

January 13, 2017

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

**Re: Pennsylvania Electric Company Tariff Electric Pa. P.U.C. No. 81 – Rate
Changes in Compliance with Pennsylvania Electric Company’s Default Service
Plan, Docket No. P-2013-2391372**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 34 to Pennsylvania Electric Company's ("Penelec" or the "Company") Tariff Electric Pa. P.U.C. No. 81, which bears an issue date of January 13, 2017. The tariff changes contained in Supplement No. 34 are proposed to be effective with service rendered on or after March 1, 2017.

The purpose of Tariff Supplement No. 34 is to reflect: (1) default service rate changes for the Residential Customer Class 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-2013-2391372.

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

- Schedule 1 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 2 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) 921-6525.

Sincerely,



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

Enclosures

c: Certificate of Service
Paul Diskin, TUS

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	Docket Nos. P-2013-2391368
Company, Pennsylvania Electric Company,	:	P-2013-2391372
Pennsylvania Power Company and West	:	P-2013-2391375
Penn Power Company for Approval of	:	P-2013-2391378
their Default Service Program	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant.)

VIA FIRST CLASS MAIL

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Dated: January 13, 2017



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PENNSYLVANIA ELECTRIC COMPANY
READING, PENNSYLVANIA

Electric Service Tariff
Effective in
The Territory as Defined on
Page Nos. 8 - 15 of this Tariff

Issued: January 13, 2017

Effective: March 1, 2017

By: Steven E. Strah, President
Reading, Pennsylvania

NOTICE

Supplement No. 34 makes changes to Riders H and I.
See Thirty-First Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

Rider H – Price to Compare Default Service Rate Rider rates have been changed and decreased (See Eighth Revised Page 136).

Rider I – Hourly Pricing Default Service Rider service rates have been changed and increased (See Ninth Revised Page 145).

RIDERS

RIDER H

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 Penelec 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 March 1, 2017 through May 31, 2017 the PTC_{Default} rates billed by Customer Class are as follows:

(C)

Commercial Customer Class (Rate GS-Small, Rate GS-Medium, Rate H, Borderline Service, Street Lighting Service, Ornamental Street Lighting, LED Street Lighting Service, and Outdoor Lighting Service):

\$0.06899 per kWh.

Residential Customer Class (Rate RS and Rate GS – Volunteer Fire Company, Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate):

\$0.06047 per kWh

(D)

(C) Change
 (D) Decrease

RIDERS

Rider I (continued)

HP Reconciliation Charge:

The HP Reconciliation Charge Rate (“E_{HP}”) shall be applied to each kWh of Default Service that Penelec 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 March 1, 2017 through May 31, 2017, the E_{HP} rate is as follows:

HP Reconciliation Charge Rate = \$0.04246 per kWh

(I)

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

$$E_{HP} = [((DS_{HPExp1} + DS_{HPExp2} + DS_{HPExp3}) - PTC_{HPR} + DS_{HPInt}) / DS_{HPSales}] \times [1 / (1 - T)]$$

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.

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 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.

(C) Change

(I) Increase

Pennsylvania Electric Company
Price to Compare Default Service Rate Calculation
Residential Class: For the Default Service Period March 1, 2017 through May 31, 2017

**Line
No.**

	Fixed Price Tranche Purchases (\$ per MWh)	Number of Tranches	Clearing Price	Weighted Clearing Price
1	October 2014 Auction (June 15 through May 17)	3	\$ 73.61	\$ 220.83
2	October 2015 Auction (June 16 through May 17)	3	54.54	163.62
3	January 2015 Auction (June 15 through May 17)	3	63.75	191.25
4	January 2016 Auction (June 16 through May 17)	3	51.28	153.84
5	April 2015 Auction (June 15 through May 17)	3	63.16	189.48
6	April 2016 Auction (June 16 through May 17)	3	50.18	150.54
7	Total	18		\$ 1,069.56
8	Total Average Fixed Price Tranche		\$ 59.42	
9	Times Fixed Portion of Load		95%	
10	Total Fixed Price Cost (Line 8 X Line 9)			\$ 56.45
11	Average Variable Hourly Price Tranche		\$ 30.46	
12	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)		20.00	
13	Variable Hourly Priced Cost (Line 11 + Line 12)		\$ 50.46	
14	Times Variable Portion of Load		5%	
15	Total Variable Hourly Priced Cost (Line 13 X Line 14)			\$ 2.52
16	Price to Compare Weighted Average Price ((Line 10 + Line 15) / 1000)			\$ 0.05897
17	Times PTC Loss _{Current}			1.0573
18	Price to Compare Weighted Average Price, including line losses (Line 16 X Line 17)			\$ 0.06235 per kWh
19	PTC _{Administrative Charge}			\$ 0.00018 per kWh
20	PTC _{Current} before PA Gross Receipts Tax (Line 18 + Line 19)			\$ 0.06253
21	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]			1.062699
22	PTC_{Current} Residential Class including PA Gross Receipts Tax (Line 20 X Line 21)			\$ 0.06645 per kWh
23	E Reconciliation Rate, including PA Gross Receipts Tax (Page 2, Line 8)			\$ (0.00598) per kWh
24	PTC_{Default} Residential Class (Line 22 + Line 23)			\$ 0.06047 per kWh

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

Pennsylvania Electric Company
Computation of Residential Class Price to Compare Default Service Rate Reconciliation Factor
Rate Effective March 1, 2017 through May 31, 2017

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of December 31, 2016 (See Page 3, Line 14)	\$ 884,377
2	Adjustment for projected Residential Class (Over) / Under Collection through May 2017	(2,633,203)
3	Adjustment for projected Residential Class E-factor revenue for the remainder of the Default Service Quarter beginning December 1, 2016	<u>(2,153,977)</u>
4	Total Cumulative Residential Class (Over) / Under Collection, as adjusted (Lines 1 + 2 + 3)	\$ (3,902,802)
5	Projected Residential Class kilowatt hour sales - March 1, 2017 - May 31, 2017 (Line 12)	693,605,099 kWh
6	Residential Class Reconciliation Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ (0.00563) per kWh
7	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]	<u>1.062699</u>
8	Residential Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 6 X Line 7)	<u>\$ (0.00598) per kWh</u>
 Projected Residential Class kilowatt hour sales March 1, 2017 through May 31, 2017		
9	Mar-17	267,389,548
10	Apr-17	228,369,275
11	May-17	<u>197,846,276</u>
12	Total Projected Residential Class kWh Sales	<u>693,605,099</u>

Pennsylvania Electric Company
Residential Class Price to Compare Default Service Rate Reconciliation
October 1, 2016 through December 31, 2016

Line No.	Description	Oct-16	Nov-16	Dec-16
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 4,433,602	\$ 3,358,797	\$ 1,411,518
2	Gross Default Service Plan Revenues	\$ 16,013,283	\$ 15,895,987	\$ 19,020,764
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	944,784	937,863	1,122,225
4	PTC _{Rev} Net Default Service Plan Revenues	\$ 15,068,499	\$ 14,958,123	\$ 17,898,539
	<u>Expenses</u>			
5	DS _{Exp1} Amortization of Start Up Costs	\$ -	\$ -	\$ -
6	DS _{Exp2} Cost to provide Default Service	14,004,467	13,028,951	17,358,046
7	DS _{Exp2} Cost of Network Integration Transmission Service (NITS)	(5,668)	-	168
8	Total Expenses	\$ 13,998,799	\$ 13,028,951	\$ 17,358,214
9	Prior Period E-factor Amortization	\$ 800,407	\$ 800,407	\$ 1,477,867
10	Current Month (Over)/Under Collection (Line 8 + Line 9 - Line 4)	\$ (269,293)	\$ (1,128,765)	\$ 937,542
11	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
12	Current Month Interest Rate	3.5%	3.5%	3.8%
13	DS _{Int} Interest on Current Month Deferral (Line 10 X Line 11 X (Line 12/12))	\$ (5,105)	\$ (18,107)	\$ 13,184
14	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 - Line 9 + Line 10 + Line 13)	\$ 3,358,797	\$ 1,411,518	\$ 884,377

Pennsylvania Electric Company
Hourly Pricing Default Service Rate Calculation (for Illustrative Purposes Only)
Industrial Class: For the Default Service Period March 1, 2017 through May 31, 2017

**Line
No.**

1	HP Energy Charge = $\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth})) \times \text{HP}_{\text{Loss Multiplier}}$	
2	$\sum (\text{kWh}_t \times (\text{LMP}_t + \text{HPOth}))$	kWh for each hour in billing period
3		LMP = Real Time PJM Load Weighted average LMP for PN Zone for each hour
4	<hr/> HP Energy Charge (Line 1 x Line 2)	HP _{Oth} = \$.004 per kWh for Ancillary Services
5	x HP Loss Multiplier	t = An hour in the Billing Period GS Small, Medium, and Large = 1.0573 GP = 1.0234 LP = 1.0035
6	<hr/> HP Energy Charge (Line 4 x Line 5)	
7	HP Cap-AEPS-Other Purchases (\$/MWh)	Price
8	January 2016 (June 16 through May 17)	\$ 13.81 \$/MWh
9	x HP Loss Multiplier	\$ 0.01381 per kWh GS Small, Medium, and Large = 1.0573 GP = 1.0234 LP = 1.0035
10	<hr/> HP Cap-AEPS-Other Purchases (\$/MWh) (Line 8 x Line 9)	
11	HP Administrative Charge	\$ 0.00012 per kWh
12	HP Uncollectibles Charge	\$ 0.00056 per kWh
13	HP Reconciliation Charge	<hr/> \$ 0.04246 per kWh
14	Hourly Pricing Service Charge (Lines 6 + 10 + 11 + 12 + 13)	<hr/> \$ x.xxxxx

- (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 Electric Company
Computation of Industrial Class Hourly Pricing Default Service Rate Reconciliation Factor
Rate Effective March 1, 2017 through May 31, 2017

Line No.	Description	Amounts
1	Cumulative Industrial Class (Over) / Under Collection as of May 31, 2017 (See Page 3, Line 14)	\$ 1,190,844
2	Projected Industrial Class kilowatt hour sales - March 1, 2017 - May 31, 2017 (Line 11)	14,901,655 kWh
3	Industrial Class Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ 0.07991 per kWh
4	Industrial Class Reconciliation Rate Adjustment Factor	<u>50.00%</u>
5	Industrial Class Reconciliation Rate before PA Gross Receipts Tax, as adjusted (Line 3 X Line 4)	\$ 0.03996 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 including PA Gross Receipts Tax (Line 5 X Line 6)	<u>\$ 0.04246 per kWh</u>

Projected Industrial Class kilowatt hour sales March 1, 2017 through May 31, 2017

8	Mar-17	4,959,234
9	Apr-17	5,030,355
10	May-17	<u>4,912,065</u>
11	Total Projected Industrial Class kWh Sales	<u><u>14,901,655</u></u>

**Pennsylvania Electric Company
Industrial Class Hourly Pricing Default Service Rate Reconciliation
March 1, 2017 through May 31, 2017**

Line No.	Description	Oct-16	Nov-16	Dec-16
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 1,460,934	\$ 1,137,352	\$ 1,126,386
2	Gross Default Service Plan Revenues	\$ 846,893	\$ 1,078,905	\$ 1,274,279
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>49,967</u>	<u>63,655</u>	<u>75,182</u>
4	PTC _{HPR_{rev}} Net Default Service Plan Revenues	\$ 796,926	\$ 1,015,249	\$ 1,199,096
	<u>Expenses</u>			
5	DS _{HPE_{exp1}} Amortization of Start Up Costs	\$ -	\$ -	\$ -
6	DS _{HPE_{exp2}} Cost to provide Default Service	468,381	995,136	1,255,907
7	DS _{HPE_{exp2}} Cost of Network Integration Transmission Service (NITS)	-	-	-
8	Total Expenses	\$ 468,381	\$ 995,136	\$ 1,255,907
9	Prior Period E-factor Amortization	\$ 590,310	\$ 590,310	\$ 486,978
10	Current Month (Over)/Under Collection (Line 8 + Line 9 - Line 4)	\$ 261,765	\$ 570,197	\$ 543,789
11	Months to the Midpoint of the Next Reconciliation Period	6.5	5.5	4.5
12	Current Month Interest Rate	3.5%	3.5%	3.8%
13	DS _{HPI_{int}} Interest on Current Month Deferral (Line 10 X Line 11 X (Line 12/12))	\$ 4,963	\$ 9,147	\$ 7,647
14	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 - Line 9 + Line 10 + Line 13)	<u>\$ 1,137,352</u>	<u>\$ 1,126,386</u>	<u>\$ 1,190,844</u>