BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	**Docket No. R-2016-2537352**
	:	
PENNSYLVANIA ELECTRIC COMPANY	:	

JOINT PETITION FOR PARTIAL SETTLEMENT OF RATE INVESTIGATION

October 14, 2016

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JOINT PETITION FOR
PARTIAL SETTLEMENT OF RATE INVESTIGATION

TO THE HONORABLE MARY D. LONG, ADMINISTRATIVE LAW JUDGE:

Pennsylvania Electric Company ("Penelec " or the "Company"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Bureau of Investigation and Enforcement ("I&E"), the Penelec Industrial Customer Alliance ("PICA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Wal-Mart"), and North American Hoganas Holdings, Inc. ("Hoganas"), (collectively, the "Joint Petitioners"), by their respective counsel, submit this Joint Petition For Partial Settlement Of Rate Investigation ("Joint Petition") and request that the Administrative Law Judge ("ALJ"): (1) approve the partial settlement of this proceeding as set forth in this Joint Petition (the "Settlement") without modification; and (2) recommend that the Pennsylvania Public Utility Commission ("Commission") adopt the Settlement without modification and permit Penelec to file the tariff supplement annexed hereto as Exhibit 1 ("Settlement Rates") to become effective pursuant to the terms set forth therein.[1] In support of this Settlement, the Joint Petitioners represent as follows:

I. BACKGROUND

1. On April 28, 2016, Penelec filed with the Commission Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 81 ("Supplement No. 23") which reflects an increase in annual distribution revenues of $158.8 million, or 11.42% of its total electric operating revenues.[2] On the same date, requests for an increase in distribution rates were filed by Metropolitan Edison Company ("Met-Ed"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn")(collectively, the "Companies"). By a single Order issued on June 9, 2016 (the "Investigation Order"), the Commission initiated a formal investigation to determine the lawfulness, justness and reasonableness of the Companies' existing and proposed rates, rules and regulations. Accordingly, Supplement No. 23 was suspended by operation of Section 1308(d) of the Public Utility Code until January 27, 2017. Thereafter, all of the Companies' cases were assigned to ALJ Mary D. Long for purposes of conducting hearings and issuing a Recommended Decision.

2. On May 12, 2016, I&E entered its appearance in this case. Additionally, the Company was served with Petitions to Intervene on behalf of the parties and on the dates set forth below:

CAC	May 31, 2016
IBEW	June 2, 2016
CAUSE-PA	June 14, 2016

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[1] The Clean Air Council ("CAC"), Citizens for Pennsylvania's Future ("PennFuture"), the International Brotherhood of Electrical Workers, Local 459 ("IBEW"), and The Pennsylvania State University ("PSU") have indicated that they do not oppose the Settlement.

[2] Penelec Statement No. 1, page 11, provides a breakdown of the proposed revenue change.

PennFuture	June 14, 2016
Walmart	June 15, 2016
PSU	June 22, 2016
Hoganas	July 13, 2016

3. The Petitions to Intervene filed by CAC, IBEW, CAUSE-PA, PennFuture and Walmart were granted by the ALJ in the Prehearing Order issued on June 22, 2016. PSU's Petition to Intervene was granted by Interim Order issued on June 24, 2016. Hoganas's Petition to Intervene was granted by Interim Order issued on July 18, 2016.

4. Complaints against Penelec's rates were filed by the following parties that actively participated in this proceeding, which were served on the Company on the dates shown below:

OCA	May 3, 2016
OSBA	May 9, 2016
PICA	June 6, 2016

In addition, Complaints against Penelec's rates were filed by the following four Boroughs and twelve residential customers, which were served on the Company on the dates shown below:

Kenneth C. Springirth	May 9, 2016
Janine & Jeff Ribblett	June 16, 2016
Eric L. Hetrick	June 15, 2016
Rebecca A. Stiles	June 15, 2016
Larry E. Cole	June 16, 2016
Robert Moore	June 16, 2016
Kenneth L. Hall	June 17, 2016
South Waverly Borough	June 22, 2016
Athens Borough	June 22, 2016
Maureen O. Hoover	June 23, 2016
Larry W. Gates	June 24, 2016

Borough of Sayre	June 27, 2016
Kim D. Hillegass	June 27, 2016
Charles M. Hoover	July 29, 2016
Nicholson Borough	July 29, 2016

The Company filed timely Answers denying the material averments of all Complaints prior to the entry of the Investigation Order. By letter dated June 14, 2016, Penelec notified the ALJ and the parties that it would rely upon 52 Pa. Code § 5.61(d), which provides that answers to complaints docketed in Commission-instituted investigations of rates are not required except as directed by the Commission or presiding officer. Neither the Commission nor the ALJ directed the Company to submit answers to any complaints.

5. A prehearing conference with respect to rate proceedings of all the Companies was held on June 17, 2016. At that time, the Companies' request to consolidate their four rate cases for hearings, briefing and decision, which was supported by I&E, OCA and OSBA and not opposed by any other party, was granted. Accordingly, a schedule was established for the submission of testimony and the conduct of evidentiary and public input hearings for the consolidated proceeding. Specifically, and consistent with Commission practice, a schedule was adopted whereby all case-in-chief, supplemental, rebuttal and surrebuttal testimony would be submitted in advance of hearings and oral rejoinder could be offered at the hearings. Evidentiary hearings were scheduled for September 6 – 9, 2016, at which time, it was anticipated, all testimony and exhibits would be submitted for the record and all witnesses presented for cross-examination, if any.

6. Pursuant to Notices issued by the Commission on July 5 and 12, 2016, twelve public input hearings were held, as follows, which included locations within the Company's service area (Erie):

Date	Location	Time
07.21.2016	Reading, PA	1:00 p.m.
07.21.2016	Reading, PA	6:00 p.m.
07.26.2016	Erie, PA	1:00 p.m.
07.26.2016	Erie, PA	6:00 p.m.
07.28.2016	Lyndora, PA	1:00 p.m.
07.28.2016	Lyndora, PA	6:00 p.m.
08.04.2016	State College, PA	1:00 p.m.
08.04.2016	State College, PA	6:00 p.m.
08.11.2016	Washington, PA	1:00 p.m.
08.11.2016	Greensburg, PA	6:00 p.m.
08.18.2016	East Stroudsburg, PA	1:00 p.m.
08.18.2016	East Stroudsburg, PA	6:00 p.m.

7. Accompanying Supplement No. 23, the Company presented complete and separate data for the historic test year ended December 31, 2015, the future test year ending December 31, 2016, and the fully projected future test year ending December 31, 2017. The Company's supporting information included the prepared direct testimony of nine initial witnesses and the various exhibits sponsored by them. Considerable additional information was supplied by the Companies in response to approximately 2,700 interrogatories and data requests, many of which were multipart questions. On July 7, 2016, supplemental testimony for one witness was served by the Company.

8. In accordance with the previously established schedule, on July 22, 2016 Complainant/Intervenor direct testimony and accompanying exhibits were served by I&E, OCA, OSBA, PICA, CAUSE-PA, and Walmart.

9. On August 17, 2016, supplemental direct testimony was submitted on behalf of the OCA. Also on August 17, 2016, rebuttal testimony and accompanying exhibits were served by Penelec, I&E, OCA, OSBA, PICA and CAUSE-PA. On August 25, 2016, the ALJ issued an Interim Order granting Met-Ed's Motion to strike the direct testimony of Paul Alvarez submitted

on behalf of the Environmental Defense Fund ("EDF") and the direct testimony of Michael Murray submitted jointly on behalf of PennFuture and EDF. On August 26, 2016, Penelec resubmitted two statements of rebuttal testimony, Statement Nos. 3-R and 10-R, with the portions that respond to Messrs. Alvarez and Murray removed, and, on September 6, 2016, the OCA resubmitted the rebuttal testimony of Roger D. Colton (OCA Statement No. 4-R) with the portions that respond to Messrs. Alvarez and Murray removed. Finally, on August 31, 2016, surrebuttal testimony and accompanying exhibits were served by Penelec, I&E, OCA, OSBA, PICA, and CAUSE-PA.[3]

10. Negotiations were conducted by the Joint Petitioners in an effort to achieve a settlement of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to agree to the Settlement set forth herein that resolves all issues among the Joint Petitioners except for one issue pertaining to Rider R of Penelec's Tariff No. 81, which sets forth the terms of Penelec's Distribution System Improvement Charge ("DSIC"). That issue has been reserved for briefing and decision. In light of the Settlement and the fact that all parties to this proceeding waived cross-examination, a hearing was held on September 7, 2016 solely for the purpose of entering testimony and exhibits into the record.

11. The Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able, to agree upon the specific rate case adjustments which support their respective conclusions. Nonetheless, they are in full agreement that this Settlement is in the best interest of customers and the Company and, therefore, is in the public interest.

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[3] All parties' statements and exhibits were identified for the record at the evidentiary hearing held on September 7, 2016, and the Companies' statements and exhibits were also enumerated in their Hearing Exhibit No. 1.

II. TERMS AND CONDITIONS OF SETTLEMENT

The Settlement consists of the following terms and conditions:

A. Revenue Requirement

12. Penelec will be permitted to charge, effective for service rendered on and after January 27, 2017, the Settlement Rates set forth in Exhibit 1. The Settlement Rates are designed to produce an increase in distribution base rate operating revenues of $94.6 million for the twelve months ending December 31, 2017, as shown on the proof of revenues provided as Exhibit 2. The Joint Petitioners acknowledge and agree that: (1) the Settlement Rates were designed on the basis of the sales and billing units proposed by the Company in its initial filing; and (2) the Company's overall revenue requirement to be recovered by the Settlement Rates has been reduced such that the Settlement Rates reflect only the average loss in revenues projected to occur over the five-year period (plan years 2017 through 2021) encompassing the Company's Commission-approved Phase III Energy Efficiency and Conservation Plan.

13. The Joint Petitioners agree that the baseline for restarting charges under the Company's DSIC Rider (Rider R) will be based on gross plant balances per Exhibit RAD-46, which includes Commission-approved 2016 and 2017 Long-Term Infrastructure Improvement Plan ("LTIIP") plant total investment of $22.12 million.

14. The Company's total revenue requirement includes $33.586 million associated with smart meter deployment. Once the aggregate investment and expense revenue requirements exceed $33.586 million, the Company may begin deferring costs that are eligible for recovery under its Smart Meter Technologies Charge ("SMT-C") Rider (Rider G). When the $33.586 million threshold is exceeded and the Company begins deferring costs in excess of that amount, the Company will file a smart meter rate under its SMT-C Rider to recover all investment and

expense revenue requirements in excess of the $33.586 million included in base distribution rates.

15. The Company will amortize its legacy meter stock, as updated in this case, over the original five-year period which began on May 3, 2015, under the settlement approved by the Commission at Docket No. R-2014-2428743 on April 9, 2015, until fully amortized.

16. The Company will continue to maintain its Storm Reserve Account on the Company's balance sheet, which began on May 3, 2015, per the settlement approved by the Commission at Docket No. R-2014-2428743 on April 9, 2015. The Company's total revenue requirement includes $7 million to be recovered for purposes of funding this reserve.

17. For accounting purposes, the Company will continue to depreciate assets using the average service life methodology based upon its depreciation rates as established in the Company's service life study and annual depreciation report approved by the Commission at M-2015-2501756 until modified by subsequent Commission order. The Company will recognize its cost of removing plant in service through an amortization based on the Company's five-year average of experienced cost of removal.

18. On or before May 1, 2017, the Company will provide to the statutory advocates an update to Penelec Exhibit RAD-47, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ended December 31, 2016. On or before May 1, 2018, the Company will provide to the statutory advocates an update to Penelec Exhibit RAD-46, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ended December 31, 2017. In the Company's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the twelve months ended December 31, 2017 to its projections in this case.

However, it is recognized by the Joint Petitioners that this is a black box settlement that is a compromise of Joint Petitioners' positions on various issues.

19. The Joint Petitioners agree and hereby stipulate that the Company shall use the rate of return on equity as calculated for electric utilities and published in the "Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities" for the most recent quarter for the following purposes:

a. Calculating the Company's DSIC;

b. Calculating the incremental revenue requirement associated with smart meter deployment that exceeds the smart meter revenue requirement being recovered in the Settlement Rates as described in Paragraph 14 of this Joint Petition and therefore eligible for recovery through the Company's SMT-C Rider; and

c. Calculating the allowance for funds used during construction.

B. Distribution Base Rate Stay-Out

20. Penelec will not file for another general increase to its distribution rates under Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d), prior to January 27, 2019. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy or statutes, including changes in federal or other tax rates, which would have an impact on the Company's rates, this Settlement shall not prevent the Company from filing tariffs or tariff supplements seeking increases in distribution base rates to the extent necessitated by such action. Additionally, the Company will not file a petition seeking a waiver of the five percent DSIC cap under Section 1358(a)(1) of the Public Utility Code, 66 Pa.C.S. § 1358(a)(1) prior to January 27, 2019.

21. Changes to rates charged under riders are not to be subject to the rate stay out contemplated under Paragraph 20, above, except as applied to any proposed waiver of the five-percent cap applicable to the Company's DSIC Rider.

22. The Company shall not be precluded from seeking extraordinary rate relief under Section 1308(e) of the Public Utility Code, 66 Pa.C.S. § 1308(e).

C. Act 40 of 2016

23. Section 1301.1(a), 66 Pa.C.S. § 1301.1(a), which was added to the Public Utility Code by Act 40 of 2016, provides in relevant part that a utility's federal income tax expense shall be calculated on a "stand-alone" basis for ratemaking purposes. As a consequence, consolidated tax adjustments would no longer be reflected in calculating income tax expense for ratemaking purposes. Section 1301.1(b), 66 Pa.C.S. § 1301.1(b) deals with the use of amounts representing a "differential" calculated by reference to Section 1301.1(a).

24. The level of revenue requirement included in this Settlement reflects the resolution of the parties' positions in the dispute regarding 66 Pa.C.S. § 1301.1(a). The Company submitted, in Company Exhibit RAD-68 (page 1), a calculation of what its consolidated tax adjustment would be in this case "resulting from applying the ratemaking methods employed by the commission prior to the effective date of subsection (a) [of Section 1301.1] for ratemaking purposes," which was not contested by any party.

D. Revenue Allocation And Rate Design

25. The revenue allocation to each rate schedule reflected in the Settlement Rates is set forth in Exhibit 3 to this Joint Petition. Rate design for each rate schedule comprising the Settlement Rates is explained in Exhibit 4 to this Joint Petition. The allocations and rates set

forth in Exhibits 3 and 4 and incorporated in the Settlement Rates reflect the Joint Petitioners' agreement with regard to rate structure, rate design (including customer charges) and distribution of the increase in revenues in this case. Under the Settlement Rates, the Residential customer charge is $11.25 per month in lieu of the Residential customer charge proposed by the Company of $17.10 per month. Exhibit 5 reflects billing comparisons demonstrating the impact on an average customer's bill if the Settlement Rates are approved.

E. Uncollectible Accounts Expense

26. Default service-related uncollectible accounts expense has been increased to recover an additional $5.835 million, beginning on the date the Settlement Rates become effective, through the Company's Default Service Support Rider for the residential and commercial classes, and through the Hourly Pricing Default Service Rider for industrial class customers. The amounts of uncollectible accounts expense shall be those set forth in Exhibit 2 to this Settlement, at line 14. The Distribution-related uncollectible account expense has been revised and $8.505 million will be recovered through the Settlement Rates. The amounts of these uncollectible accounts expense shall be those set forth in Exhibit LWG-2.

F. Universal Service Programs

27. The Company will establish a Universal Service Advisory Committee ("USAC") comprising representatives from the Company, the OCA, CAUSE-PA, I&E, the Commission's Bureau of Consumer Service ("BCS") and the organizations that administer the Company's universal service and energy conservation program ("USECP"), which will hold meetings at least twice a year with respect to the Company's USECP. The USAC's purpose is intended to explore opportunities for enhancements to the Company's USECP, as well as opportunities for outreach and education, language access, notification to low income customers regarding

security deposit waivers and bill clarity. At the Company's sole discretion, process or program changes raised through the USAC may be filed for approval by the Commission as proposed revisions to the Company's USECP on a case-by-case basis. The first meeting will be held no later than June 1, 2017.

28. At the same time as reported to BCS, the Company will provide to OCA, I&E, and CAUSE-PA the reporting data required by 52 Pa. Code § 54.75 and 52 Pa. Code § 58.15.

29. The Company will file to increase the maximum credits allowable under its existing customer assistance program ("CAP") by an amount proportionate to 50% of the average increase to residential rates agreed to in this Settlement. That average increase will be calculated as the increase in total bill for the median-usage CAP customer, rounded to the nearest $10. The Joint Petitioners reserve the right to evaluate further revisions to CAP credits and to recommend additional changes in the Company's future regularly-filed universal service proceeding as contemplated by 52 Pa. Code § 54.74. The Joint Petitioners retain the right to review and file testimony concerning any such proposals as permitted by the normal Commission process for review of USECPs.

30. The Company will modify its Low Income Usage Reduction Program such that funds not expended will roll over and be added to the budget available for expenditure in the following year(s) until the expiration of the Company's currently-effective USECP. The Company will address the continuation of the roll over in its next regularly-filed USECP.

31. Any recoverable universal service costs incurred by the Company to implement the terms of this Settlement, including costs associated with changes to processes supporting universal service programs under this Settlement, will be recoverable under the Company's Universal Service Charge ("USC") Rider (Rider C), without objection by the Joint Petitioners.

The Joint Petitioners retain the right to review the prudence and reasonableness of any claimed cost and to object to the amounts associated with these changes.

32. No later than sixty days following the implementation of new rates, the Company will file a revised USECP to implement the terms of this Settlement.

33. The Company agrees to accept identification documents issued by foreign governments as acceptable identification to establish service where they include: the applicant's full name; a photograph; and an expiration date that has not expired as of the date of application.

34. The Company agrees to review the list of confirmed low income customers with consumption exceeding 12,000 kWh during the prior year and prioritize those customers for weatherization when possible. Once this list has been exhausted, the Company will review confirmed low income customers with lower annual kWh usage as well as eligible customers requesting weatherization.

35. In the event that the average annual CAP participation in the preceding reconciliation year exceeded 23,200 participants, actual costs recovered through Penelec's USC Rider shall reflect CAP credits and actual pre-program arrearage forgiveness credits for all customers up to the 23,200 participation level. The Company shall offset the average annual CAP credits and pre-program arrearage forgiveness credits by 14.7% per participant for the preceding reconciliation year for any and all CAP customers exceeding the 23,200 participation level.

G. Smart Meters

36. For purposes of measuring savings achieved from the Company's deployment of smart meters, a cost baseline will be set as of December 31, 2017 from which savings will be

measured for the following categories: (1) meter reading; (2) meter services; (3) back-office; (4) contact center; (5) theft of service; (6) revenue enhancements; (7) distribution operations; (8) load research; and (9) avoided capital costs. The cost savings baselines shall be those set forth in Penelec Exhibit LWG-3, which is appended to the Joint Petition as Exhibit 6.

H. Light Emitting Diode ("LED") Street Lighting

37. Any effort on the part of the Company to educate its customers regarding conversion of municipal street lighting from traditional sodium vapor or mercury vapor to LED lighting, whether on its own or in conjunction with other public or private entities, shall fully disclose the fact that any projected savings produced by such a conversion will necessarily be reduced over time as the Company seeks new rates, including adjustments to align LED rates with the cost of providing service to such facilities.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

38. The Joint Petitioners have each prepared, and attached hereto, as Statements A-H, their Statements in Support setting forth the bases upon which they believe that the Settlement, including the Settlement Rates, is fair, just, reasonable, non-discriminatory, lawful and in the public interest. Additionally, letters of non-opposition from CAC, PSU and IBEW are appended hereto. PennFuture will submit its letter of non-opposition separately.

39. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- The Settlement provides for an increase in annual base rate distribution revenues of $94.6 million, or approximately 7.22% (based on total electric operating revenue), in lieu of the $158.8 million, or 11.42% (based on total electric operating revenue), increase in base rate distribution revenues originally requested.

- The Settlement amicably and expeditiously resolves a number of important and potentially contentious issues. The administrative burden and costs to litigate these matters to conclusion would be significant.
- The Settlement Rates will allocate the agreed upon revenue requirement to each customer class in a manner that is reasonable in light of the rate structure/cost of service positions of all Joint Petitioners.
- The Joint Petitioners arrived at the Settlement terms after conducting extensive discovery, submitting testimony and engaging in in-depth discussions. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391, 69.401), and is supported by a substantial record.

IV. ADDITIONAL TERMS AND CONDITIONS

40. The Commission's approval of the Settlement shall not be construed as approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. Accordingly, this Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

41. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any Joint Petitioner in this or any other proceeding, if it were fully litigated.

42. This Settlement is being presented only in the context of this proceeding in an effort to partially resolve the issues presented in this proceeding in a manner that is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

43. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. In reaching this Settlement, the Joint Petitioners thoroughly considered all issues raised in the testimony and evidence presented by the parties to this proceeding and during public input hearings. As a result of that consideration, the Joint Petitioners believe that the settlement agreement meaningfully addresses all such issues raised and, therefore, should be approved without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw the Settlement as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

44. All Joint Petitioners shall support the Settlement and will make reasonable and good faith efforts to obtain approval of the Settlement by the ALJ and the Commission without

modification. If the ALJ, in her Recommended Decision, recommends that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues resolved by the Settlement. (This provision does not apply to a decision on the issue reserved for briefing and decision.) However, to the extent any terms and conditions of the Settlement are modified, or additional matters are proposed by the ALJ in her Recommended Decision, the Joint Petitioners do not waive their rights to file Exceptions in support of the Settlement. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed. The Joint Petitioners further reserve the right to file Exceptions to the compliance filing in the event that any of the exhibits therein are inconsistent with the Joint Petition and the exhibits attached thereto.

45. This Joint Petition may be executed in one or more counterparts, each of which is an original and all of which together constitute one and the same instrument.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That ALJ Mary D. Long and the Commission approve the Settlement embodied in this Joint Petition, including all terms and conditions thereof, without modification; and

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Company permission to file the tariff supplement attached hereto as Exhibit 1 to become effective no later than January 27, 2017 for service rendered on and after that date, which is designed to produce an increase in annual base rate distribution revenues of $94.6 million.

Respectfully submitted,

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Supplement No. XX
Electric Pa. P.U.C. No. 81

PENNSYLVANIA ELECTRIC COMPANY

READING, PENNSYLVANIA

Electric Service Tariff

Effective in

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

Issued: **Effective:**

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

NOTICE

Supplement No. XX makes changes to Description of Territory, General Rule and Regulations, Rate Schedules, Services and Riders.
See Twenty-Sixth Revised Page No. 2.

LIST OF MODIFICATIONS

Description of Territory

Changes within Territories (See Second Revised Pages 8, 9, 11, 13, 14, 15).

General Rules and Regulations

Definition of Terms – Definitions of Applicant, Customer and Discontinuance of Service language has changed (See Second Revised Pages 17 and 19).

Rule 2 – Deposits language has changed (See Second Revised Page 29).

Rule 7 – Wiring, Apparatus and Inspection – Applicant/Customer Obligations language has changed (See Second Revised Page 42).

Rule 10 – Meter Reading and Rendering of Bills (9) Power Factor/Kilovar Billing - Language has been changed (See Second Revised Page 50).

Rule 11 – Payment of Bills (b) – Late Payment Charges – Rates have been increased (See Second Revised Page 52).

Rule 22 – Transfer of Electric Generation Supplier – Language has been changed (See Second Revised Page 62).

Rate Schedules

Rate RS – Residential Service Rate – Rates have been increased (See Third Revised Pages 63 and 64).

Rate GS-Volunteer Fire Company and Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate – Rates have been increased (See Third Revised Page 65 and Second Revised Page 66).

Rate GS-Small – General Service Secondary Rate – Non-Demand Metered – Rates have been increased (See Third Revised Page 67 and Second Revised Page 68).

Rate GS-Medium – General Service Secondary Rate – Demand Metered – Rates have been increased (See Third Revised Page 69 and Second Revised Page 71) and language has changed (See Fourth Revised Page 70).

Rate GS-Large – General Service Secondary Rate – Rates have been increased (See Third Revised Pages 73 and 74) and language has been changed (See Third Revised Page 74).

Rate GP – General Service – Primary Rate – Rates have been increased (See Second Revised Pages 76 and 79) and language has been changed (See Third Revised Page 78).

Rate LP – Large Primary Rate – Rates have been increased (See Third Revised Pages 81 and Second Revised Page 83 and Third Revised Page 85) and language has been changed (See Third Revised Page 82).

LIST OF MODIFICATIONS

Rate Schedules (Continued)

Rate H – All Electric School, Church and Hospital Rates – Rates have been increased (See Third Revised Page 86 and Second Revised Page 87).

Services

Borderline Service – Rates have been increased (See Third Revised Page 88).

High Pressure Sodium Vapor Street Lighting Service – Rates have been increased (Second Revised Pages 90 and 93) and language has been changed (See Third Revised Page 92).

Municipal Street Lighting Service – Rates have been increased (See Second Revised Pages 94, 96, 98, 99, 100 and Third Revised Page 97). Removed Lighting Selections (See Second Revised Pages 94, 98, 99, and 100 and changed formatting (See Second Revised Page 102).

LED Street Lighting Service – Rates have been increased and language has been changed (See Second Revised Page 103).

Outdoor Area Lighting Service – Rates have been increased and a lighting selection has been added. (See Fourth Revised Page 106). Rates have been increased (See Second Revised Page 109 and Third Revised Page 110).

Riders

Rider C – Universal Service Cost Rider – Language has been changed (See First Revised Page 118).

Rider I – Hourly Pricing Default Service Rider – Rates have been increased (See Third Revised Page 144).

Rider J – Default Service Support Rider – Rates have been increased (See Third Revised Page 149 and Second Revised Page 151).

Rider L – Partial Services Rider – Language has been changed and rates have been increased. (See Third Revised Pages 160).

Rider R – Distribution System Improvement Charge – Rates have been decreased (See Second Revised Page 182).

DESCRIPTION OF TERRITORY

ARMSTRONG COUNTY

Townships of Cowanshannock

BEDFORD COUNTY

Bedford, Cessna, Claar, Defiance, Everett, Fishertown, Hopewell, King, Langdondale, Loysburg, Manns Choice, New Enterprise, New Paris, Osterburg, Pleasantville, Queen, Rainsburg, Riddlesburg, Saxton, Schellsburg, Six Mile Run, St. Clairsville, Stonerstown, Water Side, Wolfsburg, Woodbury, Yellow Creek and territory adjacent thereto.

BLAIR COUNTY

Altoona, Bellwood, Canoe Creek, Claysburg, Curryville, Duncansville, East Freedom, Frankstown, Fredericksburg, Hollidaysburg, Martinsburg, McKee, Newry, Roaring Spring, Sharpsburg, Sproul, Tyrone, Williamsburg and territory adjacent thereto.

BRADFORD COUNTY

Boroughs of Alba, Athens, Burlington, Canton, LeRaysville, Monroe, New Albany, Rome, Sayre, South Waverly, Sylvania, Towanda, Troy and Wyalusing.

(C)

Townships of Albany, Armenia, Asylum, Athens, Burlington, Canton, Columbia, Franklin, Granville, Herrick, LeRoy, Litchfield, Monroe, North Towanda, Orwell, Overton, Pike, Ridgebury, Rome, Sheshequin, Smithfield, South Creek, Springfield, Standing Stone, Stevens, Terry, Towanda, Troy, Tuscarora, Ulster, Warren, Wells, West Burlington, Wilmot, Windham, Wyalusing and Wysox.

(C) Change

DESCRIPTION OF TERRITORY SERVED (continued)

CAMBRIA COUNTY

City of Johnstown

(C)

Boroughs of Ashville, Brownstown, Carrolltown, Cassandra, Chest Springs, Cresson, Daisytown, Dale, , Ebensburg, Ehrenfeld, Ferndale, Franklin, Gallitzin, Geistown, Hastings, Lilly, Lorain, Loretto, Morgantown, Nanty-Glo, Nicktown, Northern Cambria, Patton, Portage, Revloc, Sankertown, Scalp Level, Shaft, Sonman, South Fork, Southmont, St. Benedict, St. Bonifacius, Summit, Tunnelhill, Twin Rocks, Vintondale, Westmont, Wilmore and territory adjacent thereto.

(C)

Townships of Adams, Allegheny, Barr, Blacklick, Cambria, Chest, Clearfield, Conemaugh, Cresson, Croyle, East Carroll, East Taylor, Elder, Gallitzin, Jackson, Lower Yoder, Middle Taylor, Munster, Portage, Reade, Richland, Stonycreek, Summerhill, Susquehanna, Upper Yoder, Washington, West Carroll, West Taylor and White.

CENTRE COUNTY

(C)

Boroughs of Philipsburg and Snow Shoe.

Townships of Burnside, Rush and Snow Shoe.

CLARION COUNTY

Boroughs of Callensburg, Foxburg, Knox, Shippensville and St. Petersburg.

Townships of Ashland, Beaver, Elk, Farmington, Highland, Knox, Licking, Paint, Richland, Salem and Washington.

CLEARFIELD COUNTY

City of DuBois.

(C)

Boroughs of Brisbin, Burnside, Chester Hill, Clearfield, Coalport, Curwensville, Glenhope, Grampian, Houtzdale, Irvona, Mahaffey, Newburg, New Washington, Osceola Mills, Ramey, Troutville, Wallaceton and Westover.

(C) Change

DESCRIPTION OF TERRITORY SERVED (continued)

FOREST COUNTY

Borough of Tionesta.

Townships of Barnett, Green, Harmony, Hickory, Jenks, Kingsley and Tionesta.

FRANKLIN COUNTY

Concord, Doylestown, Dry Run, Fannettsburg, Orrstown, Roxbury, Spring Run, Upper Strasburg and territory adjacent thereto.

HUNTINGDON COUNTY

Alexandria, Ardenheim, Barree, Birmingham, Blairs Mills, Broad Top City, Coalmont, Dudley, Franklinville, Graysville, Huntingdon, Mapleton, Marklesburg, McConnellstown, Mill Creek, Mount Union, Orbisonia, Petersburg, Robertsdale, Rock Hill, Saltillo, Shade Gap, Shirleysburg, Spruce Creek, Three Springs, Union Furnace, Water Street, Woodvale and territory adjacent thereto.

INDIANA COUNTY

Boroughs of Armagh, Blairsville, Cherry Tree, Clymer, Ernest, Glen Campbell, Homer City, Indiana, Marion Center, Plumville, Shelocta and Smicksburg. (C)

Townships of Armstrong, Banks, Blacklick, Brush Valley, Buffington, Burrell, Canoe, Center, Cherryhill, Conemaugh, East Mahoning, East Wheatfield, Grant, Green, Montgomery, North Mahoning, Pine, Rayne, South Mahoning, Washington, West Mahoning, West Wheatfield, White and Young. (C)

JEFFERSON COUNTY

Boroughs of Big Run, Brockway, Brookville, Corsica, Falls Creek, Punxsutawney, Reynoldsville, Summerville, Sykesville, Timblin and Worthville.

(C) Change

DESCRIPTION OF TERRITORY SERVED (continued)

POTTER COUNTY

Boroughs of Galeton, Ulysses and Shinglehouse.

Townships of Abbott, Bingham, Genesee, Harrison, Hector, Pike, Sharon, Ulysses and West Branch.

SOMERSET COUNTY

Boroughs of Addison, Benson, Boswell, Central City, Confluence, Garrett, Jennertown, Meyersdale, New Centerville, Paint, Rockwood, Salisbury, Shanksville, Somerset, Stoystown, Ursina and Windber.

(C)

Townships of Addison, Allegheny, Black, Brothersvalley, Conemaugh, Elk Lick, Jefferson, Jenner, Lincoln, Lower Turkeyfoot, Milford, Ogle, Paint, Quemahoning, Shade, Somerset, Stonycreek, Summit and Upper Turkeyfoot.

SULLIVAN COUNTY

(C)

Boroughs of Dushore, Eagles Mere, Forksville and Laporte.

Townships of Cherry, Colley, Davidson, Elkland, Forks, Fox, Hillsgrove, Laporte and Shrewsbury.

SUSQUEHANNA COUNTY

Boroughs of Friendsville, Great Bend, Hallstead, Hop Bottom, Lanesboro, Little Meadows, Montrose, New Milford, Oakland, Susquehanna and Thompson.

Townships of Apolacon, Ararat, Auburn, Bridgewater, Brooklyn, Choconut, Dimock, Forest Lake, Franklin, Gibson, Great Bend, Harford, Harmony, Jackson, Jessup, Lathrop, Lenox, Liberty, Middletown, New Milford, Oakland, Rush, Silver Lake, Springville and Thompson.

(C) Change

DESCRIPTION OF TERRITORY SERVED (continued)

TIOGA COUNTY

Boroughs of Blossburg, Elkland, Knoxville, Lawrenceville, Liberty, Mansfield, Roseville, Tioga, and Westfield.

(C)

Townships of Bloss, Brookfield, Charleston, Chatham, Clymer, Covington, Deerfield, Delmar, Duncan, Elk, Elkland, Farmington, Gaines, Hamilton, Jackson, Lawrence, Liberty, Morris, Nelson, Osceola, Putnam, Richmond, Rutland, Shippen, Sullivan, Tioga, Union, Ward and Westfield.

VENANGO COUNTY

Cities of Franklin and Oil City.

Boroughs of Clintonville, Cooperstown, Emlenton, Pleasantville, Polk, Rouseville and Utica.

Townships of Allegheny, Canal, Cherry Tree, Clinton, Cornplanter, Cranberry, French Creek, Irwin, Jackson, Oakland, Oil Creek, Pine Grove, Plum, Richland, Sandy Creek, Scrubgrass and Sugar Creek.

WARREN COUNTY

Boroughs of Bear Lake, Clarendon, Sugar Grove, Tidioute, Warren and Youngsville.

Townships of Brokenstraw, Columbus, Conewango, Corydon, Deerfield, Eldred, Elk, Farmington, Freehold, Glade, Kinzua, Limestone, Mead, Pine Grove, Pittsfield, Pleasant, Sheffield, Southwest, Spring Creek, Sugar Gove and Triumph.

WAYNE COUNTY

Borough of Starrucca.

Townships of Buckingham, Manchester, Preston and Scott.

(C) Change

DESCRIPTION OF TERRITORY SERVED (continued)

WESTMORELAND COUNTY

(C)

Boroughs of Bolivar, New Florence and Seward.

Townships of Derry, Fairfield and St. Clair.

WYOMING COUNTY

Boroughs of Laceyville, Meshoppen, Nicholson and Tunkhannock.
Townships of Braintrim, Eaton, Exeter, Falls, Forkston, Lemon, Mehoopany, Meshoppen, Nicholson, North Branch, North Moreland, Tunkhannock, Washington and Windham.

(C) Change

GENERAL RULES AND REGULATIONS

Definition of Terms (continued)

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.

(C)

Applicant - Any person, corporation or other entity that (i) desires to receive from the Company electric or any other service provided for in this Tariff, (ii) complies completely with all Company requirements for obtaining electric or any other service provided for in this Tariff, (iii) has filed and is awaiting Company approval of its application for service, and (iv) is not yet actually receiving from the Company any service provided for in this Tariff. For Residential Service, an Applicant is a natural person at least 18 years of age not currently receiving service who applies for Residential Service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the Residential Service is requested. The term does not include a person who seeks to transfer service within the service territory of the same public utility or to reinstate service at the same address provided that the final bill for service is not past due.

Basic Electric Supply – For purposes of the Company's Purchase of EGS Receivables Program, energy (including renewable energy) and renewable energy or alternative energy credits (RECs/AECs) procured by an EGS, provided that the RECs/AECs are bundled with the associated delivered energy. For residential Customers, Basic Electric Supply does not include early contract cancellation fees, late fees, or security deposits imposed by an EGS.

Black Start Service - The ability of a Generating Facility to go from a shutdown condition to an operating condition and start delivering power without assistance from the power system (i.e., the Company's electrical system).

Cash Advance - A refundable contribution in cash from an Applicant for those costs associated with a Line Extension, increased for applicable taxes, which is held by the Company in a non-interest bearing account.

(C) Change

GENERAL RULES AND REGULATIONS

Definition of Terms (continued)

Contributions in Aid of Construction ("CIAC") - A non-refundable contribution in cash from an Applicant for those costs associated with a Line Extension and/or tree trimming, brush clearance and related activities or those costs associated with Temporary Service or the relocation of Company facilities, increased for applicable taxes.

(C)

Customer(s) - Any person, partnership, association, corporation, or other entity (i) in whose name a service account is listed, (ii) who occupies or is the ratepayer for any premises, building, structure, etc. or (iii) is primarily responsible for payment of bills. For Residential Service, a Customer is a natural person at least 18 years of age in whose name a Residential Service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed, or lease of the property for which the Residential Service is being requested. A natural person remains a Customer after discontinuance or termination until the final bill for service becomes past due.

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

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 Charge - A charge that includes the Monthly Minimum Charge, Distribution Charge, and all charges and surcharges imposed under other applicable tariff provisions.

(C) Change

GENERAL RULES AND REGULATIONS

The Company may require an Applicant/Customer to make the payment of any outstanding balance or portion of an outstanding balance if the Applicant/Customer resided at the property for which service is requested during the time the outstanding balance accrued and for the time the Applicant/Customer resided at the property not to exceed four years. The Company may establish that an Applicant/Customer previously resided at a property through the use of mortgage, deed, lease information, a consumer credit reporting service, a Financial Summary that provides the names and income of adult occupants of a household, and a web-based tool such as “Accurint” to research Applicant/Customer information.

2. <u>Deposits</u>

Where an Applicant’s/Customer’s credit is not established or the credit of a Customer with the Company has, in the Company’s judgment become impaired, or where the Company deems it necessary, a deposit or other guarantee satisfactory to the Company may be required to be supplied by the Applicant/Customer as security for the payment of future and final bills before the Company shall commence or continue to render any type of electric service to the Applicant/Customer. Deposits required by the Company for Tariff charges shall include unpaid EGS charges that are subject to the Company’s POR.

The Company utilizes a generally accepted credit scoring methodology in range of general industry practice that is based on an applicant or customer’s utility payment history. (C)

The Company may request deposits from Customers taking service for a period of less than thirty (30) days, in an amount equal to the estimated bill for the cost of total services provided by the Company for such temporary period. Deposits may be required by the Company from all other Customers, in an amount that is in accordance with 52 Pa. Code § 56.51.

Deposits for Residential Customers shall be returned to them in accordance with the provisions of the Responsible Utility Customer Protection Act (66 Pa. C.S. §§ 1401-1418) and the provisions of the Commission’s Regulations at 52 Pa. Code Chapter 56, as amended from time to time. Deposits from all other Customers may be held by the Company, in its sole and exclusive judgment, until the Customer discontinues service or the Company determines that the Customer has established a satisfactory payment record. Upon discontinuance of all Company service and payment in full of all charges and financial guarantees, the Company shall refund the deposit or deduct any unpaid amounts from the deposit and refund the difference, if any, to the Customer. The deposit shall no longer accrue interest upon the discontinuance of service.

The interest rate on Residential Customer deposits will be calculated pursuant to The Fiscal Code, as amended annually.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 7 – Wiring, Apparatus and Inspection (continued)

When a Customer's facilities or use of equipment having operating characteristics that adversely affects or has the potential to adversely affect, in the Company's sole judgment, the Company's electric system, the Customer shall take corrective action at its sole expense as may be directed by the Company. Unless corrective action is taken, the Company is under no obligation to serve or to continue to serve such Customers.

Each Applicant/Customer shall provide to the Company such service information described in Rule 1 of this Tariff. The Applicant/Customer shall be responsible and liable to the Company for any damages resulting from the Customer's failure to provide such service information.

(C)

The Company will require the Customer to maintain a Power Factor in the range of 85% (lagging) to 100% for secondary, primary and sub transmission service and 97% (lagging) to 99% (leading) for transmission service, coincident with the Customers maximum monthly peak demand and to provide, at the Customer's expense, any corrective equipment necessary in order to do so. The Company may inspect the Customer's installed equipment and/or place instruments on the premises of the Customer in order to determine compliance with this requirement, as deemed appropriate by the Company. The Company may charge the Customer the Company's installation cost incurred for corrective devices necessary for compliance with this provision. The Company is under no obligation to serve, or to continue to serve, a Customer who does not maintain a Power Factor consistent with the parameters set forth in this provision.

8. <u>Metering</u>

Company Obligations

The Company owns, maintains, installs and operates a variety of meters, and related equipment designed to measure and record Customers' consumption and usage of all services provided under this Tariff. The Company may, in its sole and exclusive discretion, install such meters and related equipment it deems reasonable and appropriate to provide service to Customers under this Tariff. The Company may, in its sole and exclusive discretion, install such special metering equipment as may be requested by a Customer, subject to the Customer paying all of the Company's incremental material, labor, overheads and administrative and general expenses relating to such facilities. Where additional metering services and the associated costs for the additional metering services are contained within this Tariff, those costs shall also be applicable.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 10 – Meter Reading and Rendering of Bills (continued)

9) Power Factor/kilovar Billing (C)

Billing for Power Factor or kilovars, whichever is applicable, shall be in accordance with the Customer's applicable Rate Schedule or other provisions of this Tariff. The Power Factor used for billing purposes shall be rounded to the next highest whole percent, unless otherwise stated in the Customer's applicable Rate Schedule or other provisions of this Tariff.

(10) Billing for Vandalism, Theft or Deception

In the event that the Company's meters or other equipment on the Customer's premises have been tampered or interfered with by any means whatsoever, resulting in improper or non-registration of service supplied, the Customer being supplied through such equipment shall pay to the Company the amount the Company estimates is due for service used but not registered on the Company's meter, and the cost of any repairs or replacements, inspections and investigations relating thereto including, but not limited to, all administrative expenses associated with the investigation(s) (e.g., Legal, Accounting/Billing, etc.). Under these circumstances, the Company may at its option terminate its service immediately and/or require the Customer to pay all costs correcting any and all unauthorized conditions at the premises. In the event service has been terminated under these circumstances it shall not be restored to the Customer's premises until: (i) the Customer has a certificate of compliance with the provisions of the National Electric Code and the regulations of the National Fire Protection Association has been issued by the municipal inspection bureau or by any Company-accepted inspection agency, (ii) the Customer has complied with all of the Company's requirements and (iii) the Customer pays the Company a reconnection fee and deposit.

In the event that a Customer knowingly and willfully obtained service for itself or for another by creating or reinforcing a false impression, statement or representation and fails to correct the same, the Company shall immediately correct the account information in question and issue an adjustment for all current or previous amounts. The Customer shall be required to show proof of identity and sign an agreement for payment of all electric service received, plus any and all costs and administrative expenses associated with any investigation(s) (i.e., Legal, Accounts/Billing, etc.) which shall be added to their account. The Customer shall have three (3) business days in which to provide proof of identity. The Company may terminate a Customer's electric service if the Customer fails to provide such proof of identity within the aforementioned time period.

(C) Change

GENERAL RULES AND REGULATIONS

Rule 11 – Payment of Bills (continued)

A Customer's failure to receive a bill shall not be construed or deemed, under any circumstances, to be a waiver of any of the provisions of this Tariff. A Customer's bill shall be overdue when not paid on or before the due date indicated in the bill.

b. Late Payment Charges

Late payment charges shall be applied to Default Service Charges, EGS charges that are subject to the Company's POR and Delivery Service Charges. The Company will apply late payment charges to EGS charges that are not subject to the Company's POR at the EGS's request when it is performing billing services for the EGS.

(I)

A Residential Customer's overdue bill shall be subject to a late payment charge of one and one-half percent (1.5%) interest per month on the overdue balance of the bill. A Non-Residential Customer's overdue bill shall be subject to a late payment charge of two percent (2.0%) interest per month on the overdue balance of the bill. Interest charges shall be calculated by the Company on the overdue portions of the bill and shall not be charged against any sum that falls due during a current billing period. At the Company's option, the interest per month associated with the late payment charge for Residential Customers may be reduced or eliminated in order to facilitate payment of bills under dispute.

c. Allocation of Payments

All payments made by or on behalf of a Customer shall be applied to a Customer's account in accordance with the Commission's payment posting rules and applicable Regulations including the Company's Electric Generation Supplier Coordination Tariff on file with the Commission.

d. Delinquent Accounts

A Customer's account is delinquent when not paid in full by the due date stated on the bill or otherwise agreed upon by the Customer and the Company. The Company shall pursue collections of outstanding residential delinquent account balances in accordance with applicable law and Commission regulations. Termination of service will occur only for non-payment of undisputed delinquent accounts associated with the Company's regulated charges, which shall include EGS charges subject to the Company's POR.

The Company will have the ability to terminate service to a Customer for the Customer's non-payment of EGS Basic Electric Supply charges incurred after January 1, 2011 in the same manner and to the same extent that the Company could terminate service to such a Customer for non-payment of EDC charges. Residential Customer's termination will be subject to the consumer protections included in Chapter 14 of the Public Utility Code, 66 Pa. C.S. § 1401, et. seq., and Chapters 55 and 56 of the Commission's regulations, 52 Pa. Code §§ 55.1 and 56.1 et. seq., and/or other applicable regulations as may change from time to time. The POR is only available as long as the Company is able to terminate service to Customers under Chapter 14 of the Public Utility Code, 66 Pa. C.S. § 1401, et. seq., and Chapters 55 and 56 of the Commission's regulations, 52 Pa. Code §§ 55.1 and 56.1 et. seq., and/or other applicable regulations as may change from time to time.

(I) Increase

Rule 21 – Service Continuity: Limitation on Liability for Service (continued)

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.

22. <u>Transfer of Electric Generation Supplier</u>

(C)

The Company shall change a Customer's EGS in accordance with 52 Pa. Code Chapter 57, Subchapter M, "Standard for Changing a Customer's Electricity Generation Supplier". Pursuant to the Commission's Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier, at Docket No. L-2014-2409383, 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.

(C) Change

RATE SCHEDULES

RATE RS
RESIDENTIAL SERVICE RATE

AVAILABILITY:

This Rate is available to Residential Customers using the Company's standard, single phase service through a single meter including not more than 2,000 watts of non-residential connected load served through the same meter.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

$11.25 per month (Customer Charge), plus (I)

6.074 cents per kWh for all kWh (I)

RIDERS

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

Rider A – Tax Adjustment Surcharge
Rider C – Universal Service Cost Charge
Rider F - Phase II Energy Efficiency and Conservation Charge
Rider G - Smart Meter Technologies Charge
Rider J - Default Service Support Charge
Rider N - Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(I) Increase

RATE SCHEDULES

RS (continued)

DEFAULT SERVICE CHARGES:

For Customers receiving Default Service from the Company, Rider H – Price to Compare Default Service Rate Rider, Residential Customer Class rate applies.

MINIMUM CHARGE:

The monthly Minimum Charge shall be $11.25 plus distribution energy charges and any charges related to applicable riders. (I)

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

Equal Payment Plan:

As per Rule 10b(4), Equal Payment Plan.

GENERAL PROVISIONS

A. SERVICE TO EXISTING STRUCTURES CONVERTED FOR MULTIPLE OCCUPANCY:
May be supplied through a single meter provided that the Company's prior consent has been obtained. This provision shall be limited to no more than five (5) apartments or dwelling units continually served as such prior to January 27, 1979.

B. CUSTOMER ASSISTANCE PROGRAM: Customers who are enrolled in the Company's Customer Assistance Program may make payments to the Company in accordance with the Customer Assistance Program provided that electricity consumption limits and other requirements contained in the Customer Assistance Program are satisfied. Customer Assistance Program benefits shall be portable.

SPECIAL MONTHLY CHARGES

LOADS IN EXCESS OF 25 KILOWATTS: The Company shall install a suitable demand meter to determine the maximum 15-minute integrated demand when (i) a Customer's service requires the installation of an individual transformer, (ii) a Customer's total monthly consumption exceeds 10,000 kilowatt-hours for two (2) consecutive months, or (iii) when the Customer's service entrance requirements exceed 600 amperes.

(I)

If the demand so determined under this provision exceeds twenty-five (25) kilowatts, a monthly distribution demand charge of Two Dollars and Ninety-one cents ($2.91) per kW for all kW shall apply to such excess as set forth in this provision, in addition to the General Monthly Charges. In no event shall the demand charge be based upon less than seventy-five percent (75%) of the highest excess demand during the preceding eleven (11) months.

Rules and Regulations

The Company's Standard Rules and Regulations shall apply to the installation and use of electric service. Motors and equipment served under this rate schedule shall have electrical characteristics so as not to interfere with service supplied to other customers of the Company.

(I) Increase

RATE SCHEDULES

RATE GS -
VOLUNTEER FIRE COMPANY AND NON-PROFIT AMBULANCE SERVICE, RESCUE SQUAD AND SENIOR CENTER SERVICE RATE

AVAILABILITY:

This Rate Schedule is restricted to Volunteer Fire Companies, Non-Profit Ambulance Services, Non-Profit Rescue Squads and Non-Profit Senior Citizen Centers that sign a one (1) year contract.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

$11.25 per month (Customer Charge), plus (I)
6.074 cents per kWh for all kWh (I)

RIDERS

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

Rider A –Tax Adjustment Surcharge
Rider C – Universal Service Cost Charge
Rider F – Phase II Energy Efficiency and Conservation Charge
Rider G – Smart Meter Technologies Charge
Rider J – Default Service Support Charge
Rider N – Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

DEFAULT SERVICE CHARGES:

For Customers receiving Default Service from the Company, Rider H – Price to Compare Default Service Rate Rider, Residential Customer Class rate applies.

(I) Increase

RATE SCHEDULES

Rate GS (continued)

MINIMUM CHARGE:

The monthly Minimum Charge shall be $11.25 plus energy-related distribution charges and any applicable riders. (I)

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

TERM OF CONTRACT:

Each Customer shall be required to enter into a Delivery Service contract with the Company for a minimum one (1) year term. If the Delivery Service contract is terminated by the Customer prior to its expiration, the Minimum Charge provisions of this Rate Schedule shall apply. If the Customer's capacity or service requirements increase, the Company, in its sole and exclusive judgment, may at any time require the Customer to enter into a new Delivery Service contract.

SPECIAL MONTHLY CHARGES

(I)

LOADS IN EXCESS OF 25 KILOWATTS: The Company shall install a suitable demand meter to determine the maximum 15-minute integrated demand when (i) a Customer's service requires the installation of an individual transformer, or (ii) a Customer's total monthly consumption exceeds 10,000 kilowatt-hours for two (2) consecutive months or (iii) when the Customer's service entrance requirements exceed 600 amperes. If the demand so determined under this provision exceeds twenty-five (25) kilowatts, a monthly distribution demand charge of Two Dollars and Ninety-one cents ($2.91) per kW for all kW shall apply to such excess as set forth in this provision, in addition to the General Monthly Charges. In no event shall the demand charge be based upon less than seventy-five percent (75%) of the highest excess demand during the preceding eleven (11) months.

<u>Rules and Regulations</u>

The Company's Standard Rules and Regulations shall apply to the installation and use of electric service. Motors and equipment served under this rate schedule shall have electrical characteristics so as not to interfere with service supplied to other customers of the Company.

(I) Increase
(D) Decrease

RATE SCHEDULES

RATE GS-SMALL
GENERAL SERVICE SECONDARY RATE – NON-DEMAND METERED

AVAILABILITY:

Available to non-Residential Customers without demand meters that use electric service through a single delivery location for lighting, heating and/or power service. Secondary voltage shall be supplied to Customers at a single transformer location when load does not require transformer capacity in excess of 2,500 KVA. Upon a Customer's request, the Company may, at its option, provide transformers having a capacity of greater than 2,500 KVA.

(C)

If an existing Customer's total consumption exceeds 1,500 KWH per month for two (2) consecutive months in the most recent twelve-month period, the Customer shall no longer be eligible for service under this Rate Schedule GS-Small. Based upon the Company's then estimate of the Customer's new demand, the Customer shall be placed on Rate Schedule GS-Medium or such other Rate Schedule for which such Customer most qualifies.

All of the following general monthly charges are applicable to Delivery Service Customers:

GENERAL MONTHLY CHARGES:

Distribution Charge

$18.33 per month for single phase (Customer Charge), plus (I)

3.624 cents per kWh for all kWh (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
Rider N – Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(C) Change
(I) Increase

RATE SCHEDULES

Rate GS Small (continued)

DEFAULT SERVICE CHARGES:

For Customers receiving Default Service from the Company, Rider H – Price to Compare Default Service Rate Rider applies unless the Customer elects to receive Default Service from the Company under Rider I – Hourly Pricing Default Service Rider.

MINIMUM CHARGE:

The monthly Minimum Charge shall be $18.33 plus energy-related distribution charges and applicable riders. (I)

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

TERM OF CONTRACT:

Each Customer shall be required to enter into a Delivery Service contract with the Company for a minimum one (1) year term. If the Delivery Service contract is terminated by the Customer prior to its expiration, the Minimum Charge provisions of this Rate Schedule shall apply. If the Customer's capacity or service requirements increase, the Company, in its sole and exclusive judgment, may at any time require the Customer to enter into a new Delivery Service contract.

SPECIAL PROVISION

FIXED USAGE:

The Company may, in its sole and exclusive discretion, permit Customers to take service under this Special Provision. For Customers permitted by the Company to take service under this Special Provision, the Company may, in its sole and exclusive discretion, impute a level of energy and demand for that Customer based upon the Customer's projected load and hours of use for that load.

Rules and Regulations

The Company's Standard Rules and Regulations shall apply to the installation and use of electric service. Motors and equipment served under this rate schedule shall have electrical characteristics so as not to interfere with service supplied to other customers of the Company.

(I) Increase

RATE SCHEDULES

RATE GS-MEDIUM
GENERAL SERVICE SECONDARY RATE – DEMAND METERED

AVAILABILITY:

Available to non-Residential Customers with demand meters that use electric service through a single delivery location for lighting, heating and/or power service up to 400 kW demand. Secondary voltage shall be supplied to Customers at a single transformer location when load does not require transformer capacity in excess of 2,500 KVA. Upon a Customer's request, the Company may, at its option, provide transformers having a capacity of greater than 2,500 KVA.

New Customers requiring transformer capacity in excess 2,500 KVA and existing Customers whose load increases such that a transformer change is required (over 2,500 KVA) shall be required to take untransformed service.

(C)

If an existing Customer's total consumption is less than 1,500 KWH per month for two (2) consecutive months in the most recent twelve-month period, the Customer may no longer be eligible for service under this Rate Schedule GS-Medium. Based upon the Company's then estimate of the Customer's usage, the Customer shall be placed on Rate Schedule GS-Small or such other Rate Schedule for which such Customer most qualifies.

(C)

If an existing Customer's billing demand is equal to or greater than 400 kW for two (2) consecutive months in the most recent twelve-month period, then the Customer may no longer be eligible for service under this Rate Schedule GS-Medium, and shall be placed on Rate Schedule GS-Large or such other Rate Schedule for which such Customer most qualifies.

All of the following general monthly charges are applicable to Delivery Service Customers:

GENERAL MONTHLY CHARGES:

Distribution Charge

$19.58 per month for single phase (Customer Charge), (I)
or
$39.38 per month for three phase (Customer Charge), plus (I)

Demand:

$6.30 per kW for all billed kW (I)

$0.20 for each rkVA of Reactive Billing Demand for three phase

(C) Change
(I) Increase

RATE SCHEDULES

Rate GS-Medium (continued)

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
Rider N – Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

DEFAULT SERVICE CHARGES:

For Customers receiving Default Service from the Company, Rider H – Price to Compare Default Service Rate Rider, Commercial Customer Class rate applies unless the Customer elects to receive Default Service from the Company under Rider I – Hourly Pricing Default Service Rider.

DETERMINATION OF BILLING DEMAND:

The Company shall install suitable demand meters to determine the maximum 15-minute integrated demand when (i) the connected load being served equals fifteen (15) kilowatts or more, or (ii) the Company estimates that a demand greater than five (5) kilowatts will be established. The Company may install a demand meter on new or upgraded electric services.

A determination of connected load or estimated demand may be made by the Company at any time and shall be made when the Customer's total consumption exceeds 1,500 KWH per month for two (2) consecutive months in the most recent twelve-month period.

(C)

A Customer's demand shall be measured by indicating or recording instruments. Demands shall be integrated over 15-minute intervals. The billing demand in the current month shall be the greatest of: (i) the maximum measured demand established in the month during On-Peak Hours, as stated herein, (ii) forty percent (40%) of the maximum measured demand established in the month during off-peak hours or (iii) contract demand or (iv) fifty percent (50%) of the highest billing demand established during the preceding eleven (11) months. The on-peak and off-peak hour provisions of this definition are only applicable for those customers who have installations of Time-of-Use demand meters.

For existing Customers that remain on Combined Billing, (refer to this Rate GS-Medium, General Provision A), billing demand shall be the sum of the individual demands of each metered service. The individual demand of each metered service shall be determined separately.

Pending the installation of a demand meter, Customer's Demand shall be a formula demand determined by dividing the kilowatt-hour consumption by 200.

(C) Change

RATE SCHEDULES

Rate GS-Medium (continued)

REACTIVE BILLING DEMAND

For installations metered with reactive energy metering, the reactive billing demand in rkVA for the month shall be determined by multiplying the Billing Demand by the ratio of the measured lagging reactive kilovoltamperes hours to the measured kWh by the following formula: rkVA = Billing Demand X (measured lagging reactive kilovoltampere hours ÷ rate measured kWh). For all other installations, the Reactive Billing Demand shall be the integrated reactive demand occurring coincident with the Billing Demand.

MINIMUM CHARGE:

No bill shall be rendered by the Company for less than,

$19.58 per month for single phase, (I)
or
$39.38 per month for three phase, plus (I)

The demand charge at current rate levels times the Billing Demand, plus any distribution energy charges, and any charges stated in or calculated by any applicable Rider.

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

TERM OF CONTRACT:

Each Customer shall be required to enter into a Delivery Service contract with the Company for a minimum one (1) year term. If the Delivery Service contract is terminated by the Customer prior to its expiration, the Minimum Charge provisions of this Rate Schedule shall apply. If the Customer's capacity or service requirements increase, the Company, in its sole and exclusive judgment, may at any time require the Customer to enter into a new Delivery Service contract.

GENERAL PROVISIONS:

A. COMBINED BILLING: This Provision is restricted as of June 18, 1976, to existing Customers and loads at existing locations. Combined Billing will not be permitted except where Customers are supplied with single phase and three-phase service at secondary voltages at a single location. In such instances, only one (1) single phase and one (1) three-phase service may be combined for billing purposes. Customer locations and loads may not continue to be billed under this General Provision A (i) if the Customer increases the capacity of either service entrance wiring, or (ii) the Customer increases the electrical load in the facility necessitating a change in the Company's facilities.

(I) Increase

RATE SCHEDULES

RATE GS-LARGE
GENERAL SERVICE SECONDARY

AVAILABILITY:

(C)

This Rate is available to non-Residential Customers using electric service through a single delivery location for lighting, heating and/or power service whose registered demand is equal to or greater than 400 KW in two (2) consecutive months in the most recent twelve-month period. Secondary voltage shall be supplied to Customers at a single transformer location when load does not require transformer capacity in excess of 2,500 KVA. Upon a Customer's request, the Company may, at its option, provide transformers having a capacity of greater than 2,500 KVA.

New Customers requiring transformer capacity in excess of 2,500 KVA and existing Customers whose load increases such that a transformer change is required (over 2,500 KVA) shall be required to take untransformed service.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

$204.79 per month (Customer Charge), plus (I)
$6.68 per kW for all billed kW (I)

$0.19 for each rkVA of reactive billing demand

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
Rider N – Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(C) Change
(I) Increase

RATE SCHEDULES

Rate GS-Large (continued)

DEFAULT SERVICE CHARGES:

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

DETERMINATION OF BILLING DEMAND:

(C)

A Customer's demand shall be measured by indicating or recording instruments. Demands shall be integrated over 15-minute intervals. The billing demand in the current month shall be the greatest of: (i) the maximum measured demand established in the month during On-Peak Hours, as stated herein, (ii) forty percent (40%) of the maximum measured demand established in the month during off-peak hours, (iii) contract demand or (iv) fifty percent (50%) of the highest billing demand established during the preceding eleven (11) months. The on-peak and off-peak hour provisions of this definition are only applicable for those customers who have installations of Time-of-Use demand meters.

Pending the installation of a demand meter, Customer's Demand shall be a formula demand determined by dividing the kilowatt-hour consumption by 200.

REACTIVE BILLING DEMAND:

For installations metered with reactive energy metering, the reactive billing demand in rkVA for the month shall be determined by multiplying the Billing Demand by the ratio of the measured lagging reactive kilovoltamperes hours to the measured kWh by the following formula: rkVA = Billing Demand X (measured lagging reactive kilovoltampere hours ÷ rate measured kWh). For all other installations, the Reactive Billing Demand shall be the integrated reactive demand occurring coincident with the Billing Demand.

MINIMUM CHARGE:

No bill shall be rendered by the Company for less than,

$204.79 per month, plus (I)

The demand charge at current rate levels times the Billing Demand, plus any distribution energy charges, and any charges stated in or calculated by any applicable Rider.

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

(C) Change
(I) Increase

RATE SCHEDULES

RATE GP
GENERAL SERVICE – PRIMARY RATE

AVAILABILITY/APPLICABILITY:

Available to non-Residential Customers using electric power and/or lighting service through a single delivery location at 2,400 volts or higher. Choice of voltage shall be at the option of the Company. All substation and transformer equipment required for utilization of the delivery voltage shall be owned and maintained by the Customer. As described more fully in the next paragraph, this Rate Schedule shall be applicable to the owner of any Generating Facility whose Generating Facility is interconnected to the Company's electric system, if the Company believes, in its sole and exclusive discretion, that the provisions of this Rate Schedule are otherwise available to the Generating Facility.

The Company shall determine the applicability of this Rate Schedule to Generating Facility owners in its sole and exclusive discretion. If and when the Company determines that the owner of a Generating Facility interconnected to the Company's system has not previously entered into Tariff or other arrangements satisfactory to the Company allowing it to charge and receive payment of Delivery Service Charges, Default Service Charges and/or Net Station Power, as applicable, the Company will assign the Generating Facility to this Rate Schedule if the Company believes, the provisions of this Rate Schedule are otherwise available to the Generating Facility. For any hour in which the Company has determined the Generating Facility receives energy or capacity, as metered at or near such facility, the Generating Facility owner shall be responsible for paying to the Company all Delivery Service charges and/or Default Service Charges, applicable, based upon the metered energy and demand. In addition, the Generating Facility owner shall be responsible for paying to the Company all charges associated with Net Station Power for each applicable billing period based upon the Default Service rates specified in this Rate Schedule.

Minimum billing demand shall not be less than twenty-five (25) KW.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

$996.52 per month (Customer Charge), plus (I)

$3.46 per kW for all billed kW (I)

$0.19 for each rkVA of reactive billing demand

(I) Increase

RATE SCHEDULES

Rate GP (continued)

DEFAULT SERVICE CHARGES:

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

DETERMINATION OF BILLING DEMAND:

(C)

The Customer's demand shall be measured by indicating or recording instruments. Demand shall be integrated over 15-minute intervals or as otherwise determined by the Company. The billing demand in the current month shall be the greatest of: (i) twenty-five (25) KW, (ii) the maximum measured demand established in the month during On-Peak Hours, as stated herein, (iii) forty percent (40%) of the maximum measured demand established in the month during off-peak hours, (iv) contract demand or (v) fifty percent (50%) of the highest billing demand established during the preceding eleven (11) months. The on-peak and off-peak hour provisions of this definition are only applicable for those customers who have installations of Time-of-Use demand meters.

REACTIVE BILLING DEMAND:

For installations metered with reactive energy metering, the reactive billing demand in rkVA for the month shall be determined by multiplying the Billing Demand by the ratio of the measured lagging reactive kilovoltamperes hours to the measured kWh by the following formula: rkVA = Billing Demand X (measured lagging reactive kilovoltampere hours ÷ rate measured kWh). The Reactive kilovolt-ampere charge is applied to the Customer's reactive kilovolt-ampere capacity requirement in excess of 35% of the Customer's kilowatt capacity. For all other installations, the Reactive Billing Demand shall be the integrated reactive demand occurring coincident with the Billing Demand.

(C) Change

RATE SCHEDULES

Rate GP (continued)

For purposes of determining the demand for Net Station Power of a Generating Facility under this Rate Schedule, registered demand during any hour cannot be netted, offset or credited against capacity from that Generating Facility in any other hour or from registered capacity from any other Generating Facility in any other hour.

STATION POWER ENERGY NETTING:

If applicable PJM rules and procedures for determining Net Station Power are in effect, all Net Station Power shall be determined solely by PJM and provided to the Company for billing purposes under this Rate Schedule. If the Applicant self-supplies Net Station Power, the Applicant shall be responsible for obtaining all related transmission service. If no such applicable PJM rules and procedures for determining Net Station Power are in effect or PJM is unable for any reason to determine Net Station Power, the Company shall determine Net Station Power for any relevant period in its sole discretion.

MINIMUM CHARGE:

No bill shall be rendered by the Company for less than,

(I)

$996.52 per month, plus the demand charge at current rate levels times the Billing Demand, plus any distribution energy charges, and any charges stated in or calculated by any applicable rider.

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

TERM OF CONTRACT:

Each Customer shall be required to enter into a Delivery Service contract with the Company for a minimum one (1) year term. If the Delivery Service contract is terminated by the Customer prior to its expiration, the Minimum Charge provisions of this Rate Schedule shall apply. If the Customer's capacity or service requirements increase, the Company, in its sole and exclusive judgment, may at any time require the Customer to enter into a new Delivery Service contract.

<u>Rules and Regulations</u>

The Company's Standard Rules and Regulations shall apply to the installation and use of electric service. Motors and equipment served under this rate schedule shall have electrical characteristics so as not to interfere with service supplied to other customers of the Company.

(I) Increase

RATE SCHEDULES

Rate LP (continued)

General Service purposes at Primary Voltages for loads in excess of 3,000 KW.

Minimum billing demand shall not be less than 3,000 KW.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

$3,413.98 per month (Customer Charge), plus (I)

$1.86 per kW for all billed kW (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
Rider N -- Solar Photovoltaic Requirements Charge
Rider P -- Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(I) Increase

RATE SCHEDULES

Rate LP (continued)

DEFAULT SERVICE CHARGES:

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

DETERMINATION OF BILLING DEMAND:

(C)

The Customer's demand shall be measured by indicating or recording instruments. Demand shall be integrated over 15-minute intervals or as otherwise determined by the Company. The billing demand in the current month shall be the greater of: (i) 3,000 KW, (ii) the maximum measured demand established in the month during On-Peak Hours, adjusted for Power Factor as stated herein, (iii) forty percent (40%) of the maximum measured demand established in the month during off-peak hours, adjusted for Power Factor as stated herein, (iv) contract demand, (v) fifty percent (50%) of the highest billing demand established during the preceding eleven (11) months. The on-peak and off-peak hour provisions of this definition are only applicable for those customers who have installations of Time-of-Use demand meters.

All measured demands shall be corrected to a Power Factor defined in Rule 7 by multiplying each measured demand by the ratio of the minimum Power Factor requirement set forth in Rule 7 to either the measured Power Factor for that demand or the average Power Factor for the month, whichever is lower, to the nearest 0.1%. No reduction in measured demands shall be made for Power Factor in excess of the stated Power Factors in Rule 7.

For purposes of determining the demand for Net Station Power of a Generating Facility under this Rate Schedule, registered demand during any hour cannot be netted, offset or credited against capacity from that Generating Facility in any other hour or from registered capacity from any other Generating Facility in any other hour.

(C) Change

RATE SCHEDULES

Rate LP (continued)

STATION POWER ENERGY NETTING:

If applicable PJM rules and procedures for determining Net Station Power are in effect, all Net Station Power shall be determined solely by PJM and provided to the Company for billing purposes under this Rate Schedule. If the Applicant self-supplies Net Station Power, the Applicant shall be responsible for obtaining all related transmission service. If no such applicable PJM rules and procedures for determining Net Station Power are in effect or PJM is unable for any reason to determine Net Station Power, the Company shall determine Net Station Power for any relevant period in its sole discretion.

MINIMUM CHARGE:

(I)

No bill shall be rendered by the Company for less than, $3,413.98 per month, plus the demand charge at current rate levels times the Billing Demand, plus any distribution energy charges, and any charges stated in or calculated by any applicable Rider.

(I) Increase

RATE SCHEDULES

Rate LP (continued)

B. 115,000 VOLT OR GREATER DELIVERY: Upon request by the Customer, the Company shall furnish service at 115,000 volts or greater where available provided Customer furnishes all necessary transformer and terminal equipment. If service is supplied at 115,000 volts or greater, the kilowatt demand charge and energy charges per month shall be decreased as shown below per KW of billing demand and as shown below per KWH of total energy, respectively. In the case of an account with multi-point delivery, the credits shall be based on the contribution of the 115,000 volt or greater delivery point to the billing demand and total billed energy.

Distribution Credits:	Demand Dollars/KW	
Transmission 115 KV	$1.49	(C)

C. LESS THAN 23,000 VOLT DELIVERY: Service will be rendered at less than 23,000 volts only at the sole and exclusive discretion of the Company and only when it can be provided economically through a single transformation from available transmission lines of 115,000 volts or above.

<u>Rules and Regulations</u>

The Company's Standard Rules and Regulations shall apply to the installation and use of electric service. Motors and equipment served under this rate schedule shall have electrical characteristics so as not to interfere with service supplied to other customers of the Company.

(C) Change

RATE SCHEDULES

RATE H
ALL ELECTRIC SCHOOL, CHURCH AND HOSPITAL RATE

AVAILABILITY (RESTRICTED):

THE AVAILABILITY OF THIS RATE SCHEDULE TO CUSTOMERS HAS BEEN RESTRICTED SINCE MARCH 29, 1971.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

$35.13 per month (Customer Charge), plus (I)
3.312 cents per kWh for all kWh (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
Rider N - Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(I) Increase

RATE SCHEDULES

Rate H (continued)

DEFAULT SERVICE CHARGES:

For Customers receiving Default Service from the Company, Rider H – Price to Compare Default Service Rate Rider, Commercial Customer Class rate applies.

MINIMUM CHARGE:

The monthly Minimum Charge shall be $35.13 plus all distribution energy charges and any applicable riders. (I)

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

TERM OF CONTRACT:

Each Customer shall be required to enter into a Delivery Service contract with the Company for a minimum one (1) year term. If the Delivery Service contract is terminated by the Customer prior to its expiration, the Minimum Charge provisions of this Rate Schedule shall apply. If the Customer's capacity or service requirements increase, the Company, in its sole and exclusive judgment, may at any time require the Customer to enter into a new Delivery Service contract.

GENERAL PROVISIONS:

A. Untransformed Service: At the Customer's option, service shall be supplied by the Company at primary voltage at the above stated rate.

<u>Rules and Regulations</u>

The Company's Standard Rules and Regulations shall apply to the installation and use of electric service. Motors and equipment served under this rate schedule shall have electrical characteristics so as not to interfere with service supplied to other customers of the Company.

(I) Increase

SERVICES

BORDERLINE SERVICE

AVAILABILITY:

Borderline Service is available to public utility companies for resale in adjacent service territory to the Company under reciprocal agreements between the Company and other public utility companies, subject to the following conditions:

A. A request shall be made in writing for each point of supply where service is desired.

B. Borderline service may be supplied in the Company's sole and exclusive discretion when it has available adequate capacity to serve the requested location(s).

C. When such service is supplied, energy shall be supplied at sixty (60) cycle alternating current, at such potential and of such phase as may be mutually agreed upon.

All of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Distribution Charge

5.038 cents per kWh for all kWh (I)

RIDERS

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

Rider A – Tax Adjustment Surcharge
Rider J - Default Service Support Charge
Rider N - Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(I) Increase

SERVICES

HIGH PRESSURE SODIUM VAPOR STREET LIGHTING SERVICE

AVAILABILITY:

Lighting service on public streets, highways, bridges, parks and similar public places for municipalities and other governmental agencies.

GENERAL MONTHLY CHARGES PER LAMP:

Nominal Lamp Ratings

Wood Pole

Initial Lumens	Watts	KWH per Month	Distribution	
5,800	70	29	$10.48	(I)
9,500	100	50	$ 9.28	(I)
16,000	150	71	$ 8.82	(I)
22,000	200	80	$13.47	(I)
27,500	250	110	$14.15	(I)
50,000	400	169	$ 9.26	(I)

Fiberglass Pole Not Over 16 Feet

Initial Lumens	Watts	KWH per Month	Distribution	
5,800	70	29	$16.75	(I)
9,500	100	50	$15.56	(I)
16,000	150	71	$15.10	(I)
22,000	200	80	$19.71	(I)
27,500	250	110	$20.36	(I)
50,000	400	169	$15.52	(I)

(I) Increase

SERVICES

High Pressure Sodium Vapor Street Lighting Service (continued)

GENERAL PROVISIONS:

A. The Company shall furnish, install, and maintain at the above rates all necessary street lighting facilities consisting of lamps, luminaries, controls, brackets, and ballasts, utilizing the Company's general overhead or underground distribution system.

B. Bills for service supplied under this Rate shall be rendered by the Company monthly.

C. Lamps shall be lighted from dusk to dawn each and every night, or for approximately 4,200 hours per year.

D. Additional high pressure sodium vapor street lighting fixtures of the type currently used by the Company shall be installed by the Company on existing circuits at the Customer's request at any time except during the last three (3) months of any contract term. Additional high pressure sodium vapor street lighting fixtures of the type currently used by the Company involving the construction by the Company of additional circuits and/or pole line shall be installed by the Company at the Customer's request at any time except during the last twelve (12) months of any contract term.

E. If additional street lighting facilities are installed at the Customer's request, they shall be considered as an addition to the contract and subject to all the provisions thereof.

F. If a sodium vapor unit replaces an existing mercury vapor unit that has been installed for less than ten (10) years, the Customer shall pay for the cost of removal of the mercury vapor unit in addition to the depreciable life of the fixture for the remainder of the contract term as determined by the Company.

(C)

G. If the Customer requests the Company to remove the present high pressure sodium vapor street light system to install LED lights and if the present system is less than twenty years old, the Customer shall pay the removal cost plus the remaining value of the system.

(C)

H. If a Customer requests an underground system, the additional cost shall be borne by the Customer, or may be included in the contract at the following additional charges:

Underground (1):	Earth construction at 4.00¢ per foot.	(I)
Underground (2):	Requiring removal and replacement of paving or sidewalks at 40.00¢ per foot.	(I)
Underground (3):	If a Customer furnishes and installs foundation bases for fabricated poles and the conductor raceways in accordance with Company specifications, the charges in items (1) and (2) shall not apply.	
Underground (4):	Stone construction - additional costs shall be borne by the Customer.	

(C) Change
(I) Increase

SERVICES

High Pressure Sodium Vapor Street Lighting Service (continued)

H. Underpass Lighting: High pressure sodium vapor lamps for 24-hour service shall be supplied by the Company, as follows:

Watts	KWH per Month	Distribution	
70	60	$ 9.95	(I)
100	104	$ 6.98	(I)
150	148	$ 6.42	(I)
200	167	$ 9.99	(I)
400	352	$ 5.13	(I)

I. Special equipment, including steel, aluminum or concrete poles or fiberglass poles in excess of sixteen (16) feet in length may be furnished at the Company's option, upon written request, and the additional cost there of shall be borne by the Customer.

DEFAULT SERVICE CHARGES:

The Price to Compare Default Service Charge shall be determined using the applicable monthly kWh usage, from the preceding chart, multiplied by the Price to Compare Default Service Rate Rider, Rider H - Commercial Customer Class rate.

(I) Increase

SERVICES

MUNICIPAL STREET LIGHTING SERVICE

AVAILABILITY:

Lighting service on public streets, highways, bridges, parks and similar public places for municipalities and other governmental agencies.

THIS RATE IS RESTRICTED SOLELY TO EXISTING LAMP LOCATIONS OF CUSTOMERS WHO WERE RECEIVING SERVICE HEREUNDER ON APRIL 9, 1981. ANY CUSTOMER PRESENTLY SERVED UNDER THIS MUNICIPAL STREET LIGHTING SERVICE AND ELECTS TO TERMINATE THIS SERVICE, SHALL NOT BE PERMITTED TO RETURN AS A MUNICIPAL STREET LIGHTING SERVICE CUSTOMER.

GENERAL MONTHLY CHARGES PER LAMP:

Nominal Lamp Ratings

Standard Mercury Vapor Units:

Wood Pole

Initial Lumens	Watts	KWH Per Month	Distribution	
4,000	100	42	$ 7.94	(I)
8,150	175	74	$ 7.93	(I)
11,500	250	107	$11.09	(I)
				(C)
				(C)
				(C)

Fabricated Pole

Initial Lumens	Watts	KWH Per Month	Distribution	
11,500	250	107	$17.30	(I)
				(C)
				(C)
				(C)
				(C)
				(C)

(C) Change
(I) Increase

Issued: Effective:

SERVICES

Municipal Street Lighting Service (continued)

DEFAULT SERVICE CHARGES:

The Price to Compare Default Service Charge shall be determined using the applicable monthly kWh usage, from the preceding chart, multiplied by the Price to Compare Default Service Rate Rider, Rider H - Commercial Customer Class rate.

High Pressure Sodium Vapor lamps installed after April 9, 1981 will be served under the provision of High Pressure Sodium Vapor Street Lighting Service.

Standard High Pressure Sodium Vapor Units:

Nominal Lamp Ratings

Wood Pole

Initial Lumens	Watts	KWH Per Month	Distribution	
27,500	250	110	$14.60	(I)

Fabricated Pole

Initial Lumens	Watts	KWH Per Month	Distribution	
27,500	250	110	$20.98	(I)

(I) Increase

SERVICES

Municipal Street Lighting Service (continued)

Mercury Vapor Floodlight Units:

Nominal Lamp Ratings

Wood Pole

Initial Lumens	Watts	KWH Per Month	Distribution	
21,500	400	174	$13.28	(I)
60,000	1,000	420	$15.95	(I)

Fabricated Pole

Initial Lumens	Watts	KWH Per Month	Distribution	
21,500	400	174	$33.07	(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 J – Default Service Support Charge
Rider N – Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

DEFAULT SERVICE CHARGES:

The Price to Compare Default Service Charge shall be determined using the applicable monthly kWh usage, from the preceding chart, multiplied by the Price to Compare Default Service Rate Rider, Rider H, Commercial Customer Class rate.

TERMS OF PAYMENT:

As per Rule 11, Payment of Bills

(I) Increase

SERVICES

Municipal Street Lighting Service (continued)

TERM OF CONTRACT:

The term of contract shall not be less than five (5) years.

GENERAL PROVISIONS:

A. The Company shall furnish, install, and maintain at the above rates all necessary street lighting facilities, consisting of lamps, luminaries, controls, brackets, and ballasts utilizing the Company's general overhead or underground distribution system.

B. If a Customer requests an underground system, the additional cost thereof shall be borne by the Customer, or may be included in the contract at the following additional charges:

Underground (1): Earth construction at 4.00¢ per foot. (I)

Underground (2): Requiring removal and replacement of paving or sidewalks at 40.00¢ per foot. (I)

Underground (3): If the Customer furnishes and installs foundation bases for fabricated poles and the conductor raceways in accordance with Company specifications, the charges in items (1) and (2) shall not apply.

Underground (4): Stone construction - additional costs shall be borne by the Customer.

(C)

C. The Company may, at its option, furnish special equipment to a Customer who requests it at such increased rates per lamp as may be determined by the Company.

(C) Change
(I) Increase

SERVICES

Municipal Street Lighting Service (continued)

(C)

D. Limited Access Highway Lighting: If a Customer owns the entire street lighting installation, the Company shall supply energy, furnish and install replacement lamps and photoelectric controls, and clean the fixtures when and if necessary. Replacement of, or repairs to, Customer-owned facilities other than lamps and photoelectric controls shall be made at the Customer's expense. The Rate, per lamp per month, is as follows:

	KWH Per Month	Rate	
250 watt mercury vapor lamp	107	$ 6.91	(I)
400 watt mercury vapor lamp	174	$ 5.91	(I)
	(C)	(C)	

For conservation purposes, a Customer may replace existing mercury vapor lamps with high pressure sodium vapor lamps at the following prices:

Watts	KWH Per Month	Rate	
200	80	$ 9.07	(I)
400	169	$ 4.43	(I)

For mounting heights over thirty-five (35) feet, the above rates shall be increased by Three Dollars and Sixty-Four Cents ($3.64).

(C) Change
(I) Increase

SERVICES

Municipal Street Lighting Service (continued)

(C)

E. This Special Provision E. is restricted solely to Overhead or Boulevard Street Lighting in the City of Altoona where the Company furnishes overhead circuits consisting of cable and wire from Customer-owned series street lighting transformers to pole locations. In addition to the transformers and all auxiliary equipment, consisting of lightning arresters, oil switches, relays, supporting structures and wiring, the Customer supplies and maintains all fixtures, lighting units, supports, standards, etc. Such service shall be supplied and metered by the Company at primary voltage except at the Customer's option, a portion may be supplied at secondary voltage for the operation of control equipment and for supply to self-controlled lamps connected to the Company's secondary lines. The charges for this service include the following:

(1) For each overhead self-controlled unit, served from the general overhead distribution system, a charge of One Dollar and Eighty-six Cents ($1.86). (I)

(2) No charge for the boulevard units.

(3) For the kilowatt-hours consumed as indicated by the summation of the monthly meter readings:

First 100,000 KWH	0.726¢ KWH	(I)
Excess KWH	0.191¢ KWH	(I)

(4) ALTERNATIVE TECHNOLOGY LIGHTING: The Alternative Technology Lighting charges shall apply to lighting facilities owned and maintained by the Customer which utilize Induction, Solid State, or Plasma Lighting technologies, or such additional alternative technology as may be specified by the Company. The Alternative Technology Lighting must be certified by an Edison Testing Laboratories "ETL" (or equivalent) to verify the actual consumption of the fixture. In addition and in order to certify the safe operation, the fixture must be Underwriters Laboratories "UL" (or equivalent) listed.

(C) Change

(I) Increase

SERVICES

Municipal Street Lighting Service (continued)

(C)
F. Bills for service supplied under this Rate shall be rendered monthly, by the Company.

(C)
G. Lamps shall be lighted from dusk to dawn nightly, or for approximately 4,200 hours per year.

(C)
H. Additional street lighting fixtures of the type currently used by the Company shall be installed by the Company on existing circuits at the Customer's request at any time except during the last three (3) months of any contract term. Additional street lighting fixtures of the type currently used by the Company involving the construction by the Company of additional circuits and/or pole line shall be installed by the Company at the Customer's request at any time except during the last twelve (12) months of any contract term.

(C)
I. Any additional street lighting facilities installed at the Customer's request shall be considered as an addition to the contract and subject to all the provisions thereof.

If a sodium vapor unit replaces an existing mercury vapor unit that has been installed for less than ten (10) years, the Customer shall pay the Company for the cost of removal of the mercury vapor unit.

(C)
J. If the Customer requests the Company to remove the present high pressure sodium vapor street light system to install LED lights and if the present system is less than twenty years old, the Customer shall pay the removal cost plus the remaining value of the system.

(C) Change

SERVICES

LED STREET LIGHTING SERVICE

AVAILABILITY:

This Service is applicable to Company owned overhead or underground Light Emitting Diode (LED) street lighting service to municipal, local, state and federal governmental bodies, community associations and to public authorities for lighting of streets, highways, parks and similar places for the safety and convenience of the public.

(C)

A minimum installation of 12 LED lights per customer per individual order is required when replacing existing lighting. This restriction does not apply to new installations.

GENERAL MONTHLY CHARGES:

Demand and Energy Charges for common lamp sizes:

Charges Per Month Per Light:

Cobra Head

Nominal Watts	Monthly kWh	Distribution	
50	18	$ 8.29	(I)
90	32	$ 9.88	(I)
130	46	$11.14	(I)
260	91	$17.30	(I)

Colonial

Nominal Watts	Monthly kWh	Distribution	
50	18	$13.37	(I)
90	32	$14.71	(I)

Acorn

Nominal Watts	Monthly kWh	Distribution	
50	18	$22.30	(I)
90	32	$23.58	(I)

(C) Change
(I) Increase

SERVICES

OUTDOOR AREA LIGHTING SERVICE

THIS SERVICE SHALL BE FURTHER RESTRICTED TO EXISTING CUSTOMERS AT EXISTING LOCATIONS AS OF AUGUST 1, 2012.

Dusk to dawn outdoor lighting of private areas and roadways.

NET RATE PER MONTH:

Type of Lamp	Nominal Lamp Rating	KWH Per Month	Distribution	
High Pressure Sodium Vapor				
	70 watts	29	$19.38	(I)
	100 watts	50	$19.46	(I)
	150 watts	65	$23.96	(C)
	200 watts	80	$28.45	(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 J – Default Service Support Charge
Rider N – Solar Photovoltaic Requirements Charge
Rider P – Non-Utility Generation Charge
Rider R – Distribution System Improvement Charge

(C) Change
(I) Increase

SERVICES

Outdoor Area Lighting Service (continued)

(I)

F. Additional Facilities: THIS PROVISION F. FOR ADDITIONAL FACILITIES INSTALLED AT COMPANY EXPENSE IS RESTRICTED TO FACILITIES INSTALLED PRIOR TO JANUARY 27, 1979. If the Company installs additional poles, there shall be an additional monthly charge as follows: For wood poles, One Dollar and Sixty-One Cents ($1.61) per pole per lamp and Three Dollars and Ninety-Four Cents ($3.94) for each pole in excess of one (1) per lamp; for fabricated poles, Eight Dollars and Six Cents ($8.06) per pole per lamp and Ten Dollars and Sixty-Two Cents ($10.62) for each pole in excess of one (1) per lamp. After January 27, 1979, where additional facilities are required, lamps shall be installed only on facilities provided or paid for by the Customer. All facilities shall be owned and maintained by the Company.

G. Restricted Lamps: NO NEW OR ADDITIONAL LAMPS AS TABULATED BELOW WILL BE INSTALLED BY THE COMPANY AFTER APRIL 9, 1981. 400, 700 and 1,000 watt mercury vapor lamps may be replaced by the Company with equivalent high pressure sodium vapor lamps when required or deemed necessary by the Company. The net rate per lamp per month for existing installations shall be:

H. A mercury vapor light fixture that becomes inoperable will be replaced with an equivalent lumen output sodium vapor light fixture to comply with the Federal Energy Policy Act of 2005 that prohibits the import or manufacture of mercury vapor ballasts. When such replacement occurs, sodium vapor rates will apply based on the Company's current electric service Tariff

Type of Lamp

Mercury Vapor

Nominal Lamp Rating	KWH Per Month	Distribution	
100 watts	42	$ 8.28	(I)
175 watts	74	$ 8.79	(I)
250 watts	107	$12.48	(I)
400 watts	174	$14.28	(I)
700 watts	294	$20.00	(I)
1000 watts	420	$20.62	(I)

(I) Increase

SERVICES

Outdoor Area Lighting Service (continued)

	Nominal Lamp Rating	KWH Per Month	Distribution
Mercury Vapor Floodlights			
	400 watt	174	$16.17 (I)
	1000 watts	420	$26.62 (I)
High Pressure Sodium Vapor			
	250 watts	110	$29.67 (I)
	400 watts	169	$28.75 (I)
High Pressure Sodium Vapor Floodlights			
	200 watts	80	$34.56 (I)
	400 watts	169	$33.98 (I)

(I) Increase

SERVICES

Rider C (continued)

E = The over or under-collection of Universal Service Program costs that result from the billing of the USC during the USC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. Interest shall be computed monthly as provided for in 41 P.S. § 202, the legal statutory interest rate, 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 Customers.

(C)

In the event that the average annual CAP participation in the preceding USC Reconciliation Year exceeded 23,200 participants, actual costs recovered through Penelec's USC Rider shall reflect CAP Credits and actual Pre-Program Arrearage Forgiveness Credits for all customers up to the 23,200 participation level. The Company shall offset the average annual CAP Credits and Pre-Program Arrearage Forgiveness Credits by 14.7% per participant for the preceding USC Reconciliation Year for any and all CAP customers exceeding the 23,200 participation level.

T = The Pennsylvania gross receipts 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. USC Computational Year - the 12 month period from January 1 through December 31 of each calendar year.

2. USC Reconciliation Year - the period from November 1 through October 31 immediately preceding the USC Computational Year.

The USC shall be filed with the Commission by December 1 of each year. The USC 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 USC rates, if left unchanged, would result in material over or under-collection of all Universal Service Program Costs incurred or expected to be incurred during the current 12-month period ending December 31, the Company may request the Commission for interim revisions to the USC to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

The Company shall file a report of collections under the USC within forty-five (45) days following the conclusion of each Computational Year quarter.

The USC shall be subject to review and audit by the Commission.

(C) Change

RIDERS

Rider I (continued)

HP Loss Multipliers:	GS-Small	1.0573
	GS-Medium	1.0573
	GS-Large	1.0573
	GP	1.0234
	LP	1.0035

These HP Loss Multipliers exclude transmission losses.

HP Cap-AEPS-Other Charge:

$0.01381 per kWh representing the costs paid by the Company to the Supplier for Capacity, AEPS costs, and any other costs incurred by the Supplier multiplied by the HP Loss Multipliers. This charge is subject to quarterly adjustments. (D)

HP Administrative Charge:

$0.00012 per kWh representing the administrative costs incurred by the Company associated with providing Hourly Pricing Service.

HP Uncollectibles Charge:

(I)

$0.00100 per kWh representing the default service related uncollectible accounts expense associated with Hourly Pricing Default Service. This charge is subject to annual adjustment on June 1 of each year.

(D) Decrease

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 cent per kWh or dollar per kW NSPL, as applicable. 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 Initial Computational Period and thereafter, the DSS Computational Year, the DSS rates billed by Rate Schedule are as follows:

Rate Schedule	**DSS Rates**
Rate Schedule RS & GS Volunteer Fire Company and Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate	0.538 cents per kWh (I)
Rate Schedule GS – Small	0.295 cents per kWh (I)
Rate Schedule GS – Medium	0.294 cents per kWh (I)
Rate Schedule H	0.285 cents per kWh (I)
Rate Schedule BRD	0.285 cents per kWh (I)
Rate Schedule LED	0.278 cents per kWh (I)
Rate Schedule Street Lighting	0.278 cents per kWh (I)
Rate Schedule Municipal Street Lighting	0.278 cents per kWh (I)
Rate Schedule OAL	0.278 cents per kWh (I)
Rate Schedule GS – Large	$1.136 per kW NSPL
Rate Schedule GP	$1.127 per kW NSPL*
Rate Schedule LP	$1.112 per kW NSPL*

*Customers who shopped with an EGS for the entire period from January 1, 2005 through December 31, 2010, qualify for the DSS_1 Rate: $0.874 per kW NSPL. (I)

(I) Increase

RIDERS

Rider J (continued)

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

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

0.011 cents per kWh (I)

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

0.248 cents per kWh (I)

2006 Deferred Transmission Service Charges

$$TSC_1 = [(TSCD – E) / S] \text{ X Rate Schedule Adjustment Factor}$$

Where:

TSC_1 = The charge to be applied to Delivery Service Customers under this rider to recover the 2006 Transmission Service Charge Deferral (“TSCD”), including carrying charges, which was approved by the Commission in its final order at Docket No. R-00061366, authorizing the Company to amortize such deferral over a 10 year period beginning January 11, 2007 and ending on December 31, 2016. The 10 year amortization of the 2006 TSCD that was not fully recovered under the Transmission Service Charge Rider is being recovered under this DSS Rider which replaced the TSC Rider. The TSC_1 rate will be adjusted on June 1 of each year based on the Company’s latest sales forecast available at the time.

TSCD = The balance of the 2006 TSCD including carrying charges, that, as of March 31, 2013 remains to be amortized over the remaining months of the amortization period.

(I) Increase

RIDERS

RIDER L
PARTIAL SERVICES RIDER

AVAILABILITY/APPLICABILITY:

This Rider applies to general service customers having on-site non-synchronous generation equipment or synchronous equipment that does not qualify for Net Metering Rider capable of supplying a portion of their power requirements for other than emergency purposes. Electricity sold under this Rider may not be resold; nor may it be used to operate the auxiliary loads of the generating facilities while those facilities are generating electricity for sale.

For any Customer taking backup and maintenance service from the Company as of January 1, 2015, the following applies: Customers who take service at a voltage level less than 115,000 volts but are served directly from an 115,000 volt or greater source through a single transformation shall be billed by the Company for backup and maintenance service at the transmission voltage charges plus a monthly fee equal to 1% of the net investment in such facilities owned by the Company at such lower volts that are dedicated to providing service to such Customer.

(C)

In addition to the charges included in the applicable rate schedule, all of the following general monthly charges are applicable to Delivery Service Customers.

GENERAL MONTHLY CHARGES:

Eighty-Six Dollars and Forty-Three Cents ($86.43)/per month, plus the charges listed below, depending upon the voltage at which the Customer is being served and the services (i.e., Backup Demand and/or Maintenance Demand) selected by the Customer

Distribution Charge	**Backup Demand** (Dollars/KW)	**Maintenance Demand** (Dollars/KW)	
Secondary Voltage	$5.01	$4.01	(I)
Primary Voltage	$2.60	$2.08	(I)
Transmission Voltage	$0.28	$0.22	

(C) Change
(I) Increase

RIDERS

RIDER R
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.000% will apply consistent with the Commission Order dated June 9, 2016 at Docket No. P-2015-2508936, approving the Distribution System Improvement Charge ("DSIC"). This charge will be effective January 27, 2017. (D) (C)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide Pennsylvania Electric Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Poles and towers (account 364);

- Overhead conductors (account 365) and underground conduit and conductors (accounts 366 and 367);

- Line transformers (account 368) and substation equipment (account 362);

- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;

- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and

- Other related capitalized costs.

C. Effective Date: The DSIC will become effective July 1, 2016.

(D) Decrease
(C) Change

Penelec Exhibit 2
Proof of Revenues

Pennsylvania Electric Company
Summary of Distribution of Revenues - Settlement
Tariff Pa. PUC No. 81 as Compared to Tariff Pa. PUC No. 81, Supplement XX

					Present Rates							Settlement Rates					
Line No.	Rate Group (1)	End of Period Customers (2)	Normalized Sales (MWH) (3)	Normalized Demand (KW) (4)	Normalized Base Revenues (5)	DSIC Charges (6)	Subtotal Base Dist. Rev. plus Rider Changes (7)	Other Rider Charges (8)	Total Present Rates (9)	Base Rev Percent Increase (10)	Base Revenue Increase (11)	Base Revenues After Increase (12)	DSIC Charges (13)	Subtotal Base Dist. Rev. plus Rider Changes (14)	Other Rider Charges (15)	Total Revenue After Increase (16)	Net Overall Increase (17)
1	RS	498,719	3,803,810	5,165	$ 233,592,795	$ 459,051	$ 234,051,846	$ 355,290,829	$ 589,342,675	27.49%	$ 64,333,671	$ 298,385,517	$ -	$ 298,385,517	$ 360,847,382	$ 659,232,899	11.86%
2	GSV	668	15,240	6,446	$ 789,236	$ 1,551	$ 790,787	$ 1,387,006	$ 2,177,793	30.83%	$ 243,799	$ 1,034,586	$ -	$ 1,034,586	$ 1,409,268	$ 2,443,854	12.22%
3	GSS	52,300	232,112	0	$ 14,357,313	$ 28,215	$ 14,385,528	$ 19,427,763	$ 33,813,291	38.44%	$ 5,530,129	$ 19,915,657	$ -	$ 19,915,657	$ 19,443,328	$ 39,358,985	16.40%
4	GSM	29,118	3,160,885	13,255,104	$ 67,566,851	$ 132,781	$ 67,699,632	$ 264,528,164	$ 332,227,796	16.06%	$ 10,873,184	$ 78,572,816	$ -	$ 78,572,816	$ 264,740,121	$ 343,312,937	3.34%
5	H	149	25,580	0	$ 835,350	$ 1,642	$ 836,992	$ 2,161,686	$ 2,998,678	8.72%	$ 73,016	$ 910,008	$ -	$ 910,008	$ 2,163,401	$ 3,073,409	2.49%
6	OL	2,362	15,475	0	$ 3,457,272	$ 6,794	$ 3,464,066	$ 1,255,715	$ 4,719,781	25.80%	$ 893,675	$ 4,357,741	$ -	$ 4,357,741	$ 1,256,753	$ 5,614,494	18.96%
7	BORD	11	453	0	$ 26,047	$ -	$ 26,047	$ 37,180	$ 63,227	0.12%	$ 31	$ 26,078	$ -	$ 26,078	$ 37,210	$ 63,288	0.10%
8	GSL	366	1,039,116	4,052,623	$ 14,749,295	$ 28,985	$ 14,778,280	$ 68,970,800	$ 83,749,080	25.56%	$ 3,777,073	$ 18,555,353	$ -	$ 18,555,353	$ 68,975,327	$ 87,530,680	4.52%
9	GP	439	1,955,892	5,920,134	$ 15,817,827	$ 30,722	$ 15,848,549	$ 135,584,600	$ 151,433,149	36.01%	$ 5,706,540	$ 21,555,089	$ -	$ 21,555,089	$ 135,593,122	$ 157,148,211	3.77%
10	LP	49	2,639,501	5,832,902	$ 10,835,423	$ 19,814	$ 10,855,237	$ 170,274,603	$ 181,129,840	9.98%	$ 1,083,164	$ 11,938,401	$ -	$ 11,938,401	$ 170,286,103	$ 182,224,504	0.60%
11	Rider L	7	0	1,691,893	$ 556,668	$ -	$ 556,668	$ -	$ 556,668	6.00%	$ 33,374	$ 590,042	$ -	$ 590,042	$ -	$ 590,042	6.00%
12	STLT	658	31,789	0	$ 5,465,215	$ 10,740	$ 5,475,955	$ 2,665,866	$ 8,141,821	33.19%	$ 1,817,522	$ 7,293,477	$ -	$ 7,293,477	$ 2,667,998	$ 9,961,475	22.35%
13	TOTAL PA	584,846	12,919,853	30,764,267	$ 368,049,292	$ 720,295	$ 368,769,587	$ 1,021,584,212	$ 1,390,353,799	25.59%	$ 94,365,178	$ 463,134,765	$ -	$ 463,134,765	$ 1,027,420,013	$ 1,490,554,778	7.21%
14	INCREASE IN LATE PAYMENT CHARGES								$ -		$ 232,970	$ 232,970		$ 232,970	$ -	$ 232,970	
15	TOTAL								$ 1,390,353,799		$ 94,598,148	$ 463,367,735	$ -	$ 463,367,735	$ 1,027,420,013	$ 1,490,787,748	7.22%
16									Increase in uncollectibles in DSS & HPS riders		$ 5,835,801						
17									Total Increase		$ 100,433,949						

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Rate Schedule	Revised Rev. Allocation	Net Increase
RS	298,385,517	64,333,671
GSV	1,034,586	243,799
GSS	19,915,657	5,530,129
GSM	78,572,816	10,873,184
H	910,008	73,016
OL	4,357,741	893,675
BORD	26,078	31
GSL	18,555,353	3,777,073
GP	21,555,089	5,706,540
LP	11,938,401	1,083,164
Rider L	590,042	33,374
STLT	7,293,477	1,817,522
LPC	232,970	232,970
TOTAL	463,367,735	94,598,148

* Late Payment Charges ("LPC")

Pennsylvania Electric Company

Rate RS - Residential Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
		Tariff 81, Supplement No. XX			Tariff 81, Supplement No. XX		
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGE						
1	RS	$9.99	5,984,628	$59,786,421	$ 11.25	5,984,628	$67,327,065
2	**DEMAND CHARGES**						
	kW	$2.00	5,165	$10,330	$2.91	5,165	$15,030
	ENERGY CHARGES						
3	All kWh	$0.04569	3,803,810,046	$173,796,044	$0.06074	3,803,810,046	$231,043,422
4	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$233,592,795**			**$298,385,517**
5	Smart Meter Technologies Charge (Per Bill)	$0	5,984,628	$0	$0	5,984,628	$0
6	Distribution System Improvement Charge	0.149%	3,803,810,046	$459,051	0.000%	3,803,810,046	$0
7	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$234,051,846**			**$298,385,517**
	RIDER CHARGES						
8	NUG	$0.00150	3,803,810,046	$10,354,053	$0.00150	3,803,810,046	$10,354,053
9	Default Service Support Charge	$0.00371	3,803,810,046	$10,837,417	$0.00513	3,803,810,046	$16,393,970
10	Universal Service Charge	$0.00582	3,803,810,046	$30,403,628	$0.00582	3,803,810,046	$30,403,628
11	Solar Photovoltaic Requirements Charge	$0.00028	3,803,810,046	$1,110,135	$0.00028	3,803,810,046	$1,110,135
12	Phase II Energy Efficiency and Conservation Charge	$0.00323	3,803,810,046	$15,245,785	$0.00323	3,803,810,046	$15,245,785
13	PTC*	$0.07554	3,803,810,046	$287,339,811	$0.07554	3,803,810,046	$287,339,811
14	STAS	0.00%		$0	0.00%		$0
15	Total Energy and Revenue		3,803,810,046	**$589,342,675**		3,803,810,046	**$659,232,899**
16	Avg rate per kWh			$0.15493			$0.17331
17	Proposed Increase						$69,890,224
18	Percent Increase						11.86%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Rate GS - Volunteer Fire Company and Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX			Tariff 81, Supplement No. XX		
		Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
1	GSV	$9.99	8,016	$80,077	$11.25	8,016	$90,180
2	**DEMAND CHARGES**						
	kW	$2.00	6,446	$12,892	$2.91	6,446	$18,758
	ENERGY CHARGES						
3	All kWh	$0.04569	15,239,512	$696,267	$0.06074	15,239,512	$925,648
4	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$789,236**			**$1,034,586**
5	Smart Meter Technologies Charge (Per Bill)	$0	8,016	$0	$0	8,016	$0
6	Distribution System Improvement Charge	0.149%	15,239,512	$1,551	0.000%	15,239,512	$0
7	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$790,787**			**$1,034,586**
	RIDER CHARGES						
8	NUG	$0.00237	15,239,512	$42,141	$0.00237	15,239,512	$42,141
9	Default Service Support Charge	$0.00371	15,239,512	$43,313	$0.00513	15,239,512	$65,575
10	Universal Service Charge	$0.00582	15,239,512	$121,965	$0.00582	15,239,512	$121,965
11	Solar Photovoltaic Requirements Charge	$0.00028	15,239,512	$4,451	$0.00028	15,239,512	$4,451
12	Phase II Energy Efficiency and Conservation Charge	$0.00582	15,239,512	$23,943	$0.00582	15,239,512	$23,943
13	PTC*	$0.07554	15,239,512	$1,151,193	$0.07554	15,239,512	$1,151,193
14	STAS	0.00%		$0	0.00%		$0
15	Total Energy and Revenue		15,239,512	**$2,177,793**		15,239,512	**$2,443,854**
16	Avg rate per kWh			$0.14290			$0.16036
17	Proposed Increase						$266,061
18	Percent Increase						12.22%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Rate GS-Small - General Service Secondary
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.	DISTRIBUTION CHARGES	Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	CUSTOMER CHARGES						
1	GS - Small	$11.70	627,600	$7,342,900	$18.33	627,600	$11,503,908
2	**DEMAND CHARGES**						
	ENERGY CHARGES						
3	kWh	$0.03022	232,112,274	$7,014,413	$0.03624	232,112,274	$8,411,749
4	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$14,357,313**			**$19,915,657**
5	Smart Meter Technologies Charge (Per Bill)	$0	627,600	$0	$0	627,600	$0
6	Distribution System Improvement Charge	0.149%	232,112,274	$28,215	0.000%	232,112,274	$0
7	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$14,385,528**			**$19,915,657**
	RIDER CHARGES						
8	NUG	$0.00237	232,112,274	$626,114	$0.00237	232,112,274	$626,114
9	Default Service Support Charge	$0.00234	232,112,274	$354,303	$0.00241	232,112,274	$369,868
10	Solar Photovoltaic Requirements Charge	$0.00028	232,112,274	$66,776	$0.00028	232,112,274	$66,776
11	Phase II Energy Efficiency and Conservation Charge	$0.00113	232,112,274	$361,694	$0.00113	232,112,274	$361,694
12	PTC*	$0.07763	232,112,274	$18,018,876	$0.07763	232,112,274	$18,018,876
13	STAS	0.00%		$0	0.00%		$0
14	Total Energy and Revenue		232,112,274	**33,813,291**		232,112,274	**39,358,985**
15	Avg rate per kWh			$0.14568			$0.16957
16	Proposed Increase						5,545,694
17	Percent Increase						16.40%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Rate GS-Medium - General Service Secondary
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
1	GS - Medium Single Phase	$13.00	163,814	$2,138,234	$19.58	163,814	$3,207,478
2	GS - Medium Three Phase	$26.01	185,602	$4,847,121	$39.38	185,602	$7,309,007
	DEMAND CHARGES						
3	GS - Medium Single Phase (Per kW)	$5.58	2,193,442	$12,289,133	$6.30	2,193,442	$13,818,685
4	GS - Medium Three Phase (Per kW)	$5.58	8,528,740	$47,783,720	$6.30	8,528,740	$53,731,062
5	GS - Medium Minimum kW	$5.58	0	$0	$6.30	0	$0
6	GS - Medium Three Phase (Per rkVA)	$0.20	2,532,922	$508,643	$0.20	2,532,922	$506,584
	ENERGY CHARGES						
7	GS - Medium Single Phase	$0.00000	555,565,410	$0	$0.00000	555,565,410	$0
8	GS-Medium Three Phase	$0.00000	2,605,319,508	$0	$0.00000	2,605,319,508	$0
9	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$67,566,851**			**$78,572,816**
10	Smart Meter Technologies Charge (Per Bill)	$0	349,416	$0	$0	349,416	$0
11	Distribution System Improvement Charge	0.149%	3,160,884,918	$132,781	0.000%	3,160,884,918	$0
12	**TOTAL DISTRIBUTION INCLUDING RIDER CHBVGES**			**$67,699,632**			**$78,572,816**
	RIDER CHARGES						
13	NUG	$0.00237	3,160,884,918	$8,646,787	$0.00237	3,160,884,918	$8,646,787
14	Default Service Support Charge	$0.00238	3,160,884,918	$4,668,579	$0.00245	3,160,884,918	$4,880,536
15	Solar Photovoltaic Requirements Charge	$0.00028	3,160,884,918	$909,338	$0.00028	3,160,884,918	$909,338
16	Phase II Energy Efficiency BVd Conservation Charge	$0.00113	3,160,884,918	$4,923,964	$0.00113	3,160,884,918	$4,923,964
17	PTC*	$0.07763	3,160,884,918	$245,379,496	$0.07763	3,160,884,918	$245,379,496
18	STAS	0.00%		$0	0.00%		$0
19	Total Energy BVd Revenue		3,160,884,918	**$332,227,796**		3,160,884,918	**$343,312,937**
20	Avg rate per kWh			$0.10511			$0.10861
21	Proposed Increase						11,085,141
22	Percent Increase						3.34%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Rate GS-Large - General Service Secondary
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
1	GS - Large	$114.25	4,392	$501,786	$204.79	4,392	$899,438
	DEMAND CHARGES						
2	GS - Large (Per kW)	$5.37	2,598,341	$13,953,091	$6.68	2,598,341	$17,356,918
3	GS - Large rkVA	$0.19	1,450,787	$275,650	$0.19	1,450,787	$275,650
4	Minimum kW	$5.37	3,495	$18,768	$6.68	3,495	$23,347
5	**ENERGY CHARGES**						
	kWh	$0.00	1,039,115,799	$0	$0.00	1,039,115,799	$0
6	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$14,749,295**			**$18,555,353**
7	Smart Meter Technologies Charge (Per Bill)	$0	4,392	$0	$0	4,392	$0
8	Distribution System Improvement Charge	0.149%	1,039,115,799	$28,985	0.000%	1,039,115,799	$0
9	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$14,778,280**			**$18,555,353**
	RIDER CHARGES						
10	Default Service Support Charge (Per kW NSPL)	$1.082	2,106,456	$1,304,402	$1.082	2,106,456	$1,304,402
11	Phase II Energy Efficiency and Conservation Charge (Per kW PLC)	$0.39	2,196,144	$727,480	$0.39	2,196,144	$727,480
12	NUG	$0.00237	1,039,115,799	$2,831,668	$0.00237	1,039,115,799	$2,831,668
13	Universal Service Charge	$0	0	$0	$0	0	$0
14	Hourly Priced Generation*	$0.06141	1,039,115,799	$63,810,650	$0.06185	1,039,115,799	$63,815,177
15	Solar Photovoltaic Requirements Charge	$0.00028	1,039,115,799	$296,600	$0.00028	1,039,115,799	$296,600
16	STAS	0.00%		$0	0.00%		$0
17	Total Energy and Revenue		1,039,115,799	**$83,749,080**		1,039,115,799	**$87,530,680**
18	Avg rate per kWh			$0.08060			$0.08424
19	Proposed Increase						$3,781,600
20	Percent Increase						4.52%

* Total wires kWh used for illustrative purposes. Generation rates vary hourly based on hourly pricing, price based on Dec 2015 average.

Pennsylvania Electric Company

Rate GP - General Primary Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
1	GP	$735.81	5,268	$3,876,247	$996.52	5,268	$5,249,667
	DEMAND CHARGES						
2	GP (Per kW)	$2.52	4,642,384	$11,698,808	$3.46	4,642,384	$16,062,649
3	rkVA	$0.19	1,277,750	$242,772	$0.19	1,277,750	$242,773
4	Minimum kW	$2.52	0	$0	$3.46	0	$0
5	**ENERGY CHARGES**						
	All kWh	$0.00	1,955,892,316	$0	$0.00	1,955,892,316	$0
6	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$15,817,827**			**$21,555,089**
7	Smart Meter Technologies Charge (Per Bill)	$0	5,268	$0	$0	5,268	$0
8	Distribution System Improvement Charge	0.149%	1,955,892,316	$30,722	0.000%	1,955,892,316	$0
9	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$15,848,549**			**$21,555,089**
	RIDER CHARGES						
10	Default Service Support (Per kW NSPL)	$1.066	3,695,874	$2,288,633	$1.066	3,695,874	$2,288,633
11	Phase II Energy Efficiency (Per kW PLC)	$0.39	3,590,652	$1,189,415	$0.39	3,590,652	$1,189,415
12	NUG	($0.00126)	1,955,892,316	$5,320,973	($0.00126)	1,955,892,316	$5,320,973
13	Hourly Priced Generation*	$0.06454	1,955,892,316	$126,227,299	$0.06498	1,955,892,316	$126,235,821
14	Solar Photovoltaic Requirements Charge	$0.00028	1,955,892,316	$558,280	$0.00028	1,955,892,316	$558,280
15	STAS	0.00%		$0	0.00%		$0
16	Total Energy and Revenue		1,955,892,316	**$151,433,149**		1,955,892,316	**$157,148,211**
17	Avg rate per kWh			$0.07742			$0.08035
18	Proposed Increase						$5,715,062
19	Percent Increase						3.77%

* Total wires kWh used for illustrative purposes. Generation rates vary hourly based on hourly pricing, price based on Dec 2015 average.

Pennsylvania Electric Company

Rate LP - Transmission Power Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX			Tariff 81, Supplement No. XX		
		Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
1	LP	$3,065.00	588	$1,802,220	$3,413.98	588	$2,007,420
	DEMAND CHARGES						
2	kW	$1.67	5,832,902	$9,740,945	$1.86	5,832,902	$10,849,198
3	kW (Transmission 115 kV Credit)	($1.30)	349,435	($454,265)	($1.49)	349,435	($520,658)
4	kW (Transmission 230 kV Credit)	($0.95)	266,818	($253,477)	($1.49)	266,818	($397,559)
5							
6	rkVA	$0	2,960,214	$0	$0	2,960,214	$0
7	Minimum kW	$1.67	0	$0	$1.86	0	$0
8	Minimum kW (115 kV Credit)	($1.30)	0	$0	($1.49)	0	$0
9	**ENERGY CHARGES**	$0	2,639,500,924	$0		2,639,500,924	$0
10	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$10,835,423**			**$11,938,401**
11	Smart Meter Technologies Charge (Per Bill)	$0	588	$0	$0	588	$0
12	Distribution System Improvement Charge	0.149%	2,639,500,924	$19,814	0.000%	2,639,500,924	$0
12	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$10,855,237**			**$11,938,401**
	RIDER CHARGES						
13	Default Service Support (kW NSPL)	$1.041	4,418,910	$2,736,366	$1.041	4,418,910	$2,736,366
14	Phase II Energy Efficiency (Per kW PLC)	$0.39	4,245,702	$1,406,403	$0.39	4,245,702	$1,406,403
15	NUG	$0.00190	2,639,500,924	$7,176,705	$0.00190	2,639,500,924	$7,176,705
16	Hourly Priced Generation	$0.05994	2,639,500,924	$158,201,723	$0.06038	2,639,500,924	$158,213,223
17	Solar Photovoltaic Requirements Charge	$0.00028	2,639,500,924	$753,406	$0.00028	2,639,500,924	$753,406
18	STAS	0.00%		$0	0.00%		$0
19	Total Energy and Revenue		2,639,500,924	**$181,129,840**		2,639,500,924	**$182,224,504**
20	Avg rate per kWh			$0.06862			$0.06904
21	Proposed Increase						$1,094,664
22	Percent Increase						0.60%

* Total wires kWh used for illustrative purposes. Generation rates vary hourly based on hourly pricing, price based on Dec 2015 average.

Pennsylvania Electric Company

Partial Service - Rider L
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX			Tariff 81, Supplement No. XX		
		Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
1	Partial Service	$86.43	84	$7,260	$86.43	84	$7,260
	DEMAND CHARGES						
2	Backup Secondary (Per kW)	$4.03	0	$0	$5.01	0	$0
3	Backup Primary (Per kW)	$1.89	47,005	$88,839	$2.60	47,005	$122,213
4	Backup Transmission (Per kW)	$0.28	1,644,888	$460,568	$0.28	1,644,888	$460,569
5	Maint Secondary (Per kW)	$3.22	0	$0	$4.01	0	$0
6	Maint Primary (Per kW)	$1.51	0	$0	$2.08	0	$0
7	Maint Transmission (Per kW)	$0.22	0	$0	$0.22	0	$0
8	**ENERGY CHARGES**						
9	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$556,668**			**$590,042**
10	STAS	0.00%		$0	0.00%		$0
11	Total Energy and Revenue			**$556,668**			**$590,042**
12	Avg rate per kWh			$0.00000			$0.00000
13	Proposed Increase						$33,374
14	Percent Increase						6%

* Total wires kWh used for illustrative purposes. Generation rates vary hourly based on hourly pricing, price based on Dec 2015 average.

Pennsylvania Electric Company

Rate H - All Electric School, Church and Hospital Rate
Revenue Effects of Settlement Rates - FTY 12/31/17

		Tariff 81, Supplement No. XX			Tariff 81, Supplement No. XX		
		Current Rate	Billing Units	Billed Revenue	Settlement Rate	Billing Units	Settlement Revenue
Line No.		(1)	(2)	(3)	(4)	(5)	(6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGE						
1	H	$26.55	1,788	$47,473	$35.13	1,788	$62,812
2	**DEMAND CHARGES**						
	ENERGY CHARGES						
3	All KWH	$0.03080	25,579,597	$787,877	$0.03312	25,579,597	$847,196
4	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$835,350**			**$910,008**
5	Smart Meter Technologies Charge (Per Bill)	$0	1,788	$0	$0	1,788	$0
6	Distribution System Improvement Charge	0.149%	25,579,597	$1,642	0.000%	25,579,597	$0
7	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$836,992**			**$910,008**
	RIDER CHARGES						
8	NUG	$0.00237	25,579,597	$65,782	$0.00237	25,579,597	$65,782
9	Default Service Support Charge	$0.00224	25,579,597	$38,507	$0.00231	25,579,597	$40,222
10	Solar Photovoltaic Requirements Charge	$0.00028	25,579,597	$7,361	$0.00028	25,579,597	$7,361
11	Phase II Energy Efficiency and Conservation Charge	$0.00582	25,579,597	$64,292	$0.00582	25,579,597	$64,292
12	PTC*	$0.07763	25,579,597	$1,985,744	$0.07763	25,579,597	$1,985,744
13	STAS	0.00%		$0	0.00%		$0
14	Total Energy and Revenue		25,579,597	**$2,998,678**		25,579,597	**$3,073,409**
15	Avg rate per kWh			$0.11723			$0.12015
16	Proposed Increase						$74,731
17	Percent Increase						2.49%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Outdoor Area Lighting Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	HIGH PRESSURE SODIUM VAPOR						
1	70 WATTS	$15.39	14,339	$220,682	$ 19.38	14,339	$277,890
2	100 WATTS	$15.44	91,127	$1,406,998	$19.46	91,127	$1,773,331
3	New 150 WATTS	$15.44	112	$1,729	$23.96	112	$2,683
3	200 WATTS	$22.57	39,560	$892,870	$28.45	39,560	$1,125,482
4	250 WATTS	$23.54	881	$20,739	$29.67	881	$26,139
5	400 WATTS	$22.82	4,065	$92,763	$ 28.75	4,065	$116,869
6	200 WATTS Floodlights	$27.42	226	$6,197	$34.56	226	$7,811
7	400 WATTS Floodlight	$26.96	887	$23,914	$33.98	887	$30,140
	MERCURY VAPOR						
8	100 WATTS	$6.57	46,733	$307,036	$8.28	46,733	$386,949
9	175 WATTS	$6.97	43,310	$301,871	$8.79	43,310	$380,695
10	250 WATTS	$9.91	4,658	$46,161	$ 12.48	4,658	$58,132
11	400 WATTS	$11.33	2,231	$25,277	$14.28	2,231	$31,859
12	700 WATTS	$15.86	137	$2,173	$ 20.00	137	$2,740
13	1,000 WATTS	$16.35	296	$4,840	$ 20.62	296	$6,104
14	400 WATT Floodlight	$12.83	709	$9,096	$16.17	709	$11,465
15	1,000 WATT Floodlight	$21.12	116	$2,450	$ 26.62	116	$3,088
	ADDITIONAL FACILITIES						
16	WOOD POLE - Per Pole Per Lamp (Per Pole a Month)	$1.28	49,428	$63,268	$1.61	49,428	$79,579
17	WOOD POLE - Each Pole in Excess of Oner Per Lamp (Per Pole a Month)	$3.13	1,429	$4,473	$ 3.94	1,429	$5,630
18	FABRICATED POLE - Per Pole Per Lamp (Per Pole a Month)	$6.40	3,536	$22,630	$ 8.06	3,536	$28,500
19	FABRICATED POLE - Each Pole in Excess of Oner Per Lamp (Per Pole a Month	$8.42	250	$2,105	$ 10.62	250	$2,655
	TOTAL BASE NORMALIZED DISTRIBUTION REVENUES			**$3,457,272**			**$4,357,741**
20	Distribution System Improvement Charge	0.149%	15,474,918	$6,794	0.000%	15,474,918	$0
21	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$3,464,066**			**$4,357,741**
	RIDER CHARGES						
22	NUG	$0.00237	15,474,918	$26,275	$0.00237	15,474,918	$26,275
23	Default Service Support Charge	$0.00213	15,474,918	$14,053	$0.00220	15,474,918	$15,091
24	Solar Photovoltaic Requirements Charge	$0.00028	15,474,918	$4,453	$0.00028	15,474,918	$4,453
25	Phase II Energy Efficiency and Conservation Charge	$0.00113	15,474,918	$9,616	$0.00113	15,474,918	$9,616
26	PTC*	$0.07763	15,474,918	$1,201,318	$0.07763	15,474,918	$1,201,318
27	STAS	0.00%		$0	0.00%		$0
28	Total Revenue			**$4,719,781**			**$5,614,494**
29	Proposed Increase						$894,713
30	Percent Increase						18.96%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

High Pressure Sodium Vapor Street Lighting Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	Wood Pole						
1	70 WATTS	$8.38	130,254	$1,058,101	$10.48	130,254	$1,365,062
2	100 WATTS	$7.44	225,026	$1,622,922	$9.28	225,026	$2,088,241
3	150 WATTS	$7.07	32,642	$223,711	$8.82	32,642	$287,902
4	200 WATTS	$10.78	30,394	$317,613	$13.47	30,394	$409,407
5	200 WATTS Prov E	$12.13	48	$564	$15.14	48	$727
6	250 WATTS	$11.33	192	$2,109	$14.15	192	$2,717
7	400 WATTS	$7.41	5,866	$42,136	$9.26	5,866	$54,319
8	400 WATTS Prov E	$8.51	12	$99	$10.63	12	$128
	Fiberglass Pole Not Over 16 Feet						
9	70 WATTS	$13.41	1,426	$18,537	$16.75	1,426	$23,886
10	100 WATTS	$12.45	31,350	$378,354	$15.56	31,350	$487,806
11	150 WATTS	$12.09	2,847	$33,366	$15.10	2,847	$42,990
12	200 WATTS	$15.79	3,440	$52,654	$19.71	3,440	$67,802
13	250 WATTS	$16.31	105	$1,660	$20.36	105	$2,138
14	400 WATTS	$12.43	4,531	$54,596	$15.52	4,531	$70,321
	Underpass Lighting						
15	70 WATTS	$7.97	36	$278	$9.95	36	$358
16	100 WATTS	$5.60	433	$2,351	$6.98	433	$3,022
17	150 WATTS	$5.14	192	$957	$6.42	192	$1,233
18	200 WATTS	$7.99	48	$372	$9.99	48	$480
19	400 WATTS	$3.98	0	$0	$5.13	0	$0

Pennsylvania Electric Company
Rate Schedule LED - Light Emitting Diode
Revenue Effects of Proposed Rates - FTY 12/31/17

Line No.		Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	Cobra Head						
20	50 WATTS	$5.89	177,731	$1,014,777	$8.29	177,731	$1,473,391
21	90 WATTS	$7.41	16,254	$116,754	$9.88	16,254	$160,590
22	130 WATTS	$7.88	17,371	$132,691	$11.14	17,371	$193,513
23	260 WATTS	$12.24	5,291	$62,779	$17.30	5,291	$91,534
	Colonial						
24	50 WATTS	$9.46	19,748	$181,094	$13.37	19,748	$264,029
25	90 WATTS	$10.41	1,806	$18,225	$14.71	1,806	$26,566
	Acorn						
26	50 WATTS	$15.78	0	$0	$22.30	0	$0
27	90 WATTS	$16.68	0	$0	$23.58	0	$0
	TOTAL BASE NORMALIZED DISTRIBUTION REVENUES			**$5,336,700**			**$7,118,162**
28	Distribution System Improvement Charge	0.149%	16,371,539	$10,740	0.000%	16,371,539	$0
29	**TOTAL DISTRIBUTION INCLUDING RIDER CHANGES**			**$5,347,440**			**$7,118,162**
	RIDER CHARGES						
30	NUG	$0.00237	16,371,539	$52,732	$0.00237	16,371,539	$52,732
31	Default Service Support Charge	$0.00213	16,371,539	$28,054	$0.00220	16,371,539	$29,152
32	Solar Photovoltaic Requirements Charge	$0.00028	16,371,539	$5,540	$0.00028	16,371,539	$5,540
33	Phase II Energy Efficiency and Conservation Charge	($0.00271)	16,371,539	$15,686	($0.00271)	16,371,539	$15,686
34	PTC*	$0.07763	16,371,539	$1,270,923	$0.07763	16,371,539	$1,270,923
35	STAS	0.00%		$0	0.00%		$0
36	Total Revenue			**$6,720,375**			**$8,492,195**
37	Proposed Increase						$1,771,820
38	Percent Increase						26.36%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Municipal Street Lighting Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX			Tariff 81, Supplement No. XX		
		Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	Standard Mercury Vapor Units						
	Wood Pole						
1	100 WATTS	$6.35	234	$1,441	$7.94	234	$1,858
2	175 WATTS	$6.40	45	$277	$7.93	45	$357
3	250 WATTS	$8.78	33	$284	$11.09	33	$366
4	400 WATTS	$8.77	0	$0	$11.30	0	$0
5	700 WATTS	$11.24	0	$0	$14.48	0	$0
6	1,000 WATTS	$11.29	0	$0	$14.54	0	$0
	Fabricated Pole						
7	100 WATTS	$11.37	0	$0	$14.65	0	$0
8	175 WATTS	$11.40	0	$0	$14.69	0	$0
9	250 WATTS	$13.83	78	$1,047	$17.30	78	$1,349
10	400 WATTS	$13.86	0	$0	$17.85	0	$0
11	700 WATTS	$16.30	0	$0	$21.00	0	$0
12	1,000 WATTS	$16.26	0	$0	$20.95	0	$0
	Standard High Pressure Sodium Vapor Units						
	Wood Pole						
13	250 WATTS	$11.33	0	$0	$14.60	0	$0
	Fabricated Pole						
14	250 WATTS	$16.29	0	$0	$20.98	0	$0
	Mercury Vapor Floodlight Units						
	Wood Pole						
15	400 WATTS	$10.62	334	$3,441	$13.28	334	$4,436
16	1,000 WATTS	$12.77	713	$8,829	$15.95	713	$11,372
	Fabricated Pole						
17	400 WATTS	$26.20	33	$847	$33.07	33	$1,091
18	**Underpass Lighting - Mercury Vapor**						
	175 WATTS	$7.87	0	$0	$10.14	0	$0
	Underground System						
19	Earth Construction/Ft	$0.03	2,534,176	$73,697	$0.04	2,534,176	$101,367
20	Sidewalk Construction/Ft	$0.32	2,496	$774	$0.40	2,496	$998
	Limited Access Highway Lighting						
	Mercury Vapor Lamp						
21	250 WATTS	$5.46	22	$118	$6.91	22	$152
22	400 WATTS	$4.76	56	$257	$5.91	56	$331
23	700 WATTS	$11.37	0	$0	$14.65	0	$0
24	1,000 WATTS	$15.85	0	$0	$20.41	0	$0
	High Pressure Sodium Vapor Lamp						
25	200 WATTS	$7.04	0	$0	$9.07	0	$0
26	400 WATTS	$3.44	0	$0	$4.43	0	$0
	Fluorescent Street Lighting						
27	12,000 Lumen	$25.01	0	$0	$32.22	0	$0
	Overhead or Boulevard Street Lighting						
28	Overhead Self-Controlled (Per Unit)	$1.37	22,257	$29,558	$1.86	22,257	$41,398
29	First 100,000 kWh	$0.00581	1,200,000	$6,758	$0.00726	1,200,000	$8,712
30	Excess kWh	$0.00153	800,000	$1,187	$0.00191	800,000	$1,528
31	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$128,515**			**$175,315**
	RIDER CHARGES						
32	NUG	$0.00237	15,417,550	$49,660	$0.00237	15,417,550	$49,660
33	Default Service Support Charge	$0.00213	15,417,550	$26,419	$0.00220	15,417,550	$27,453
34	Solar Photovoltaic Requirements Charge	$0.00028	15,417,550	$5,216	$0.00028	15,417,550	$5,216
35	Phase II Energy Efficiency and Conservation Charge	($0.00271)	15,417,550	$14,772	($0.00271)	15,417,550	$14,772
36	PTC*	$0.07763	15,417,550	$1,196,864	$0.07763	15,417,550	$1,196,864
37	STAS	0.00%		$0	0.00%		$0
37	Total Revenue			**$1,421,446**			**$1,469,280**
38	Proposed Increase						$47,834
39	Percent Increase						3.37%

* Total wires kWh used for illustrative purposes

Pennsylvania Electric Company

Borderline Service
Revenue Effects of Settlement Rates - FTY 12/31/17

Line No.		Tariff 81, Supplement No. XX Current Rate (1)	Billing Units (2)	Billed Revenue (3)	Tariff 81, Supplement No. XX Settlement Rate (4)	Billing Units (5)	Settlement Revenue (6)=(4)x(5)
	DISTRIBUTION CHARGES						
	CUSTOMER CHARGES						
	ENERGY CHARGES						
1	All kWh	$0.05031	452,717	$22,777	$0.05038	452,717	$22,808
2	Company Investment Charges	$0	0	$3,270	$0	0	$3,270
3	**TOTAL BASE NORMALIZED DISTRIBUTION REVENUES**			**$26,047**			**$26,078**
	RIDER CHARGES						
4	NUG Charge	$0.00237	452,717	$1,241	$0.00237	452,717	$1,241
5	Default Service Support Charge	$0.00223	452,717	$665	$0.00230	452,717	$695
6	PTC*	$0.07763	452,717	$35,144	$0.07763	452,717	$35,144
7	Solar Photovoltaic Requirements Charge	$0.00028	452,717	$130	$0.00028	452,717	$130
8	STAS	0.00%		$0	0.00%		$0
9	Total Energy and Revenue		452,717	$63,227		452,717	$63,288
10	Avg rate per kWh			$0.13966			$0.13980
11	Proposed Increase						$61
12	Percent Increase						0.10%

* Total wires kWh used for illustrative purposes

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE RS

ENERGY USAGE																
All kWh	0	50	100	250	500	750	900	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000
Total Energy Usage	0	50	100	250	500	750	900	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000

UNBUNDLED RATES - CURRENT

NUG Charge																
All kWh @ 0.150 ¢/kWh	$ -	$ 0.08	$ 0.15	$ 0.38	$ 0.75	$ 1.13	$ 1.35	$ 1.50	$ 2.25	$ 3.00	$ 3.75	$ 4.50	$ 5.25	$ 6.00	$ 6.75	$ 7.50
Distribution																
Distribution Charge @ $9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99
All kWh @ 4.569 ¢/kWh	$ -	$ 2.28	$ 4.57	$ 11.42	$ 22.85	$ 34.27	$ 41.12	$ 45.69	$ 68.54	$ 91.38	$ 114.23	$ 137.07	$ 159.92	$ 182.76	$ 205.61	$ 228.45
Sub-Total	$ 9.99	$ 12.27	$ 14.56	$ 21.41	$ 32.84	$ 44.26	$ 51.11	$ 55.68	$ 78.53	$ 101.37	$ 124.22	$ 147.06	$ 169.91	$ 192.75	$ 215.60	$ 238.44
Riders																
Universal Service Charge @ 0.582 ¢/kWh	$ -	$ 0.29	$ 0.58	$ 1.46	$ 2.91	$ 4.37	$ 5.24	$ 5.82	$ 8.73	$ 11.64	$ 14.55	$ 17.46	$ 20.37	$ 23.28	$ 26.19	$ 29.10
Phase II Energy Efficiency Charge @ 0.323 ¢/kWh	$ -	$ 0.16	$ 0.32	$ 0.81	$ 1.62	$ 2.42	$ 2.91	$ 3.23	$ 4.85	$ 6.46	$ 8.08	$ 9.69	$ 11.31	$ 12.92	$ 14.54	$ 16.15
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.371 ¢/kWh	$ -	$ 0.19	$ 0.37	$ 0.93	$ 1.86	$ 2.78	$ 3.34	$ 3.71	$ 5.57	$ 7.42	$ 9.28	$ 11.13	$ 12.99	$ 14.84	$ 16.70	$ 18.55
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.01	$ 0.03	$ 0.07	$ 0.14	$ 0.21	$ 0.25	$ 0.28	$ 0.42	$ 0.56	$ 0.70	$ 0.84	$ 0.98	$ 1.12	$ 1.26	$ 1.40
Sub-Total	$ -	$ 0.65	$ 1.30	$ 3.26	$ 6.52	$ 9.78	$ 11.74	$ 13.04	$ 19.56	$ 26.08	$ 32.60	$ 39.12	$ 45.64	$ 52.16	$ 58.68	$ 65.20
DSIC @ 0.149 %	$ 0.01	$ 0.02	$ 0.02	$ 0.04	$ 0.06	$ 0.08	$ 0.10	$ 0.10	$ 0.15	$ 0.19	$ 0.24	$ 0.28	$ 0.33	$ 0.37	$ 0.42	$ 0.46
PTC Charge																
All kWh @$ 0.07554 /kWh	$ -	$ 3.78	$ 7.55	$ 18.89	$ 37.77	$ 56.66	$ 67.99	$ 75.54	$ 113.31	$ 151.08	$ 188.85	$ 226.62	$ 264.39	$ 302.16	$ 339.93	$ 377.70
Sub Total	$ 10.00	$ 16.80	$ 23.59	$ 43.97	$ 77.93	$ 111.90	$ 132.28	$ 145.86	$ 213.79	$ 281.72	$ 349.65	$ 417.58	$ 485.51	$ 553.44	$ 621.37	$ 689.30
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 10.00**	**$ 16.80**	**$ 23.59**	**$ 43.97**	**$ 77.93**	**$ 111.90**	**$ 132.28**	**$ 145.86**	**$ 213.79**	**$ 281.72**	**$ 349.65**	**$ 417.58**	**$ 485.51**	**$ 553.44**	**$ 621.37**	**$ 689.30**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																
All kWh @ 0.150 ¢/kWh	$ -	$ 0.08	$ 0.15	$ 0.38	$ 0.75	$ 1.13	$ 1.35	$ 1.50	$ 2.25	$ 3.00	$ 3.75	$ 4.50	$ 5.25	$ 6.00	$ 6.75	$ 7.50
Distribution																
Distribution Charge @ $11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25
All kWh @ 6.074 ¢/kWh	$ -	$ 3.04	$ 6.07	$ 15.19	$ 30.37	$ 45.56	$ 54.67	$ 60.74	$ 91.11	$ 121.48	$ 151.85	$ 182.22	$ 212.59	$ 242.96	$ 273.33	$ 303.70
Sub-Total	$ 11.25	$ 14.29	$ 17.32	$ 26.44	$ 41.62	$ 56.81	$ 65.92	$ 71.99	$ 102.36	$ 132.73	$ 163.10	$ 193.47	$ 223.84	$ 254.21	$ 284.58	$ 314.95
Riders																
Universal Service Charge @ 0.582 ¢/kWh	$ -	$ 0.29	$ 0.58	$ 1.46	$ 2.91	$ 4.37	$ 5.24	$ 5.82	$ 8.73	$ 11.64	$ 14.55	$ 17.46	$ 20.37	$ 23.28	$ 26.19	$ 29.10
Phase II Energy Efficiency Charge @ 0.323 ¢/kWh	$ -	$ 0.16	$ 0.32	$ 0.81	$ 1.62	$ 2.42	$ 2.91	$ 3.23	$ 4.85	$ 6.46	$ 8.08	$ 9.69	$ 11.31	$ 12.92	$ 14.54	$ 16.15
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.513 ¢/kWh	$ -	$ 0.26	$ 0.51	$ 1.28	$ 2.57	$ 3.85	$ 4.62	$ 5.13	$ 7.70	$ 10.26	$ 12.83	$ 15.39	$ 17.96	$ 20.52	$ 23.09	$ 25.65
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.01	$ 0.03	$ 0.07	$ 0.14	$ 0.21	$ 0.25	$ 0.28	$ 0.42	$ 0.56	$ 0.70	$ 0.84	$ 0.98	$ 1.12	$ 1.26	$ 1.40
Sub-Total	$ -	$ 0.72	$ 1.45	$ 3.62	$ 7.23	$ 10.85	$ 13.01	$ 14.46	$ 21.69	$ 28.92	$ 36.15	$ 43.38	$ 50.61	$ 57.84	$ 65.07	$ 72.30
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																
All kWh @ $ 0.07554 /kWh	$ -	$ 3.78	$ 7.55	$ 18.89	$ 37.77	$ 56.66	$ 67.99	$ 75.54	$ 113.31	$ 151.08	$ 188.85	$ 226.62	$ 264.39	$ 302.16	$ 339.93	$ 377.70
Sub Total	$ 11.25	$ 18.86	$ 26.47	$ 49.31	$ 87.37	$ 125.43	$ 148.27	$ 163.49	$ 239.61	$ 315.73	$ 391.85	$ 467.97	$ 544.09	$ 620.21	$ 696.33	$ 772.45
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 11.25**	**$ 18.86**	**$ 26.47**	**$ 49.31**	**$ 87.37**	**$ 125.43**	**$ 148.27**	**$ 163.49**	**$ 239.61**	**$ 315.73**	**$ 391.85**	**$ 467.97**	**$ 544.09**	**$ 620.21**	**$ 696.33**	**$ 772.45**
% Increase	**12.45%**	**12.29%**	**12.22%**	**12.15%**	**12.11%**	**12.09%**	**12.09%**	**12.08%**	**12.07%**	**12.07%**	**12.07%**	**12.07%**	**12.06%**	**12.06%**	**12.06%**	**12.06%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS-V

ENERGY USAGE																
All kWh	0	50	100	250	500	750	900	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000
Total Energy Usage	0	50	100	250	500	750	900	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000

UNBUNDLED RATES - CURRENT

NUG Charge																
All kWh @ 0.237 ¢/kWh	$ -	$ 0.12	$ 0.24	$ 0.59	$ 1.19	$ 1.78	$ 2.13	$ 2.37	$ 3.56	$ 4.74	$ 5.93	$ 7.11	$ 8.30	$ 9.48	$ 10.67	$ 11.85
Distribution																
Distribution Charge @ $9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99	$ 9.99
All kWh @ 4.569 ¢/kWh	$ -	$ 2.28	$ 4.57	$ 11.42	$ 22.85	$ 34.27	$ 41.12	$ 45.69	$ 68.54	$ 91.38	$ 114.23	$ 137.07	$ 159.92	$ 182.76	$ 205.61	$ 228.45
Sub-Total	$ 9.99	$ 12.27	$ 14.56	$ 21.41	$ 32.84	$ 44.26	$ 51.11	$ 55.68	$ 78.53	$ 101.37	$ 124.22	$ 147.06	$ 169.91	$ 192.75	$ 215.60	$ 238.44
Riders																
Universal Service Charge @ 0.582 ¢/kWh	$ -	$ 0.29	$ 0.58	$ 1.46	$ 2.91	$ 4.37	$ 5.24	$ 5.82	$ 8.73	$ 11.64	$ 14.55	$ 17.46	$ 20.37	$ 23.28	$ 26.19	$ 29.10
Phase II Energy Efficiency Charge @ 0.582 ¢/kWh	$ -	$ 0.29	$ 0.58	$ 1.46	$ 2.91	$ 4.37	$ 5.24	$ 5.82	$ 8.73	$ 11.64	$ 14.55	$ 17.46	$ 20.37	$ 23.28	$ 26.19	$ 29.10
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.371 ¢/kWh	$ -	$ 0.19	$ 0.37	$ 0.93	$ 1.86	$ 2.78	$ 3.34	$ 3.71	$ 5.57	$ 7.42	$ 9.28	$ 11.13	$ 12.99	$ 14.84	$ 16.70	$ 18.55
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.01	$ 0.03	$ 0.07	$ 0.14	$ 0.21	$ 0.25	$ 0.28	$ 0.42	$ 0.56	$ 0.70	$ 0.84	$ 0.98	$ 1.12	$ 1.26	$ 1.40
Sub-Total	$ -	$ 0.78	$ 1.56	$ 3.91	$ 7.82	$ 11.72	$ 14.07	$ 15.63	$ 23.45	$ 31.26	$ 39.08	$ 46.89	$ 54.71	$ 62.52	$ 70.34	$ 78.15
DSIC @ 0.149 %	$ 0.01	$ 0.02	$ 0.02	$ 0.04	$ 0.06	$ 0.09	$ 0.10	$ 0.11	$ 0.16	$ 0.20	$ 0.25	$ 0.30	$ 0.35	$ 0.39	$ 0.44	$ 0.49
PTC Charge																
All kWh @ $ 0.07554 /kWh	$ -	$ 3.78	$ 7.55	$ 18.89	$ 37.77	$ 56.66	$ 67.99	$ 75.54	$ 113.31	$ 151.08	$ 188.85	$ 226.62	$ 264.39	$ 302.16	$ 339.93	$ 377.70
Sub Total	$ 10.00	$ 16.97	$ 23.94	$ 44.84	$ 79.67	$ 114.50	$ 135.40	$ 149.33	$ 218.99	$ 288.65	$ 358.32	$ 427.98	$ 497.64	$ 567.30	$ 636.97	$ 706.63
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 10.00**	**$ 16.97**	**$ 23.94**	**$ 44.84**	**$ 79.67**	**$ 114.50**	**$ 135.40**	**$ 149.33**	**$ 218.99**	**$ 288.65**	**$ 358.32**	**$ 427.98**	**$ 497.64**	**$ 567.30**	**$ 636.97**	**$ 706.63**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																
All kWh @ 0.237 ¢/kWh	$ -	$ 0.12	$ 0.24	$ 0.59	$ 1.19	$ 1.78	$ 2.13	$ 2.37	$ 3.56	$ 4.74	$ 5.93	$ 7.11	$ 8.30	$ 9.48	$ 10.67	$ 11.85
Distribution																
Distribution Charge @ $11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25	$ 11.25
All kWh @ 6.074 ¢/kWh	$ -	$ 3.04	$ 6.07	$ 15.19	$ 30.37	$ 45.56	$ 54.67	$ 60.74	$ 91.11	$ 121.48	$ 151.85	$ 182.22	$ 212.59	$ 242.96	$ 273.33	$ 303.70
Sub-Total	$ 11.25	$ 14.29	$ 17.32	$ 26.44	$ 41.62	$ 56.81	$ 65.92	$ 71.99	$ 102.36	$ 132.73	$ 163.10	$ 193.47	$ 223.84	$ 254.21	$ 284.58	$ 314.95
Riders																
Universal Service Charge @ 0.582 ¢/kWh	$ -	$ 0.29	$ 0.58	$ 1.46	$ 2.91	$ 4.37	$ 5.24	$ 5.82	$ 8.73	$ 11.64	$ 14.55	$ 17.46	$ 20.37	$ 23.28	$ 26.19	$ 29.10
Phase II Energy Efficiency Charge @ 0.582 ¢/kWh	$ -	$ 0.29	$ 0.58	$ 1.46	$ 2.91	$ 4.37	$ 5.24	$ 5.82	$ 8.73	$ 11.64	$ 14.55	$ 17.46	$ 20.37	$ 23.28	$ 26.19	$ 29.10
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.513 ¢/kWh	$ -	$ 0.26	$ 0.51	$ 1.28	$ 2.57	$ 3.85	$ 4.62	$ 5.13	$ 7.70	$ 10.26	$ 12.83	$ 15.39	$ 17.96	$ 20.52	$ 23.09	$ 25.65
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.01	$ 0.03	$ 0.07	$ 0.14	$ 0.21	$ 0.25	$ 0.28	$ 0.42	$ 0.56	$ 0.70	$ 0.84	$ 0.98	$ 1.12	$ 1.26	$ 1.40
Sub-Total	$ -	$ 0.85	$ 1.71	$ 4.26	$ 8.53	$ 12.79	$ 15.35	$ 17.05	$ 25.58	$ 34.10	$ 42.63	$ 51.15	$ 59.68	$ 68.20	$ 76.73	$ 85.25
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																
All kWh @ $ 0.07554 /kWh	$ -	$ 3.78	$ 7.55	$ 18.89	$ 37.77	$ 56.66	$ 67.99	$ 75.54	$ 113.31	$ 151.08	$ 188.85	$ 226.62	$ 264.39	$ 302.16	$ 339.93	$ 377.70
Sub Total	$ 11.25	$ 19.04	$ 26.82	$ 50.18	$ 89.10	$ 128.03	$ 151.38	$ 166.95	$ 244.80	$ 322.65	$ 400.50	$ 478.35	$ 556.20	$ 634.05	$ 711.90	$ 789.75
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 11.25**	**$ 19.04**	**$ 26.82**	**$ 50.18**	**$ 89.10**	**$ 128.03**	**$ 151.38**	**$ 166.95**	**$ 244.80**	**$ 322.65**	**$ 400.50**	**$ 478.35**	**$ 556.20**	**$ 634.05**	**$ 711.90**	**$ 789.75**
% Increase	**12.45%**	**12.16%**	**12.04%**	**11.91%**	**11.84%**	**11.81%**	**11.80%**	**11.80%**	**11.78%**	**11.78%**	**11.77%**	**11.77%**	**11.77%**	**11.77%**	**11.76%**	**11.76%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS - SMALL - SINGLE PHASE
With No Billed Demand
At Average Levels of kWh Use

KW Demand															
Total kW	0	1	1	1	1	1	1	1	3	3	3	3	3	5	5
Hrs Use	0	100	200	300	400	500	600	730	100	200	300	400	500	100	200
ENERGY USAGE															
All kWh	0	100	200	300	400	500	600	730	300	600	900	1,200	1,500	500	1,000
Total Energy Usage	0	100	200	300	400	500	600	730	300	600	900	1,200	1,500	500	1,000
UNBUNDLED RATES - CURRENT															
NUG Charge															
All kWh @ 0.237 ¢/kWh	-	0.24	0.47	0.71	0.95	1.19	1.42	1.73	0.71	1.42	2.13	2.84	3.56	1.19	2.37
Distribution															
Distribution Charge @ $11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70
All kWh @ 3.022 ¢/kWh	-	3.02	6.04	9.07	12.09	15.11	18.13	22.06	9.07	18.13	27.20	36.26	45.33	15.11	30.22
Sub-Total	11.70	14.72	17.74	20.77	23.79	26.81	29.83	33.76	20.77	29.83	38.90	47.96	57.03	26.81	41.92
Riders															
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	-	0.11	0.23	0.34	0.45	0.57	0.68	0.82	0.34	0.68	1.02	1.36	1.70	0.57	1.13
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @ 0.234 ¢/kWh	-	0.23	0.47	0.70	0.94	1.17	1.40	1.71	0.70	1.40	2.11	2.81	3.51	1.17	2.34
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	0.03	0.06	0.08	0.11	0.14	0.17	0.20	0.08	0.17	0.25	0.34	0.42	0.14	0.28
Sub-Total	-	0.38	0.75	1.13	1.50	1.88	2.25	2.74	1.13	2.25	3.38	4.50	5.63	1.88	3.75
DSIC @ 0.149 %	0.02	0.02	0.03	0.03	0.04	0.04	0.05	0.06	0.03	0.05	0.07	0.08	0.10	0.04	0.07
PTC Charge															
All kWh @ $ 0.07763 /kWh	-	7.76	15.53	23.29	31.05	38.82	46.58	56.67	23.29	46.58	69.87	93.16	116.45	38.82	77.63
Sub Total	11.72	23.12	34.52	45.92	57.33	68.73	80.13	94.96	45.92	80.13	114.34	148.55	182.75	68.73	125.74
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**11.72**	**23.12**	**34.52**	**45.92**	**57.33**	**68.73**	**80.13**	**94.96**	**45.92**	**80.13**	**114.34**	**148.55**	**182.75**	**68.73**	**125.74**
UNBUNDLED RATES - SETTLEMENT															
NUG Charge															
All kWh @ 0.237 ¢/kWh	-	0.24	0.47	0.71	0.95	1.19	1.42	1.73	0.71	1.42	2.13	2.84	3.56	1.19	2.37
Distribution															
Distribution Charge @ $18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33	18.33
All kWh @ 3.624 ¢/kWh	-	3.62	7.25	10.87	14.50	18.12	21.74	26.46	10.87	21.74	32.62	43.49	54.36	18.12	36.24
Sub-Total	18.33	21.95	25.58	29.20	32.83	36.45	40.07	44.79	29.20	40.07	50.95	61.82	72.69	36.45	54.57
Riders															
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	-	0.11	0.23	0.34	0.45	0.57	0.68	0.82	0.34	0.68	1.02	1.36	1.70	0.57	1.13
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @ 0.241 ¢/kWh	-	0.24	0.48	0.72	0.96	1.21	1.45	1.76	0.72	1.45	2.17	2.89	3.62	1.21	2.41
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	0.03	0.06	0.08	0.11	0.14	0.17	0.20	0.08	0.17	0.25	0.34	0.42	0.14	0.28
Sub-Total	-	0.38	0.76	1.15	1.53	1.91	2.29	2.79	1.15	2.29	3.44	4.58	5.73	1.91	3.82
DSIC @ 0.000 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PTC Charge															
All kWh @ $ 0.07763 /kWh	-	7.76	15.53	23.29	31.05	38.82	46.58	56.67	23.29	46.58	69.87	93.16	116.45	38.82	77.63
Sub Total	18.33	30.34	42.34	54.35	66.35	78.36	90.37	105.97	54.35	90.37	126.38	162.40	198.42	78.36	138.39
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**18.33**	**30.34**	**42.34**	**54.35**	**66.35**	**78.36**	**90.37**	**105.97**	**54.35**	**90.37**	**126.38**	**162.40**	**198.42**	**78.36**	**138.39**
% Increase	**56.43%**	**31.21%**	**22.65%**	**18.34%**	**15.75%**	**14.01%**	**12.77%**	**11.60%**	**18.34%**	**12.77%**	**10.53%**	**9.33%**	**8.57%**	**14.01%**	**10.06%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS-MEDIUM - SINGLE PHASE
With Demands 10 - 20 KW
At Average Levels of kWh Use

KW Demand															
Total kW	0	10	10	10	10	10	10	10	20	20	20	20	20	20	20
Hrs Use	0	100	200	300	400	500	600	730	100	200	300	400	500	600	730
ENERGY USAGE															
Monthly Energy Usage	0	1,000	2,000	3,000	4,000	5,000	6,000	7,300	2,000	4,000	6,000	8,000	10,000	12,000	14,600
Total Energy Usage	0	1,000	2,000	3,000	4,000	5,000	6,000	7,300	2,000	4,000	6,000	8,000	10,000	12,000	14,600

UNBUNDLED RATES - CURRENT

NUG Charge															
All kWh @ 0.237 ¢/kWh	$ -	$ 2.37	$ 4.74	$ 7.11	$ 9.48	$ 11.85	$ 14.22	$ 17.30	$ 4.74	$ 9.48	$ 14.22	$ 18.96	$ 23.70	$ 28.44	$ 34.60
Distribution															
Distribution Charge @ $13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00	$ 13.00
All kW @ $5.58/kW	$ -	$ 55.80	$ 55.80	$ 55.80	$ 55.80	$ 55.80	$ 55.80	$ 55.80	$ 111.60	$ 111.60	$ 111.60	$ 111.60	$ 111.60	$ 111.60	$ 111.60
Sub-Total	$ 13.00	$ 68.80	$ 68.80	$ 68.80	$ 68.80	$ 68.80	$ 68.80	$ 68.80	$ 124.60	$ 124.60	$ 124.60	$ 124.60	$ 124.60	$ 124.60	$ 124.60
Riders															
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	$ -	$ 1.13	$ 2.26	$ 3.39	$ 4.52	$ 5.65	$ 6.78	$ 8.25	$ 2.26	$ 4.52	$ 6.78	$ 9.04	$ 11.30	$ 13.56	$ 16.50
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.238 ¢/kWh	$ -	$ 2.38	$ 4.76	$ 7.14	$ 9.52	$ 11.90	$ 14.28	$ 17.37	$ 4.76	$ 9.52	$ 14.28	$ 19.04	$ 23.80	$ 28.56	$ 34.75
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.28	$ 0.56	$ 0.84	$ 1.12	$ 1.40	$ 1.68	$ 2.04	$ 0.56	$ 1.12	$ 1.68	$ 2.24	$ 2.80	$ 3.36	$ 4.09
Sub-Total	$ -	$ 3.79	$ 7.58	$ 11.37	$ 15.16	$ 18.95	$ 22.74	$ 27.67	$ 7.58	$ 15.16	$ 22.74	$ 30.32	$ 37.90	$ 45.48	$ 55.33
DSIC @ 0.149 %	$ 0.02	$ 0.11	$ 0.12	$ 0.13	$ 0.14	$ 0.15	$ 0.16	$ 0.17	$ 0.20	$ 0.22	$ 0.24	$ 0.26	$ 0.28	$ 0.30	$ 0.32
PTC Charge															
All kWh @ $ 0.07763 /kWh	$ -	$ 77.63	$ 155.26	$ 232.89	$ 310.52	$ 388.15	$ 465.78	$ 566.70	$ 155.26	$ 310.52	$ 465.78	$ 621.04	$ 776.30	$ 931.56	$ 1,133.40
Sub Total	$ 13.02	$ 152.70	$ 236.50	$ 320.30	$ 404.10	$ 487.90	$ 571.70	$ 680.64	$ 292.38	$ 459.98	$ 627.58	$ 795.18	$ 962.78	$ 1,130.38	$ 1,348.25
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 13.02**	**$ 152.70**	**$ 236.50**	**$ 320.30**	**$ 404.10**	**$ 487.90**	**$ 571.70**	**$ 680.64**	**$ 292.38**	**$ 459.98**	**$ 627.58**	**$ 795.18**	**$ 962.78**	**$ 1,130.38**	**$ 1,348.25**

UNBUNDLED RATES - SETTLEMENT

NUG Charge															
All kWh @ 0.237 ¢/kWh	$ -	$ 2.37	$ 4.74	$ 7.11	$ 9.48	$ 11.85	$ 14.22	$ 17.30	$ 4.74	$ 9.48	$ 14.22	$ 18.96	$ 23.70	$ 28.44	$ 34.60
Distribution															
Distribution Charge @ $19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58	$ 19.58
All kW @ $6.30/kW	$ -	$ 63.00	$ 63.00	$ 63.00	$ 63.00	$ 63.00	$ 63.00	$ 63.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00
Sub-Total	$ 19.58	$ 82.58	$ 82.58	$ 82.58	$ 82.58	$ 82.58	$ 82.58	$ 82.58	$ 145.58	$ 145.58	$ 145.58	$ 145.58	$ 145.58	$ 145.58	$ 145.58
Riders															
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	$ -	$ 1.13	$ 2.26	$ 3.39	$ 4.52	$ 5.65	$ 6.78	$ 8.25	$ 2.26	$ 4.52	$ 6.78	$ 9.04	$ 11.30	$ 13.56	$ 16.50
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.245 ¢/kWh	$ -	$ 2.45	$ 4.90	$ 7.35	$ 9.80	$ 12.25	$ 14.70	$ 17.89	$ 4.90	$ 9.80	$ 14.70	$ 19.60	$ 24.50	$ 29.40	$ 35.77
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.28	$ 0.56	$ 0.84	$ 1.12	$ 1.40	$ 1.68	$ 2.04	$ 0.56	$ 1.12	$ 1.68	$ 2.24	$ 2.80	$ 3.36	$ 4.09
Sub-Total	$ -	$ 3.86	$ 7.72	$ 11.58	$ 15.44	$ 19.30	$ 23.16	$ 28.18	$ 7.72	$ 15.44	$ 23.16	$ 30.88	$ 38.60	$ 46.32	$ 56.36
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge															
All kWh @ $ 0.07763 /kWh	$ -	$ 77.63	$ 155.26	$ 232.89	$ 310.52	$ 388.15	$ 465.78	$ 566.70	$ 155.26	$ 310.52	$ 465.78	$ 621.04	$ 776.30	$ 931.56	$ 1,133.40
Sub Total	$ 19.58	$ 166.44	$ 250.30	$ 334.16	$ 418.02	$ 501.88	$ 585.74	$ 694.76	$ 313.30	$ 481.02	$ 648.74	$ 816.46	$ 984.18	$ 1,151.90	$ 1,369.94
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 19.58**	**$ 166.44**	**$ 250.30**	**$ 334.16**	**$ 418.02**	**$ 501.88**	**$ 585.74**	**$ 694.76**	**$ 313.30**	**$ 481.02**	**$ 648.74**	**$ 816.46**	**$ 984.18**	**$ 1,151.90**	**$ 1,369.94**
% Increase	**50.39%**	**9.00%**	**5.83%**	**4.33%**	**3.44%**	**2.87%**	**2.46%**	**2.07%**	**7.15%**	**4.57%**	**3.37%**	**2.68%**	**2.22%**	**1.90%**	**1.61%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS-MEDIUM - THREE PHASE
With Demands 25-100 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	25	25	25	25	25	50	50	50	50	75	75	75	75	100	100	100	100
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
REACTIVE DEMAND																	
rkVA	7	7	7	7	7	15	15	15	15	22	22	22	22	30	30	30	30
ENERGY USAGE																	
Monthly Energy Usage	0	2,500	7,500	12,500	18,250	5,000	15,000	25,000	36,500	7,500	22,500	37,500	54,750	10,000	30,000	50,000	73,000
Total Energy Usage	0	2,500	7,500	12,500	18,250	5,000	15,000	25,000	36,500	7,500	22,500	37,500	54,750	10,000	30,000	50,000	73,000

UNBUNDLED RATES - CURRENT

NUG Charge																	
All kWh @ 0.237 ¢/kWh	-	5.93	17.78	29.63	43.25	11.85	35.55	59.25	86.51	17.78	53.33	88.88	129.76	23.70	71.10	118.50	173.01
Distribution																	
Distribution Charge @ $26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01	26.01
All kW @ $5.58/kW	139.50	139.50	139.50	139.50	139.50	279.00	279.00	279.00	279.00	418.50	418.50	418.50	418.50	558.00	558.00	558.00	558.00
All rkVA @ $ 0.20 /rkVA	1.48	1.48	1.48	1.48	1.48	2.97	2.97	2.97	2.97	4.45	4.45	4.45	4.45	5.94	5.94	5.94	5.94
Sub-Total	166.99	166.99	166.99	166.99	166.99	307.98	307.98	307.98	307.98	448.96	448.96	448.96	448.96	589.95	589.95	589.95	589.95
Riders																	
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	-	2.83	8.48	14.13	20.62	5.65	16.95	28.25	41.25	8.48	25.43	42.38	61.87	11.30	33.90	56.50	82.49
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @ 0.238 ¢/kWh	-	5.95	17.85	29.75	43.44	11.90	35.70	59.50	86.87	17.85	53.55	89.25	130.31	23.80	71.40	119.00	173.74
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	0.70	2.10	3.50	5.11	1.40	4.20	7.00	10.22	2.10	6.30	10.50	15.33	2.80	8.40	14.00	20.44
Sub-Total	-	9.48	28.43	47.38	69.17	18.95	56.85	94.75	138.34	28.43	85.28	142.13	207.50	37.90	113.70	189.50	276.67
DSIC @ 0.149 %	0.25	0.27	0.32	0.36	0.42	0.50	0.60	0.69	0.79	0.74	0.88	1.01	1.17	0.97	1.15	1.34	1.55
PTC Charge																	
All kWh @ $ 0.07763 /kWh	-	194.08	582.23	970.38	1,416.75	388.15	1,164.45	1,940.75	2,833.50	582.23	1,746.68	2,911.13	4,250.24	776.30	2,328.90	3,881.50	5,666.99
Sub Total	167.24	376.74	795.74	1,214.73	1,696.58	727.43	1,565.43	2,403.42	3,367.11	1,078.13	2,335.12	3,592.10	5,037.64	1,428.82	3,104.80	4,780.79	6,708.17
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**167.24**	**376.74**	**795.74**	**1,214.73**	**1,696.58**	**727.43**	**1,565.43**	**2,403.42**	**3,367.11**	**1,078.13**	**2,335.12**	**3,592.10**	**5,037.64**	**1,428.82**	**3,104.80**	**4,780.79**	**6,708.17**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																	
All kWh @ 0.237 ¢/kWh	-	5.93	17.78	29.63	43.25	11.85	35.55	59.25	86.51	17.78	53.33	88.88	129.76	23.70	71.10	118.50	173.01
Distribution																	
Distribution Charge @ $39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38	39.38
All kW @ $6.30/kW	157.50	157.50	157.50	157.50	157.50	315.00	315.00	315.00	315.00	472.50	472.50	472.50	472.50	630.00	630.00	630.00	630.00
All rkVA @ $0.20 /rkVA	1.48	1.48	1.48	1.48	1.48	2.97	2.97	2.97	2.97	4.45	4.45	4.45	4.45	5.94	5.94	5.94	5.94
Sub-Total	198.36	198.36	198.36	198.36	198.36	357.35	357.35	357.35	357.35	516.33	516.33	516.33	516.33	675.32	675.32	675.32	675.32
Riders																	
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	-	2.83	8.48	14.13	20.62	5.65	16.95	28.25	41.25	8.48	25.43	42.38	61.87	11.30	33.90	56.50	82.49
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @ 0.245 ¢/kWh	-	6.13	18.38	30.63	44.71	12.25	36.75	61.25	89.43	18.38	55.13	91.88	134.14	24.50	73.50	122.50	178.85
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	0.70	2.10	3.50	5.11	1.40	4.20	7.00	10.22	2.10	6.30	10.50	15.33	2.80	8.40	14.00	20.44
Sub-Total	-	9.65	28.95	48.25	70.45	19.30	57.90	96.50	140.89	28.95	86.85	144.75	211.34	38.60	115.80	193.00	281.78
DSIC @ 0.000 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PTC Charge																	
All kWh @ $ 0.07763 /kWh	-	194.08	582.23	970.38	1,416.75	388.15	1,164.45	1,940.75	2,833.50	582.23	1,746.68	2,911.13	4,250.24	776.30	2,328.90	3,881.50	5,666.99
Sub Total	198.36	408.01	827.31	1,246.61	1,728.81	776.65	1,615.25	2,453.85	3,418.24	1,145.28	2,403.18	3,661.08	5,107.67	1,513.92	3,191.12	4,868.32	6,797.10
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**198.36**	**408.01**	**827.31**	**1,246.61**	**1,728.81**	**776.65**	**1,615.25**	**2,453.85**	**3,418.24**	**1,145.28**	**2,403.18**	**3,661.08**	**5,107.67**	**1,513.92**	**3,191.12**	**4,868.32**	**6,797.10**
% Increase	**18.61%**	**8.30%**	**3.97%**	**2.62%**	**1.90%**	**6.77%**	**3.18%**	**2.10%**	**1.52%**	**6.23%**	**2.92%**	**1.92%**	**1.39%**	**5.96%**	**2.78%**	**1.83%**	**1.33%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS-MEDIUM - THREE PHASE
With Demands 250-400 Kw
At Average Levels of kWh Use

KW Demand															
Total kW	250	250	250	250	250	250	250	250	400	400	400	400	400	400	400
Hrs Use	0	100	200	300	400	500	600	730	100	200	300	400	500	600	730
REACTIVE DEMAND															
rkVA	74	74	74	74	74	74	74	74	119	119	119	119	119	119	119
ENERGY USAGE															
Monthly Energy Usage	0	25,000	50,000	75,000	100,000	125,000	150,000	182,500	40,000	80,000	120,000	160,000	200,000	240,000	292,000
Total Energy Usage	0	25,000	50,000	75,000	100,000	125,000	150,000	182,500	40,000	80,000	120,000	160,000	200,000	240,000	292,000

UNBUNDLED RATES - CURRENT

NUG Charge															
All kWh @ 0.237 ¢/kWh	$ -	$ 59.25	$ 118.50	$ 177.75	$ 237.00	$ 296.25	$ 355.50	$ 432.53	$ 94.80	$ 189.60	$ 284.40	$ 379.20	$ 474.00	$ 568.80	$ 692.04
Distribution															
Distribution Charge @ $26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01	$ 26.01
All kW @ $5.58/kW	$ 1,395.00	$ 1,395.00	$ 1,395.00	$ 1,395.00	$ 1,395.00	$ 1,395.00	$ 1,395.00	$ 1,395.00	$ 2,232.00	$ 2,232.00	$ 2,232.00	$ 2,232.00	$ 2,232.00	$ 2,232.00	$ 2,232.00
All rkVA @ $ 0.20 /rkVA	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 23.76	$ 23.76	$ 23.76	$ 23.76	$ 23.76	$ 23.76	$ 23.76
Sub-Total	$ 1,435.86	$ 1,435.86	$ 1,435.86	$ 1,435.86	$ 1,435.86	$ 1,435.86	$ 1,435.86	$ 1,435.86	$ 2,281.77	$ 2,281.77	$ 2,281.77	$ 2,281.77	$ 2,281.77	$ 2,281.77	$ 2,281.77
Riders															
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	$ -	$ 28.25	$ 56.50	$ 84.75	$ 113.00	$ 141.25	$ 169.50	$ 206.23	$ 45.20	$ 90.40	$ 135.60	$ 180.80	$ 226.00	$ 271.20	$ 329.96
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.238 ¢/kWh	$ -	$ 59.50	$ 119.00	$ 178.50	$ 238.00	$ 297.50	$ 357.00	$ 434.35	$ 95.20	$ 190.40	$ 285.60	$ 380.80	$ 476.00	$ 571.20	$ 694.96
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 7.00	$ 14.00	$ 21.00	$ 28.00	$ 35.00	$ 42.00	$ 51.10	$ 11.20	$ 22.40	$ 33.60	$ 44.80	$ 56.00	$ 67.20	$ 81.76
Sub-Total	$ -	$ 94.75	$ 189.50	$ 284.25	$ 379.00	$ 473.75	$ 568.50	$ 691.68	$ 151.60	$ 303.20	$ 454.80	$ 606.40	$ 758.00	$ 909.60	$ 1,106.68
DSIC @ 0.149 %	$ 2.14	$ 2.37	$ 2.60	$ 2.83	$ 3.06	$ 3.29	$ 3.52	$ 3.81	$ 3.77	$ 4.13	$ 4.50	$ 4.87	$ 5.24	$ 5.60	$ 6.08
PTC Charge															
All kWh @ $ 0.07763 /kWh	$ -	$ 1,940.75	$ 3,881.50	$ 5,822.25	$ 7,763.00	$ 9,703.75	$ 11,644.50	$ 14,167.48	$ 3,105.20	$ 6,210.40	$ 9,315.60	$ 12,420.80	$ 15,526.00	$ 18,631.20	$ 22,667.96
Sub Total	$ 1,438.00	$ 3,532.98	$ 5,627.96	$ 7,722.94	$ 9,817.92	$ 11,912.90	$ 14,007.88	$ 16,731.35	$ 5,637.14	$ 8,989.10	$ 12,341.07	$ 15,693.04	$ 19,045.00	$ 22,396.97	$ 26,754.53
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 1,438.00**	**$ 3,532.98**	**$ 5,627.96**	**$ 7,722.94**	**$ 9,817.92**	**$ 11,912.90**	**$ 14,007.88**	**$ 16,731.35**	**$ 5,637.14**	**$ 8,989.10**	**$ 12,341.07**	**$ 15,693.04**	**$ 19,045.00**	**$ 22,396.97**	**$ 26,754.53**

UNBUNDLED RATES - SETTLEMENT

NUG Charge															
All kWh @ 0.237 ¢/kWh	$ -	$ 59.25	$ 118.50	$ 177.75	$ 237.00	$ 296.25	$ 355.50	$ 432.53	$ 94.80	$ 189.60	$ 284.40	$ 379.20	$ 474.00	$ 568.80	$ 692.04
Distribution															
Distribution Charge @ $39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38	$ 39.38
All kW @ $6.30/kW	$ 1,575.00	$ 1,575.00	$ 1,575.00	$ 1,575.00	$ 1,575.00	$ 1,575.00	$ 1,575.00	$ 1,575.00	$ 2,520.00	$ 2,520.00	$ 2,520.00	$ 2,520.00	$ 2,520.00	$ 2,520.00	$ 2,520.00
All rkVA @ $0.20 /rkVA	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 14.85	$ 23.76	$ 23.76	$ 23.76	$ 23.76	$ 23.76	$ 23.76	$ 23.76
Sub-Total	$ 1,629.23	$ 1,629.23	$ 1,629.23	$ 1,629.23	$ 1,629.23	$ 1,629.23	$ 1,629.23	$ 1,629.23	$ 2,583.14	$ 2,583.14	$ 2,583.14	$ 2,583.14	$ 2,583.14	$ 2,583.14	$ 2,583.14
Riders															
Phase II Energy Efficiency Charge @ 0.113 ¢/kWh	$ -	$ 28.25	$ 56.50	$ 84.75	$ 113.00	$ 141.25	$ 169.50	$ 206.23	$ 45.20	$ 90.40	$ 135.60	$ 180.80	$ 226.00	$ 271.20	$ 329.96
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.245 ¢/kWh	$ -	$ 61.25	$ 122.50	$ 183.75	$ 245.00	$ 306.25	$ 367.50	$ 447.13	$ 98.00	$ 196.00	$ 294.00	$ 392.00	$ 490.00	$ 588.00	$ 715.40
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 7.00	$ 14.00	$ 21.00	$ 28.00	$ 35.00	$ 42.00	$ 51.10	$ 11.20	$ 22.40	$ 33.60	$ 44.80	$ 56.00	$ 67.20	$ 81.76
Sub-Total	$ -	$ 96.50	$ 193.00	$ 289.50	$ 386.00	$ 482.50	$ 579.00	$ 704.45	$ 154.40	$ 308.80	$ 463.20	$ 617.60	$ 772.00	$ 926.40	$ 1,127.12
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge															
All kWh @ $ 0.07763 /kWh	$ -	$ 1,940.75	$ 3,881.50	$ 5,822.25	$ 7,763.00	$ 9,703.75	$ 11,644.50	$ 14,167.48	$ 3,105.20	$ 6,210.40	$ 9,315.60	$ 12,420.80	$ 15,526.00	$ 18,631.20	$ 22,667.96
Sub Total	$ 1,629.23	$ 3,725.73	$ 5,822.23	$ 7,918.73	$ 10,015.23	$ 12,111.73	$ 14,208.23	$ 16,933.68	$ 5,937.54	$ 9,291.94	$ 12,646.34	$ 16,000.74	$ 19,355.14	$ 22,709.54	$ 27,070.26
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 1,629.23**	**$ 3,725.73**	**$ 5,822.23**	**$ 7,918.73**	**$ 10,015.23**	**$ 12,111.73**	**$ 14,208.23**	**$ 16,933.68**	**$ 5,937.54**	**$ 9,291.94**	**$ 12,646.34**	**$ 16,000.74**	**$ 19,355.14**	**$ 22,709.54**	**$ 27,070.26**
% Increase	**13.30%**	**5.46%**	**3.45%**	**2.54%**	**2.01%**	**1.67%**	**1.43%**	**1.21%**	**5.33%**	**3.37%**	**2.47%**	**1.96%**	**1.63%**	**1.40%**	**1.18%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS - LARGE
With Demands of 500 - 1,000 KW
At Average Levels of kWh Use

KW Demand																
Total kW	500	500	500	500	500	500	750	750	750	750	750	1,000	1,000	1,000	1,000	1,000
Hrs Use	0	200	300	400	500	730	200	300	400	500	730	200	300	400	500	730
REACTIVE DEMAND																
rkVA	279	279	279	279	279	279	418	418	418	418	418	558	558	558	558	558
ENERGY USAGE																
Monthly Energy Usage	0	100,000	150,000	200,000	250,000	365,000	150,000	225,000	300,000	375,000	547,500	200,000	300,000	400,000	500,000	730,000
Total Energy Usage	0	100,000	150,000	200,000	250,000	365,000	150,000	225,000	300,000	375,000	547,500	200,000	300,000	400,000	500,000	730,000

UNBUNDLED RATES - CURRENT

NUG Charge																
All kWh @ 0.237 ¢/kWh	$ -	$ 237.00	$ 355.50	$ 474.00	$ 592.50	$ 865.05	$ 355.50	$ 533.25	$ 711.00	$ 888.75	$ 1,297.58	$ 474.00	$ 711.00	$ 948.00	$ 1,185.00	$ 1,730.10
Distribution																
Distribution Charge @ $114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25
All kW @ $5.37/kW	$ 2,685.00	$ 2,685.00	$ 2,685.00	$ 2,685.00	$ 2,685.00	$ 2,685.00	$ 4,027.50	$ 4,027.50	$ 4,027.50	$ 4,027.50	$ 4,027.50	$ 5,370.00	$ 5,370.00	$ 5,370.00	$ 5,370.00	$ 5,370.00
All rkVA @ $ 0.19 /rkVA	$ 52.97	$ 52.97	$ 52.97	$ 52.97	$ 52.97	$ 52.97	$ 79.46	$ 79.46	$ 79.46	$ 79.46	$ 79.46	$ 105.94	$ 105.94	$ 105.94	$ 105.94	$ 105.94
Sub-Total	$ 2,852.22	$ 2,852.22	$ 2,852.22	$ 2,852.22	$ 2,852.22	$ 2,852.22	$ 4,221.21	$ 4,221.21	$ 4,221.21	$ 4,221.21	$ 4,221.21	$ 5,590.19	$ 5,590.19	$ 5,590.19	$ 5,590.19	$ 5,590.19
Riders																
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 195.00	$ 195.00	$ 195.00	$ 195.00	$ 195.00	$ 195.00	$ 292.50	$ 292.50	$ 292.50	$ 292.50	$ 292.50	$ 390.00	$ 390.00	$ 390.00	$ 390.00	$ 390.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.082 /kW NSPL	$ 541.00	$ 541.00	$ 541.00	$ 541.00	$ 541.00	$ 541.00	$ 811.50	$ 811.50	$ 811.50	$ 811.50	$ 811.50	$ 1,082.00	$ 1,082.00	$ 1,082.00	$ 1,082.00	$ 1,082.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 28.00	$ 42.00	$ 56.00	$ 70.00	$ 102.20	$ 42.00	$ 63.00	$ 84.00	$ 105.00	$ 153.30	$ 56.00	$ 84.00	$ 112.00	$ 140.00	$ 204.40
Sub-Total	$ 736.00	$ 764.00	$ 778.00	$ 792.00	$ 806.00	$ 838.20	$ 1,146.00	$ 1,167.00	$ 1,188.00	$ 1,209.00	$ 1,257.30	$ 1,528.00	$ 1,556.00	$ 1,584.00	$ 1,612.00	$ 1,676.40
DSIC @ 0.149 %	$ 5.35	$ 5.74	$ 5.94	$ 6.14	$ 6.33	$ 6.79	$ 8.53	$ 8.82	$ 9.12	$ 9.42	$ 10.10	$ 11.31	$ 11.71	$ 12.10	$ 12.50	$ 13.41
PTC Charge																
All kWh @ $ 0.06141 /kWh	$ -	$ 6,141.00	$ 9,211.50	$ 12,282.00	$ 15,352.50	$ 22,414.65	$ 9,211.50	$ 13,817.25	$ 18,423.00	$ 23,028.75	$ 33,621.98	$ 12,282.00	$ 18,423.00	$ 24,564.00	$ 30,705.00	$ 44,829.30
Sub Total	$ 3,593.57	$ 9,999.96	$ 13,203.16	$ 16,406.36	$ 19,609.56	$ 26,976.91	$ 14,942.74	$ 19,747.53	$ 24,552.33	$ 29,357.12	$ 40,408.15	$ 19,885.51	$ 26,291.90	$ 32,698.30	$ 39,104.69	$ 53,839.40
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Total Bill	**$ 3,593.57**	**$ 9,999.96**	**$ 13,203.16**	**$ 16,406.36**	**$ 19,609.56**	**$ 26,976.91**	**$ 14,942.74**	**$ 19,747.53**	**$ 24,552.33**	**$ 29,357.12**	**$ 40,408.15**	**$ 19,885.51**	**$ 26,291.90**	**$ 32,698.30**	**$ 39,104.69**	**$ 53,839.40**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																
All kWh @ 0.237 ¢/kWh	$ -	$ 237.00	$ 355.50	$ 474.00	$ 592.50	$ 865.05	$ 355.50	$ 533.25	$ 711.00	$ 888.75	$ 1,297.58	$ 474.00	$ 711.00	$ 948.00	$ 1,185.00	$ 1,730.10
Distribution																
Distribution Charge @ $204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79
All kW @ $6.68/kW	$ 3,340.00	$ 3,340.00	$ 3,340.00	$ 3,340.00	$ 3,340.00	$ 3,340.00	$ 5,010.00	$ 5,010.00	$ 5,010.00	$ 5,010.00	$ 5,010.00	$ 6,680.00	$ 6,680.00	$ 6,680.00	$ 6,680.00	$ 6,680.00
All rkVA @ $0.19 /rkVA	$ 52.97	$ 52.97	$ 52.97	$ 52.97	$ 52.97	$ 52.97	$ 79.46	$ 79.46	$ 79.46	$ 79.46	$ 79.46	$ 105.94	$ 105.94	$ 105.94	$ 105.94	$ 105.94
Sub-Total	$ 3,597.76	$ 3,597.76	$ 3,597.76	$ 3,597.76	$ 3,597.76	$ 3,597.76	$ 5,294.25	$ 5,294.25	$ 5,294.25	$ 5,294.25	$ 5,294.25	$ 6,990.73	$ 6,990.73	$ 6,990.73	$ 6,990.73	$ 6,990.73
Riders																
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 195.00	$ 195.00	$ 195.00	$ 195.00	$ 195.00	$ 195.00	$ 292.50	$ 292.50	$ 292.50	$ 292.50	$ 292.50	$ 390.00	$ 390.00	$ 390.00	$ 390.00	$ 390.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Default Service Support Charge @$ 1.082 /kW NSPL	$ 541.00	$ 541.00	$ 541.00	$ 541.00	$ 541.00	$ 541.00	$ 811.50	$ 811.50	$ 811.50	$ 811.50	$ 811.50	$ 1,082.00	$ 1,082.00	$ 1,082.00	$ 1,082.00	$ 1,082.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 28.00	$ 42.00	$ 56.00	$ 70.00	$ 102.20	$ 42.00	$ 63.00	$ 84.00	$ 105.00	$ 153.30	$ 56.00	$ 84.00	$ 112.00	$ 140.00	$ 204.40
Sub-Total	$ 736.00	$ 764.00	$ 778.00	$ 792.00	$ 806.00	$ 838.20	$ 1,146.00	$ 1,167.00	$ 1,188.00	$ 1,209.00	$ 1,257.30	$ 1,528.00	$ 1,556.00	$ 1,584.00	$ 1,612.00	$ 1,676.40
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
PTC Charge																
All kWh @ $ 0.06185 /kWh	$ -	$ 6,184.86	$ 9,277.29	$ 12,369.72	$ 15,462.15	$ 22,574.74	$ 9,277.29	$ 13,915.94	$ 18,554.58	$ 23,193.23	$ 33,862.11	$ 12,369.72	$ 18,554.58	$ 24,739.44	$ 30,924.30	$ 45,149.48
Sub Total	$ 4,333.76	$ 10,783.62	$ 14,008.55	$ 17,233.48	$ 20,458.41	$ 27,875.75	$ 16,073.04	$ 20,910.43	$ 25,747.83	$ 30,585.22	$ 41,711.23	$ 21,362.45	$ 27,812.32	$ 34,262.18	$ 40,712.04	$ 55,546.71
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
Total Bill	**$ 4,333.76**	**$ 10,783.62**	**$ 14,008.55**	**$ 17,233.48**	**$ 20,458.41**	**$ 27,875.75**	**$ 16,073.04**	**$ 20,910.43**	**$ 25,747.83**	**$ 30,585.22**	**$ 41,711.23**	**$ 21,362.45**	**$ 27,812.32**	**$ 34,262.18**	**$ 40,712.04**	**$ 55,546.71**
% Increase	**20.60%**	**7.84%**	**6.10%**	**5.04%**	**4.33%**	**3.33%**	**7.56%**	**5.89%**	**4.87%**	**4.18%**	**3.22%**	**7.43%**	**5.78%**	**4.78%**	**4.11%**	**3.17%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GS - LARGE
With Demands of 1,500 - 3,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	1,500	1,500	1,500	1,500	1,500	2,000	2,000	2,000	2,000	2,500	2,500	2,500	2,500	3,000	3,000	3,000	3,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
REACTIVE DEMAND																	
rkVA	836	836	836	836	836	1,115	1,115	1,115	1,115	1,394	1,394	1,394	1,394	1,673	1,673	1,673	1,673
ENERGY USAGE																	
Monthly Energy Usage	0	150,000	450,000	750,000	1,095,000	200,000	600,000	1,000,000	1,460,000	250,000	750,000	1,250,000	1,825,000	300,000	900,000	1,500,000	2,190,000
Total Energy Usage	0	150,000	450,000	750,000	1,095,000	200,000	600,000	1,000,000	1,460,000	250,000	750,000	1,250,000	1,825,000	300,000	900,000	1,500,000	2,190,000
UNBUNDLED RATES - CURRENT																	
NUG Charge																	
All kWh @ 0.237 ¢/kWh	$ -	$ 355.50	$ 1,066.50	$ 1,777.50	$ 2,595.15	$ 474.00	$ 1,422.00	$ 2,370.00	$ 3,460.20	$ 592.50	$ 1,777.50	$ 2,962.50	$ 4,325.25	$ 711.00	$ 2,133.00	$ 3,555.00	$ 5,190.30
Distribution																	
Distribution Charge @ $114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25	$ 114.25
All kW @ $5.37/kW	$ 8,055.00	$ 8,055.00	$ 8,055.00	$ 8,055.00	$ 8,055.00	$ 10,740.00	$ 10,740.00	$ 10,740.00	$ 10,740.00	$ 13,425.00	$ 13,425.00	$ 13,425.00	$ 13,425.00	$ 16,110.00	$ 16,110.00	$ 16,110.00	$ 16,110.00
All rkVA @ $ 0.19 /rkVA	$ 158.92	$ 158.92	$ 158.92	$ 158.92	$ 158.92	$ 211.89	$ 211.89	$ 211.89	$ 211.89	$ 264.86	$ 264.86	$ 264.86	$ 264.86	$ 317.83	$ 317.83	$ 317.83	$ 317.83
Sub-Total	$ 8,328.17	$ 8,328.17	$ 8,328.17	$ 8,328.17	$ 8,328.17	$ 11,066.14	$ 11,066.14	$ 11,066.14	$ 11,066.14	$ 13,804.11	$ 13,804.11	$ 13,804.11	$ 13,804.11	$ 16,542.08	$ 16,542.08	$ 16,542.08	$ 16,542.08
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 780.00	$ 780.00	$ 780.00	$ 780.00	$ 975.00	$ 975.00	$ 975.00	$ 975.00	$ 1,170.00	$ 1,170.00	$ 1,170.00	$ 1,170.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.082 /kW NSPL	$ 1,623.00	$ 1,623.00	$ 1,623.00	$ 1,623.00	$ 1,623.00	$ 2,164.00	$ 2,164.00	$ 2,164.00	$ 2,164.00	$ 2,705.00	$ 2,705.00	$ 2,705.00	$ 2,705.00	$ 3,246.00	$ 3,246.00	$ 3,246.00	$ 3,246.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 42.00	$ 126.00	$ 210.00	$ 306.60	$ 56.00	$ 168.00	$ 280.00	$ 408.80	$ 70.00	$ 210.00	$ 350.00	$ 511.00	$ 84.00	$ 252.00	$ 420.00	$ 613.20
Sub-Total	$ 2,208.00	$ 2,250.00	$ 2,334.00	$ 2,418.00	$ 2,514.60	$ 3,000.00	$ 3,112.00	$ 3,224.00	$ 3,352.80	$ 3,750.00	$ 3,890.00	$ 4,030.00	$ 4,191.00	$ 4,500.00	$ 4,668.00	$ 4,836.00	$ 5,029.20
DSIC @ 0.149 %	$ 15.70	$ 16.29	$ 17.48	$ 18.66	$ 20.02	$ 21.66	$ 23.24	$ 24.82	$ 26.64	$ 27.04	$ 29.01	$ 30.99	$ 33.26	$ 32.41	$ 34.78	$ 37.15	$ 39.87
PTC Charge																	
All kWh @ $ 0.06141 /kWh	$ -	$ 9,211.50	$ 27,634.50	$ 46,057.50	$ 67,243.95	$ 12,282.00	$ 36,846.00	$ 61,410.00	$ 89,658.60	$ 15,352.50	$ 46,057.50	$ 76,762.50	$ 112,073.25	$ 18,423.00	$ 55,269.00	$ 92,115.00	$ 134,487.90
Sub Total	$ 10,551.87	$ 20,161.46	$ 39,380.64	$ 58,599.83	$ 80,701.89	$ 26,843.80	$ 52,469.38	$ 78,094.96	$ 107,564.38	$ 33,526.15	$ 65,558.12	$ 97,590.10	$ 134,426.87	$ 40,208.49	$ 78,646.86	$ 117,085.23	$ 161,289.36
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 10,551.87**	**$ 20,161.46**	**$ 39,380.64**	**$ 58,599.83**	**$ 80,701.89**	**$ 26,843.80**	**$ 52,469.38**	**$ 78,094.96**	**$ 107,564.38**	**$ 33,526.15**	**$ 65,558.12**	**$ 97,590.10**	**$ 134,426.87**	**$ 40,208.49**	**$ 78,646.86**	**$ 117,085.23**	**$ 161,289.36**
UNBUNDLED RATES - SETTLEMENT																	
NUG Charge																	
All kWh @ 0.237 ¢/kWh	$ -	$ 355.50	$ 1,066.50	$ 1,777.50	$ 2,595.15	$ 474.00	$ 1,422.00	$ 2,370.00	$ 3,460.20	$ 592.50	$ 1,777.50	$ 2,962.50	$ 4,325.25	$ 711.00	$ 2,133.00	$ 3,555.00	$ 5,190.30
Distribution																	
Distribution Charge @ $204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79	$ 204.79
All kW @ $6.68/kW	$ 10,020.00	$ 10,020.00	$ 10,020.00	$ 10,020.00	$ 10,020.00	$ 13,360.00	$ 13,360.00	$ 13,360.00	$ 13,360.00	$ 16,700.00	$ 16,700.00	$ 16,700.00	$ 16,700.00	$ 20,040.00	$ 20,040.00	$ 20,040.00	$ 20,040.00
All rkVA @ $0.19 /rkVA	$ 158.92	$ 158.92	$ 158.92	$ 158.92	$ 158.92	$ 211.89	$ 211.89	$ 211.89	$ 211.89	$ 264.86	$ 264.86	$ 264.86	$ 264.86	$ 317.83	$ 317.83	$ 317.83	$ 317.83
Sub-Total	$ 10,383.71	$ 10,383.71	$ 10,383.71	$ 10,383.71	$ 10,383.71	$ 13,776.68	$ 13,776.68	$ 13,776.68	$ 13,776.68	$ 17,169.65	$ 17,169.65	$ 17,169.65	$ 17,169.65	$ 20,562.62	$ 20,562.62	$ 20,562.62	$ 20,562.62
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 780.00	$ 780.00	$ 780.00	$ 780.00	$ 975.00	$ 975.00	$ 975.00	$ 975.00	$ 1,170.00	$ 1,170.00	$ 1,170.00	$ 1,170.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.082 /kW NSPL	$ 1,623.00	$ 1,623.00	$ 1,623.00	$ 1,623.00	$ 1,623.00	$ 2,164.00	$ 2,164.00	$ 2,164.00	$ 2,164.00	$ 2,705.00	$ 2,705.00	$ 2,705.00	$ 2,705.00	$ 3,246.00	$ 3,246.00	$ 3,246.00	$ 3,246.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 42.00	$ 126.00	$ 210.00	$ 306.60	$ 56.00	$ 168.00	$ 280.00	$ 408.80	$ 70.00	$ 210.00	$ 350.00	$ 511.00	$ 84.00	$ 252.00	$ 420.00	$ 613.20
Sub-Total	$ 2,208.00	$ 2,250.00	$ 2,334.00	$ 2,418.00	$ 2,514.60	$ 3,000.00	$ 3,112.00	$ 3,224.00	$ 3,352.80	$ 3,750.00	$ 3,890.00	$ 4,030.00	$ 4,191.00	$ 4,500.00	$ 4,668.00	$ 4,836.00	$ 5,029.20
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06185 /kWh	$ -	$ 9,277.29	$ 27,831.87	$ 46,386.45	$ 67,724.22	$ 12,369.72	$ 37,109.16	$ 61,848.60	$ 90,298.96	$ 15,462.15	$ 46,386.45	$ 77,310.75	$ 112,873.70	$ 18,554.58	$ 55,663.74	$ 92,772.90	$ 135,448.44
Sub Total	$ 12,591.71	$ 22,266.50	$ 41,616.08	$ 60,965.66	$ 83,217.68	$ 29,620.40	$ 55,419.84	$ 81,219.28	$ 110,888.64	$ 36,974.30	$ 69,223.60	$ 101,472.90	$ 138,559.60	$ 44,328.20	$ 83,027.37	$ 121,726.53	$ 166,230.56
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 12,591.71**	**$ 22,266.50**	**$ 41,616.08**	**$ 60,965.66**	**$ 83,217.68**	**$ 29,620.40**	**$ 55,419.84**	**$ 81,219.28**	**$ 110,888.64**	**$ 36,974.30**	**$ 69,223.60**	**$ 101,472.90**	**$ 138,559.60**	**$ 44,328.20**	**$ 83,027.37**	**$ 121,726.53**	**$ 166,230.56**
% Increase	**19.33%**	**10.44%**	**5.68%**	**4.04%**	**3.12%**	**10.34%**	**5.62%**	**4.00%**	**3.09%**	**10.28%**	**5.59%**	**3.98%**	**3.07%**	**10.25%**	**5.57%**	**3.96%**	**3.06%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GP
With Demands of 250 - 1000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	25	25	25	25	25	50	50	50	50	100	100	100	100	150	150	150	150
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
REACTIVE DEMAND																	
rkVA	7	7	7	7	7	14	14	14	14	28	28	28	28	41	41	41	41
ENERGY USAGE																	
Monthly Energy Usage	0	2,500	7,500	12,500	18,250	5,000	15,000	25,000	36,500	10,000	30,000	50,000	73,000	15,000	45,000	75,000	109,500
Total Energy Usage	0	2,500	7,500	12,500	18,250	5,000	15,000	25,000	36,500	10,000	30,000	50,000	73,000	15,000	45,000	75,000	109,500

UNBUNDLED RATES - CURRENT

NUG Charge																	
All kWh @ -0.126 ¢/kWh	$ -	$ (3.15)	$ (9.45)	$ (15.75)	$ (23.00)	$ (6.30)	$ (18.90)	$ (31.50)	$ (45.99)	$ (12.60)	$ (37.80)	$ (63.00)	$ (91.98)	$ (18.90)	$ (56.70)	$ (94.50)	$ (137.97)
Distribution																	
Distribution Charge @ $735.81	$735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81
All kW @ $2.52/kW	$ 63.00	$ 63.00	$ 63.00	$ 63.00	$ 63.00	$ 126.00	$ 126.00	$ 126.00	$ 126.00	$ 252.00	$ 252.00	$ 252.00	$ 252.00	$ 378.00	$ 378.00	$ 378.00	$ 378.00
All rkVA @ $ 0.19 /rkVA	$ 1.31	$ 1.31	$ 1.31	$ 1.31	$ 1.31	$ 2.61	$ 2.61	$ 2.61	$ 2.61	$ 5.23	$ 5.23	$ 5.23	$ 5.23	$ 7.84	$ 7.84	$ 7.84	$ 7.84
Sub-Total	$800.12	$800.12	$800.12	$800.12	$800.12	$864.42	$864.42	$864.42	$864.42	$993.04	$993.04	$993.04	$993.04	$1,121.65	$1,121.65	$1,121.65	$1,121.65
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 9.75	$ 9.75	$ 9.75	$ 9.75	$ 9.75	$ 19.50	$ 19.50	$ 19.50	$ 19.50	$ 39.00	$ 39.00	$ 39.00	$ 39.00	$ 58.50	$ 58.50	$ 58.50	$ 58.50
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.066 /kW NSPL	$ 26.65	$ 26.65	$ 26.65	$ 26.65	$ 26.65	$ 53.30	$ 53.30	$ 53.30	$ 53.30	$ 106.60	$ 106.60	$ 106.60	$ 106.60	$ 159.90	$ 159.90	$ 159.90	$ 159.90
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.70	$ 2.10	$ 3.50	$ 5.11	$ 1.40	$ 4.20	$ 7.00	$ 10.22	$ 2.80	$ 8.40	$ 14.00	$ 20.44	$ 4.20	$ 12.60	$ 21.00	$ 30.66
Sub-Total	$ 36.40	$ 37.10	$ 38.50	$ 39.90	$ 41.51	$ 74.20	$ 77.00	$ 79.80	$ 83.02	$ 148.40	$ 154.00	$ 159.60	$ 166.04	$ 222.60	$ 231.00	$ 239.40	$ 249.06
DSIC @ 0.149 %	$ 1.25	$ 1.24	$ 1.24	$ 1.23	$ 1.22	$ 1.39	$ 1.37	$ 1.36	$ 1.34	$ 1.68	$ 1.65	$ 1.62	$ 1.59	$ 1.97	$ 1.93	$ 1.89	$ 1.84
PTC Charge																	
All kWh @ $ 0.06454 /kWh	$ -	$ 161.35	$ 484.05	$ 806.75	$ 1,177.86	$ 322.70	$ 968.10	$ 1,613.50	$ 2,355.71	$ 645.40	$ 1,936.20	$ 3,227.00	$ 4,711.42	$ 968.10	$ 2,904.30	$ 4,840.50	$ 7,067.13
Sub Total	$ 837.76	$ 996.66	$ 1,314.45	$ 1,632.25	$ 1,997.71	$ 1,256.41	$ 1,892.00	$ 2,527.58	$ 3,258.51	$ 1,775.92	$ 3,047.09	$ 4,318.26	$ 5,780.11	$ 2,295.43	$ 4,202.19	$ 6,108.94	$ 8,301.71
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 837.76**	**$ 996.66**	**$ 1,314.45**	**$ 1,632.25**	**$ 1,997.71**	**$ 1,256.41**	**$ 1,892.00**	**$ 2,527.58**	**$ 3,258.51**	**$ 1,775.92**	**$ 3,047.09**	**$ 4,318.26**	**$ 5,780.11**	**$ 2,295.43**	**$ 4,202.19**	**$ 6,108.94**	**$ 8,301.71**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																	
All kWh @ -0.126 ¢/kWh	$ -	$ (3.15)	$ (9.45)	$ (15.75)	$ (23.00)	$ (6.30)	$ (18.90)	$ (31.50)	$ (45.99)	$ (12.60)	$ (37.80)	$ (63.00)	$ (91.98)	$ (18.90)	$ (56.70)	$ (94.50)	$ (137.97)
Distribution																	
Distribution Charge @ $996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52
All kW @ $3.46/kW	$ 86.50	$ 86.50	$ 86.50	$ 86.50	$ 86.50	$ 173.00	$ 173.00	$ 173.00	$ 173.00	$ 346.00	$ 346.00	$ 346.00	$ 346.00	$ 519.00	$ 519.00	$ 519.00	$ 519.00
All rkVA @ $0.19 /rkVA	$ 1.31	$ 1.31	$ 1.31	$ 1.31	$ 1.31	$ 2.61	$ 2.61	$ 2.61	$ 2.61	$ 5.23	$ 5.23	$ 5.23	$ 5.23	$ 7.84	$ 7.84	$ 7.84	$ 7.84
Sub-Total	$1,084.33	$1,084.33	$1,084.33	$1,084.33	$1,084.33	$1,172.13	$1,172.13	$1,172.13	$1,172.13	$1,347.75	$ 1,347.75	$1,347.75	$1,347.75	$1,523.36	$1,523.36	$1,523.36	$1,523.36
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 9.75	$ 9.75	$ 9.75	$ 9.75	$ 9.75	$ 19.50	$ 19.50	$ 19.50	$ 19.50	$ 39.00	$ 39.00	$ 39.00	$ 39.00	$ 58.50	$ 58.50	$ 58.50	$ 58.50
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.066 /kW NSPL	$ 26.65	$ 26.65	$ 26.65	$ 26.65	$ 26.65	$ 53.30	$ 53.30	$ 53.30	$ 53.30	$ 106.60	$ 106.60	$ 106.60	$ 106.60	$ 159.90	$ 159.90	$ 159.90	$ 159.90
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.70	$ 2.10	$ 3.50	$ 5.11	$ 1.40	$ 4.20	$ 7.00	$ 10.22	$ 2.80	$ 8.40	$ 14.00	$ 20.44	$ 4.20	$ 12.60	$ 21.00	$ 30.66
Sub-Total	$ 36.40	$ 37.10	$ 38.50	$ 39.90	$ 41.51	$ 74.20	$ 77.00	$ 79.80	$ 83.02	$ 148.40	$ 154.00	$ 159.60	$ 166.04	$ 222.60	$ 231.00	$ 239.40	$ 249.06
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06498 /kWh	$ -	$ 162.44	$ 487.33	$ 812.21	$ 1,185.83	$ 324.88	$ 974.65	$ 1,624.42	$ 2,371.66	$ 649.77	$ 1,949.31	$ 3,248.85	$ 4,743.32	$ 974.65	$ 2,923.96	$ 4,873.27	$ 7,114.97
Sub Total	$ 1,120.73	$ 1,280.72	$ 1,600.70	$ 1,920.69	$ 2,288.67	$ 1,564.92	$ 2,204.89	$ 2,844.86	$ 3,580.82	$ 2,133.32	$ 3,413.26	$ 4,693.20	$ 6,165.13	$ 2,701.72	$ 4,621.63	$ 6,541.53	$ 8,749.43
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 1,120.73**	**$ 1,280.72**	**$ 1,600.70**	**$ 1,920.69**	**$ 2,288.67**	**$ 1,564.92**	**$ 2,204.89**	**$ 2,844.86**	**$ 3,580.82**	**$ 2,133.32**	**$ 3,413.26**	**$ 4,693.20**	**$ 6,165.13**	**$ 2,701.72**	**$ 4,621.63**	**$ 6,541.53**	**$ 8,749.43**
% Increase	**33.78%**	**28.50%**	**21.78%**	**17.67%**	**14.56%**	**24.55%**	**16.54%**	**12.55%**	**9.89%**	**20.12%**	**12.02%**	**8.68%**	**6.66%**	**17.70%**	**9.98%**	**7.08%**	**5.39%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GP
With Demands of 250 - 1,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	250	250	250	250	250	500	500	500	500	750	750	750	750	1,000	1,000	1,000	1,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
REACTIVE DEMAND																	
rkVA	69	69	69	69	69	138	138	138	138	206	206	206	206	275	275	275	275
ENERGY USAGE																	
Monthly Energy Usage	0	25,000	75,000	125,000	182,500	50,000	150,000	250,000	365,000	75,000	225,000	375,000	547,500	100,000	300,000	500,000	730,000
Total Energy Usage	0	25,000	75,000	125,000	182,500	50,000	150,000	250,000	365,000	75,000	225,000	375,000	547,500	100,000	300,000	500,000	730,000

UNBUNDLED RATES - CURRENT

NUG Charge																	
All kWh @ -0.126 ¢/kWh	-	(31.50)	(94.50)	(157.50)	(229.95)	(63.00)	(189.00)	(315.00)	(459.90)	(94.50)	(283.50)	(472.50)	(689.85)	(126.00)	(378.00)	(630.00)	(919.80)
Distribution																	
Distribution Charge @ $735.81	$735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81	735.81
All kW @ $2.52/kW	630.00	630.00	630.00	630.00	630.00	1,260.00	1,260.00	1,260.00	1,260.00	1,890.00	1,890.00	1,890.00	1,890.00	2,520.00	2,520.00	2,520.00	2,520.00
All rkVA @ $ 0.19 /rkVA	13.07	13.07	13.07	13.07	13.07	26.15	26.15	26.15	26.15	39.22	39.22	39.22	39.22	52.29	52.29	52.29	52.29
Sub-Total	$1,378.88	$1,378.88	$1,378.88	$1,378.88	$1,378.88	$2,021.96	$2,021.96	$2,021.96	$2,021.96	$2,665.03	$2,665.03	$2,665.03	$2,665.03	$3,308.10	$3,308.10	$3,308.10	$3,308.10
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	97.50	97.50	97.50	97.50	97.50	195.00	195.00	195.00	195.00	292.50	292.50	292.50	292.50	390.00	390.00	390.00	390.00
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @$ 1.066 /kW NSPL	266.50	266.50	266.50	266.50	266.50	533.00	533.00	533.00	533.00	799.50	799.50	799.50	799.50	1,066.00	1,066.00	1,066.00	1,066.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	7.00	21.00	35.00	51.10	14.00	42.00	70.00	102.20	21.00	63.00	105.00	153.30	28.00	84.00	140.00	204.40
Sub-Total	364.00	371.00	385.00	399.00	415.10	742.00	770.00	798.00	830.20	1,113.00	1,155.00	1,197.00	1,245.30	1,484.00	1,540.00	1,596.00	1,660.40
DSIC @ 0.149 %	2.60	2.56	2.49	2.41	2.33	4.02	3.88	3.73	3.56	5.49	5.27	5.05	4.80	6.95	6.66	6.37	6.03
PTC Charge																	
All kWh @ $ 0.06454 /kWh	-	1,613.50	4,840.50	8,067.50	11,778.55	3,227.00	9,681.00	16,135.00	23,557.10	4,840.50	14,521.50	24,202.50	35,335.65	6,454.00	19,362.00	32,270.00	47,114.20
Sub Total	1,745.48	3,334.44	6,512.37	9,690.30	13,344.91	5,931.98	12,287.84	18,643.69	25,952.92	8,529.52	18,063.30	27,597.08	38,560.93	11,127.06	23,838.77	36,550.47	51,168.94
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**1,745.48**	**3,334.44**	**6,512.37**	**9,690.30**	**13,344.91**	**5,931.98**	**12,287.84**	**18,643.69**	**25,952.92**	**8,529.52**	**18,063.30**	**27,597.08**	**38,560.93**	**11,127.06**	**23,838.77**	**36,550.47**	**51,168.94**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																	
All kWh @ -0.126 ¢/kWh	-	(31.50)	(94.50)	(157.50)	(229.95)	(63.00)	(189.00)	(315.00)	(459.90)	(94.50)	(283.50)	(472.50)	(689.85)	(126.00)	(378.00)	(630.00)	(919.80)
Distribution																	
Distribution Charge @ $996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52	996.52
All kW @ $3.46/kW	865.00	865.00	865.00	865.00	865.00	1,730.00	1,730.00	1,730.00	1,730.00	2,595.00	2,595.00	2,595.00	2,595.00	3,460.00	3,460.00	3,460.00	3,460.00
All rkVA @ $0.19 /rkVA	13.07	13.07	13.07	13.07	13.07	26.15	26.15	26.15	26.15	39.22	39.22	39.22	39.22	52.29	52.29	52.29	52.29
Sub-Total	$1,874.59	$1,874.59	$1,874.59	$1,874.59	$1,874.59	$2,752.67	$2,752.67	$2,752.67	$2,752.67	$3,630.74	$3,630.74	$3,630.74	$3,630.74	$4,508.81	$4,508.81	$4,508.81	$4,508.81
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	97.50	97.50	97.50	97.50	97.50	195.00	195.00	195.00	195.00	292.50	292.50	292.50	292.50	390.00	390.00	390.00	390.00
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @$ 1.066 /kW NSPL	266.50	266.50	266.50	266.50	266.50	533.00	533.00	533.00	533.00	799.50	799.50	799.50	799.50	1,066.00	1,066.00	1,066.00	1,066.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	7.00	21.00	35.00	51.10	14.00	42.00	70.00	102.20	21.00	63.00	105.00	153.30	28.00	84.00	140.00	204.40
Sub-Total	364.00	371.00	385.00	399.00	415.10	742.00	770.00	798.00	830.20	1,113.00	1,155.00	1,197.00	1,245.30	1,484.00	1,540.00	1,596.00	1,660.40
DSIC @ 0.000 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PTC Charge																	
All kWh @ $ 0.06498 /kWh	-	1,624.42	4,873.27	8,122.12	11,858.29	3,248.85	9,746.54	16,244.23	23,716.58	4,873.27	14,619.81	24,366.35	35,574.87	6,497.69	19,493.08	32,488.47	47,433.16
Sub Total	2,238.59	3,838.52	7,038.36	10,238.21	13,918.03	6,680.51	13,080.21	19,479.90	26,839.55	9,522.51	19,122.05	28,721.59	39,761.06	12,364.51	25,163.90	37,963.28	52,682.58
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**2,238.59**	**3,838.52**	**7,038.36**	**10,238.21**	**13,918.03**	**6,680.51**	**13,080.21**	**19,479.90**	**26,839.55**	**9,522.51**	**19,122.05**	**28,721.59**	**39,761.06**	**12,364.51**	**25,163.90**	**37,963.28**	**52,682.58**
% Increase	**28.25%**	**15.12%**	**8.08%**	**5.65%**	**4.29%**	**12.62%**	**6.45%**	**4.49%**	**3.42%**	**11.64%**	**5.86%**	**4.07%**	**3.11%**	**11.12%**	**5.56%**	**3.87%**	**2.96%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE GP
With Demands of 1,500 - 3,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	1,500	1,500	1,500	1,500	1,500	2,000	2,000	2,000	2,000	2,500	2,500	2,500	2,500	3,000	3,000	3,000	3,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
REACTIVE DEMAND																	
rkVA	413	413	413	413	413	550	550	550	550	688	688	688	688	826	826	826	826
ENERGY USAGE																	
Monthly Energy Usage	0	150,000	450,000	750,000	1,095,000	200,000	600,000	1,000,000	1,460,000	250,000	750,000	1,250,000	1,825,000	300,000	900,000	1,500,000	2,190,000
Total Energy Usage	0	150,000	450,000	750,000	1,095,000	200,000	600,000	1,000,000	1,460,000	250,000	750,000	1,250,000	1,825,000	300,000	900,000	1,500,000	2,190,000
UNBUNDLED RATES - CURRENT																	
NUG Charge																	
All kWh @ -0.126 ¢/kWh	$ -	$ (189.00)	$ (567.00)	$ (945.00)	$ (1,379.70)	$ (252.00)	$ (756.00)	$ (1,260.00)	$ (1,839.60)	$ (315.00)	$ (945.00)	$ (1,575.00)	$ (2,299.50)	$ (378.00)	$ (1,134.00)	$ (1,890.00)	$ (2,759.40)
Distribution																	
Distribution Charge @ $735.81	$735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81	$ 735.81
All kW @ $2.52/kW	$ 3,780.00	$ 3,780.00	$ 3,780.00	$ 3,780.00	$ 3,780.00	$ 5,040.00	$ 5,040.00	$ 5,040.00	$ 5,040.00	$ 6,300.00	$ 6,300.00	$ 6,300.00	$ 6,300.00	$ 7,560.00	$ 7,560.00	$ 7,560.00	$ 7,560.00
All rkVA @ $ 0.19 /rkVA	$ 78.44	$ 78.44	$ 78.44	$ 78.44	$ 78.44	$ 104.59	$ 104.59	$ 104.59	$ 104.59	$ 130.74	$ 130.74	$ 130.74	$ 130.74	$ 156.88	$ 156.88	$ 156.88	$ 156.88
Sub-Total	$4,594.25	$4,594.25	$4,594.25	$4,594.25	$4,594.25	$5,880.40	$5,880.40	$5,880.40	$5,880.40	$7,166.55	$7,166.55	$7,166.55	$7,166.55	$8,452.69	$8,452.69	$8,452.69	$8,452.69
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 780.00	$ 780.00	$ 780.00	$ 780.00	$ 975.00	$ 975.00	$ 975.00	$ 975.00	$ 1,170.00	$ 1,170.00	$ 1,170.00	$ 1,170.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.066 /kW NSPL	$ 1,599.00	$ 1,599.00	$ 1,599.00	$ 1,599.00	$ 1,599.00	$ 2,132.00	$ 2,132.00	$ 2,132.00	$ 2,132.00	$ 2,665.00	$ 2,665.00	$ 2,665.00	$ 2,665.00	$ 3,198.00	$ 3,198.00	$ 3,198.00	$ 3,198.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 42.00	$ 126.00	$ 210.00	$ 306.60	$ 56.00	$ 168.00	$ 280.00	$ 408.80	$ 70.00	$ 210.00	$ 350.00	$ 511.00	$ 84.00	$ 252.00	$ 420.00	$ 613.20
Sub-Total	$ 2,184.00	$ 2,226.00	$ 2,310.00	$ 2,394.00	$ 2,490.60	$ 2,968.00	$ 3,080.00	$ 3,192.00	$ 3,320.80	$ 3,710.00	$ 3,850.00	$ 3,990.00	$ 4,151.00	$ 4,452.00	$ 4,620.00	$ 4,788.00	$ 4,981.20
DSIC @ 0.149 %	$ 10.10	$ 9.88	$ 9.44	$ 9.00	$ 8.50	$ 12.81	$ 12.22	$ 11.64	$ 10.97	$ 15.74	$ 15.01	$ 14.28	$ 13.44	$ 18.66	$ 17.79	$ 16.91	$ 15.90
PTC Charge																	
All kWh @ $ 0.06454 /kWh	$ -	$ 9,681.00	$ 29,043.00	$ 48,405.00	$ 70,671.30	$ 12,908.00	$ 38,724.00	$ 64,540.00	$ 94,228.40	$ 16,135.00	$ 48,405.00	$ 80,675.00	$ 117,785.50	$ 19,362.00	$ 58,086.00	$ 96,810.00	$ 141,342.60
Sub Total	$ 6,788.35	$ 16,322.13	$ 35,389.69	$ 54,457.26	$ 76,384.95	$ 21,517.21	$ 46,940.62	$ 72,364.04	$ 101,600.97	$ 26,712.28	$ 58,491.55	$ 90,270.82	$ 126,816.98	$ 31,907.36	$ 70,042.48	$ 108,177.61	$ 152,033.00
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 6,788.35**	**$ 16,322.13**	**$ 35,389.69**	**$ 54,457.26**	**$ 76,384.95**	**$ 21,517.21**	**$ 46,940.62**	**$ 72,364.04**	**$ 101,600.97**	**$ 26,712.28**	**$ 58,491.55**	**$ 90,270.82**	**$ 126,816.98**	**$ 31,907.36**	**$ 70,042.48**	**$ 108,177.61**	**$ 152,033.00**
UNBUNDLED RATES - SETTLEMENT																	
NUG Charge																	
All kWh @ -0.126 ¢/kWh	$ -	$ (189.00)	$ (567.00)	$ (945.00)	$ (1,379.70)	$ (252.00)	$ (756.00)	$ (1,260.00)	$ (1,839.60)	$ (315.00)	$ (945.00)	$ (1,575.00)	$ (2,299.50)	$ (378.00)	$ (1,134.00)	$ (1,890.00)	$ (2,759.40)
Distribution																	
Distribution Charge @ $996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52	$ 996.52
All kW @ $3.46/kW	$ 5,190.00	$ 5,190.00	$ 5,190.00	$ 5,190.00	$ 5,190.00	$ 6,920.00	$ 6,920.00	$ 6,920.00	$ 6,920.00	$ 8,650.00	$ 8,650.00	$ 8,650.00	$ 8,650.00	$ 10,380.00	$ 10,380.00	$ 10,380.00	$ 10,380.00
All rkVA @ $0.19 /rkVA	$ 78.44	$ 78.44	$ 78.44	$ 78.44	$ 78.44	$ 104.59	$ 104.59	$ 104.59	$ 104.59	$ 130.74	$ 130.74	$ 130.74	$ 130.74	$ 156.88	$ 156.88	$ 156.88	$ 156.88
Sub-Total	$ 6,264.96	$6,264.96	$6,264.96	$6,264.96	$6,264.96	$8,021.11	$8,021.11	$8,021.11	$8,021.11	$9,777.26	$9,777.26	$9,777.26	$9,777.26	$11,533.40	$11,533.40	$11,533.40	$11,533.40
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 585.00	$ 780.00	$ 780.00	$ 780.00	$ 780.00	$ 975.00	$ 975.00	$ 975.00	$ 975.00	$ 1,170.00	$ 1,170.00	$ 1,170.00	$ 1,170.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.066 /kW NSPL	$ 1,599.00	$ 1,599.00	$ 1,599.00	$ 1,599.00	$ 1,599.00	$ 2,132.00	$ 2,132.00	$ 2,132.00	$ 2,132.00	$ 2,665.00	$ 2,665.00	$ 2,665.00	$ 2,665.00	$ 3,198.00	$ 3,198.00	$ 3,198.00	$ 3,198.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 42.00	$ 126.00	$ 210.00	$ 306.60	$ 56.00	$ 168.00	$ 280.00	$ 408.80	$ 70.00	$ 210.00	$ 350.00	$ 511.00	$ 84.00	$ 252.00	$ 420.00	$ 613.20
Sub-Total	$ 2,184.00	$ 2,226.00	$ 2,310.00	$ 2,394.00	$ 2,490.60	$ 2,968.00	$ 3,080.00	$ 3,192.00	$ 3,320.80	$ 3,710.00	$ 3,850.00	$ 3,990.00	$ 4,151.00	$ 4,452.00	$ 4,620.00	$ 4,788.00	$ 4,981.20
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06498 /kWh	$ -	$ 9,746.54	$ 29,239.62	$ 48,732.70	$ 71,149.75	$ 12,995.39	$ 38,986.16	$ 64,976.94	$ 94,866.33	$ 16,244.23	$ 48,732.70	$ 81,221.17	$ 118,582.91	$ 19,493.08	$ 58,479.24	$ 97,465.41	$ 142,299.49
Sub Total	$ 8,448.96	$ 18,048.50	$ 37,247.58	$ 56,446.66	$ 78,525.61	$ 23,732.50	$ 49,331.27	$ 74,930.05	$ 104,368.64	$ 29,416.49	$ 61,414.96	$ 93,413.43	$ 130,211.67	$ 35,100.49	$ 73,498.65	$ 111,896.81	$ 156,054.70
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 8,448.96**	**$ 18,048.50**	**$ 37,247.58**	**$ 56,446.66**	**$ 78,525.61**	**$ 23,732.50**	**$ 49,331.27**	**$ 74,930.05**	**$ 104,368.64**	**$ 29,416.49**	**$ 61,414.96**	**$ 93,413.43**	**$ 130,211.67**	**$ 35,100.49**	**$ 73,498.65**	**$ 111,896.81**	**$ 156,054.70**
% Increase	**24.46%**	**10.58%**	**5.25%**	**3.65%**	**2.80%**	**10.30%**	**5.09%**	**3.55%**	**2.72%**	**10.12%**	**5.00%**	**3.48%**	**2.68%**	**10.01%**	**4.93%**	**3.44%**	**2.65%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE LP
With Demands Up to 20,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	5,000	5,000	5,000	5,000	5,000	10,000	10,000	10,000	10,000	15,000	15,000	15,000	15,000	20,000	20,000	20,000	20,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
ENERGY USAGE																	
Monthly Energy Usage	0	500,000	1,500,000	2,500,000	3,650,000	1,000,000	3,000,000	5,000,000	7,300,000	1,500,000	4,500,000	7,500,000	10,950,000	2,000,000	6,000,000	10,000,000	14,600,000
Total Energy Usage	0	500,000	1,500,000	2,500,000	3,650,000	1,000,000	3,000,000	5,000,000	7,300,000	1,500,000	4,500,000	7,500,000	10,950,000	2,000,000	6,000,000	10,000,000	14,600,000
UNBUNDLED RATES - CURRENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 950.00	$ 2,850.00	$ 4,750.00	$ 6,935.00	$ 1,900.00	$ 5,700.00	$ 9,500.00	$ 13,870.00	$ 2,850.00	$ 8,550.00	$ 14,250.00	$ 20,805.00	$ 3,800.00	$ 11,400.00	$ 19,000.00	$ 27,740.00
Distribution																	
Distribution Charge @ $3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00
All kW @ $1.67/kW	$ 8,350.00	$ 8,350.00	$ 8,350.00	$ 8,350.00	$ 8,350.00	$ 16,700.00	$ 16,700.00	$ 16,700.00	$ 16,700.00	$ 25,050.00	$ 25,050.00	$ 25,050.00	$ 25,050.00	$ 33,400.00	$ 33,400.00	$ 33,400.00	$ 33,400.00
Sub-Total	$ 11,415.00	$ 11,415.00	$ 11,415.00	$ 11,415.00	$ 11,415.00	$ 19,765.00	$ 19,765.00	$ 19,765.00	$ 19,765.00	$ 28,115.00	$ 28,115.00	$ 28,115.00	$ 28,115.00	$ 36,465.00	$ 36,465.00	$ 36,465.00	$ 36,465.00
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ 7,800.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ $ 1.041 /kW NSPL	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 20,820.00	$ 20,820.00	$ 20,820.00	$ 20,820.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 140.00	$ 420.00	$ 700.00	$ 1,022.00	$ 280.00	$ 840.00	$ 1,400.00	$ 2,044.00	$ 420.00	$ 1,260.00	$ 2,100.00	$ 3,066.00	$ 560.00	$ 1,680.00	$ 2,800.00	$ 4,088.00
Sub-Total	$ 7,155.00	$ 7,295.00	$ 7,575.00	$ 7,855.00	$ 8,177.00	$ 14,590.00	$ 15,150.00	$ 15,710.00	$ 16,354.00	$ 21,885.00	$ 22,725.00	$ 23,565.00	$ 24,531.00	$ 29,180.00	$ 30,300.00	$ 31,420.00	$ 32,708.00
DSIC @ 0.149 %	$ 27.67	$ 29.29	$ 32.54	$ 35.79	$ 39.53	$ 54.02	$ 60.52	$ 67.01	$ 74.48	$ 78.75	$ 88.49	$ 98.24	$ 109.44	$ 103.47	$ 116.47	$ 129.46	$ 144.40
PTC Charge																	
All kWh @ $ 0.05994 /kWh	$ -	$ 29,970.00	$ 89,910.00	$ 149,850.00	$ 218,781.00	$ 59,940.00	$ 179,820.00	$ 299,700.00	$ 437,562.00	$ 89,910.00	$ 269,730.00	$ 449,550.00	$ 656,343.00	$ 119,880.00	$ 359,640.00	$ 599,400.00	$ 875,124.00
Sub Total	$ 18,597.67	$ 49,659.29	$ 111,782.54	$ 173,905.79	$ 245,347.53	$ 96,249.02	$ 220,495.52	$ 344,742.01	$ 487,625.48	$ 142,838.75	$ 329,208.49	$ 515,578.24	$ 729,903.44	$ 189,428.47	$ 437,921.47	$ 686,414.46	$ 972,181.40
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 18,597.67**	**$ 49,659.29**	**$ 111,782.54**	**$ 173,905.79**	**$ 245,347.53**	**$ 96,249.02**	**$ 220,495.52**	**$ 344,742.01**	**$ 487,625.48**	**$ 142,838.75**	**$ 329,208.49**	**$ 515,578.24**	**$ 729,903.44**	**$ 189,428.47**	**$ 437,921.47**	**$ 686,414.46**	**$ 972,181.40**
UNBUNDLED RATES - SETTLEMENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 950.00	$ 2,850.00	$ 4,750.00	$ 6,935.00	$ 1,900.00	$ 5,700.00	$ 9,500.00	$ 13,870.00	$ 2,850.00	$ 8,550.00	$ 14,250.00	$ 20,805.00	$ 3,800.00	$ 11,400.00	$ 19,000.00	$ 27,740.00
Distribution																	
Distribution Charge @ $3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98
All kW @ $1.86/kW	$ 9,300.00	$ 9,300.00	$ 9,300.00	$ 9,300.00	$ 9,300.00	$ 18,600.00	$ 18,600.00	$ 18,600.00	$ 18,600.00	$ 27,900.00	$ 27,900.00	$ 27,900.00	$ 27,900.00	$ 37,200.00	$ 37,200.00	$ 37,200.00	$ 37,200.00
Sub-Total	$ 12,713.98	$ 12,713.98	$ 12,713.98	$ 12,713.98	$ 12,713.98	$ 22,013.98	$ 22,013.98	$ 22,013.98	$ 22,013.98	$ 31,313.98	$ 31,313.98	$ 31,313.98	$ 31,313.98	$ 40,613.98	$ 40,613.98	$ 40,613.98	$ 40,613.98
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ 7,800.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 20,820.00	$ 20,820.00	$ 20,820.00	$ 20,820.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 140.00	$ 420.00	$ 700.00	$ 1,022.00	$ 280.00	$ 840.00	$ 1,400.00	$ 2,044.00	$ 420.00	$ 1,260.00	$ 2,100.00	$ 3,066.00	$ 560.00	$ 1,680.00	$ 2,800.00	$ 4,088.00
Sub-Total	$ 7,155.00	$ 7,295.00	$ 7,575.00	$ 7,855.00	$ 8,177.00	$ 14,590.00	$ 15,150.00	$ 15,710.00	$ 16,354.00	$ 21,885.00	$ 22,725.00	$ 23,565.00	$ 24,531.00	$ 29,180.00	$ 30,300.00	$ 31,420.00	$ 32,708.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06038 /kWh	$ -	$ 30,188.11	$ 90,564.34	$ 150,940.56	$ 220,373.22	$ 60,376.23	$ 181,128.68	$ 301,881.13	$ 440,746.45	$ 90,564.34	$ 271,693.01	$ 452,821.69	$ 661,119.67	$ 120,752.45	$ 362,257.35	$ 603,762.26	$ 881,492.89
Sub Total	$ 19,868.98	$ 51,147.09	$ 113,703.32	$ 176,259.54	$ 248,199.20	$ 98,880.21	$ 223,992.66	$ 349,105.11	$ 492,984.43	$ 146,613.32	$ 334,281.99	$ 521,950.67	$ 737,769.65	$ 194,346.43	$ 444,571.33	$ 694,796.24	$ 982,554.87
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 19,868.98**	**$ 51,147.09**	**$ 113,703.32**	**$ 176,259.54**	**$ 248,199.20**	**$ 98,880.21**	**$ 223,992.66**	**$ 349,105.11**	**$ 492,984.43**	**$ 146,613.32**	**$ 334,281.99**	**$ 521,950.67**	**$ 737,769.65**	**$ 194,346.43**	**$ 444,571.33**	**$ 694,796.24**	**$ 982,554.87**
% Increase	**6.84%**	**3.00%**	**1.72%**	**1.35%**	**1.16%**	**2.73%**	**1.59%**	**1.27%**	**1.10%**	**2.64%**	**1.54%**	**1.24%**	**1.08%**	**2.60%**	**1.52%**	**1.22%**	**1.07%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE LP
With Demands Over 20,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	25,000	25,000	25,000	25,000	25,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	40,000	40,000	40,000	40,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
ENERGY USAGE																	
Monthly Energy Usage	0	2,500,000	7,500,000	12,500,000	18,250,000	3,000,000	9,000,000	15,000,000	21,900,000	3,500,000	10,500,000	17,500,000	25,550,000	4,000,000	12,000,000	20,000,000	29,200,000
Total Energy Usage	-	2,500,000	7,500,000	12,500,000	18,250,000	3,000,000	9,000,000	15,000,000	21,900,000	3,500,000	10,500,000	17,500,000	25,550,000	4,000,000	12,000,000	20,000,000	29,200,000
UNBUNDLED RATES - CURRENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 4,750.00	$ 14,250.00	$ 23,750.00	$ 34,675.00	$ 5,700.00	$ 17,100.00	$ 28,500.00	$ 41,610.00	$ 6,650.00	$ 19,950.00	$ 33,250.00	$ 48,545.00	$ 7,600.00	$ 22,800.00	$ 38,000.00	$ 55,480.00
Distribution																	
Distribution Charge @ $3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00
All kW @ $1.67/kW	$ 41,750.00	$ 41,750.00	$ 41,750.00	$ 41,750.00	$ 41,750.00	$ 50,100.00	$ 50,100.00	$ 50,100.00	$ 50,100.00	$ 58,450.00	$ 58,450.00	$ 58,450.00	$ 58,450.00	$ 66,800.00	$ 66,800.00	$ 66,800.00	$ 66,800.00
Sub-Total	$ 44,815.00	$ 44,815.00	$ 44,815.00	$ 44,815.00	$ 44,815.00	$ 53,165.00	$ 53,165.00	$ 53,165.00	$ 53,165.00	$ 61,515.00	$ 61,515.00	$ 61,515.00	$ 61,515.00	$ 69,865.00	$ 69,865.00	$ 69,865.00	$ 69,865.00
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 15,600.00	$ 15,600.00	$ 15,600.00	$ 15,600.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ $ 1.041 /kW NSPL	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 41,640.00	$ 41,640.00	$ 41,640.00	$ 41,640.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 700.00	$ 2,100.00	$ 3,500.00	$ 5,110.00	$ 840.00	$ 2,520.00	$ 4,200.00	$ 6,132.00	$ 980.00	$ 2,940.00	$ 4,900.00	$ 7,154.00	$ 1,120.00	$ 3,360.00	$ 5,600.00	$ 8,176.00
Sub-Total	$ 35,775.00	$ 36,475.00	$ 37,875.00	$ 39,275.00	$ 40,885.00	$ 43,770.00	$ 45,450.00	$ 47,130.00	$ 49,062.00	$ 51,065.00	$ 53,025.00	$ 54,985.00	$ 57,239.00	$ 58,360.00	$ 60,600.00	$ 62,840.00	$ 65,416.00
DSIC @ 0.149 %	$ 120.08	$ 128.20	$ 144.44	$ 160.68	$ 179.36	$ 152.93	$ 172.42	$ 191.90	$ 214.32	$ 177.65	$ 200.39	$ 223.13	$ 249.28	$ 202.38	$ 228.36	$ 254.35	$ 284.23
PTC Charge																	
All kWh @ $ 0.05994 /kWh	$ -	$ 149,850.00	$ 449,550.00	$ 749,250.00	$ 1,093,905.00	$ 179,820.00	$ 539,460.00	$ 899,100.00	$ 1,312,686.00	$ 209,790.00	$ 629,370.00	$ 1,048,950.00	$ 1,531,467.00	$ 239,760.00	$ 719,280.00	$ 1,198,800.00	$ 1,750,248.00
Sub Total	$ 80,710.08	$ 236,018.20	$ 546,634.44	$ 857,250.68	$ 1,214,459.36	$ 282,607.93	$ 655,347.42	$ 1,028,086.90	$ 1,456,737.32	$ 329,197.65	$ 764,060.39	$ 1,198,923.13	$ 1,699,015.28	$ 375,787.38	$ 872,773.36	$ 1,369,759.35	$ 1,941,293.23
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 80,710.08**	**$ 236,018.20**	**$ 546,634.44**	**$ 857,250.68**	**$ 1,214,459.36**	**$ 282,607.93**	**$ 655,347.42**	**$ 1,028,086.90**	**$ 1,456,737.32**	**$ 329,197.65**	**$ 764,060.39**	**$ 1,198,923.13**	**$ 1,699,015.28**	**$ 375,787.38**	**$ 872,773.36**	**$ 1,369,759.35**	**$ 1,941,293.23**
UNBUNDLED RATES - SETTLEMENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 4,750.00	$ 14,250.00	$ 23,750.00	$ 34,675.00	$ 5,700.00	$ 17,100.00	$ 28,500.00	$ 41,610.00	$ 6,650.00	$ 19,950.00	$ 33,250.00	$ 48,545.00	$ 7,600.00	$ 22,800.00	$ 38,000.00	$ 55,480.00
Distribution																	
Distribution Charge @ $3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98
All kW @ $1.86/kW	$ 46,500.00	$ 46,500.00	$ 46,500.00	$ 46,500.00	$ 46,500.00	$ 55,800.00	$ 55,800.00	$ 55,800.00	$ 55,800.00	$ 65,100.00	$ 65,100.00	$ 65,100.00	$ 65,100.00	$ 74,400.00	$ 74,400.00	$ 74,400.00	$ 74,400.00
Sub-Total	$ 49,913.98	$ 49,913.98	$ 49,913.98	$ 49,913.98	$ 49,913.98	$ 59,213.98	$ 59,213.98	$ 59,213.98	$ 59,213.98	$ 68,513.98	$ 68,513.98	$ 68,513.98	$ 68,513.98	$ 77,813.98	$ 77,813.98	$ 77,813.98	$ 77,813.98
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 15,600.00	$ 15,600.00	$ 15,600.00	$ 15,600.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 41,640.00	$ 41,640.00	$ 41,640.00	$ 41,640.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 700.00	$ 2,100.00	$ 3,500.00	$ 5,110.00	$ 840.00	$ 2,520.00	$ 4,200.00	$ 6,132.00	$ 980.00	$ 2,940.00	$ 4,900.00	$ 7,154.00	$ 1,120.00	$ 3,360.00	$ 5,600.00	$ 8,176.00
Sub-Total	$ 35,775.00	$ 36,475.00	$ 37,875.00	$ 39,275.00	$ 40,885.00	$ 43,770.00	$ 45,450.00	$ 47,130.00	$ 49,062.00	$ 51,065.00	$ 53,025.00	$ 54,985.00	$ 57,239.00	$ 58,360.00	$ 60,600.00	$ 62,840.00	$ 65,416.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06038 /kWh	$ -	$ 150,940.56	$ 452,821.69	$ 754,702.82	$ 1,101,866.12	$ 181,128.68	$ 543,386.03	$ 905,643.38	$ 1,322,239.34	$ 211,316.79	$ 633,950.37	$ 1,056,583.95	$ 1,542,612.56	$ 241,504.90	$ 724,514.71	$ 1,207,524.51	$ 1,762,985.79
Sub Total	$ 85,688.98	$ 242,079.54	$ 554,860.67	$ 867,641.80	$ 1,227,340.10	$ 289,812.66	$ 665,150.01	$ 1,040,487.36	$ 1,472,125.32	$ 337,545.77	$ 775,439.35	$ 1,213,332.93	$ 1,716,910.54	$ 385,278.88	$ 885,728.69	$ 1,386,178.49	$ 1,961,695.77
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 85,688.98**	**$ 242,079.54**	**$ 554,860.67**	**$ 867,641.80**	**$ 1,227,340.10**	**$ 289,812.66**	**$ 665,150.01**	**$ 1,040,487.36**	**$ 1,472,125.32**	**$ 337,545.77**	**$ 775,439.35**	**$ 1,213,332.93**	**$ 1,716,910.54**	**$ 385,278.88**	**$ 885,728.69**	**$ 1,386,178.49**	**$ 1,961,695.77**
% Increase	**6.17%**	**2.57%**	**1.50%**	**1.21%**	**1.06%**	**2.55%**	**1.50%**	**1.21%**	**1.06%**	**2.54%**	**1.49%**	**1.20%**	**1.05%**	**2.53%**	**1.48%**	**1.20%**	**1.05%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE LP - 115 KV OR GREATER DISCOUNT
With Demands Up to 20,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	5,000	5,000	5,000	5,000	5,000	10,000	10,000	10,000	10,000	15,000	15,000	15,000	15,000	20,000	20,000	20,000	20,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
ENERGY USAGE																	
Monthly Energy Usage	0	500,000	1,500,000	2,500,000	3,650,000	1,000,000	3,000,000	5,000,000	7,300,000	1,500,000	4,500,000	7,500,000	10,950,000	2,000,000	6,000,000	10,000,000	14,600,000
Total Energy Usage	0	500,000	1,500,000	2,500,000	3,650,000	1,000,000	3,000,000	5,000,000	7,300,000	1,500,000	4,500,000	7,500,000	10,950,000	2,000,000	6,000,000	10,000,000	14,600,000
UNBUNDLED RATES - CURRENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 950.00	$ 2,850.00	$ 4,750.00	$ 6,935.00	$ 1,900.00	$ 5,700.00	$ 9,500.00	$ 13,870.00	$ 2,850.00	$ 8,550.00	$ 14,250.00	$ 20,805.00	$ 3,800.00	$ 11,400.00	$ 19,000.00	$ 27,740.00
Distribution																	
Distribution Charge @ $3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00
All kW @ $0.37/kW	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 3,700.00	$ 3,700.00	$ 3,700.00	$ 3,700.00	$ 5,550.00	$ 5,550.00	$ 5,550.00	$ 5,550.00	$ 7,400.00	$ 7,400.00	$ 7,400.00	$ 7,400.00
Sub-Total	$ 4,915.00	$ 4,915.00	$ 4,915.00	$ 4,915.00	$ 4,915.00	$ 6,765.00	$ 6,765.00	$ 6,765.00	$ 6,765.00	$ 8,615.00	$ 8,615.00	$ 8,615.00	$ 8,615.00	$ 10,465.00	$ 10,465.00	$ 10,465.00	$ 10,465.00
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ 7,800.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 20,820.00	$ 20,820.00	$ 20,820.00	$ 20,820.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 140.00	$ 420.00	$ 700.00	$ 1,022.00	$ 280.00	$ 840.00	$ 1,400.00	$ 2,044.00	$ 420.00	$ 1,260.00	$ 2,100.00	$ 3,066.00	$ 560.00	$ 1,680.00	$ 2,800.00	$ 4,088.00
Sub-Total	$ 7,155.00	$ 7,295.00	$ 7,575.00	$ 7,855.00	$ 8,177.00	$ 14,590.00	$ 15,150.00	$ 15,710.00	$ 16,354.00	$ 21,885.00	$ 22,725.00	$ 23,565.00	$ 24,531.00	$ 29,180.00	$ 30,300.00	$ 31,420.00	$ 32,708.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.05994 /kWh	$ -	$ 29,970.00	$ 89,910.00	$ 149,850.00	$ 218,781.00	$ 59,940.00	$ 179,820.00	$ 299,700.00	$ 437,562.00	$ 89,910.00	$ 269,730.00	$ 449,550.00	$ 656,343.00	$ 119,880.00	$ 359,640.00	$ 599,400.00	$ 875,124.00
Sub Total	$ 12,070.00	$ 43,130.00	$ 105,250.00	$ 167,370.00	$ 238,808.00	$ 83,195.00	$ 207,435.00	$ 331,675.00	$ 474,551.00	$ 123,260.00	$ 309,620.00	$ 495,980.00	$ 710,294.00	$ 163,325.00	$ 411,805.00	$ 660,285.00	$ 946,037.00
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 12,070.00**	**$ 43,130.00**	**$ 105,250.00**	**$ 167,370.00**	**$ 238,808.00**	**$ 83,195.00**	**$ 207,435.00**	**$ 331,675.00**	**$ 474,551.00**	**$ 123,260.00**	**$ 309,620.00**	**$ 495,980.00**	**$ 710,294.00**	**$ 163,325.00**	**$ 411,805.00**	**$ 660,285.00**	**$ 946,037.00**
UNBUNDLED RATES - SETTLEMENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 950.00	$ 2,850.00	$ 4,750.00	$ 6,935.00	$ 1,900.00	$ 5,700.00	$ 9,500.00	$ 13,870.00	$ 2,850.00	$ 8,550.00	$ 14,250.00	$ 20,805.00	$ 3,800.00	$ 11,400.00	$ 19,000.00	$ 27,740.00
Distribution																	
Distribution Charge @ $3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98
All kW @ $0.37/kW	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 3,700.00	$ 3,700.00	$ 3,700.00	$ 3,700.00	$ 5,550.00	$ 5,550.00	$ 5,550.00	$ 5,550.00	$ 7,400.00	$ 7,400.00	$ 7,400.00	$ 7,400.00
Sub-Total	$ 5,263.98	$ 5,263.98	$ 5,263.98	$ 5,263.98	$ 5,263.98	$ 7,113.98	$ 7,113.98	$ 7,113.98	$ 7,113.98	$ 8,963.98	$ 8,963.98	$ 8,963.98	$ 8,963.98	$ 10,813.98	$ 10,813.98	$ 10,813.98	$ 10,813.98
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ 7,800.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 20,820.00	$ 20,820.00	$ 20,820.00	$ 20,820.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 140.00	$ 420.00	$ 700.00	$ 1,022.00	$ 280.00	$ 840.00	$ 1,400.00	$ 2,044.00	$ 420.00	$ 1,260.00	$ 2,100.00	$ 3,066.00	$ 560.00	$ 1,680.00	$ 2,800.00	$ 4,088.00
Sub-Total	$ 7,155.00	$ 7,295.00	$ 7,575.00	$ 7,855.00	$ 8,177.00	$ 14,590.00	$ 15,150.00	$ 15,710.00	$ 16,354.00	$ 21,885.00	$ 22,725.00	$ 23,565.00	$ 24,531.00	$ 29,180.00	$ 30,300.00	$ 31,420.00	$ 32,708.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06038 /kWh	$ -	$ 30,188.11	$ 90,564.34	$ 150,940.56	$ 220,373.22	$ 60,376.23	$ 181,128.68	$ 301,881.13	$ 440,746.45	$ 90,564.34	$ 271,693.01	$ 452,821.69	$ 661,119.67	$ 120,752.45	$ 362,257.35	$ 603,762.26	$ 881,492.89
Sub Total	$ 12,418.98	$ 43,697.09	$ 106,253.32	$ 168,809.54	$ 240,749.20	$ 83,980.21	$ 209,092.66	$ 334,205.11	$ 478,084.43	$ 124,263.32	$ 311,931.99	$ 499,600.67	$ 715,419.65	$ 164,546.43	$ 414,771.33	$ 664,996.24	$ 952,754.87
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 12,418.98**	**$ 43,697.09**	**$ 106,253.32**	**$ 168,809.54**	**$ 240,749.20**	**$ 83,980.21**	**$ 209,092.66**	**$ 334,205.11**	**$ 478,084.43**	**$ 124,263.32**	**$ 311,931.99**	**$ 499,600.67**	**$ 715,419.65**	**$ 164,546.43**	**$ 414,771.33**	**$ 664,996.24**	**$ 952,754.87**
% Increase	**2.89%**	**1.31%**	**0.95%**	**0.86%**	**0.81%**	**0.94%**	**0.80%**	**0.76%**	**0.74%**	**0.81%**	**0.75%**	**0.73%**	**0.72%**	**0.75%**	**0.72%**	**0.71%**	**0.71%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE LP - 115 KV OR GREATER DISCOUNT
With Demands Over 20,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	25,000	25,000	25,000	25,000	25,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	40,000	40,000	40,000	40,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
ENERGY USAGE																	
Monthly Energy Usage	0	2,500,000	7,500,000	12,500,000	18,250,000	3,000,000	9,000,000	15,000,000	21,900,000	3,500,000	10,500,000	17,500,000	25,550,000	4,000,000	12,000,000	20,000,000	29,200,000
Total Energy Usage	0	2,500,000	7,500,000	12,500,000	18,250,000	3,000,000	9,000,000	15,000,000	21,900,000	3,500,000	10,500,000	17,500,000	25,550,000	4,000,000	12,000,000	20,000,000	29,200,000

UNBUNDLED RATES - CURRENT

NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 4,750.00	$ 14,250.00	$ 23,750.00	$ 34,675.00	$ 5,700.00	$ 17,100.00	$ 28,500.00	$ 41,610.00	$ 6,650.00	$ 19,950.00	$ 33,250.00	$ 48,545.00	$ 7,600.00	$ 22,800.00	$ 38,000.00	$ 55,480.00
Distribution																	
Distribution Charge @ $3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00
All kW @ $0.37/kW	$ 9,250.00	$ 9,250.00	$ 9,250.00	$ 9,250.00	$ 9,250.00	$ 11,100.00	$ 11,100.00	$ 11,100.00	$ 11,100.00	$ 12,950.00	$ 12,950.00	$ 12,950.00	$ 12,950.00	$ 14,800.00	$ 14,800.00	$ 14,800.00	$ 14,800.00
Sub-Total	$ 12,315.00	$ 12,315.00	$ 12,315.00	$ 12,315.00	$ 12,315.00	$ 14,165.00	$ 14,165.00	$ 14,165.00	$ 14,165.00	$ 16,015.00	$ 16,015.00	$ 16,015.00	$ 16,015.00	$ 17,865.00	$ 17,865.00	$ 17,865.00	$ 17,865.00
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 15,600.00	$ 15,600.00	$ 15,600.00	$ 15,600.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 41,640.00	$ 41,640.00	$ 41,640.00	$ 41,640.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 700.00	$ 2,100.00	$ 3,500.00	$ 5,110.00	$ 840.00	$ 2,520.00	$ 4,200.00	$ 6,132.00	$ 980.00	$ 2,940.00	$ 4,900.00	$ 7,154.00	$ 1,120.00	$ 3,360.00	$ 5,600.00	$ 8,176.00
Sub-Total	$ 35,775.00	$ 36,475.00	$ 37,875.00	$ 39,275.00	$ 40,885.00	$ 43,770.00	$ 45,450.00	$ 47,130.00	$ 49,062.00	$ 51,065.00	$ 53,025.00	$ 54,985.00	$ 57,239.00	$ 58,360.00	$ 60,600.00	$ 62,840.00	$ 65,416.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.05994 /kWh	$ -	$ 149,850.00	$ 449,550.00	$ 749,250.00	$ 1,093,905.00	$ 179,820.00	$ 539,460.00	$ 899,100.00	$ 1,312,686.00	$ 209,790.00	$ 629,370.00	$ 1,048,950.00	$ 1,531,467.00	$ 239,760.00	$ 719,280.00	$ 1,198,800.00	$ 1,750,248.00
Sub Total	$ 48,090.00	$ 203,390.00	$ 513,990.00	$ 824,590.00	$ 1,181,780.00	$ 243,455.00	$ 616,175.00	$ 988,895.00	$ 1,417,523.00	$ 283,520.00	$ 718,360.00	$ 1,153,200.00	$ 1,653,266.00	$ 323,585.00	$ 820,545.00	$ 1,317,505.00	$ 1,889,009.00
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 48,090.00**	**$ 203,390.00**	**$ 513,990.00**	**$ 824,590.00**	**$ 1,181,780.00**	**$ 243,455.00**	**$ 616,175.00**	**$ 988,895.00**	**$ 1,417,523.00**	**$ 283,520.00**	**$ 718,360.00**	**$ 1,153,200.00**	**$ 1,653,266.00**	**$ 323,585.00**	**$ 820,545.00**	**$ 1,317,505.00**	**$ 1,889,009.00**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 4,750.00	$ 14,250.00	$ 23,750.00	$ 34,675.00	$ 5,700.00	$ 17,100.00	$ 28,500.00	$ 41,610.00	$ 6,650.00	$ 19,950.00	$ 33,250.00	$ 48,545.00	$ 7,600.00	$ 22,800.00	$ 38,000.00	$ 55,480.00
Distribution																	
Distribution Charge @ $3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98
All kW @ $0.37/kW	$ 9,250.00	$ 9,250.00	$ 9,250.00	$ 9,250.00	$ 9,250.00	$ 11,100.00	$ 11,100.00	$ 11,100.00	$ 11,100.00	$ 12,950.00	$ 12,950.00	$ 12,950.00	$ 12,950.00	$ 14,800.00	$ 14,800.00	$ 14,800.00	$ 14,800.00
Sub-Total	$ 12,663.98	$ 12,663.98	$ 12,663.98	$ 12,663.98	$ 12,663.98	$ 14,513.98	$ 14,513.98	$ 14,513.98	$ 14,513.98	$ 16,363.98	$ 16,363.98	$ 16,363.98	$ 16,363.98	$ 18,213.98	$ 18,213.98	$ 18,213.98	$ 18,213.98
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 9,750.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 11,700.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 13,650.00	$ 15,600.00	$ 15,600.00	$ 15,600.00	$ 15,600.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 26,025.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 31,230.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 36,435.00	$ 41,640.00	$ 41,640.00	$ 41,640.00	$ 41,640.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 700.00	$ 2,100.00	$ 3,500.00	$ 5,110.00	$ 840.00	$ 2,520.00	$ 4,200.00	$ 6,132.00	$ 980.00	$ 2,940.00	$ 4,900.00	$ 7,154.00	$ 1,120.00	$ 3,360.00	$ 5,600.00	$ 8,176.00
Sub-Total	$ 35,775.00	$ 36,475.00	$ 37,875.00	$ 39,275.00	$ 40,885.00	$ 43,770.00	$ 45,450.00	$ 47,130.00	$ 49,062.00	$ 51,065.00	$ 53,025.00	$ 54,985.00	$ 57,239.00	$ 58,360.00	$ 60,600.00	$ 62,840.00	$ 65,416.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06038 /kWh	$ -	$ 150,940.56	$ 452,821.69	$ 754,702.82	$ 1,101,866.12	$ 181,128.68	$ 543,386.03	$ 905,643.38	$ 1,322,239.34	$ 211,316.79	$ 633,950.37	$ 1,056,583.95	$ 1,542,612.56	$ 241,504.90	$ 724,514.71	$ 1,207,524.51	$ 1,762,985.79
Sub Total	$ 48,438.98	$ 204,829.54	$ 517,610.67	$ 830,391.80	$ 1,190,090.10	$ 245,112.66	$ 620,450.01	$ 995,787.36	$ 1,427,425.32	$ 285,395.77	$ 723,289.35	$ 1,161,182.93	$ 1,664,760.54	$ 325,678.88	$ 826,128.69	$ 1,326,578.49	$ 1,902,095.77
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 48,438.98**	**$ 204,829.54**	**$ 517,610.67**	**$ 830,391.80**	**$ 1,190,090.10**	**$ 245,112.66**	**$ 620,450.01**	**$ 995,787.36**	**$ 1,427,425.32**	**$ 285,395.77**	**$ 723,289.35**	**$ 1,161,182.93**	**$ 1,664,760.54**	**$ 325,678.88**	**$ 826,128.69**	**$ 1,326,578.49**	**$ 1,902,095.77**
% Increase	**0.73%**	**0.71%**	**0.70%**	**0.70%**	**0.70%**	**0.68%**	**0.69%**	**0.70%**	**0.70%**	**0.66%**	**0.69%**	**0.69%**	**0.70%**	**0.65%**	**0.68%**	**0.69%**	**0.69%**

METROPOLITAN EDISON COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE LP - 230 KV OR GREATER DISCOUNT
With Demands Up to 20,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	5,000	5,000	5,000	5,000	5,000	10,000	10,000	10,000	10,000	15,000	15,000	15,000	15,000	20,000	20,000	20,000	20,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
ENERGY USAGE																	
Monthly Energy Usage	0	500,000	1,500,000	2,500,000	3,650,000	1,000,000	3,000,000	5,000,000	7,300,000	1,500,000	4,500,000	7,500,000	10,950,000	2,000,000	6,000,000	10,000,000	14,600,000
Total Energy Usage	0	500,000	1,500,000	2,500,000	3,650,000	1,000,000	3,000,000	5,000,000	7,300,000	1,500,000	4,500,000	7,500,000	10,950,000	2,000,000	6,000,000	10,000,000	14,600,000

UNBUNDLED RATES - CURRENT

NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 950.00	$ 2,850.00	$ 4,750.00	$ 6,935.00	$ 1,900.00	$ 5,700.00	$ 9,500.00	$ 13,870.00	$ 2,850.00	$ 8,550.00	$ 14,250.00	$ 20,805.00	$ 3,800.00	$ 11,400.00	$ 19,000.00	$ 27,740.00
Distribution																	
Distribution Charge @ $3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00	$ 3,065.00
All kW @ $0.72/kW	$ 3,600.00	$ 3,600.00	$ 3,600.00	$ 3,600.00	$ 3,600.00	$ 7,200.00	$ 7,200.00	$ 7,200.00	$ 7,200.00	$ 10,800.00	$ 10,800.00	$ 10,800.00	$ 10,800.00	$ 14,400.00	$ 14,400.00	$ 14,400.00	$ 14,400.00
Sub-Total	$ 6,665.00	$ 6,665.00	$ 6,665.00	$ 6,665.00	$ 6,665.00	$ 10,265.00	$ 10,265.00	$ 10,265.00	$ 10,265.00	$ 13,865.00	$ 13,865.00	$ 13,865.00	$ 13,865.00	$ 17,465.00	$ 17,465.00	$ 17,465.00	$ 17,465.00
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ 7,800.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 20,820.00	$ 20,820.00	$ 20,820.00	$ 20,820.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 140.00	$ 420.00	$ 700.00	$ 1,022.00	$ 280.00	$ 840.00	$ 1,400.00	$ 2,044.00	$ 420.00	$ 1,260.00	$ 2,100.00	$ 3,066.00	$ 560.00	$ 1,680.00	$ 2,800.00	$ 4,088.00
Sub-Total	$ 7,155.00	$ 7,295.00	$ 7,575.00	$ 7,855.00	$ 8,177.00	$ 14,590.00	$ 15,150.00	$ 15,710.00	$ 16,354.00	$ 21,885.00	$ 22,725.00	$ 23,565.00	$ 24,531.00	$ 29,180.00	$ 30,300.00	$ 31,420.00	$ 32,708.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.05994 /kWh	$ -	$ 29,970.00	$ 89,910.00	$ 149,850.00	$ 218,781.00	$ 59,940.00	$ 179,820.00	$ 299,700.00	$ 437,562.00	$ 89,910.00	$ 269,730.00	$ 449,550.00	$ 656,343.00	$ 119,880.00	$ 359,640.00	$ 599,400.00	$ 875,124.00
Sub Total	$ 13,820.00	$ 44,880.00	$ 107,000.00	$ 169,120.00	$ 240,558.00	$ 86,695.00	$ 210,935.00	$ 335,175.00	$ 478,051.00	$ 128,510.00	$ 314,870.00	$ 501,230.00	$ 715,544.00	$ 170,325.00	$ 418,805.00	$ 667,285.00	$ 953,037.00
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 13,820.00**	**$ 44,880.00**	**$ 107,000.00**	**$ 169,120.00**	**$ 240,558.00**	**$ 86,695.00**	**$ 210,935.00**	**$ 335,175.00**	**$ 478,051.00**	**$ 128,510.00**	**$ 314,870.00**	**$ 501,230.00**	**$ 715,544.00**	**$ 170,325.00**	**$ 418,805.00**	**$ 667,285.00**	**$ 953,037.00**

UNBUNDLED RATES - SETTLEMENT

NUG Charge																	
All kWh @ 0.190 ¢/kWh	$ -	$ 950.00	$ 2,850.00	$ 4,750.00	$ 6,935.00	$ 1,900.00	$ 5,700.00	$ 9,500.00	$ 13,870.00	$ 2,850.00	$ 8,550.00	$ 14,250.00	$ 20,805.00	$ 3,800.00	$ 11,400.00	$ 19,000.00	$ 27,740.00
Distribution																	
Distribution Charge @ $3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98	$ 3,413.98
All kW @ $0.37/kW	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 3,700.00	$ 3,700.00	$ 3,700.00	$ 3,700.00	$ 5,550.00	$ 5,550.00	$ 5,550.00	$ 5,550.00	$ 7,400.00	$ 7,400.00	$ 7,400.00	$ 7,400.00
Sub-Total	$ 5,263.98	$ 5,263.98	$ 5,263.98	$ 5,263.98	$ 5,263.98	$ 7,113.98	$ 7,113.98	$ 7,113.98	$ 7,113.98	$ 8,963.98	$ 8,963.98	$ 8,963.98	$ 8,963.98	$ 10,813.98	$ 10,813.98	$ 10,813.98	$ 10,813.98
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 1,950.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 3,900.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 5,850.00	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ 7,800.00
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @$ 1.041 /kW NSPL	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 5,205.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 10,410.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 15,615.00	$ 20,820.00	$ 20,820.00	$ 20,820.00	$ 20,820.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 140.00	$ 420.00	$ 700.00	$ 1,022.00	$ 280.00	$ 840.00	$ 1,400.00	$ 2,044.00	$ 420.00	$ 1,260.00	$ 2,100.00	$ 3,066.00	$ 560.00	$ 1,680.00	$ 2,800.00	$ 4,088.00
Sub-Total	$ 7,155.00	$ 7,295.00	$ 7,575.00	$ 7,855.00	$ 8,177.00	$ 14,590.00	$ 15,150.00	$ 15,710.00	$ 16,354.00	$ 21,885.00	$ 22,725.00	$ 23,565.00	$ 24,531.00	$ 29,180.00	$ 30,300.00	$ 31,420.00	$ 32,708.00
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																	
All kWh @ $ 0.06038 /kWh	$ -	$ 30,188.11	$ 90,564.34	$ 150,940.56	$ 220,373.22	$ 60,376.23	$ 181,128.68	$ 301,881.13	$ 440,746.45	$ 90,564.34	$ 271,693.01	$ 452,821.69	$ 661,119.67	$ 120,752.45	$ 362,257.35	$ 603,762.26	$ 881,492.89
Sub Total	$ 12,418.98	$ 43,697.09	$ 106,253.32	$ 168,809.54	$ 240,749.20	$ 83,980.21	$ 209,092.66	$ 334,205.11	$ 478,084.43	$ 124,263.32	$ 311,931.99	$ 499,600.67	$ 715,419.65	$ 164,546.43	$ 414,771.33	$ 664,996.24	$ 952,754.87
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 12,418.98**	**$ 43,697.09**	**$ 106,253.32**	**$ 168,809.54**	**$ 240,749.20**	**$ 83,980.21**	**$ 209,092.66**	**$ 334,205.11**	**$ 478,084.43**	**$ 124,263.32**	**$ 311,931.99**	**$ 499,600.67**	**$ 715,419.65**	**$ 164,546.43**	**$ 414,771.33**	**$ 664,996.24**	**$ 952,754.87**
% Increase	**-10.14%**	**-2.64%**	**-0.70%**	**-0.18%**	**0.08%**	**-3.13%**	**-0.87%**	**-0.29%**	**0.01%**	**-3.30%**	**-0.93%**	**-0.33%**	**-0.02%**	**-3.39%**	**-0.96%**	**-0.34%**	**-0.03%**

METROPOLITAN EDISON COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE LP - 230 KV OR GREATER DISCOUNT
With Demands Over 20,000 KW
At Average Levels of kWh Use

KW Demand																	
Total kW	25,000	25,000	25,000	25,000	25,000	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	40,000	40,000	40,000	40,000
Hrs Use	0	100	300	500	730	100	300	500	730	100	300	500	730	100	300	500	730
ENERGY USAGE																	
Monthly Energy Usage	0	2,500,000	7,500,000	12,500,000	18,250,000	3,000,000	9,000,000	15,000,000	21,900,000	3,500,000	10,500,000	17,500,000	25,550,000	4,000,000	12,000,000	20,000,000	29,200,000
Total Energy Usage	0	2,500,000	7,500,000	12,500,000	18,250,000	3,000,000	9,000,000	15,000,000	21,900,000	3,500,000	10,500,000	17,500,000	25,550,000	4,000,000	12,000,000	20,000,000	29,200,000
UNBUNDLED RATES - CURRENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	-	4,750.00	14,250.00	23,750.00	34,675.00	5,700.00	17,100.00	28,500.00	41,610.00	6,650.00	19,950.00	33,250.00	48,545.00	7,600.00	22,800.00	38,000.00	55,480.00
Distribution																	
Distribution Charge @ $3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00	3,065.00
All kW @ $0.72/kW	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	21,600.00	21,600.00	21,600.00	21,600.00	25,200.00	25,200.00	25,200.00	25,200.00	28,800.00	28,800.00	28,800.00	28,800.00
Sub-Total	21,065.00	21,065.00	21,065.00	21,065.00	21,065.00	24,665.00	24,665.00	24,665.00	24,665.00	28,265.00	28,265.00	28,265.00	28,265.00	31,865.00	31,865.00	31,865.00	31,865.00
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	9,750.00	9,750.00	9,750.00	9,750.00	9,750.00	11,700.00	11,700.00	11,700.00	11,700.00	13,650.00	13,650.00	13,650.00	13,650.00	15,600.00	15,600.00	15,600.00	15,600.00
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @$ 1.041 /kW NSPL	26,025.00	26,025.00	26,025.00	26,025.00	26,025.00	31,230.00	31,230.00	31,230.00	31,230.00	36,435.00	36,435.00	36,435.00	36,435.00	41,640.00	41,640.00	41,640.00	41,640.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	700.00	2,100.00	3,500.00	5,110.00	840.00	2,520.00	4,200.00	6,132.00	980.00	2,940.00	4,900.00	7,154.00	1,120.00	3,360.00	5,600.00	8,176.00
Sub-Total	35,775.00	36,475.00	37,875.00	39,275.00	40,885.00	43,770.00	45,450.00	47,130.00	49,062.00	51,065.00	53,025.00	54,985.00	57,239.00	58,360.00	60,600.00	62,840.00	65,416.00
DSIC @ 0.000 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PTC Charge																	
All kWh @ $ 0.05994 /kWh	-	149,850.00	449,550.00	749,250.00	1,093,905.00	179,820.00	539,460.00	899,100.00	1,312,686.00	209,790.00	629,370.00	1,048,950.00	1,531,467.00	239,760.00	719,280.00	1,198,800.00	1,750,248.00
Sub Total	56,840.00	212,140.00	522,740.00	833,340.00	1,190,530.00	253,955.00	626,675.00	999,395.00	1,428,023.00	295,770.00	730,610.00	1,165,450.00	1,665,516.00	337,585.00	834,545.00	1,331,505.00	1,903,009.00
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**56,840.00**	**212,140.00**	**522,740.00**	**833,340.00**	**1,190,530.00**	**253,955.00**	**626,675.00**	**999,395.00**	**1,428,023.00**	**295,770.00**	**730,610.00**	**1,165,450.00**	**1,665,516.00**	**337,585.00**	**834,545.00**	**1,331,505.00**	**1,903,009.00**
UNBUNDLED RATES - SETTLEMENT																	
NUG Charge																	
All kWh @ 0.190 ¢/kWh	-	4,750.00	14,250.00	23,750.00	34,675.00	5,700.00	17,100.00	28,500.00	41,610.00	6,650.00	19,950.00	33,250.00	48,545.00	7,600.00	22,800.00	38,000.00	55,480.00
Distribution																	
Distribution Charge @ $3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98	3,413.98
All kW @ $0.37/kW	9,250.00	9,250.00	9,250.00	9,250.00	9,250.00	11,100.00	11,100.00	11,100.00	11,100.00	12,950.00	12,950.00	12,950.00	12,950.00	14,800.00	14,800.00	14,800.00	14,800.00
Sub-Total	12,663.98	12,663.98	12,663.98	12,663.98	12,663.98	14,513.98	14,513.98	14,513.98	14,513.98	16,363.98	16,363.98	16,363.98	16,363.98	18,213.98	18,213.98	18,213.98	18,213.98
Riders																	
Phase II Energy Efficiency Charge @ $ 0.39 /kW PLC	9,750.00	9,750.00	9,750.00	9,750.00	9,750.00	11,700.00	11,700.00	11,700.00	11,700.00	13,650.00	13,650.00	13,650.00	13,650.00	15,600.00	15,600.00	15,600.00	15,600.00
Smart Meter Charge @ $0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Service Support Charge @$ 1.041 /kW NSPL	26,025.00	26,025.00	26,025.00	26,025.00	26,025.00	31,230.00	31,230.00	31,230.00	31,230.00	36,435.00	36,435.00	36,435.00	36,435.00	41,640.00	41,640.00	41,640.00	41,640.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	-	700.00	2,100.00	3,500.00	5,110.00	840.00	2,520.00	4,200.00	6,132.00	980.00	2,940.00	4,900.00	7,154.00	1,120.00	3,360.00	5,600.00	8,176.00
Sub-Total	35,775.00	36,475.00	37,875.00	39,275.00	40,885.00	43,770.00	45,450.00	47,130.00	49,062.00	51,065.00	53,025.00	54,985.00	57,239.00	58,360.00	60,600.00	62,840.00	65,416.00
DSIC @ 0.000 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PTC Charge																	
All kWh @ $ 0.06038 /kWh	-	150,940.56	452,821.69	754,702.82	1,101,866.12	181,128.68	543,386.03	905,643.38	1,322,239.34	211,316.79	633,950.37	1,056,583.95	1,542,612.56	241,504.90	724,514.71	1,207,524.51	1,762,985.79
Sub Total	48,438.98	204,829.54	517,610.67	830,391.80	1,190,090.10	245,112.66	620,450.01	995,787.36	1,427,425.32	285,395.77	723,289.35	1,161,182.93	1,664,760.54	325,678.88	826,128.69	1,326,578.49	1,902,095.77
STAS @ 0.00 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bill	**48,438.98**	**204,829.54**	**517,610.67**	**830,391.80**	**1,190,090.10**	**245,112.66**	**620,450.01**	**995,787.36**	**1,427,425.32**	**285,395.77**	**723,289.35**	**1,161,182.93**	**1,664,760.54**	**325,678.88**	**826,128.69**	**1,326,578.49**	**1,902,095.77**
% Increase	**-14.78%**	**-3.45%**	**-0.98%**	**-0.35%**	**-0.04%**	**-3.48%**	**-0.99%**	**-0.36%**	**-0.04%**	**-3.51%**	**-1.00%**	**-0.37%**	**-0.05%**	**-3.53%**	**-1.01%**	**-0.37%**	**-0.05%**

PENNSYLVANIA ELECTRIC COMPANY
COMPARISON BETWEEN PRESENT AND SETTLEMENT RATES
RATE H

ENERGY USAGE																
All kWh	0	100	200	400	600	1,000	1,500	2,000	3,000	5,000	7,000	9,000	12,000	15,000	20,000	25,000
Total Energy Usage	0	100	200	400	600	1,000	1,500	2,000	3,000	5,000	7,000	9,000	12,000	15,000	20,000	25,000
UNBUNDLED RATES - CURRENT																
NUG Charge																
All kWh @ 0.237 ¢/kWh	$ -	$ 0.24	$ 0.47	$ 0.95	$ 1.42	$ 2.37	$ 3.56	$ 4.74	$ 7.11	$ 11.85	$ 16.59	$ 21.33	$ 28.44	$ 35.55	$ 47.40	$ 59.25
Distribution																
Distribution Charge @ $26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55	$ 26.55
All kWh @ 3.080 ¢/kWh	$ -	$ 3.08	$ 6.16	$ 12.32	$ 18.48	$ 30.80	$ 46.20	$ 61.60	$ 92.40	$ 154.00	$ 215.60	$ 277.20	$ 369.60	$ 462.00	$ 616.00	$ 770.00
Sub-Total	$ 26.55	$ 29.63	$ 32.71	$ 38.87	$ 45.03	$ 57.35	$ 72.75	$ 88.15	$ 118.95	$ 180.55	$ 242.15	$ 303.75	$ 396.15	$ 488.55	$ 642.55	$ 796.55
Riders																
Phase II Energy Efficiency Charge @ 0.582 ¢/kWh	$ -	$ 0.58	$ 1.16	$ 2.33	$ 3.49	$ 5.82	$ 8.73	$ 11.64	$ 17.46	$ 29.10	$ 40.74	$ 52.38	$ 69.84	$ 87.30	$ 116.40	$ 145.50
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.224 ¢/kWh	$ -	$ 0.22	$ 0.45	$ 0.90	$ 1.34	$ 2.24	$ 3.36	$ 4.48	$ 6.72	$ 11.20	$ 15.68	$ 20.16	$ 26.88	$ 33.60	$ 44.80	$ 56.00
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.03	$ 0.06	$ 0.11	$ 0.17	$ 0.28	$ 0.42	$ 0.56	$ 0.84	$ 1.40	$ 1.96	$ 2.52	$ 3.36	$ 4.20	$ 5.60	$ 7.00
Sub-Total	$ -	$ 0.83	$ 1.67	$ 3.34	$ 5.00	$ 8.34	$ 12.51	$ 16.68	$ 25.02	$ 41.70	$ 58.38	$ 75.06	$ 100.08	$ 125.10	$ 166.80	$ 208.50
DSIC @ 0.149 %	$ 0.04	$ 0.05	$ 0.05	$ 0.06	$ 0.08	$ 0.10	$ 0.13	$ 0.16	$ 0.23	$ 0.35	$ 0.47	$ 0.60	$ 0.78	$ 0.97	$ 1.28	$ 1.59
PTC Charge																
All kWh @ $ 0.07763 /kWh	$ -	$ 7.76	$ 15.53	$ 31.05	$ 46.58	$ 77.63	$ 116.45	$ 155.26	$ 232.89	$ 388.15	$ 543.41	$ 698.67	$ 931.56	$ 1,164.45	$ 1,552.60	$ 1,940.75
Sub Total	$ 26.59	$ 38.51	$ 50.43	$ 74.27	$ 98.11	$ 145.79	$ 205.39	$ 264.99	$ 384.20	$ 622.60	$ 861.00	$ 1,099.41	$ 1,457.01	$ 1,814.62	$ 2,410.63	$ 3,006.64
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 26.59**	**$ 38.51**	**$ 50.43**	**$ 74.27**	**$ 98.11**	**$ 145.79**	**$ 205.39**	**$ 264.99**	**$ 384.20**	**$ 622.60**	**$ 861.00**	**$ 1,099.41**	**$ 1,457.01**	**$ 1,814.62**	**$ 2,410.63**	**$ 3,006.64**
UNBUNDLED RATES - SETTLEMENT																
NUG Charge																
All kWh @ 0.237 ¢/kWh	$ -	$ 0.24	$ 0.47	$ 0.95	$ 1.42	$ 2.37	$ 3.56	$ 4.74	$ 7.11	$ 11.85	$ 16.59	$ 21.33	$ 28.44	$ 35.55	$ 47.40	$ 59.25
Distribution																
Distribution Charge @ $35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13	$ 35.13
All kWh @ 3.312 ¢/kWh	$ -	$ 3.31	$ 6.62	$ 13.25	$ 19.87	$ 33.12	$ 49.68	$ 66.24	$ 99.36	$ 165.60	$ 231.84	$ 298.08	$ 397.44	$ 496.80	$ 662.40	$ 828.00
Sub-Total	$ 35.13	$ 38.44	$ 41.75	$ 48.38	$ 55.00	$ 68.25	$ 84.81	$ 101.37	$ 134.49	$ 200.73	$ 266.97	$ 333.21	$ 432.57	$ 531.93	$ 697.53	$ 863.13
Riders																
Phase II Energy Efficiency Charge @ 0.582 ¢/kWh	$ -	$ 0.58	$ 1.16	$ 2.33	$ 3.49	$ 5.82	$ 8.73	$ 11.64	$ 17.46	$ 29.10	$ 40.74	$ 52.38	$ 69.84	$ 87.30	$ 116.40	$ 145.50
Smart Meter Charge @ $0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Default Service Support Charge @ 0.231 ¢/kWh	$ -	$ 0.23	$ 0.46	$ 0.92	$ 1.39	$ 2.31	$ 3.47	$ 4.62	$ 6.93	$ 11.55	$ 16.17	$ 20.79	$ 27.72	$ 34.65	$ 46.20	$ 57.75
Solar Photovoltaic Requirements Charge @ 0.028 ¢/kWh	$ -	$ 0.03	$ 0.06	$ 0.11	$ 0.17	$ 0.28	$ 0.42	$ 0.56	$ 0.84	$ 1.40	$ 1.96	$ 2.52	$ 3.36	$ 4.20	$ 5.60	$ 7.00
Sub-Total	$ -	$ 0.84	$ 1.68	$ 3.36	$ 5.05	$ 8.41	$ 12.62	$ 16.82	$ 25.23	$ 42.05	$ 58.87	$ 75.69	$ 100.92	$ 126.15	$ 168.20	$ 210.25
DSIC @ 0.000 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PTC Charge																
All kWh @ $ 0.07763 /kWh	$ -	$ 7.76	$ 15.53	$ 31.05	$ 46.58	$ 77.63	$ 116.45	$ 155.26	$ 232.89	$ 388.15	$ 543.41	$ 698.67	$ 931.56	$ 1,164.45	$ 1,552.60	$ 1,940.75
Sub Total	$ 35.13	$ 47.28	$ 59.44	$ 83.74	$ 108.05	$ 156.66	$ 217.43	$ 278.19	$ 399.72	$ 642.78	$ 885.84	$ 1,128.90	$ 1,493.49	$ 1,858.08	$ 2,465.73	$ 3,073.38
STAS @ 0.00 %	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Bill	**$ 35.13**	**$ 47.28**	**$ 59.44**	**$ 83.74**	**$ 108.05**	**$ 156.66**	**$ 217.43**	**$ 278.19**	**$ 399.72**	**$ 642.78**	**$ 885.84**	**$ 1,128.90**	**$ 1,493.49**	**$ 1,858.08**	**$ 2,465.73**	**$ 3,073.38**
% Increase	**32.12%**	**22.78%**	**17.86%**	**12.75%**	**10.13%**	**7.45%**	**5.86%**	**4.98%**	**4.04%**	**3.24%**	**2.88%**	**2.68%**	**2.50%**	**2.40%**	**2.29%**	**2.22%**

Pennsylvania Electric Company

Cost Baseline for Savings as a Result of the Deployment of Smart Meters
At December 31, 2017

Line No.	Description	Penelec
1	Meter reading (Page 2)	$ 5,812,481
2	Meter services (Page 4)	3,552,696
3	Back-office (Page 6)	812,509
4	Contact Center (Page 8)	2,094,519
5	Theft of service reduction	0
6	Revenue enhancement (Page 10)	484,000
7	Avoided capital costs (Page 10)	0
8	Distribution operations	0
9	Load research (Page 11)	14,219
10	Total	$ 12,770,424

Meter Reading
Cost Baseline for Smart Meter Benefit
For the Twelve Months Ending December 2017

Line No.	Total Meter Reading Costs	Total
1	*Met-Ed*	$ 7,187,146
2	*Penelec*	$ 5,812,481
3	*Penn Power*	$ 1,189,216
4	*West Penn Power*	$ 8,157,704

Line No.	Labor Costs	Headcount	Salary	Severance Costs
5	*Met-Ed*	79.0	$ 6,697,022	$
6	*Penelec*	64.5	$ 4,850,440	$
7	*Penn Power*	13.0	$ 1,049,759	$
8	*West Penn Power*	99.5	$ 6,734,332	$

Line No.	Meter Reader Reductions	Attrition	Retirement
9	*Met-Ed*	$	$
10	*Penelec*	$	$
11	*Penn Power*	$	$
12	*West Penn Power*	$	$

Line No.	Uniforms/Supplies	Uniforms/ Supplies Costs
13	*Met-Ed*	$ 14,735
14	*Penelec*	$ 37,673
15	*Penn Power*	$ 60,653
16	*West Penn Power*	$ 38,328

Line No.	Fleet Costs	Fleet Costs	Personal Mileage
17	*Met-Ed*	$ 475,388	
18	*Penelec*	$ 924,368	
19	*Penn Power*	$ 78,804	
20	*West Penn Power*	$ 1,385,044	

Line No.	Handheld Costs	Replacement Costs	Maintenance Costs
21	*Met-Ed*	$	$
22	*Penelec*	$	$
23	*Penn Power*	$	$
24	*West Penn Power*	$	$

Line No.	Claims	Claims Costs
25	*Met-Ed*	$
26	*Penelec*	$
27	*Penn Power*	$
28	*West Penn Power*	$

Meter Reading
Cost Baseline for Smart Meter Benefit by FERC Accounts
For the Twelve Months Ending December 2017

Line No.					
	Salary				
	Met-Ed				
1	FERC Account	593	Maintenance Overhead Lines	$	-
2	FERC Account	902	Meter Reading Expense	$	5,322,853
3	FERC Account	408.1	Taxes Other than Income Taxes	$	410,550
4	FERC Account	926	A&G-Employee Pensions & Benefits	$	963,620
5			Total	**$**	**6,697,022**
6	***Penelec***				
7	FERC Account	593	Maintenance Overhead Lines	$	-
8	FERC Account	902	Meter Reading Expense	$	3,811,777
9	FERC Account	408.1	Taxes Other than Income Taxes	$	293,193
10	FERC Account	926	A&G-Employee Pensions & Benefits	$	745,470
11			Total	**$**	**4,850,440**
12	***Penn Power***				
13	FERC Account	593	Maintenance Overhead Lines	$	-
14	FERC Account	902	Meter Reading Expense	$	825,293
15	FERC Account	408.1	Taxes Other than Income Taxes	$	63,463
16	FERC Account	926	A&G-Employee Pensions & Benefits	$	161,004
17			Total	**$**	**1,049,759**
18	***West Penn Power***				
19	FERC Account	593	Maintenance Overhead Lines	$	(682,347)
20	FERC Account	902	Meter Reading Expense	$	5,966,688
21	FERC Account	408.1	Taxes Other than Income Taxes	$	406,339
22	FERC Account	926	A&G-Employee Pensions & Benefits	$	1,043,651
23			Total	**$**	**6,734,332**
	Uniform/Supplies Costs				
	Met-Ed				
24	FERC Account	902	Meter Reading Expense	**$**	**14,735**
	Penelec				
25	FERC Account	902	Meter Reading Expense	**$**	**37,673**
	Penn Power				
26	FERC Account	902	Meter Reading Expense	**$**	**60,653**
	West Penn Power				
27	FERC Account	902	Meter Reading Expense	**$**	**38,328**
	Fleet Costs				
	Met-Ed				
28	FERC Account	593	Maintenance Overhead Lines	$	-
29	FERC Account	902	Meter Reading Expense		475,388
30			Total	**$**	**475,388**
	Penelec				
31	FERC Account	593	Maintenance Overhead Lines	$	-
32	FERC Account	902	Meter Reading Expense		924,368
33			Total	**$**	**924,368**
	Penn Power				
34	FERC Account	593	Maintenance Overhead Lines	$	-
35	FERC Account	902	Meter Reading Expense		78,804
36			Total	**$**	**78,804**
	West Penn Power				
37	FERC Account	593	Maintenance Overhead Lines	$	-
38	FERC Account	902	Meter Reading Expense		1,385,044
39			Total	**$**	**1,385,044**

Meter Services
Cost Baseline for Smart Meter Benefit
For the Twelve Months Ending December 2017

Line No.	Total Meter Services Costs	Total Headcount	Total
1	*Met-Ed*	37	$ 3,584,282
2	*Penelec*	38	$ 3,552,696
3	*Penn Power*	9	$ 766,727
4	*West Penn Power*	41	$ 3,667,318

Line No.	Labor Costs - Original Roles	Headcount	Salary	Severance Costs
5	*Met-Ed*	37	$ 3,237,739	$
6	*Penelec*	38	$ 3,207,037	$
7	*Penn Power*	9	$ 760,729	$
8	*West Penn Power*	41	$ 3,099,129	$

Line No.	Uniforms/Supplies	Uniforms/ Supplies Cost
9	*Met-Ed*	$ 106,868
10	*Penelec*	$ 150,021
11	*Penn Power*	$ 5,998
12	*West Penn Power*	$ 117,252

Line No.	Fleet Costs	Fleet Costs
13	*Met-Ed*	$ 239,675
14	*Penelec*	$ 195,639
15	*Penn Power*	$ -
16	*West Penn Power*	$ 450,937

Line No.	Original Tablet Costs	Replacement Costs	Maintenance Costs
17	*Met-Ed*	$	$
18	*Penelec*	$	$
19	*Penn Power*	$	$
20	*West Penn Power*	$	$

Line No.	New Device Costs	Costs
21	*Met-Ed*	$
22	*Penelec*	$
23	*Penn Power*	$
24	*West Penn Power*	$

Line No.	Staff Retraining Costs	Cost
25	*Met-Ed*	$
26	*Penelec*	$
27	*Penn Power*	$
28	*West Penn Power*	$

Line No.	Labor Costs - New Roles	Headcount	Salary
29	*Met-Ed*		$
30	*Penelec*		$
31	*Penn Power*		$
32	*West Penn Power*		$

Meter Services
Cost Baseline for Smart Meter Benefit by FERC Accounts
For the Twelve Months Ending December 2017

Line No.				
	Salary			
	Met-Ed			
1	FERC Account	586	Meter Expenses	$ 1,303,867
2	FERC Account	593	Maintenance of Overhead Lines	-
3	FERC Account	597	Maintenance of Meters	1,303,867
4	FERC Account	408.1	Taxes Other than Income Taxes	189,124
5	FERC Account	920	Admin & Gen Salaries	-
6	FERC Account	926	A&G-Employee Pensions & Benefits	440,881
7			Total	**$ 3,237,739**
	Penelec			
8	FERC Account	586	Meter Expenses	$ 1,284,142
9	FERC Account	593	Maintenance of Overhead Lines	-
10	FERC Account	597	Maintenance of Meters	1,284,142
11	FERC Account	408.1	Taxes Other than Income Taxes	186,411
12	FERC Account	926	A&G-Employee Pensions & Benefits	452,341
13			Total	**$ 3,207,037**
	Penn Power			
14	FERC Account	570	Maintenance of Station Equipment	$ -
15	FERC Account	586	Meter Expenses	-
16	FERC Account	588	Misc Distribution Expenses	-
17	FERC Account	593	Maintenance of Overhead Lines	-
18	FERC Account	597	Maintenance of Meters	600,797
19	FERC Account	408.1	Taxes Other than Income Taxes	46,311
20	FERC Account	920	Admin & Gen Salaries	-
21	FERC Account	926	A&G-Employee Pensions & Benefits	113,621
22			Total	**$ 760,729**
	West Penn Power			
23	FERC Account	586	Meter Expenses	$ 2,414,387
24	FERC Account	593	Maintenance of Overhead Lines	-
25	FERC Account	597	Maintenance of Meters	-
26	FERC Account	408.1	Taxes Other than Income Taxes	193,757
27	FERC Account	926	A&G-Employee Pensions & Benefits	490,984
28			Total	**$ 3,099,129**
	Uniform/Supplies Costs			
	Met-Ed			
29	FERC Account	586	Meter Expenses	$ 53,434
30	FERC Account	597	Maintenance of Meters	53,434
31			Total	**$ 106,868**
	Penelec			
32	FERC Account	586	Meter Expenses	$ 75,010
33	FERC Account	597	Maintenance of Meters	75,011
34			Total	**$ 150,021**
	Penn Power			
35	FERC Account	597	Maintenance of Meters	$ 5,998
36			Total	**$ 5,998**
	West Penn Power			
37	FERC Account	586	Meter Expenses	$ 117,252
38			Total	**$ 117,252**
	Fleet Costs			
	Met-Ed			
39	FERC Account	586	Meter Expenses	$ -
40	FERC Account	593	Maintenance of Overhead Lines	-
41	FERC Account	597	Maintenance of Meters	239,675
42	FERC Account	920	Admin & Gen Salaries	-
43			Total	**$ 239,675**
	Penelec			
44	FERC Account	586	Meter Expenses	$ -
45	FERC Account	593	Maintenance of Overhead Lines	-
46	FERC Account	597	Maintenance of Meters	195,639
47			Total	**$ 195,639**
	Penn Power			
48	FERC Account	570	Maintenance of Station Equipment	$ -
49	FERC Account	588	Misc Distribution Expenses	-
50	FERC Account	593	Maintenance of Overhead Lines	-
51	FERC Account	597	Maintenance of Meters	-
52	FERC Account	920	Admin & Gen Salaries	-
53			Total	**$ -**
	West Penn Power			
54	FERC Account	586	Meter Expenses	$ -
55	FERC Account	593	Maintenance of Overhead Lines	-
56	FERC Account	597	Maintenance of Meters	450,937
57			Total	**$ 450,937**

Back Office
Cost Baseline for Smart Meter Benefit
For the Twelve Months Ending December 2017

Line No.	Total Back Office Costs	Headcount	Salary
1	*Met-Ed*	10	$ 773,240
2	*Penelec*	10	$ 812,509
3	*Penn Power*	3	$ 180,709
4	*West Penn Power*	13	$ 838,758

Line No.	Labor Costs	Headcount	Salary	Severance Costs
5	*Met-Ed*	10	$ 773,240	$ -
6	*Penelec*	10	$ 812,509	$ -
7	*Penn Power*	3	$ 180,709	$ -
8	*West Penn Power*	13	$ 838,758	$ -

Line No.	Staffing Updates	Headcount Reductions
9	*Met-Ed*	-
10	*Penelec*	-
11	*Penn Power*	-
12	*West Penn Power*	-

Back Office
Cost Baseline for Smart Meter Benefit by FERC Accounts
For the Twelve Months Ending December 2017

Line No.		FERC Account	Description	Amount
	Salary			
	Met-Ed			
1	FERC Account	903	Cust Rcrd & Collect Exp	$ 610,397
2	FERC Account	408.1	Taxes Other than Income Taxes	$ 47,335
3	FERC Account	926	A&G-Employee Pensions & Benefits	$ 115,508
4			Total	**$ 773,240**
	Penelec			
5	FERC Account	903	Cust Rcrd & Collect Exp	$ 641,397
6	FERC Account	408.1	Taxes Other than Income Taxes	$ 49,739
7	FERC Account	926	A&G-Employee Pensions & Benefits	$ 121,374
8			Total	**$ 812,509**
	Penn Power			
9	FERC Account	902	Meter Reading Expense	$ 99,988
10	FERC Account	903	Cust Rcrd & Collect Exp	$ 42,852
11	FERC Account	408.1	Taxes Other than Income Taxes	10,560
12	FERC Account	926	A&G-Employee Pensions & Benefits	$ 27,309
13			Total	**$ 180,709**
	West Penn Power			
14	FERC Account	902	Meter Reading Expense	$ -
15	FERC Account	923	Outside Svcx Employed	662,890
16	FERC Account	408.1	Taxes Other than Income Taxes	49,006
17	FERC Account	926	A&G-Employee Pensions & Benefits	$ 126,863
18			Total	**$ 838,758**

Contact Center
Cost Baseline for Smart Meter Benefit
For the Twelve Months Ending December 2017

Line No.	Total Contact Center Costs	Headcount	Salary
1	*Met-Ed*	44	$ 1,993,656
2	*Penelec*	46	$ 2,094,519
3	*Penn Power*	13	$ 581,572
4	*West Penn Power*	57	$ 2,575,228

Line No.	Labor Costs	Headcount	Salary	Severance Costs
5	*Met-Ed*	44	$ 1,993,656	$ -
6	*Penelec*	46	$ 2,094,519	$ -
7	*Penn Power*	13	$ 581,572	$ -
8	*West Penn Power*	57	$ 2,575,228	$ -

Line No.	Staffing Updates	Additions	Reductions
9	*Met-Ed*	-	-
10	*Penelec*	-	-
11	*Penn Power*	-	-
12	*West Penn Power*	-	-

Contact Center
Cost Baseline for Smart Meter Benefit by FERC Accounts
For the Twelve Months Ending December 2017

Line No.		FERC Account	Description	Amount
	Salary			
	Met-Ed			
1	FERC Account	903	Cust Rcrd & Collect Exp	$ -
2	FERC Account	910	Misc Cust Svc & Info Exp	1,576,012
3	FERC Account	408.1	Taxes Other than Income Taxes	118,375
4	FERC Account	926	A&G-Employee Pensions & Benefits	299,268
5			Total	**$ 1,993,656**
	Penelec			
6	FERC Account	903	Cust Rcrd & Collect Exp	$ -
7	FERC Account	910	Misc Cust Svc & Info Exp	1,655,746
8	FERC Account	408.1	Taxes Other than Income Taxes	124,364
9	FERC Account	926	A&G-Employee Pensions & Benefits	314,409
10			Total	**$ 2,094,519**
	Penn Power			
11	FERC Account	903	Cust Rcrd & Collect Exp	$ -
12	FERC Account	910	Misc Cust Svc & Info Exp	459,741
13	FERC Account	408.1	Taxes Other than Income Taxes	34,531
14	FERC Account	926	A&G-Employee Pensions & Benefits	87,300
15			Total	**$ 581,572**
	West Penn Power			
16	FERC Account	902	Meter Reading Expense	$ -
17	FERC Account	903	Cust Rcrd & Collect Exp	-
18	FERC Account	910	Misc Cust Svc & Info Exp	2,035,753
19	FERC Account	408.1	Taxes Other than Income Taxes	152,907
20	FERC Account	926	A&G-Employee Pensions & Benefits	386,568
21			Total	**$ 2,575,228**

Revenue Enhancement and Avoided Capital Costs
Cost Baseline for Smart Meter Benefit
For the Twelve Months Ending December 2017

Revenue Enhancement -- Change 1.5 day lag in Cash Working Capital

Line No.		Penelec
1	1.5 day lag for billing difference in CWC	$ 3,206,000
2	Associated Rev Req	$ 484,000

Avoided Capital Costs -- Material and Supply Inventories at December 2017

		Penelec
3	Legacy meters in inventory	$ -
4	Handheld devices in inventory	-
5	Total inventory (Line 3 + Line 4)	$ -
6	Revenue requirement	$ -

Load Research
Cost Baseline for Smart Meter Benefit
For the Twelve Months Ending December 2017

Line No	Description		Penelec
1	Number of load research meters in field		284
2	Cost of load research meters	$	400
3	Cost of Normal meters		50
4	Net Cost of load research Meters (Line 2 - Line 3)	$	350
5	Capital Cost of load research Meters (line 1 X line 4)	$	99,400
6	Depreciation Reserve per meter		79
7	Accumulated Depreciation Reserve (Line 1 X Line 6)		22,484
8	Net load research Meters in Rate Base (Line 5 - Line 7)	$	76,916
9	Carrying Charge		12.93%
10	Revenue requirement for rate base (Line 8 X Line 9)	$	9,945
11	Depreciation Rate of meters		4.30%
12	Depreciation expense (Line 5 X Line 11)		4,274
13	Revenue requirement (Line 10 + Line 12)	$	14,219

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION v. METROPOLITAN EDISON COMPANY PENNSYLVANIA ELECTRIC COMPANY PENNSYLVANIA POWER COMPANY WEST PENN POWER COMPANY	Docket Nos. R-2016-2537349, *et al.*

STATEMENT OF METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY, AND WEST PENN POWER COMPANY IN SUPPORT OF THEIR RESPECTIVE JOINT PETITIONS FOR PARTIAL SETTLEMENT OF RATE INVESTIGATIONS

October 14, 2016

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION **v.** **METROPOLITAN EDISON COMPANY** **PENNSYLVANIA ELECTRIC COMPANY** **PENNSYLVANIA POWER COMPANY** **WEST PENN POWER COMPANY**	**Docket Nos. R-2016-2537349, *et al.***

STATEMENT OF
METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY,
PENNSYLVANIA POWER COMPANY, AND
WEST PENN POWER COMPANY
IN SUPPORT OF THEIR RESPECTIVE JOINT PETITIONS
FOR PARTIAL SETTLEMENT OF RATE INVESTIGATIONS

TO THE HONORABLE MARY D. LONG, ADMINISTRATIVE LAW JUDGE:

I. INTRODUCTION AND OVERVIEW

Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (individually, a "Company" and, collectively, the "Companies") submit this Statement in Support regarding their respective Joint Petitions for Partial Settlement of Rate Investigations (individually, a "Joint Petition" and, collectively, the "Joint Petitions") entered into by each Company and their respective Joint Petitioners,[1] as follows:

[1] Citizens for Pennsylvania's Future ("PennFuture") and the Clean Air Council ("CAC"), which intervened in all four Companies' rate cases, have indicated they do not oppose the Joint Petitions. The International Brotherhood of Electrical Workers, Local 459 ("IBEW"), which intervened in Penelec's rate case, and the Environmental Defense Fund ("EDF"), which intervened in Met-Ed's rate case, indicated they do not oppose the Joint Petitions of those Companies.

Joint Petitioners	Met-Ed (R-2016-2537349)	Penelec (R-2016-2537359)	Penn Power (R-2016-2537355)	West Penn (R-2016-2537352)
Bureau of Investigation and Enforcement ("I&E")	✓	✓	✓	✓
Office of Consumer Advocate ("OCA")	✓	✓	✓	✓
Office of Small Business Advocate ("OSBA")	✓	✓	✓	✓
Met-Ed Industrial Users Group ("MEIUG")	✓			
Penelec Industrial Customer Alliance ("PICA")		✓		
West Penn Power Industrial Intervenors ("WPPII")				✓
Coalition for Affordable Utility Services & Energy Efficiency in Pennsylvania ("CAUSE-PA")	✓	✓	✓	✓
Wal-Mart Stores East, LP and Sam's East, Inc. ("Wal-Mart")	✓	✓	✓	✓
The Pennsylvania State University ("PSU")				✓
AK Steel Corporation ("AK Steel")				✓
North American Hoganas Holdings, Inc. ("Hoganas")		✓		

If the settlements set forth in the Joint Petitions ("Settlements") are approved, they will resolve all issues in this consolidated proceeding[2] except for a single issue being pursued by the OCA concerning a term of Rider R to Met-Ed's and Penelec's tariffs and Riders O and N, respectively, to Penn Power's and West Penn's tariffs. Those riders, which were approved by the Pennsylvania Public Utility Commission's ("PUC" or the "Commission") Orders entered on June 9, 2016, establish a Distribution System Improvement Charge ("DSIC") for each Company. The OCA, through its witness, Ralph C. Smith,[3] contends that Section 1301.1,[4] which was added to the Public Utility Code earlier this year, requires the Commission to modify the DSIC formula set forth in the Companies' Riders to insert a term that deducts accumulated deferred income

[2] The Companies' rate proceedings were consolidated for hearing, briefing and decision by the Prehearing Order issued on June 22, 2016.

[3] OCA Statement No. 1, pp. 108-110.

[4] 66 Pa.C.S. § 1301.1.

taxes ("ADIT") from the original cost of "eligible property" in calculating the "fixed cost" recovered under the DSIC.[5] This issue has been reserved from the Settlements for briefing. As explained in the Companies' Initial Brief filed on September 30, 2016: (1) the reserved issue is not properly within the scope of this base rates proceeding; and (2) if the reserved issue is to be considered in these consolidated dockets, then the OCA's position should be rejected because Section 1301.1 does not apply to the DSIC and, even if it did, that section does not eliminate or diminish the Commission's discretion to determine *how* ADIT should be recognized in the DSIC.[6]

The Settlements in this case were achieved only after a comprehensive investigation of the Companies' operations and finances, which included: (1) extensive discovery (the Companies collectively responded to approximately 2700 interrogatories) (many of which were multi-part questions); (2) submission of direct, supplemental, rebuttal, and surrebuttal testimony covering a wide range of issues; (3) informal discovery; (4) extensive public input hearings; and (5) negotiations among the parties as to the appropriate revenue level, rate structure, rate design, and other matters, as set forth in detail in the Joint Petitions.

The Settlements have been achieved among parties representing a wide array of stakeholder interests, including residential, commercial and industrial customers and a non-governmental organization representing the interests of low-income customers. The fact that the Settlements were reached among parties displaying the diverse interests of the Joint Petitioners and is not opposed by any active party is, in itself, strong evidence that the Settlements are reasonable and in the public interest. In fact, each of the Settlements reflects a carefully balanced compromise of the interests of the Joint Petitioners based on their thorough and detailed

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[5] "Eligible property" and "fixed cost" are defined in 66 Pa.C.S. §§ 1351 and 1357(a)(3), respectively.

[6] *See* Companies' Statement No. 2-R, pp. 40-43.

consideration of the evidence adduced in this case, all of which was entered into the record at the evidentiary hearing conducted on September 7, 2016.

Significantly, three of the signatories – I&E, OCA, and OSBA – are charged with specific legal obligations to carefully scrutinize all aspects of a utility's request to increase rates. I&E, which has the broadest mandate, functions as an independent prosecutorial bureau within the Commission and, as such, is charged with representing the public interest in utility rate proceedings.[7] The OCA has a statutory obligation to protect the interests of consumers of public utility service[8] and focuses its attention principally on the interests of residential and low-income residential customers. The OSBA represents the interests of small businesses.[9] As evidenced by their active and extensive participation in all aspects of this case, these statutory parties have conscientiously and rigorously discharged their statutory obligations. The statutory parties' joining in, and fully supporting, the Settlements is strong evidence that the Settlements' terms and conditions are just, reasonable and in the public interest.[10]

Moreover, as explained hereafter, the Companies presented a compelling case for rate relief. This is evidenced by, among other factors, the fact that the Companies' projected rate base at December 31, 2017 is expected to be significantly greater than the levels reflected in their current rates,[11] while their projected 2017 revenue at current rates is markedly less than the

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[7] *See Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Final Order entered August 11, 2011), p. 5 ("BI&E will serve as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters . . .").

[8] *See* 71 Pa.C.S. §§ 309-1 *et seq.*

[9] *See* 73 P.S. §§ 399.41 *et seq.*

[10] *See Pa. P.U.C. v. T.W. Phillips Gas and Oil Co.*, Docket Nos. R-2010-2167797 et al., 2010 Pa. PUC LEXIS 1598 at *80-85 (Recommended Decision issued October 5, 2010), relying upon the support of I&E's predecessor, the Office of Trial Staff ("OTS"), the OCA and the OSBA as evidence that the settlement in that case was reasonable and in the public interest. The Recommended Decision was expressly approved and adopted by the Commission in its Final Order entered November 4, 2010, at the above-referenced docket.

[11] Statement No. 1, page 13, for each of Met-Ed, Penelec and West Penn and page 12 for Penn Power.

revenue requirement approved in their last base rate cases.[12] The Companies' need for rate relief was confirmed by the litigation positions of I&E and OCA, which both concluded that the Companies are entitled to an increase in operating revenues.[13]

The Companies' need for rate relief and the reasonableness of the increase in revenues set forth in the Settlements is addressed further in Section II, below. Section II also discusses the other terms of the Settlements and explains why they are reasonable in light of the evidence presented in this case and are in the public interest. Section III is a summation of the reasons why the Settlements as a whole are in the public interest.

A. The Settlements Are Consistent With Commission Policy, Practice And Precedent Concerning Settlements

The Commission's long-standing policy, practice and precedent, which are embodied in its regulation at 52 Pa. Code § 5.231 and its Policy Statement on Settlements at 52 Pa. Code § 69.401, strongly encourage parties to resolve contested proceedings by settlement. Indeed, in its Policy Statement, the Commission stated that "the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate *are often preferable to those achieved at the conclusion of a fully litigated proceeding*" (emphasis added). There are many reasons why settlements can produce better outcomes and do a better job of promoting the public interest than full litigation, which have been repeatedly affirmed in decisions approving proposed settlements. Those reasons were aptly

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[12] *Id.*

[13] *See* I&E Statement No. 2-SR, pp. 23-28; OCA Exhibits LA-ME-3 (Schedule A), LA-PN-3 (Schedule A), LA-PP-3 (Schedule A) and LA-WP-3 (Schedule A) accompanying OCA Statement No. 1-SR.

summarized in Administrative Law Judge Chestnut's Recommended Decision[14] approving a settlement of PECO's 2010 electric rate case:

> Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401. Rate cases are expensive to litigate and the cost of such litigation at a reasonable level is an operating expense recovered in the rates approved by the Commission. This means that a settlement, which allows the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and reply exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yields significant expense savings for the company's customers. That is one reason why settlements are encouraged by long-standing Commission policy.

Although not explicitly discussed in Judge Chestnut's Recommended Decision, settlements also promote the public interest in another important way. In settlements, parties can, through compromise and agreement, craft innovative and creative solutions that the Commission may not be in a position to develop and impose unilaterally.

B. Settlements That Do Not Stipulate Or Identify The Specific Components Underlying A Settled Revenue Increase Have Been Consistently Approved And Strongly Endorsed By The Commission As Promoting The Public Interest

As the Joint Petitions make clear (*see* Paragraphs 11, and 40-42), the Joint Petitioners acknowledge that, subject to the limited exceptions set forth in the Joint Petitions, they have not sought, nor would they be able, to agree upon the specific ratemaking adjustments that support their respective decisions to enter into the Settlements. Nonetheless, as the Joint Petitioners

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[14] *Pa. P.U.C. v. PECO Energy Co.*, Docket No. R-2010-2161575 (Recommended Decision issued November 2, 2010), p. 12. Judge Chestnut's Recommended Decision was approved and adopted by the Commission in its Final Order entered December 21, 2010.

explain in their respective Statements in Support, they are in full agreement that the Settlements achieve the following goals:

- Resolve a number of contested issues, by means of inter-related compromises, in a manner that produces an overall outcome well within the range of reasonable outcomes supported by the record evidence;
- Appropriately and fairly balance: (1) the interests of customers in receiving safe, adequate and reliable service at just and reasonable rates; and (2) the interests of the Companies and their shareholders in having a reasonable opportunity – through continued prudent and efficient management – to earn a fair return on their investment in property dedicated to the public service, which will support further investment in additional needed plant and equipment;
- Produce a fair result for all parties; and
- Therefore, for all the foregoing reasons, are in the public interest.

As explained above, the Joint Petitions embody a so-called "black box" settlement because the Joint Petitioners have neither agreed upon, nor identified, their individual assessments of the various subsidiary components of the overall revenue requirements upon which they settled. The Joint Petitioners' approach facilitates settlements by allowing parties to agree to an overall settled outcome that all parties find reasonable without abandoning or reversing their litigation positions on issues they deem important and, thereby, compromising their ability to present their arguments in other proceedings where settlement may not be possible.[15] Thus, the net result is reasonable and acceptable to all, so long as the parties are not

[15] *See* 52 Pa. Code § 5.231 and the Commission's Policy Statement on Settlements, *supra*. While there are many Commission-approved Recommended Decisions that have found black box settlements to be in the public interest on this basis, one fairly recent example is *Pa. P.U.C. v. Borough of Ambler Water Dept.*, Docket No. R-2014-2400003, 2014 Pa. PUC LEXIS 547 at *12-15, (Recommended Decision of Administrative Law Judge Cynthia

forced to disclose their positions and strategies or the compromises they made to reach the settled outcome. Nonetheless, limited exceptions to the black box concept were made in the Settlements – as in other settlements that have been approved by the Commission[16] – as needed to implement and administer the Settlement terms, such as identifying depreciation rates to be used to calculate depreciation expense, establishing the "baseline" for smart meter costs, and stipulating the benchmark return to be used for determining future smart meter and DSIC revenue requirements and the allowance for funds used during construction, as discussed in Section II.A., *infra*.

The Joint Petitioners' approach to delineating the terms of the Settlements in the Joint Petitions, namely, a "black box" subject to limited but appropriate exceptions, has been consistently and repeatedly approved by the Commission. One of the strongest endorsements of black box settlements as not only consistent with the public interest but a means of affirmatively promoting the public interest occurred in two companion cases involving Citizens' Electric

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Williams Fordham issued October 17, 2014). In her Recommended Decision, Judge Fordham, after summarizing Commission precedent approving black box settlements, affirmed I&E's position in that case that "the revenue amount and rate design in the Settlement are within the range of potential litigated outcomes" and "further line-by-line identification and ultimate resolution of each revenue-related issue raised in the proceeding beyond those addressed in the Settlement is not necessary to find that the Settlement is in the public interest. . ." *Id.* Judge Fordham's Recommended Decision was approved and adopted by the Commission in its Final Order entered December 4, 2014. While *Borough of Ambler* involved a relatively smaller utility, black box settlements of base rate increases have been approved on the same basis for many large utilities, such as the settlement of PECO's 2010 electric rate case discussed previously. *See, e.g., Pa. P.U.C. v. PECO Energy Co.*, Docket No. R-2015-2468981 (Final Order entered December 17, 2015) (approving a black box settlement for a base rate increase of $127 million); *Pa. P.U.C. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2014-2406274 (Final Order entered December 10, 2014) (approving a black box settlement for a base rate increase of $32.5 million); *Pa. P.U.C. v. Duquesne Light Co.*, Docket No. R-2013-2372129 (Final Order entered April 23, 2014) pp. 8-15 (approving a black box settlement providing for a base rate increase of $48 million); *Pa. P.U.C. v. PPL Elec. Utils. Corp.*, Docket No. R-2010-2161694, 2010 Pa. PUC LEXIS 2001 at *15 and *30-35 (Final Order entered December 16, 2010) (approving a black box settlement providing for a base rate increase of $77.5 million).

[16] *See, e.g., Pa. P.U.C. v. Duquesne Light Co.*, Docket No. R-2010-2179522 (Recommended Decision of Administrative Law Judge Conrad A. Johnson dated January 28, 2011), 2011 Pa. PUC LEXIS 1012 at *43-51 (approving a "black box" settlement that did not identify any overall rate of return underlying the settlement increase, but, as a limited exception to the "black box" concept, specified a rate of return on equity solely for purposes of calculating future smart meter revenue requirements to be recovered under Duquesne's smart meter adjustment clause). Judge Johnson's Recommended Decision was approved and adopted by the Commission in its Final Order entered February 24, 2011.

Company of Lewisburg, PA ("Citizens") and Wellsboro Electric Company ("Wellsboro"), which are subsidiaries of a common parent. Citizens and Wellsboro made simultaneous rate filings, and black box settlements were achieved in both cases. The Administrative Law Judge approved the settlements in separate Recommended Decisions[17] but stated, parenthetically, that "'Black Box' agreements are sometimes regarded with little enthusiasm" by some participants. The Commission approved both Recommended Decisions in Final Orders issued on January 13, 2010. In each case, then-Chairman Powelson issued separate statements responding to the Recommended Decisions' parenthetical suggesting less than enthusiastic support for black box settlements, as follows:

> I . . . will continue to support settlements, including those of a black box nature, enthusiastically. Determination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. *Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.* (Emphasis added.)

Then-Chairman Powelson's separate statements in *Citizens'* and *Wellsboro*, *supra*, have been relied upon by parties, Administrative Law Judges and the Commission itself in many subsequent cases. For example, in Peoples TWP LLC's 2013 base rate case,[18] the Commission approved the settlement reached in that case and denied all of an objecting party's exceptions. In response to a complainant's specific objection to the black box nature of the settlement, the

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[17] *Pa. P.U.C. v. Citizens' Elec. Co. of Lewisburg, PA*, Docket No. R-2010-2172665, 2010 Pa. PUC LEXIS 1890 at *20-21, (Recommended Decision issued December 21, 2010), *Pa. P.U.C. v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662, 2010 Pa. PUC LEXIS 1891 at *17-18 (Recommended Decision issued December 21, 2010).

[18] *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Final Order entered December 19, 2013), pp. 27-28.

Commission stated that its holding was squarely based on Commissioner Powelson's statements in *Citizens'* and *Wellsboro*[19]:

> We have historically permitted the use of "black box" settlements as a means of promoting settlement among the parties in contentious base rate proceedings. *See, Pa. PUC v. Wellsboro Electric Co.*, Docket No. R-2010-2172662 (Final Order entered January 13, 2011); *Pa. PUC v. Citizens' Electric Co. of Lewisburg, PA*, Docket No. R-2010-2172665 (Final Order entered January 13, 2011). Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a "black box" settlement in this proceeding and, accordingly, deny this Exception.

The Commission's policy against requiring "line-by-line identification and ultimate resolution of each and every revenue-related issue raised in the proceeding" as a condition precedent to approving a settlement extends to the cost of capital and, in particular, the return on equity assumptions of each settling party. The Commission made this point in its final order approving a black box settlement of Aqua Pennsylvania, Inc.'s ("Aqua PA") 2009 base rate case. In that proceeding, the settling parties did not agree to, or identify, either an overall rate of return or a rate of return on equity. A non-settling party challenged the settlement on the grounds, among others, that the revenue increase agreed to in the settlement would allow Aqua PA to earn an excessive rate of return. The presiding Administrative Law Judge approved the settlement, rejected the non-settling party's objections, and tried to use evidence in the record to interpolate the settlement's implicit return on equity in order to show that it was adequate but not excessive.

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[19] *Id.* at 28.

The Commission approved the settlement and rejected the arguments of the non-settling party. However, the Commission also rejected the Administrative Law Judge's efforts to discern an implicit rate of return on equity underlying the level of revenues agreed to under the settlement and held that any attempt to do so was neither proper nor necessary in the context of a settlement of a base rate proceeding.[20]

As evidenced by the authorities discussed above, the Commission fully endorses the concept of black box settlements such as the Settlements achieved in this case.

C. General Standard For Approval Of Settlements

It is well-established that, in order to approve a settlement, the Commission must determine that the proposed terms and conditions, viewed in the context of the settlement as a whole, are in the public interest. *See Pa. P.U.C. v. CS Water & Sewer Assoc.*, 74 Pa. P.U.C. 767, 771 (1991); *Pa. P.U.C. v. Philadelphia Elec. Co.*, 60 Pa. P.U.C. 1, 22 (1985). In Section II, below, each of the principal terms of the Settlements is discussed in light of the record evidence and the parties' positions. As explained therein, the final resolution achieved by each of those terms is consistent with, and promotes, the public interest.

[20] *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-2009-2132019, 2010 Pa. PUC LEXIS 1808, *38-39 (Final Order entered June 9, 2010).

II. SPECIFIC SETTLEMENT TERMS[21]

A. Revenue Requirement (Joint Petitions, Paragraphs 12-19)

On April 28, 2016, the Companies filed with the Pennsylvania Public Utility Commission ("PUC" or the "Commission") tariff supplements proposing increases in their annual distribution revenue as set forth below together with the docket numbers assigned to each case:

Company	Tariff Supplement	Proposed Increase	Docket No.
Met-Ed	Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 52	$140.2 million	R-2016-2537349
Penelec	Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 81	$158.8 million	R-2016-2537352
Penn Power	Supplement No. 17 to Tariff Electric – Pa. P.U.C. No. 36	$ 42.0 million	R-2016-2537355
West Penn	Supplement No. 10 to Tariff Electric – Pa. P.U.C. No. 38 Supplement No. 15 to Tariff Electric – Pa. P.U.C. No. 40	$ 98.2 million	R-2016-2537359

On June 9, 2016, the Commission entered an Order suspending each of the tariff filings and referring them to the Office of Administrative Law Judge for investigation to determine the lawfulness, justness and reasonableness of the Companies' existing and proposed rates, rules and regulations. Accordingly, each Company's tariff supplement was suspended, by operation of Section 1308(d) of the Public Utility Code, for seven months, or until January 27, 2017. All four cases were subsequently assigned to Administrative Law Judge Mary D. Long.

[21] Section II of this Statement in Support contains a general description of the terms and conditions of the Settlements set forth in the Joint Petitions. While every effort has been made to try to ensure that the descriptions are accurate, if any inconsistency exists or is perceived between the Statement in Supports and the terms and conditions of the Joint Petitions, the Joint Petitions shall take precedence and shall control.

As previously explained, following detailed formal and informal discovery, the submission of multiple rounds of testimony and extensive negotiations, the Joint Petitioners agreed to the Settlements embodied in the Joint Petitions. Under the terms of the Settlements, the Companies will be entitled to charge electric distribution base rates designed to produce the increases in electric operating revenues set forth below, based on the Companies proposed billing units for the twelve months ended December 31, 2017, to become effective for service rendered on and after January 27, 2017 ("Settlement Rates"):

	Increase In Base Rates	**Increase In DSS and HP Riders**[22]
Met-Ed	$90.5 million	$5.5 million
Penelec	$94.6 million	$5.8 million
Penn Power	$27.5 million	$1.7 million
West Penn	$60.6 million	$5.0 million

The table below shows the monthly bill of a typical residential customer of each of the Companies using 1000 kW calculated on the basis of: (1) the distribution rates in effect on April 28, 2016 and default service rates in effect on April 28, 2016; (2) the initially proposed distribution rates and default service rates in effect on that date; (3) the percentage increases at the proposed rates; (4) the Settlement Rates and the consistent application of default service rates in effect as of April 28, 2016; and (5) the percentage increases at the Settlement Rates:

[22] The increases in the DSS (Default Service Support) Rider and the HP (Hourly Pricing Default Service) Rider are necessary because uncollectible accounts expense associated with default service and service furnished by electric generation suppliers ("EGSs") has been fully "unbundled" from the Companies' distribution base rates pursuant to the Commission's prior approvals, as explained in Statement No. 6, pages 3-5, for each of the Companies.

	(1) Distribution Rates (April 28, 2016)	(2) Proposed Rates	(3) Percentage Increase	(4) Settlement Rates	(5) Percentage Increase
Met-Ed	$129.82	$147.34	13.5%	$143.73	10.7%
Penelec	$137.89	$161.50	17.1%	$155.541	12.8%
Penn Power	$130.06	$148.51	14.2%	$143.57	10.4%
West Penn	$112.99	$123.88	9.6%	$121.08	7.2%

Since filing their last electric base rate cases in August 2014, the Companies have successfully managed and contained the increases in their operating expenses. Notwithstanding those efforts, however, three principal factors have been major contributors to the Companies' need to increase their distribution rates:

Growth in the Companies' Distribution Rate Base. The rate base of each of the Companies grew by 12% (Met-Ed), 11% (Penelec), 20% (Penn Power) and 12.5% (West Penn) as a result of the Companies' ongoing investment in distribution plant, including smart meters and DSIC-eligible investment being rolled-in to base rates. The table below shows the increase in each Company's projected rate base at December 31, 2017, over the level of rate base reflected in current rates:[23]

	Met-Ed (thousands)	Penelec (thousands)	Penn Power (thousands)	West Penn (thousands)
Rate Base (2014 Base Rate Case)	$1,255,880	$1,465,918	$345,013	$1,212,185
Rate Base (Current Filing)	$1,405,890	$1,631,037	$413,519	$1,364,215
Increase	$ 150,010	$ 165,120	$ 68,506	$ 152,030
Percentage Increase	12%	11%	20%	12.5%

As a result of the Companies' investments reflected in the rate base increases shown above and non-capital expenditures to maintain and enhance reliability, the Companies have

[23] The data set forth in the table were provided by Charles V. Fullem, the Director, Rates and Regulatory Affairs – Pennsylvania, for FirstEnergy Service Company in Statement No. 1, pages 12-13, for each of the Companies.

performed very well relative to the SAIFI,[24] SAIDI[25] and CAIDI[26] indices the Commission employs, as shown in the following tables[27]:

Met-Ed Reliability Performance as of March 31, 2016

Metric	Benchmark	12-Month Standard	12-Month Actual	3-Year Standard	3-Year Actual
SAIFI	1.15	1.38	1.34	1.27	1.21
CAIDI	117	140	122.5	129	121
SAIDI	135	194	163.8	163	147

Penelec Reliability Performance as of March 31, 2016

Metric	Benchmark	12-Month Standard	12-Month Actual	3-Year Standard	3-Year Actual
SAIFI	1.26	1.52	1.34	1.39	1.42
CAIDI	117	141	143.2	129	134
SAIDI	148	213	191.8	179	189

Penn Power Reliability Performance as of March 31, 2016

Metric	Benchmark	12-Month Standard	12-Month Actual	3-Year Standard	3-Year Actual
SAIFI	1.12	1.34	1.16	1.23	1.14
CAIDI	101	121	102.3	111	103
SAIDI	113	162	118.4	136	117

[24] System Average Interruption Frequency Index, or "SAIFI," represents the average frequency of sustained interruptions per customer during an analysis period.

[25] System Average Interruption Duration Index, or "SAIDI," represents the average duration of sustained interruptions per customer during an analysis period.

[26] Customer Average Interruption Duration Index, or "CAIDI," represents the average interruption duration of sustained interruptions for those customers who experience interruptions during an analysis period.

[27] The data set forth in the tables were provided by Mr. Fullem in Statement No. 1, page 6, for each of the Companies.

West Penn Power Reliability Performance as of March 31, 2016

Metric	Benchmark	12-Month Standard	12-Month Actual	3-Year Standard	3-Year Actual
SAIFI	1.05	1.26	1.16	1.16	1.11
CAIDI	170	204	157.5	187	150
SAIDI	179	257	182.8	217	167

As shown by the data above, Met-Ed, Penn Power and West Penn have performed better than the twelve-month and three-year standards for SAIFI, CAIDI and SAIDI. Penelec has performed better than the twelve-month standard for SAIFI and SAIDI, while achieving performance only slightly below the twelve-month standard for CAIDI. Additionally, Penelec has improved its performance and is on a clear path toward achieving its goal of meeting the three-year standard for all indices. The performance of all the Companies through March 31, 2016, fully satisfies the reliability performance goals to which they committed in the settlements of their 2014 base rate cases.[28] No party took issue with the Companies' demonstrated reliability in delivering distribution service. Additionally, the very few, isolated and relatively minor service-related complaints that arose during the extensive public input hearings in this proceeding is a testament to the reliability of the Companies' distribution service.[29]

Reduction in Sales. While the Companies have been making substantial investments in new and replacement electric plant to maintain and enhance service to customers, their sales have declined [30]:

[28] *See* Statement No. 1, pp. 5-6 for each of the Companies.

[29] *See* Companies' Statement No. 10-R, in which Linda L. Moss, the President for Pennsylvania Operations of FirstEnergy Service Company, fully addressed the very few operational incidents mentioned at the public input hearings.

[30] *See* Statement No. 1, page 13, for each of Met-Ed, Penelec and West Penn, and pages 12-13 for Penn Power.

Met-Ed. Met-Ed's projected 2017 revenue at current rates is $14 million less than the revenue requirement agreed to in the settlement approved by the Commission in its prior base rate case at Docket No. R-2014-2428745. Sales to the residential class as a whole are expected to decrease by 2.19% annually, driven by a decline in the average usage per customer of approximately 2.34% annually over the next four years, offset only slightly by increases in the number of residential customers.

Penelec. Penelec's projected 2017 revenue at current rates is $23 million less than the revenue requirement agreed to in the settlement approved by the Commission in its prior base rate case at Docket No. R-2014-2428743. Sales to the residential class as a whole are expected to decrease by 2.14% annually, driven by a decline in the average usage per customer of approximately 2.10% annually over the next four years, offset only slightly by increases in the number of residential customers.

Penn Power. Penn Power's projected 2017 revenue at current rates is $5 million less than the revenue requirement agreed to in the settlement approved by the Commission in its prior base rate case at Docket No. R-2014-2428744. Sales to the residential class as a whole are expected to decrease by 1.46% annually, driven by a decline in the average usage per customer of approximately 1.70% annually over the next four years, offset only slightly by increases in the number of residential customers.

West Penn. West Penn's projected 2017 revenue at current rates is $17 million less than the revenue requirement agreed to in the settlement approved by the Commission in its prior base rate case at Docket No. R-2014-2428742. Sales to the residential class as a whole are expected to decrease by 1.33% annually, driven by a decline in the average usage per customer of approximately 1.45% annually over the next four years, offset only slightly by increases in the number of residential customers.

The decline in average residential usage in each Company's service area is primarily due to the implementation of Pennsylvania's state-mandated energy efficiency programs under Act 129 of 2008 ("Act 129") as well as federally-mandated energy efficiency lighting standards.[31] As the Companies' witness, Kevin M. Siedt, explained, Act 129 added Section 2806.1 to the Public Utility Code, which requires major Pennsylvania electric distribution companies to achieve specific, targeted reductions of retail electricity consumption and peak demand and imposes significant monetary penalties for failing to meet those targets.[32] In its Phase III Energy Efficiency and Conservation Implementation Order entered on June 9, 2015, the Commission established usage reduction targets of 4.2% each for Met-Ed and Penelec, 3.6% for Penn Power and 2.8% for West Penn.[33] Thus, it is clear that reductions in sales will continue for all the Companies.

Increase in Operation and Maintenance ("O&M") Expenses. While the Companies have worked diligently to contain operating expenses, they have experienced increases in non-capitalized operating and maintenance expenditures in connection with their efforts to maintain and enhance reliability, such as vegetation management, facility repairs, and substation maintenance, which had the beneficial effects on reliability discussed above. In addition, the implementation of the Companies' Long-Term Infrastructure Improvement Plans ("LTIIPs") is driving increases in O&M expenses because a number of projects included in the Companies'

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[31] *See* Companies' Statement 3-R, pp. 2-3.

[32] *Id.* at 3.

[33] *Id.* at 3-4.

LTIIPs have ongoing O&M components in addition to their capital costs. Finally, the Companies continue to experience increased uncollectible accounts expense.[34]

Due in large part to the factors discussed above, the Companies' projected overall rates of return for the fully projected future test year, at present rates, and, more importantly, their indicated rates of return on common equity during that same period, are anticipated to fall to very low levels, as shown below[35]:

	Overall Rate of Return	**Rate of Return on Equity**
Met-Ed	2.86%	0.59%
Penelec	3.42%	1.93%
Penn Power	3.32%	(0.26)%
West Penn	4.14%	3.42%

The return levels shown above are clearly inadequate, as the Companies' rate of return witness, Ms. Pauline M. Ahern, explained in detail in her direct testimony.[36] Returns at those levels will simply not support the investments required to ensure that the Companies can maintain and enhance reliability and replace aging infrastructure while continuing to provide safe and reliable electric service to their customers. In that regard, the Companies project that they will need to make significant investments in plant and equipment that is not eligible for DSIC recovery during the period 2018 through 2020 as follows: $239.7 million (Met-Ed), $329.2 million (Penelec), $54 million (Penn Power) and $163.8 million (West Penn).[37] Accordingly, it is critically important that the Companies be granted the rate relief the Settlements will provide.

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[34] *See* Companies' Statement No. 1, page 14, for each of Met-Ed, Penelec and West Penn, and page 13 for Penn Power.

[35] *See* Exhibit RAD-2, page 6, for each of the Companies.

[36] *See* Statement No. 8 for each of the Companies.

[37] Companies' Statement No. 3-R, page 7.

The Joint Petitions contain additional provisions that are related to revenue requirement and cost recovery, which consist of the following:

Baseline For Restarting Charges Under The DSIC (Joint Petitions, Paragraph 13). Section 1358(b)(1)[38] requires that a utility's DSIC be reset at zero on the effective date of new base rates. Section 1358(b)(2)[39] specifies when, after such a "reset," a utility may begin to charge a DSIC. The Commission set forth criteria for determining when a utility may charge a DSIC following a base rate "reset" in its Supplemental Implementation Order entered on September 21, 2016 in *Implementation of Act 11 of 2012* at Docket No. M-2012-2293611. Consistent with the requirements of the Supplemental Implementation Order, the Joint Petitions (Paragraph 13) specify the "baselines" for each Company that, when reached, will permit them to reinstitute charges under their respective DSIC Riders.

Smart Meter Revenue Requirement Baselines (Joint Petitions, Paragraph14). In this case, the Companies have proposed base rates that include all of their smart meter costs currently being incurred and that will be incurred through the end of the fully projected future test year. This is consistent with the terms of the settlements of the Companies' last base rate cases. Section 2807(f),[40] provides statutory authority for an electric distribution company to recover smart meter plan costs in base rates, as the Commission affirmed in its Opinion and Order entered August 3, 2010 in *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Approval of Smart Meter Technology Procurement and Installation Plan*, Docket No. M-2009-2123950 (the "August 3, 2010 Order").

[38] 66 Pa.C.S. § 1358(b)(1).

[39] 66 Pa.C.S. § 1358(b)(2).

[40] 66 Pa.C.S. § 2807(f).

No party disagreed with the proposal to roll-in smart meter costs to base rates in this case. Paragraph 14 of the Joint Petitions provides that the Settlement Rates reflect the recovery in base rates of revenue requirements associated with smart meter deployment of $28.597 million for Met-Ed, $33.586 million for Penelec, $11.798 million for Penn Power and $38.28 million for West Penn. The same paragraph also provides that, when a Company incurs revenue requirements associated with smart meter deployment that exceed its baseline, as set forth above, those incremental costs may be deferred and the Company will be entitled to file a smart meter rate under its Smart Meter Technology Charge ("SMT-C") to recover revenue requirements in excess of the amount included in base rates. This approach mirrors the methodology that was adopted and approved in the Companies' last base rate cases.

"Legacy" Meter Stock (Joint Petitions, Paragraph 15). This paragraph provides that "legacy" meter stock will continue to be amortized under the amortization schedule approved in the Companies' last base rate cases until those costs are fully amortized.

Storm Reserve Accounts (Joint Petitions, Paragraph 16). Each of the Companies established a Commission-approved Storm Reserve Account pursuant to the terms of the settlements in their prior base rates cases, which also specified the annual amount included in each Company's total annual revenue requirement to be recovered for purposes of funding their Storm Reserve Accounts. Paragraph No. 16 of the Joint Petitions provides that the Storm Reserve Accounts will be maintained and identifies the annual amount included in revenue requirement for each Company to fund their reserve: $13 million for Met-Ed; $7.0 million for Penelec; $1.0 million for Penn Power; and $9.0 million for West Penn.

Depreciation Rates (Joint Petitions, Paragraph 17). The Companies proposed annual depreciation accrual rates developed by John J. Spanos.[41] The annual depreciation rates calculated by Mr. Spanos were based on service lives derived from detailed service life studies performed by Mr. Spanos for each of the Companies using utility plant retirement and survival data through December 14, 2014.[42] In calculating the Companies' proposed depreciation rates, Mr. Spanos used the Equal Life Group ("ELG") procedure in place of the Average Service Life ("ASL") procedure that the Companies had employed in the past.[43] As Mr. Spanos explained, the ELG procedure has been the predominant grouping procedure used by utilities in Pennsylvania for many years with the approval of the Commission because it more accurately depicts the accrued depreciation associated with each vintage group and, therefore, enables a more accurate calculation of the undepreciated cost of plant that remains to be recovered through future depreciation accruals.[44] For the Companies, the change to the ELG procedure resulted in somewhat higher depreciation rates and, therefore, higher annual depreciation expense than continued use of the ASL procedure would produce.

The OCA, through its witness, James S. Garren,[45] was the only party that contested the Companies' proposed depreciation rates. While Mr. Garren accepted the results of Mr. Spanos' service life study, he opposed the use of the ELG procedure to calculate depreciation rates based on the service lives determined by that study. Mr. Garren, therefore, proposed that the Companies continue to use the ASL procedure in this case and recommended that, if a change to

[41] Mr. Spanos is Senior Vice President of Gannett Fleming Valuation and Rate Consultants, LLC. Mr. Spanos has testified extensively on depreciation for regulated utilities in Pennsylvania, before the Federal Energy Regulatory Commission and before regulatory bodies and courts in many other states. *See* Statement No. 7, pp. 1-5 and Appendices A and B, for each of the Companies.

[42] *See* Statement No. 7, page 8, for each of the Companies.

[43] *See* Companies' Statement No. 7-R, pp. 8-10.

[44] *Id.* at 9-16.

[45] OCA Statement No. 5.

the ELG procedure were to occur, it should be done in the future and phased-in over more than one rate case.[46] Mr. Spanos responded to, and rebutted, all of the substantive objections Mr. Garren postulated to the use of the ELG procedure.[47]

While the Companies believe, and the evidence clearly shows, that the ELG procedure is well-established as the predominant grouping procedure employed by companies in every segment of the utility industry in Pennsylvania and has been approved by the Commission many times, they also recognized that, in this case, the change from the ASL to the ELG procedure produces somewhat higher depreciation rates and correspondingly higher depreciation expense. Therefore, as part of the inter-related compromises that resulted in the Settlements, the Companies have agreed to continue to depreciate their assets using the ASL procedure based upon the depreciation rates established in each Company's service life study and Annual Depreciation Reports approved by the Commission at Docket Nos. M-2015-2501728 (Met-Ed), M-2015-2501756 (Penelec), M-2015-2501746 (Penn Power) and M-2015-2501762 (West Penn), until modified by Commission order. Additionally, the Companies will recognize their cost of removing plant in service through an amortization based on each Company's five-year average of experienced cost of removal.

Electric Plant In Service Updates And Comparisons Of Expenses And Rate Base Additions (Joint Petitions, Paragraph 18). I&E's witness, Kokou M. Apetoh, recommended that the Companies provide updates of their Exhibits RAD-46 and RAD-47 that would include actual capital expenditures, plant additions, and retirements by month for the annual periods covered by each exhibit. The Companies have agreed to provide reports, as set forth in detail in Paragraph 18, for the twelve-month periods ending December 31, 2016 and 2017. Additionally,

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[46] *Id.* at 14.

[47] Companies' Statement No. 7-R.

the Companies agreed that, in their next base rate proceeding, they will provide a comparison of actual expenses and rate base additions for the twelve months ended December 31, 2017 to their projections in this case. However, the Joint Petitioners acknowledge that such reports are for information purposes only, consistent with the fact that this is a black box settlement that represents a compromise of the Joint Petitioners' positions on various issues.

Return On Equity For Smart Meter And DSIC Revenue Requirements And Allowance For Funds Used During Construction ("AFUDC") (Joint Petitions, Paragraph 19). As explained in Section I, *supra*, the revenue requirement elements of the Settlements reflect, for the most part, a matrix of compromises by the Joint Petitioners and, therefore, specific ratemaking adjustments are not spelled out in the Joint Petition, subject to limited exceptions. Certain of those exceptions (*e.g.*, smart meter revenue requirement baselines and the annual funding for Storm Damage Reserve Accounts) were explained previously. In addition, the Joint Petitioners have recognized that, notwithstanding the "black box" nature of the Settlements regarding revenue requirement, it is important to resolve, as part of the Settlements, the rate of return on equity that Joint Petitioners agree should be used by the Company in computing: (1) incremental revenue requirements associated with smart meter deployment that exceed the smart meter revenue requirements being recovered in the Settlement Rates (as previously explained in Paragraph 14, such excess revenue requirements would be eligible for recovery under the Company's SMT-C); (2) the Companies' Commission-approved DSIC Riders; and (3) the equity component of the cost of capital used to calculate the Companies' AFUDC. To that end, the Joint Petitioners have agreed and stipulated in Paragraph 19 of the Joint Petitions that the Companies shall use for such purposes the rate of return on equity as calculated for electric utilities and published in the "Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities" ("TUS Quarterly Earnings Report") for the most recent period prior to the time that a charge is calculated under the DSIC or SMT-C. The Bureau of Technical Utility Services' ("TUS") calculation is a recognized and accepted benchmark return on equity for use in calculating revenue requirement under the DSIC and other similar riders. Moreover, TUS regularly updates its calculation to reflect changes in market-determined equity costs based on a clearly stated methodology and data base.

The Revenue Requirement Provisions Of The Settlements Are Reasonable And In The Public Interest. In its Final Order approving the settlement of Aqua PA's 2009 base rate case, the Commission outlined the following general principles for assessing whether a settlement meets the public interest standard[48]:

> The purpose of this investigation is to establish rates for Aqua customers which are "just and reasonable" pursuant to Section 1301 of the Public Utility Code (Code), 66 Pa.C.S. § 1301. A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pennsylvania Gas and Water Co. v. Pennsylvania Pub. Util. Comm'n*, 341 A.2d 239 (Pa. Cmwlth. 1975). In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679 (1923) and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:
>
> > A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be

[48] *Pa. P.U.C. v. Aqua Pennsylvania, Inc., supra* at *22-24.

> reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

Neither the Public Utility Code nor principles of due process require the Commission to adhere to a specific formula or methodology to determine "just and reasonable" utility rates.[49] Indeed, Pennsylvania appellate precedent[50] holds, as follows:

> [T]he power to fix "just and reasonable" rates imports a flexibility in the exercise of a complicated regulatory function by a specialized decision-making body and that the term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.

In short, "just and reasonable" rates, like the associated concept of a "fair return," are not point values. Rather both "just and reasonable" rates and a "fair return" exist within a "constitutional range of reasonableness."[51] And, there are a variety of ways in which the parameters of the "constitutional range of reasonableness" can be determined. As long-standing Commission precedent establishes, one important way to identify an outcome that is within the acceptable "range" is through the settlement process. In that way, parties with differing interests

[49] *See Duquesne Light Co. v. Barasch*, 488 U.S. 299, 315-16 (1989) ("'the Commission was not bound to the use of any single formula or combination of formulae in determining rates'"), quoting *FPC v. Hope Natural Gas Co.*, 320 U.S. 591, 605 (1944).

[50] *Pa. P.U.C. v. Pennsylvania Gas and Water Co.*, 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980).

[51] *Duquesne Light Co., supra*, 488 U.S. at 312. *See also, Pennsylvania Gas and Water Co., supra.*

engage in an adversarial process to scrutinize the evidence supporting a rate request and, based on robust negotiations, agree to a reasonable overall result.

Applying the ratemaking principles discussed above and the standards employed by the Commission for assessing settlements, the revenue level set forth in the Settlements is reasonable, in the public interest and should be approved. As previously explained, the significant increase in the Companies' plant in service combined with declining sales, among other factors detailed in the testimony of the Companies' witnesses, present a compelling case for significant rate relief. That assessment is supported by the litigation positions of I&E and OCA, which concluded that the Companies are entitled to increases in their operating revenues.

Moreover, with respect to the *Bluefield* standard, which were affirmed and expanded upon in *Hope*, and *Barasch*, the Settlements carefully balance: (1) the right of each of the Companies and their investors "to earn a return on the value of the property which it employs for the convenience of the public" and "to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties"; with (2) the right of customers to pay rates that are commensurate with "business undertakings which are attended by corresponding risks and uncertainties" without providing the utility "profits . . . realized or anticipated in highly profitable enterprises or speculative ventures."[52] That balance is assured by the fact that parties legally obligated to protect consumers and the public interest vigorously investigated all aspects of the Companies' proposed increase and concluded that the Settlement Rates are just and reasonable. Similarly, the Companies carefully considered the proposed revenue increases in light of the obligation to their investors to secure a reasonable opportunity to earn a fair return, maintain the financial stability of their businesses, and obtain needed capital

[52] *Bluefield, supra.*

on reasonable terms. The Companies concluded that the Settlement Rates satisfy those criteria. The careful balance of interests achieved by the Settlements avoids what could have been a significant expenditure of time, money and other resources by the parties and the Commission to individually resolve a number of issues and proposed adjustments that have now been subsumed by the inter-related compromises that led to the Settlements. Those savings are in everyone's interest and, in themselves, are another important reason why the Settlement promotes the public interest.

In addition to stating the net increase in annual operating revenue that the Settlement Rates will produce, the Settlements contain other provisions that must be considered in assessing their reasonableness and the public interest. In particular, and as explained hereafter, the Settlements specify when, subject to certain exceptions and contingencies, the Companies may file for another distribution rate increase under Section 1308(d). This provision will provide at least two years and nine months of base rate stability.

All of the terms of the Settlements relating to revenue requirement, when considered in their totality, are clearly reasonable, and the approval of those terms is in the public interest.

B. Distribution Base Rate Stay-Out (Joint Petitions, Paragraphs 20-22)

The Companies have agreed that they will not file for another distribution base rate increase under Section 1308(d)[53] prior to January 27, 2019. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy or statutes, including changes in federal or other tax rates, which would have an effect on the Companies' rates, the Settlements shall not prevent the Company from filing tariffs or tariff supplements seeking increases in distribution base rates to the extent necessitated by such action.

[53] 66 Pa.C.S. § 1308(d).

The Companies also agreed that they will not file a petition seeking a waiver of the five-percent cap on DSIC revenues under Section 1358(a)(1)[54] prior to January 27, 2019.

Paragraph Nos. 21 and 22 expressly provide that the stay-out does not apply to rates charged under any riders (except for the restriction on seeking a waiver of the DSIC five-percent cap) and does not preclude the Companies from seeking extraordinary rate relief pursuant to Section 1308(e).[55]

The distribution base rate stay-out provision will help assure the stability of base rates, subject to reasonable exceptions for the contingencies described above, for a period of at least two years and nine months.

C. Act 40 Of 2016 (Joint Petitions, Paragraphs 23-24)

Section 1301.1(a),[56] which was added to the Public Utility Code by Act 40 of 2016, provides in relevant part that a utility's federal income tax expense shall be calculated on a "stand-alone" basis for ratemaking purpose. As a consequence, consolidated tax adjustments ("CTAs") would no longer be reflected in calculating income tax expense for ratemaking purposes. Section 1301.1(b)[57] deals with the investment of amounts representing the "differential" calculated by reference to Section 1301.1(a). For Met-Ed, Penelec and Penn Power, the level of revenue requirement included in their respective Settlements reflects the resolution of the parties' positions regarding the impact of Section 1301.1(a) on the revenue requirement in this case.[58] As previously explained, the issue reserved for briefing pertains to

[54] 66 Pa.C.S. § 1358(a)(1).

[55] 66 Pa.C.S. § 1308(e).

[56] 66 Pa.C.S. § 1301.1(a).

[57] 66 Pa.C.S. § 1301.1(b).

[58] *See* Companies' Statement No., 2-R, pp. 40-43, which both summarizes OCA witness Smith's recommendations and provides the Companies' rebuttal to all of the arguments Mr. Smith advanced.

the OCA's contention that Section 1301.1(a) requires the Commission to alter the way charges under the DSIC are calculated; it does not affect either the Companies' revenue requirement or the Settlement Rates. Paragraph No 23 of the Joint Petitions for Met-Ed, Penelec and Penn Power provides that those Companies submitted, in Exhibit RAD-68 (page 1) for each of Met-Ed, Penelec and Penn Power, a calculation of what its CTA would be in this case "resulting from applying the ratemaking methods employed by the commission prior to the effective date of subsection (a) [of Section 1301.1] for ratemaking purposes,"[59] which was not contested by any party.

Paragraph Nos. 23 and 24 of the West Penn Joint Petition explain that West Penn would not have a CTA in this case even if Section 1301.1(a) did not apply to the determination of its revenue requirement. As a consequence, there are no issues with respect to the application of Section 1301.1 to West Penn in this case, and West Penn has no "differential" as defined in Section 1301.1(b).

D. Revenue Allocation And Rate Design (Joint Petitions, Paragraph 25)

As mandated by the Commission's filing requirements, each of the Companies prepared and submitted a fully-allocated class cost of service study ("COS study"), all of which were sponsored by the Companies' cost of service witness, Thomas J. Dolezal.[60] The Companies' COS studies followed the basic steps prescribed by the Electric Utility Cost Allocation Manual published by the National Association of Regulatory Utility Commissioners ("NARUC") ("NARUC Manual") for arranging accounting data into a format that facilitates allocating or assigning the total cost of service to individual rate schedules or service classifications within an

[59] The quoted language is from 66 Pa.C.S. § 1301.1(b).

[60] *See* Statement No. 4 for each of the Companies and accompanying exhibits.

electric utility's rate structure.[61] In so doing, Mr. Dolezal applied cost of service practices and procedures that closely aligned with those that were expressly approved by the Commission in PPL's most recent, fully litigated distribution rate case, as witnesses for other parties in this case attested.[62] Consistent with the directives of the NARUC Manual and the Commission's 2012 PPL decision, Mr. Dolezal employed a minimum system approach to identify the customer-related component of distribution property recorded in Accounts 364, 365, 366 and 367 (poles, overhead conductors, underground conduit and underground conductors) and allocated remaining costs in those accounts in proportion to class demands measured by each class's non-coincident peak demand.[63]

A number of parties took issue with one or more subsidiary elements of the Companies' COS studies.[64] As Mr. Dolezal explained,[65] none of the revisions and refinements other Joint Petitioners proposed had a material impact on the results of the COS studies for purposes of determining a reasonable revenue allocation, with the exception of OCA witness Clarence Johnson's proposal not to employ the results of the minimum system study and, instead, to allocate all costs of poles, conduit and conductors in proportion to class demands.[66] However, as Mr. Dolezal and other witnesses explained, Mr. Johnson's proposal directly conflicted with the Commission's decision on the same issue in its Final Order (pp. 106-113) in PPL's 2012 base rate case, where Mr. Johnson made similar arguments that were rejected by the Commission.

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[61] See Statement No. 4, pp. 3-4, for each of the Companies.

[62] *See, e.g.,* I&E Statement No. 3, pp. 3-4; OSBA Statement No. 1, pp. 1-3; MEIUG/PICA/WPPII Statement No. 1, page 3.

[63] Statement No. 4, pp. 11-13, for each of the Companies.

[64] *See* OSBA Statement No. 2-R, page 2, Table IEc-R1 (summarizing intervening witnesses' cost allocation positions).

[65] Companies' Statement Nos. 4-R and 4-SR.

[66] *See* OCA Statement No. 3, pp. 9-27.

Revenue Allocation. Although complete agreement could not be reached among all the Joint Petitioners with respect to either the Companies' COS studies or the revisions and refinements to those studies proposed by other parties, they all acknowledged that a COS study should be used as a guide, that rates should be designed to move all classes closer to their indicated cost of service, and that the Commission has long recognized that the movement toward cost of service should be tempered by the concept of gradualism in order to avoid large, disruptive, one-time increases to any particular customer class. That was the approach the Companies employed to develop their proposed revenue allocation and rate design in this case, as explained by Mr. Siedt.[67]

The allocations of the revenue increase among customer classes proposed by witnesses for the statutory advocates were summarized by Mr. Siedt.[68] For the most part, the Companies' proposed allocations among customer classes occupy the mid-range between the OCA, whose witness proposed moving cost responsibility from the Residential class to other customer classes, and the recommendations of I&E, OSBA and other parties, which would have placed more cost responsibility on the Residential class and correspondingly less on other classes. The allocation of the revenue increase under the Settlement Rates was subject to careful consideration and detailed negotiations among the Joint Petitioners. As a result, the Joint Petitioners were able to reach agreement on the allocation among customer classes of the revenue increase under the Settlement Rates that is depicted in Exhibit 3 to the Joint Petition. That allocation is within the range proposed by the Joint Petitioners. Moreover, it provides for reasonable movement toward the system average rate of return by the various customer classes as measured by the Companies' COS studies. Accordingly, the revenue allocation effected by the Settlement Rates and depicted

[67] Statement No. 3, pp. 7-10, for each of the Companies.

[68] Companies' Statement No. 3-R, pp. 20-25.

in Exhibit 3 for each Company is consistent with the Commonwealth Court's decision in *Lloyd v. Pa. P.U.C.*[69] Indeed, as the Commonwealth Court recognized in pre-*Lloyd* decisions, which were not disturbed by its holding in *Lloyd*, "there is no single cost of service study or methodology that can be used to answer all questions pertaining to costs"[70] nor is there any "set formula for determining proper ratios among rates of different customer classes."[71]

Rate Design. The Joint Petitioners' litigation positions regarding rate design did not differ materially from each other or from the Companies' proposed rates. The principal area of disagreement related to the level of the Companies' customer charges and, in particular, the customer charges for the Residential class. As explained by Mr. Siedt, the Companies' proposed customer charges for the Residential class were supported by the same type of customer cost analysis that the Commission approved in PPL's 2012 base rate case[72] as the basis for the customer charges it adopted there.[73]

As part of the Settlements, the Joint Petitioners have agreed that the Residential customer charges should be those set forth in column (4) below. Existing and proposed customer charges are set forth in columns (1) and (2), while column (3) shows the level of customer costs recoverable in customer charges based on Mr. Siedt's analyses employing the methodology approved in the PPL 2012 Final Order:

[69] 904 A.2d 1010 (Pa. Cmwlth. 2006).

[70] *Executone of Philadelphia, Inc. v. Pa. P.U.C.*, 415 A.2d 445, 448 (Pa. Cmwlth. 1980).

[71] *Peoples Natural Gas Co. v. Pa. P.U.C.*, 409 A.2d 446, 456 (Pa. Cmwlth. 1979).

[72] *Pa. P.U.C. v. PPL Elec. Utils. Corp.*, Docket No. R-2012-2290597 (Recommended Decision issued October 19, 2012), pp. 116-120; (Final Order entered December 28, 2012), pp. 124-132.

[73] *See* Statement No. 3, page 12, for each of the Companies and Companies' Statement No. 3-R, pp. 10-12.

	(1) Current Customer Charges	(2) Proposed Customer Charges	(3) Customer Costs Recoverable In Customer Charges	(4) Customer Charges Under Settlement Rates
Met-Ed	$10.25	$17.42	$17.42	$11.25
Penelec	$ 9.99	$17.10	$17.10	$11.25
Penn Power	$10.85	$13.41	$13.41	$11.00
West Penn	$ 5.81	$13.98	$13.98	$ 7.44

Reasonableness Of The Revenue Allocation And Rate Design Provisions Of The Settlements. Every rate proceeding consists of two parts. First, the overall revenues to which a utility is entitled must be determined. The second part of the process must determine how much of the total revenue requirement each rate class should bear. The allocation of revenue responsibility can be one of the more contentious parts of a rate proceeding because it is a "zero sum" exercise among the non-utility parties – any revenue responsibility not borne by a particular rate class must be borne by one or more other rate classes. While cost of service studies are the touchstone for reasonable allocations of revenue responsibility among rate classes,[74] the Commission has often stated that cost of service analyses must reflect the exercise of judgment and are as much a matter of art as of science.[75] For that reason, Pennsylvania appellate courts have repeatedly held that the Commission, in crafting a reasonable rate structure, is "invested with a flexible limit of judgment" and may establish just, reasonable and non-discriminatory rates within a "range of reasonableness."[76]

Thus, establishing a reasonable revenue allocation requires a careful balancing of the countervailing interests of the non-utility parties representing the various customer classes as well as a utility's interest in having a rate structure that recovers its cost of service, can be billed and administered efficiently and is understandable to customers. Accordingly, this aspect of a

[74] *See Lloyd v. Pa. P.U.C., supra.*

[75] *See Pa. P.U.C. v. Philadelphia Suburban Water Co.*, 75 Pa. P.U.C. 391, 440 (1991).

[76] *U.S. Steel Corp. v. Pa. P.U.C.*, 37 Pa. Cmwlth. 173, 187, 390 A.2d 865, 872 (1978).

rate proceeding is particularly well suited to achieving a reasonable overall outcome based on the give-and-take of the settlement process. That is precisely what occurred in this case, which resulted in a complete settlement of all contested issues involving revenue allocation and rate design among a wide array of parties representing the interests of residential, commercial, industrial and lighting customers.

While settlement negotiations among parties representing a wide array of customer and stakeholder interests can, in itself, assure a reasonable outcome, the revenue allocation under the Settlement Rates also comports with well-accepted ratemaking principles. As previously explained, although some parties proposed revisions and refinements to the Companies' COS studies, the Joint Petitioners are in general agreement that the Settlement Rates make appropriate progress in moving all classes closer to the Companies' cost of service and are consistent with the principle of gradualism. With respect to rate design, the Settlement Rates reflect the need to recover the customer component of total cost of service in the customer charge, while recognizing that increases in the customer charges can impact low-usage customers. The Settlement Rates have been developed with those considerations in mind.

For all the foregoing reasons, the proposed revenue allocation and rate design are reasonable, appropriately balance the interests of all parties, and are in the public interest.

E. Uncollectible Accounts Expense (Joint Petitions, Paragraph 26)

The Companies have fully "unbundled" uncollectible accounts expense associated with default service for residential, commercial and industrial customers.[77] Specifically, in 2011, the unbundled uncollectible accounts expense associated with default service and service provided

[77] *See* Statement No. 6, p. 3 for each of the Companies.

by EGSs[78] was removed from distribution base rates and, thereafter, was recovered through each Company's DSS (Default Service Support) Rider on a non-bypassable, non-reconcilable basis.[79] Additionally, consistent with the Commission's approval of the settlements of the Companies' last base rate cases, uncollectible accounts expense associated with default service for industrial customers is recovered through the HP (Hourly Pricing Default Service) Rider.[80] In their respective filings, the Companies proposed to increase the charges under their respective DSS and HP Riders to reflect updated data on default service-related uncollectible accounts expense to assure that the correct amounts were reflected on an unbundled basis in those riders rather than in distribution base rates.[81]

Paragraph No. 26 of the Joint Petitions specifies the increase in default-service related uncollectible accounts expense to be included in each Company's DSS Rider for the residential and commercial classes and in the HP Rider for industrial customers. In addition, Paragraph No. 26 identifies the amount of distribution-related uncollectible accounts expenses to be recovered under the Settlement Rates.[82]

F. Universal Service Programs (Joint Petitions, Paragraphs 27-35)

The OCA's witness Roger D. Colton[83] and CAUSE-PA's witnesses, Mitchell Miller,[84] Marielle Macher[85] and Minta Livengood,[86] proposed various enhancements to the Companies'

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[78] Each of the Companies has in place a Commission-approved EGS purchase of receivable ("POR") program for residential and small commercial customers. *Id.*

[79] *Id.*

[80] *Id.*

[81] *Id.* at 4.

[82] *Id.* at 11.

[83] OCA Statement No. 4.

[84] CAUSE PA Statement No. 1.

[85] CAUSE PA Statement No. 2.

Universal Service Programs and to other programs and practices designed to assist low-income residential customers. The Companies responded to those recommendations in the rebuttal testimony of Gary W. Grant, Jr., Vice President of Customer Service for FirstEnergy Service Company.[87] As a result of discussions among all the parties concerning the subjects addressed in the OCA and CAUSE PA direct testimony and the Companies' responses in Mr. Grant's rebuttal testimony, the Joint Petitioners agreed to the terms set forth in Paragraphs 27-35 of their respective Joint Petitions. In summary, those terms provide as follows:

- **Universal Service Advisory Committee ("USAC") (Paragraph 27).** The Companies agree to establish a USAC to explore opportunities for enhancements to their Universal Service and Energy Conservation Programs ("USECPs").
- **Service Of Reports Submitted To Bureau Of Consumer Services ("BCS") (Paragraph 28).** Provides for service on I&E, OCA and CAUSE PA of data reported to BCS.
- **Proposing Increase In Maximum Credits Under Existing Customer Assistance Programs ("CAP") (Paragraph 29).** The Companies agree to make filings to increase the maximum credit under their respective CAPs by an amount proportionate to 50% of the average increase in residential rates under the Settlement Rates. This paragraph also describes how the increase is to be measured and reserves the Joint Petitioners' rights to recommend additional changes.
- **Roll-Over Of Unexpended Low Income Usage Reduction Program ("LIURP") Funds (Paragraph 30).** The Companies will revise their LIURPs

[86] CAUSE PA Statement No. 3.

[87] Companies' Statement No. 12.

such that funds not expended in one year will roll-over and be added to the next year's budget until the currently effective USECP expires.

- **Recovery Under The Universal Service Charge ("USC") Rider (Paragraph 31).** Recoverable universal service costs incurred by the Companies to implement the terms of the Settlements, including processes supporting universal service programs, will be recoverable under the Companies' USC Riders without objection from the Joint Petitioners, subject to review for prudence and reasonableness of claimed costs.
- **Filing Of Revised USECP (Paragraph 32).** No later than sixty days following the implementation of the Settlement Rates, the Companies will file revised USECPs to implement the terms of the Settlements.
- **Expanding Acceptable Forms Of Identification (Paragraph 33).** The Companies agree to accept identification documents issued by foreign governments that meet the minimum requirements spelled out in Paragraph 33 as acceptable forms of identification to establish service.
- **Prioritized Weatherizing For Confirmed Low-Income Customers With High Usage (Paragraph 34).** The Companies agree to review the list of confirmed low-income customers with usage above 12,000 kWh to be prioritized for weatherization, when possible. When the list is completed, confirmed low-income customers with lower levels of usage will be prioritized.
- **USC Rider And Offsets (Paragraph 35).** This paragraph sets a trigger for reflecting CAP credits and actual pre-program arrearage forgiveness credits in the

USC Rider and specifies the percentage offset, per participant, for CAP customers exceeding the trigger point.

The provisions of Paragraphs 27-35 provide a reasonable resolution of issues related to various parties' recommendations to enhance the Companies' USECPs. These provisions will provide beneficial assistance to confirmed low-income customers, provide the Companies the opportunity for full and current cost recovery, and properly balance the enhanced assistance to low-income residential customers with due consideration of the impact of the associated costs that will be borne by the Companies' other residential customers.

G. Smart Meters (Joint Petitions, Paragraph 36)

The deployment of smart meters has the potential to reduce costs. Paragraph 36 provides the appropriate cost categories for measuring such savings, if any, and identifies (by reference to the exhibit submitted by each Company in this case, the "baseline" for determining whether such savings have accrued and determining the amount of such savings, if any.

H. Light-Emitting Diode ("LED") Lighting – Customer Education (Joint Petitions, Paragraph 37).

The Companies' tariffs contain service offerings for LED street lighting service to municipal street lighting customers. LED lighting uses less electricity to provide the same level of illumination as sodium vapor or mercury vapor lighting. In response to expressions of interest in the Companies' LED lighting service offerings, the Companies have provided customer education to municipalities about LED service. Paragraph 37 memorializes the Companies' commitment to explain, in all future educational sessions dealing with LED lighting service, that cost savings from lower electricity usage could change based on Commission-approved increases in the Companies' distribution rates.

III. SUMMARY: THE SETTLEMENTS ARE IN THE PUBLIC INTEREST

The Settlements, both in their specific terms and viewed holistically, are reasonable, supported by record evidence, and are in the public interest for, among others, the following principal reasons:

- The revenue requirement terms provide for Settlement Rates that are within the "constitutional range of reasonableness"[88] and are consistent with the legal standards articulated in the *Bluefield*, *Hope* and *Duquesne Light* decisions, as interpreted and applied by the Pennsylvania Supreme Court in *Pennsylvania Gas and Water* and its progeny. The Settlement Rates reflect a careful balance of the interests of customers with those of the Companies and their investors. As such, the Settlement Rates protect customers from paying excessive rates while allowing the Companies and their investors a reasonable opportunity to earn a fair return on their investment in property devoted to public service and to obtain additional capital needed to meet the Companies' service obligations. *See* Section II.A., *supra*.

- The rate structure and rate design provisions of the Settlements resolve a number of contentious issues in a manner that is acceptable to parties representing major customer classes and service classifications. While the parties could not agree to a single, specific cost of service methodology, they are in general agreement that the Settlement Rates provide for reasonable progress in moving all major customer classes closer to their cost of service consistent with the Commission-approved principle of gradualism. *See* Section II.D., *supra*.

[88] *See Duquesne Light, supra.*

- The Settlements resolve contested issues in a manner that is fair to the various stakeholders involved. The Settlements' resolution of all such issues is reasonable and fully supported by substantial record evidence. *See generally* Section II., *supra*.

- In reaching the Settlements, the Joint Petitioners thoroughly considered all issues, including those raised in the testimony and evidence presented by the parties to this proceeding and during public input hearings. As a result of that consideration, the Companies – indeed, all the Joint Petitioners – believe that the Settlements meaningfully address all such issues and, therefore, should be approved without modification.

- All of the foregoing benefits are achieved while also conserving the time, resources and money that would otherwise have to be expended if this case were to be fully litigated. Customers are direct beneficiaries of these savings.

IV. CONCLUSION

For the reasons set forth above and in the Joint Petitions, the Companies submit that the Settlements are fair and reasonable compromises that are fully supported by the record evidence. Accordingly, the Companies respectfully request that the Administrative Law Judge and the Commission: (1) approve the Settlements without modification; (2) find that the Settlement Rates are just and reasonable; and (3) grant the Companies permission to file the tariffs supplements attached as Exhibit 1 to each of the Joint Petitions to become effective for service rendered on and after January 27, 2017.

Respectfully submitted,

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Dated: October 14, 2016

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Statement B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, *et al.*	:	
	:	
v.	:	Docket Nos. R-2016-2537349
	:	R-2016-2537352
Metropolitan Edison Company;	:	R-2016-2537355
Pennsylvania Electric Company;	:	R-2016-2537359
Pennsylvania Power Company;	:	
West Penn Power Company	:	
	:	

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR
PARTIAL SETTLEMENT OF RATE INVESTIGATION

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Partial Settlement of Rate Investigation (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

A. Metropolitan Edison Company

On April 28, 2016, the Metropolitan Edison Company (Met-Ed) filed Supplement No. 23 to Met-Ed's Tariff Electric – Pa. P.U.C. No. 52, at Docket No. R-2016-2537349, to become effective June 27, 2016. Met-Ed serves approximately 560,000 residential, commercial, and industrial customers in all or portions of fourteen counties in eastern and south central Pennsylvania.

Met-Ed sought Commission approval of rates and rate changes that would modify existing tariff provisions and increase the level of rates that Met-Ed charges for providing electric distribution service to its customers. If Supplement No. 23 had become effective as proposed, Met-Ed would have had an opportunity to recover an estimated annual increase in distribution revenues of $140.2 million, or an increase of 9.53% over Met-Ed's total electric operating revenues. As part of this increase, Met-Ed proposed to increase the residential monthly customer charge from $10.25 to $17.42.

B. Pennsylvania Electric Company

On April 28, 2016, the Pennsylvania Electric Company (Penelec) filed Supplement No. 23 to Penelec's Tariff Electric – Pa. P.U.C. No. 81, at Docket No. R-2016-2537352, to become effective June 27, 2016. Penelec serves approximately 590,000 residential, commercial, and industrial customers in all or portions of 33 counties in northern and central Pennsylvania.

Penelec sought Commission approval of rates and rate changes that would modify existing tariff provisions and increase the level of rates that Penelec charges for providing electric distribution service to its customers. If Supplement No. 23 had become effective as proposed, Penelec would have had an opportunity to recover an estimated annual increase in distribution revenues of $158.8 million, or an increase of 11.42% over Penelec's total electric operating revenues. As part of this increase, Penelec proposed to increase the residential monthly customer charge from $9.99 to $17.10.

C. Pennsylvania Power Company

On April 28, 2016, the Pennsylvania Power Company (Penn Power) filed Supplement No. 17 to Penn Power's Tariff Electric – Pa. P.U.C. No. 36, at Docket No. R-2016-2537355, to become effective June 27, 2016. Penn Power serves approximately 163,000 residential, commercial, and industrial customers in all or portions of 6 counties in northern and central Pennsylvania.

Penn Power sought Commission approval of rates and rate changes that would modify existing tariff provisions and increase the level of rates that Penn Power charges for providing electric distribution service to its customers. If Supplement No. 17 had become effective as proposed, Penn Power would have had an opportunity to recover an estimated annual increase in distribution revenues of $42.0 million, or an increase of 9.57% over Penn Power's total electric operating revenues. As part of this increase, Penn Power proposed to increase the residential monthly customer charge from $10.85 to $13.41.

D. West Penn Power Company

On April 28, 2016, West Penn Power Company (West Penn) filed Supplement No. 10 to West Penn's Tariff Electric – Pa. P.U.C. No. 38, at Docket No. R-2016-2537359, to become effective June 27, 2016. West Penn serves approximately 721,000 residential, commercial, and industrial customers in all or portions of 23 counties in western Pennsylvania.

West Penn sought Commission approval of rates and rate changes that would modify existing tariff provisions and increase the level of rates that West Penn charges for providing electric distribution service to its customers. If Supplement No. 10 had become effective as proposed, West Penn would have had an opportunity to recover an estimated annual increase in distribution revenues of $98.2 million, or an increase of 5.74% over West Penn's total electric operating revenues. As part of this increase, West Penn proposed to increase the residential monthly customer charge from $5.81 to 13.98.

E. Procedural History

On May 3, 2016, the OCA filed Formal Complaints against the proposed distribution rate increases. Numerous other parties filed Petitions to Intervene or Formal Complaints against the proposed distribution rate increases, including: the Bureau of Investigation and Enforcement

(I&E); the Office of Small Business Advocate (OSBA); Citizens for Pennsylvania's Future (PennFuture) and Environmental Defense Fund (EDF); the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA); the Pennsylvania State University (PSU); Wal-Mart Stores East, LP and Sam's East, Inc. (Walmart); Clean Air Council; the Met-Ed Industrial Users Group (MEIUG), the Penelec Industrial Customer Alliance (PICA), and the West Penn Power Industrial Intervenors (WPPII); International Brotherhood of Electrical Workers, Local 459 (IBEW); AK Steel Corporation (AK Steel); North American Höganäs Holdings, Inc.; Sayre Borough, Athens Borough, and South Waverly Borough; as well as a number of individual formal complainants.

On June 9, 2016, the Commission suspended the Companies' proposed tariff supplements pending investigation. The proceeding was assigned to the Office of Administrative Law Judge and specifically assigned to Administrative Law Judge Mary D. Long (ALJ Long). On June 17, 2016, ALJ Long held an initial prehearing conference in these matters. On June 22, 2016, ALJ Long issued a Prehearing Order establishing a procedural schedule and setting forth certain modifications to the Commission's regulations regarding discovery matters. The Prehearing Order also consolidated the Companies' base rate cases for the purposes of hearing, briefing, and decision. Public Input Hearings were convened in these matters in the following locations: Reading, East Stroudsburg, Erie, Butler, Greensburg, Washington, and State College during July and August 2016.

In accord with the procedural schedule established for this matter, on July 22, 2016, the OCA submitted the Direct Testimonies of: Ralph C. Smith,[1] OCA Statement No. 1; David C.

[1] Mr. Smith is a Senior Regulatory Consultant at Larkin & Associates, PLLC in Livonia, Michigan. He provides consulting and expert witness services regarding rate cases and regulatory filings on behalf of industry, state attorneys general, consumer groups, municipalities, and public service commission staff. Mr. Smith is also a

Parcell,[2] OCA Statement No. 2; Clarence L. Johnson,[3] OCA Statement No. 3; Roger D. Colton,[4] OCA Statement No. 4; and James S. Garren,[5] OCA Statement No. 5. On August 17, 2016, the OCA submitted the Supplemental Direct Testimony of Ralph C. Smith, OCA Statement No. 1-Suppl. Also on August 17, 2016, the OCA submitted the Rebuttal Testimonies of: Clarence L. Johnson, OCA Statement No. 3-R; and Roger D. Colton, OCA Statement No. 4-R. On August 31, 2016, the OCA submitted the Surrebuttal Testimonies of: Ralph C. Smith, OCA Statement No. 1-SR; David C. Parcell, OCA Statement No. 2-SR; Clarence L. Johnson, OCA Statement No. 3-SR; Roger D. Colton, OCA Statement No. 4-SR; and James S. Garren, OCA Statement No. 5-SR.

The testimonies of OCA witnesses Smith, Parcell, Johnson, Colton, and Garren, as identified above, were entered into the record by stipulation of the Parties at the hearing on

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licensed C.P.A. and attorney in Michigan. A complete description of Mr. Smith's qualifications is provided in OCA Statement No. 1, Attachment RCS-1.

[2] Mr. Parcell is President and Senior Economist of Technical Associates, Inc. (TAI) in Richmond, Virginia. He has been a consulting economist at TAI since 1970, and has filed cost of capital testimony in over 500 utility ratemaking proceedings before more than 50 agencies in the United States and Canada. A complete description of Mr. Parcell's education and experience is provided in OCA Statement No. 2, Attachment 1.

[3] Mr. Johnson is a consultant located in Austin, Texas, providing technical analysis, advice, and expert testimony regarding energy and utility regulatory issues. His clients have included state consumer advocate offices, customer groups, and coalitions of municipalities in Texas. Mr. Johnson has over 30 years of experience as a utility regulatory expert, including 25 years as Director of Regulatory Analysis for the Texas Office of Public Utility Counsel (OPC). A more detailed description of Mr. Johnson's qualifications is included in OCA Statement No. 3, Appendix A.

[4] Mr. Colton is a Principal of Fisher Sheehan & Colton, Public Finance and General Economics in Belmont, Massachusetts. He provides technical assistance to public utilities and primarily works on low-income utility issues. Mr. Colton has devoted his professional career to helping public utilities, community-based organizations and state and local governments design, implement and evaluate energy assistance programs to help low-income households better afford their home energy bills. He has been involved with the development of the vast majority of ratepayer-funded affordability programs in the nation. A more complete description of Mr. Colton's education and experience is provided in OCA Statement No. 4, Appendix A.

[5] Mr. Garren is an analyst with the economic consulting firm Snavely King Garren & Associates. He has participated in approximately 30 separate depreciation studies of electric, gas, and water utilities on behalf of clients including state commissions and consumer advocates. Mr. Garren is recognized as a Certified Depreciation Professional by the Society of Depreciation Professionals. A more detailed description of Mr. Garren's qualifications is included in OCA Statement No. 5, Appendices A and B.

September 7, 2016. Prior to the hearing, the Parties entered into a settlement in principle on all issues except for those related to Act 40 raised by the OCA. Cross examination of all witnesses was waived by all Parties, and the outstanding Act 40 issues will be briefed by the Companies and by the OCA.

Pursuant to the Commission's policy of encouraging settlements that are in the public interest, the Joint Petitioners held numerous settlement discussions. These discussions resulted in this Settlement, which addresses the numerous complex issues raised in these cases. The OCA submits that the Settlement is in the public interest and in the best interest of the Companies' ratepayers and should be approved without modification.

The terms and conditions of the Settlement satisfactorily address issues raised in the OCA's analysis of the Companies' filings. The OCA submits that this Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. While the Settlement does not reach all the recommendations proposed by the OCA, the OCA recognizes that the Settlement is a product of compromise. The Commission encourages settlement, and the balance of compromises struck by the settling parties is critical to achieving settlement. Accordingly, the OCA urges the Commission to consider the Settlement as a whole.

In this Statement in Support, the OCA addresses those areas of the Settlement that specifically relate to important issues that the OCA raised in these cases. The OCA would expect that other parties will discuss how the Settlement's terms and conditions address their respective issues and how those parts of the Settlement support the public interest standard required for Commission approval.

For these reasons and those that are discussed in greater detail below, the OCA submits that the Settlement is in the public interest and the best interest of the Companies' ratepayers, and should be approved by the Commission without modification.

II. REVENUE REQUIREMENT

A. Metropolitan Edison Company (ME Settlement ¶¶ 12-19)

As stated above, in its filing Met-Ed proposed to increase its annual revenues by approximately $140.2 million, or an increase of 9.53% over Met-Ed's total electric operating revenues. After reviewing Met-Ed's filing, the OCA recommended a distribution revenue increase of no greater than $63.184 million. OCA St. No. 1 at 8. I&E recommended that Met-Ed receive an increase of approximately $94.884 million. I&E St. No. 2 at 44. Under the Settlement, Met-Ed will be permitted an increase in distribution base rate operating revenues of $90.5 million, or 6.52% over present rates. ME Settlement ¶ 12; ME Exh. 2. This increase is $49.7 million less than the amount originally requested by Met-Ed. On a total bill basis, a typical residential customer using 1,000 kWh per month will see their monthly bill increase from $139.91 to $153.82, or by $13.91 or 9.94%. ME Exh. 5. This is less than the Company's original proposal, which would have increased this customer's monthly bill by $17.52 or 13.5%.

B. Pennsylvania Electric Company (PN Settlement ¶¶ 12-19)

As stated above, in its filing Penelec proposed to increase its annual revenues by approximately $158.8 million, or an increase of 11.42% over Penelec's total electric operating revenues. After reviewing Penelec's filing, the OCA recommended a distribution revenue increase of no greater than $53.974 million. OCA St. No. 1 at 8. I&E recommended that Penelec receive an increase of approximately $95.523 million. I&E St. No. 2 at 45. Under the Settlement, Penelec will be permitted an increase in distribution base rate operating revenues of

$94.6 million, or 7.22% over present rates. PN Settlement ¶ 12; PN Exh. 2. This increase is $64.2 million less than the amount originally requested by Penelec. On a total bill basis, a typical residential customer using 1,000 kWh per month will see their monthly bill increase from $145.86 to $163.49, or by $17.63 or 12.08%. PN Exh. 5. This is less than the Company's original proposal, which would have increased this customer's monthly bill by $23.61 or 17.1%

C. Pennsylvania Power Company (PP Settlement ¶¶ 12-19)

As stated above, in its filing Penn Power proposed to increase its annual revenues by approximately $42.0 million, or an increase of 9.57% over Penn Power's total electric operating revenues. After reviewing Penn Power's filing, the OCA recommended a distribution revenue increase of no greater than $15.381 million. OCA St. No. 1 at 8. I&E recommended that Penn Power receive an increase of approximately $27.295 million. I&E St. No. 2 at 46. Under the Settlement, Penn Power will be permitted an increase in distribution base rate operating revenues of $27.5 million, or 6.54% over present rates. PP Settlement ¶ 12; PP Exh. 2. This increase is $14.5 million less than the amount originally requested by Penn Power. On a total bill basis, a typical residential customer using 1,000 kWh per month will see their monthly bill increase from $141.24 to $154.75, or by $13.51 or 9.56%. PP Exh. 5. This is less than the Company's original proposal, which would have increased this customer's monthly bill by $18.45 per month or 14.18%.

D. West Penn Power Company (WP Settlement ¶¶ 12-19)

As stated above, in its filing West Penn proposed to increase its annual revenues by approximately $98.2 million, or an overall increase of 5.74% over West Penn's total electric operating revenues. After reviewing West Penn's filing, the OCA recommended a distribution revenue increase of no greater than $32.713 million. OCA St. No. 1 at 8. I&E recommended that West Penn receive an increase of approximately $54.856 million. I&E St. No. 2 at 47. Under the Settlement, West Penn will be permitted an increase in distribution base rate operating revenues of $60.6 million, or 3.83% over present rates. WP Settlement ¶ 12; WP Exh. 2. This increase is $37.6 million less than the amount originally requested by West Penn. On a total bill basis, a typical residential customer using 1,000 kWh per month will see their monthly bill increase from $113.27 to $121.36, or by $8.09 or 7.14%. WP Exh. 5. This is less than the Company's original proposal, which would have increased this customer's monthly bill by $10.89 per month or 9.6%.

E. Discussion

The increases discussed above include revenue related to distribution, smart meters, and uncollectible accounts expenses, as well as the continuation of Storm Reserve Accounts for each Company which were created as a result of the 2014 FirstEnergy base rate case settlements.[6] ME/PN/PP/WP Settlement ¶¶ 12-19. The Settlement rates also reflect the average loss in revenues related to the Phase III Energy Efficiency and Conservation (EE&C) Plan over the Plan's five-year period (ME/PN/PP/WP Settlement ¶ 12), and a continuation of the five-year amortization period for legacy meter expenses as approved in the 2014 base rate cases. ME/PN/PP/WP Settlement ¶ 15. Importantly, the Settlements also include stay-out provisions in which the Companies have agreed not to file for another distribution rate increase prior to January 27, 2019. ME/PN/PP/WP Settlement ¶¶ 20-22. This will provide a measure of rate stability for consumers and will prevent additional rate increases in quick succession.

The OCA raised a number of issues in this case related to the implementation of Act 40 of 2016, which was passed into law on June 12, 2016 and became effective on August 11, 2016. See 66 Pa. C.S. § 1301.1. The OCA and the Companies have submitted briefs discussing

[6] See Docket Nos. R-2014-2428742, R-2014-2428743, R-2014-2428744, and R-2014-2428745.

whether Act 40 requires the Companies to include Accumulated Deferred Income Tax (ADIT) in their Distribution System Improvement Charge (DSIC) rate calculations. As to other issues related to the Act 40 implementation, Act 40 provides in part that a utility's federal income tax expense shall be calculated on a "stand-alone" basis for ratemaking purposes, and thus consolidated tax savings adjustments will no longer be reflected in calculating income tax expense for ratemaking purposes. The statute also provides that:

> (b) Revenue use - If a differential accrues to a public utility resulting from applying the ratemaking methods employed by the commission prior to the effective date of subsection (a) for ratemaking purposes, the differential shall be used as follows:
>
> (1) Fifty percent to support reliability or infrastructure related to the rate-base eligible capital investment as determined by the commission; and
>
> (2) Fifty percent for general corporate purposes.

66 Pa. C.S. § 1301.1(b). In settlement, the parties have agreed that the revenue amounts in each of these cases includes the revenue use provisions of Act 40. ME/PN/PP/WP Settlement ¶¶ 23-24.

The Settlements also address a key concern raised by OCA witness Garren regarding the Company's proposed switch in accounting methods from the Average Service Life (ASL) methodology to the Equal Life Group (ELG) methodology to determine service life depreciation expense rates for both current and future vintage groups. The OCA opposed the switch from ASL to ELG because the switch would have resulted in ratepayers incurring higher rates in order to offset the change in the depreciation reserve. OCA St. No. 5 at 2-3.

As a result of the Settlements, for accounting purposes, the Companies will continue to depreciate assets for all present and future depreciable property using the ASL methodology based upon its depreciation rates as established in the Companies' 2015 service life study and annual depreciation report approved by the Commission at Docket Numbers: M-2015-2501728 (Met-Ed); M-2015-2501756 (Penelec); M-2015-2501746 (Penn Power); and M-2015-2501762 (West Penn), until modified by subsequent Commission order. ME/PN/PP/WP Settlement ¶ 17. The Company will recognize its cost of removing plant in service through an amortization based on the Company's five-year average of experienced cost of removal. Id. The OCA submits that this adequately addresses Mr. Garren's concerns regarding depreciation methodology and its effect on current and future vintages for purposes of this Settlement, and is therefore reasonable and in the public interest.

In general, the Settlements represent a "black box" approach to all individual revenue requirement and return on equity issues, with the limited exceptions contained in the Settlements relating to specific items discussed above, including depreciation methods, smart meter expenses, storm reserve accounts, and EE&C programs. See ME/PN/PP/WP Settlement ¶¶ 12-17. Black box settlements avoid the need for protracted disputes over the merits of individual revenue adjustments and avoid the need for a diverse, large group of stakeholders to attempt to reach consensus on a variety of financial numbers. The OCA submits that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in these matters, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would have likely prevented any settlement from being reached.

Based on the analysis of the Companies' filings, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the cases. The increases are reasonable and yield results that are in the public interest, particularly when accompanied by other important conditions contained in the settlement such as the stay-out provision, limited increases to fixed monthly customer charges, and improvements to universal service and customer assistance programs. The increases agreed to in the Settlement provide adequate funding to allow the Companies to maintain the safety and adequacy of its distribution system. As such, the OCA submits that the increase agreed to in this Settlement is in the public interest and in the interest of the Companies' ratepayers, and should be approved by the Commission.

III. REVENUE ALLOCATION AND RATE DESIGN (ME/PN/PP/WP Settlement ¶ 25)

A. Metropolitan Edison Company

1. Revenue Allocation

As noted above, under the Settlement, Met-Ed will increase its base rates by $90.5 million rather than the $140.2 million it initially proposed. In its filing, Met-Ed proposed to allocate $88.2 million of its proposed distribution revenue increase to residential customers, which would have amounted to a 37% increase in distribution revenues from the residential customer class. Had Met-Ed's request had been approved as filed, a residential customer using 1,000 kWh per month and receiving default electric supply service from Met-Ed would have seen their monthly total bill rise by $17.52, from $139.91 to $157.43.

Under the Settlement, the residential customer class will receive an overall increase in distribution revenue of $64.3 million or a 27% distribution increase.[7] A residential customer using 1,000 kWh per month and receiving default supply service from Met-Ed will see their monthly total bill rise by $13.91, from $139.91 to $153.82 rather than the $17.52 proposed by the Company.

[7] On a total revenue basis (distribution, generation and transmission), this represents a 9.9% increase.

OCA witness Clarence L. Johnson reviewed the Company's revenue allocation proposal and the Company's class cost of service study (CCOSS) upon which the Company's proposed allocation was based. The OCA opposed the Company's CCOSS in this case and Mr. Johnson submitted a modified CCOSS, which he relied upon to develop a recommended allocation of any proposed increase for the Company among its customer classes. See OCA St. No. 3, Schedule CJ-4 ME (showing the results of the OCA's CCOSS at current rates with the elimination of the minimum system method used by the Company) and Schedule CJ-3 (summarizing the results of the Company's CCOSS at current rates if the customer classification percentages are adjusted based on Mr. Johnson's alternative recommendation which reduces such percentages to coincide with the percentage of labor costs associated with the components of the minimum system, See also, Schedule CJ-2). Based on his CCOSS, Mr. Johnson recommended that the residential class be allocated approximately $71 million of the Company's proposed increase with a proportional scaleback should an increase of less than $140.2 million be authorized. OCA St. No. 3, Schedule CJ-6. Under Mr. Johnson's proposed allocation, the residential customers would receive a 29.9% distribution rate increase as compared to the Company's proposed 37.1% increase. Id. In addition to the Company and the OCA, I&E, OSBA, AK Steel, MEIUG, and Wal-Mart Stores East and Sam's East also submitted allocation recommendations in their direct testimonies based on the results of either their own cost of service studies or their analysis of the Company's CCOSS. The allocation proposals varied significantly.

Based on the OCA's review of the several cost of service studies presented in this proceeding and the varying allocation proposals presented by other parties, the OCA views the Settlement revenue allocation to be within the range of reasonable outcomes that would result had this case been fully litigated. The Settlement is consistent with the objective of moving rate classes toward the cost of service and is, therefore, in the public interest. The Settlement allocation represents a compromise among the parties that moves all but one rate class closer to the system average.[8] Further, it does so without imposing on any one class an allocation that would cause rate shock. The Settlement is therefore reasonable, and when considered along with the other important provisions contained in the proposed Settlement, yields a result that is just and reasonable, in the public interest, and should be approved.

2. Residential Rate Design (Met-Ed)

The Settlement provides that Met-Ed's monthly residential customer charge will increase from $10.25 to $11.25 or 9.8%. Settlement ¶ 25; ME Exh. 5 at 1. In its filing, the Company proposed increasing the residential customer charge to $17.42, or an increase of 72%. OCA St. No. 3 at 37. In his Direct Testimony, OCA witness Johnson recommended that the Company's customer charge be maintained at its current amount. Id. at 44. The OCA submits that eliminating most of the proposed customer charge increase will benefit residential customers. By providing a customer charge $6.17 lower than the Company's proposed charge and recovering the remaining revenue through volumetric energy charges, those energy charges can provide necessary signals to customers with regard to energy conservation. OCA St. No. 3 at 42-43.

The OCA submits that the residential rate design established by the Settlement is reasonable and consistent with sound ratemaking principles. Combined with a $49.7 million lower revenue increase than the Company sought, these rate design changes result in rates that are significantly below the rates originally proposed by the Company and within the range of likely outcomes in the event this case had been fully litigated.

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[8] The lone exception is the Transmission Power rate class whose unitized Rate of Return under the Settlement moves downward from 0.85 to 0.69.

3. LED Streetlighting (Met-Ed)

In his Direct Testimony, OCA witness Johnson expressed concern that the Company proposed a disproportionately higher rate increase for LED streetlighting as opposed to other types of streetlighting. OCA St. No. 3 at 45-46. Met-Ed proposed an increase of 66.6% for LED streetlighting, while the overall streetlighting class would receive a 29.3% increase. OCA St. No. 3 at 46. Mr. Johnson recommended that the increase for LED streetlighting be limited to the same percentage as the overall street light class. OCA St. No. 3 at 47. As a policy matter, LED streetlights are consistent with energy efficiency goals and help reduce municipalities' energy costs, which "results in both lower energy costs for the user *and* societal benefits associated with more efficient use of scarce resources." OCA St. No. 3 at 47. An extreme increase in LED streetlight rates would be unfair to municipalities that have recently switched to LEDs and may prevent other municipalities from making this beneficial upgrade in the future. Many municipalities filed informal complaints about the proposed LED streetlighting rate increase, and significant testimony was presented at public input hearings by municipalities opposing this increase. See, e.g., Tr. 102-104 (Cumru Township); Tr. 597-605 (Pa. State Association of Boroughs).

As a result of the Settlement, LED streetlighting will receive an increase of approximately 41%, rather than the proposed increase of approximately 66%. See ME Exh. 4 at 13. While this increase is greater than the 27% increase for the streetlighting class as a whole, it is significantly less than the increase originally proposed by the Company. Additionally, the Settlement includes the following provision:

> Any effort on the part of the Company to educate its customers regarding conversion of municipal street lighting from traditional sodium vapor or mercury vapor to LED lighting, whether on its own or in conjunction with other public or private entities, shall fully disclose the fact that any projected savings produced

> by such a conversion will necessarily be reduced over time as the Company seeks new rates, including adjustments to align LED rates with the cost of providing service to such facilities.

ME Settlement ¶ 37. This provision will help municipalities understand that, while there may be significant savings or other benefits to switching to LED streetlighting, rates will likely increase in the future so the savings may not be constant over time. This is in response to an outcry from municipalities that have switched or are in the process of switching to LED streetlighting. See Tr. 102-104, 597-605. The limited increase to LED streetlighting rates achieved in the Settlement is a reasonable compromise and within the range of likely outcomes if the case had been fully litigated.

B. Pennsylvania Electric Company

1. Revenue Allocation

As noted above, under the Settlement, Penelec will increase its base rates by $94.6 million rather than the $158.8 million it initially proposed. In its filing, Penelec proposed to allocate $99.9 million of its proposed distribution revenue increase to residential customers, which would have amounted to a 42.7% increase in distribution revenues from the residential customer class. Had Penelec's request been approved as filed, a residential customer using 1,000 kWh per month and receiving default electric supply service from Penelec would have seen their monthly total bill rise by $23.62, from $145.86 to $169.48.

Under the Settlement, the residential customer class will receive an overall increase in distribution revenue of $64.5 million or a 27.6% distribution increase.[9] A residential customer using 1,000 kWh per month and receiving default supply service from Penelec will see their

[9] On a total revenue basis (distribution, generation and transmission), this represents a 11.9% increase.

monthly total bill rise by $17.63, from $145.86 to $163.49 rather than the $23.62 proposed by the Company.

OCA witness Clarence L. Johnson reviewed the Company's revenue allocation proposal and the Company's class cost of service study (CCOSS) upon which the Company's proposed allocation was based. The OCA opposed the Company's CCOSS in this case and Mr. Johnson submitted a modified CCOSS, which he relied upon to develop a recommended allocation of any proposed increase for the Company among its customer classes. See OCA St. No. 3, Schedule CJ-4 PN (showing the results of the OCA's CCOSS at current rates with the elimination of the minimum system method used by the Company) and Schedule CJ-3 (summarizing the results of the Company's CCOSS at current rates if the customer classification percentages are adjusted based on Mr. Johnson's alternative recommendation which reduces such percentages to coincide with the percentage of labor costs associated with the components of the minimum system, See also, Schedule CJ-2). Based on his CCOSS, Mr. Johnson recommended that the residential class be allocated approximately $80.2 million of the Company's proposed increase with a proportional scaleback should an increase of less than $158.8 million be authorized. OCA St. No. 3, Schedule CJ-6. Under Mr. Johnson's proposed allocation, the residential customers would receive a 34.3% distribution rate increase as compared to the Company's proposed 42.7% increase. Id. In addition to the Company and the OCA, I&E, OSBA, AK Steel, MEIUG, and Wal-Mart Stores East and Sam's East also submitted allocation recommendations in their direct testimonies based on the results of either their own cost of service studies or their analysis of the Company's CCOSS. The allocation proposals varied significantly.

Based on the OCA's review of the several cost of service studies presented in this proceeding and the varying allocation proposals presented by other parties, the OCA views the

Settlement revenue allocation to be within the range of reasonable outcomes that would result had this case been fully litigated. The Settlement is consistent with the objective of moving rate classes toward the cost of service and is, therefore, in the public interest. The Settlement allocation represents a compromise among the parties that moves all rate classes closer to the system average. Further, it does so without imposing on any one class an allocation that would cause rate shock. The Settlement is therefore reasonable, and when considered along with the other important provisions contained in the proposed Settlement, yields a result that is just and reasonable, in the public interest, and should be approved.

2. Residential Rate Design (Penelec)

The Settlement provides that Penelec's monthly residential customer charge will increase from \$9.99 to \$11.25 or 12.6%. Settlement ¶ 25; PN Exh. 5 at 1. In its filing, the Company proposed increasing the residential customer charge to \$17.10, or an increase of 71%. OCA St. No. 3 at 37. In his Direct Testimony, OCA witness Johnson recommended that the Company's customer charge be maintained at its current amount. Id. at 44. The OCA submits that eliminating most of the proposed customer charge increase will benefit residential customers. By providing a customer charge \$5.85 lower than the Company's proposed charge and recovering the remaining revenue through volumetric energy charges, those energy charges can provide necessary signals to customers with regard to energy conservation. OCA St. No. 3 at 42-43.

The OCA submits that the residential rate design established by the Settlement is reasonable and consistent with sound ratemaking principles. Combined with a \$64.2 million lower revenue increase than the Company sought, these rate design changes result in rates that are significantly below the rates originally proposed by the Company and within the range of likely outcomes in the event this case had been fully litigated.

3. LED Streetlighting (Penelec)

In his Direct Testimony, OCA witness Johnson expressed concern that the Company proposed a disproportionately higher rate increase for LED streetlighting as opposed to other types of streetlighting. OCA St. No. 3 at 45-46. Penelec proposed an increase of 46.9% for LED streetlighting, while the overall streetlighting class would receive a 32.0% increase. OCA St. No. 3 at 46. Mr. Johnson recommended that the increase for LED streetlighting be limited to the same percentage as the overall street light class. OCA St. No. 3 at 47. As a policy matter, LED streetlights are consistent with energy efficiency goals and help reduce municipalities' energy costs, which "results in both lower energy costs for the user *and* societal benefits associated with more efficient use of scarce resources." OCA St. No. 3 at 47. An extreme increase in LED streetlight rates would be unfair to municipalities that have recently switched to LEDs and may prevent other municipalities from making this beneficial upgrade in the future. Many municipalities filed informal complaints about the proposed LED streetlighting rate increase, and significant testimony was presented at public input hearings by municipalities opposing this increase. See, e.g., Tr. 204-206 (City of Erie); Tr. 440-442 (City of Altoona); Tr. 597-605 (Pa. Association of Boroughs); Tr. 579-593 (Borough of Sayre, regarding effect of rate increase on municipalities and area residents generally).

As a result of the Settlement, LED streetlighting will receive an average increase of approximately 39%,[10] rather than the proposed increase of approximately 46.9%. See PN Exh. 4 at 11. While this increase is greater than the approximately 25% increase for the streetlighting

[10] There are multiple sub-classes of LED streetlighting, as can be seen in Penelec Exhibit 4 at 11. The 39% increase is an average of the increases among these sub-classes.

class as a whole, it is significantly less than the increase originally proposed by the Company. Additionally, the Settlement includes the following provision:

> Any effort on the part of the Company to educate its customers regarding conversion of municipal street lighting from traditional sodium vapor or mercury vapor to LED lighting, whether on its own or in conjunction with other public or private entities, shall fully disclose the fact that any projected savings produced by such a conversion will necessarily be reduced over time as the Company seeks new rates, including adjustments to align LED rates with the cost of providing service to such facilities.

PN Settlement ¶ 37. This provision will help municipalities understand that, while there may be significant savings or other benefits to switching to LED streetlighting, rates will likely increase in the future so the savings may not be constant over time. This is in response to an outcry from municipalities that have switched or are in the process of switching to LED streetlighting. See Tr. 204-206, 440-442, 597-605, 579-593. The limited increase to LED streetlighting rates achieved in the Settlement is a reasonable compromise and within the range of likely outcomes if the case had been fully litigated.

C. Pennsylvania Power Company

1. Revenue Allocation

As noted above, under the Settlement, Penn Power will increase its base rates by $27.5 million rather than the $42.0 million it initially proposed. In its filing, Penn Power proposed to allocate $27.1 million of its proposed distribution revenue increase to residential customers, which would have amounted to a 40% increase in distribution revenues from the residential customer class. Had Penn Power's request been approved as filed, a residential customer using 1,000 kWh per month and receiving default electric supply service from Penn Power would have seen their monthly total bill rise by $18.45, from $141.24 to $159.69.

Under the Settlement, the residential customer class will receive an overall increase in distribution revenue of $19.1 million or a 28.2% distribution increase.[11] A residential customer using 1,000 kWh per month and receiving default supply service from Penn Power will see their monthly total bill rise by $13.51, from $141.24 to $154.75 rather than the $18.45 proposed by the Company.

OCA witness Clarence L. Johnson reviewed the Company's revenue allocation proposal and the Company's class cost of service study (CCOSS) upon which the Company's proposed allocation was based. The OCA opposed the Company's CCOSS in this case and Mr. Johnson submitted a modified CCOSS, which he relied upon to develop a recommended allocation of any proposed increase for the Company among its customer classes. See OCA St. No. 3, Schedule CJ-4 PP (showing the results of the OCA's CCOSS at current rates with the elimination of the minimum system method used by the Company) and Schedule CJ-3 (summarizing the results of the Company's CCOSS at current rates if the customer classification percentages are adjusted based on Mr. Johnson's alternative recommendation which reduces such percentages to coincide with the percentage of labor costs associated with the components of the minimum system, See also, Schedule CJ-2). Based on his CCOSS, Mr. Johnson recommended that the residential class be allocated approximately $26.3 million of the Company's proposed increase with a proportional scaleback should an increase of less than $42.0 million be authorized. OCA St. No. 3, Schedule CJ-6. Under Mr. Johnson's proposed allocation, the residential customers would receive a 38.9% distribution rate increase as compared to the Company's proposed 40% increase. Id. In addition to the Company and the OCA, I&E, OSBA, AK Steel, MEIUG, and Wal-Mart Stores East and Sam's East also submitted allocation recommendations in their direct testimonies

[11] On a total revenue basis (distribution, generation and transmission), this represents a 9.3% increase.

based on the results of either their own cost of service studies or their analysis of the Company's CCOSS. The allocation proposals varied significantly.

Based on the OCA's review of the several cost of service studies presented in this proceeding and the varying allocation proposals presented by other parties, the OCA views the Settlement revenue allocation to be within the range of reasonable outcomes that would result had this case been fully litigated. The Settlement is consistent with the objective of moving rate classes toward the cost of service and is, therefore, in the public interest. The Settlement allocation represents a compromise among the parties that moves all rate classes closer to the system average. Further, it does so without imposing on any one class an allocation that would cause rate shock. The Settlement is therefore reasonable, and when considered along with the other important provisions contained in the proposed Settlement, yields a result that is just and reasonable, in the public interest, and should be approved.

2. Residential Rate Design (Penn Power)

The Settlement provides that Penn Power's monthly residential customer charge will increase from $10.85 to $11.00 or 1.4%. Settlement ¶ 25, PP Exh. 5 at 1. In its filing, the Company proposed increasing the residential customer charge to $13.41, or an increase of 23.6%. OCA St. No. 3 at 37. In his Direct Testimony, OCA witness Johnson recommended that the Company's customer charge be maintained at its current amount. Id. at 44. The OCA submits that eliminating most of the proposed customer charge increase will benefit residential customers. By providing a customer charge $2.41 lower than the Company's proposed charge and recovering the remaining revenue through volumetric energy charges, those energy charges can provide necessary signals to customers with regard to energy conservation. OCA St. No. 3 at 42-43.

The OCA submits that the residential rate design established by the Settlement is reasonable and consistent with sound ratemaking principles. Combined with a $14.5 million lower revenue increase than the Company sought, these rate design changes result in rates that are significantly below the rates originally proposed by the Company and within the range of likely outcomes in the event this case had been fully litigated.

3. LED Streetlighting (Penn Power)

In his Direct Testimony, OCA witness Johnson expressed concern that the Company proposed a disproportionately higher rate increase for LED streetlighting as opposed to other types of streetlighting. OCA St. No. 3 at 45-46. Penn Power proposed an increase of 37.0% for LED streetlighting, while the overall streetlighting class would receive a 32.8% increase. OCA St. No. 3 at 46. Mr. Johnson recommended that the increase for LED streetlighting be limited to the same percentage as the overall street light class. OCA St. No. 3 at 47. As a policy matter, LED streetlights are consistent with energy efficiency goals and help reduce municipalities' energy costs, which "results in both lower energy costs for the user *and* societal benefits associated with more efficient use of scarce resources." OCA St. No. 3 at 47. An extreme increase in LED streetlight rates would be unfair to municipalities that have recently switched to LEDs and may prevent other municipalities from making this beneficial upgrade in the future. Many municipalities filed informal complaints about the proposed LED streetlighting rate increase, and significant testimony was presented at public input hearings by municipalities opposing this increase. See, e.g., Tr. 597-605 (Pa. State Association of Boroughs).

As a result of the Settlement, LED streetlighting will receive an increase of between approximately 33% and 40%,[12] rather than the proposed increase of approximately 37%.[13] See

[12] There are multiple sub-classes of LED streetlighting, as can be seen in Penn Power Exhibit 4 at 11. The percentage increase varies among these sub-classes.

PP Exh. 4 at 11. This increase is comparable to increases agreed to for the other three Companies, while the overall increase to streetlighting is lower than the other Companies due to a rate reduction for sodium vapor streetlighting sub-classes. See PP Exh. 4 at 11. Additionally, the Settlement includes the following provision:

> Any effort on the part of the Company to educate its customers regarding conversion of municipal street lighting from traditional sodium vapor or mercury vapor to LED lighting, whether on its own or in conjunction with other public or private entities, shall fully disclose the fact that any projected savings produced by such a conversion will necessarily be reduced over time as the Company seeks new rates, including adjustments to align LED rates with the cost of providing service to such facilities.

PP Settlement ¶ 37. This provision will help municipalities understand that, while there may be significant savings or other benefits to switching to LED streetlighting, rates will likely increase in the future so the savings may not be constant over time. This is in response to an outcry from municipalities that have switched or are in the process of switching to LED streetlighting. See Tr. 597-605. The limited increase to LED streetlighting rates achieved in the Settlement is a reasonable compromise and within the range of likely outcomes if the case had been fully litigated.

D. West Penn Power Company

1. Revenue Allocation

As noted above, under the Settlement, West Penn will increase its base rates by $60.6 million rather than the $98.2 million it initially proposed. In its filing, West Penn proposed to allocate $74.1 million of its proposed distribution revenue increase to residential customers, which would have amounted to a 32% increase in distribution revenues from the residential

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[13] All of the cost of service studies in this case showed that LED streetlighting sub-classes were significantly under-paying relative to their cost of service, while sodium vapor streetlighting sub-classes were overpaying. The Settlement outcome for Penn Power reflects this fact.

customer class. Had West Penn's request been approved as filed, a residential customer using 1,000 kWh per month and receiving default electric supply service from West Penn would have seen their monthly total bill rise by $10.89, from $113.27 to $124.16.

Under the Settlement, the residential customer class will receive an overall increase in distribution revenue of $49.8 million or a 21.5% distribution increase.[14] A residential customer using 1,000 kWh per month and receiving default supply service from West Penn will see their monthly total bill rise by $8.09, from $113.27 to $121.36 rather than the $10.89 proposed by the Company.

OCA witness Clarence L. Johnson reviewed the Company's revenue allocation proposal and the Company's class cost of service study (CCOSS) upon which the Company's proposed allocation was based. The OCA opposed the Company's CCOSS in this case and Mr. Johnson submitted a modified CCOSS, which he relied upon to develop a recommended allocation of any proposed increase for the Company among its customer classes. See OCA St. No. 3, Schedule CJ-4 WP (showing the results of the OCA's CCOSS at current rates with the elimination of the minimum system method used by the Company) and Schedule CJ-3 (summarizing the results of the Company's CCOSS at current rates if the customer classification percentages are adjusted based on Mr. Johnson's alternative recommendation which reduces such percentages to coincide with the percentage of labor costs associated with the components of the minimum system, See also, Schedule CJ-2). Based on his CCOSS, Mr. Johnson recommended that the residential class be allocated approximately $48.6 million of the Company's proposed increase with a proportional scaleback should an increase of less than $98.2 million be authorized. OCA St. No. 3, Schedule CJ-6. Under Mr. Johnson's proposed allocation, the residential customers would receive a 21% distribution rate increase as compared to the Company's proposed 32% increase.

[14] On a total revenue basis (distribution, generation and transmission), this represents a 7.2% increase.

Id. In addition to the Company and the OCA, I&E, OSBA, AK Steel, MEIUG, and Wal-Mart Stores East and Sam's East also submitted allocation recommendations in their direct testimonies based on the results of either their own cost of service studies or their analysis of the Company's CCOSS. The allocation proposals varied significantly.

Based on the OCA's review of the several cost of service studies presented in this proceeding and the varying allocation proposals presented by other parties, the OCA views the Settlement revenue allocation to be within the range of reasonable outcomes that would result had this case been fully litigated. The Settlement is consistent with the objective of moving rate classes toward the cost of service[15] and is, therefore, in the public interest. The Settlement allocation represents a compromise among the parties that moves all but two rate classes closer to the system average. Further, it does so without imposing on any one class an allocation that would cause rate shock. The Settlement is therefore reasonable, and when considered along with the other important provisions contained in the proposed Settlement, yields a result that is just and reasonable, in the public interest, and should be approved.

2. Residential Rate Design (West Penn)

The Settlement provides that West Penn's monthly residential customer charge will increase from $5.81 to $7.44 or 28%. Settlement ¶ 25, WP Exh. 5 at 1. In its filing, the Company proposed increasing the residential customer charge to $13.98, or an increase of 140.6%. OCA St. No. 3 at 37. In his Direct Testimony, OCA witness Johnson recommended that the Company's customer charge be increased to $6.80. Id. at 44. The OCA submits that eliminating most of the proposed customer charge increase will benefit residential customers. By providing a customer charge $6.54 lower than the Company's proposed charge and

[15] There are two exceptions to this. Two segments of West Penn's Industrial Customer Class – Primary Power Service Schedules 40 and 46 -- will have lower unitized rates of return than under existing rates. Schedule 40 moves from 0.69 to 0.54; Schedule 46 moves from 0.64 to 0.30.

recovering the remaining revenue through volumetric energy charges, those energy charges can provide necessary signals to customers with regard to energy conservation. OCA St. No. 3 at 42-43.

The OCA submits that the residential rate design established by the Settlement is reasonable and consistent with sound ratemaking principles. Combined with a $37.6 million lower revenue increase than the Company sought, these rate design changes result in rates that are significantly below the rates originally proposed by the Company and within the range of likely outcomes in the event this case had been fully litigated.

3. LED Streetlighting (West Penn)

In his Direct Testimony, OCA witness Johnson expressed concern that the Company proposed a disproportionately higher rate increase for LED streetlighting as opposed to other types of streetlighting. OCA St. No. 3 at 45-46. West Penn proposed an increase of 62.1% for LED streetlighting, while the overall streetlighting class would receive a 13.6% increase. OCA St. No. 3 at 46. Mr. Johnson recommended that the increase for LED streetlighting be limited to the same percentage as the overall street light class. OCA St. No. 3 at 47. As a policy matter, LED streetlights are consistent with energy efficiency goals and help reduce municipalities' energy costs, which "results in both lower energy costs for the user *and* societal benefits associated with more efficient use of scarce resources." OCA St. No. 3 at 47. An extreme increase in LED streetlight rates would be unfair to municipalities that have recently switched to LEDs and may prevent other municipalities from making this beneficial upgrade in the future. Many municipalities filed informal complaints about the proposed LED streetlighting rate increase, and significant testimony was presented at public input hearings by municipalities opposing this increase. See, e.g., Tr. 447-450 (Ferguson Township); Tr. 493-497 (South Fayette Township); Tr. 499-502 (West Middletown); Tr. 597-605 (Pa. Association of Boroughs).

As a result of the Settlement, LED streetlighting will receive an increase of approximately 25.74%, rather than the proposed increase of approximately 62%. See WP Exh. 4 at 24. While this increase is greater than the 13.6% increase for the streetlighting class as a whole, it is significantly less than the increase originally proposed by the Company. Additionally, the Settlement includes the following provision:

> Any effort on the part of the Company to educate its customers regarding conversion of municipal street lighting from traditional sodium vapor or mercury vapor to LED lighting, whether on its own or in conjunction with other public or private entities, shall fully disclose the fact that any projected savings produced by such a conversion will necessarily be reduced over time as the Company seeks new rates, including adjustments to align LED rates with the cost of providing service to such facilities.

WP Settlement ¶ 37. This provision will help municipalities understand that, while there may be significant savings or other benefits to switching to LED streetlighting, rates will likely increase in the future so the savings may not be constant over time. This is in response to an outcry from municipalities that have switched or are in the process of switching to LED streetlighting. See Tr. 447-450, 493-497, 499-502, 597-605. The limited increase to LED streetlighting rates achieved in the Settlement is a reasonable compromise and within the range of likely outcomes if the case had been fully litigated.

IV. UNIVERSAL SERVICE AND CUSTOMER ASSISTANCE PROGRAMS (ME/PN/PP/WP Settlement ¶¶ 27-35)

The Settlement addresses some of the key concerns raised by OCA witness Colton regarding the Companies' Customer Assistance Programs (CAP) and calculation of the Universal Service Charge. First, Mr. Colton recommended that for purposes of calculating the Universal Service Charge, the CAP base participation levels should be lowered in order to reflect current CAP participation levels. Except for West Penn, which experienced a slight increase in CAP participation, the Companies have experienced decreased CAP participation rates since the current base participation rates were last set in FirstEnergy's 2014 base rate case. OCA St. No. 4 at 7-8. The base participation levels are used to determine the Companies' CAP cost offset in the Universal Service Charge, so the use of an accurate base participation level is important to prevent over-recovery of bad debt expenses. Id. at 9-11. A comparison of the current base participation levels, Mr. Colton's recommended levels, and the levels agreed to in the Settlement are included in the table below:

	Current	**OCA Recommended**	**Settlement**
Met-Ed	18,000	15,700	16,700
Penelec	25,000	22,000	23,200
Penn Power	5,700	4,700	5,000
West Penn	22,500	23,300	23,300

See OCA St. No. 4 at 7-8; ME/PN/PP/WP Settlement ¶ 35. The base participation levels agreed to in the Settlement represent a reasonable compromise that more accurately reflect the current CAP participation levels for each Company.

OCA witness Colton also raised concerns about the impact of any rate increase on low-income customers, and recommended that "the maximum non-heating CAP credit ceiling for each FirstEnergy utility be increased by a dollar amount equal to the annual dollar rate increase approved for the residential customer class in this proceeding, using the median CAP consumption, rounded to the nearest $10." OCA St. No. 4 at 21-22. Increasing the CAP credit ceiling will help address the impact of a rate increase on low-income customers and will make it less likely that CAP customers will reach the CAP credit ceiling as a result of the increased rates. See OCA St. No. 4 at 15-21. The Settlement addresses this concern by increasing the maximum CAP credits by an amount proportionate to 50% of the average increase to residential rates, calculated as the increase in the total bill for the median-usage CAP customer rounded to the nearest $10. ME/PN/PP/WP Settlement ¶ 29.

Regarding the Companies' Low-Income Usage Reduction Programs (LIURP), OCA witness Colton observed that, except for West Penn, the Companies have significantly under-spent their LIURP budgets since 2012. OCA St. No. 4 at 33. Mr. Colton recommended a number of improvements to the LIURP program to ensure that low-income customers are receiving adequate assistance, including rolling-over unused LIURP funds into future years, working with Community-Based Organizations (CBOs) to deliver LIURP services, and providing a one-time influx of funds to reflect previous under-spending. Id. at 38-39. The Settlement addresses these issues by providing for a roll-over of unused LIURP funds to the budget available for expenditure in the following years, for the duration of the Companies' current Universal Service and Energy Conservation Programs (USECPs). ME/PN/PP/WP Settlement ¶ 30. This provision will help to ensure that the Companies' low-income customers are receiving adequate LIURP treatment to help reduce energy usage and thus energy bills.

OCA witness Colton also testified that the Companies' high CAP credit expenditures demonstrate that "there is substantial room for savings through the proper targeting of energy efficiency investments." OCA St. No. 4 at 28. As such, Mr. Colton recommended that the Companies target LIURP spending toward a segment of high use, high CAP credit customers for LIURP treatment on an annual basis. Id. at 31. The Settlement addresses this issue by providing that the Companies will identify confirmed low-income customers exceeding 12,000 kWh usage during the prior year and prioritize those customers for weatherization when possible. ME/PN/PP/WP Settlement ¶ 34. Once this list has been exhausted, the Companies will target confirmed low-income customers with lower annual usage, as well as eligible customers that have requested weatherization treatment. Id. This provision addresses the OCA's concern and encourages the greatest reduction in energy usage for high usage low-income customers.

The Settlement also provides for the creation of a Universal Service Advisory Committee (USAC) which will allow interested parties and other stakeholders to meet twice per year to discuss possible improvements to the Companies' USECPs. ME/PN/PP/WP Settlement ¶ 27. Additional issues that were raised by the OCA or other parties but not specifically addressed in the Settlement can be discussed as part of the USAC meetings, where they can be given appropriate consideration.

For these reasons, the OCA submits that the Settlement provisions regarding universal service and Customer Assistance Programs are reasonable compromises that should be approved by the Commission.

V. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlements of these rate investigations, taken as a whole, represent a fair and reasonable resolution of the issues raised by the OCA in this matter. Therefore, the OCA submits that the Settlements should be approved by the Commission without modification as being in the public interest.

Respectfully Submitted,

Darryl A. Lawrence
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October 14, 2016

225834

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
v.	:	
	:	**DOCKET NOS:**
METROPOLITAN EDISON COMPANY	:	**R-2016-2537349**
PENNSYLVANIA ELECTRIC COMPANY	:	**R-2016-2537352**
WEST PENN POWER COMPANY	:	**R-2016-2537359**
And PENNSYLVANIA POWER COMPANY	:	**R-2016-2537355**

STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT

I. INTRODUCTION

The Small Business Advocate is authorized and directed to represent the interests of small business consumers in proceedings before the Pennsylvania Public Utility Commission ("Commission") under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. In order to discharge this statutory duty, the Office of Small Business Advocate ("OSBA") is participating as a party to this proceeding to ensure that the interests of small commercial and industrial ("Small C&I") customers of Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), West Penn Power Company ("West Penn"), and Pennsylvania Power Company ("Penn Power") (collectively, "the FirstEnergy Companies" or "the Companies") are adequately represented and protected.

II. PROCEDURAL BACKGROUND

1. On April 28, 2016, each of the FirstEnergy Companies filed with the Commission a tariff requesting an increase in annual distribution revenues. These tariffs requested the following increases: Met-Ed (Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 52 ("Supplement No. 23 ME") requesting an increase of $140.2 million, or 9.53% of its total electric operating revenues), Penelec (Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 81 ("Supplement No. 23 PE") requesting an increase of $158.8 million, or 11.42% of its total electric operating revenues), West Penn (Supplement No. 10 to Tariff Electric – Pa. P.U.C. No. 38 ("Supplement No. 10") and Supplement No. 15 to Tariff Electric – Pa. P.U.C. No. 40 ("Supplement No. 15") requesting an increase of $98.2 million, or 5.74% of its total electric operating revenues), and Penn Power (Supplement No. 17 to Tariff Electric – Pa. P.U.C. No. 36 ("Supplement No. 17") requesting an increase of $42 million, or 9.57% of its total electric operating revenues).

2. By Order entered June 9, 2016 (the "Investigation Order"), the Commission initiated a formal investigation to determine the lawfulness, justness and reasonableness of each of the FirstEnergy Companies' existing and proposed rates, rules and regulations. Accordingly, the Supplements listed above were suspended by operation of Section 1308(d) of the Public Utility Code until January 27, 2017. Thereafter, all of the Companies' cases were assigned to Administrative Law Judge (" ALJ") Mary D. Long for purposes of conducting hearings and issuing a Recommended Decision.

3. Notices of Appearance were served in all four proceedings on behalf of the following:

OSBA (also filed a Complaint)
The Commission's Bureau of Investigation and Enforcement ("I&E")
The Office of Consumer Advocate ("OCA", also filed Complaint)

4. Interventions were filed by the following parties and granted by ALJ Long:
Clean Air Council ("CAC", all four cases)
Coalition for Affordable Utility Services in Pennsylvania ("Cause-PA"), all four cases)
Citizens for Pennsylvania's Future ("Penn Future", all four cases)
The Pennsylvania State University ("PSU", all four cases)
Wal-Mart Stores East, LP, and Sam's East, Inc. ("Wal-Mart", all four cases)
Environmental Defense Fund ("EDF", MetEd only)
International Brotherhood of Electrical Workers, Local 459 ("IBEW", Penelec only)
AK Steel Company ("AK Steel", West Penn only)
MetEd Industrial Users Group ("MEIUG", MetEd only, also filed a Complaint)
Penelec Industrial Customers Alliance ("PICA", Penelec only, also filed a Complaint)
West Penn Power Industrial Intervenors ("WPPII", West Penn only, also filed a Complaint)
North American Hoganas Holdings, Inc. ("Hoganas", Penelec only)

In addition, numerous individual complainants intervened in one of the four cases. The above-named parties to this proceeding are referenced below as the "Joint Petitioners."

5. A prehearing conference with respect to rate proceedings of all four Companies was held on June 17, 2016. At that time, the Companies' request to consolidate the four rate cases for hearings, briefing and decision, which was supported by I&E, OCA and OSBA and not opposed by any other party, was granted. Accordingly, a schedule was established for the

submission of testimony and the conduct of evidentiary and public input hearings for the consolidated proceeding. Evidentiary hearings were scheduled for September 6 – 9, 2016, at which time all testimony and exhibits would be submitted for the record and all witnesses presented for cross-examination, if any.

6. Twelve public input hearings were held, which included hearings at locations within each of the Companies' service territories.

7. Accompanying the tariff filings listed above, the Companies each presented complete and separate data for the historic test year ended December 31, 2015, the future test year ending December 31, 2016, and the fully projected future test year ending December 31, 2017. Each Company's supporting information included the prepared direct testimony of initial witnesses and the various exhibits sponsored by them. Considerable additional information was supplied by the Companies in response to interrogatories and data requests. On July 7, 2016, supplemental testimony for one witness was served by the Companies.

8. In accordance with the previously established schedule, on or before July 22, 2016, direct testimony and accompanying exhibits were served by I&E, OCA, OSBA, MEIUG, CAUSE-PA, Wal-Mart, EDF and PennFuture. On August 15, 2016, Met-Ed filed a Motion to Strike the direct testimony of Paul Alvarez submitted on behalf of EDF and the direct testimony of Michael Murray submitted jointly on behalf of PennFuture and EDF. On August 17, 2016, supplemental direct testimony was submitted on behalf of the OCA. Also on August 17, 2016, rebuttal testimony and accompanying exhibits were served by Met-Ed, I&E, OCA, OSBA, MEIUG and CAUSE-PA. On August 25, 2016, the ALJ issued an Interim Order granting Met-Ed's Motion to Strike the testimony of Messrs. Alvarez and Murray. As a consequence, on

August 26, 2016, Met-Ed resubmitted two statements of rebuttal testimony, Statement Nos. 3-R and 10-R, with the portions that respond to Messrs. Alvarez and Murray removed, and, on September 6, 2016, the OCA resubmitted the rebuttal testimony of Roger D. Colton (OCA Statement No. 4-R) with the portions that respond to Messrs. Alvarez and Murray removed. Finally, on August 31, 2016, surrebuttal testimony and accompanying exhibits were served by Met-Ed, I&E, OCA, OSBA, MEIUG, and CAUSE-PA.[1]

9. Negotiations were conducted by the Joint Petitioners in an effort to achieve a settlement of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to agree to the Settlement set forth in the Joint Petition for Partial Settlement of Rate Investigation ("Joint Petition") which resolves all issues among the Joint Petitioners. However, the Settlement does not resolve the issue raised by PennFuture concerning the scope and pricing of Met-Ed's proposed LED street lighting offering. This issue was reserved for briefing. The OSBA did not address PennFuture's street lighting issue in testimony and did not brief that issue. In light of the Settlement and the fact that all parties to this proceeding waived cross-examination, a hearing was held on September 7, 2016, solely for the purpose of entering testimony and exhibits into the record.

[1] All parties' statements and exhibits were identified for the record at the evidentiary hearing held on September 7, 2016, and the Companies' statements and exhibits were also enumerated in their Hearing Exhibit No. 1.

III. STATEMENT IN SUPPORT

11. On June 16, 2016, the OSBA filed a consolidated Prehearing Memorandum in each of the four proceedings. In the Prehearing Memorandum, the OSBA identified the following specific issues of concern:

1. Small C&I rates.
2. Cost of service and cost allocation.
3. Revenue allocation.
4. Rate design.

12. The Settlement sets forth a comprehensive list of issues that were resolved through the negotiation process. This statement outlines the OSBA's specific reasons for concluding that the Settlement is in the best interests of small business customers. The OSBA's reasons are organized by Company as set forth below:

METROPOLITAN EDISON COMPANY

A. Distribution Revenue Requirement

In its initial filing, Met-Ed requested an increase of $134.8 million per year in distribution revenue.[2] In the Settlement, the parties have agreed to a distribution revenue increase of $90.5 million per year.[3] At a time when all types of utility service are becoming more expensive, the significant (32.9%) reduction in the Company's requested distribution revenue increase provided by the Settlement will benefit Met-Ed's small business customers.

B. Class Revenue Allocation

[2] Met-Ed Exhibit KMS-2.

[3] Settlement, Met-Ed Exhibit 2.

In its filing, Met-Ed identified two specific objectives that guided the development of the Company's proposed revenue allocation: 1) each rate class should be moved closer to full cost of service, as determined by the Company's class cost-of-service study ("COSS"), and 2) no individual rate class should receive a "potentially disruptive rate increase," which was defined as an overall increase in total revenues greater than 20%.[4]

However, as noted by Mr. Kalcic in his direct testimony, Met-Ed's proposed revenue allocation was problematic, since it failed to provide adequate movement toward cost of service. In particular, Met-Ed's proposal would move rate classes RS, GSV, GSS, BORD, TP and STLT away from cost of service.[5]

In an effort to move all classes closer to cost and to avoid excessive rate increases, Mr. Kalcic proposed an alternative allocation of the distribution rate increase at Met-Ed's requested revenue requirement level. Mr. Kalcic began by assigning each class its cost-based increase, as determined by Met-Ed's COSS. Second, he adjusted those results to prevent any class from receiving an increase that was greater than 1.50 times the system average increase or less than 0.25 times the system average. Lastly, Mr. Kalcic assigned the $385,000 revenue shortfall (resulting from his second step) to all classes that would otherwise have received the minimum increase assigned in Step 2, in proportion to their respective cost of service.[6] The OSBA's recommended revenue allocation, at Met-Ed's full rate request, is shown in column 5 of Schedule BK-3(ME).

Table 1 (below) compares the parties' proposed increases for Met-Ed's small business

[4] OSBA Statement No. 1 at 4-5.

[5] OSBA Statement No. 1 at 6. Rate classes are defined in detail in this testimony.

[6] OSBA Statement No. 1 at 7.

classes, adjusted for the overall level of the Settlement increase, to the small business increases provided by the Settlement.

Table 1
Comparison of Parties' Proposed GSS and GSM Increases at Settlement Revenue Level to Settlement Increases 1/
($000)

Class	***Per Settlement***	*Met-Ed*	*OSBA*	*OCA*	*I&E*
GSS	**$4,923**	$3,914	$5,086	$2,873	$5,056
GSM	**$8,087**	$7,329	$3,563	$20,022	$0
TOTAL	**$13,010**	$11,243	$8,649	$22,895	$5,056

Source: Settlement, Met-Ed Exh. 2 ; and Schedule BK-1S(ME).

1/ Parties' positions shown in Sch. BK-1S(ME) scaled to reflect the overall settlement increase of $90.5 million.

As shown in Table 1, the settlement increases for the small business classes reflect a compromise among the parties, particularly with respect to the litigation positions of the OSBA and OCA. Had the Commission given equal weight to those positions, the overall increase to the small business classes (assuming an overall increase of $90.5 million) would have been (the sum of $8.649 million plus $22.895 million, divided by 2 or) $15.772 million, which is $2.762 million or 21.2% greater than the combined increase provided by the Settlement. As a result, the OSBA concludes that the Settlement revenue allocation provides a meaningful benefit to small business customers.

C. GSM Rate Design

As Mr. Kalcic testified, Rate GSM is available to non-residential customers that take service at secondary voltage, use more than 1,500 kiloWatt hours ("kWh") per month and exhibit a registered monthly demand that is less than or equal to 400 kW.[7] Presently, Rate GSM contains a customer charge, a demand (kW) charge applicable to all billing kW, and a flat reactive billing demand (rkVA) charge.[8]

While Met-Ed proposed to maintain its current GSS rate structure, the Company's proposed customer charge increase was significantly greater than the proposed increase to the demand charge. However, such relative increases were in line with the Company's cost-of-service benchmarks. As a result, Mr. Kalcic recommended that Met-Ed apply a proportionate scaleback (reduction) to the proposed GSM customer and demand charges at the conclusion of this case, should the final GSM class revenue level be reduced from the Company's filed revenue level.[9]

Under the Settlement, the GSM rate design reflects a proportionate scaleback to Met-Ed's proposed customer and demand charge levels.[10] As a result, the OSBA concludes that the Settlement GSM rate design is cost based and, therefore, appropriate for Rate GSM small business customers.

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[7] OSBA Statement No. 1 at 3.

[8] OSBA Statement No. 1 at 9.

[9] OSBA Statement No. 1 at 10.

[10] Settlement, Met-Ed Exhibit 4 at p. 4.

PENNSYLVANIA ELECTRIC COMPANY

A. Distribution Revenue Requirement

In its initial filing, Penelec requested a distribution revenue increase of $152.9 million per year.[11] In the Settlement, the parties have agreed to a distribution rate revenue increase of $94.6 million per year.[12] At a time when all types of utility service are becoming more expensive, the significant (38.1%) reduction in the Company's requested distribution revenue increase provided by the Settlement will benefit Penelec's small business customers.

B. Class Revenue Allocation

In its filing, Penelec identified two specific objectives that guided the development of the Company's proposed revenue allocation: 1) each rate class should be moved closer to full cost of service, as determined by the Company's class cost-of-service study ("COSS"), and 2) no individual rate class should receive a "potentially disruptive rate increase," which was defined as an overall increase in total revenues greater than 20%.[13]

However, as noted by Mr. Kalcic in his direct testimony, Penelec's proposed revenue allocation was problematic, since it failed to provide adequate movement toward cost of service. In particular, Penelec's proposal would move rate classes RS, GSV, GSS, GSM, OL, GSL and STLT away from cost of service.[14]

In an effort to move all classes closer to cost and to avoid excessive rate increases, Mr. Kalcic proposed an alternative allocation of the distribution rate increase at Penelec's requested

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[11] Penelec Exhibit KMS-2.

[12] Settlement, Penelec Exhibit 2.

[13] OSBA Statement No. 1 at 12-13.

[14] OSBA Statement No. 1 at 14. Rate classes are defined in detail in this testimony.

revenue requirement level. Mr. Kalcic began by assigning each class its cost-based increase, as determined by Penelec's COSS. Second, he adjusted those results to prevent any class from receiving an increase that was greater than 1.50 times the system average increase or less than 0.15 times the system average. Lastly, Mr. Kalcic assigned the $42,000 revenue shortfall (resulting from his second step) to all classes that would otherwise have received the minimum increase assigned in Step 2, in proportion to their respective cost of service.[15] The OSBA's recommended revenue allocation, at Penelec's full rate request, is shown in column 5 of Schedule BK-7(PE).

Table 2 (below) compares the parties' proposed increases for Penelec's small business classes, adjusted for the overall level of the Settlement increase, to the small business increases provided by the Settlement.

Table 2
Comparison of Parties' Proposed GSS and GSM Increases at
Settlement Revenue Level to Settlement Increases 1/
($000)

Class	***Per Settlement***	*Penelec*	*OSBA*	*OCA*	*I&E*
GSS	**$5,530**	$3,678	$5,522	$3,037	$5,534
GSM	**$10,873**	$15,660	$2,616	$25,963	$1,843
TOTAL	**$16,403**	$19,338	$8,138	$29,000	$7,377

Source: Settlement, Penelec Exh. 2; and Schedule BK-2R(PE).
1/ Parties' positions shown in Sch. BK-2R(PE) scaled to reflect the overall settlement increase of $94.6 million.

As shown in Table 2, the settlement increases for the small business classes reflect a compromise with respect to the litigation positions of all the parties, particularly with respect to the litigation positions of Penelec, OSBA and OCA. Had the Commission given equal weight to those three

[15] OSBA Statement No. 1 at 15.

positions, the overall increase to the small business classes (assuming an overall increase of $94.6 million) would have been (the sum of $19.338 million plus $8.138 million plus $29.000 million, divided by 3 or) $18.826 million, which is $2.423 million or 14.8% greater than the combined increase provided by the Settlement. As a result, the OSBA concludes that the Settlement revenue allocation provides a meaningful benefit to small business customers.

C. GSS Rate Design

As Mr. Kalcic testified, Rate GSS is available to non-residential customers without demand meters that take service at secondary voltage and use no more than 1,500 kWh per month. Presently, Rate GSS contains a customer charge and a flat rate energy charge.[16]

While Penelec proposed to maintain its current GSS rate structure, the Company's proposed increase to the customer charge was significantly greater than the proposed increase to the energy charge. However, such relative increases were in line with the Company's cost-of-service benchmarks. As a result, Mr. Kalcic recommended that Penelec apply a proportionate scaleback (reduction) to the proposed GSS customer and energy charges at the conclusion of this case, should the final GSS class revenue level be reduced from the Company's filed revenue level.[17]

Under the Settlement, the GSS rate design reflects a proportionate scaleback to Penelec's proposed customer and energy charge levels.[18] As a result, the OSBA concludes that the

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[16] OSBA Statement No. 1 at 11 & 16.

[17] OSBA Statement No. 1 at 17.

[18] Settlement, Penelec Exhibit 4 at p. 3.

Settlement GSS rate design is cost based and, therefore, appropriate for Rate GSS small business customers.

WEST PENN POWER COMPANY

A. Distribution Revenue Requirement

In its initial filing, West Penn requested an increase of $93.104 million per year in distribution rate revenue.[19] In the Settlement, the parties have agreed to a distribution rate revenue increase of $60.596 million per year.[20] This 34.9 percent reduction in the Company's requested distribution revenue increase provided by the Settlement will benefit West Penn's small business customers.

B. Cost Allocation

In this proceeding, the Company filed an electronic class cost of service study ("COSS"), which allocates distribution costs among the various rate classes. However, the Company cautioned that this model was not designed for users outside FirstEnergy, and that the model could only be modified with a full understanding of this complex tool. Rather than rely on this model, OSBA witness Mr. Knecht developed a simpler and more computationally accurate version of the cost allocation study for revenue allocation and rate design analysis. Mr. Knecht identified a set of conceptual and computational errors in the COSS, and also identified key analytical areas where the Company was far from forthcoming in its discovery responses regarding its cost allocation methodology. To the extent practicable, Mr. Knecht corrected these

[19] West Penn Exhibit KMS-2. This figure excludes a proposed increase of $4.96 million in uncollectibles costs to be recovered in the Default Service Support ("DSS") and Hourly Pricing Default Service ("HPS") riders, as well as $0.166 million in late payment charge increases.

[20] Settlement, West Penn Exhibit 3.

errors in his simpler cost allocation model. Nevertheless, in this proceeding, OSBA was forced to "muddle through" with limited and inadequate information regarding key analyses that underpin the Company's COSS.

In addition, the Office of Consumer Advocate's cost allocation expert Mr. Clarence Johnson submitted a radically different cost allocation model. While agreeing that the Company's COSS method and lack of supporting data indicated that the Company's COSS suffered from significant problems, Mr. Knecht demonstrated in rebuttal testimony that the OCA "cure" was far worse than the "disease." In particular, the OCA approach was not consistent with cost causation, it was not consistent with the dictates of the NARUC Electric Utility Cost Allocation Manual, and it was not consistent with recent Commission precedent in fully litigated proceedings involving PPL Electric.[21]

In its rebuttal testimony, the Company accepted certain computational corrections to its COSS model identified by Mr. Knecht.

The Settlement takes no position on cost allocation methodology. Because the parties were able to agree to reasonable revenue allocation and rate design provisions, the OSBA determined that there was no need to litigate the cost of service methodology.

C. Class Revenue Allocation

In its filing, West Penn identified the following criterion for revenue allocation: *"Rates generally should be designed, if practicable, to move revenues for each rate schedule (or in some instances, customer classes consisting of aggregated rate schedules) toward that schedule's cost of service, giving due regard to factors such as gradualism, economic efficiency, relative ease or*

[21] OSBA Statement No. 2-R at 4-12.

difficulty of administration, and customer understandability"[22] To purportedly achieve this goal, the Company's proposed revenue allocation was based on (a) a simple average of a cost-based rate increase and an across-the-board rate increase, and (b) an arbitrary limit that no class would face a rate increase of more than 20 percent measured on a total bill basis.[23]

As detailed by Mr. Knecht in his direct testimony, West Penn's proposed revenue allocation was problematic, since it overstated the importance of the principle of gradualism, and implicitly precluded rates from moving more than halfway to allocated cost by deliberately watering down the relevance of cost in its ill-conceived averaging calculation. Mr. Knecht also explained that the Company's proposed arbitrary limit of 20 percent was not consistent with the fact that the current proceeding is a distribution base rates proceeding, that the Company had no rational basis for the 20 percent limit, and that the Company failed to reflect the very different proposed systemwide rate increases in establishing the 20 percent factor for individual classes.[24]

In an effort to move all classes closer to cost and to avoid excessive rate increases, Mr. Knecht proposed an alternative allocation of the distribution rate increase at West Penn's requested revenue requirement level. Mr. Knecht began by assigning each class its cost-based increase, as determined by his alternative COSS. Second, he adjusted those results to prevent any class from receiving an increase that was greater than 1.50 times the system average increase or less than 0.0 times the system average. Lastly, Mr. Knecht assigned the net $3.007 million revenue excess (resulting from his second step) to all classes that were not subject to either the

[22] West Penn Statement No. 3 at 8.

[23] OSBA Statement No. 2 at 20.

[24] OSBA Statement No. 2 at 20-21.

maximum or minimum increase in Step 2, in proportion to their respective cost of service.[25] The OSBA's recommended revenue allocation, at West Penn's full rate request, is shown in column (7) of Exhibit IEc-5A.

Table 3 (below) compares the parties' proposed increases for West Penn's small business classes, adjusted for the overall level of the Settlement increase, to the small business increases provided by the Settlement.

Table 3
Comparison of Parties' Proposed GS20 and GS30 Increases at Settlement Revenue Level to Settlement Increases 1/
($000)

Class	***Per Settlement***	*West Penn*	*OSBA*	*OCA*	*AK Steel*	*I&E*
GS20	**$3,160**	$3,402	$3,122	$2,131	$3,122	$3,401
GS30	**$2,732**	$3,777	$0	$15,773	$0	$0
TOTAL	**$5,892**	$7,179	$3,121	$17,904	$3,122	$3,401

Source: Settlement Exhibit 3, Exhibit IEc-R1A

1/ Parties' positions shown in Exhibit IEc-R1A scaled to reflect the overall settlement increase of $90.5 million.

As shown in Table 3, the settlement increases for the small business classes reflect a compromise among the parties, particularly with respect to the litigation positions of the OSBA and OCA. Had the Commission given equal weight to those positions, the overall increase to the small business classes (assuming an overall increase of $60.5 million) would have been (the sum of $3.121 million plus $17.904 million, divided by 2 or) $10.51 million, which is $4.62 million or 78% greater than the combined increase provided by the Settlement. As a result, the OSBA concludes that the Settlement revenue allocation provides a meaningful benefit to small business customers.

[25] OSBA Statement No. 2 at 23.

D. GS20 and GS30 Rate Design

As Mr. Knecht testified, Rate GS20 is available to non-residential customers that take service at secondary voltage and use less than 1,500 kWh per month.[26] Distribution rates consist of a customer charge and an energy charge. Because the West Penn customer charge was well below that of the other FirstEnergy companies, Mr. Knecht recommended that any scaleback of the Rate GS20 revenue allocation be applied more than proportionately to the energy charge.[27] Consistent with that recommendation, the Settlement applies almost the entire reduction in the GS20 revenue requirement to the Company's originally proposed energy charge.

Rate GS30 consists of non-residential customers taking service at secondary voltage, consuming at least 1500 kWh per month, and with maximum demand of 400 kW. The current tariff design for Rate GS30 contains a customer charge, a demand (kW) charge applicable to all billing kW, a flat reactive billing demand (rkVA) charge, and a flat per-kWh energy charge.[28]

Because there are no distribution costs that are causally related to energy consumption, and because the other FirstEnergy companies have no energy charge for GS Medium customers (which are equivalent to GS30 at West Penn), Mr. Knecht recommended that any reduction in the class revenue requirement be focused on reducing the energy charge. The Settlement does not adopt this recommendation, but rather assigns the reduction primarily to the demand charge. Recognizing that there is likely to be only a modest customer impact between decreasing the demand charge and decreasing the energy charge, and further recognizing that differential rate

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[26] OSBA Statement No. 2 at 26.

[27] OSBA Statement No. 2 at 27.

[28] OSBA Statement No. 2 at 28.

design for the GS30 rate class will simply shift the revenue requirement among small business customers, the OSBA takes no exception to the Settlement rate design for the GS30 rate class.

PENNSYLVANIA POWER COMPANY

A. Distribution Revenue Requirement

In its initial filing, Penn Power requested an increase of $40.24 million per year in distribution rate revenue.[29] In the Settlement, the parties have agreed to a distribution rate revenue increase of $27.42 million per year.[30] This 31.9 percent reduction in the Company's requested distribution revenue increase provided by the Settlement will benefit Penn Power's small business customers.

B. Cost Allocation

In this proceeding, the Company filed an electronic class cost of service study ("COSS"), which allocates distribution costs among the various rate classes. However, the Company cautioned that this model was not designed for users outside FirstEnergy, and that the model could only be modified with a full understanding of this complex tool. Rather than rely on this model, OSBA witness Mr. Knecht developed a simpler version of the cost allocation study for revenue allocation and rate design analysis. Mr. Knecht identified a set of conceptual in the COSS, and also identified key analytical areas where the Company was far from forthcoming in its discovery responses regarding its cost allocation methodology. To the extent practicable, Mr. Knecht corrected these errors in his simpler cost allocation model. Nevertheless, in this proceeding, OSBA was forced to "muddle through" with limited and inadequate information

[29] Penn Power Exhibit KMS-2. This figure excludes a proposed increase of $1.68 million in uncollectibles costs to be recovered in the DSS and HPS riders, as well as $0.12 million in late payment charge increases.

[30] Settlement, West Penn Exhibit 3.

regarding key analyses that underpin the Company's COSS.

In addition, the Office of Consumer Advocate's cost allocation expert Mr. Clarence Johnson submitted a radically different cost allocation model. While agreeing that the Company's COSS method and lack of supporting data indicated that the Company's COSS suffered from significant problems, Mr. Knecht demonstrated in rebuttal testimony that the OCA "cure" was far worse than the "disease." In particular, the OCA approach was not consistent with cost causation, it was not consistent with the dictates of the NARUC Electric Utility Cost Allocation Manual, and it was not consistent with recent Commission precedent in fully litigated proceedings involving PPL Electric.[31]

The Settlement takes no position on cost allocation methodology. Because the parties were able to agree to reasonable revenue allocation and rate design provisions, the OSBA determined that there was no need to litigate the cost of service methodology.

C. Class Revenue Allocation

In its filing, Penn Power identified the following criterion for revenue allocation: *"Rates generally should be designed, if practicable, to move revenues for each rate schedule (or in some instances, customer classes consisting of aggregated rate schedules) toward that schedule's cost of service, giving due regard to factors such as gradualism, economic efficiency, relative ease or difficulty of administration, and customer understandability"*[32] To purportedly achieve this goal, the Company's proposed revenue allocation was based on (a) a simple average of a cost-based rate increase and an across-the-board rate increase, and (b) an arbitrary limit that no class would

[31] OSBA Statement No. 2-R at 4-12.

[32] Penn Power Statement No. 3 at 8.

face a rate increase of more than 20 percent measured on a total bill basis.[33]

As detailed by Mr. Knecht in his direct testimony, West Penn's proposed revenue allocation was problematic, since it overstated the importance of the principle of gradualism, and implicitly precluded rates from moving more than halfway to allocated cost by deliberately watering down the relevance of cost in its ill-conceived averaging calculation. Mr. Knecht also explained that the Company's proposed arbitrary limit of 20 percent was not consistent with the fact that the current proceeding is a distribution base rates proceeding, that the Company had no rational basis for the 20 percent limit, and that the Company failed to reflect the very different proposed systemwide rate increases in establishing the 20 percent factor for individual classes.[34]

In an effort to move all classes closer to cost and to avoid excessive rate increases, Mr. Knecht proposed an alternative allocation of the distribution rate increase at West Penn's requested revenue requirement level. Mr. Knecht began by assigning each class its cost-based increase, as determined by his alternative COSS. Second, he adjusted those results to prevent any class from receiving an increase that was greater than 1.50 times the system average increase or less than 0.0 times the system average. Lastly, Mr. Knecht assigned the net $5.237 million revenue shortfall (resulting from his second step) to all classes that were not subject to the maximum or minimum increase in Step 2, in proportion to their respective cost of service.[35] The OSBA's recommended revenue allocation, at Penn Power's full rate request, is shown in column (7) of Exhibit IEc-5B.

Table 4 (below) compares the parties' proposed increases for Penn Power's small

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[33] OSBA Statement No. 2 at 20.

[34] OSBA Statement No. 2 at 20-21.

[35] OSBA Statement No. 2 at 23.

business classes, adjusted for the overall level of the Settlement increase, to the small business increases provided by the Settlement.

Table 4
Comparison of Parties' Proposed GS and GM Increases at Settlement Revenue Level to Settlement Increases 1/
($000)

Class	***Per Settlement***	*West Penn*	*OSBA*	*OCA*	*I&E*
GS	**$1,675**	$1,563	$1,731	$1,148	$1,733
GM	**$3,121**	$3,352	$2,194	$4,652	$1,768
TOTAL	**$4,794**	$4,915	$3,925	$5,800	$3,501

Source: Settlement Exhibit 3, Exhibit IEc-R1B

1/ Parties' positions shown in Exhibit IEc-R1B scaled to reflect the overall settlement increase of $90.5 million.

As shown in Table 4, the settlement increases for the small business classes reflect a compromise among the parties, particularly with respect to the litigation positions of the OSBA and OCA. Had the Commission given equal weight to those positions, the overall increase to the small business classes (assuming an overall increase of $27.4 million) would have been (the sum of $3.925 million plus $5,800 million, divided by 2 or) $4.86 million, which is $0.07 million or 1.4% greater than the combined increase provided by the Settlement. As a result, the OSBA concludes that the Settlement revenue allocation provides a meaningful benefit to small business customers.

D. **GS and GM Rate Design**

As Mr. Knecht testified, Rate GS is available to non-residential customers that take service at secondary voltage and use less than 1,500 kWh per month.[36] Distribution rates consist of a customer charge and an energy charge. Because the Penn Power customer charge was

[36] OSBA Statement No. 2 at 26.

generally above that of the other FirstEnergy companies, Mr. Knecht recommended that any scaleback of the Rate GS20 revenue allocation be applied more than proportionately to the customer charge.[37] Instead, the Settlement applies a proportional scaleback to the originally proposed customer and energy charges. Because this rate design is not inconsistent with the OSBA's COSS analysis, OSBA takes no exception to the Settlement tariff design for Rate GS.

Rate GM consists of non-residential customers taking service at secondary voltage, consuming at least 1500 kWh per month, and with maximum demand of 400 kW. The current tariff design for Rate GS30 contains a customer charge, a demand (kW) charge applicable to all billing kW, and a flat reactive billing demand (rkVA) charge.[38]

For Penn Power, Mr. Knecht recommended that any reduction in the GM revenue requirement be applied to both the proposed customer charge and the proposed demand charge. Consistent with that recommendation, the Settlement scales back both the customer charge and the demand charge proportionately.

IV. CONCLUSION

20. The partial settlement of this proceeding avoids the litigation of many of the complex, competing proposals and saves the possibly significant costs of further and more extended administrative proceedings. Such costs are borne not only by the Joint Petitioners, but ultimately by the Company's customers as well. Avoiding extended litigation of this matter has

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[37] OSBA Statement No. 2 at 27.

[38] OSBA Statement No. 2 at 28.

served judicial efficiency, and allows the OSBA to more efficiently employ its resources in other areas.

21. The OSBA acknowledges that, except to the extent specifically set forth herein, the Joint Petitioners have not sought, nor would they be able, to agree upon the specific rate case adjustments which support their respective conclusions. Nonetheless, the OSBA is in full agreement that this Settlement is in the best interest of customers and the Company and, therefore, is in the public interest.

22. For the reasons set forth in the Joint Petition, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that ALJ Long and the Commission approve the Joint Petition in its entirety without modification.

Respectfully submitted,

Daniel G. Asmus
Assistant Small Business Advocate
Attorney ID No. 83789

For:

John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
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Dated: October 14, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission v. Metropolitan Edison Company	: : : : :	R 2016-2537349
Pennsylvania Public Utility Commission v. Pennsylvania Electric Company	: : : : :	R-2016- 2537352
Pennsylvania Public Utility Commission v. Pennsylvania Power Company	: : : : :	R-2016- 2537355
Pennsylvania Public Utility Commission v. West Penn Power Company	: : : : :	R-2016-2537359

BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT

TO ADMINISTRATIVE LAW JUDGE MARY D. LONG:

The Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (Commission), by and through its Prosecutors Allison C. Kaster and Gina L. Lauffer, hereby respectfully submits that the terms and conditions of the foregoing Joint Settlement Petition (Joint Petition or Settlement) are in the public interest and represent a fair, just, and reasonable balance of the interests of Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power) and West Penn Power Company (West Penn)(collectively, FirstEnergy or Companies) and its customers.

I. BACKGROUND

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E's analysis of FirstEnergy's base rate filings, acceptance of this proposed Settlement is in the public interest and I&E recommends that the Administrative Law Judge and the Commission approve the Settlement in its entirety.

2. On April 28, 2016, FirstEnergy filed base rate cases as follows:

   a. Supplement No. 23 to Met-Ed Tariff Electric – Pa. P.U.C. No. 52 proposing an annual increase in rates of $140.2 million (9.08%).

b. Supplement No. 23 to Penelec Tariff Electric – Pa. P.U.C. No. 81 proposing an annual increase in rates of $158.8 million (10.94%).

c. Supplement No. 17 to Penn Power Tariff Electric – Pa. P.U.C. No. 36 proposing an annual increase in rates of $42 million (8.43%).

d. Supplement No. 10 to West Penn Tariff Electric – Pa. P.U.C. No. 38 and Supplement No. 15 to West Penn Tariff Electric – Pa. P.U.C. No. 40, proposing an annual increase in rates of $98.2 million (5.51%).

3. By Order entered June 9, 2016, the Commission instituted a formal investigation to determine the lawfulness, justness, and reasonableness of the existing and proposed rates, rules, and regulations. Pursuant to 66 Pa. C.S. §1308(d), the filings were suspended by operation of law on June 27, 2016, until January 27, 2017, unless permitted by Commission Order to become effective at an earlier date.

4. I&E entered the Notice of Appearance of Prosecutors Allison C. Kaster and Gina L. Lauffer on May 12, 2016.

5. Administrative Law Judge Mary D. Long (ALJ) was assigned to this proceeding for purposes of conducting hearings and issuing a Recommended Decision.

6. The ALJ held a prehearing conference on June 17, 2017, during which the parties agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings.

7. I&E attended the following Public Input Hearings: July 21, 2016 in Reading, PA at 1:00 p.m. and 6:00 p.m.; July 26, 2016 in Erie, PA at 1:00 p.m. and 6:00

p.m.; July 28, 2016 in Lyndora, PA at 1:00 p.m. and 6:00 p.m.; August 4, 2016 in State College, PA at 1:00 p.m. and 6:00 p.m.; August 11, 2016 in Washington, PA at 1:00 p.m.; August 11, 2016 in Greensburg, PA at 6:00 p.m.; and, August 18, 2016 in East Stroudsburg, PA at 1:00 p.m. and 6:00 p.m.

8. In accordance with the procedural schedule established at the prehearing conference, I&E served all active parties the following pieces of testimony and accompanying exhibits, which were entered into the evidentiary record on September 7, 2016:

> I&E Statement No. 1 and I&E Exhibit No. 1: Direct Testimony and Exhibit of Rachel Maurer
>
> I&E Statement No. 1-SR: Surrebuttal Testimony and Exhibit of Rachel Maurer
>
> I&E Statement No. 2 and I&E Exhibit No. 2 (Proprietary and Public versions): Direct Testimony and Exhibit of Lisa Gumby
>
> I&E Statement No. 2-SR and I&E Exhibit No. 2-SR: Surrebuttal Testimony and Exhibit of Lisa Gumby
>
> I&E Statement No. 3 and I&E Exhibit No. 3: Direct Testimony and Exhibit of Jeremy Hubert
>
> I&E Statement No. 3-SR and I&E Exhibit No. 3-SR: Surrebuttal Testimony and Exhibit of Jeremy Hubert
>
> I&E Statement No. 4: Direct Testimony of Kokou Apetoh
>
> I&E Statement No. 5-R and I&E Exhibit No. 5-R: Rebuttal Testimony and Exhibit of Christopher Keller

9. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple in-person and telephonic settlement discussions

with the Companies and other parties to the proceeding. Following extensive settlement negotiations, the parties reached a settlement.

II. TERMS AND CONDITIONS OF SETTLEMENT

10. It is the policy of the Commission to encourage settlements.[1] The Commission issued the following policy statement that articulates general settlement guidelines and procedures for major rate cases:

> In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. It is also the Commission's judgment that the public interest will benefit by the adoption of §§ 69.402—69.406 and this section which establish guidelines and procedures designed to encourage full and partial settlements as well as stipulations in major section 1308(d) general rate increase cases.[2]

11. This policy statement highlights the importance of settlement in Commission proceedings. The instant rate cases were filed on April 28, 2016, and over the past six months, the parties engaged in extensive formal and informal discovery, preparation of testimony, and lengthy settlement discussions. All signatories to the Joint Petition actively participated in and vigorously represented their respective positions during the course of the settlement process. As such, the issues raised by I&E have been satisfactorily resolved through discovery and discussions with the parties and are incorporated in the Joint Petition. I&E represents that the Settlement satisfies all applicable legal standards and results in terms that are preferable to those that may have

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[1] 52 Pa. Code § 5.231.
[2] 52 Pa. Code § 69.401.

been achieved at the end of a fully litigated proceeding. Accordingly, for the reasons articulated below, I&E maintains that the proposed Settlement is in the public interest and requests that the following terms be approved by the ALJ and the Commission without modification:

A. Revenue Requirement

1. Rate Increase (Joint Petition ¶ 12)

Below is a summary of the revenue increase requested by the Companies, the increase recommended by I&E and the agreed upon increase contained in the Settlement:

	Company Proposed	I&E Proposed	Settlement
Met-Ed	$140.2 M	$93.118 M[3]	$90.5 M
Penelec	$158.8 M	$93.894 M[4]	$94.6 M
West Penn	$98.2 M	$56.121 M[5]	$60.6 M
Penn Power	$42 M	$27.436 M[6]	$27.5 M

I&E analyzed the ratemaking claims contained in base rate filings including operating and maintenance expenses, rate base, taxes, cash working capital, rate structure, capital structure, and the cost of common equity and long-term debt. As shown above, the agreed upon revenue increases in the Settlement are not significantly higher, and in some instances are lower, than I&E's litigation position. The Settlement represents a

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[3] I&E St. No. 2-SR, p. 25.
[4] I&E St. No. 2-SR, p. 26.
[5] I&E St. No. 2-SR, p. 28.
[6] I&E St. No. 2-SR, p. 27.

$49.7 million savings for Met-Ed customers, a $64.2 million savings for Penelec customers, a $37.6 million savings for West Penn customers and a $14.5 million savings for Penn Power customers.

Due to the "black box" nature of the Settlement, there is no agreement upon individual issues; rather, the parties have agreed to an overall increase to base rates that is substantially less than what was requested by the Companies. Line-by-line identification and ultimate resolution of every issue raised in the proceeding is not necessary to find that the Settlement satisfies the public interest nor could such a result be achieved as part of a settlement. Black box settlements benefit ratepayers because they allow for the resolution of a contested proceeding at a level of increase that is below the amount requested by the regulated entity and in a manner that avoids the significant expenditure of time and resources related to further litigation.

Black box settlements are not uncommon in Commission practice. Indeed, the Commission has endorsed the use of black box settlements, as discussed in a recent Order approving such a settlement:

> We have historically permitted the use of "black box" settlements as a means of promoting settlement among the parties in contentious base rate proceedings. *See*, *Pa. PUC v. Wellsboro Electric Co*., Docket No. R-2010-2172662 (Final Order entered January 13, 2011); *Pa. PUC v. Citizens' Electric Co. of Lewisburg, PA*, Docket No. R-2010-2172665 (Final Order entered January 13, 2011). Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and

> interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a "black box" settlement in this proceeding and, accordingly, deny this Exception.[7]

I&E individually, and the Joint Petitioners collectively, considered, discussed, and negotiated all issues of import in this Settlement. From a holistic perspective, each party has agreed that the Settlement benefits its particular interest. The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."[8] The Settlement in this proceeding promotes the public interest because a review of the testimony submitted by all parties demonstrates that the Joint Petition reflects a compromise of the litigated positions held by those parties. Therefore, I&E submits that the Settlement balances the interests of FirstEnergy and its customers in a fair and equitable manner.

Public utility regulation allows for the recovery of prudently incurred expenses as well as the opportunity to earn a reasonable return on the value of assets used and useful in public service. The increases proposed in this Settlement respects this principle. Ratepayers will continue to receive safe and reliable service at just and reasonable rates while allowing FirstEnergy sufficient additional revenues to meet its operating and capital expenses and providing the opportunity to earn a reasonable return on its investment. Accordingly, I&E submits that the proposed Settlement is in the public

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7 *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886, p. 28 (Order entered December 19, 2013).
8 *Pa. P.U.C. v. C S Water and Sewer Associates*, 74 Pa. PUC 767, 771 (1991).

interest and requests that it be approved by the ALJ and the Commission without modification.

2. Fully Projected Future Test Year Reporting Requirements (Joint Petition ¶ 18)

In these base rate filings, FirstEnergy elected to use a Fully Projected Future Test Year (FPFTY) as permitted under Act 11 of 2012. The FPFTY is a dramatic change from the standard ratemaking process. Although previously allowing for use of a Future Test Year, Section 315 of the Public Utility Code, 66 Pa. C.S.§315, traditionally required that utility investment be used and useful in the provision of service before the investment was reflected in rates. However, as amended under Act 11, Section 315 now allows a utility to project investment and include it in the claimed revenue requirement through the twelve-month period beginning with the first month that the new rates will be placed in effect. By allowing this extended projection, the FPFTY essentially allows a utility to require ratepayers to pay a return on its projected investment in future facilities that are not in place and providing service at the time the new rates take effect and that are not subject to any guarantee of being completed and placed into service.

While Section 315 of the Public Utility Code, 66 Pa. C.S. § 315, authorizes the use of such projections, I&E sought to have the Companies provide interim reports until the filing of the next base rate cases in order to be able to timely review and verify the status of the its rate base projections.[9] The Settlement specifies the Exhibits that will be updated for the twelve months ended December 31, 2016 and December 31, 2017. In

9 I&E St. No. 4.

addition, FirstEnergy agreed to provide, as a part of the next base rate case, a comparison of its actual expenses and rate base additions for the twelve months ended December 31, 2017 to the projections in this case. Accordingly, I&E fully supports the Settlement because this condition achieves I&E's goal of timely receiving data sufficient to allow for the evaluation and confirmation of the accuracy of the projections in its next base rate filing.

B. Distribution Base Rate Stay-Out (Joint Petition ¶ 20)

With the exceptions noted in the Settlement, FirstEnergy will not file a general rate increase under Section 1308(d) of the Public Utility Code prior to January 27, 2019. Given that the Companies recently increased rates in April 2015 and will do so again at the conclusion of this proceeding, the lengthy stay-out provision contained in the Settlement is in the public interest because it provides customers some financial respite before another rate increase proposal is filed.

C. Revenue Allocation and Rate Design (Joint Petition ¶ 25)

The revenue allocation to each tariff and rate schedule is reflected in the Settlement Rates set forth in Exhibit 3 attached to the Joint Petition. The rate design for each tariff and rate schedule comprising the Settlement Rates is explained in Exhibit 4 attached to the Joint Petition.

One of the considerations I&E uses in appropriately allocating rate increases is the resulting rate of return by customer class and the corresponding relative rate of return by class, i.e. how the rate of return for each class compares to the system average rate of return.[10] The optimum goal should be to establish proposed rates so that the revenue received from a particular class is equal to the corresponding costs of providing service to that class.[11] A relative rate of return above 1.00 for a class indicates that the cost of providing service is less than the revenue received from that class.[12] A relative rate of return below 1.00 for a class indicates that the cost of providing service is more than the revenue received from that class.[13] Based on the results of I&E's analysis of the cost of service studies, I&E makes recommendations to move the relative rate of return for each class towards 1.00, which it considers to be the ultimate goal. After a full analysis of FirstEnergy's base rate filings and extensive settlement negotiations among the parties, I&E fully supports the revenue allocations as set forth in Exhibit 3 of the Joint Petition.

With respect to rate design, customer charges should be designed to recover the direct and indirect fixed costs incurred to serve that class. I&E testified that the Companies' residential customer cost analysis was overly-inclusive and performed its own analysis to determine the appropriate residential customer charges.[14] As shown below, the residential customer charges contained in the Settlement are close to or below what I&E recommended in testimony; therefore, I&E is satisfied that the agreed upon residential customer charges do not include any unwarranted direct or indirect costs:

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10 I&E St. No. 3, pp. 6-7.
11 I&E St. No. 3, p. 7.
12 I&E St. No. 3, p. 7.
13 I&E St. No. 3, p. 7.
14 I&E St. No. 3 pp. 38-43.

	Company Present	Company Proposed	I&E Proposed	Settlement
Met-Ed	$10.25	$17.42	$12.05[15]	$11.25
Penelec	$9.99	$17.10	$11.86[16]	$11.25
West Penn	$5.81	$13.98	$10.64[17]	$7.44
Penn Power	$10.85	$13.41	$10.85[18]	$11.00

Therefore, I&E fully supports the settled upon revenue allocation and rates design as set forth in the Joint Petition. I&E believes that the settled upon revenue allocations and rate design are in the public interest as they are consistent with prior Commission decisions, provide stability to FirstEnergy and represent a fair and reasonable rate increase to customers.

D. Universal Service Programs

1. Universal Service Advisory Committee (Joint Petition ¶ 27)

The Joint Petitioners agree to establish a Universal Service Advisory Committee (USAC) that will be comprised of representatives from the Companies, I&E, OCA, CAUSE-PA, the Commission's Bureau of Consumer Services, and the organizations that administer the Companies' universal service and energy conservation programs (USECPs). Pursuant to the Joint Petition, the USAC will meet at least twice each year and its purpose is to explore opportunities for enhancements to the Companies' USECPs, as well as

15 I&E St. No. 3-SR, p. 16.
16 I&E St. No. 3-SR, p. 16.
17 I&E St. No. 3-SR, p. 16.
18 I&E St. No. 3-SR, p. 16.

opportunities for outreach and education, language access, notification to low income customers regarding security deposit waivers and bill clarity. I&E appreciates the opportunity to participate in the USAC, and avers that furthering outreach and education for low income electric customers increases program accessibility for those customers by making them more aware of opportunities for payment assistance.

2. Maximum Customer Assistance Program ("CAP") Credits (Joint Petition ¶ 29)

The Joint Petitioners agree that the Companies will file to increase their maximum credits allowable under their existing CAP by an amount proportionate to 50% of the average increase to residential rates agreed to in this Settlement. At the same time, the Joint Petitioners have reserved their right to evaluate further revisions to CAP credits in the Companies' future universal service proceedings, providing the opportunity to assess the impact of the increase. Although I&E disagreed with the proposal to increase the Companies' maximum CAP credits by the same percentage and dollar amount as the residential rate class's overall bill increase,[19] I&E opines that the Settlement provides a more reasonable resolution. The maximum CAP credit increase has been limited to 50% of the average increase to residential rates, mitigating I&E's concern about the impact upon non-CAP residential customers who will bear the associated costs.[20] Additionally, I&E acknowledges CAUSE-PA's point that the Companies' CAP customers are impacted more adversely by rate increases than those of other utilities because of the unique

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19 I&E St. No 5-R, pp. 4-8.

20 I&E St. No. 5-R, p. 7.

structure of the Companies' CAP programs, warranting an increase of maximum CAP credits in this proceeding.[21]

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

12. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Companies or are incorporated or considered in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

13. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest. Resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

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[21] CAUSE-PA St. No. 1-SR, pp. 10-12.

14. I&E further submits that the acceptance of this Settlement will negate the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of briefs, the preparation of exceptions, and the potential of filed appeals, all yielding substantial savings for all parties, and ultimately all customers, as well as certainty on the regulatory disposition of issues.

15. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement in any way, it may be withdrawn by FirstEnergy, I&E, or any other Joint Petitioner.

16. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the Settlement.

17. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ in the Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judge Mary D. Long recommend, and the Commission approve, the terms and conditions contained in the Settlement.

Respectfully submitted,

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Dated: October 14, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537349, *et al.*
	:	
v.	:	
	:	
Metropolitan Edison Company	:	
Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537352, *et al.*
	:	
v.	:	
	:	
Pennsylvania Electric Company	:	
Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537355, *et al.*
	:	
v.	:	
	:	
Pennsylvania Power Company	:	
Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537359, *et al.*
	:	
v.	:	
	:	
West Penn Power Company	:	

STATEMENT IN SUPPORT OF THE
MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE, AND THE WEST PENN
POWER INDUSTRIAL INTERVENORS

The Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), and the West Penn Power Industrial Intervenors ("WPPII"), collectively referred to as "the Industrials"), by and through their counsel, submit this Statement in Support ("Statement") of the Joint Petitions for Partial Settlement of Rate Investigation ("Joint Petitions" or "Settlements"), filed in the above-captioned proceedings with the Pennsylvania Public Utility Commission ("PUC" or "Commission"). These Joint Petitions reflect settlements with respect to the following proceedings: West Penn Power Company's ("West Penn") April 28, 2016, filing of Supplement No. 10 to Tariff Electric – Pa. P.U.C. No. 38 ("Tariff No. 38"), and Supplement No. 15 to Tariff Electric – Pa. P.U.C. No. 40 ("Tariff No. 40"), which sought to increase West Penn's total annual operating revenues by $98.2 million; Metropolitan Edison Company's ("Met-Ed") April 28, 2016 filing of Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 52 ("Tariff No. 52"), which sought to increase Met-Ed's total annual operating revenues by $140.2 million; Pennsylvania Electric Company's ("Penelec") April 28, 2016 filing of Supplement No. 23 to Tariff Electric – Pa. P.U.C. No. 81 ("Tariff No. 81"), which sought to increase Penelec's total annual operating revenues by $158.8 million; and Pennsylvania Power Company's ("Penn Power")[1] April 28, 2016 filing of Supplement No. 17 to Tariff Electric – Pa. P.U.C. No. 36 ("Tariff No. 36"), which sought to increase Penn Power's total annual operating revenues by $42 million.

As a result of settlement discussions, the FirstEnergy Companies, the Industrials, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the PUC's Bureau of Investigation and Enforcement ("I&E"), the Pennsylvania State University ("PSU"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), North American Hoganas Holdings, Inc. ("Hoganas"), Wal-Mart Stores East, LP and Sam's East, Inc. ("Wal-Mart"), and AK Steel Corporation ("AK Steel") (collectively, "Parties" or "Joint Petitioners") have agreed upon the terms embodied in the foregoing Joint Petitions. The Industrials offer this consolidated Statement to further demonstrate that the Settlements are in the public interest and should be approved without modification.

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[1] Throughout this Statement, the Industrials will refer to West Penn, Met-Ed, Penelec, and Penn Power collectively as the "FirstEnergy Companies."

I. BACKGROUND

1. On April 28, 2016, the four FirstEnergy Companies filed with the PUC the following documents:

a. West Penn filed Supplement No. 10 to Tariff No. 38 and Supplement No. 15 to Tariff No. 40, which contained proposed changes in rates, rules, and regulations calculated to produce approximately $98.2 million in additional revenues.

b. Met-Ed filed Supplement No. 23 to Tariff No. 52, which contained proposed changes in rates, rules, and regulations calculated to produce approximately $140.2 million in additional revenues.

c. Penelec filed Supplement No. 23 to Tariff No. 81, which contained proposed changes in rates, rules, and regulations calculated to produce approximately $158.8 million in additional revenues.

d. Penn Power filed Supplement No. 17 to Tariff No. 36, which contained proposed changes in rates, rules, and regulations calculated to produce approximately $42 million in additional revenues.

2. On June 6, 2016, WPPII, MEIUG, and PICA each submitted Complaints in response to West Penn's, Met-Ed's, and Penelec's rate filings:

a. WPPII submitted a Complaint at Docket No. R-2016-2537359. As noted in Paragraph 6 of the Complaint, WPPII members are some of West Penn's largest customers, purchasing service from West Penn primarily under Rate Schedules 40 and 44, as well as available riders. As such, WPPII members were concerned that the distribution rates paid by WPPII members, as well as the terms and conditions of service offered to WPPII members, would be adversely impacted as a result of West Penn's base rate filing.

b. MEIUG submitted a Complaint at Docket No. R-2016-2537349. As noted in Paragraph 6 of the Complaint, MEIUG members are some of Met-Ed's largest customers, purchasing service from Met-Ed primarily under Rate Schedules GP and TP, as well as available riders. As such, MEIUG members were concerned that the distribution rates paid by MEIUG members, as well as the terms and conditions of service offered to MEIUG members, would be adversely impacted as a result of Met-Ed's base rate filing.

c. PICA submitted a Complaint at Docket No. R-2016-2537352. As noted in Paragraph 6 of the Complaint, PICA members are some of Penelec's largest customers, purchasing service from Penelec primarily under Rate Schedules GP and LP, as well as available riders. As such, PICA members were concerned that the distribution rates paid by PICA members, as well as the terms and conditions of service offered to PICA members, would be adversely impacted as a result of Penelec's base rate filing.

3. A Prehearing Conference was held on June 17, 2016, before presiding Administrative Law Judge ("ALJ") Mary D. Long, at which time the procedural schedule and the conduct of evidentiary and public input hearings were established. Pursuant to that Schedule, the Industrials submitted several pieces of Direct, Rebuttal, and Surrebuttal Testimony as follows:

a. Direct Testimony of Jeffry Pollock, which has since been marked as MEIUG, PICA, WPPII Statement No. 1;

b. Rebuttal Testimony of Jeffry Pollock, which has since been marked as MEIUG, PICA, WPPII Statement No. 1-R;

c. Surrebuttal Testimony of Jeffry Pollock, which has since been marked as MEIUG, PICA, WPPII Statement No. 1-S;

d. Direct Testimony of Billie LaConte, which has since been marked as MEIUG, PICA, WPPII Statement No. 2;[2]

e. Surrebuttal Testimony of Billie LaConte, which has since been marked as MEIUG, PICA, WPPII Statement No. 2-S;

f. Direct Testimony of Jason Davey, which has since been marked as MEIUG, PICA, WPPII Statement No. 3; and

g. Direct Testimony of Alex Fried, which has since been marked as MEIUG, PICA, WPPII Statement No. 4.

4. The focus of MEIUG, PICA, WPPII Statement Nos. 1, 1-R, and 1-S was to assess the Companies' proposed cost allocation. The focus of MEIUG, PICA, WPPII Statement Nos. 2 and 2-S was to discuss issues with the Companies' proposed rate increase with special focus on Return on Equity/Rate of Return and rate base. MEIUG, PICA, WPPII Statement No. 3 discussed the customer impact of the Companies' requested rate increases, while MEIUG, PICA, WPPII Statement No. 4 focused on issues related to the Companies' proposed changes to Rider L.

5. On or about September 7, 2016, the Joint Petitioners informed the ALJ that a settlement in principle had been reached in the above-referenced proceedings, resolving all but one issue regarding accumulated deferred income tax offsets to the DSIC calculation.

[2] MEIUG, PICA, WPPII Statement No. 2 was provided in both Confidential and Non-Confidential formats.

6. A hearing was held on September 7, 2016, at which time all parties' testimony was entered into the evidentiary record. The ALJ directed the Joint Petitioners to submit the Joint Petition and accompanying Statements in Support by October 14, 2016.

II. STATEMENT IN SUPPORT

7. The Commission has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391(a); *see also* 52 Pa. Code § 5.231. Consistent with the Commission's Policy, the Joint Petitioners engaged in negotiations to resolve the issues raised by various parties. These ongoing discussions produced the foregoing Settlement.

8. The Joint Petitioners agree that approval of the proposed Settlements are in the best interests of the Parties involved.

9. The Joint Petitioners agree that the four FirstEnergy Companies should be authorized to file tariff supplements containing the rates set forth in their respective Joint Petition.

10. The Joint Petitioners agree that the $60.6 million rate increase achieved for West Penn in its Joint Petition is just, reasonable, and in the public interest.

11. The Joint Petitioners agree that the $90.5 million rate increase achieved for Met-Ed in its Joint Petition is just, reasonable, and in the public interest.

12. The Joint Petitioners agree that the $94.6 million rate increase achieved for Penelec in its Joint Petition is just, reasonable, and in the public interest.

13. The Joint Petitioners agree that the $27.5 million rate increase achieved for Penn Power in its Joint Petition is just, reasonable, and in the public interest.

14. The Joint Petitioners agree that this resulting rate increase should be allocated pursuant to the terms of the FirstEnergy Companies' respective Settlements.

15. The Joint Petition is in the public interest for the following reasons:

a. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.

b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Joint Petitions.

c. West Penn's Joint Petition increases its rates by $60.6 million, which is approximately 62% of the Company's original request of $98.2 million.

d. Met-Ed's Joint Petition increases its rates by $90.5 million, which is approximately 65% of the Company's original request of $140.2 million.

e. Penelec's Joint Petition increases its rates by $94.6 million, which is approximately 60% of the Company's original request of $158.8 million.

f. Penn Power's Joint Petition increases its rates by $27.5 million, which is approximately 65% of the Company's original request of $42 million.

g. While the Joint Petitions reflect "black box settlements," which often are the means used to achieve settlements among parties with respect to Rate of Return and Return on Equity issues in a rate proceeding, the Joint Petitions address concerns about the absence of a stated rate of return on equity by affirmatively establishing a reasonable approach to determine a rate of return on equity for each of the four FirstEnergy Companies with regard to (i) the FirstEnergy Companies' respective DSICs; (ii) smart meter deployment that exceeds the smart meter revenue requirement; and (iii) the allowance for funds used during construction.

h. The Joint Petitions provide a just and reasonable means by which to allocate the resulting increase among the Companies' customer classes in a manner that generally moves the customer classes closer to their cost to serve while also recognizing the need for gradualism. No class received a rate increase that is more than 1.5 times the system average.

i. The Joint Petitions provide a just and reasonable rate design for the large commercial and industrial customer classes by recognizing the need to move the various components of the distribution rate design closer to their respective cost to serve.

j. The Joint Petitions reflect compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Joint Petitions are presented without prejudice to any position any party may advance in future proceedings involving the FirstEnergy Companies.

16. In addition, the Joint Petitions specifically satisfy the concerns of the Industrials in the following ways:

a. For WPPII, West Penn's Joint Petition (1) lowers the revenue increase amount by approximately 38%; and (2) reasonably allocates the proposed increase among the customer classes;

b. For MEIUG, Met-Ed's Joint Petition (1) lowers the revenue increase amount by approximately 35%; and (2) reasonably allocates the proposed increase among the customer classes;

c. For PICA, Penelec's Joint Petition (1) lowers the revenue increase amount by approximately 40%; and (2) reasonably allocates the proposed increase among the customer classes;

d. The FirstEnergy Companies agree not to file for another general increase to their distribution rates under Section 1308(d) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1308(d), prior to January 27, 2019, unless the actions of a legislative body or administrative agency enacts fundamental changes to policies or statues which would impact the FirstEnergy Companies' rates;[3]

e. The FirstEnergy Companies agree not to file petitions seeking a waiver of the five percent DSIC cap under Section 1358(a)(1) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1358(a)(1), prior to January 27, 2019.

---

[3] Changes to rates charged under riders are not subject to the rate stay out except as applied to any proposed waiver of the five percent DSIC cap applicable to the Companies' DSIC Riders.

17. The Industrials support the foregoing Joint Petitions because they are in the public interest; however, in the event that the Joint Petitions are rejected by the ALJs or the Commission, the Industrials will resume their litigation position, which differs from the terms of the Joint Petitions.

18. As set forth above, the Industrials submit that the Settlements are in the public interest and adhere to Commission policies promoting negotiated settlements. The Settlements were achieved after numerous settlement discussions. Although Joint Petitioners have invested time and resources in the negotiation of the Joint Petitions, this process has allowed the parties, and the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable solution to this dispute as embodied in the Settlement. Approval of the Settlements will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further litigation of a number of major issues in this proceeding. *See* 52 Pa. Code § 69.391.

III. CONCLUSION

WHEREFORE, MEIUG, PICA, and WPPII respectfully request that the ALJ and the Commission approve each of the FirstEnergy Companies' Joint Petitions for Settlement without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By Alessandra Hylander

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Dated: October 14, 2016

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al., v. Metropolitan Edison Company	: : :	Docket No. R-2016-2537349
Pennsylvania Public Utility Commission, et al. v. Pennsylvania Electric Company	: : :	Docket No. R-2016-2537352
Pennsylvania Public Utility Commission, et al. v. Pennsylvania Power Company	: : :	Docket No. R-2016-2537355
Pennsylvania Public Utility Commission, et al., v. West Penn Power Company	: : :	Docket No. R-2016-2537359

STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF THE JOINT PETITIONS FOR PARTIAL SETTLEMENT

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), one of the signatory parties to the Joint Petitions for Partial Settlement of Rate Investigation ("Joint Petitions" or "Settlement"), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Mary D. Long, Administrative Law Judge, and the Pennsylvania Public Utility Commission ("Commission"). For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of the low-income customers of Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (collectively "First Energy" or "the Companies") to be able to continue to afford service under reasonable terms and conditions.

To summarize, the Settlement provides that the fixed charge portion of the residential rate structure will be significantly less than the proposed charge. (Settlement at ¶ 25; Exhibits 3 and 4). The settlement also provides that First Energy will establish a Universal Service Advisory Committee ("USAC"), to meet at least twice a year to explore enhancements to the Company's Universal Service and Energy Conservation Program ("USECP") and other issues of importance to low-income consumers. (Settlement at ¶ 27). In addition, First Energy will roll-over unused Low Income Usage Reduction Program ("LIURP") funds from year to year, and provide ongoing data on its Universal Service programs to stakeholders. (Settlement at ¶ 28, 30). First Energy also commits to an increase in its maximum credits for its Customer Assistance Program ("CAP"). (Settlement at ¶ 29). Finally, the Settlement sets out an improvement to First Energy's policies and procedures for immigrants seeking to establish service. (Settlement at ¶ 33).

Although CAUSE-PA's positions in litigation were not been fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses issues of concern for CAUSE-PA, (2) balances the interests of the parties, and (3) fairly resolves a number of important issues raised by CAUSE-PA and other parties. Considerable litigation and associated costs will be avoided; and if approved, the

Settlement will eliminate the possibility of further litigation and appeals, along with their attendant costs.

II. BACKGROUND

CAUSE-PA adopts that background as set forth in Paragraphs 1-11 of the Joint Petitions.

III. CAUSE-PA'S REASONS FOR SUPPORT OF THE SETTLEMENT

The following terms of these Settlements reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding:

Section D – Revenue Allocation / Rate Design:

Paragraph 25 provides that the fixed monthly customer charge for residential customers will increase for each of the companies as follows:

Company	Current Customer Charge	Proposed Customer Charge	Settlement Customer Charge
Met-Ed	$10.25	$17.42	$11.25
Penelec	$9.99	$17.10	$11.25
Penn Power	$10.85	$13.41	$11.00
West Penn Power	$5.81	$13.98	$7.44

These agreed upon increases are much less than the increases first proposed by the Companies. (CAUSE-PA St. 1, Miller, at 8). A reduced increase in the fixed customer charge is critical to ensure that the burden of a rate increase does not disproportionately fall on low income residents, who use less energy on average than their non-low income counterparts. (CAUSE-PA St. 1, Miller, at 19-23). It also ensures that the rate structure does not undermine ratepayer investments in energy efficiency and weatherization through the Low Income Usage Reduction Program (LIURP), which is designed to reduce low income household usage and, in turn, reduce the energy burden for low income customers. Mitchell Miller, expert for CAUSE-PA, explained in his direct testimony:

> Increasing fixed charges are exceptionally harmful to low-income customers, and should not be approved. Increasing the costs recovered through a fixed charge – as opposed to a volumetric charge – undermines the ability for customers to reduce bills through conservation and consumption reduction. Reducing the ability to decrease bills through conservation while at the same time increasing the amount paid through the fixed charge is particularly problematic for low-income customers, given that low income households have significantly less budget elasticity than higher income households. Furthermore, increasing the fixed charge that a residential customer must pay, without any link to a customer's usage, also undermines the goals of the Low Income Usage Reduction Program (LIURP) -- which is specifically designed to lower consumption and increase energy affordability for low income customers. If a larger portion of a customer bill is fixed each month, the opportunity to adopt cost-effective energy efficiency measures to reduce the household energy burden dwindles, thus contributing to greater inequity in access to electric service across the service territory.
> (CAUSE-PA St. 1, Miller, at 19).

In light of this testimony, a reduction in the customer charges from the levels sought by First Energy is in the public interest.

Section F – Universal Service Programs:

Paragraphs 27-35 set forth a number of provisions designed to improve First Energy's universal service program portfolio to better meet the needs of its vastly underserved low income population and to bolster First Energy's low universal service program participation rates. (CAUSE-PA St. 1, Miller, at 9-10). Improving First Energy's universal service program portfolio will help mitigate the impact of the rate increase, and is intended to help stave off further increases in the already high rate of involuntary service disconnections and correspondingly low rate of service reconnections. (CAUSE-PA St. 1, Miller, at 13-14).

Universal Service Advisory Committee

In paragraph 27, First Energy commits to establishing a Universal Service Advisory Committee ("USAC") to meet at least twice a year. The USAC's purpose will be to discuss issues of importance to low-income consumers, including possible enhancements to the Companies' Universal Service and Energy Conservation Plan ("USECP"), outreach and education for the Companies' Universal Service Programs, language access for Limited English Proficient ("LEP") individuals, security deposit waivers for CAP-eligible customers, and clarity of bills. As discussed by CAUSE-PA Witness Miller in his Direct Testimony, such a forum will allow for a collaborative discussion of best practices for all of First Energy's Universal Service programs, including First Energy's CARES program, outreach and recertification for CAP, and coordination of LIURP with other weatherization providers. (CAUSE-PA St. 1, Miller, at 37; CAUSE-PA St. 1SR, at 4).

In addition to specific USECP issues, the Universal Services Advisory Committee will also be a forum to discuss a number of other issues of concern to First Energy's low-income consumers, including continued dialogue around language access for LEP individuals, security deposit waiver procedures, and bill clarity.

As CAUSE-PA Witness Macher noted in her Direct Testimony, "[o]n average, LEP individuals earn lower wages than their English proficient counterparts . . . [and] any rate increase would have the tendency to disproportionately impact immigrant communities." (CAUSE-PA St. 2, Macher, at 3). A continuing discussion around language access for these individuals could greatly improve their ability to access service and assistance.

Similarly, CAUSE-PA's testimony in this case addressed the issue of security deposit waivers for individuals who are eligible for CAP. As of the beginning of 2015, Pennsylvania law requires that “no public utility may require a customer or applicant that is confirmed to be eligible for a customer assistance program to provide a cash deposit.”[1] As discussed by CAUSE-PA witness Miller

> [T]he Companies’ call scripts require a customer service representative to “use good listening skills to determine if the customer has indicated on the call that they are unable to pay due to the possibility of being a low income family.” If so, the customer service representative must ask: “Would you consider your household to be a low income family so that I may provide you with information related to agency assistance programs that you may be eligible for?” and then refer the customer to a Community Based Organization for income verification. Waiver of a security deposit should not be dependent on the good listening skills of First Energy employees. . . .
>
> As I explained at the start of my testimony, low income customers pay a disproportionately high percentage of their income on energy costs, and often go without other basic necessities – such as food and medicine - to make ends meet. An upfront security deposit – above and beyond the monthly bill – presents an insurmountable barrier for many low income households attempting to connect to electric service.
>
> (CAUSE-PA St. 1, Miller, at 32-33).

Addressing this issue in the context of a USAC will allow for collaborative discussions between the parties to address the best mechanisms to assure First Energy’s low income customers can access this critically important protection.

Finally, CAUSE-PA Witnesses Livengood and Miller both addressed the lack of clarity in First Energy’s bills – particularly for low-income CAP customers. (CAUSE-PA St. 3, Livengood, at 5; CAUSE-PA St. 1SR, Miller, at 23-24). As noted by CAUSE-PA witness Miller, “First Energy’s CAP bills are incredibly complicated and confusing … [and] First Energy has done no analysis to determine the reading level or educational background needed to understand this bill.” (CAUSE-PA St. 1SR, Miller, at 24). This issue, too, will be well served by a collaborative, problem-solving USAC.

[1] 66 Pa.C.S. 1404(a.1).

LIURP Funding

Paragraph 30 of the Joint Petitions requires the Companies to modify their LIURPs such that any unspent funds not expended in one year will roll over and be added to the available budget for the following year. As noted by Office of Consumer Advocate (OCA) Witness Colton in his Direct Testimony, "[s]ince 2012, three of the four First Energy Companies (ME, PN, PP) have substantially underspent their LIURP budgets." (OCA St. 4, Colton, at 33). CAUSE-PA had initially proposed an increase in LIURP funding across the First Energy Companies. In Surrebuttal Testimony, CAUSE-PA Witness Miller addressed Mr. Colton's roll-over recommendation, saying

> I support Mr. Colton's recommendation that unused LIURP funds be rolled over year to year, as that would incentivize the Companies to seek out more interested and willing participants and prevent the problem of under-spending. Indeed, an increase in LIURP budget is only impactful if it is accompanied by an increase in jobs and/or an increase in depth of measures.
>
> (CAUSE-PA St. 1SR, Miller, at 21)

As such, First Energy's commitment to roll forward unused LIURP funds marks a significant step to incentivize the Companies to seek out more interested and willing LIURP participants.

In addition, paragraph 28 of the Joint Petitions requires the Companies to provide OCA, the Commissions Bureau of Investigation and Enforcement (I&E), and CAUSE-PA the reporting data they already provide to the Commission's Bureau of Consumer Services (BCS) as required by 52 Pa. Code § 54.75 and 52 Pa. Code § 58.15. This data, which covers collections, terminations, LIURP performance, and universal service programs generally, will allow the parties to analyze and discuss, in the context of the USAC and outside of a litigated proceeding, additional issues and potential within LIURP and the other Universal Service Programs.

Increase in Maximum CAP Credits

Paragraph 29 of the Joint Petitions requires the Companies to file to increase the maximum credits allowable under the existing customer assistance program by an amount proportionate to 50% of the average increase to residential rates agreed to in the Settlement. As explained by CAUSE-PA Witness Miller

> As discussed above, First Energy's CAP program, the Pennsylvania Customer Assistance Program, or PCAP, uses a fixed credit to offset low-income customers' bills. These credits are calculated for each CAP customer based on a targeted energy burden (3% of income for non-8 heating and 9% for heating customers), gross income, and that customer's previous twelve months of bills. These credits are also subject to a maximum credit allowance of $80 a month for non- heat customers and $200 a month for heating customers. For any billed amount over this monthly CAP credit, the CAP customer must pay their bill at full tariff rate. . . .
>
> [B]ecause CAP works as a fixed credit, any rate increase will have a direct and immediate impact on CAP customer bills, particularly for those customers who are receiving maximum CAP credits. While First Energy recalculates a households' monthly PCAP credits every three months to account for more or less usage based on the previous rolling-12 months, this recalculation is always subject to a maximum credit. Because of the formula, as rates increase, more customers will receive the maximum credits, not because of increased usage, but simply because of increased costs in their previous twelve months due to the rate increase. . . .
>
> Therefore, as a direct result of the proposed rate increase, more CAP participants will have unaffordable bills.
>
> (CAUSE-PA St. 1, Miller, at 18) (internal citations omitted).

CAUSE-PA Witness Miller further explains in Surrebuttal Testimony that many First Energy CAP customers are affected by these maximum CAP Credits.

> The worst impact is for those customers who are already at their maximum CAP credits. For these customers, because they are already receiving the highest bill credit allowed, 100% of the rate increase will be passed on to them and adversely affect their ability to make payments. The number of customers who will be affected is significant. According to First Energy, between 35% - 45% percent of CAP customers are at or will reach the maximum credit with the proposed rate increase. Each of these customers will see the amount they pay for electricity – their energy burden – go up following a rate increase. The only way to mitigate the impact on these customers is to increase the maximum CAP credits.

(CAUSE-PA St. 1SR, Miller, at 11-12) (Internal Citations Omitted).

Increasing the Maximum CAP Credits as set out in paragraph 29 of the Joint Petitions will work to ameliorate the impact of the agreed upon rate increase for some of these customers.

Acceptance of Identification from Foreign Governments to Start Service

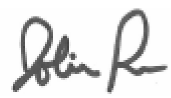
Paragraph 33 provides that, to establish new service, the First Energy companies will accept identification documents issued by foreign governments as acceptable identification to establish service where those documents include: full name; a photograph; and an expiration date that has not expired as of the date of application. This provision explicitly defines a government issued photo identification to include photo identification issued by a foreign government. This provision is designed to remedy First Energy's current policy, which currently acts as a barrier for non-US citizens who reside in Pennsylvania and who seek to establish electric service within First Energy's service territory. (CAUSE-PA St. 2, Macher, at 11-14; CAUSE-PA St. 2-SR, Macher, at 3-4).

IV. CONCLUSION

While CAUSE-PA's positions have not been fully adopted, the Settlement was arrived at through good faith negotiation by all parties and represents a fair and balanced resolution of a number of important issues. Thus, when taken together, the provisions of this settlement are in the public interest, and should be approved by the Commission in full. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and First Energy's customers.

Accordingly, CAUSE-PA respectfully requests that ALJ Long and the Commission approve the Settlement.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2016-2537352
	:	
Pennsylvania Electric Company	:	

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.'S STATEMENT IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT

Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), by counsel, hereby submits this Statement in Support of the Joint Petition for Partial Settlement ("Settlement") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") by the parties in the above-referenced proceeding, and asserts that the terms of the Settlement are just and reasonable and that approval of the Settlement is in the public interest.

I. RELEVANT BACKGROUND

1. On April 28, 2016, Pennsylvania Electric Company ("Penelec" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 23 to the Company's Tariff Electric – Pa. P.U.C. No. 81 (the "Filing"), representing a request for a general increase in the Company's electric distribution rates of approximately $158.8 million, or 11.42% above current rates.

2. On June 15, 2016, Walmart filed a Petition to Intervene to participate in this proceeding. As indicated in its Petition to Intervene, Walmart is a national retailer with 160 facilities in the Commonwealth of Pennsylvania, including a large number of facilities in the Penelec service territory, taking service from Penelec primarily pursuant to Rate Schedule GS-

Large ("GSL"). As such, the cost of electricity comprises a significant portion of the operating costs of Walmart's various retail and distribution locations, and Walmart intervened in this proceeding in order to address its concerns with the potential impact of Penelec's proposed base rate increase.

3. To that end, on July 26, 2016, Walmart submitted the Direct Testimony of Steve W. Chriss, Senior Manager, Energy Regulatory Analysis, addressing certain aspects of the Company's that presented significant concern to Walmart. These issues included the potential impact on customers of Penelec's proposed revenue requirement increase, the request for a Return on Equity ("ROE") of 11.3 percent, and the Company's proposed allocation of the base rate increase, which could have adversely impacted Rate Schedule GSL customers by failing to move this customer class significantly closer to its actual cost of service from a Unified Rate of Return ("UROR") position of 2.47.

II. STATEMENT IN SUPPORT OF THE SETTLEMENT

4. As stated in 52 Pa. Code § 5.231, "It is the policy of the Commission to encourage settlements." In keeping with this policy, the parties in this case, including Walmart, engaged in numerous discussions on the many issues presented in the course of litigation. These negotiations ultimately produced the Settlement presented in this proceeding. The parties agree that this Settlement is in their best interests and in the best interests of the Pennsylvania public.

5. In addition to the important benefit of reducing the litigation costs for all parties in this proceeding, Walmart specifically supports the Settlement on the following grounds:

a. The $94.6 million annual distribution rate increase provided by the Settlement provides Penelec with an approximate 7.22% increase in revenues, but also represents a significant decrease (approximately 40%)

from the Company's filed request. This provides the Company's ratepayers, including those customers taking service from Rate Schedule GSL, important relief in the form of rate increase mitigation.

b. Although the Settlement does not specify an ROE for the Company, Walmart believes that the overall reduced revenue requirement increase will result in a functional ROE that is reasonable and generally in line with the recommendations set forth by Walmart's witness, Mr. Chriss.

c. The cost allocation reflected in the Settlement's rates reflects significant compromise among numerous ratepayer interests. To that end, while the allocation of the rate increase to Rate Schedule GSL embodied by the Settlement does not represent that rate class's actual cost of service, the Settlement's rates do result in important movement toward that objective, which helps to alleviate the interclass subsidization problems identified by Walmart witness Mr. Chriss.

6. As stated above, the Settlement achieved by the parties in this case is the result of amicable negotiations and compromise by numerous parties with diverse interests in the Company's base rate filing. Accordingly, Walmart believes that the Settlement produces a non-discriminatory result that is in the public interest and advances the Commission's policy favoring settlements.

WHEREFORE, Walmart Stores East, LP and Sam's East, Inc., respectfully requests that Administrative Law Judge Mary D. Long and the Pennsylvania Public Utility Commission approve the Joint Petition for Partial Settlement filed by the parties in this proceeding, without modification.

Respectfully submitted,

By ______________________________

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Dated: October 14, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537349, *et al.*
v.	:	
Metropolitan Edison Company	:	
Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537352, *et al.*
v.	:	
Pennsylvania Electric Company	:	
Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537355, *et al.*
v.	:	
Pennsylvania Power Company	:	
Pennsylvania Public Utility Commission, *et al.*	:	R-2016-2537359, *et al.*
v.	:	
West Penn Power Company	:	

STATEMENT IN SUPPORT OF SETTLEMENT OF
NORTH AMERICAN HÖGANÄS HOLDINGS, INC.

I. INTRODUCTION

1. North American Höganäs Holdings, Inc. ("NAHH") respectfully submits, through its counsel, that the Joint Petition for Settlement ("Joint Petition") filed in the above-captioned proceeding promotes the public interest and should be approved by the Pennsylvania Public Service Commission ("Commission") without modification.

II. STATEMENT IN SUPPORT

2. It is the policy of the Commission to encourage settlements. 52 Pa. Code § 5.231. The Commission's regulations state, "The Commission encourages parties to seek negotiated

settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." As such, the Joint Petitioners negotiated in good faith to resolve all issues that were raised by the parties in this proceeding. The Joint Petition is in the public interest and is consistent with the Commission's policy promoting settlement.

3. The Joint Petition was reached after discovery, presentation of written testimony, and settlement discussions and is a reasonable and appropriate compromise of the parties' diverse interests and positions.

4. The Joint Petition adequately addresses NAHH's concerns, which relate to the rates applicable to its industrial facilities.

5. For the reasons set forth herein, the Joint Petition is in the public interest.

III. CONCLUSION

6. NAHH respectfully requests that the Commission approve the Joint Petition as submitted, without modification.

Respectfully submitted,

/s/
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Local Counsel to North American Höganäs Holdings, Inc.

Dated: October 14, 2016

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission v. Metropolitan Edison Company	: : :	R-2016-2537349
Pennsylvania Public Utility Commission v. Pennsylvania Electric Company	: : :	R-2016-2537352
Pennsylvania Public Utility Commission v. Pennsylvania Power Company	: : :	R-2016-2537355
Pennsylvania Public Utility Commission v. West Penn Power Company	: : :	R-2016-2537359

Clean Air Council Letter of Non-opposition to Settlement

Clean Air Council does not intend to oppose the settlement reached in the above captioned matter.

Respectfully submitted,

Joseph O. Minott, Esq., PA ID 36463
Logan Welde, Esq., PA ID: 315012
135 S. 19th Street, Suite 300
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October 14, 2016

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October 14, 2016

Rosemary Chiavetta, Secretary
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg PA 17105-3265

Re: Pa. Public Utility Commission v. Pennsylvania Electric Company, Docket No. R-2016-2537352

Dear Secretary Chiavetta:

This letter is to advise the Commission and the Administrative Law Judge that my client, the International Brotherhood of Electrical Workers, Local 459, does not oppose the Joint Petition for Partial Settlement of Rate Investigation in the above-referenced proceeding.

Sincerely,

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October 14, 2016

BY ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Filing Room
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission v. Pennsylvania Electric Company; Docket No. R-2016-2537352; **LETTER OF THE PENNSYLVANIA STATE UNIVERSITY OF NON-OPPOSITION AND SUPPORT TO THE JOINT PETITION FOR PARTIAL SETTLEMENT**

Dear Secretary Chiavetta:

The Pennsylvania State University (PSU) is a party to the above-captioned matter and has reviewed the terms and conditions of the Joint Petition for Partial Settlement (Joint Petition) filed today. PSU has not signed the Settlement as it did not present evidence in the matter. However, PSU does not oppose the Settlement and supports it as being in the public interest for the reasons stated in the Joint Petition and respectfully asks Judge Long and the Commission to approve it without modification.

Thank you for your consideration and PSU commends the Joint Petitioners for achieving an amicable and just and reasonable resolution of the issues involved.

Very truly yours,

Thomas J. Sniscak

Thomas J. Sniscak
Christopher M. Arfaa
William E. Lehman

Counsel to The Pennsylvania State University

TJS/WEL/das

cc: Honorable Mary D. Long
Per Certificate of Service

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 52 Pa. Code § 1.54 (relating to service by a party).

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Dated this 14th day of October, 2016