

April 20, 2015

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 35 – Rate Changes
in Compliance with Pennsylvania Power Company’s Default Service Plan,
Docket No. P-2013-2391375**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 125 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 35, which bears an issue date of April 20, 2015. The tariff changes contained in Supplement No. 125 are proposed to be effective with service rendered on or after June 1, 2015. The rates changes contained herein include the change in the Gross Receipts Tax ("GRT") from 4.4% to 5.9%, consistent with the tariff supplement to be filed pursuant to the Commission's Order dated April 9, 2015 for rates effective on May 3, 2015.

The purpose of Tariff Supplement No. 125 is to reflect: (1) default service rate changes for the Commercial and Residential Customer Classes served under the Price to Compare Default Service Rider; and (2) default service rate changes for customers served under the Hourly Pricing Default Service Rider. These rate changes are consistent with the Commission's Order entered July 24, 2014 at Docket No. P-2013-2391375.

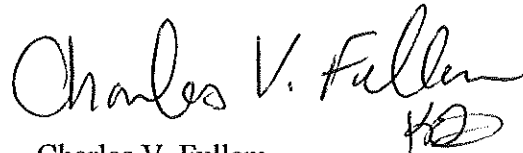
As support for the rate changes, the following schedules accompany this tariff filing:

- Schedule 1 provides supporting details for the changes to the Commercial Class's default service rates stated in the tariff's Price to Compare Default Service Rate Rider.
- Schedule 2 provides supporting details for the changes to the Residential Class's default service rates stated in the tariff's Price to Compare Default Service Rate Rider.
- Schedule 3 provides supporting details for the change to the Hourly Pricing Default Service Reconciliation Charge rate contained in the Hourly Pricing Default Service Rider.

Enclosed please find an extra copy of this letter for you to date stamp and return in the enclosed stamped, addressed envelope in order to indicate receipt of this filing.

If you have any questions regarding the enclosed documents, please contact me at (610) 921-6063.

Sincerely,

A handwritten signature in cursive script that reads "Charles V. Fullem". To the right of the signature, there is a small, stylized handwritten mark that appears to be "H2".

Charles V. Fullem
Director of Rates & Regulatory Affairs-PA
610-921-6525

Enclosures

c: Certificate of Service
Paul Diskin, TUS

PENNSYLVANIA POWER COMPANY

**Schedule of Rates, Rules and Regulations
for
Electric Service
For List of Communities Served,
See Pages 5 and 6**

ISSUED: April 20, 2015

EFFECTIVE: June 1, 2015

**Issued by
Charles E. Jones, Jr.
President
233 Frenz Drive
New Castle, PA 16101**

NOTICE

This Supplement Makes Changes to Existing Tariff -- See One Hundredth nineteenth Revised Sheet No. 1

LIST OF MODIFICATIONS

Riders

Modifications have been made to the Hourly Pricing Default Service Rider (See Sixth Revised Sheet No. 64.1; Twenty-first Revised Sheet No. 64.2; Thirty-first Revised Sheet No. 64.3; Fifth Revised Sheet No. 64.4; and Fourth Revised Sheet No. 64.5).

Modifications have been made to the Price to Compare Default Service Rate Rider (See Thirty-second Revised Sheet No. 71.1).

HOURLY PRICING DEFAULT SERVICE RIDER

AVAILABILITY:

(C)

The charges billed under this rider are applicable to all Customers who elect to take Default Service from the Company and are receiving service under Rate Schedules GP, GT, or GS if such GS Customers also are under Special Rule GSDS. These charges are also applicable to Customers on Rate Schedules GS and GM on a voluntary basis who meet the metering requirements of this rider. Rates shall be billed under this rider on the next scheduled meter reading date after electing Default Service.

All GS and GM Customers electing service under this rider must have Smart Meter technology installed as part of the Company's Smart Meter Plan filed with and approved by the Commission.

Hourly Pricing Service Charges:

Customers participating in the Hourly Pricing Default Service Rider will be billed for usage based on the following calculation:

$$\text{Hourly Pricing Service Charges} = (\text{HP}_{\text{Energy Charge}} + \text{HP}_{\text{Cap-AEPS-Other Charge}} + \text{HP}_{\text{Administrative Charge}} + \text{HP}_{\text{Unc}} + \text{HP}_{\text{Reconciliation Charge}}) \times [1 / (1-T)]$$

HP Energy Charge per kWh:

(C)

$$\text{HP}_{\text{Energy Charge}} = \sum_{t=1}^n (\text{kWh}_t \times (\text{LMP}_t + \text{HP}_{\text{Oth}}) \times \text{HP}_{\text{Loss Multiplier}})$$

Where:

n = Total number of hours in the billing period

t = An hour in the billing period

LMP = the "Real Time" PJM load-weighted average Locational Marginal Price for the Penn Power Transmission Zone.

HP_{Oth} = \$0.00400 per kWh for estimate of capacity, ancillary services, NITS, AEPS Compliance and other supply components

(C)

HP _{Loss Multipliers:}	GS-Small	1.0515
	GS-Medium	1.0515
	GP	1.0171
	GT	1.0007

These HP_{Loss Multipliers} exclude transmission losses.

(C) Change

Hourly Pricing Default Service Rider (Continued)

HP Cap-AEPS-Other Charge:

\$0.02595 per kWh representing the costs paid by the Company to the Supplier for Capacity, AEPS costs, and any other costs incurred by the Supplier multiplied by the HP Loss Multipliers. This charge is subject to quarterly adjustments.

(I)

HP Administrative Charge:

\$0.00002 per kWh representing the administrative costs incurred by the Company associated with providing Hourly Pricing Service.

(D)

HP Uncollectible Charge

\$0.00002 per kWh representing the generation-related unbundled uncollectible accounts expense associated with Hourly Pricing Default Service. This charge is subject to annual adjustment on June 1 of each year.

(C)

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

Hourly Pricing Default Service Rider (Continued)

HP Reconciliation Charge:

The HP Reconciliation Charge Rate (“E_{HP}”) shall be applied to each kWh of Default Service that Penn Power delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The E_{HP} rate shall be included as a non-bypassable component billed to Customers receiving Default Service from the Company under this rider. The rate shall be calculated according to the provisions of this rider.

(C)

For service rendered June 1, 2015 through August 31, 2015, the E_{HP} rate is as follows:

(I)

HP Reconciliation Charge Rate = (\$0.00936) per kWh

The E_{HP} rate will be calculated at the end of each Default Service Quarter (three months ending March 31st, June 30th, September 30th, and December 31st) to be effective for the three-month period beginning on the first day of the third calendar month following the end of that Default Service Quarter (June 1st, September 1st, December 1st, and March 1st). The E_{HP} rate shall be calculated in accordance with the formula set forth below:

$$E_{HP} = ((DS_{HPExp1} + DS_{HPExp2}) - PTC_{HPRev} + DS_{HPInt}) / DS_{HPSales}$$

Where:

E_{HP} = The rate determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Customers under this rider.

(C)

DS_{HPExp1} = An allocated portion of the incremental start-up costs incurred by the Company through May 31, 2015 in connection with the Company’s Default Service Supply Plan to provide Default Service amortized over the twenty-four (24) month period ending May 31, 2017 including but not limited to:

- Incremental start-up administrative costs including metering and billing costs incurred and other costs as necessary to provide service to Retail Default Service Customers
- Other start-up costs incurred to develop and implement the competitive bid process for the Retail Default Service Supply Plan including legal, customer notice, and consultant fees.

Interest will be calculated monthly on the average of the beginning and the end of month balances of these costs and included in the determination of the monthly amortized amount. The monthly interest rate will be based upon the 41 P.S. § 202 statutory rate.

(I) Increase
(C) Change

Hourly Pricing Default Service Rider (Continued)

DS_{HPExp2} = The cumulative costs to provide Hourly Pricing Default Service incurred by the Company through the end of the previous Default Service Quarter including but not limited to the following:

(C)

- Payments made to winning bidders
- Any PJM related charges other than Non-Market Based Services Transmission Charges identified in the Default Service Support Rider associated with the procurement of Hourly Pricing Default Service (C)
- AEPS expenses incurred by Penn Power related to amendments to the AEPS Act and/or related laws or regulations occurring subsequent to the effective date of the Supplier Master Agreement for the Default Service Supply Plan excluding such costs recovered through the Company's Solar Photovoltaic Requirements Charge Rider
- An allocated portion of incremental administrative costs including metering and billing costs incurred and other costs as necessary to provide service to retail Default Service Customers
- All contingency plan implementation costs incurred during the supply period
- An allocated portion of other costs incurred to develop and implement the competitive bid process for retail Default Service including legal, customer notice, and consultant fees.
- The cost of credit when the Company is considered by PJM to be the load serving entity

(C) Change

Hourly Pricing Default Service Rider (Continued)

(C)

PTC_{HPRev} = The cumulative revenues, excluding any revenues associated with the HP Uncollectible Charge and applicable Pennsylvania gross receipts tax, through the end of the most recent Default Service Quarter billed to Hourly Pricing Default Service Customers under this rider including the applicable E_{HP} rates.

DS_{HPInt} = The cumulative amount of carrying charges calculated on a monthly basis through the end of the most recent Default Service Quarter. Interest will be calculated monthly on the average balance of 1) the respective month's beginning balance of prior months' cumulative over or under collection of PTC_{HPRev} compared to the sum of the amortized portion of DS_{HPExp1} costs and DS_{HPExp2} costs incurred to date including cumulative interest calculated thereon through the beginning of the month; and 2) the respective month's ending balance of cumulative over or under collection of PTC_{HPRev} compared to the amortized portion of DS_{HPExp1} costs and DS_{HPExp2} costs incurred to date including cumulative interest calculated thereon through the beginning of the month. The monthly interest rate will be based upon the 41 P.S. § 202 statutory annual rate for under collections and the 41 P.S. § 202 statutory annual rate plus two percent for (over) collections.

$DS_{HPSales}$ = The Company's projected Hourly Pricing Default Service kWh sales to Retail Customers for the three-month billing period that the E_{HP} rate will be in effect.

Gross Receipts Tax:

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

General:

(C)

Each change in the E_{HP} rate as well as other rates within this rider will be filed with the Commission by the later of: (a) forty-five days (45) days prior to the effective date of the rate changes; or (b) seven (7) days after the last supply auction. The Company shall file details in support of the revised rates.

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

Application of the E_{HP} rate shall be subject to annual review and audit by the Commission.

(C) Change

PRICE TO COMPARE DEFAULT SERVICE RATE RIDER

A Price to Compare Default Service Rate ("PTC_{Default}") shall be applied to each kWh of Default Service that Penn Power delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The PTC_{Default} rate shall be billed to Customers receiving Default Service from the Company under this rider. The rates shall be calculated according to the provisions of this rider.

For service rendered June 1, 2015 through August 31, 2015, the PTC_{Default} rates billed by Customer Class are as follows:

Commercial Customer Class (Rate Schedules GS (excluding GS Special Rule GSDS), GS Optional Controlled Service Rider, PNP, GM, GM Optional Controlled Service Rider, PLS, SV, SVD, SM, OH With Cooling Capabilities, OH Without Cooling Capabilities, and WH Non-Residential):

\$0.08638 per kWh

Residential Customer Class (Rate Schedules RS; RS Optional Controlled Service Rider; RH; RH Water Heating Option; WH; and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services):

\$0.08584 per kWh

(C) Change
(I) Increase

Pennsylvania Power Company
PTC Default Service Rider Rate Calculation
Commercial Class: Default Service Period Beginning June 1, 2015 - August 31, 2015

Line
No.

	Number of Tranches	Auction Clearing Price	Summer 1	Winter 1	Weighted Clearing Price
Fixed Price Tranche Purchases (\$ per MWh)					
1	1	\$ 89.65	3	0	\$ 268.95
2	1	\$ 83.19	3	0	\$ 249.57
3	1	\$ 82.87	3	0	\$ 248.61
4	1	\$ 78.74	3	0	\$ 236.22
5	1	\$ 87.50	3	0	\$ 262.50
6	1	\$ 81.67	3	0	\$ 245.01
7	1	\$ 77.00	3	0	\$ 231.00
	7		3	21	
8	Total Average Fixed Price Tranche				\$ 82.95
9	Percentage of Total Load				100%
10	Total Cost Fixed Price Tranche				\$ 82.95
11	Average Variable Hourly Price Tranche				\$ -
12	Capacity, Anc. Serv. and AEPS Adder				\$ -
13	Variable Priced Hourly Commercial Cost				\$ -
14	Percentage of Total Load				0%
15	Total Variable Priced Hourly Commercial Cost				\$ -
16	Price to Compare Weighted Average Price (line 10 + line 15)				\$ 82.95 per MWh
17	PTC _{Current Cost Component} (line 16 / 1000)				\$ 0.08295 per kWh
18	Times Loss Factor				1.0515
19	Subtotal (line 17 x line 18)				\$ 0.08722 per kWh
20	Admin Costs including estimated interest @ 6%				\$ 0.00007 per kWh
21	Subtotal (line 19 + line 20)				\$ 0.08729 per kWh
22	Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax)				1.062699
23	PTC _{Current} Commercial Class (line 21 x line 22)				\$ 0.09276 per kWh
24	E Reconciliation Rate (page 2, line 5)				(0.00601) per kWh
25	Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax)				1.062699
26	E Reconciliation Rate x GRT				\$ (0.00639)
27	PTC _{Default} Commercial Class (line 23 + line 26)				\$ 0.08638 per kWh

Pennsylvania Power Company
Price to Compare Default Service Rider Rate Calculation
Commercial Class
Computation of Commercial Class Reconciliation Factor
Effective June 1, 2015 Through August 31, 2015

<u>Line No.</u>	<u>Description</u>	<u>Amounts</u>
1	Cumulative Commercial Class (Over) / Under Collection as of March 31, 2015	\$ (1,040,426) See Schedule 1, Page 3 for support
2	Projected April and May 2015 E Factor revenue adjustment	<u>259,419</u>
3	Net Cumulative Commercial Class (Over) / Under Collection as of March 31, 2015	\$ (781,007)
4	Projected Commercial Class kilowatt hour sales - June 1, 2015 through August 31, 2015 (Line 11)	129,961,418 kWhs
5	Commercial Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 3/ Line 4)	\$ (0.00601) per kWh
6	PA Gross Receipt Gross-Up [1/(1-T) with T = 5.9% Pa Gross Receipts Tax]	<u>1.062699</u>
7	Commercial Class Reconciliation Factor Rate with PA Gross Receipts Tax (Line 5 X Line 6)	<u>\$ (0.00639) per kWh</u>
Projected Commercial Class kilowatt hour sales (June 1, 2015 through August 31, 2015)		
8	Jun-15	40,569,428
9	Jul-15	43,613,154
10	Aug-15	<u>45,778,836</u>
11	Total Projected Commercial Class kWh Sales	<u>129,961,418</u>

Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax) 1.062699

Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax) 1.062699

Pennsylvania Power Company Default Service Program
Commercial Customer Class Deferral
January 2015 through March 2015

<u>Line No.</u>		<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ (402,389)	\$ (577,749)	\$ (720,992)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 3,735,330	\$ 4,023,732	\$ 3,718,089
3	Uncollectible Expense Revenues with Pa GRT Included in Line 2	\$ -	\$ -	\$ -
4	POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues (line 2 - line 3)	\$ 3,735,330	\$ 4,023,732	\$ 3,718,089
5	Pa GRT Included in Line 4	\$ 164,355	\$ 177,044	\$ 163,596
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (Line 4 - Line 5)	\$ 3,570,975	\$ 3,846,688	\$ 3,554,493
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008/ Through 5/31/2011 starting 6/1/2011 {DSexp1}	\$ 3,534	\$ 3,534	\$ 3,534
8	Current Month cost to provide Default Service {DSexp2}	\$ 3,395,311	\$ 3,704,227	\$ 3,237,376
9	Current Month Administration Costs {DSexp2}			
10	Amortization of POLR I (Over)/Under Collections {DSexp3}			
11	Cumulative Costs for month of Network Integration Transmission Service (NITS) cost incurred by the Company	\$ 26	\$ -	\$ -
12	Total Expenses for Month	\$ 3,398,871	\$ 3,707,761	\$ 3,240,910
13	Monthly (Over)/Under Collections	\$ (172,104)	\$ (138,927)	\$ (313,583)
14	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (574,493)	\$ (716,677)	\$ (1,034,574)
15	Interest for Current Month	\$ (3,256)	\$ (4,315)	\$ (5,852)
16	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (577,749)	\$ (720,992)	\$ (1,040,426)

Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax)

Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax)

Pennsylvania Power Company
PTC Default Service Rider Rate Calculation
Residential Class: Default Service Period Beginning June 1, 2015 - August 31, 2015

Line No.	Residential Class	Number of Tranches	Auction Clearing Price	Summer	Winter	Weighted Clearing Price
	Fixed Price Tranche Purchases (\$ per MWh)					
1	October 2014 Auction (June 15 through May 16)	1	\$ 85.15	3	0	255.45
2	October 2014 Auction (June 15 through May 17)	1	\$ 78.47	3	0	235.41
3	January 2015 Auction (June 15 through May 16)	1	\$ 74.16	3	0	222.48
4	January 2015 Auction (June 15 through May 17)	1	\$ 72.32	3	0	216.96
5	April 2015 Auction (June 15 through May 16)	1	\$ 77.45	3	0	232.35
6	April 2015 Auction (June 15 through May 17)	1	\$ 69.93	3	0	209.79
		6		3	18	
7	Total Average Fixed Price Tranche				\$ 76.25	
8	Times Fixed Portion of Residential Load				95%	Fixed Portion
9	Total Fixed Price Residential Cost				\$ 72.43	dollar cost
10	Average Variable Hourly Price Tranche				\$ 36.63	
11	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)				\$ 20.00	
12	Variable Priced Hourly Residential Cost				\$ 56.63	
13	Times Variable Portion of Residential Load				5%	Variable Portion
14	Total Variable Priced Hourly Residential Cost				\$ 2.83	dollar cost
15	Price to Compare Weighted Average Price (line 5 + line 10)				\$ 75.27	per MWh
16	PTC <small>Current Cost Component</small> (line 15 / 1000)				\$ 0.07527	per kWh
17	Times Loss Factor				1.0515	
18	Subtotal (line 16 x line 17)				\$ 0.07914	per kWh
19	Admin Costs including estimated interest @ 6%				\$ 0.00009	per kWh
20	Subtotal (line 18 + line 19)				\$ 0.07923	per kWh
21	Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax)				1.062699	
22	PTC <small>Current</small> Residential Class (line 20 x line 21)				\$ 0.08420	per kWh
23	E Reconciliation Rate (page 2, line 6)				0.00155	per kWh
24	Multiplied by [1/(1-T)] (5.9% Gross Receipts Tax)				1.062699	
25	E Reconciliation Rate x GRT				\$ 0.00165	
	PTC <small>Default</small> Residential Class (line 22 + line 25)				\$ 0.08584	per kWh

Note 1: All Price to Compare rate computations will be pursuant to terms of Company's "Price to Compare Default Service Rate Rider".
Note 2: All Adders are subject to Quarterly Updates

Pennsylvania Power Company
Price to Compare Default Service Rider Rate Calculation
Residential Class
Computation of Residential Class Reconciliation Factor
Effective June 1, 2015 Through August 31, 2015

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of December 31, 2014	\$ 429,147 See Schedule 2, Page 3 for support
2	Projected April 2015 through August 2015 (over)/under collection adjustment	(1,072,724)
3	Projected April and May 2015 E Factor revenue adjustment	<u>\$ 1,124,771</u>
4	Total (Over)/Under Collection (Line 1 + Line 2 + Line 3)	\$ 481,194
5	Projected Residential Class kilowatt hour sales - June 1, 2015 to August 31, 2015 (Line 12)	310,582,754 kWhs
6	Residential Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ 0.00155 per kWh
7	PA Gross Receipt Gross-Up [1/(1-T) with T = 5.9% Pa Gross Receipts Tax]	<u>1.062699</u>
8	Residential Class Reconciliation Factor Rate with PA Gross Receipts Tax (Line 6 X Line 7)	<u>\$ 0.00165 per kWh</u>
Projected Residential Class kilowatt hour sales (June 1, 2015 through August 31, 2015)		
9	Jun-15	89,769,921
10	Jul-15	107,359,239
11	Aug-15	<u>113,453,594</u>
12	Total Projected Residential Class kWh Sales	<u>310,582,754</u>

**Pennsylvania Power Company Default Service Program Reconciliation
Residential Customer Class Deferrals
January 2015 through March 2015**

<u>Line No.</u>		<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ (2,775,135)	\$ (2,129,299)	\$ 440,597
2	POLR II / IDSSP Revenues With Pa GRT	\$ 7,213,825	\$ 7,477,756	\$ 7,612,947
3	Uncollectible Expense Revenues with Pa GRT Included in Line 2	\$ -	\$ -	\$ -
4	POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues (line 2 - line 3)	\$ 7,213,825	\$ 7,477,756	\$ 7,612,947
5	Pa GRT Included in line 4	\$ 317,408	\$ 329,021	\$ 334,970
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 6,896,417	\$ 7,148,735	\$ 7,277,977
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008 / 5/31/2011 starting 6/1/2011[DSexp1]	\$ 7,429	\$ 7,429	\$ 7,429
8	Current Month cost to provide Default Service [DSexp2]	\$ 6,982,746	\$ 9,882,457	\$ 6,218,033
9	Current Monthly Administration Costs [DSexp2]	\$ -	\$ -	\$ -
10	Amortization of POLR I (Over)/Under Collections [DSexp3]	\$ -	\$ -	\$ -
11	Cumulative Costs for month of Network Integration Transmission Service (NITS) cost incurred by the Company	\$ 568,373	\$ (165,644)	\$ 1,038,896
11	Total Expenses for Month	\$ 7,558,548	\$ 9,724,242	\$ 7,264,358
12	Monthly (Over)/Under Collections	\$ 662,131	\$ 2,575,507	\$ (13,619)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (2,113,004)	\$ 446,208	\$ 426,978
14	Interest for Current Month	\$ (16,295)	\$ (5,611)	\$ 2,169
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (2,129,299)	\$ 440,597	\$ 429,147

**Pennsylvania Power Company
Hourly Pricing Service Charge Calculation
Industrial Class: June 1, 2015 - August 31, 2015**

Line	No.	Industrial Class		
		<u>HP</u> Energy Charge		$HP_{\text{Energy Charge}} = \sum (\text{kWh}_t \times (\text{LMP}_t + \text{HP}_{\text{Oth}}) \times \text{HP}_{\text{Loss Multiplier}}$
1			$\sum (\text{kWh}_t \times$	kWh for each hour in billing period
2			$(\text{LMP}_t$	LMP = Real Time PJM Load Weighted average LMP for PN Zone for each h
3			$+ \text{HP}_{\text{Oth}})$	HP _{Oth} = \$.004 per kWh for Ancillary Services
4			$HP_{\text{Energy Charge}} = (\text{Line 1} \times (\text{Line 2} + \text{Line 3}))$	t = An hour in the Billing Period
5			$\times \text{HP}_{\text{Loss Multiplier}}$	GS Small, Medium, Large = 1.0515 GP = 1.0171 TP = 1.0007
6			<u>HP Energy Charge (Line 4 x Line 5)</u>	
		<i>PLUS</i>		
7		<u>HP</u> Cap-AEPS-Other Purchases (\$/MWh) January 2015 (June 15 through May 16)	Clearing Price	
			\$ 25.95	\$/MWh
			\$ 0.02595	per kWh
		Grossed up for Line Losses	$\times \text{HP}_{\text{Loss Multiplier}}$	GS Small, Medium, Large = 1.0515 GP = 1.0171 TP = 1.0007
		<i>PLUS</i>		
8		<u>HP</u> Administrative Charge	\$ 0.00002	per kWh
		<i>PLUS</i>		
9		<u>HP</u> Unrecoverables Charge	\$ 0.00002	per kWh
		<i>PLUS</i>		
10		<u>HP</u> Reconciliation Charge	\$ (0.00936)	per kWh
11		Hourly Pricing Service Charge (Line 6 + 7 + 8 + 9 + 10)	<u>\$ x.xxxxx</u>	

(A) All Hourly Pricing Service Charge computations will be pursuant to the terms of the Company's "Hourly Pricing Default Service Rider".
(B) All Adders are subject to Quarterly Updates

**Pennsylvania Power Company
Hourly Pricing Service Rider
Computation of Hourly Pricing Service (HPS) Reconciliation Rate Charge
Effective March 1, 2015 Through May 31, 2015**

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of March 31, 2015	\$ (1,323,851) Page 3, line 15
2	Projected Industrial Class kilowatt hour sales - June 1, 2015 - August 31, 2015 (Line 11)	37,550,872 kWhs
3	Industrial Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.03525) per kWh
4	HPS Classes Reconciliation Rate Adjustment Factor	<u>25.00%</u>
5	HPS Classes Reconciliation Rate with Adjustment before PA Gross Receipts Tax (Line 3 X Line 4)	\$ (0.00881) per kWh
6	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)	<u>1.062699</u>
7	Industrial Class Reconciliation Factor Rate with PA Gross Receipts Tax (Line 5 X Line 6)	<u>\$ (0.00936) per kWh</u>
Projected Industrial Class kilowatt hour sales (June 1, 2015 through August 31, 2015)		
8	Jun-15	12,939,706
9	Jul-15	12,661,028
10	Aug-15	<u>11,950,138</u>
11	Total Projected Industrial Class kWh Sales	<u>37,550,872</u>

**Penn Power Default Service Program
Reconciliation
Hourly Pricing Service Customer Class
Deferrals
January 2015 through March 2015**

<u>Line No.</u>		<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>
1	Cumulative (Over) Under Collection at Beginning of Month Including Interest	\$ (1,491,244)	\$ (1,435,842)	\$ (1,180,587)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 260,153	\$ 247,723	\$ 301,971
3	Uncollectible Expense Revenues with Pa GRT Included in Line 2	\$ -	\$ -	\$ -
4	POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues (line 2 - line 3)	\$ 260,153	\$ 247,723	\$ 301,971
5	Pa GRT Included in "C"	\$ 11,447	\$ 10,900	\$ 13,287
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 248,706	\$ 236,823	\$ 288,684
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2015[DSHpsexp1]	\$ 220	\$ 220	\$ 220
8	Current Month cost to provide Default Service [DSexp2]	\$ 313,609	\$ 500,550	\$ 153,520
9	Current Month Administration Costs [DSHpsexp2]	\$ -	\$ -	\$ -
10	Amortization of POLR I (Over)/Under Collections [DSHpsexp3]			
	Cumulative Costs for month of Network Integration Transmission Service (NITS) cost incurred by the Company	\$ 4	\$ -	\$ -
11	Total Expenses for Month	\$ 313,833	\$ 500,770	\$ 153,740
12	Monthly (Over)/Under Collections	\$ 65,127	\$ 263,947	\$ (134,944)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (1,426,117)	\$ (1,171,895)	\$ (1,315,531)
14	Interest for Current Month	\$ (9,725)	\$ (8,692)	\$ (8,320)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (1,435,842)	\$ (1,180,587)	\$ (1,323,851)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**JOINT PETITION OF METROPOLITAN :
EDISON COMPANY, PENNSYLVANIA : DOCKET NO. M-2015-2462696
ELECTRIC COMPANY, PENNSYLVANIA :
POWER COMPANY AND WEST PENN :
POWER COMPANY FOR APPROVAL OF :
THEIR DEFAULT SERVICE PROGRAMS :**

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the foregoing Letter to Secretary Chiavetta on behalf of Pennsylvania Power Company upon the following persons, in the matter specified below, in accordance with the requirements of 52 Pa. Code § 1.54:

VIA FIRST CLASS MAIL

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