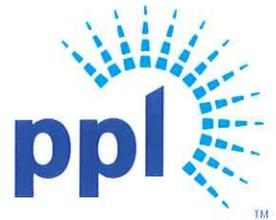


Kimberly A. Klock
Senior Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.5696 Fax 610.774.6726
KKlock@pplweb.com



E-File

December 20, 2016

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

**Re: PPL Electric Utilities Corporation
Calculation and Supplement No. 218 to Tariff
Electric PA. P.U.C. No. 201 for the
Smart Meter Rider – Phase 2
Docket No.**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation (“PPL Electric”) is the Calculation and Supplement No. 218 to PPL Electric’s Tariff – Electric Pa. P.U.C. No. 201 for the Smart Meter Rider-Phase 2 (“SMR 2”). This calculation of the SMR 2 for the period beginning January 1, 2017 through March 31, 2017 is being filed pursuant to the procedures set forth in PPL Electric’s Tariff - Electric Pa. P.U.C. No. 201.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on December 20, 2016, which is the date it was filed electronically using the Commission’s E-Filing System.

If you have any questions regarding the enclosed filing, please call me or Scott R. Koch, PPL Electric’s Regulatory Operations Supervisor at (610) 774-2070.

Very truly yours,


Kimberly A. Klock

Enclosures

cc via email: Tanya J. McCloskey, Esquire
Rick Kanaskie, Esquire
Ms. Lori Burger
Mr. John R. Evans

PPL ELECTRIC UTILITIES CORPORATION

**CALCULATION OF
Smart Meter Rider Phase 2**

**For the Application Period
January 1, 2017 through March 31, 2017**

Docket No.

December 20, 2016

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 1 - COMPUTATION OF CUMULATIVE PROPOSED SMART METER RIDER PHASE 2
APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | | Total | Residential | Small C&I | Large C&I |
|----------|--|---------------------|---------------------|---------------------|--------------------|
| | Smart Meter Rider Phase 2 Charge | | | | |
| 1 | Applicable Plant (Schedule 2, Line 2, Column N) | \$79,973,232 | \$59,835,972 | \$17,474,151 | \$2,663,109 |
| | Less: | | | | |
| 2 | Accumulated Depreciation (Schedule 2, Line 3, Column N) | \$3,500,404 | \$2,619,003 | \$764,838 | \$116,563 |
| 3 | Retirements (Schedule 2, Line 4, Column N) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| 4 | SMR 2 =Smart Meter Rider Phase 2 Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3) | \$76,472,828 | \$57,216,969 | \$16,709,313 | \$2,546,546 |
| | Less: | | | | |
| 5 | Accumulated Deferred Income Taxes | (\$516,622) | (\$386,537) | (\$112,882) | (\$17,204) |
| 6 | Smart Meter Rider Phase 2 Rate Base (Line 4 + Line 5) | <u>\$75,956,206</u> | <u>\$56,830,432</u> | <u>\$16,596,431</u> | <u>\$2,529,342</u> |
| 7 | Return on Investment applicable to SMR 2-eligible property (Schedule 3, Line 4) | 1.83% 1,389,999 | 1,039,997 | 303,715 | 46,287 |
| 8 | Income Taxes | 50.16% 697,210 | 521,653 | 152,340 | 23,217 |
| 9 | Operating Expenses (Schedule 5, Line 3, Column J, K, & L) | 789,502 | 590,705 | 172,506 | 26,290 |
| 10 | Cost Savings (Schedule 6, Line 9, Column J, K, & L) | 0 | 0 | 0 | 0 |
| 11 | State Flow-Through | (55,880) | (41,809) | (12,210) | (1,861) |
| 12 | Dep = Depreciation Expense (Schedule 2, Line 6, Column J, K, & L) | 2,499,477 | 1,870,109 | 546,136 | 83,233 |
| 13 | E=Experienced Net Over/(Under) Collections, excluding Interest (A) | 138,859 | 159,262 | (17,931) | (2,472) |
| 14 | Net Amount to be Recovered (includes Over/(Under) Collection) (w/o GRT) (Line 7 + Line 8 + Line 9 + Line 10 + Line 11 + Line 12 - Line 13) | <u>\$5,181,449</u> | <u>\$3,821,393</u> | <u>\$1,180,418</u> | <u>\$179,638</u> |
| 15 | Net Amount to be Recovered (includes Over/(Under) Collection) (w/ GRT) (Line 14 x Note 1) | <u>\$5,506,321</u> | <u>\$4,060,991</u> | <u>\$1,254,429</u> | <u>\$190,901</u> |
| 16 | Number of Customer Bills per Quarter | | 3,748,788 | 589,363 | 4,079 |
| 17 | Rate (\$/customer) w/o GRT (Line 14 / Line 16) | | <u>\$1.02</u> | <u>\$2.00</u> | <u>\$44.04</u> |
| 18 | Rate (\$/customer) w/ GRT (Line 15 / Line 16) | | <u>\$1.08</u> | <u>\$2.13</u> | <u>\$46.80</u> |

Note 1:

$$\frac{1}{(1 - T)} = (T = 5.9\% \text{ Gross Receipts Tax}) \quad 1.062699$$

(A) Includes Smart Meter Rider Phase 1 ("SMR 1") and Phase 2 ("SMR 2") reconciliations. SMR 1 Reconciliation filed on 01/29/2016 at Docket Number M-2015-2474347. SMR 2 Reconciliation filed on 01/29/2016 at Docket Number M-2015-2504513.

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE SMART METER RIDER PHASE 2 PLANT DATA by MONTH
 APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (A) | (B) | (C) | (D) | (E) | (F) | (G) |
|----------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|
| | Total 2015 | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Jun-16 |
| 1 | \$1,167,824 | \$729,513 | \$4,171 | \$3,461 | (\$2,165) | \$3,518,849 | \$2,715,968 |
| 2 | 1,167,824 | 1,897,337 | 1,901,508 | 1,904,969 | 1,902,804 | 5,421,653 | 8,137,621 |
| 3 | 83,821 | 106,608 | 129,374 | 152,210 | 174,993 | 252,758 | 361,613 |
| 4 | \$0 | - | - | - | - | - | - |
| 5 | \$1,084,003 | 1,790,728 | \$1,772,134 | \$1,752,759 | \$1,727,611 | \$5,169,895 | \$7,776,009 |
| 6 | 83,821 | 22,788 | 22,766 | 22,836 | 22,783 | 77,765 | 108,855 |

SMR 2 = Smart Rider Meter Phase 2 Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4) *

Dep = Depreciation Expense (Schedule 4)

* May not foot due to rounding.

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE SMART METER RIDER PHASE 2 PLANT DATA by MONTH
 APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (H) | (I) | (J) | (K) | (L) | (M) | (N) | Total |
|----------|--------------|--------------|--------------|--------------|--------------|--------|-----|--------------|
| | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | | |
| 1 | \$11,288,258 | \$1,763,919 | \$21,838,408 | \$28,470,778 | \$8,474,248 | \$0 | | \$79,973,232 |
| 2 | 19,425,879 | 21,189,798 | 43,028,206 | 71,488,964 | 79,973,232 | | | 79,973,232 |
| 3 | 662,844 | 1,000,927 | 1,544,961 | 2,470,916 | 3,500,404 | | | 3,500,404 |
| 4 | - | - | - | - | - | - | | \$0 |
| 5 | 18,763,035 | \$20,188,871 | \$41,483,245 | \$69,028,068 | \$76,472,828 | \$0 | | \$76,472,828 |
| 6 | 301,231 | 338,083 | 544,033 | 925,955 | 1,029,488 | - | | 3,500,404 |

* May not foot due to rounding.

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 3 - COMPUTATION OF PROPOSED SMART METER RIDER PHASE 2 RATE OF RETURN
APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (A) Description | (B) Capitalization Ratio | (C) Embedded Cost | (D) Rate of Return |
|----------|---|-----------------------------|----------------------|-----------------------|
| 1 | Long-Term Debt | 45.83% | 4.66% | 2.14% |
| 2 | Common Equity | 54.17% | 9.55% | 5.17% |
| 3 | Total | <u>100.00%</u> | | <u>7.31%</u> |
| 4 | 7.31% Annual PTRR / 4 quarters = 1.83% Quarterly PTRR | | | |

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 4 - COMPUTATION OF CUMULATIVE PROPOSED SMART METER RIDER PHASE 2
 PLANT AND RESERVE ACTIVITY

From Date: 09/01/2016 Gross Plant Total \$43,028,205.59 MTD Depr Exp \$544,033.44
 To Date 09/30/2016 Gross Reserve Total \$1,544,959.94
 Net Plant Total \$41,483,245.65

| Plant Activity | Beginning Plant Balance | Additions | Retirements | Transfers To | Transfers From | Adjustments | Ending Plant Balance |
|-------------------------------------|-------------------------|------------------------|---------------|---------------|----------------|---------------|------------------------|
| 303.6 - RF Mesh AMR Software | \$15,341,164.40 | \$9,449,913.99 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$24,791,078.39 |
| 365.1 - Overhead Conductors-RF Mesh | \$52,161.90 | \$73,885.06 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$126,046.96 |
| 370.5 - RF Mesh AMRs | \$803,232.33 | \$11,887,107.40 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$12,690,339.73 |
| 391.1 - RF Mesh AMR Comp Equip | \$4,993,239.01 | \$427,501.50 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$5,420,740.51 |
| Total Assets | \$21,189,797.64 | \$21,838,407.95 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$43,028,205.59 |

| Reserve Activity | Beginning Reserve Balance | Depreciation Expense | Retirements | Transfers / Adjustments | Ending Reserve Balance |
|-------------------------------------|---------------------------|----------------------|---------------|-------------------------|------------------------|
| 303.6 - RF Mesh AMR Software | \$790,370.93 | \$419,581.39 | \$0.00 | \$0.00 | \$1,209,952.32 |
| 365.1 - Overhead Conductors-RF Mesh | \$153.72 | \$186.74 | \$0.00 | \$0.00 | \$340.46 |
| 370.5 - RF Mesh AMRs | \$46,090.66 | \$37,482.15 | \$0.00 | \$0.00 | \$83,572.81 |
| 391.1 - RF Mesh AMR Comp Equip | \$164,311.19 | \$86,783.16 | \$0.00 | \$0.00 | \$251,094.35 |
| Total Reserve | \$1,000,926.50 | \$544,033.44 | \$0.00 | \$0.00 | \$1,544,959.94 |

PPL ELECTRIC UTILITIES CORPORATION
**SCHEDULE 4 - COMPUTATION OF CUMULATIVE PROPOSED SMART METER RIDER PHASE 2
 PLANT AND RESERVE ACTIVITY**

From Date: 10/01/2016 Gross Plant Total \$71,498,984.00 MTD Depr Exp **\$925,955.30**
 To Date 10/31/2016 Gross Reserve Total \$2,470,915.24
 Net Plant Total **\$69,028,068.76**

| Plant Activity | Beginning Plant Balance | Additions | Retirements | Transfers To | Transfers From | Adjustments | Ending Plant Balance |
|-------------------------------------|-------------------------|------------------------|---------------|---------------|----------------|---------------|------------------------|
| 303.6 - RF Mesh AMR Software | \$24,791,078.39 | \$17,468,609.43 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$42,259,687.82 |
| 362.1 - Station Equipment-RF Mesh | \$0.00 | \$87,394.92 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$87,394.92 |
| 365.1 - Overhead Conductors-RF Mesh | \$126,046.96 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$126,046.96 |
| 370.5 - RF Mesh AMRs | \$12,690,339.73 | \$6,700,771.14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$19,391,110.87 |
| 391.1 - RF Mesh AMR Comp Equip | \$5,420,740.51 | \$4,214,002.92 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$9,634,743.43 |
| Total Assets | \$43,028,205.59 | \$28,470,778.41 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$71,498,984.00 |

| Reserve Activity | Beginning Reserve Balance | Depreciation Expense | Retirements | Transfers / Adjustments | Ending Reserve Balance |
|-------------------------------------|---------------------------|----------------------|---------------|-------------------------|------------------------|
| 303.6 - RF Mesh AMR Software | \$1,209,952.32 | \$711,028.74 | \$0.00 | \$0.00 | \$1,920,981.06 |
| 362.1 - Station Equipment-RF Mesh | \$0.00 | \$85.00 | \$0.00 | \$0.00 | \$85.00 |
| 365.1 - Overhead Conductors-RF Mesh | \$340.46 | \$264.04 | \$0.00 | \$0.00 | \$604.50 |
| 370.5 - RF Mesh AMRs | \$83,572.81 | \$89,115.15 | \$0.00 | \$0.00 | \$172,687.96 |
| 391.1 - RF Mesh AMR Comp Equip | \$251,094.35 | \$125,462.37 | \$0.00 | \$0.00 | \$376,556.72 |
| Total Reserve | \$1,544,959.94 | \$925,955.30 | \$0.00 | \$0.00 | \$2,470,915.24 |

PPL ELECTRIC UTILITIES CORPORATION
**SCHEDULE 4 - COMPUTATION OF CUMULATIVE PROPOSED SMART METER RIDER PHASE 2
 PLANT AND RESERVE ACTIVITY**

| | | | | |
|-----------------------|------------------------|------------------------|--------------|-----------------------|
| From Date: 11/01/2016 | Gross Plant Total | \$80,824,141.98 | MTD Depr Exp | |
| To Date 11/30/2016 | Gross Reserve Total | \$3,506,780.84 | | |
| | Net Plant Total | \$77,317,361.14 | | \$1,035,865.60 |

| Plant Activity | Beginning Plant Balance | Additions | Retirements | Transfers To | Transfers From | Adjustments | Ending Plant Balance |
|-------------------------------------|----------------------------|-----------------------|---------------|---------------------|----------------|---------------|-------------------------|
| 303.6 - RF Mesh AMR Software | \$42,259,687.82 | \$1,624,235.34 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$43,883,923.16 |
| 362.1 - Station Equipment-RF Mesh | \$87,394.92 | \$10,460.70 | \$0.00 | \$762,500.20 | \$0.00 | \$0.00 | \$860,355.82 |
| 365.1 - Overhead Conductors-RF Mesh | \$126,046.96 | \$19,318.74 | \$0.00 | \$88,409.78 | \$0.00 | \$0.00 | \$233,775.48 |
| 370.5 - RF Mesh AMRs | \$19,391,110.87 | \$6,540,210.71 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$25,931,321.58 |
| 391.1 - RF Mesh AMR Comp Equip | \$9,634,743.43 | \$280,022.51 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$9,914,765.94 |
| Total Assets | \$71,498,984.00 | \$8,474,248.00 | \$0.00 | \$850,909.98 | \$0.00 | \$0.00 | \$80,824,141.98 |

| Reserve Activity | Beginning Reserve Balance | Depreciation Expense | Retirements | Transfers / Adjustments | Ending Reserve Balance |
|-------------------------------------|------------------------------|-------------------------|---------------|----------------------------|---------------------------|
| 303.6 - RF Mesh AMR Software | \$1,920,981.06 | \$739,389.37 | \$0.00 | \$0.00 | \$2,660,370.43 |
| 362.1 - Station Equipment-RF Mesh | \$85.00 | \$914.40 | \$0.00 | \$5,903.18 | \$6,902.58 |
| 365.1 - Overhead Conductors-RF Mesh | \$604.50 | \$375.85 | \$0.00 | \$474.57 | \$1,454.92 |
| 370.5 - RF Mesh AMRs | \$172,687.96 | \$125,895.65 | \$0.00 | \$0.00 | \$298,583.61 |
| 391.1 - RF Mesh AMR Comp Equip | \$376,556.72 | \$162,912.58 | \$0.00 | \$0.00 | \$539,469.30 |
| Total Reserve | \$2,470,915.24 | \$1,029,487.85 | \$0.00 | \$6,377.75 | \$3,506,780.84 |

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 5 - COMPUTATION OF PROPOSED SMART METER RIDER PHASE 2 OPERATING EXPENSES BY MONTH
 APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (A) Total 2015 | (B) Jan-16 | (C) Feb-16 | (D) Mar-16 | (E) Apr-16 | (F) May-16 | (G) Jun-16 |
|----------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | \$445,031 | \$63,576 | \$63,576 | \$63,576 | \$63,576 | \$63,576 | \$63,576 |
| 2 | 1,555,325 | 206,427 | 240,353 | 179,292 | 187,465 | 185,346 | 196,138 |
| 3 | \$2,000,356 | \$270,003 | \$303,928 | \$242,868 | \$251,041 | \$248,922 | \$259,714 |

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 5 - COMPUTATION OF PROPOSED SMART METER RIDER PHASE 2 OPERATING EXPENSES by MONTH
 APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (H) Jul-16 | (I) Aug-16 | (J) Sep-16 | (K) Oct-16 | (L) Nov-16 | (M) Dec-16 | (N) Total 2016 |
|----------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|
| 1 | \$63,576 | \$63,576 | \$63,576 | \$63,576 | \$63,576 | \$63,576 | \$699,333 |
| 2 | 176,841 | 187,142 | 194,357 | 202,230 | 202,189 | 202,189 | 2,157,880 |
| 3 | \$240,517 | \$250,718 | \$257,933 | \$265,805 | \$265,764 | \$0 | \$2,857,213 |

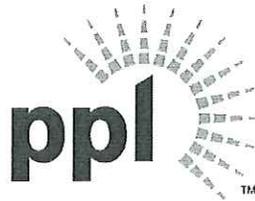
PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 6 - COMPUTATION OF PROPOSED SMART METER RIDER PHASE 2 COST SAVINGS by MONTH
 APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (A) Total 2015 | (B) Jan-16 | (C) Feb-16 | (D) Mar-16 | (E) Apr-16 | (F) May-16 | (G) Jun-16 |
|----------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

9 Total Cost Savings (Line 1 through Line 8)

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 6 - COMPUTATION OF PROPOSED SMART METER RIDER PHASE 2 COST SAVINGS by MONTH
 APPLICATION PERIOD: January 1, 2017 through March 31, 2017

| Line No. | (H) | (I) | (J) | (K) | (L) | (M) | (N) |
|----------|--|--------|--------|--------|--------|--------|------------|
| | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Total 2016 |
| 1 | Meter Reading | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | Meter Services | 0 | 0 | 0 | 0 | 0 | \$0 |
| 3 | Back Office | 0 | 0 | 0 | 0 | 0 | \$0 |
| 4 | Contact Center | 0 | 0 | 0 | 0 | 0 | \$0 |
| 5 | Theft Reduction | 0 | 0 | 0 | 0 | 0 | \$0 |
| 6 | Revenue Enhancement | 0 | 0 | 0 | 0 | 0 | \$0 |
| 7 | Avoided Capital Costs | 0 | 0 | 0 | 0 | 0 | \$0 |
| 8 | Distribution Operations | 0 | 0 | 0 | 0 | 0 | \$0 |
| 9 | Total Cost Savings (Line 1 through Line 8) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |



PPL Electric Utilities Corporation

GENERAL TARIFF

**RULES AND RATE SCHEDULES
FOR ELECTRIC SERVICE**

In the territory listed on pages 4, 4A, and 4B
and in the adjacent territory served.

ISSUED: December 20, 2016

EFFECTIVE: January 1, 2017

GREGORY N. DUDKIN, PRESIDENT

Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

THIS TARIFF MAKES CHANGES (C) IN EXISTING RATES. SEE PAGE TWO.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGES:

Smart Meter Rider – Phase 2 (SMR 2)
Page Nos. 19Z.14B and 19Z.14C

The charges under the SMR 2 are set forth for the period January 1, 2017 through March 31, 2017.

The years have been updated on the rate change chart.

Rate Schedules RS, RTS(R), GS-1, and
GS-3
Page Nos. 20, 21, 24A, and 25A

Under Net Monthly Rate, the Distribution Charge, effective January 1, 2017, is revised in accordance with the SMR 2 changes.

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(Continued)

SMART METER RIDER - PHASE 2 (CONTINUED)

Es = Net over or undercollection of the SMR 2 charges as of the end of the 12-month period ending December 31 of each year. Reconciliation of the SMR 2 will be conducted separately for each of the three customer classes based upon the annual revenue received compared to the actual SMP costs. Interest shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with Loan Interest and Protection Law (41 P.S. §§ 101, *et. seq.*) from the month the over or undercollection occurs to the effective month that the overcollection is refunded or the undercollection is recouped.

T = The total Pennsylvania gross receipts tax rate in effect during the billing period, expressed in decimal form.

The SMR 2 shall be filed with the Pennsylvania Public Utility Commission (Commission) and served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Auditing, 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. The changes in the SMR 2 rate will occur as follows:

(C)

| <u>Effective Date of Change</u> | <u>Date to which SMR 2 - Eligible Costs Reflected</u> |
|---------------------------------|---|
| October 1, 2016 | June 1 – August 31, 2016 |
| January 1, 2017 | September 1 – November 30, 2016 |
| April 1, 2017 | December 1, 2016 – February 28, 2017 |
| July 1, 2017 | March 1 – May 31, 2017 |

Minimum bills shall not be reduced by reason of the SMR 2, nor shall charges hereunder be a part of the monthly rate schedule minimum. The SMR 2 shall not be subject to any credits or discounts. The State Tax Adjustment Surcharge (STAS) included in this Tariff is applied to charges under this Rider.

The Company shall file a report of collections under the SMR 2 within thirty (30) days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission.

Application of the SMR 2 shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the SMR 2 and the costs included therein.

(Continued)

SMART METER RIDER - PHASE 2 (CONTINUED)

SMART METER RIDER - PHASE 2 CHARGES

Charges under the SMR 2 for the period January 1, 2017 through March 31, 2017, as set forth (C) in the applicable Rate Schedules.

| Customer Class | Large C&I | Small C&I | Residential |
|------------------------|---------------------------|------------------------------|--------------------|
| Rate Schedule / Charge | LP-4, LP-5, LPEP, and L5S | GS-1, GS-3, BL, and GH-2 (R) | RS and RTS (R) |
| | \$46.80/Bill (I) | \$2.13/Bill (I) | \$1.08/Bill (I) |

**RATE SCHEDULE RS
RESIDENTIAL SERVICE**

(C)

APPLICATION RATE SCHEDULE RS

This Rate Schedule is for single phase residential service in accordance with the APPLICATION PROVISIONS hereof. The Multiple Dwelling Unit Application is restricted to eight or less dwelling units for applications after August 26, 1976, and further to buildings converted to multiple dwelling units for applications after June 28, 1980. Separate Water Heating Service is available only to service locations served under this application on and continuously after April 26, 1985.

NET MONTHLY RATE

Distribution Charge
Effective: January 1, 2017

\$15.19 per month (Customer Charge, includes SMR2 and CER) plus
4.616 cents per KWH (Includes ACR 2, ACR 3, USR, and SDER)

(I)

Transmission Service Charge

The Transmission Service Charge included in this Tariff applies to all KW and kWh billed under this Rate Schedule.

Generation Supply Charge -1

The Generation Supply Charge -1 included in this tariff applies to all KWH billed under this rate Schedule.

MINIMUM CHARGE

The Minimum Distribution Charge is the Customer Charge.

BUDGET BILLING

Budget Billing is available at the option of the customer for charges under this Rate Schedule.

MULTIPLE DWELLING UNIT APPLICATION

When multiple dwelling units are supplied through one meter, the per day charge and the KWH block charges of the Distribution Charge rate, plus for customers who receive Basic Utility Supply Service from the Company, Generation Supply Charge-1 rates are multiplied by the number of dwelling units in the determination of the net monthly bill under this Rate Schedule. Demand billing does not apply under this provision.

(Continued)

RATE SCHEDULE RTS (R)

(C)

RESIDENTIAL SERVICE - THERMAL STORAGE

Applications for service under this Rate Schedule for new service locations will be accepted only until December 31, 1995. Service will be provided to existing service locations supplied hereunder through the life of the existing thermal storage units.

APPLICATION RATE SCHEDULE RTS (R)

This Rate Schedule is for single phase residential service in accordance with load management capabilities in accordance with the APPLICATION PROVISIONS hereof.

NET MONTHLY RATE

Distribution Charge
Effective: January 1, 2017

\$19.16 per month (Customer Charge, includes SMR 2 and CER) plus
3.449 cents per KWH (Includes ACR 2, ACR 3, USR, and SDER)

(I)

Transmission Service Charge

The Transmission Service Charge included in this Tariff applies to all KW and KWH billed under this Rate Schedule.

Generation Supply Charge -1

The Generation Supply Charge -1 included in this Tariff applies to all KWH billed under this Rate Schedule.

MINIMUM CHARGE

The Minimum Distribution Charge is Customer Charge.

(Continued)

RATE SCHEDULE GS-1 (CONTINUED)

(C)

SPACE CONDITIONING AND WATER HEATING

When storage space conditioning and/or water heating is supplied exclusively through a separate meter, service is billed separately at the Customer Charge and KW charges at the Distribution Charge rate. For customers who receive Basic Utility Supply Service from the Company, the Generation Supply Charge-1 or applies. The Monthly Minimum applies to this service. No new applications will be accepted after January 1, 2000.

**SERVICE TO VOLUNTEER FIRE COMPANIES, NON-PROFIT SENIOR CITIZEN CENTERS,
NON-PROFIT RESCUE SQUADS, AND NON-PROFIT AMBULANCE SERVICES**

Upon application and acceptance by the Company, Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-profit Ambulance Services may, for a minimum one year period, elect to have electric service rendered pursuant to the following charges.

Distribution Charge
Effective: January 1, 2017

\$15.19 per month (Customer Charge includes SMR 2 and CER) plus
4.616 cents per KWH (Includes ACR 2, ACR 3, USR, and SDER)

(I)

VOLUNTEER FIRE COMPANY is defined as a separately metered service location consisting of a building, sirens, a garage for housing vehicular fire fighting equipment, or a facility certified by the Pennsylvania Emergency Management Agency (PEMA) for fire fighter training. The use of electric service by the customer of record at this location shall be to support the activities of the volunteer fire company.

NON-PROFIT SENIOR CITIZEN CENTER is defined as a separately metered service location consisting of a facility for the use of senior citizens coming together as individuals or groups where access to a wide range of service to senior citizens is provided, which is qualified by the Internal Revenue Service (IRS) as non-profit and recognized by the Pennsylvania Department of Aging as an operator of a senior citizen center. The use of electric service by the customer of record at this location shall be to support the activities of the non-profit senior citizen center.

NON-PROFIT RESCUE SQUAD is defined as a separately metered service location consisting of a building, sirens, a garage for housing vehicular rescue equipment, or a facility that is qualified by the IRS as non-profit and recognized by PEMA and the Departments of Health as a provider of rescue services. The use of electric service by the customer of record at this location shall be to support the activities of the non-profit rescue squad.

(Continued)

RATE SCHEDULE GS-3 (CONTINUED)

(C)

SPACE CONDITIONING AND WATER HEATING

When storage space conditioning and/or water heating is supplied exclusively through a separate meter, service is billed separately at the Customer Charge and KW charges at the Distribution Charge rate. For customers who receive Basic Utility Supply Service from the Company, the Generation Supply Charge -1 or Generation Supply Charge - 2 applies. The Monthly Minimum applies to this service. No new applications will be accepted after January 1, 2000.

**SERVICE TO VOLUNTEER FIRE COMPANIES NON-PROFIT SENIOR CITIZEN CENTERS
NON-PROFIT RESCUE SQUADS, AND NON-PROFIT AMBULANCE SERVICES**

Upon application and acceptance by the Company, Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services may for a minimum one-year period, elect to have electric service rendered pursuant to the following charges.

Distribution Charge
Effective: January 1, 2017

\$15.19 per month (Customer Charge includes SMR2 and CER) plus
4.616 cents per KWH (Includes ACR 2, ACR 3, USR, and SDER)

(I)

VOLUNTEER FIRE COMPANY is defined as a separately metered service location consisting of a building, sirens, a garage for housing vehicular fire fighting equipment, or a facility certified by the Pennsylvania Emergency Management Agency (PEMA) for fire fighter training. The use of electric service by the customer of record at this location shall be to support the activities of the volunteer fire company.

NON-PROFIT SENIOR CITIZEN CENTER is defined as a separately metered service location consisting of a facility for the use of senior citizens coming together as individuals or groups where access to a wide range of service to senior citizens is provided, which is qualified by the Internal Revenue Service (IRS) as non-profit and recognized by the Pennsylvania Department of Aging as an operator of a senior citizen center. The use of electric service by the customer of record at this location shall be to support the activities of the non-profit senior citizen center.

NON-PROFIT RESCUE SQUAD is defined as a separately metered service location consisting of a building, sirens, a garage for housing vehicular rescue equipment, or a facility that is qualified by the IRS as non-profit and recognized by PEMA and the Departments of Health as a provider of rescue services. The use of electric service by the customer of record at this location shall be to support the activities of the non-profit rescue squad.

(Continued)

(I) Indicates Increase **(D)** Indicates Decrease **(C)** Indicates Change