

**Danielle Jouenne**

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June 30, 2014

**VIA E-FILING**

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

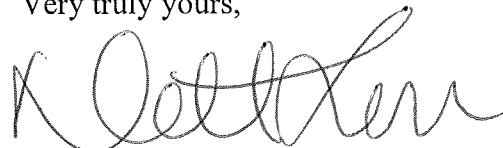
Re: Tony Kordell/Rollock Company v. Pennsylvania Electric Company  
Docket No. C-2014-2425842

Dear Secretary Chiavetta:

On behalf of Pennsylvania Electric Company, I have enclosed for electronic filing the Preliminary Objections of Pennsylvania Electric Company to the Formal Complaint of Tony Kordell/Rollock Company in the above-captioned matter.

Copies have been served on all parties as indicated in the attached certificate of service.

Very truly yours,



Danielle Jouenne

DJ/tlg  
Enclosure

cc: Certificate of Service





Commission has jurisdiction to administer, or of any regulation or order of the Commission. Code Section 701, 66 Pa.C.S. § 701. Therefore the Formal Complaint is legally insufficient because it fails to state a claim upon which the Commission can grant relief and should be dismissed pursuant to Section 5.101(a)(4) of the Commission's regulations. 52 Pa. Code § 5.101(a)(4).

4. The Company therefore requests that these Preliminary Objections be granted and that the Commission dismiss the Formal Complaint with prejudice.

## **II. Background**

5. The Company is an electric distribution company that is certificated as a public utility in Pennsylvania, and is the Default Service Provider for the Complainant.<sup>1</sup>

6. The Complainant is a Pennsylvania registered corporation, entity number 2676010, with a registered office address of 237 Walters Avenue, Johnstown, Pennsylvania 15904. A copy of the Business Entity Filing History from the Pennsylvania Department of State is attached hereto as Exhibit "A."

7. The Complainant is part of the Company's Industrial Customer Class, as defined by the Company's current Commission-approved retail electric tariff ("Tariff") on file with the Commission.<sup>2</sup> The Complainant is supplied electricity by the Company pursuant to the GP Rate Schedule<sup>3</sup> of the Tariff, which is available to non-Residential Customers using electric power and/or lighting service through a single delivery location at 2,400 volts or higher. A copy of the GP Rate Schedule is attached hereto as Exhibit "B."

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<sup>1</sup> A "Default Service Provider" is an "electric distribution company within its certified service territory or an alternative supplier approved by the Commission that provides generation service to retail electric customers who: (1) contract for electric power, including energy and capacity, and the chosen electric generation supplier does not supply the service; or (2) do not choose an alternative electric generation supplier." 66 Pa.C.S. § 2803.

<sup>2</sup> Penelec Tariff-Electric Pa. P.U.C. No. 80, Supplement No. 60, effective June 5, 2014.

<sup>3</sup> *Id.*, GP Rate Schedule Original Pages 100-104.

8. Pursuant to Rate Schedule GP, the Complainant receives hourly-priced default service as reflected under the Hourly Pricing Default Service Rate Rider O, which is contained within the Tariff. A copy of Rider O is attached hereto as Exhibit “C.”

9. Charges billed to industrial customers, such as the Complainant, under Rider O incorporate the following: (i) an Hourly Pricing Energy Charge; (ii) an Hourly Pricing Capacity-AEPS-Other Charge; (iii) an Hourly Pricing Administrative Charge; and (iv) an Hourly Pricing Reconciliation Charge. The total of these “charges” is then grossed up for Gross Receipts Tax.

10. The Hourly Pricing Energy Charge component of the calculation is based on the “Real Time” PJM Interconnection Locational Marginal Price (“LMP”) for the Penelec Transmission Zone, plus Hourly Pricing for Ancillary Services, times an Hourly Pricing Loss Multiplier to purchase the electricity supplied to customers, as set forth in Rider O.

11. Each and every Penelec customer receiving hourly pricing default service is charged the same LMP rate, which is priced to the PJM real-time hourly energy market, although their Hourly Pricing Energy Charge and therefore their Hourly Pricing Service charge will differ by the hour based on the total kilowatt hours consumed. The Hourly Pricing Service Charge is calculated per hour (i.e. approximately 730 hours in a billing period) and is divided by the total kilowatt hours consumed to calculate an average cost per kilowatt, which is shown on a customer’s monthly bill.

12. The Commission approved the Company’s Hourly Pricing Default Service Rider (current Rider O) for its Industrial Customer Class in the Company’s 2009 Default Service Proceeding.<sup>4</sup> The Commission recognized that the Hourly Pricing Default Service would be based on PJM’s market prices:

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<sup>4</sup> *Joint Petition of Metropolitan Edison Company and Pennsylvania Electric Company for Approval of Their Default Service Programs*, Docket Nos. P-2009-2093050; P-2009-2093054 (Opinion and Order November 6, 2009)

Met-Ed's and Penelec's Hourly Pricing Default Service Riders will include an HP Energy Charge per kWh billed to applicable customers under the provisions of these riders. The HP Energy Charge per kWh will be based on PJM's "Real Time" load-weighted average LMP for the respective Me-Ed or Penelec Transmission Zone. In addition, the HP Energy Charge for Met-Ed and Penelec will include a per kWh ancillary component to recover the approximate cost of ancillary services that will be billed by PJM to the Default Service Suppliers.<sup>5</sup>

13. On or about May 14, 2014, the Complainant filed a Formal Complaint with the Commission against Penelec at the above-captioned docket requesting that the Commission direct the Company to,

resort back to "hourly pricing service charges" for this account as in previous months from January 2013 – January 2014. Instead of the drastic increase of "hourly pricing service charges" from Feb-April 2014 Penelec billing.

(Compl. ¶ 5(A).)

14. The Complainant also contends that the Hourly Pricing Service Charge should be .05700. (Compl. ¶ 5(C).)

15. The essential crux of the Formal Complaint is therefore a dispute over the rate of the Hourly Pricing Service Charge for the January 2014 through April 2014 time period and a request for relief in the form of setting the Hourly Pricing Service Charge – a variable rate – to a fixed charge of .05700.

16. On or about June 10, 2014 the Formal Complaint was served on Penelec.

17. Penelec is timely filing its Answer and New Matter contemporaneously with these Preliminary Objections, which Answer and New Matter is incorporated into these Preliminary Objections as if fully set forth herein.

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<sup>5</sup> *Id.* at page 55.

### **III. The Formal Complaint Should Be Dismissed for Legal Insufficiency**

#### **a. The Grounds for Granting Preliminary Objections**

18. The Commission's Rules of Administrative Practice and Procedure permit the filing of preliminary objections. 52 Pa. Code § 5.101; see also *Equitable Small Transportation Interveners v. Equitable Gas Company*, Docket No. C-00935435 (July 18, 1994).

19. The grounds for preliminary objections are limited to those set forth in 52 Pa Code § 5.101(a) as follows:

- (1) Lack of Commission jurisdiction or improper service of the pleading initiating the proceeding.
- (2) Failure of a pleading to conform to this chapter or the inclusion of scandalous or impertinent matter.
- (3) Insufficient specificity of a pleading.
- (4) Legal insufficiency of a pleading.
- (5) Lack of capacity to sue, nonjoinder of a necessary party or misjoinder of a cause of action.
- (6) Pendency of a prior proceeding or agreement for alternative dispute resolution.
- (7) Standing of a party to participate in the proceeding.

20. The Commission's procedure regarding the disposition of preliminary objections is similar to that utilized in Pennsylvania civil practice. *Equitable Small Transportation Interveners*, supra.

21. A preliminary objection in civil practice seeking dismissal of a pleading will be granted where relief is clearly warranted and free from doubt. *Interstate Traveller Services, Inc. v. Pa. Dept. of Environmental Resources*, 406 A.2d 1020 (Pa. 1979); *Rivera v. Philadelphia Theological Seminary of St. Charles Borromeo, Inc.*, 595 A.2d 172 (Pa. Super. 1991). The

Commission has adopted this standard. *Montague v. Philadelphia Electric Company*, 66 Pa. PUC 24 (1988).

22. The moving party may not rely on its own factual assertions, but must accept for the purposes of disposition of the preliminary objection, all well-pleaded, material facts of the other party, as well as every inference fairly deducible from those facts. *County of Allegheny v. Commw. of Pa.*, 490 A.2d 402 (Pa. 1985). Therefore, in ruling on a preliminary objection, the Commission must assume, for decisional purposes only, that the factual allegations of the Formal Complaint are true. *Id.*

23. The Commission may dismiss a complaint without hearing if, in its opinion, a hearing is not necessary in the public interest. 52 Pa. Code § 5.21(d).

24. While the Commission generally refrains from dismissing complaints filed by *pro se* complainants without allowing them an opportunity to develop an evidentiary record, an administrative law judge has the discretion to dismiss a complaint on preliminary motion if that dismissal is neither arbitrary nor capricious, and is otherwise in accordance with the law. *Guesman v. Columbia Gas of Pennsylvania, Inc.*, Docket No. C-2012-2326301 (Final Order entered January 4, 2013) (citing *Graham v. Philadelphia Suburban Water Company and Bell-Atlantic Pennsylvania, Inc.*, Docket No. C-00957557 (Order entered June 12, 1996)).

25. Moreover, the Complainant is not entitled to the deference afforded to a *pro se* Complainant. Rollock, the customer of record, is a registered Pennsylvania corporation and is not entitled to represent itself in adversarial proceedings before the Commission. See 52 Pa. Code §§ 1.21 and 1.23.<sup>6</sup>

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<sup>6</sup> Furthermore, as noted in the Answer and New Matter, unless Tony Kordell, Rollock's president, is an attorney licensed to practice law in the Commonwealth of Pennsylvania or a certified legal intern permitted to represent a party before the Commission, he may not assert claims on behalf of, or represent the Complainant in this proceeding.

26. The Complainant has not alleged that it is receiving default service from the Company without its knowledge or consent. The Complainant has only indicated dissatisfaction with the rate at which the hourly-priced default service was provided it for the time period of January 2014 through April 2014.

b. Preliminary Objection Regarding Legal Insufficiency Pursuant to 52 Pa. Code § 5.101(a)(4).

27. In accordance with Code Section 701, a person may complain about something done or omitted to be done by a public utility in violation of any law, regulation or order. 66 Pa.C.S. § 701.

28. As stated above, the Commission approved the Company's Hourly Pricing Default Service Rider (current Rider O) for its Industrial Customer Class in the Company's 2009 Default Service Proceeding.

29. The Company's billing of the Complainant for the Hourly Pricing Default Service Charge, calculated as set forth in the Commission-approved Rider O, does not, therefore, constitute a violation of a law, regulation, order, or Penelec's Tariff.

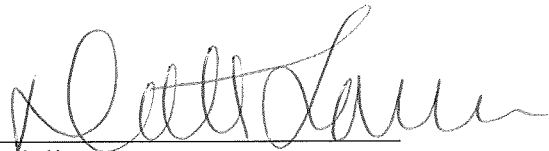
30. Assuming the facts pleaded in the Formal Complaint are true, as the Commission must for the purposes of a preliminary objection, the Complainant has failed to allege that Penelec has committed or omitted an act in violation of a Commission statute, regulation, order, or Penelec's Tariff over which the Commission has jurisdiction. *County of Allegheny*, supra.

31. Therefore, the Formal Complaint is legally insufficient because it fails to state a claim upon which the Commission can grant relief. See 52 Pa. Code § 5.101(a)(4). Furthermore, a hearing is not necessary and would not serve the public interest in this matter. See 66 Pa.C.S. §703(b).

**IV. Conclusion**

WHEREFORE, for the foregoing reasons, Pennsylvania Electric Company respectfully requests that the Commission grant these Preliminary Objections and: (i) dismiss the Formal Complaint because the Complainant has not stated a claim for which relief may be granted; and (ii) grant the Company such other relief as may be just and reasonable under the circumstances.

Respectfully submitted,

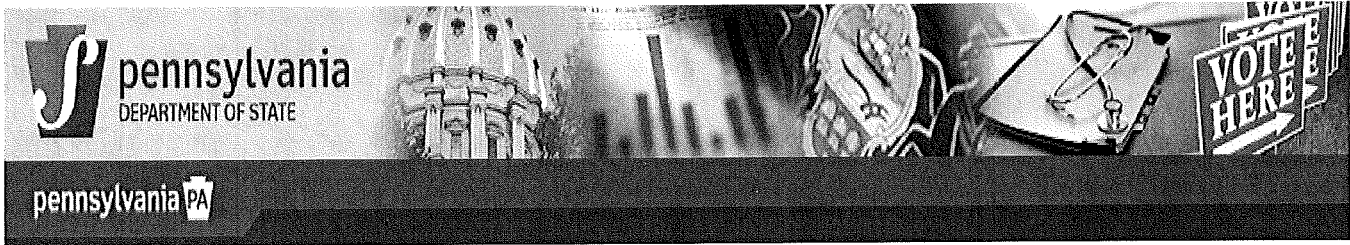


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Dated: June 30, 2014

Attorneys for  
Pennsylvania Electric Company

# EXHIBIT A



## Corporations

[Online Services](#) | [Corporations](#) | [Forms](#) | [Contact Corporations](#) | [Business Services](#)

- Search
- By Business Name
- By Business Entity ID
- Verify
- Verify Certification
- Online Orders
- Register for Online Orders
- Order Good Standing
- Order Certified Documents
- Order Business List
- My Images
- Search for Images

### Business Entity

#### Filing History

**Date:** 6/20/2014 (Select the link above to view the Business Entity's Filing History)

#### Business Name History

Name	Name Type
ROLLOCK COMPANY	Current Name

#### Business Corporation - Domestic - Information

<b>Entity Number:</b>	2676010
<b>Status:</b>	Active
<b>Entity Creation Date:</b>	1/26/1996
<b>State of Business.:</b>	PA
<b>Registered Office Address:</b>	237 WALTERS AVE JOHNSTOWN PA 15904-0 Cambria
<b>Mailing Address:</b>	No Address

#### Officers

**Name:** ANTHONY KORDELL  
**Title:** President  
**Address:** 3179 LINCOLN HWY  
 STOYSTOWN PA 15563-7919

**Name:** CHRISTOPHER KORDELL  
**Title:** Secretary  
**Address:** 3179 LINCOLN HWY  
 STOYSTOWN PA 15563-7919

**Name:** ROBERT LUX  
**Title:** Treasurer  
**Address:** 3179 LINCOLN HWY  
 STOYSTOWN PA 15563-7919

**Name:** CHRISTOPHER KORDELL  
**Title:** Vice President  
**Address:** 3179 LINCOLN HWY  
 STOYSTOWN PA 15563-7919

# EXHIBIT B

## 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**

\$292.49 per month, plus

\$2.04 per kW for all billed kW

\$0.078 per KVAR

## RATE SCHEDULES

Rate GP (continued)

### **NUG Charge**

(0.025) cents per kWh for all kWh

The Company will charge for NUG Charges to Customers taking Delivery Service in accordance with the provisions of Rider P – NUG Charge Rider, which charge shall apply to all kWh billed under this Rate Schedule.

### **Consumer Education Charge**

0.000 cents per kWh for all kWh

The Company will charge for Consumer Education Charges to Customers taking Delivery Service in accordance with the provisions of Rider J – Consumer Education Program Cost Recovery Rider.

### **Energy Efficiency and Conservation Charge**

(\$0.18) per kW

The Company will charge for Energy Efficiency and Conservation Charges to Customers taking Delivery Service in accordance with the provisions of Rider L – Energy Efficiency and Conservation Charge Rider. Rate will be \$0.00 per kW for service rendered on and after 6/16/2014. (C)

### **Smart Meter Technologies Charge**

\$1.74 per month

The Company will charge a Smart Meter Technologies Charge to Customers taking Delivery Service in accordance with the provisions of Rider M – Smart Meter Technologies Charge Rider.

### **Default Service Support Charge**

\$0.486 per kW NSPL

The Company will provide and charge for Default Service Support to Customers taking Delivery Service in accordance with the provisions of Rider R – Default Service Support Rider.

Special provision for GP Customers who were shopping with an EGS for the entire period from January 1, 2005 through December 31, 2010, the following DSS Rate under Rider R would apply:

\$0.313 per kW NSPL

(C) Change

## RATE SCHEDULES

Rate GP (continued)

**Solar Photovoltaic Requirements Charge**

0.013 cents per kWh for all kWh

The Company will provide and charge for Solar Photovoltaic Requirements to Customers taking Delivery Service in accordance with the provisions of Rider Q – Solar Photovoltaic Requirements Charge Rider, which charge shall apply to all kWh billed under this Rate Schedule.

**Phase II Energy Efficiency and Conservation Charge**

\$0.20 per kW

The Company will charge for Phase II Energy Efficiency and Conservation Charge to Customers taking Delivery Service in accordance with the provisions of Rider S – Phase II Energy Efficiency and Conservation Charge Rider.

(D)

**DEFAULT SERVICE CHARGES:**

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

**DETERMINATION OF BILLING DEMAND:**

The monthly billing demand shall be the higher of:

1. Twenty-five (25) KW;
2. The maximum 15-minute integrated demand registered during the On-peak hours during the month;
3. Forty percent (40%) of the maximum 15-minute integrated demand registering at any time during the month.

**KVAR DEMAND**

The monthly reactive billing demand shall be the maximum 15-minute integrated reactive demand registered at any time during the month.

The On-peak hours shall be from 8:00 a.m. to 8:00 p.m., prevailing time, Monday through Friday excluding holidays. All other hours shall be Off-peak. The Off-peak holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. On-peak hours are subject to change from time to time by the Company after giving notice of such changes to Customers.

(D) Decrease

## 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,

\$292.49 per month, plus the higher of (i) 25 kW times the sum of the demand charge components of the Delivery Service Charge of this Rate Schedule or (ii) one-half (1/2) of the demand charge at current rate levels for the highest kilowatt demand billed during the current and preceding eleven (11) months, plus any energy charges stated in or calculated by any applicable Rider.

## PAYMENT TERMS:

As per Rule 13, Payment of Bills.

RATE SCHEDULES

Rate GP (continued)

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.

RIDERS:

Bills rendered by the Company under this Rate Schedule shall include the charges stated in or calculated by any applicable Rider.

# EXHIBIT C

RIDERS

RIDER O  
HOURLY PRICING DEFAULT SERVICE RIDER

**AVAILABILITY:**

(C)

The charges billed under this rider are applicable to all Customers on Rate Schedules GS-Large, GP, and LP who elect to take Default Service from the Company. These charges are also applicable to Customers on Rate Schedules GS-Small and GS-Medium on a voluntary basis who meet the metering requirements of this rider. Rates shall be billed under this rider on the next scheduled meter reading date after electing Default Service.

All GS-Small and GS-Medium Customers electing service under this rider must have Smart Meter technology installed as part of the Company's Smart Meter Plan filed with and approved by the Commission.

**Hourly Pricing Service Charges:**

(C)

Customers participating in the Hourly Pricing Default Service Rider will be billed for usage based on the following calculation:

$$\text{Hourly Pricing Service Charges} = (\text{HP}_{\text{Energy Charge}} + \text{HP}_{\text{Cap-AEPS-Other Charge}} + \text{HP}_{\text{Administrative Charge}} + \text{HP}_{\text{Reconciliation Charge}}) \times [1 / (1-T)]$$

(C)

**HP Energy Charge per kWh:**

$$\text{HP}_{\text{Energy Charge}} = \sum_{t=1}^n (\text{kWh}_t \times (\text{LMP}_t + \text{HP}_{\text{Anc}}) \times \text{HP}_{\text{Loss Multiplier}})$$

Where:

n = Total number of hours in the billing period

t = An hour in the billing period

LMP = the "Real Time" PJM load-weighted average Locational Marginal Price for the PN Transmission Zone.

HP<sub>Anc</sub> = \$0.00200 per kWh for ancillary services

(C) Change

RIDERS

Rider O (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:**

(D)

\$0.01299 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.

**HP Administrative Charge:**

\$0.00004 per kWh representing the administrative costs incurred by the Company associated with providing Hourly Pricing Service.

(D) Decrease

RIDERS

Rider O (continued)

**HP Reconciliation Charge:**

The HP Reconciliation Charge Rate (“E<sub>HP</sub>”) shall be applied to each kWh of Default Service that Penelec delivers to customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The E<sub>HP</sub> rate shall be included as a non-bypassable component billed to Customers receiving Default Service from the Company under this rider. The rate shall be calculated according to the provisions of this rider.

(C)

For service rendered March 1, 2014 through May 31, 2014, the E<sub>HP</sub> rate is as follows:

(I)

HP Reconciliation Charge Rate = \$0.02330 per kWh

The E<sub>HP</sub> rate will be calculated at the end of each Default Service Quarter (three months ending January 31<sup>st</sup>, April 30<sup>th</sup>, July 31<sup>st</sup>, and October 31<sup>st</sup>) to be effective for the three-month period beginning on the first day of the second calendar month following the end of that Default Service Quarter (March 1<sup>st</sup>, June 1<sup>st</sup>, September 1<sup>st</sup> and December 1<sup>st</sup>). The E<sub>HP</sub> rate shall be calculated in accordance with the formula set forth below:

$$E_{HP} = [((DS_{HPExp1} + DS_{HPExp2} + DS_{HPExp3}) - PTC_{HPRev} + DS_{HPInt}) / DS_{HPSales}] \times [1 / (1 - T)]$$

Where:

E<sub>HP</sub> = The rate determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Customers under this rider.

DS<sub>HPExp1</sub> = An allocated portion of the incremental start-up costs incurred by the Company through December 31, 2010 in connection with the Company’s Default Service Supply Plan to provide Default Service amortized over the 29 month period ending May 31, 2013 including but not limited to:

- Incremental start-up administrative costs including metering and billing costs incurred and other costs as necessary to provide service to Retail Default Service Customers
- Other start-up costs incurred to develop and implement the competitive bid process for the Retail Default Service Supply Plan including legal, customer notice, and consultant fees.

(C) Change

(I) Increase

RIDERS

Rider O (continued)

Interest will be calculated monthly on the average of the beginning and the end of month balances of these costs and included in the determination of the monthly amortized amount. The monthly interest rate will be based upon the 41 P.S. § 202 statutory rate.

(C)

$DS_{HPExp2} =$  The cumulative costs to provide Hourly Pricing Default Service incurred by the Company through the end of the previous Default Service Quarter including but not limited to the following:

- Payments made to winning bidders
- AEPS expenses incurred by Penelec related to amendments to the AEPS Act and/or related laws or regulations occurring subsequent to the effective date of the Supplier Master Agreement for the Default Service Supply Plan excluding such costs recovered through the Company's Solar Photovoltaic Requirements Charge Rider
- An allocated portion of incremental administrative costs including metering and billing costs incurred and other costs as necessary to provide service to retail Default Service Customers
- All contingency plan implementation costs incurred during the supply period
- An allocated portion of other costs incurred to develop and implement the competitive bid process for retail Default Service including legal, customer notice, and consultant fees.
- The cost of credit when the Company is considered by PJM to be the load serving entity

$PTC_{HPRev} =$  The cumulative revenues, excluding applicable Pennsylvania gross receipts tax, through the end of the most recent Default Service Quarter billed to Hourly Pricing Default Service Customers under this rider including the applicable  $E_{HP}$  rates.

(C) Change

RIDERS

Rider O (continued)

(C)

DS<sub>HPInt</sub> = The cumulative amount of carrying charges calculated on a monthly basis through the end of the most recent Default Service Quarter. Interest will be calculated monthly on the average balance of 1) the respective month's beginning balance of prior months' cumulative over or under collection of PTC<sub>HPRev</sub> compared to the sum of the amortized portion of DS<sub>HPExp1</sub> costs and DS<sub>HPExp2</sub> costs incurred to date including cumulative interest calculated thereon through the beginning of the month; and 2) the respective month's ending balance of cumulative over or under collection of PTC<sub>HPRev</sub> compared to the amortized portion of DS<sub>HPExp1</sub> costs and DS<sub>HPExp2</sub> costs incurred to date including cumulative interest calculated thereon through the beginning of the month. The monthly interest rate will be based upon the 41 P.S. § 202 statutory annual rate for under collections and the 41 P.S. § 202 statutory annual rate plus two percent for (over) collections.

DS<sub>HPSales</sub> = The Company's projected Hourly Pricing Default Service kWh sales to Retail Customers for the three-month billing period that the E<sub>HP</sub> rate will be in effect.

**Gross Receipts Tax:**

(C)

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

**General:**

(C)

Each change in the E<sub>HP</sub> rate as well as other rates within this rider will be filed with the Commission thirty (30) days prior to the effective date of the rate changes. The Company shall file details in support of the revised rates.

At the conclusion of the duration of this reconciliation rider, the Company is authorized to recover or refund any remaining amounts not reconciled at that time under such mechanism as approved by the Commission.

Application of the E<sub>HP</sub> rate shall be subject to annual review and audit by the Commission.

(C) Change

## RIDERS

Rider O (continued)

(C)

**Adjustment for Meter Location:**

Where the Company meters distribution secondary voltage service on the primary side of the transformers, the demand and energy registrations shall each be reduced by two and one-half percent (2.5%). Where the Company meters service supplied at voltages higher than the distribution secondary voltage on the secondary side of the transformers, either compensating - metering equipment will be used to correct for transformer losses or the demand and energy meter registration shall each be increased by two and one-half percent (2.5%).

**Metering:**

The Customer is responsible for providing a working dedicated telephone line for metering purposes at each metering point or shall pay the Company any and all expenses for providing communications to the interval equipment at the Customer's location(s). Maintenance of the meter(s) will be the responsibility of the Company, which will own the meter(s).

