2009**

Line No.	Description	Penelec Residential Customer Class (1)	Penelec Commercial Customer Class (2)	Penelec Industrial Customer Class (3)	Penelec Total (4)
1	2% of Penelec's Annual Revenues for 12 Months Ended 12/31/2006 for Maximum Annual Cost Recovery				\$ 22,974,742 (A)
2	Penelec's Estimated EEC Program Costs for 43 Months Ending May 31, 2013	\$ 53,718,626	\$ 17,044,043	\$ 9,222,906	\$ 79,985,575
3	Percentage of Customer Class' Program Costs to Total Company Program Costs	67.16%	21.31%	11.53%	100.00%
4	Allocation of Annual Maximum Cost Recovery (Line 1, Column 4 X Line 3)	\$ 15,429,837	\$ 4,895,918	\$ 2,648,987	\$ 22,974,742
5	Customer Class 2006 Kilowatt-Hours ("kWh") Delivered	4,313,618,455 kWh	3,653,546,463 kWh	5,889,237,488 kWh	13,856,402,406 kWh
6	EEC-C Rates Before Pa Gross Receipts Tax Gross-Up Factor (Line 4 / Line 5)	\$ 0.00358 per kWh	\$ 0.00134 per kWh	\$ 0.00045 per kWh	
7	Pa Gross Receipts Tax Gross-Up Factor [1 / (1-T)] with T = 5.90% Pa Gross Receipts Tax in Base Rates	1.062699	1.062699	1.062699	
8	Proposed EEC-C Rates Effective November 1, 2009 (Line 6 X Line 7)	\$ 0.00380 per kWh	\$ 0.00142 per kWh	\$ 0.00048 per kWh	

(A) Pennsylvania's Act 129 of 2008 states that the maximum annual cost recovery for Energy Efficiency and Conservation Programs cannot exceed 2% of the electric distribution company's total annual revenue as of December 31, 2006.

**Calculation of Pennsylvania Power Company's Energy Efficiency and Conservation ("EEC") Charge ("EEC-C") Rates
Effective November 1, 2009**

Line No.	Description	Penn Power Residential Customer Class (1)	Penn Power Commercial Customer Class (2)	Penn Power Industrial Customer Class (3)	Penn Power Total (4)
1	2% of Penn Power's Annual Revenues for 12 Months Ended 12/31/2006 for Maximum Annual Cost Recovery	\$ 11,884,726	\$ 4,867,314	\$ 6,196,505	\$ 6,659,789 (A)
2	Penn Power's Estimated EEC Program Costs for 43 Months Ending May 31, 2013			\$ 6,196,505	\$ 22,948,545
3	Percentage of Customer Class Program Costs to Total Company Program Costs	51.79%	21.21%	27.00%	100.00%
4	Allocation of Annual Maximum Cost Recovery (Line 1, Column 4 X Line 3)	\$ 3,449,105	\$ 1,412,541	\$ 1,798,143	\$ 6,659,789
5	Customer Class 2006 Kilowatt-Hours ("kWh") Delivered	1,617,204,450 kWh	1,282,701,243 kWh	1,778,405,550 kWh	4,678,311,243 kWh
6	EEC-C Rates Before Pa Gross Receipts Tax Gross-Up Factor (Line 4 / Line 5)	\$ 0.00213 per kWh	\$ 0.00110 per kWh	\$ 0.00101 per kWh	
7	Pa Gross Receipts Tax Gross-Up Factor [1 / (1-T)] with T = 4.40% Pa Gross Receipts Tax in Base Rates]	1.046025	1.046025	1.046025	
8	Proposed EEC-C Rates Effective November 1, 2009 (Line 6 X Line 7)	<u>\$ 0.00223 per kWh</u>	<u>\$ 0.00115 per kWh</u>	<u>\$ 0.00106 per kWh</u>	

(A) Pennsylvania's Act 129 of 2008 states that the maximum annual cost recovery for Energy Efficiency and Conservation Programs cannot exceed 2% of the electric distribution company's total annual revenue as of December 31, 2006.