

October 28, 2016

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor - 1 North
Harrisburg, PA 17120

**Re: Pennsylvania Power Company Electric Generation Supplier Coordination Tariff
Supplement No. 7, Electric Pa. P.U.C. No. S-3**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission (“Commission”) is an original of Supplement No. 7 to Pennsylvania Power Company’s (“Penn Power”) Tariff Electric Pa. P.U.C. No. S-3¹ (“Supplement No. 7”). Supplement No. 7 is filed pursuant to the Commission’s Final Order approving, without modification, the unopposed Joint Petition for Settlement (“Joint Petition”) in the proceeding on Penn Power’s fourth Default Service Program (“DSP IV”).² The Joint Petition was filed on April 1, 2016, and, on April 29, 2016, the presiding Administrative Law Judge had issued a Recommended Decision recommending its adoption and approval.

The Joint Petition included terms relating to various interactions between the Company and electric generation suppliers (“EGSs”), which were described in the Joint Petition and set forth in a supplier tariff appendix that was filed with the Joint Petition (*see* Joint Petition Exhibit G). As stated in the Joint Petition (p. 15, Section II.F.8.c.), the supplier tariff appendix had been reviewed and accepted by the Joint Petitioners.

It has recently come to Penn Power’s attention that, while the supplier tariff appendix had been filed with the Joint Petition and approved by the DSP IV Final Order, the revisions made by the supplier tariff appendix had not been memorialized in a formal compliance filing asking the Secretary’s Bureau to include those provisions in Tariff Electric Pa. P.U.C. No. S-3. Accordingly, Supplement No. 7 is being filed to ensure that Tariff Electric Pa. P.U.C. No. S-3 reflects the revisions made by the Joint Petition to be effective, as approved by the Commission, as of August 1, 2016.³

Sincerely,



Charles V. Fullem
Director of Rates & Regulatory Affairs-PA
610-921-6525

Enclosures

- c: Certificate of Service
- Paul Diskin, TUS
- Marissa Boyle, TUS
- David Huff, TUS
- All Registered Electric Generation Suppliers
- Karen Moury, Eckert Seamans Cherin & Mellott, LLC, Counsel for Respond Power LLC

¹ Tariff Electric Pa. P.U.C., No. S-3 is Penn Power’s Electric Generation Supplier Coordination Tariff.

² *Petition of Pennsylvania Power Company for Approval of a Default Service Program for the Period Beginning June 1, 2017, through May 31, 2019*, Docket No. P-2015-2511355 (May 19, 2016) (“DSP IV Final Order”)

³ *See DSP IV Final Order*, Ordering Paragraph No. 2.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric	:	Docket No. P-2015-2511333
Company, Pennsylvania Power Company	:	P-2015-2511351
and West Penn Power Company for	:	P-2015-2511355
Approval of their Default Service	:	P-2015-2511356
Programs	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

VIA FIRST CLASS MAIL

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Dated: October 28, 2016



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PENNSYLVANIA POWER COMPANY

Electric Generation Supplier Coordination Tariff

Company Office Location

233 Frenz Drive
New Castle, PA 16101

Issued: October 28, 2016

Effective: August 1, 2016

Steven E. Strah, President

NOTICE

Supplement No. 7 makes changes to existing Rules and Regulations.

LIST OF MODIFICATIONS

Rules and Regulations

Modified Section 12.9, dealing with the Purchase of EGS Receivables (“POR”) Program, and added Section 12.9(g) to: (1) identify participating EGSs that (a) have a receivables write-off percentage exceeding the average for all EGSs, and (b) charge prices exceeding 150% of the price-to-compare; and (2) making associated revisions to the terms on which accounts receivable are purchased from EGSs thus identified. (See Second Revised Page No. 38 and First Revised Page No. 40.)

Added Section 12.9(h) specifying the conditions on which the Company will credit Customer Refunds by EGSs to accounts receivable purchased pursuant to the POR Program. (See First Revised Page No. 40.)

Moved Section 13.3 from Original Page No. 40 to First Revised Page No. 41.

(C)

12.9 Purchase of EGS Receivables (“POR”) Program. The Company will purchase the account receivables, associated with EGS sales of Basic Electric Supply. The program will be applicable to residential and commercial Customers on Consolidated EDC Billing under the following rate schedules: Residential Service RS, General Service GS Special Provision for Volunteer Fire Company and Non-Profit Ambulance Service, Rescue Squad and Senior Center Service, General Service GS, General Service Medium GM, Street Lighting Service SV, Street Lighting Service SVD, Street Lighting Service SM and Private Outdoor Lighting Service PLS. Provided that the Company is able to bill EGSs for all fees as provided in Section 12.9(f), the POR will be “non-recourse” except as provided for under Section 12.9(g). To the extent the Company has to provide any consumer protections other than those provided for under Chapter 14 of the Public Utility Code and Chapters 55 and 56 of the Commission’s regulations, 52 Pa. Code §§ 55.1 and 56.1 et. seq., the costs will be borne by the EGSs. The Company will purchase only those receivables that are associated with basic electric supply services and not receivables associated with Basic Electric Supply.

EGSs will not deny service to residential customers whose accounts are included in the POR program for credit-related reasons and will not ask residential customers for deposits separate from any deposit required by the Company pursuant to Chapter 14 and Commission regulations.

The Company will purchase receivables only for service rendered on or after June 1, 2011. Receivables for service rendered before June 1, 2011 cannot be used for termination purposes.

(a) Eligibility: The POR program will be available only for EGSs who employ the Company’s Consolidated EDC Billing option. Participation in the Company’s POR program will be mandatory for any EGS that does employ the Consolidated EDC Billing option.

(C)

(b) Timing of Payments: Payments to EGSs will be made based on the current amount that is billed and owed by the Customers and will be paid 40 days after invoicing the Customer. The POR payments to EGSs will be subject to the Clawback Provision provided for in Section 12.9(g) on a pilot basis through May 31, 2019.

(C) Change

(C)

(g) Clawback Clause: The Companies will apply a two-prong test to determine the clawback charge. The first test will identify those participating EGSs whose average percentage of write-offs as a percentage of revenues over the twelve-month period ending August 31st each year exceeds 200% of the average percentage of total EGS write-offs as a percentage of revenues per operating company. The second prong of the test will identify, of those EGSs identified in the first test, EGSs whose average price charged over the same twelve-month period exceeds 150% of the average price-to-compare for the prior 12-month period. For those EGSs identified by both prongs of the test, the annual clawback charge assessed beginning September 2016 and annually thereafter, would be the difference between that EGS's actual write-offs and 200% of the average EGS percentage of write-offs per operating company. The Company will bill the EGS for this charge in accordance with Section 12.2.

(C)

(h) Customer Refunds: A EGS refund will only be credited through the Companies' billing system after an EGS obtains the consent of a residential customer: (a) who is billed as part of the Companies' POR; and (b) to whom the EGS is willing to issue a refund to resolve a PaPUC formal or informal individual customer complaint; and (c) where the customer has an outstanding arrearage, owed to one of the Companies, that is associated with the dispute that is the subject of the informal or formal PaPUC complaint. The EGS will use good faith efforts to remit the refund directly to the EDC to offset any arrearages on the customer's account associated with the disputed amount. If the customer does not agree to have the refund remitted directly to the EDC, the EGS will remit payment to the customer and encourage the customer to address the outstanding arrearage directly with the EDC

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 Notice of Withdrawal to the Company. An EGS shall provide electronic notice to the Company in a form specified by the Company of withdrawal by the EGS from Competitive Retail Electric Service in a manner consistent with the PaPUC's rulings in Docket No. M-00960890F.0013, and any subsequent applicable PaPUC rulings.

13.2 Notice to Customers. An EGS shall provide notice to its Customers of withdrawal by the EGS from Competitive Retail Electric Service in accordance with the PaPUC's rulings in Docket No. M-00960890F.0013 and any subsequent applicable PaPUC rulings.

(C) Change

(C)

13.3 Costs for Noncompliance. An EGS that withdraws from retail service and fails to provide at least ninety (90) days written notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- (a) mailings by the Company to the EGS's Customers to inform them of the withdrawal and their options;
- (b) non-standard/manual bill calculation and production performed by the Company;
- (c) EGS data transfer responsibilities that must be performed by the Company;
- (d) charges or penalties imposed on the Company by PJM or other parties resulting from EGS non-performance; and
- (e) any and all other out-of-pocket expenses incurred by the Company as a result of the withdrawal.

14. EGS'S DISCONTINUANCE OF SERVICE TO PARTICULAR CUSTOMERS

14.1 Notice of Discontinuance to the Company. An EGS shall provide electronic notice to the Company in a form specified by the Company of all intended discontinuance of service to a Customer in a manner consistent with applicable PaPUC rules, regulation or orders.

14.2 Notice to Customers. An EGS shall provide advanced notice to a Customer of withdrawal by the EGS from provision of Competitive Retail Electric Service to such customer in accordance with the PaPUC's rules, regulations or orders.

14.3 Effective Date of Discontinuance. Any discontinuance of Competitive Retail Electric Service to a Customer will be effective only on a Meter Read Date and in accordance with the EGS switching rules in this Tariff and the EDC Tariff.

(C) Change