

Morgan Lewis

Anthony C. DeCusatis
Of Counsel
+1.215.963.5034
anthony.decusatis@morganlewis.com

June 20, 2016

VIA e-FILING

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

**Re: Petition of West Penn Power Company for Approval of a
Distribution System Improvement Charge
Docket No. P-2015-2508948**

Dear Secretary Chiavetta:

Enclosed for filing at the above-referenced docket are: (1) Supplement No. 18 to West Penn Power Company's ("West Penn" or the "Company") Tariff Electric Pa. P.U.C. No. 36, bearing an issue date of June 20, 2016; and (2) four schedules, described below, that provide information in support of Supplement No. 18. Supplement No. 18 and the accompanying schedules are being filed in compliance with the Pennsylvania Public Utility Commission's ("PUC" or the "Commission") Order entered June 9, 2016 in the above-referenced proceeding ("June 9 Order").

Supplement No. 18 consists of West Penn's Distribution System Improvement Charge ("DSIC") Rider, which was approved to become effective for bills rendered on or after July 1, 2016, subject to refund or recoupment based on the Commission's final resolution of matters referred to the Office of Administrative Law Judge, as provided in Ordering Paragraph No. 2 of the June 9 Order. Supplement No. 18 includes the Company's initial DSIC rate of 0.004%, which will remain in effect from July 1, 2016 until the next quarterly update of the DSIC, as of October 1, 2016. The Company's initial DSIC rate reflects eligible plant additions placed in service during May 2016, which is the first month subsequent to the end of the fully projected future test year (April 30, 2016) employed in the Company's last base rate case, which was filed at Docket No. R-2014-2428742 ("2014

Morgan, Lewis & Bockius LLP

1701 Market Street
Philadelphia, PA 19103-2921
United States

T +1.215.963.5000
F +1.215.963.5001

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF WEST PENN POWER : Docket No. P-2015-2508948
COMPANY FOR APPROVAL TO AND :
IMPLEMENT A DISTRIBUTION :
SYSTEM IMPROVEMENT CHARGE :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **West Penn Power Company's Supplement No. 18 to Tariff Electric Pa. P.U.C. No. 52** and accompanying schedules on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC AND FIRST CLASS MAIL

Johnnie E. Simms
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
josimms@pa.gov

Daniel G. Asmus
Office of Small Business Advocate
Commerce Tower, Suite 202
300 North Second Street
Harrisburg, PA 17101
dasmus@pa.gov

Erin L. Gannon
Darryl A. Lawrence
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
egannon@paoca.org
dlawrence@paoca.org

Susan E. Bruce
Alessandra Hylander
McNees Wallace & Nurick LLC
P.O. Box 1166
100 Pine Street
Harrisburg, PA 17108-1166
sbruce@mcneeslaw.com
ahylander@mcneeslaw.com
Counsel for Met-Ed Industrial Users Group

David F. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@bkllawfirm.com
Counsel for AK Steel Corporation

Thomas J. Sniscak
William E. Lehman
Hawke, McKeon & Sniscak LLP
P.O. Box 1778
100 North Tenth Street
Harrisburg, PA 17105-1778
tjsniscak@hmslegal.com
welehman@hmslegal.com
Counsel for Pennsylvania State University

John Finnagan
Environmental Defense Fund
128 Winding Brook Lane
Terrance Park, OH 45174
jfinnigan@edf.org

George Jugovic, Jr.
200 First Avenue, Suite 200
Pittsburgh, PA 15222
gjugovic@pennfuture.org
*Counsel for Citizens for
Pennsylvania's Future*

Respectfully submitted,



John L. Munsch
Metropolitan Edison Company
800 Cabin Hill Drive
Greensburg, PA 15601
724.838.6210 (bus)
jmunsch@firstenergycorp.com

Anthony C. DeCusatis
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
215.963.5034 (bus)
215.963.5001 (fax)
anthony.decusatis@morganlewis.com

Attorneys for West Penn Power Company

Dated: June 20, 2016

Supplement No. 18
Electric Pa. P.U.C. No. 40

WEST PENN POWER COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

**The Territory as Defined on
Page Nos. 7 - 14 of this Tariff**

Issued: June 20, 2016

Effective: July 1, 2016

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

NOTICE

**This Supplement No. 18 makes changes to Rider N.
See Fifteenth Revised Page 2.**

LIST OF MODIFICATIONS

Rate Schedules

- Schedule 10 – Domestic Service – Addition of DSIC (See First Revised Page 64)
- Schedule 20 – General Service – Addition of DSIC (See First Revised Page 67)
- Schedule 30 – General Power Service – Addition of DSIC (See Second Revised Page 70)
- Schedule 35 – General Power Service – Addition of DSIC (See Second Revised Page 73)
- Schedule 40 – Primary Power Service – Addition of DSIC (See Second Revised Page 76)
- Schedule 51 – Street Lighting Service – Addition of DSIC (See Second Revised Page 87)
- Schedule 52 – Outdoor Lighting Service – Addition of DSIC (See First Revised Page 93)
- Schedule 53 – Street and Area Lighting – Addition of DSIC (See First Revised Page 96)
- Schedule 54 – Street Lighting Service – Addition of DSIC (See First Revised Page 102)
- Schedule 55 – Area Lighting Service – Underground Distribution – Addition of DSIC (See First Revised Page 108)
- Schedule 56 – Street Lighting Service – Customer-Owned Equipment – Addition of DSIC (See First Revised Page 113)
- Schedule 57 – Outdoor Lighting Equipment, Maintenance, and Unmetered Service – Addition of DSIC (See First Revised Page 122)
- Schedule 58 – Outdoor Lighting Maintenance and Unmetered Service – Addition of DSIC (See First Revised Page 131)
- Schedule 71 – Mercury Vapor Street and Highway Lighting Service – Addition of DSIC (See First Revised Page 147)
- Schedule 72 – LED Street Lighting Service – Addition of DSIC (See First Revised Page 150)

Riders

- Rider N – Distribution System Improvement Charge Rider (Pages 205-208)

TABLE OF CONTENTS (continued)	Page No.
Rider F – Phase II Energy Efficiency and Conservation Rider	163-167
Rider G – Smart Meter Technologies Charge Rider	168-172
Rider H – Price to Compare Default Service Rate Rider	173-179
Rider I – Hourly Pricing Default Service Rider	180-184
Rider J – Default Service Support Rider	185-191
Rider K – Time of Use Default Service Rider	192-194
Rider L – Partial Services Rider	195-200
Rider M – Cogeneration & Small Power Production Qualifying Facility Service Rider	201-204
Rider N – Distribution System Improvement Charge Rider	205-208

RATE SCHEDULES

SCHEDULE 10
DOMESTIC SERVICE

AVAILABILITY

Available for single-phase service to a single-family residence served through one meter.

MONTHLY RATE (For a Single Residence)

DISTRIBUTION CHARGES

\$5.81 per month (Customer Charge), plus

2.896 cents per kWh for all kWh

RIDERS

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

Rider A – State Tax Adjustment Surcharge

Rider C – Universal Service Charge

Rider F – Phase II Energy Efficiency and Conservation Charge

Rider G – Smart Meter Technologies Surcharge

Rider J – Default Service Support Charge

Rider N – Distribution System Improvement Charge

(C)

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.

(C) Change

RATE SCHEDULES

SCHEDULE 20
GENERAL SERVICE

AVAILABILITY

Available for service through a single metering installation for secondary light and power service for loads up to 1,500 kWh.

MONTHLY RATE

DISTRIBUTION CHARGES

\$6.69 per month (Customer Charge), plus

3.048 cents per kWh for all kWh

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 Surcharge

Rider J – Default Service Support Charge

Rider N – Distribution System Improvement Charge

(C)

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.

(C) Change

RATE SCHEDULES

Schedule 30 (continued)

Rider A – Tax Adjustment Surcharge

Rider F – Phase II Energy Efficiency and Conservation Charge

Rider G – Smart Meter Technologies Surcharge

Rider J – Default Service Support Charge

Rider N – Distribution System Improvement Charge

(C)

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.

Minimum Charge:

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

\$17.42 per month, plus

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

Determination of Billing Demand:

A Customer's demand shall be measured by indicating or recording instruments. Demands shall be integrated over fifteen (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 non-interval 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.

(C) Change

RATE SCHEDULES

SCHEDULE 35

GENERAL POWER SERVICE

Available for light and power service for loads over 400 kW. 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.

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

MONTHLY RATE

DISTRIBUTION CHARGES

\$137.93 per month (Customer Charge), plus

Demand

\$3.84 per kW for all billing kW

\$0.18 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 – Distribution System Improvement Charge

(C)

(C) Change

RATE SCHEDULES

SCHEDULE 40
PRIMARY POWER SERVICE

AVAILABILITY

Available for service at 25,000 volts or higher for loads of 2,000 kilowatts or greater, supplied at a single point of delivery. Also available at 12,470 volts where Company elects, at its sole option, to supply service direct from an adjacent 138,000 volt transmission line by a single transformation. Service shall not be available for Standby or Maintenance Service such as that required for Alternative Generation Facilities. An Electric Service Agreement shall be executed.

MONTHLY RATE

\$553.30 per month (Customer Charge), plus

\$0.54 per kW for all billed kW

\$0.18 for each rkVA of reactive billing demand

Transformer Charge:

\$0.96 for per kW of billing demand

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 – Distribution System Improvement Charge

(C)

DEFAULT SERVICE CHARGES

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

(C) Change

RATE SCHEDULES

SCHEDULE 51
STREET LIGHTING SERVICE

AVAILABILITY

Available only to present Customers for installations now being served prior to June 6, 1997 for mercury vapor street lighting to municipalities and to unincorporated communities, for lighting public bridges and major highway interchanges, for other suitable readily-accessible locations as solely determined by the Company, and for connections existing as of August 28, 1985.

MONTHLY RATE

DISTRIBUTION CHARGES

Nominal Lamp Size

8,150 Lumen -175 Watts74 kWh	\$8.31
11,500 Lumen -250 Watts103 kWh	\$11.48
21,500 Lumen -400 Watts162 kWh	\$14.11
60,000 Lumen -1,000 Watts386 kWh	\$21.87

RIDERS

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

- Rider A – State Tax Adjustment Surcharge
- Rider F – Phase II Energy Efficiency and Conservation Charge
- Rider J – Default Service Support Charge
- Rider N – Distribution System Improvement Charge (C)

(C) Change

RATE SCHEDULES
SCHEDULE 52
OUTDOOR LIGHTING SERVICE

AVAILABILITY

Available for existing high pressure sodium vapor outdoor lighting installed before June 6, 1997 and for existing mercury vapor installations installed prior to August 28, 1985.

MONTHLY RATE

DISTRIBUTION CHARGES

Nominal Lamp Size

High Pressure Sodium Vapor

9,500 Lumen - 100 Watts 51 kWh\$10.72

Mercury Vapor

4,000 Lumen - 100 Watts 45 kWh\$7.99

8,150 Lumen - 175 Watts 74 kWh\$8.99

21,500 Lumen - 400 Watts 162 kWh\$14.62

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 – Distribution System Improvement Charge

(C)

(C) Change

RATE SCHEDULES

Schedule 53 (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 J – Default Service Support Charge
- Rider N – Distribution System Improvement Charge (C)

DEFAULT SERVICE CHARGES

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

LATE PAYMENT CHARGE

The above net rates apply if the current bill is paid in full within 15 days (30 days for Governmental accounts) of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within 15 days (30 days for Governmental accounts) of the date of the bill.

GENERAL

Compensating for Transmission and Distribution Losses.

Multiplying Customers' calculated on peak lighting energy by 1.09333 and calculated off-peak lighting energy by 1.04808 produces the generation energy that must be delivered to the West Penn system.

The rating of lamps in lumens is for identification purposes only and shall approximate the manufacturer's standard rating. All lamps are lighted from dusk to dawn aggregating approximately 4,200 hours per year.

(C) Change

RATE SCHEDULES

SCHEDULE 54
STREET LIGHTING SERVICE

AVAILABILITY

Available only to present Customers for installations now being served prior to June 6, 1997 for high pressure sodium vapor street lighting to municipalities and to unincorporated communities and for lighting major highway interchanges and other suitable readily-accessible locations as solely determined by the Company.

MONTHLY RATE

DISTRIBUTION CHARGES

Nominal Lamp Size

9,500 Lumen 100 Watts 51 kWh	\$10.12
22,000 Lumen 200 Watts 86 kWh	\$13.69
50,000 Lumen 400 Watts 167 kWh	\$20.03

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 – Distribution System Improvement Charge (C)

DEFAULT SERVICE CHARGES

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

(C) Change

RATE SCHEDULES

Schedule 55 (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 J – Default Service Support Charge
- Rider N – Distribution System Improvement Charge (C)

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.

LATE PAYMENT CHARGE

The above net rates apply if the current bill is paid in full within 30 days of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within 30 days of the date of the bill.

GENERAL

Compensating for Transmission and Distribution Losses.

Multiplying Customers' calculated on peak lighting energy by 1.09333 and calculated off-peak lighting energy by 1.04808 produces the generation energy that must be delivered to the West Penn system.

The rating of lamps in lumens is for identification and shall approximate the manufacturer's standard rating.

(C) Change

RATE SCHEDULES

SCHEDULE 56

STREET LIGHTING SERVICE - CUSTOMER-OWNED EQUIPMENT

AVAILABILITY

Available only to present Customers for installations now being served prior to June 6, 1997 for high-pressure sodium vapor and mercury vapor street lighting to municipalities. This Schedule is not available to serve lighting systems in an area where there will be a mix of Company-owned and Customer-owned systems.

MONTHLY RATE

DISTRIBUTION CHARGES

Type and Nominal Lamp Size	Installed on Customer-Owned <u>Pole</u>	Installed on Company's Distribution <u>System</u>
HPS 9,500 Lumen..... 100 Watts 51 kWh.....	\$ 4.12 each.....	\$ 5.46 each
HPS ... 22,000 Lumen..... 200 Watts 86 kWh.....	\$ 6.82 each.....	\$ 9.44 each
HPS 50,000 Lumen..... 400 Watts 167 kWh.....	\$ 11.12 each.....	\$14.38 each
MV 8,150 Lumen..... 175 Watts 74 kWh.....	\$ 5.28 each.....	\$ 6.83 each
MV 11,500 Lumen..... 250 Watts 103 kWh.....	\$ 7.10 each.....	\$ 8.68 each
MV 21,500 Lumen..... 400 Watts 162 kWh.....	\$ 9.13 each.....	\$ 10.71 each
MV 60,000 Lumen.... 1000 Watts 386 kWh.....	\$ 13.91 each.....	\$15.49 each

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 – Distribution System Improvement Charge (C)

(C) Change

RATE SCHEDULES

Schedule 57 (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 J – Default Service Support Charge

Rider N – Distribution System Improvement Charge (C)

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.

LATE PAYMENT CHARGE

Municipal Billing

The above net rates apply if the current bill is paid in full within thirty (30) days of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within thirty (30) days of the date of the bill.

Non-Municipal Billing

The above net rates apply if the current bill is paid in full within 15 days of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within 15 days of the date of the bill. The due date of outdoor lighting billed as a line item on a power bill is the same date as the power bill.

Note: The rating of lamps in lumens is for identification purposes only and shall approximate the manufacturer's standard rating. All luminaires are lighted from dusk to dawn aggregating approximately 4,200 hours per year.

(C) Change

RATE SCHEDULES

Schedule 58 (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 J – Default Service Support Charge

Rider N – Distribution System Improvement Charge (C)

DEFAULT SERVICE CHARGES

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

LATE PAYMENT CHARGE

Municipal Billing

The above net rates apply if the current bill is paid in full within 30 days of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within 30 days of the date of the bill.

Non-Municipal Billing

The above net rates apply if the current bill is paid in full within 15 days of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within 15 days of the date of the bill.

The due date of outdoor lighting billed as a line item on a power bill is the same date as the power bill.

(C) Change

RATE SCHEDULES

Schedule 71 (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 J – Default Service Support Charge
- Rider N – Distribution System Improvement Charge (C)

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.

Late Payment Charge

The above net rates apply if the current bill is paid in full within 15 days (30 days for governmental accounts) of the date of such bill and if all previous undisputed bills have been paid in full. A late payment charge of 1.25% per month of the unpaid balance of a bill will be made for failure to make payment in full within 15 days (30 days for governmental accounts) of the date of the bill.

GENERAL

Compensating for Transmission and Distribution Losses.

Multiplying Customers' calculated on peak lighting energy by 1.09333 and calculated off-peak lighting energy by 1.04808 produces the generation energy that must be delivered to the West Penn system.

Service supplied is subject to the Rules and Regulations Covering the Supply of Electric Service of the Company as filed with the Commission.

The rating of lamps in lumens is for identification and shall approximate the manufacturer's standard rating.

(C) Change

RATE SCHEDULES

Schedule 72 (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 J – Default Service Support Charge
- Rider N – Distribution System Improvement Charge (C)

DEFAULT SERVICE CHARGES:

For customers taking default service, the Price to Compare Default Service Charge shall be determined using the applicable Monthly kWh usage multiplied by Rider H - Price to Compare Default Service Rate Rider, Commercial Customer Class rate.

PAYMENT TERMS:

As per Rule 11, Payment of Bills.

TERM OF CONTRACT:

Provision of this Service requires a contract with the Company. The initial term of contract shall be not less than ten (10) years, subject to renewal for successive one (1) year terms, unless other terms shall be provided in the contract. When replacement of existing lighting is requested by the Customer of an existing luminaire during the initial ten (10) year term, the Customer shall pay the cost of removal in addition to an amount representative of the depreciable life of the fixture for the remainder of the term (to be determined by the Company).

GENERAL PROVISIONS:

The Company shall furnish, install, and maintain at the above rates all necessary street lighting facilities consisting of but not limited to lamps, luminaries, brackets, and other supporting materials.

(C) Change

RATE SCHEDULES

RIDER N
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.004% will apply consistent with the Commission Order dated June 9, 2016 at Docket No. P-2015-2508931, approving the Distribution System Improvement Charge ("DSIC"). This charge will be effective during the period July 1, 2016 through September 30, 2016.

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 West Penn Power 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.

RATE SCHEDULES

Rider N (Continued)

2. Computation of the DSIC

- A. Calculation: The initial DSIC, effective July 1, 2016, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service during the month of May 2016. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date of Change	Date to which DSIC-Eligible Plant Additions Reflected
January 1	September – November
April 1	December – February
July 1	March – May
October 1	June - August

- B. Determination of Fixed Costs: The fixed costs of eligible distribution system improvements projects will consist of depreciation and pre-tax return, calculated as follows:
1. Depreciation: The depreciation expense shall be calculated by applying the annual accrual rates employed in Pennsylvania Power Company's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.
 2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

RATE SCHEDULES

Rider N (Continued)

C. Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Company's otherwise applicable rates and charges, excluding amounts billed for and the State Tax Adjustment Surcharge (STAS). All Customers will be billed the DSIC on a bills- rendered basis. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for distribution service (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of the STAS.

D. Formula: The formula for calculation of the DSIC is as follows:

$$\text{DSIC} = \frac{((\text{DSI} * \text{PTRR}) + \text{Dep} + e) \times 1}{(1 - T) \text{PQR}}$$

Where:

- DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation.
- PTRR = Pre-tax return rate applicable to DSIC-eligible property.
- Dep = Depreciation expense related to DSIC-eligible property.
- e = Amount calculated under the annual reconciliation feature or Commission audit, as described below.
- PQR = Projected quarterly revenues for distribution service (including all applicable clauses and riders) from existing customers, excluding customers served under the Company's Rate Schedule 40 over 100,000 volts and Rate Schedule 44 and 46, plus revenue from any customers which will be acquired by the beginning of the applicable service period.
- T = Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

Minimum bills shall not be reduced by reason of the DSIC, nor shall changes hereunder be a part of the monthly rate schedule minimum. The DSIC shall not be subject to any credits or discounts. The STAS included in this Tariff is applied to charges under the DSIC.

RATE SCHEDULES

Rider N (Continued)

3. Quarterly Updates:

Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

4. Customer Safeguards

- A. Cap: The DSIC is capped at 5.0% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.
- B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on July 1 of each year. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection.
- C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in Pennsylvania Power Company's rates or rate base will be reflected in the quarterly updates of the DSIC.
- D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.
- E. Customer classes: Effective July 1, 2016, the DSIC shall be applied equally to all customer classes except Rate Schedule 40 over 100,000 volts, and Rate Schedules 44 and 46
- F. Earning Reports: The DSIC will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Utility would earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section.

West Penn Power Company
Computation of Proposed Initial DSIC Rate
To be effective July 1, 2016 through September 30, 2016

Line No.	May-16	7/1/2016 Quarterly Rate
1 Incremental Plant Additions	\$ 132,279	\$ 132,279
2 Cumulative Plant	\$ 132,279	\$ 132,279
3 Accumulated Depreciation	\$ 663	\$ 663
4 Retirements	<u>\$ -</u>	<u>\$ -</u>
5 Distribution System Improvement Projects net of Accumulated Depreciation	\$ 131,616	\$ 131,616
6 Quarterly Pre-tax return rate (Page 2) applied to DSIC-eligible property (Line 5)		\$ 3,698
7 Weighted Average Quarterly Depreciation rate (Page 4) applied to DSIC-eligible property (Line 5)		<u>\$ 663</u>
8 Net Amount to be recovered w/o GRT		\$ 4,361
9 Net Amount to be recovered w GRT ¹		4,635
10 Projected Quarterly Revenue (Page 3)		\$ 115,300,845
11 DSIC Rate (Line 9 divided by Line 10)		0.004%

¹ Gross up for Gross Receipts Tax = Net Amount x (1/ (1-5.9%))

West Penn Power
 Computation of Cumulative DSIC Pre-tax Rate of Return

Line No.	Description	Capitalization Ratio	¹⁾ Embedded Cost	²⁾ Pre-tax Rate of Return	Tax Multiplier	Pre-Tax Rate of Return (PTRR)
1	Long-Term Debt	48.51%	5.21%	2.69%	-	2.69%
2	Common Equity	<u>51.49%</u>	9.80% ³⁾	5.00%	1.709211797	<u>8.55%</u>
3	Total	<u>100.00%</u>		<u>7.69%</u>		<u>11.24%</u>
Quarterly Pre-Tax Rate of Return (Line No 3, Col. 7 / 4)						<u>2.81%</u>

Footnotes:

- 1) Capitalization Ratio from the actual capitization structure as of March 31, 2016
- 2) Long-Term Debt Cost from the Company's actual embedded debt cost as of March 31, 2016
- 3) Common Equity Cost from the Commission's Bureau of Technical Utility Services Report on the Quarterly Earnings of Jurisdictional Utilities dated May 19, 2016

West Penn Power
Weighted Average Depreciation rate

	May 2016 Capital Additions	% of Total	Book Depreciation Rate	Weighted Average Depreciation
364 - Poles, Towers And Fixtures	\$ 43,639	32.990%	1.80%	0.594%
365 - Overhd Conductr, Devices	\$ 70,458	53.265%	2.00%	1.065%
366 - Underground Conduit	\$ 174	0.132%	2.46%	0.003%
368 - Line Transformers	\$ 15,901	12.021%	2.52%	0.303%
369 - Services	\$ 1,808	1.367%	2.36%	0.032%
373.1- Street Light - Oh, Ug Lines	\$ <u>298</u>	<u>0.226%</u>	3.31%	<u>0.007%</u>
	\$ 132,279	100.00%		2.005%

Account	Description	Plant In Service		Book Reserve		Adjusted Balance 4/30/16 (6) = (4) + (5)	Net Plant Adjusted Balance 4/30/16 (7) = (3) - (6)
		Balance at 4/30/16 (1)	Adjustments (2)	Adjusted Balance 4/30/16 (3) = (1) + (2)	Balance 4/30/16 (4)		
NONDEPRECIABLE PLANT							
Intangible Plant							
301	Organization	\$ 156,797	\$ -	\$ 156,797	\$ -	\$ -	\$ 156,797
302	Franchise And Consents	-	-	-	-	-	-
	Total Intangible Plant	\$ 156,797	\$ -	\$ 156,797	\$ -	\$ -	\$ 156,797
Land							
350.11	Transmission Substations	\$ 2,301,315	\$ (2,301,315)	\$ -	\$ -	\$ -	\$ -
350.21	Transmission Lines	196,888	(196,888)	-	-	-	-
360.11	Distribution Substations	6,327,642	-	6,327,642	-	-	6,327,642
360.21	Distribution Lines	-	-	-	-	-	-
389.1	General	1,806,238	(255,763)	1,550,475	-	-	1,550,475
	Total Land	\$ 10,632,083	\$ (2,753,966)	\$ 7,878,117	\$ -	\$ -	\$ 7,878,117
	TOTAL NON-DEPRECIABLE PLANT	\$ 10,788,880	\$ (2,753,966)	\$ 8,034,914	\$ -	\$ -	\$ 8,034,914
INTANGIBLE PLANT							
303	Misc. Intangible Plant	\$ 33,488,417	\$ (4,741,960)	\$ 28,746,457	\$ 12,561,550	\$ (1,778,716)	\$ 17,963,622
303	Smart Meter Software	26,338,396	-	26,338,396	12,928,751	-	13,409,645
303	Smart Meter Software	12,206,465	-	12,206,465	1,179,294	-	11,027,171
	TOTAL INTANGIBLE PLANT	\$ 72,033,278	\$ (4,741,960)	\$ 67,291,318	\$ 26,669,595	\$ (1,778,716)	\$ 42,400,439
NUCLEAR PRODUCTION							
Nuclear Production							
326	Asset Retirement Costs Nuclear	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL NUCLEAR PRODUCTION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSMISSION PLANT							
TRANSMISSION PLANT							
350.12	Easements - Trans. Subs.	\$ 30,905,457	\$ (30,905,457)	\$ -	\$ 3,184,046	\$ (3,184,046)	\$ -
350.22	Easements - Trans. Lines	315,085	(315,085)	-	9,173,533	(9,173,533)	-
352.1	Structures, Improvements	7,818,681	(7,818,681)	-	2,979,052	(2,979,052)	-
353	Station Equipment	135,878,024	(135,878,024)	-	68,111,140	(68,111,140)	-
354	Towers And Fixtures	45,065,452	(45,065,452)	-	29,196,562	(29,196,562)	-
355	Poles And Fixtures	134,163,802	(72,366,910)	61,796,892	82,007,820	(35,722,295)	46,285,525
356.1	Overhd Conduct., Devices	117,567,914	(72,619,559)	44,948,355	72,205,996	(48,378,126)	23,827,870
356.2	Clearing, Grading of Land	43,820,128	(28,705,286)	15,114,862	11,872,883	(9,920,877)	1,951,806
358	Undergrnd Conduct., Devices	13,414,777	(267,264)	13,147,513	3,488,933	(104,746)	3,384,187
359	Roads And Trails	-	-	-	-	-	-
359.1	ARC Transmission	1,721	(1,721)	-	930	(930)	-
	TOTAL TRANSMISSION PLANT	\$ 528,951,041	\$ (393,943,419)	\$ 135,007,622	\$ 282,220,693	\$ (206,771,305)	\$ 75,449,388
DISTRIBUTION PLANT							
360.12	Easements - Dist. Subs.	\$ 10,258,899	\$ -	\$ 10,258,899	\$ 3,699,452	\$ -	\$ 6,559,447
360.22	Easements - Dist. Lines	570,688	-	570,688	-	-	570,688
361.1	Structures, Improvements	22,107,296	-	22,107,296	9,279,741	-	12,827,555
361.2	Clearing, Grading of Land	(353,952)	-	(353,952)	336	-	(354,288)
362	Station Equipment	314,156,528	-	314,156,528	153,166,650	-	160,989,878
364	Poles, Towers And Fixtures	285,311,515	-	285,311,515	95,846,678	-	189,464,837
365	Overhd Conduct., Devices	290,431,559	-	290,431,559	83,002,313	-	207,429,246
365.1	Clearing, Grading of Land	182,212,593	-	182,212,593	16,954,209	-	165,258,384
366	Underground Conduit	21,486,763	-	21,486,763	4,988,297	-	16,498,466
367	Undergrnd Conduct., Devices	136,575,644	-	136,575,644	43,453,063	-	93,122,581
368	Line Transformers	373,189,921	-	373,189,921	143,146,177	-	230,043,744
369	Services	106,733,218	-	106,733,218	43,934,547	-	62,798,671
370	Meters	1	-	1	-	-	1
370.3	Smart Meters	34,753,994	-	34,753,994	3,571,100	-	31,182,894
371	Inst. On Cust. Prem.	8,739,240	-	8,739,240	4,034,650	-	4,704,590
372	Leased Property Cust Premis	296,547	-	296,547	238,546	-	58,001
373.1	Street Light - Oh, Ug Lines	29,895,158	-	29,895,158	11,416,379	-	18,478,779
373.3	Street Light - LED Ohio Tar	516,195	-	516,195	2,151	-	514,044
374	ARC Distribution	15,613	(15,613)	-	7,069	(7,069)	-
	TOTAL DISTRIBUTION PLANT	\$ 1,816,897,420	\$ (15,613)	\$ 1,801,281,807	\$ 616,741,356	\$ (7,069)	\$ 616,734,287
GENERAL PLANT							
389.2	Easements	\$ 293,153	\$ (41,510)	\$ 251,643	\$ 110,489	\$ (15,645)	\$ 94,844
390.1	Structures, Improvements	120,428,462	(17,052,670)	103,375,792	54,368,179	(7,698,534)	46,669,645
390.3	Struct Imprv, Leasehold Imp	1,785,112	(252,772)	1,532,340	1,793,708	(253,989)	1,539,719
391.1	Office Furn., Mech. Equip.	9,988,175	(1,414,326)	8,573,849	7,368,895	(1,043,435)	6,325,459
391.15	Office Machines	587,015	(83,121)	503,894	539,137	(78,342)	462,795
391.2	Data Processing Equipment	14,365,899	(2,034,211)	12,331,688	5,858,406	(829,550)	5,028,856
391.50	Pa Smart Meters H	6,315,035	-	6,315,035	1,683,193	-	1,683,193
392	Transportation Equipment	4,290,718	(607,566)	3,683,152	1,413,822	(200,197)	1,213,625
393	Stores Equipment	773,509	(109,529)	663,980	563,204	(79,750)	483,454
394	Tools, Shop, Garage Equip.	14,443,293	(2,045,170)	12,398,123	6,788,307	(961,224)	5,827,083
395	Laboratory Equipment	1,753,784	(248,336)	1,505,448	1,309,780	(185,465)	1,124,315
396	Power Operated Equipment	219,165	(31,034)	188,131	168,892	(23,915)	144,977
397	Communication Equipment	24,665,474	(13,072,701)	11,592,773	8,891,163	(4,712,317)	4,178,847
398	Misc. Equipment	2,403,697	(340,363)	2,063,334	1,377,874	(195,107)	1,182,767
399.1	ARC General Plant	732,514	(732,514)	-	216,256	(216,256)	-
	TOTAL GENERAL PLANT	\$ 203,645,005	\$ (38,065,824)	\$ 165,579,181	\$ 92,461,304	\$ (16,491,727)	\$ 75,959,578
	TOTAL	\$ 2,631,715,624	\$ (439,520,782)	\$ 2,192,194,842	\$ 1,018,082,948	\$ (225,048,816)	\$ 793,034,132
Less: Amount from West Penn Exhibit RAD-65 - Wrap-Up Rate Base at Docket No. R-2014-2428742							
				\$ 2,189,896,000		\$ 801,164,000	\$ 1,388,732,000
				\$ 2,298,842		\$ (8,129,868)	\$ 10,428,710

** No parties proposed adjustments to gross or net plant included in Exhibit RAD-65 during litigation phase of the case.

Account	Description	ACTUAL						RAD-46			OVER (UNDER)	
		Plant In Service		Adjusted Balance 4/30/16 (3) = (1) + (2)	Balance 4/30/16 (4)	Book Reserve Adjustments (2)	Adjusted Balance 4/30/16 (6) = (4) + (5)	Net Plant Adjusted Balance 4/30/16 (7) = (3) - (6)	Plant In Service Book Reserve			Net Plant Adjusted Balance 4/30/16 (10) = (8) - (9)
		Balance at 4/30/16 (1)	Adjustments (2)						Adjusted Balance 4/30/16 (9)	Adjusted Balance 4/30/16 (8)		
DISTRIBUTION PLANT												
364	Poles, Towers And Fixtures	\$ 285,311,515	\$ -	\$ 285,311,515	\$ 95,846,678	\$ -	\$ 95,846,678	\$ 189,464,837	\$ 338,410,732	\$ 129,148,877	\$ 209,261,855	\$ (19,797,018)
365	Overhd Conductr, Devices	290,431,559	-	290,431,559	83,002,313	-	83,002,313	207,429,246	288,280,691	116,190,475	172,090,216	35,339,029
365.1	Cleaning, Grading of Land	182,212,593	-	182,212,593	16,954,209	-	16,954,209	165,258,384	132,088,173	18,771,536	113,316,637	51,941,747
366	Underground Conduit	21,486,763	-	21,486,763	4,988,297	-	4,988,297	16,498,466	30,314,171	5,034,358	25,279,812	(8,781,346)
367	Undergrmd Conductr,Devices	136,575,644	-	136,575,644	43,453,063	-	43,453,063	93,122,581	127,486,910	49,358,000	78,128,911	14,993,670
368	Line Transformers	373,189,921	-	373,189,921	143,146,177	-	143,146,177	230,043,744	355,972,141	153,174,235	202,797,907	27,245,838
369	Services	106,733,218	-	106,733,218	43,934,547	-	43,934,547	62,798,671	97,439,228	44,926,247	52,512,981	10,285,690
373.1	Street Light - Oh, Ug Lines	29,895,158	-	29,895,158	11,416,379	-	11,416,379	18,478,779	33,599,870	17,831,063	15,768,806	2,709,973
373.3	Street Light - LED Ohio Tar	516,195	-	516,195	2,151	-	2,151	514,044	-	-	-	514,044
	TOTAL DISTRIBUTION PLANT	\$ 1,426,352,566	\$ -	\$ 1,426,352,566	\$ 442,743,814	\$ -	\$ 442,743,814	\$ 983,608,752	\$ 1,403,591,916	\$ 534,434,790	\$ 869,157,126	\$ 114,451,626
GENERAL PLANT												
397	Communication Equipment	\$ 24,665,474	\$ (13,072,701)	\$ 11,592,773	\$ 8,891,163	\$ (4,712,317)	\$ 4,178,847	\$ 7,413,926	\$ 11,446,993	\$ 4,385,655	\$ 7,061,338	\$ 352,588
	TOTAL GENERAL PLANT	\$ 24,665,474	\$ (13,072,701)	\$ 11,592,773	\$ 8,891,163	\$ (4,712,317)	\$ 4,178,847	\$ 7,413,926	\$ 11,446,993	\$ 4,385,655	\$ 7,061,338	\$ 352,588
	TOTAL	\$ 1,451,018,040	\$ (13,072,701)	\$ 1,437,945,339	\$ 451,634,978	\$ (4,712,317)	\$ 446,922,661	\$ 991,022,678	\$ 1,415,038,910	\$ 538,820,446	\$ 876,218,464	\$ 114,804,214

**West Penn Power Company
Estimated New Jobs created**

	Man-Hours			FTEs ¹⁾		
	Engineering	Design	Construction	Engineering	Design	Construction
West Penn						
Contracted Labor	-	-	56,804	-	-	27.31
New Internal Labor	-	-	-	-	-	-

¹⁾ Full Time Equivalent - The amount of jobs is derived by dividing total man-hours by 2080