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September 24, 2021

VIA ELECTRONIC FILING

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

**Re: Petition of Pennsylvania Power 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-2021-3025904**

Dear Secretary Chiavetta:

Enclosed please find the responses of Pennsylvania Power 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)

Bureau of Technical Utility Service – Data Request
Petition of Pennsylvania Power 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-2021-3025904
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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-2018-3000602 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 Penn Power 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:

ADIT property-related is \$(128.6M) comprised of historical deferreds of \$(179.4M) and EADIT of \$50.8M (Protected \$35.2M and Unprotected \$15.6M).

ADIT non-property-related is \$13.7M comprised of historical deferreds of \$14.7M and EADIT of \$(1.0M) (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 Penn Power 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	\$(17,218,320)	
DR	282	58,513,595	
DR	283	<u>8,435,559</u>	
		\$49,730,835	DR 190/282/283 Deferred Tax Liability
DR	410.1	\$12,071,529	
CR	411.1	<u>(7,202,426)</u>	
		\$4,869,103	DR 410/411 Deferred Tax Expense
CR	254	\$54,599,938	CR 254 Regulatory Liability

Pennsylvania Power Company

Actual TCJA Federal Income Tax Rate Difference shown on TCJA 1307e Reconciliation^A
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
2018														
1	Prior Month Calculated FIT Difference between 35% and 21%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$(1,080,863)	\$ (784,200)	\$ (814,988)	\$ (468,062)	\$ (846,054)	
2	Reverse Prior Month Accrued FIT Difference between 35% and 21%	-	-	-	-	-	-	-	141,760	1,080,863	784,200	814,988	468,062	
3	Current Month Accrued FIT Difference between 35% and 21%	-	-	-	-	-	(141,760)	(1,080,863)	(784,200)	(814,988)	(468,062)	(846,054)		
4	Actual TCJA Federal Income Tax Rate Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (141,760)	\$ (2,019,965)	\$ (487,538)	\$ (845,775)	\$ (121,136)	\$ (1,224,045)	\$ (4,840,221)
2019														
1	Prior Month Calculated FIT Difference between 35% and 21%	\$ 1,231,848	\$ (1,788,640)	\$ (290,083)	\$(1,128,929)	\$ (481,264)	\$ (733,657)	\$ (988,654)	\$(1,170,129)	\$(1,062,445)	\$ (871,301)	\$ (721,133)	\$ (650,165)	
2	Reverse Prior Month Accrued FIT Difference between 35% and 21%	846,054	(1,231,848)	1,788,640	290,083	1,128,929	704,457	734,131	868,517	914,674	832,551	748,759	730,335	
3	Current Month Accrued FIT Difference between 35% and 21%	<u>1,231,848</u>	<u>(1,788,640)</u>	<u>(290,083)</u>	<u>(1,128,929)</u>	<u>(704,457)</u>	<u>(734,131)</u>	<u>(868,517)</u>	<u>(914,674)</u>	<u>(832,551)</u>	<u>(748,759)</u>	<u>(730,335)</u>	<u>(860,988)</u>	
4	Actual TCJA Federal Income Tax Rate Difference	\$ 3,309,750	\$ (4,809,129)	\$ 1,208,474	\$(1,967,776)	\$ (56,791)	\$ (763,331)	\$(1,123,040)	\$ (1,216,286)	\$ (980,322)	\$ (787,509)	\$ (702,708)	\$ (780,819)	\$ (8,669,487)
2020														
1	Prior Month Calculated FIT Difference between 35% and 21%	\$ (525,987)	\$ (1,160,876)	\$ (892,431)	\$ (140,930)	\$ (724,566)	\$ (642,178)	\$ (657,056)	\$ (916,418)	\$ (813,032)	\$ (304,202)	\$ (645,829)	\$ (762,366)	
2	Reverse Prior Month Accrued FIT Difference between 35% and 21%	860,988	844,390	743,931	732,269	661,716	653,963	681,331	1,077,543	815,909	517,288	499,972	509,909	
3	Current Month Accrued FIT Difference between 35% and 21%	<u>(844,390)</u>	<u>(743,931)</u>	<u>(732,269)</u>	<u>(661,716)</u>	<u>(653,963)</u>	<u>(681,331)</u>	<u>(1,077,543)</u>	<u>(815,909)</u>	<u>(517,288)</u>	<u>(499,972)</u>	<u>(509,909)</u>	<u>(647,285)</u>	
4	Actual TCJA Federal Income Tax Rate Difference	\$ (509,389)	\$ (1,060,417)	\$ (880,769)	\$ (70,377)	\$ (716,813)	\$ (669,546)	\$(1,053,268)	\$ (654,784)	\$ (514,411)	\$ (286,886)	\$ (655,766)	\$ (899,742)	\$ (7,972,168)

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 Power Company

Line No.	DESCRIPTION	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
1	Operating Revenues	\$ 11,026	\$ 10,631	\$ 9,058	\$ 9,222	\$ 9,875	\$ 10,622
2	Less: O&M Expenses	2,880	4,144	2,414	4,452	2,970	14,672
3	Book Depreciation	1,744	1,752	1,754	1,766	1,774	1,789
4	Interest Expense	861	875	859	942	944	1,025
5	Operating Income before Taxes Total (Line 1 - sum of Lines 2,3,4)	\$ 5,542	\$ 3,860	\$ 4,031	\$ 2,062	\$ 4,187	\$ (6,865)
6	Schedule M Tax Adjustments	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141
7	Book Depreciation	1,744	1,752	1,754	1,766	1,774	1,789
8	Total (Line 6 + Line 7)	\$ 1,885	\$ 1,893	\$ 1,895	\$ 1,907	\$ 1,915	\$ 1,931
9	Less: Tax Depreciation	\$ 1,231	\$ 1,231	\$ 1,231	\$ 1,231	\$ 1,231	\$ 1,802
10	State Taxable Income ((Line 5 + Line 8) - Line 9)	\$ 6,195	\$ 4,521	\$ 4,695	\$ 2,737	\$ 4,870	\$ (6,736)
11	Plus: Federal bonus depreciation	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001
12	Less: Additional state depreciation	(344)	(344)	(344)	(344)	(344)	(344)
13	Net adjustment to state taxable income (Line 11 + Line 12)	\$ 657	\$ 657	\$ 657	\$ 657	\$ 657	\$ 657
14	Income subject to state income tax (Line 10 + Line 13)	\$ 6,853	\$ 5,179	\$ 5,352	\$ 3,395	\$ 5,528	\$ (6,079)
15	State Income Tax @ 9.99% (Line 14 * 9.99%)	\$ 685	\$ 517	\$ 535	\$ 339	\$ 552	\$ (607)
16	Income Subject to Federal Income Tax (Line 10 - Line 15)	\$ 5,511	\$ 4,004	\$ 4,160	\$ 2,398	\$ 4,318	\$ (6,129)
17	Federal Income Tax at 35% (Line 16 * 35%)	\$ 1,929	\$ 1,401	\$ 1,456	\$ 839	\$ 1,511	\$ (2,145)
18	Federal Income Tax at 21% (Line 16 * 21%)	\$ 1,157	\$ 841	\$ 874	\$ 504	\$ 907	\$ (1,287)
19	Federal- Deferred @ 35%	\$ 546	\$ 3,452	\$ 546	\$ 546	\$ 546	\$ 4,252
20	Federal- Deferred @21%	\$ 203	\$ 3,111	\$ 203	\$ 203	\$ 202	\$ 1,515
21	Less: NOLs (10 year Amort)	(2)	(2)	(2)	(2)	(2)	(2)
22	Less: Other Excess (10 year Amort)	1	1	1	1	1	1
23	Federal Deferred Adjusted (Line 20 - Line 21 - Line 22)	\$ 204	\$ 3,112	\$ 204	\$ 204	\$ 204	\$ 1,516
24	Effect of TCJA On Income (Line 17 - Line 18)	\$ 772	\$ 561	\$ 582	\$ 336	\$ 605	\$ (858)
25	Change in ADIT (Line 19 - Line 23)	\$ 342	\$ 340	\$ 342	\$ 342	\$ 342	\$ 2,736
26	Plus: unamortized NOL	231	229	227	225	223	221
27	Less: unamortized Other Excess	(104)	(103)	(102)	(102)	(101)	(100)
28	Change in ADIT (Line 25 + Line 26 + Line 27)	\$ 468	\$ 465	\$ 466	\$ 465	\$ 464	\$ 2,857
29	Commission Approved Rate of Return	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
30	Effect of ADIT Change on Income (Line 28 * Line 29)	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 18
31	Earnings Excess (Line 24 - Line 30)	\$ 768,579	\$ 557,628	\$ 579,521	\$ 332,829	\$ 601,611	\$ (875,941)
32	Complement Tax Rate	0.711079	0.711079	0.711079	0.711079	0.711079	0.711079
33	Revenue Excess	\$ 1,080,863	\$ 784,200	\$ 814,988	\$ 468,062	\$ 846,054	\$ (1,231,848)

Pennsylvania Power 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	\$ 11,408	\$ 10,082	\$ 10,270	\$ 8,049	\$ 8,294	\$ 9,129	\$ 11,353	\$ 9,876	\$ 9,259	\$ 8,325	\$ 10,162	\$ 10,071
2	Less: O&M Expenses	350	5,069	1,796	3,231	2,060	1,451	2,659	1,803	2,260	2,166	4,405	7,241
3	Book Depreciation	1,786	1,796	1,796	1,796	1,797	2,063	1,845	1,853	1,865	1,879	1,396	1,853
4	Interest Expense	1,061	996	996	983	975	980	972	959	970	971	968	1,106
5	Operating Income before Taxes Total (Line 1 - sum of Lines 2,3,4)	\$ 8,211	\$ 2,221	\$ 5,682	\$ 2,039	\$ 3,462	\$ 4,635	\$ 5,877	\$ 5,261	\$ 4,164	\$ 3,309	\$ 3,392	\$ (130)
6	Schedule M Tax Adjustments	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141
7	Book Depreciation	1,786	1,796	1,796	1,796	1,797	2,063	1,845	1,853	1,865	1,879	1,396	1,853
8	Total (Line 6 + Line 7)	\$ 1,927	\$ 1,937	\$ 1,938	\$ 1,937	\$ 1,938	\$ 2,205	\$ 1,986	\$ 1,995	\$ 2,006	\$ 2,020	\$ 1,538	\$ 1,994
9	Less: Tax Depreciation	\$ -	\$ 2,508	\$ 1,254	\$ 1,254	\$ 1,254	\$ 1,254	\$ 1,254	\$ 1,254	\$ 1,254	\$ 1,254	\$ 1,254	\$ (1,105)
10	State Taxable Income ((Line 5 + Line 8) - Line 9)	\$ 10,138	\$ 1,651	\$ 6,365	\$ 2,722	\$ 4,146	\$ 5,585	\$ 6,609	\$ 6,002	\$ 4,917	\$ 4,076	\$ 3,675	\$ 2,969
11	Plus: Federal bonus depreciation	\$ 620	\$ -	\$ -	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187
12	Less: Additional state depreciation	(266)	(266)	(266)	(348)	(348)	(348)	(348)	(348)	(348)	(348)	(348)	(348)
13	Net adjustment to state taxable income (Line 11 + Line 12)	\$ 354	\$ (266)	\$ (266)	\$ (161)	\$ (161)	\$ (161)	\$ (161)	\$ (161)	\$ (161)	\$ (161)	\$ (161)	\$ (161)
14	Income subject to state income tax (Line 10 + Line 13)	\$ 10,493	\$ 1,385	\$ 6,100	\$ 2,561	\$ 3,985	\$ 5,424	\$ 6,448	\$ 5,841	\$ 4,756	\$ 3,915	\$ 3,514	\$ 2,808
15	State Income Tax @ 9.99% (Line 14 * 9.99%)	\$ 1,048	\$ 138	\$ 609	\$ 256	\$ 398	\$ 542	\$ 644	\$ 583	\$ 475	\$ 391	\$ 351	\$ 281
16	Income Subject to Federal Income Tax (Line 10 - Line 15)	\$ 9,090	\$ 1,512	\$ 5,756	\$ 2,466	\$ 3,748	\$ 5,043	\$ 5,965	\$ 5,418	\$ 4,441	\$ 3,685	\$ 3,324	\$ 2,689
17	Federal Income Tax at 35% (Line 16 * 35%)	\$ 3,182	\$ 529	\$ 2,015	\$ 863	\$ 1,312	\$ 1,765	\$ 2,088	\$ 1,896	\$ 1,555	\$ 1,290	\$ 1,163	\$ 941
18	Federal Income Tax at 21% (Line 16 * 21%)	\$ 1,909	\$ 318	\$ 1,209	\$ 518	\$ 787	\$ 1,059	\$ 1,253	\$ 1,138	\$ 933	\$ 774	\$ 698	\$ 565
19	Federal- Deferred @ 35%	\$ -	\$ 1,311	\$ 643	\$ 643	\$ 643	\$ 643	\$ 643	\$ 643	\$ 15	\$ 643	\$ 643	\$ (668)
20	Federal- Deferred @21%	\$ -	\$ 551	\$ 268	\$ 268	\$ 268	\$ 268	\$ 268	\$ 268	\$ (230)	\$ 268	\$ 268	\$ (946)
21	Less: NOLs (10 year Amort)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
22	Less: Other Excess (10 year Amort)	1	1	1	1	1	1	1	1	1	1	1	1
23	Federal Deferred Adjusted (Line 20 - Line 21 - Line 22)	\$ 1	\$ 552	\$ 269	\$ 269	\$ 269	\$ 269	\$ 269	\$ 269	\$ (229)	\$ 269	\$ 269	\$ (945)
24	Effect of TCJA On Income (Line 17 - Line 18)	\$ 1,273	\$ 212	\$ 806	\$ 345	\$ 525	\$ 706	\$ 835	\$ 759	\$ 622	\$ 516	\$ 465	\$ 376
25	Change in ADIT (Line 19 - Line 23)	\$ (1)	\$ 759	\$ 374	\$ 374	\$ 374	\$ 374	\$ 374	\$ 374	\$ 244	\$ 374	\$ 374	\$ 277
26	Plus: unamortized NOL	218	216	214	212	210	208	206	204	202	200	198	196
27	Less: unamortized Other Excess	(99)	(98)	(97)	(96)	(95)	(94)	(93)	(92)	(91)	(90)	(90)	(89)
28	Change in ADIT (Line 25 + Line 26 + Line 27)	\$ 119	\$ 878	\$ 492	\$ 491	\$ 489	\$ 488	\$ 487	\$ 486	\$ 355	\$ 484	\$ 483	\$ 384
29	Commission Approved Rate of Return	0.62%	0.62%	0.63%	0.62%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.62%
30	Effect of ADIT Change on Income (Line 28 * Line 29)	\$ 1	\$ 5	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 2	\$ 3	\$ 3	\$ 2
31	Earnings Excess (Line 24 - Line 30)	\$ 1,271,865	\$ 206,272	\$ 802,758	\$ 342,217	\$ 521,688	\$ 703,011	\$ 832,054	\$ 755,483	\$ 619,564	\$ 512,782	\$ 462,319	\$ 374,019
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	\$ 1,788,640	\$ 290,083	\$ 1,128,929	\$ 481,264	\$ 733,657	\$ 988,654	\$ 1,170,129	\$ 1,062,445	\$ 871,301	\$ 721,133	\$ 650,165	\$ 525,987

Pennsylvania Power 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	\$ 10,912	\$ 12,339	\$ 6,433	\$ 9,373	\$ 8,956	\$ 9,771	\$ 11,956	\$ 10,352	\$ 8,833	\$ 8,490	\$ 8,921
2	Less: O&M Expenses	3,424	4,143	3,567	3,220	3,270	3,990	4,794	3,781	4,955	2,861	2,629
3	Book Depreciation	1,924	1,936	1,940	1,944	1,957	2,019	1,868	1,893	1,897	1,871	1,870
4	Interest Expense	1,090	1,068	1,078	1,071	1,069	1,079	1,059	1,050	1,075	1,036	1,041
5	Operating Income before Taxes Total (Line 1 - sum of Lines 2,3,4)	\$ 4,473	\$ 5,192	\$ (152)	\$ 3,138	\$ 2,660	\$ 2,682	\$ 4,235	\$ 3,628	\$ 905	\$ 2,722	\$ 3,381
6	Schedule M Tax Adjustments	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141	\$ 141
7	Book Depreciation	1,924	1,936	1,940	1,944	1,957	2,019	1,868	1,893	1,897	1,871	1,870
8	Total (Line 6 + Line 7)	\$ 2,065	\$ 2,077	\$ 2,082	\$ 2,085	\$ 2,098	\$ 2,160	\$ 2,009	\$ 2,034	\$ 2,038	\$ 2,012	\$ 2,011
9	Less: Tax Depreciation	\$ -	\$ 2,160	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,237	\$ 1,097	\$ 1,097
10	State Taxable Income ((Line 5 + Line 8) - Line 9)	\$ 6,538	\$ 5,109	\$ 850	\$ 4,143	\$ 3,678	\$ 3,763	\$ 5,164	\$ 4,582	\$ 1,707	\$ 3,637	\$ 4,294
11	Plus: Federal bonus depreciation	\$ 187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Less: Additional state depreciation	(348)	276	276	276	276	276	(276)	(276)	(276)	(276)	(276)
13	Net adjustment to state taxable income (Line 11 + Line 12)	\$ (161)	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ (276)	\$ (276)	\$ (276)	\$ (276)	\$ (276)
14	Income subject to state income tax (Line 10 + Line 13)	\$ 6,377	\$ 5,386	\$ 1,126	\$ 4,420	\$ 3,955	\$ 4,039	\$ 4,888	\$ 4,306	\$ 1,430	\$ 3,360	\$ 4,018
15	State Income Tax @ 9.99% (Line 14 * 9.99%)	\$ 637	\$ 538	\$ 113	\$ 442	\$ 395	\$ 403	\$ 488	\$ 430	\$ 143	\$ 336	\$ 401
16	Income Subject to Federal Income Tax (Line 10 - Line 15)	\$ 5,901	\$ 4,571	\$ 737	\$ 3,702	\$ 3,283	\$ 3,359	\$ 4,676	\$ 4,152	\$ 1,564	\$ 3,301	\$ 3,893
17	Federal Income Tax at 35% (Line 16 * 35%)	\$ 2,065	\$ 1,600	\$ 258	\$ 1,296	\$ 1,149	\$ 1,176	\$ 1,637	\$ 1,453	\$ 547	\$ 1,155	\$ 1,363
18	Federal Income Tax at 21% (Line 16 * 21%)	\$ 1,239	\$ 960	\$ 155	\$ 777	\$ 689	\$ 705	\$ 982	\$ 872	\$ 328	\$ 693	\$ 818
19	Federal- Deferred @ 35%	\$ -	\$ 1,082	\$ 541	\$ 541	\$ 541	\$ 550	\$ 541	\$ 1,076	\$ 635	\$ 551	\$ 551
20	Federal- Deferred @21%	\$ -	\$ 316	\$ 158	\$ 158	\$ 158	\$ 163	\$ 158	\$ 660	\$ 303	\$ 174	\$ 174
21	Less: NOLs (10 year Amort)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
22	Less: Other Excess (10 year Amort)	1	1	1	1	1	1	1	1	1	1	1
23	Federal Deferred Adjusted (Line 20 - Line 21 - Line 22)	\$ 1	\$ 317	\$ 159	\$ 159	\$ 159	\$ 164	\$ 159	\$ 661	\$ 304	\$ 175	\$ 175
24	Effect of TCJA On Income (Line 17 - Line 18)	\$ 826	\$ 640	\$ 103	\$ 518	\$ 460	\$ 470	\$ 655	\$ 581	\$ 219	\$ 462	\$ 545
25	Change in ADIT (Line 19 - Line 23)	\$ (1)	\$ 764	\$ 382	\$ 382	\$ 382	\$ 385	\$ 382	\$ 415	\$ 330	\$ 376	\$ 376
26	Plus: unamortized NOL	194	192	190	188	186	184	182	180	178	176	174
27	Less: unamortized Other Excess	(88)	(87)	(86)	(85)	(84)	(83)	(82)	(81)	(80)	(79)	(78)
28	Change in ADIT (Line 25 + Line 26 + Line 27)	\$ 105	\$ 870	\$ 486	\$ 485	\$ 483	\$ 486	\$ 481	\$ 513	\$ 427	\$ 472	\$ 471
29	Commission Approved Rate of Return	0.62%	0.62%	0.62%	0.62%	0.62%	0.63%	0.63%	0.62%	0.62%	0.62%	0.62%
30	Effect of ADIT Change on Income (Line 28 * Line 29)	\$ 1	\$ 5	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
31	Earnings Excess (Line 24 - Line 30)	\$ 825,474	\$ 634,589	\$ 100,212	\$ 515,224	\$ 456,639	\$ 467,219	\$ 651,646	\$ 578,130	\$ 216,312	\$ 459,235	\$ 542,102
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	\$ 1,160,876	\$ 892,431	\$ 140,930	\$ 724,566	\$ 642,178	\$ 657,056	\$ 916,418	\$ 813,032	\$ 304,202	\$ 645,829	\$ 762,366


**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Pennsylvania Power Company To :
Request Approval To Distribute The Tax :
Savings Associated With The Tax Cuts and : **Docket No. P-2021-3025904**
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



Kimberlie Bortz