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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, 2<sup>nd</sup> 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 Power Company Tariff Electric Pa. P.U.C. No. 36, Supplement No. 15– Rate Changes in Compliance with Pennsylvania Power 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 Power Company’s (“Penn Power” or the “Company”) Tariff Electric Pa. P.U.C. No. 36, Original (“Tariff No. 36”) bearing an issue date of May 2, 2016. The tariff changes contained in Supplement 15 are proposed to be effective for service rendered on or after June 1, 2016.

Tariff No. 36, Supplement 15 reflects changes in rates consistent with the Commission’s Order entered March 10, 2016 at Docket No. M-2015-2514769, which approved Penn Power’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. 36, Supplement 15, Penn Power is also filing Penn Power 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).

Rosemary Chiavetta, Secretary  
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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,

  
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**

The Honorable Elizabeth H. Barnes  
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John L. Munsch  
Date: May 2, 2016

Supplement No. 15  
Electric Pa. P.U.C. No. 36

**PENNSYLVANIA POWER COMPANY**  
**READING, PENNSYLVANIA**

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**Electric Service Tariff**

**Effective in**

**The Territory as Defined on  
Page Nos. 8 - 9 of this Tariff**

**Issued: May 2, 2016**

**Effective: June 1, 2016**

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

**NOTICE**

This Supplement No. 15 makes changes to Rider F.  
See Thirteenth Revised Page 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 Third Revised Page 113, First Revised Pages 114, 115, 116 and 117).

## 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. 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):

0.193 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 PNP):

2.300 cents per kWh.

Commercial Customer Class (Rate GS, GS Special Rider GSDS, Rate GM, Rate GS-Large and POL):

0.050 cents per kWh.

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

1.765 cents per kWh.

Industrial Customer Class (Rate GP, and Rate GT):

\$ 0.12 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<sub>C</sub> = 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<sub>Exp1</sub> = Costs incurred and projected to be incurred associated with the Customer Class specific 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<sub>Exp2</sub> = 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<sub>Exp3</sub> = 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).
- E<sup>2</sup> = 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, 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 Power 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	Penn Power Residential Customer Class (1)	Penn Power Non-profit Customer Class (2)	Penn Power Commercial Customer Class (3)	Penn Power Street Lighting Customer Class (4)	Penn Power Industrial Customer Class (5)	Penn Power Total (6)
1	Total Penn Power Projected Program Costs for the period June 1, 2016 through May 31, 2017 subject to 2% cap	4,368,115	68,880	1,150,442	40,024	\$ 746,771	6,374,242
2	Penn Power's Share of Statewide Evaluator Costs (June 1, 2016 through May 31, 2017)	109,644	1,729	28,877	1,005	18,745	160,000
3	Total Penn Power Projected Program Costs including Statewide Evaluator Cost for the period June 1, 2016 through May 31, 2017 (Line 1 + Line 2)	\$ 4,477,760	\$ 70,620	\$ 1,179,319	\$ 41,028	\$ 765,515	\$ 6,534,242
4	Phase II (over)/under collection through March 31, 2016	(1,730,285)	(5,173)	(788,420)	56,987	(284,752)	(2,751,643)
5	Projected Penn Power Phase II Revenues for the period April 1, 2016 to May 31, 2016	\$ 496,537	\$ 11,387	\$ 217,522	\$ (5,059)	\$ 168,453	\$ 888,839
6	Projected Phase II Expenses after March 31, 2016	\$ 520,493	\$ 25,713	\$ 268,831	\$ 667	\$ 66,190	\$ 981,885
7	Total to be collected June 1, 2016 to May 31, 2017 (Line 3 through 6)	\$ 2,871,431	\$ 79,772	\$ 442,209	\$ 103,742	\$ 378,481	\$ 3,875,645
8	Customer Class Projected Kilowatt-Hours ("kWh") Delivered or Peak Load Contribution Kilowatt ("kW") for June 1, 2016 - May 31, 2017	1,562,205,261 kWh	3,686,226 kWh	946,924,742 kWh	6,247,302 kWh	3,386,247 kWh	
9	Phase III EE&C-C Rates Before Pa Gross Receipts Tax Gross-Up Factor (Line 7 / Line 8)	\$ 0.00181 per kWh	\$ 0.02164 per kWh	\$ 0.00047 per kWh	\$ 0.01661 per kWh	\$ 0.11177 per kWh	
10	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	
11	Proposed Phase III EE&C-C Rates Effective June 1, 2016 (Line 9 X Line 10)	\$ 0.00193 per kWh	\$ 0.02300 per kWh	\$ 0.00050 per kWh	\$ 0.01765 per kWh	\$ 0.12 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.  
 (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.