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January 6, 2016

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**VIA FEDEX OVERNIGHT**

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

**Re: Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans – Phase III of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (Docket Nos. M-2015-2514767; M-2015-2514768; M-2015-2514769; and M-2015-2514772)**

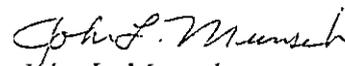
Dear Secretary Chiavetta:

Enclosed for filing on behalf of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (the "Companies") in the above-captioned consolidated proceeding are revised exhibits of Companies' witness Kevin M. Siedt. The original exhibits were filed November 23, 2015, with the Joint Petition and supporting testimony at the above dockets. The revised exhibits are as follows:

Exhibit KMS-1 - Revised  
Exhibit KMS-2 - Revised  
Exhibit KMS-3 - Revised  
Exhibit KMS-4 - Revised  
Exhibit KMS-5 - Revised

Copies of the revised exhibits are being served on parties as shown on the attached Certificate of Service.

Very truly yours,

  
John L. Munsch

Enclosures

cc: The Honorable Elizabeth H. Barnes  
Robert Knecht  
Certificate of Service

M-2015-2514769

PENNSYLVANIA POWER COMPANY

Met-Ed/Penelec/Penn Power/West Penn Power  
Phase II EE&C Plan  
Exhibit KMS-3-Revised

PHASE III ENERGY EFFICIENCY AND CONSERVATION CHARGE RIDER

An Energy Efficiency and Conservation ("EEC") Charge ("Phase III EE&C-C") shall be applied to each Billing Unit during a billing month to Customers served under this Tariff. Billing Units are defined as follows:

Residential, Non-profit, Commercial, and Street Lighting Customer Classes: Per kWh

Industrial Customer Class: Per kW PLC

Residential, Non-profit, Commercial, and Street Lighting Customer Class rates will be calculated to the nearest one-thousandth of a cent per kWh. Industrial Customer Class rates will be calculated to the nearest one-hundredth of a dollar per kW PLC. The Phase III EE&C-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered June 1, 2016 through May 31, 2017 the Phase III EE&C-C rates billed by customer class are as follows:

Residential Customer Class (Rate Schedules RS):

0.225 cents per kWh.

Non-profit Customer Class (Rate GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squad, and Non-Profit Ambulance Service; and Rate PNP):

2.719 cents per kWh.

Commercial Customer Class (Rate Schedules GS; GS Special Rule GSDS, GM; PLS):

0.062 cents per kWh.

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

2.208 cents per kWh.

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

\$ 0.22 per kW PLC.

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## RIDERS

Rider xxxxx (continued)

The Phase III EE&C-C rates by Customer Class shall be calculated in accordance with the formula set forth below:

$$EEC-C = [(EEC_C - E - E^2) / S] \times [1 / (1 - T)]$$

$$EEC_C = EEC_{Exp1} + EEC_{Exp2} + EEC_{Exp3}$$

Where:

- EEC-C = The charge in cents or dollar per Billing Unit by customer class as defined by this rider applied to each Billing Unit for the Rate Schedules identified in this rider.
- EEC<sub>C</sub> = The Energy Efficiency and Conservation Costs by customer class incurred and projected to be incurred by the Company for the Phase III EE&C-C Computational Period calculated in accordance with the formula shown above.
- EEC<sub>Exp1</sub> = Costs incurred and projected to be incurred associated with the customer class specific Phase II EE&C Programs as approved by the Commission for the Phase III EE&C-C Computational Period by customer class. These costs also include an allocated portion of any indirect costs incurred associated with all the Company's Phase III EE&C Programs for the Phase III EE&C-C Computational Period.
- EEC<sub>Exp2</sub> = An allocated portion of incremental administrative start-up costs incurred by the Company through May 31, 2016 in connection with the development of the Company's Phase III EE&C Programs in response to the Commission's orders and guidance at Docket Nos. M-2012-2289411 and M-2008-2069887. These costs to design, create, and obtain Commission approval for the Company's Phase III EE&C Programs include, but are not limited to, consultant costs, legal fees, and other direct and indirect costs associated with the development and implementation of the Company's Phase III EE&C Programs in compliance with Commission directives.

## RIDERS

Rider xxxxx (continued)

- EEC<sub>Exp3</sub> = An allocated portion of the costs the Company incurs and projects to incur to fund the Commission's statewide evaluator contract which shall be excluded in the final determination of the Act 129 limitation on the Company's Phase III EE&C Programs costs.
- E = The cumulative over or under-collection of Phase II EE&C costs by Customer Class that results from the billing of the Phase II EE&C-C rates (an over-collection is denoted by a positive E and an under-collection by a negative E).
- E<sup>2</sup> = Phase II EE&C final reconciliation over or under-collection of EEC costs by customer class that results from the billing of the Phase II EEC-C rates and remaining Phase II EEC costs incurred after March 31, 2016 (an over-collection is denoted by a positive E and an under-collection by a negative E).
- S = The Company's projected Billing Units (kWh sales delivered to all Customers in the specific Customer Class or kW PLC demand for the Industrial Customer Class).
- T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

All capitalized terms not otherwise defined in this rider shall have the definitions specified in the Definitions of Terms section of this Tariff. For the purpose of this Rider, the following additional definitions shall apply:

## RIDERS

Rider xxxx (continued)

1. Phase III EE&C-C Computational Period – The 12-month period from June 1 through May 31.
2. Phase III EE&C-C Initial Reconciliation Period – June 1, 2016 through March 31, 2017 for *the initial period of the rider.*
3. Phase III EE&C-C Reconciliation Period – The 12-month period ending March 31 each year thereafter, except for the Initial Reconciliation Period, for the duration of this rider.
4. Peak Load Contribution (“PLC”) – A Customer’s contribution to the Company’s transmission zone normalized summer peak load, as estimated by the Company in accordance with PJM rules and requirements.
5. Phase II EE&C – The energy efficiency plan that terminates on May 31, 2016. Revenues and EE&C Costs will continue to accrue past the termination date. A final reconciliation of the remaining balance will be included in the June 1, 2017 Phase III EE&C-C rate calculation.

The Company will submit to the Commission by May 1 of each year starting May 1, 2017: (1) a reconciliation between actual Phase III EE&C-C revenues and actual Phase III EE&C-C costs for the Phase III EE&C-C Reconciliation Period, except for the Phase III EE&C-C Initial Reconciliation Period, as adjusted for removal of gross receipts tax; (2) any adjustment to the forecasted Phase III EE&C-C revenues anticipated to be billed during April through May of that year, as adjusted for removal of gross receipts tax; (3) the Phase III EE&C program cost estimate for the forthcoming Phase III EE&C-C Computational Period by customer class; and (4) Phase II EE&C final reconciliation over or under-collection of EEC costs by customer class that results from the billing of the Phase II EEC-C rates and remaining Phase II EEC costs incurred after March 31, 2016. There shall also be a final reconciliation of amounts to be collected or refunded after May 31, 2021.

Upon determination that the Phase III EE&C-C rates, if left unchanged, would result in material over or under-collection of all recoverable costs incurred or expected to be incurred by customer class, the Company may request that the Commission approve one or more interim revisions to the Phase III EE&C-C rates to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

The Company shall file an annual report of collections under this rider by June 30th of each year starting June 30, 2017 until the conclusion of this rider.

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

Application of the Phase III EE&C-C rates shall be subject to annual review and audit by the Commission

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Joint Petition for Consolidation of Proceedings:**

<b>and Approval of Energy Efficiency and</b>	:	<b>Docket No. M-2015-2514767</b>
<b>Conservation Plans Phase III of Metropolitan</b>	:	<b>Docket No. M-2015-2514768</b>
<b>Edison Company, Pennsylvania Electric</b>	:	<b>Docket No. M-2015-2514769</b>
<b>Company, Pennsylvania Power Company and</b>	:	<b>Docket No. M-2015-2514772</b>
<b>West Penn Power Company</b>	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day, served a true copy of the foregoing document via email and first-class mail upon the parties, listed below, in accordance with the requirements of §1.54 (relating to service by a party).

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Date: January 6, 2016

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