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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **HARRISBURG, PA 17120** |  |
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|  | Public Meeting held April 11, 2019 |
| Commissioners Present: |  |

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| |  | | --- | | Gladys M. Brown, Chairman | | David W. Sweet, Vice Chairman  Norman J. Kennard | | Andrew G. Place  John F. Coleman, Jr. | |
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| Pennsylvania FirstEnergy Companies’ *Pro Forma* Tariff Changes to the Default Service Support Riders Related to the Default Service Programs | Docket Nos:  R-2018-3006303  R-2018-3006304  R-2018-3006305  R-2018-3006307 |

# ORDER

**BY THE COMMISSION:**

On November 30, 2018, Metropolitan Edison Company (Met-Ed), Utility Code 110300, Pennsylvania Electric Company (Penelec), Utility Code 110400, and Pennsylvania Power Company (Penn Power), Utility Code 110450 filed *Pro Forma* changes to Tariffs Electric Pa. P.U.C. No. 52, No. 81, and No. 36, respectively. West Penn Power Company (West Penn), Utility Code 111250, filed *Pro Forma* changes to Tariffs Electric Pa. P.U.C. No. 40, and No. 38. (collectively, the FirstEnergy companies). The filings propose changes to the Default Service Support (DSS) Rider tariff language and revisions to the DSS rates.

The FirstEnergy companies state that the purpose of the filings are (1) to add tariff language to the DSS Rider related to the May 31, 2018 Federal Energy Regulatory Commission (FERC) Order entered at Docket No. EL05-121-009 (FERC Order 494), approving the reallocation of Regional Transmission Expansion Plan (PJM RTEP) charges; and (2) to change the DSS Rider rates as a result of that reallocation.

The FirstEnergy companies state that, consistent with the Recommended Decision (RD), in the default service proceeding, as modified by the Commission[[1]](#footnote-1), they are to assume responsibility for PJM RTEP charges and any FERC approved reallocation of PJM RTEP charges related to Docket No. EL05-121-009. [[2]](#footnote-2) The RD further directed that the PJM RTEP charges be recovered from customers in a competitively-neutral manner under the FirstEnergy companies’ non-by passable DSS Riders. *RD at 8, 12*.

The Commission’s Order related to the reallocation of RTEP charges allowed the FirstEnergy companies to propose tariff changes to take effect on June 1, 2019. However, this filing requests an accelerated implementation for the changes in an effort to avoid sizable over/under collections. In order to expedite the implementation of the RTEP reallocations, the FirstEnergy companies state that they intend to file tariff supplements implementing the changes to the DSS Riders upon Commission approval of these *Pro Forma* tariff filings. The FirstEnergy companies request that those tariffs be allowed to take effective on one day’s notice.

The FirstEnergy companies state that the proposed *Pro Forma* tariff changes add the reallocation charges to the non-market based charges (NMB) portion of the DSS Rider. The NMB is applied to delivery service customers served under the DSS Rider for non-market based services transmission charge costs. Specifically, the charges will be added to the forecasted NMB costs (NMBc) of the associated FirstEnergy companies’ DSS Rider sales. The forecasted NMBc is allocated to each customer class based upon each class’s contribution to the total applicable FirstEnergy company’s network service peak load. The charge is added to other FERC approved costs as “any FERC-approved reallocation of PJM RTEP charges related to Docket No. EL05-121-009”.

The FirstEnergy companies submit that the proposed changes to the companies’ tariffs will reduce over/under collections to its customers’ DSS Rider rates. The FirstEnergy companies further submit that the DSS Rider revenues for Med-Ed, Penelec, and Penn Power will decrease while West Penn’s DSS Rider revenues will increase. FirstEnergy requests an accelerated implementation of these changes in an effort to avoid any sizeable over/under collections.

FirstEnergy states that the credits and charges reflect the changes to the allocation of PJM RTEP costs effective January 1, 2016. FirstEnergy states that FERC’s total reallocated PJM RTEP charges with interest are $30.3 million, $28.8 million,

$11.0 million, and $57.6 million for Met-Ed, Penelec, Penn Power, and West Penn respectively. The reallocation of PJM RTEP costs includes a change in the allocation of PJM RTEP effective January 1, 2016 and a historic black box settlement. The first portion will be refunded or collected over a period of one year while the historic black box settlement portion will be refunded or collected over a period of ten years beginning

January 1, 2016. The historic black box settlement includes a 30-month true-up for the period from January 1, 2016 through July 1, 2018.

FirstEnergy states that changes to NMBc also include an adjustment to reflect changes to current costs going forward. The adjustment for current costs going forward is an annual DSS revenue decrease of $681,144, $5,440,170, and $763,968 for Met-Ed, Penelec, and Penn Power respectively. The adjustment for current costs going forward is an annual DSS revenue increase of $32,097,921 for West Penn.

FirstEnergy states that for the 2018 year rate the adjustment will decrease DSS revenues by approximately $10.7 million, $13.3 million, and $4.4 million for Met-Ed, Penelec, and Penn Power respectively. The adjustment for the 2019 rate year will be $12.6 million, $17.3 million, and $5.2 million. The adjustment for 2020 through 2025 will be approximately $2 million, $6.5 million, and $1.2 million.

The adjustment for West Penn will increase DSS revenues by approximately $37.1 million for the 2018 year rate, $55.7 million for the 2019 year rate, and $34.2 million for the period of 2020 through 2025.

For Met-Ed residential, commercial and industrial customers, the resulting decrease in DSS revenues for the first year is $9,786,157, $5,006,425, and $6,602,171 respectively. For Penelec residential, commercial and industrial customers, the resulting decrease in DSS revenues for the first year is $10,752,084, $6,631,346, and $9,269,200 respectively. For Penn Power residential, commercial and industrial customers, the resulting decrease in DSS revenues for the first year is $3,492,514, $2,968,637, and $2,270,134 respectively.

West Penn will see an annual increase in DSS revenues from residential, commercial, and industrial customers of $33,861,381, $15,965,647, and $24,455,681 respectively. FirstEnergy further states that the change in revenues, for this four-month period, from its residential, commercial, and industrial customers is approximately one-third of the above values.

FirstEnergy serves approximately 2,043,675 customers (Med-Ed 569,765, Penn Power 166,230, West Penn 725,513, and Penelec 582,167).

FirstEnergy served the proposed tariff changes on the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and parties of record to Docket Nos. P-2017-2637855, P-2017-2637857, P-2017-2637858, and P-2017-2637866. No complaints have been filed and no hearings held.

We agree that FirstEnergy’s *Pro Forma* tariff changes are consistent with the Commission Opinion and Orders entered September 4, 2018, which authorized charges related to FERC’s reallocation of PJM RTEP costs.

Accordingly, we approve FirstEnergy’s *Pro Forma* tariff changes. However, approval of this filing does not constitute a determination that this filing is lawful, just, or reasonable, but only that further investigation or suspension does not appear to be warranted at this time; **THEREFORE,**

**IT IS ORDERED:**

1. That Metropolitan Edison Company *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 52 are hereby approved as to form and legality.

2. That Pennsylvania Electric Company *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 81 are hereby approved as to form and legality.

3. That Pennsylvania Power Company *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 36 are hereby approved as to form and legality.

4. That West Penn Power Company *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 40 and Tariff Electric Pa. P.U.C. No. 38 are hereby approved as to form and legality.

5. That this Order is without prejudice to any issues that may be raised by any party with respect to the tariff changes implemented by the *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 52, *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 81, *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 36, *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 40 and *Pro Forma* changes to Tariff Electric Pa. P.U.C. No. 38 in future proceedings.

6. That Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company shall file tariff supplements to implement the provisions approved herein, to be effective on one day’s notice.

7. That a copy of this Order be served on the parties of record to the proceedings at Docket Nos. P-2017-2637855, P-2017-2637857, P-2017-2637858, and P-2017-2637866.

8. That these proceedings at Docket Nos. R-2018-3006303, R-2018-3006304,

R-2018-3006305, and R-2018-3006307 be closed.

**** **BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: April 11, 2019

ORDER ENTERED: April 11, 2019

1. P-2017-2637855, *Petition of Metropolitan Edison Company for Approval of Default Service Plan*; P-2017-2637857, *Petition of Pennsylvania Electric Company for Approval of Default Service Plan*; P-2017-2637858, *Petition of Penn Power Company for Approval of Default Service Plan*; and P-2017-2637866, *Petition of West Penn Power Company for Approval of Default Service Plan,* Opinion and Order entered September 4, 2018. [↑](#footnote-ref-1)
2. *All parties of the proceeding agreed that the proposal related to the distribution and recovery of FERC 494 Settlement allocations is considered uncontested. September 4, 2018 Order at 9.* [↑](#footnote-ref-2)