

May 31, 2013

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**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

VIA UNITED PARCEL SERVICE

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

**Re: Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 80, Supplement  
No. 40 - Rate Changes in Compliance with Pennsylvania Electric Company's  
Energy Efficiency Plan; Docket No. M-2009-2112952**

Dear Secretary Chiavetta:

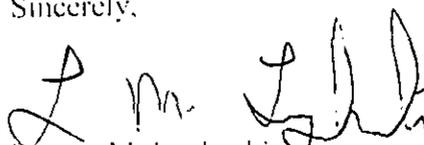
Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") are an original of Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 35, Original ("Tariff No. 35") bearing an issue date of May 31, 2013. The tariff changes contained in Supplement 99 are proposed to be effective for service rendered on or after June 1, 2013.

Tariff No. 35, Supplement 99 reflects changes in rates consistent with the Commission's Order entered May 23, 2013 at Docket No. M-2009-2112956, which approved Penn Power's Energy Efficiency Plan for the period ending December 31, 2013.

Please date stamp the enclosed, extra copy of the submittal letter and return to me in the postage-prepaid envelope provided.

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

Sincerely,

  
Lauren M. Lepkoski

Enclosures

c: As Per Certificate of Service

**PENNSYLVANIA POWER COMPANY**

**Schedule of Rates, Rules and Regulations  
for  
Electric Service  
For List of Communities Served,  
See Pages 5 and 6**

**ISSUED: May 31, 2013**

**EFFECTIVE: June 1, 2013**

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**MAY 31 2013**

**Issued by  
Charles E. Jones, Jr.  
President  
233 Frenz Drive  
New Castle, PA 16101**

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**NOTICE**

**This Supplement Makes Changes to Existing Tariff -- See Ninety-third Revised Sheet No. 1**

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**LIST OF MODIFICATIONS**

Riders

Changes made to Tables of Contents, Sheet No. 4 (See Twentieth Revised Sheet No. 4) and Energy Efficiency and Conservation Charge Rider (See Seventh Revised Sheet No. 60.1, Fifteenth Revised Sheet No. 60.2, Fourteenth Revised Sheet No. 60.3, and Original Sheet No. 60.3A).

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ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

(C)

A Phase I Energy Efficiency and Conservation Charge ("Phase I EE&C-C") shall be applied to each Billing Unit during a billing month to Customers served under this Tariff, with the exception of those served under Borderline Service rates. Billing Units are defined as follows:

Residential, Non-profit, Commercial, and  
Street Lighting Customer Classes: Per kWh

Industrial Customer Class: Per kW

Residential, Non-profit, Commercial, and Street Lighting Customer Class rates will be calculated to the nearest one-thousandth of a cent per kWh. Industrial Customer Class rates will be calculated to the nearest one-hundredth of a dollar per kW. The Phase I EE&C-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered June 1, 2013 through December 31, 2013 the Phase I EE&C-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; and WH):

0.016 cents per kWh.

Non-profit Customer Class (Rate Schedule GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services, and Rate PNP):

(0.029) cents per kWh.

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

(0.001) cents per kWh.

Street Lighting Customer Class (Rate Schedules SV, SVD, and SM):

0.192 cents per kWh.

Industrial Customer Class (Rate Schedules GP and GT):

(\$0.01) per kW.

(C) Change

**Energy Efficiency and Conservation Charge Rider (Continued)**

(C)

The Phase I EE&C-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 Billing Unit by Customer Class as defined by this rider applied to each Billing Unit for the Rate Schedules identified in this rider.

EEC<sub>C</sub> = The Energy Efficiency and Conservation Costs by Customer Class projected to be incurred by the Company for the Phase I EE&C-C Computational Period calculated in accordance with the formula shown above.

EEC<sub>Exp1</sub> = Costs incurred associated with the Customer Class specific Phase I EE&C Programs as approved by the Commission for the Phase I EE&C-C Computation Period by Customer Class. These costs also include an allocated portion of any indirect costs incurred associated with all the Company's Phase I EE&C Programs for the Phase I EE&C-C Computational Period.

EEC<sub>Exp2</sub> = An allocated portion of incremental administrative start-up costs incurred by the Company through February 28, 2010 in connection with the development of the Company's Phase I EE&C 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 Phase I EE&C 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 Phase I EE&C Programs in compliance with Commission directives.

(C) Change

**Energy Efficiency and Conservation Charge Rider (Continued)**

(C)

- EEC<sub>Exp3</sub> = 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 Phase I EE&C Programs costs.
- EEC<sub>Exp4</sub> = 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 Phase I EE&C costs by Customer Class that results from the billing of the Phase I EE&C-C rates (an over-collection is denoted by a positive E and an under-collection by a negative E).
- S = The Company's projected Billing Units (kWh sales delivered to all Customers in the specific Customer Class or kW demand based on PJM Peak Load Contribution).
- 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. Phase I EE&C-C Computational Period – The 39-month period from March 1, 2010 through May 31, 2013.
2. Phase I EE&C-C Reconciliation Year – The 12-month period ending May 31 each year for the duration of this rider.
3. Peak Load Contribution – A Customer's contribution to a zone's normalized summer peak load, as estimated by the Company.
4. Final Reconciliation – At the conclusion of the accumulation of all approved program costs outlined in this rider on September 30, 2013, a final reconciliation of actual program costs and actual revenues received shall be completed. The final Phase I EE&C-C rate reflecting the Final Reconciliation shall be effective January 1, 2014.

(C) Change

**Energy Efficiency and Conservation Charge Rider (Continued)**

Upon determination that the Phase I EE&C-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 Phase I EE&C-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 Phase I EE&C-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. The Company will continue to accumulate all approved program costs for Phase I until September 30, 2013. A Final Reconciliation will be performed by rate class, comparing actual program costs with actual revenues received from Phase I EE&C-C rates. Any over-collection will be refunded to customers and any under-collection will be charged to customers through the Phase I EE&C-C rate to be effective January 1, 2014, until all amounts determined by the Final Reconciliation have been collected or refunded.

Application of the Phase I EE&C-C rates shall be subject to annual review and audit by the Commission.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Power Company Tariff** :  
**Electric Pa. P.U.C. No. 80, Supplement No.** :  
**40 - Rate Changes in Compliance with** : **Docket No. M-2009-2112952**  
**Pennsylvania Electric Company's Energy** :  
**Efficiency Plan** :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the parties listed below in accordance with the requirements of § 1.54 (relating to service by a party).

Via electronic mail and first class mail, as follows:

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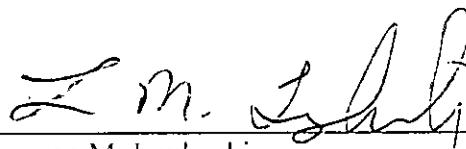
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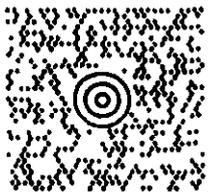
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