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September 24, 2021

**VIA ELECTRONIC FILING**

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

**Re: Petition of Pennsylvania Electric Company To Request Approval To  
Distribute The Tax Savings Associated With The Tax Cuts and Jobs Act of  
2017 For The Period Between January 1, 2018 And June 30, 2018  
Docket No. P-2021-3025906**

Dear Secretary Chiavetta:

Enclosed please find the responses of Pennsylvania Electric Company to the Bureau of  
Technical Utility Services data requests of September 8, 2021.

Please contact me at (610) 921-6658 with any questions you may have.

Sincerely,



Tori L. Giesler

Enclosure

c: Marc Hoffer, Bureau of Technical Utility Services (via email at [mhoffer@pa.gov](mailto:mhoffer@pa.gov))

Bureau of Technical Utility Service – Data Request  
Petition of Pennsylvania Electric Company To Request Approval To Distribute The Tax Savings  
Associated With The Tax Cuts and Jobs Act of 2017 For The Period Between January 1, 2018  
And June 30, 2018; Docket No. P-2021-3025906  
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**TUS-1:**

Is it the position of the Company that excess deferred income taxes should be flowed back to the customers?

**Response:**

Yes. It is the position of the Company that Excess Accumulated Deferred Income Taxes (“EADIT”) created by the reduction in the federal corporate income tax rate from 35% to 21% under the Tax Cuts and Jobs Act of 2017 (“TCJA”) should be flowed back to customers in a subsequent base rate case. The purpose of this proceeding is to obtain Commission approval to return to customers the balances of the regulatory liability and memorandum account created pursuant to the Commission’s Temporary Rates Order at Docket No. R-2018-3000599 and Order on Reconsideration at that docket to record the reduction in income tax expense resulting from the TCJA’s reduction in the federal corporate tax rate during the period of January 1, 2018 through June 30, 2018.

**TUS-2:**

Explain the method used or to be used to return excess accumulated deferred income tax (ADIT) to ratepayers as a result of the Tax Cuts and Jobs Act (TCJA) for both protected and unprotect ADIT.

**Response:**

See the response to Penelec TCJA DR TUS-1, above. As explained, it is the Company’s expectation that EADIT will be addressed in the context of a base rate case proceeding.

**TUS-3:**

Provide a breakdown between (1) ADIT and (2) excess ADIT (broken down by protected and unprotected) and explain how many years remain on the amortization.

**Response:**

Below are the Generally Accepted Accounting Principles (“GAAP”) balances as of June 30, 2021 excluding ADIT gross-ups and flow through, and including the Penelec NY territory:

ADIT property-related is \$(423.9M) comprised of historical deferreds of \$(632.7M) and EADIT of \$208.8M (Protected \$149.4M and Unprotected \$59.4M).

ADIT non-property-related is \$150.0M comprised of historical deferreds of \$153.4M and EADIT of \$(3.4M) (Deficient).

The amortization period employed by the Company to amortize all property-related EADIT for financial reporting purposes is determined using the Average Rate Assumption Method

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(“ARAM”), which approximates the remaining service life of the underlying utility assets. The amortization period remaining for non-property-related unprotected EADIT is 6.5 years.

**TUS-4:**

State the amount of excess ADIT being flowed back to ratepayers in 2018, 2019, 2020 and 2021, indicating precisely how and where this was accomplished.

**Response:**

Under the TCJA negative surcharge calculated using the method prescribed by the Commission, no EADIT has been or is being flowed back to customers in the stated time periods. Additionally, because the Company did not have a base rate proceeding since 2016 (with rates effective in January 2017), EADIT resulting from TCJA is not being flowed back to customers through base rates. Customers are receiving, under existing base rates, the benefit of EADIT being deducted from rate base and, therefore, treated as a source of zero-cost capital. The amortization of EADIT reduces the EADIT deduction from rate base and effectively replaces zero-cost capital with capital that produces a revenue requirement calculated on the basis of the Company’s pre-tax overall weighted cost of capital.

**TUS-5:**

Provide a detailed calculation and supporting documentation for the actual TCJA federal income tax difference as indicated in the 1307(e) TCJA Voluntary Surcharge Rider – Reconciliation Statement for 2018, 2019, and 2020.

**Response:**

See Response Penelec TCJA DR TUS-5, Attachment A.

Page 1 provides the breakdown of the TCJA federal income tax difference indicated in the TCJA 1307(e) Reconciliation Statement for 2018, 2019, and 2020 into three components: (1) the prior month actual Federal Income Tax (“FIT”) difference; (2) the reversal of the prior month accrued FIT difference; and (3) the current month accrued FIT difference.

Page 2 provides the calculation of the FIT difference for the period July through December 2018.

Page 3 provides the calculation of the FIT difference for the period January through December 2019.

Page 4 provides the calculation of the FIT difference for the period January through November 2020.

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**TUS-6:**

Reference the Company's response to data request TCJA Set I, No. 5 at Docket No. M-2018-2641242. Indicate the effect of the TCJA on each individual account.

**Response:**

For purposes of consistency, the Company has provided the breakdown of the amounts included in the referenced data request. However, those amounts have been subject to updating since the date of the response based on actual results.

CR	190	\$(104,247,638)	
DR	282	227,094,525	
DR	283	<u>39,217,064</u>	
		\$162,063,951	DR 190/282/283 Deferred Tax Liability
DR	410.1	\$62,494,791	
CR	411.1	<u>(18,154,693)</u>	
		\$44,340,098	DR 410/411 Deferred Tax Expense
CR	254	\$206,404,049	CR 254 Regulatory Liability

Pennsylvania Electric Company

Actual TCJA Federal Income Tax Rate Difference shown on TCJA 1307e Reconciliation<sup>A</sup>  
For the Period Ended December 31, 2018, December 31, 2019, and December 31, 2020

Line No.	Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>2018</b>														
1	Prior Month Calculated FIT Difference between 35% and 21%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$(3,737,390)	\$(2,016,752)	\$(1,249,452)	\$(1,801,366)	\$(2,604,000)	
2	Reverse Prior Month Accrued FIT Difference between 35% and 21%	-	-	-	-	-	-	-	2,971,327	3,737,390	2,016,752	1,249,452	1,801,366	
3	Current Month Accrued FIT Difference between 35% and 21%	-	-	-	-	-	-	(2,971,327)	(3,737,390)	(2,016,752)	(1,249,452)	(1,801,366)	(2,604,000)	
4	Actual TCJA Federal Income Tax Rate Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$(2,971,327)	\$(4,503,453)	\$ (296,114)	\$ (482,152)	\$(2,353,280)	\$(3,406,634)	\$(14,012,961)
<b>2019</b>														
1	Prior Month Calculated FIT Difference between 35% and 21%	\$(3,278,392)	\$(3,921,225)	\$(3,210,225)	\$(2,946,580)	\$(2,566,372)	\$(2,539,388)	\$(2,840,484)	\$(4,110,245)	\$(3,724,813)	\$(2,970,116)	\$(2,514,662)	\$(3,069,722)	
2	Reverse Prior Month Accrued FIT Difference between 35% and 21%	2,604,000	3,278,392	3,921,225	3,210,225	2,946,580	2,658,565	2,659,191	2,997,167	3,205,243	2,941,362	2,762,620	2,773,132	
3	Current Month Accrued FIT Difference between 35% and 21%	(3,278,392)	(3,921,225)	(3,210,225)	(2,946,580)	(2,658,565)	(2,659,191)	(2,997,167)	(3,205,243)	(2,941,362)	(2,762,620)	(2,773,132)	(3,108,785)	
4	Actual TCJA Federal Income Tax Rate Difference	\$(3,952,785)	\$(4,564,058)	\$(2,499,224)	\$(2,682,935)	\$(2,278,356)	\$(2,540,015)	\$(3,178,459)	\$(4,318,321)	\$(3,460,932)	\$(2,791,374)	\$(2,525,174)	\$(3,405,375)	\$(38,197,008)
<b>2020</b>														
1	Prior Month Calculated FIT Difference between 35% and 21%	\$(3,366,123)	\$(4,533,356)	\$(1,795,546)	\$(1,957,517)	\$(3,642,874)	\$(2,974,820)	\$(2,283,811)	\$(4,368,556)	\$(3,859,775)	\$(1,432,302)	\$(2,789,445)	\$(3,621,752)	
2	Reverse Prior Month Accrued FIT Difference between 35% and 21%	3,108,785	2,914,180	3,063,079	3,037,716	2,772,359	2,712,632	2,760,955	4,194,328	3,586,731	2,416,740	2,456,427	2,929,590	
3	Current Month Accrued FIT Difference between 35% and 21%	(2,914,180)	(3,063,079)	(3,037,716)	(2,772,359)	(2,712,632)	(2,760,955)	(4,194,328)	(3,586,731)	(2,416,740)	(2,456,427)	(2,929,590)	(2,971,155)	
4	Actual TCJA Federal Income Tax Rate Difference	\$(3,171,517)	\$(4,682,255)	\$(1,770,183)	\$(1,692,160)	\$(3,583,147)	\$(3,023,143)	\$(3,717,184)	\$(3,760,959)	\$(2,689,784)	\$(1,471,989)	\$(3,262,608)	\$(3,663,317)	\$(36,488,246)

Notes:

- A The TCJA 1307e includes adjustments to prior months' calculations as they were recorded to the books. This analysis reflects the adjustments in the month they were incurred.  
The total for 2018 ties to the sum of Lines 5 and 10 in the Total column of the 1307e.  
The totals for 2019 and 2020 tie to Line 13, Col. 2 of the 1307e.

Pennsylvania Electric Company

Line No.	DESCRIPTION	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
1	Operating Revenues	\$ 43,400	\$ 40,639	\$ 33,718	\$ 36,343	\$ 39,962	\$ 44,041
2	Less: O&M Expenses	13,575	20,476	18,223	17,342	16,432	20,367
3	Book Depreciation	6,372	6,400	6,436	6,514	6,556	8,315
4	Interest Expense	3,080	3,140	3,210	3,199	3,191	3,224
5	Operating Income before Taxes Total (Line 1 - sum of Lines 2,3,4)	\$ 20,373	\$ 10,623	\$ 5,849	\$ 9,288	\$ 13,783	\$ 12,134
6	Schedule M Tax Adjustments	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169
7	Book Depreciation	6,372	6,400	6,436	6,514	6,556	8,315
8	Total (Line 6 + Line 7)	\$ 7,541	\$ 7,569	\$ 7,605	\$ 7,683	\$ 7,725	\$ 9,484
9	Less: Tax Depreciation	\$ 6,294	\$ 6,294	\$ 6,294	\$ 6,294	\$ 6,294	\$ 2,100
10	State Taxable Income ((Line 5 + Line 8) - Line 9)	\$ 21,620	\$ 11,899	\$ 7,160	\$ 10,678	\$ 15,214	\$ 19,518
11	Plus: Federal bonus depreciation	\$ 2,836	\$ 2,836	\$ 2,836	\$ 2,836	\$ 2,836	\$ 2,836
12	Less: Additional state depreciation	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)
13	Net adjustment to state taxable income (Line 11 + Line 12)	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621	\$ 1,621
14	Income subject to state income tax (Line 10 + Line 13)	\$ 23,241	\$ 13,519	\$ 8,781	\$ 12,298	\$ 16,835	\$ 21,138
15	State Income Tax @ 9.99% (Line 14 * 9.99%)	\$ 2,322	\$ 1,351	\$ 877	\$ 1,229	\$ 1,682	\$ 2,112
16	Income Subject to Federal Income Tax (Line 10 - Line 15)	\$ 19,298	\$ 10,548	\$ 6,283	\$ 9,449	\$ 13,532	\$ 17,406
17	Federal Income Tax at 35% (Line 16 * 35%)	\$ 6,754	\$ 3,692	\$ 2,199	\$ 3,307	\$ 4,736	\$ 6,092
18	Federal Income Tax at 21% (Line 16 * 21%)	\$ 4,053	\$ 2,215	\$ 1,319	\$ 1,984	\$ 2,842	\$ 3,655
19	Federal- Deferred @ 35%	\$ 2,240	\$ (6,318)	\$ (18,765)	\$ 1,712	\$ 1,712	\$ 18,579
20	Federal- Deferred @21%	\$ 708	\$ (7,644)	\$ (11,895)	\$ 391	\$ 206	\$ 6,898
21	Less: NOLs (10 year Amort)	(131)	(131)	(131)	(131)	(131)	(131)
22	Less: Other Excess (10 year Amort)	82	82	82	82	82	82
23	Federal Deferred Adjusted (Line 20 - Line 21 - Line 22)	\$ 758	\$ (7,594)	\$ (11,845)	\$ 441	\$ 255	\$ 6,948
24	Effect of TCJA On Income (Line 17 - Line 18)	\$ 2,702	\$ 1,477	\$ 880	\$ 1,323	\$ 1,895	\$ 2,437
25	Change in ADIT (Line 19 - Line 23)	\$ 1,482	\$ 1,276	\$ (6,920)	\$ 1,271	\$ 1,457	\$ 11,631
26	Plus: unamortized NOL	14,827	14,695	14,564	14,433	14,302	14,171
27	Less: unamortized Other Excess	(9,228)	(9,146)	(9,065)	(8,983)	(8,901)	(8,820)
28	Change in ADIT (Line 25 + Line 26 + Line 27)	\$ 7,081	\$ 6,825	\$ (1,420)	\$ 6,721	\$ 6,857	\$ 16,982
29	Commission Approved Rate of Return	0.62%	0.62%	0.62%	0.62%	0.63%	0.62%
30	Effect of ADIT Change on Income (Line 28 * Line 29)	\$ 44	\$ 43	\$ (9)	\$ 42	\$ 43	\$ 106
31	Earnings Excess (Line 24 - Line 30)	\$ 2,657,580	\$ 1,434,070	\$ 888,459	\$ 1,280,914	\$ 1,851,650	\$ 2,331,196
32	Complement Tax Rate	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079
33	Revenue Excess	\$ 3,737,390	\$ 2,016,752	\$ 1,249,452	\$ 1,801,366	\$ 2,604,000	\$ 3,278,392

Pennsylvania Electric Company

Line No.	DESCRIPTION	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
1	Operating Revenues	\$ 43,700	\$ 41,270	\$ 41,379	\$ 33,395	\$ 34,222	\$ 35,541	\$ 43,732	\$ 39,347	\$ 35,299	\$ 34,930	\$ 40,083	\$ 42,705
2	Less: O&M Expenses	18,936	10,970	17,403	12,167	12,998	12,625	13,562	11,353	11,962	13,658	15,398	20,051
3	Book Depreciation	6,592	6,616	6,659	6,593	6,666	8,402	6,920	6,944	7,028	7,049	3,875	6,782
4	Interest Expense	3,399	3,224	3,258	2,891	3,041	3,047	3,140	3,137	3,192	3,231	3,175	3,359
5	Operating Income before Taxes Total (Line 1 - sum of Lines 2,3,4)	\$ 14,773	\$ 20,460	\$ 14,058	\$ 11,744	\$ 11,518	\$ 11,467	\$ 20,110	\$ 17,914	\$ 13,117	\$ 10,992	\$ 17,636	\$ 12,513
6	Schedule M Tax Adjustments	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,169	\$ 1,159
7	Book Depreciation	6,592	6,616	6,659	6,593	6,666	8,402	6,920	6,944	7,028	7,049	3,875	6,782
8	Total (Line 6 + Line 7)	\$ 7,761	\$ 7,785	\$ 7,828	\$ 7,762	\$ 7,835	\$ 9,571	\$ 8,089	\$ 8,113	\$ 8,197	\$ 8,218	\$ 5,044	\$ 7,941
9	Less: Tax Depreciation	\$ -	\$ 9,591	\$ 4,795	\$ 4,795	\$ 4,795	\$ 4,795	\$ 4,795	\$ 4,795	\$ 4,795	\$ 4,795	\$ 4,795	\$ 1,199
10	State Taxable Income ((Line 5 + Line 8) - Line 9)	\$ 22,534	\$ 18,654	\$ 17,091	\$ 14,710	\$ 14,557	\$ 16,243	\$ 23,403	\$ 21,231	\$ 16,519	\$ 14,414	\$ 17,885	\$ 19,255
11	Plus: Federal bonus depreciation	\$ 2,347	\$ 2,347	\$ 2,347	\$ 467	\$ 467	\$ 467	\$ 467	\$ 467	\$ 467	\$ 467	\$ 467	\$ 467
12	Less: Additional state depreciation	(1,006)	(1,006)	(1,006)	(1,253)	(1,253)	(1,253)	(1,253)	(1,253)	(1,253)	(1,253)	(1,253)	(1,253)
13	Net adjustment to state taxable income (Line 11 + Line 12)	\$ 1,341	\$ 1,341	\$ 1,341	\$ (787)	\$ (787)	\$ (787)	\$ (787)	\$ (787)	\$ (787)	\$ (787)	\$ (787)	\$ (787)
14	Income subject to state income tax (Line 10 + Line 13)	\$ 23,875	\$ 19,995	\$ 18,432	\$ 13,923	\$ 13,770	\$ 15,456	\$ 22,616	\$ 20,444	\$ 15,732	\$ 13,627	\$ 17,098	\$ 18,468
15	State Income Tax @ 9.99% (Line 14 * 9.99%)	\$ 2,385	\$ 1,998	\$ 1,841	\$ 1,391	\$ 1,376	\$ 1,544	\$ 2,259	\$ 2,042	\$ 1,572	\$ 1,361	\$ 1,708	\$ 1,845
16	Income Subject to Federal Income Tax (Line 10 - Line 15)	\$ 20,149	\$ 16,657	\$ 15,249	\$ 13,319	\$ 13,181	\$ 14,699	\$ 21,144	\$ 19,188	\$ 14,947	\$ 13,053	\$ 16,176	\$ 17,410
17	Federal Income Tax at 35% (Line 16 * 35%)	\$ 7,052	\$ 5,830	\$ 5,337	\$ 4,662	\$ 4,613	\$ 5,145	\$ 7,400	\$ 6,716	\$ 5,232	\$ 4,568	\$ 5,662	\$ 6,093
18	Federal Income Tax at 21% (Line 16 * 21%)	\$ 4,231	\$ 3,498	\$ 3,202	\$ 2,797	\$ 2,768	\$ 3,087	\$ 4,440	\$ 4,030	\$ 3,139	\$ 2,741	\$ 3,397	\$ 3,656
19	Federal- Deferred @ 35%	\$ -	\$ 4,138	\$ 1,768	\$ 1,843	\$ 2,135	\$ 1,997	\$ 1,987	\$ 2,331	\$ (10,050)	\$ 3,096	\$ 9,207	\$ 3,388
20	Federal- Deferred @21%	\$ -	\$ 1,367	\$ 503	\$ 548	\$ 723	\$ 640	\$ 634	\$ 841	\$ (1,919)	\$ 1,300	\$ 164	\$ 643
21	Less: NOLs (10 year Amort)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)
22	Less: Other Excess (10 year Amort)	82	82	82	82	82	82	82	82	82	82	82	82
23	Federal Deferred Adjusted (Line 20 - Line 21 - Line 22)	\$ 50	\$ 1,417	\$ 552	\$ 598	\$ 773	\$ 690	\$ 684	\$ 890	\$ (1,870)	\$ 1,350	\$ 214	\$ 693
24	Effect of TCJA On Income (Line 17 - Line 18)	\$ 2,821	\$ 2,332	\$ 2,135	\$ 1,865	\$ 1,845	\$ 2,058	\$ 2,960	\$ 2,686	\$ 2,093	\$ 1,827	\$ 2,265	\$ 2,437
25	Change in ADIT (Line 19 - Line 23)	\$ (50)	\$ 2,722	\$ 1,215	\$ 1,246	\$ 1,362	\$ 1,307	\$ 1,303	\$ 1,441	\$ (8,180)	\$ 1,747	\$ 8,993	\$ 2,695
26	Plus: unamortized NOL	14,040	13,909	13,777	13,646	13,515	13,384	13,253	13,121	12,990	12,859	12,728	12,597
27	Less: unamortized Other Excess	(8,738)	(8,657)	(8,575)	(8,493)	(8,412)	(8,330)	(8,248)	(8,167)	(8,085)	(8,003)	(7,922)	(7,840)
28	Change in ADIT (Line 25 + Line 26 + Line 27)	\$ 5,252	\$ 7,973	\$ 6,418	\$ 6,399	\$ 6,466	\$ 6,361	\$ 6,307	\$ 6,395	\$ (3,275)	\$ 6,602	\$ 13,799	\$ 7,452
29	Commission Approved Rate of Return	0.62%	0.62%	0.62%	0.62%	0.61%	0.60%	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%
30	Effect of ADIT Change on Income (Line 28 * Line 29)	\$ 33	\$ 49	\$ 40	\$ 40	\$ 40	\$ 38	\$ 37	\$ 38	\$ (19)	\$ 39	\$ 82	\$ 44
31	Earnings Excess (Line 24 - Line 30)	\$ 2,788,301	\$ 2,282,723	\$ 2,095,251	\$ 1,824,893	\$ 1,805,705	\$ 2,019,808	\$ 2,922,709	\$ 2,648,637	\$ 2,111,987	\$ 1,788,123	\$ 2,182,815	\$ 2,393,579
32	Complement Tax Rate	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079
33	Revenue Excess	\$ 3,921,225	\$ 3,210,225	\$ 2,946,580	\$ 2,566,372	\$ 2,539,388	\$ 2,840,484	\$ 4,110,245	\$ 3,724,813	\$ 2,970,116	\$ 2,514,662	\$ 3,069,722	\$ 3,366,123

Pennsylvania Electric Company

Line No.	DESCRIPTION	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
1	Operating Revenues	\$ 42,860	\$ 32,778	\$ 35,459	\$ 37,114	\$ 35,197	\$ 35,130	\$ 45,624	\$ 41,588	\$ 35,721	\$ 34,726	\$ 40,155
2	Less: O&M Expenses	14,958	11,874	17,861	10,254	10,946	14,716	13,559	12,347	19,328	11,519	12,344
3	Book Depreciation	6,484	6,412	6,421	6,424	6,483	6,573	6,769	6,644	6,662	6,691	6,675
4	Interest Expense	3,349	3,375	3,381	3,149	3,148	3,211	3,131	3,120	3,109	3,044	2,952
5	Operating Income before Taxes Total (Line 1 - sum of Lines 2,3,4)	\$ 18,070	\$ 11,116	\$ 7,796	\$ 17,288	\$ 14,620	\$ 10,630	\$ 22,165	\$ 19,477	\$ 6,621	\$ 13,473	\$ 18,183
6	Schedule M Tax Adjustments	\$ 1,155	\$ 1,153	\$ 1,154	\$ 1,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Book Depreciation	6,484	6,412	6,421	6,424	6,483	6,573	6,769	6,644	6,662	6,691	6,675
8	Total (Line 6 + Line 7)	\$ 7,639	\$ 7,565	\$ 7,575	\$ 7,586	\$ 6,483	\$ 6,573	\$ 6,769	\$ 6,644	\$ 6,662	\$ 6,691	\$ 6,675
9	Less: Tax Depreciation	\$ -	\$ 8,318	\$ 4,159	\$ 4,159	\$ 4,159	\$ 4,159	\$ 4,135	\$ 4,183	\$ 5,013	\$ 4,275	\$ 4,275
10	State Taxable Income ((Line 5 + Line 8) - Line 9)	\$ 25,709	\$ 10,363	\$ 11,213	\$ 20,715	\$ 16,944	\$ 13,044	\$ 24,799	\$ 21,938	\$ 8,270	\$ 15,888	\$ 20,583
11	Plus: Federal bonus depreciation	\$ 467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Less: Additional state depreciation	(1,253)	(941)	(941)	(941)	(941)	(941)	(936)	(936)	(936)	(936)	(936)
13	Net adjustment to state taxable income (Line 11 + Line 12)	\$ (787)	\$ (941)	\$ (941)	\$ (941)	\$ (941)	\$ (941)	\$ (936)	\$ (936)	\$ (936)	\$ (936)	\$ (936)
14	Income subject to state income tax (Line 10 + Line 13)	\$ 24,922	\$ 9,422	\$ 10,272	\$ 19,774	\$ 16,003	\$ 12,103	\$ 23,864	\$ 21,002	\$ 7,335	\$ 14,953	\$ 19,648
15	State Income Tax @ 9.99% (Line 14 * 9.99%)	\$ 2,490	\$ 941	\$ 1,026	\$ 1,975	\$ 1,599	\$ 1,209	\$ 2,384	\$ 2,098	\$ 733	\$ 1,494	\$ 1,963
16	Income Subject to Federal Income Tax (Line 10 - Line 15)	\$ 23,219	\$ 9,422	\$ 10,186	\$ 18,740	\$ 15,345	\$ 11,835	\$ 22,415	\$ 19,840	\$ 7,538	\$ 14,394	\$ 18,620
17	Federal Income Tax at 35% (Line 16 * 35%)	\$ 8,127	\$ 3,298	\$ 3,565	\$ 6,559	\$ 5,371	\$ 4,142	\$ 7,845	\$ 6,944	\$ 2,638	\$ 5,038	\$ 6,517
18	Federal Income Tax at 21% (Line 16 * 21%)	\$ 4,876	\$ 1,979	\$ 2,139	\$ 3,935	\$ 3,222	\$ 2,485	\$ 4,707	\$ 4,166	\$ 1,583	\$ 3,023	\$ 3,910
19	Federal- Deferred @ 35%	\$ -	\$ 4,310	\$ 2,149	\$ 2,149	\$ 2,149	\$ 2,149	\$ 2,002	\$ 3,062	\$ 3,670	\$ 2,188	\$ 2,188
20	Federal- Deferred @21%	\$ -	\$ 1,617	\$ 805	\$ 805	\$ 805	\$ 805	\$ 802	\$ 1,616	\$ 1,519	\$ 881	\$ 881
21	Less: NOLs (10 year Amort)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)	(131)
22	Less: Other Excess (10 year Amort)	82	82	82	82	82	82	82	82	82	82	82
23	Federal Deferred Adjusted (Line 20 - Line 21 - Line 22)	\$ 50	\$ 1,666	\$ 854	\$ 854	\$ 854	\$ 854	\$ 851	\$ 1,665	\$ 1,568	\$ 931	\$ 931
24	Effect of TCJA On Income (Line 17 - Line 18)	\$ 3,251	\$ 1,319	\$ 1,426	\$ 2,624	\$ 2,148	\$ 1,657	\$ 3,138	\$ 2,778	\$ 1,055	\$ 2,015	\$ 2,607
25	Change in ADIT (Line 19 - Line 23)	\$ (50)	\$ 2,644	\$ 1,295	\$ 1,295	\$ 1,295	\$ 1,295	\$ 1,151	\$ 1,397	\$ 2,102	\$ 1,257	\$ 1,257
26	Plus: unamortized NOL	12,465	12,334	12,203	12,072	11,940	11,809	11,678	11,547	11,416	11,284	11,153
27	Less: unamortized Other Excess	(7,758)	(7,677)	(7,595)	(7,513)	(7,432)	(7,350)	(7,268)	(7,187)	(7,105)	(7,023)	(6,942)
28	Change in ADIT (Line 25 + Line 26 + Line 27)	\$ 4,657	\$ 7,301	\$ 5,902	\$ 5,853	\$ 5,803	\$ 5,754	\$ 5,561	\$ 5,757	\$ 6,413	\$ 5,518	\$ 5,468
29	Commission Approved Rate of Return	0.58%	0.58%	0.58%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%	0.58%
30	Effect of ADIT Change on Income (Line 28 * Line 29)	\$ 27	\$ 42	\$ 34	\$ 33	\$ 33	\$ 33	\$ 32	\$ 33	\$ 37	\$ 32	\$ 32
31	Earnings Excess (Line 24 - Line 30)	\$ 3,223,574	\$ 1,276,775	\$ 1,391,949	\$ 2,590,371	\$ 2,115,332	\$ 1,623,970	\$ 3,106,389	\$ 2,744,605	\$ 1,018,480	\$ 1,983,516	\$ 2,575,352
32	Complement Tax Rate	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079
33	Revenue Excess	\$ 4,533,356	\$ 1,795,546	\$ 1,957,517	\$ 3,642,874	\$ 2,974,820	\$ 2,283,811	\$ 4,368,556	\$ 3,859,775	\$ 1,432,302	\$ 2,789,445	\$ 3,621,752




**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Pennsylvania Electric Company To :  
Request Approval To Distribute The Tax :  
Savings Associated With The Tax Cuts and : Docket No. P-2021-3025906  
Jobs Act of 2017 For The Period Between :  
January 1, 2018 And June 30, 2018 :**

**VERIFICATION**

I, Kimberlie Bortz, Rates Advisor, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: September 24, 2021

  
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Kimberlie Bortz