

January 30, 2017

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. 36 – 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. 26 Revised to Pennsylvania Power Company’s (“Penn Power” or the “Company”) Tariff Electric Pa. P.U.C. No. 36, which bears an issue date of January 13, 2017. The tariff changes contained in Supplement No. 26 Revised are proposed to be effective with service rendered on or after March 1, 2017.

The purpose of Tariff Supplement No. 26 Revised is to reflect default service rate changes for the Commercial Customer Class served under the Price to Compare Default Service Rider. This rate change is consistent with the Commission’s Order entered July 24, 2014 at Docket No. P-2013-2391375.

As support for the rate change, the following schedule accompanies 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.

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**

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

**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 30, 2017



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RIDERS

RIDER H  
PRICE TO COMPARE DEFAULT SERVICE RATE RIDER

A Price to Compare Default Service Rate (“PTC<sub>Default</sub>”) 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<sub>Default</sub> 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<sub>Default</sub> rates billed by Customer Class are as follows: (C)

Commercial Customer Class (Rate GS (excluding Special Rate GSDS), Rate GM, Rate GS-Large, Rate PNP, PLS, SV, SVD, SM and LED):

\$0.07410 per kWh. (D)

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

\$0.05884 per kWh (D)

(C) Change  
(D) Decrease

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

**Line  
No.**

	<b>Number of</b>	<b>Clearing</b>	<b>Weighted</b>
<b>Fixed Price Tranche Purchases (\$ per MWh)</b>	<b>Tranches</b>	<b>Price</b>	<b>Clearing Price</b>
1	October 2014 Auction (June 15 through May 17)	1	\$ 83.19 \$ 83.19
2	October 2015 Auction (June 16 through May 17)	1	61.24 61.24
3	January 2015 Auction (June 15 through May 17)	1	78.74 78.74
4	January 2016 Auction (June 16 through May 17)	1	60.62 60.62
5	April 2015 Auction (June 15 through May 17)	1	77.00 77.00
6	April 2016 Auction (June 16 through May 17)	1	58.88 58.88
7	January 2017 Auction (Mar 17 through May 17)	<u>1</u>	<u>62.49</u> 62.49
8	<b>Total</b>	<b>7</b>	<b>\$ 482.16</b>
9	Total Average Fixed Price Tranche		\$ 68.88
10	Times Fixed Portion of Load		<u>100%</u>
11	Total Fixed Price Cost (Line 9 X Line 10)		\$ 68.88
12	Average Variable Hourly Price Tranche		\$ -
13	Capacity, Anc. Serv. and AEPS Adder (\$20/MWh)		<u>20.00</u>
14	Variable Priced Hourly Cost (Line 12 + Line 13)		\$ 20.00
15	Times Variable Portion of Load		<u>0%</u>
16	Total Variable Hourly Priced Cost (Line 14 X Line 15)		\$ -
17	Price to Compare Weighted Average Price ((Line 11 + Line 16) / 1000)		\$ 0.06888
18	Times PTC Loss <sub>Current</sub>		<u>1.0661</u>
19	Price to Compare Weighted Average Price, including line losses (Line 17 X Line 18)		\$ 0.07343 per kWh
20	PTC <sub>Administrative Charge</sub>		\$ 0.00007 per kWh
21	PTC <sub>Current</sub> before PA Gross Receipts Tax (Line 19 + Line 20)		\$ 0.07350
22	PA Gross Receipt Gross-Up [1/(1-T)] (5.9% Gross Receipts Tax)		<u>1.062699</u>
23	<b>PTC<sub>Current</sub> Commercial Class including PA Gross Receipts Tax (Line 21 X Line 22)</b>		<b>\$ 0.07811 per kWh</b>
24	<b>E Reconciliation Rate, including PA Gross Receipts Tax (Page 2, Line 7)</b>		<b>\$ (0.00401) per kWh</b>
25	<b>PTC<sub>Default</sub> Commercial Class (Line 23 + Line 24)</b>		<b>\$ 0.07410 per kWh</b>

- (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 Power Company**  
**Computation of Commercial Class Price to Compare Default Service Rate Reconciliation Factor**  
**Rate Effective March 1, 2017 through May 31, 2017**

Line No.	Description	Amounts
1	Cumulative Commercial Class (Over) / Under Collection as of December 31, 2016 (See Page 3, Line 14)	\$ (8,293)
2	Adjustment for projected Commercial Class E-factor revenue for the remainder of the Default Service Quarter beginning December 1, 2016	<u>(313,575)</u>
3	Total Cumulative Commercial Class (Over) / Under Collection, as adjusted (Line 1 + Line 2)	\$ (321,868)
4	Projected Commercial Class kilowatt hour sales - March 1, 2017 - May 31, 2017 (Line 11)	85,325,796 kWh
5	Commercial Class Reconciliation Rate before PA Gross Receipts Tax (Line 3 / Line 4)	\$ (0.00377) per kWh
6	PA Gross Receipt Gross-Up [1/(1-T) (5.9% Gross Receipts Tax)]	<u>1.062699</u>
7	<b>Commercial Class Reconciliation Factor Rate including PA Gross Receipts Tax (Line 5 X Line 6)</b>	<b><u>\$ (0.00401) per kWh</u></b>

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

8	Mar-17	29,589,522
9	Apr-17	28,853,220
10	May-17	<u>26,883,054</u>
11	Total Projected Commercial Class kWh Sales	<u>85,325,796</u>

**Pennsylvania Power Company  
Commercial Class Price to Compare Default Service Rate Reconciliation  
October 1, 2016 through December 31, 2016**

<b>Line No.</b>	<b>Description</b>	<b>Oct-16</b>	<b>Nov-16</b>	<b>Dec-16</b>
1	Cumulative (Over)/Under Collection at Beginning of Month	\$ 232,192	\$ 63,841	\$ (327,601)
2	Gross Default Service Plan Revenues	\$ 2,077,386	\$ 1,890,625	\$ 2,226,664
3	Less: Gross Receipts Tax (Line 2 x 5.9%)	<u>122,566</u>	<u>111,547</u>	<u>131,373</u>
4	PTC <sub>Rev</sub> Net Default Service Plan Revenues	\$ 1,954,821	\$ 1,779,078	\$ 2,095,291
	<u>Expenses</u>			
5	DS <sub>Exp1</sub> Amortization of Start Up Costs	\$ -	\$ -	\$ -
6	DS <sub>Exp2</sub> Cost to provide Default Service	1,792,777	1,396,510	2,409,098
7	DS <sub>Exp2</sub> Cost of Network Integration Transmission Service (NITS)	<u>-</u>	<u>-</u>	<u>-</u>
8	Total Expenses	\$ 1,792,777	\$ 1,396,510	\$ 2,409,098
9	Prior Period E-factor Amortization	\$ (170,631)	\$ (170,631)	\$ 77,397
10	Current Month (Over)/Under Collection (Line 8 + Line 9 - Line 4)	\$ (332,675)	\$ (553,199)	\$ 391,204
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 <sub>int</sub> Interest on Current Month Deferral (Line 10 X Line 11 X (Line 12/12))	<u>\$ (6,307)</u>	<u>\$ (8,874)</u>	<u>\$ 5,501</u>
14	Cumulative (Over) / Under Collections at End of Month Including Interest (Line 1 - Line 9 + Line 10 + Line 13)	<u>\$ 63,841</u>	<u>\$ (327,601)</u>	<u>\$ (8,293)</u>