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May 2, 2016

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VIA UNITED PARCEL SERVICE

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

Re: Petition for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plans of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company; Docket Nos. M-2015-2514767, M-2015-2514768, M-2015-2514769 and M-2015-2514772

Pennsylvania Electric Company Tariff Electric Pa. P.U.C. No. 81, Supplement No. 20 – Rate Changes in Compliance with Pennsylvania Electric Company’s Phase III Energy Efficiency and Conservation Plan

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission (“Commission”) are an original of Pennsylvania Electric Company’s (“Penelec” or the “Company”) Tariff Electric Pa. P.U.C. No. 81, Original (“Tariff No. 81”) bearing an issue date of May 2, 2016. The tariff changes contained in Supplement 20 are proposed to be effective for service rendered on or after June 1, 2016.

Tariff No. 81, Supplement 20 reflects changes in rates consistent with the Commission’s Order entered March 10, 2016 at Docket No. M-2015-2514768, which approved Penelec’s Phase III Energy Efficiency and Conservation Plan for the period ending May 31, 2021.

In support of the proposed changes set forth in Tariff No. 81, Supplement 20, Penelec is also filing Penelec Exhibit A, which provides supporting detail for the Company’s Phase III Energy Efficiency and Conservation Charge (“Phase III EE&C-C”) Rates, pursuant to the Company’s Phase III Energy Efficiency and Conservation Charge Rider (Rider F).

May 2, 2016

Also enclosed please find an extra copy of this letter that we request you date-stamp as evidence of filing and return to us in the enclosed stamped, addressed envelope.

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

Sincerely,

A handwritten signature in cursive script that reads "John L. Munsch".

John L. Munsch

Enclosures

c: As Per Certificate of Service
Paul T. Diskin, Bureau of Technical Utility Services
Lori Burger, Bureau of Audits

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Joint Petition for Approval of Energy Efficiency and :
Conservation Plans Phase III of Metropolitan Edison : Docket No. M-2015-2514767
Company, Pennsylvania Electric Company, : Docket No. M-2015-2514768
Pennsylvania Power Company and West Penn Power : Docket No. M-2015-2514769
Company : Docket No. M-2015-2514772**

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 Email and First-Class Mail

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John L. Munsch
Date: May 2, 2016

PENNSYLVANIA ELECTRIC COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

**The Territory as Defined on
Page Nos. 8 - 15 of this Tariff**

Issued: May 2, 2016

Effective: June 1, 2016

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

NOTICE

Supplement No. 20 makes changes to Rider F.
See Eighteenth Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

Rider F – Phase II Energy Efficiency and Conservation Charge Rider has been replaced by Phase III Energy Efficiency and Conservation Charge Rider and rates have been changed (See Second Revised Page 126, First Revised Pages 127, 128, 129 and 130).

RIDERS

RIDER F

PHASE III ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

An Energy Efficiency and Conservation ("EEC") Charge ("Phase III 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 PLC

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 PLC. The Phase III EE&C-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered June 1, 2016 through May 31, 2017 the Phase III EE&C-C rates billed by Customer Class are as follows:

Residential Customer Class (Rate RS):

0.299 cents per kWh.

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

1.234 cents per kWh.

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

0.029 cents per kWh.

Street Lighting Customer Class (Street Lighting Service, LED Street Lighting Service, and Ornamental Street Lighting Service):

0.857 cents per kWh.

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

\$ 0.16 per kW PLC.

(C) Change

RIDERS

Rider F (continued)

The Phase III EE&C-C rates by Customer Class shall be calculated in accordance with the formula set forth below:

$$EEC-C = [(EEC_C - E - E^2) / S] \times [1 / (1 - T)]$$

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

Where:

EEC-C = The charge in cents or dollar 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_C = The Energy Efficiency and Conservation Costs by Customer Class incurred and projected to be incurred by the Company for the EE&C-C Computational Period calculated in accordance with the formula shown above.

EEC_{Exp1} = Costs incurred and projected to be incurred associated with the Customer Class specific Phase III EE&C Programs as approved by the Commission for the Phase III EE&C-C Computational Period by Customer Class. These costs also include an allocated portion of any indirect costs incurred associated with all the Company's Phase III EE&C Programs for the Phase III EE&C-C Computational Period. Such costs shall be allocated to each Customer Class based on the ratio of class-specific approved budgeted program costs to total approved budgeted program costs.

EEC_{Exp2} = An allocated portion of incremental administrative start-up costs incurred by the Company through May 31, 2016 in connection with the development of the Company's Phase III EE&C Programs in response to the Commission's orders and guidance at Docket Nos. M-2012-2289411 and M-2008-2069887. These costs to design, create, and obtain Commission approval for the Company's Phase III 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 III EE&C Programs in compliance with Commission directives. Such costs shall be allocated to each Customer Class based on the ratio of class-specific approved budgeted program costs to total approved budgeted program costs.

(C) Change

RIDERS

Rider F (continued)

- EEC_{Exp3} = An allocated portion of the costs the Company incurs and projects to incur 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 III EE&C Programs costs. Such costs shall be allocated to each Customer Class based on the ratio of class-specific approved budgeted program costs to total approved budgeted program costs.
- E = The cumulative over or under-collection of Phase III EE&C costs by Customer Class that results from the billing of the Phase III EE&C-C rates (an over-collection is denoted by a positive E and an under-collection by a negative E).
- E² = Phase II EE&C final reconciliation over or under-collection of EEC costs by customer class that results from the billing of the Phase II EEC-C rates through March 31, 2016 (an over-collection is denoted by a positive E and an under-collection by a negative E), and any expenses to finalize any measures installed and commercially operable on or before May 31, 2016; expenses to finalize any contracts; other Phase II administrative obligations; and any remaining Phase II EE&C revenues after March 31, 2016.
- S = The Company's projected Billing Units (kWh sales delivered to all Customers in the specific Customer Class or kW PLC demand for the Industrial 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:

(C) Change

RIDERS

Rider F (continued)

1. Phase III EE&C-C Computational Period – The 12-month period from June 1 through May 31.
2. Phase III EE&C-C Initial Reconciliation Period – June 1, 2016 through March 31, 2017 for the initial period of the rider.
3. Phase III EE&C-C Reconciliation Period – The 12-month period ending March 31 each year thereafter, except for the Initial Reconciliation Period, for the duration of this rider.
4. Peak Load Contribution (“PLC”) – A Customer’s contribution to the Company’s transmission zone normalized summer peak load, as estimated by the Company in accordance with PJM rules and requirements.
5. Phase II EE&C – The energy efficiency plan that terminates on May 31, 2016. Revenues and EE&C Costs will continue to accrue past the termination date. A final reconciliation of the remaining balance will be included in the June 1, 2017 Phase III EE&C-C rate calculation as a separate line item.

The Company will submit to the Commission by May 1 of each year starting May 1, 2017: (1) a reconciliation between actual Phase III EE&C-C revenues and actual Phase III EE&C-C costs for the Phase III EE&C-C Reconciliation Period, except for the Phase III EE&C-C Initial Reconciliation Period, as adjusted for removal of gross receipts tax; (2) any adjustment to the forecasted Phase III EE&C-C revenues anticipated to be billed during April through May of that year, as adjusted for removal of gross receipts tax; (3) the Phase III EE&C program cost estimate for the forthcoming Phase III EE&C-C Computational Period by customer class; and (4) Phase II EE&C final reconciliation over or under-collection of EEC costs by customer class that results from the billing of the Phase II EEC-C rates and remaining Phase II EEC costs. There shall also be a final reconciliation of amounts to be collected or refunded after May 31, 2021.

Upon determination that the Phase III 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 III EE&C-C rates to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

(C) Change

RIDERS

Rider F (continued)

The Company shall file an annual report of collections under this rider by June 30th of each year starting June 30, 2017 until the conclusion of this rider.

At the conclusion of the duration of this 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 Phase III EE&C-C rates shall be subject to annual review and audit by the Commission.

(C) Change

**Calculation of Pennsylvania Electric Company's Phase II Energy Efficiency and Conservation ("EE&C-C") Charge ("EE&C-C") Rates
For the Rate Period June 1, 2016 through May 31, 2017**

Line No.	Description	Penelec Residential Customer Class (1)	Penelec Non-profit Customer Class (2)	Penelec Commercial Customer Class (3)	Penelec Street Lighting Customer Class (4)	Penelec Industrial Customer Class (5)	Penelec Total (6)
1	Total Penelec Projected Program Costs for the period June 1, 2016 through May 31, 2017 subject to 2% cap	15,408,124	427,590	4,119,558	36,786	2,571,535	22,563,594
2	Penelec's Share of Statewide Evaluator Costs (June 1, 2016 through May 31, 2017)	396,058	10,991	105,894	946	66,102	580,000
3	Total Penelec Projected Program Costs including Statewide Evaluator Cost for the period June 1, 2016 through May 31, 2017 (Line 1 + Line 2)	\$ 15,804,182	\$ 438,581	\$ 4,225,452	\$ 37,732	\$ 2,637,637	\$ 23,143,594
4	Phase II (over)/under collection through March 31, 2016	(4,540,165)	58,973	(3,534,442)	175,646	(1,446,858)	(9,286,846)
5	Projected Penelec Phase II Revenues for the period April 1, 2016 to May 31, 2016	2,046,189	44,502	629,946	(17,323)	652,112	3,355,426
6	Projected Phase II Expenses after March 31, 2016	1,928,138	73,707	844,665	1,981	1,253,562	4,102,053
7	Incremental Adjustment to close out Phase I	215,276	(25,995)	63,652	77,153	(271,097)	59,589
8	Total to be collected June 1, 2016 to May 31, 2017 (Line 3 through 7)	\$ 11,361,253	\$ 501,365	\$ 969,381	\$ 309,834	\$ 1,521,131	\$ 14,662,964
9	Customer Class Projected Kilowatt-Hours ("kWh") Delivered or Peak Load Contribution Kilowatt ("kW") for June 1, 2016 - May 31, 2017	4,035,365,308 kWh	43,171,253 kWh	3,496,289,791 kWh	38,406,213 kWh	10,032,498 kWh	
10	Phase III - EE&C-C Rates Before Pa Gross Receipts Tax Gross-Up Factor (Line 8/Line 9)	\$ 0.00282 per kWh	\$ 0.01161 per kWh	\$ 0.00028 per kWh	\$ 0.00807 per kWh	\$ 0.15162 per kW	
11	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	1.062699	1.062699	
12	Proposed Phase III EE&C-C Rates Effective June 1, 2016 (Line 10 X Line 11)	\$ 0.00299 per kWh	\$ 0.01234 per kWh	\$ 0.00029 per kWh	\$ 0.00857 per kWh	\$ 0.16 per kW	

(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.
 (B) For purposes of the industrial class rate calculation, the billing unit is equal to the Peak Load Share in kWh.
 (C) All costs and revenue estimates are current budgets, and subject to modification at a future date. The Statewide Evaluator Cost utilized is the estimate that was used in calculation of rates for Phase II.