

January 15, 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-2011-2273669**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement No. 124 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 35, which bears an issue date of January 15, 2015. The tariff changes contained in Supplement No. 124 are proposed to be effective with service rendered on or after March 1, 2015.

The purpose of Tariff Supplement No. 124 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 August 16, 2012 at Docket No. P-2011-2273669.

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 black ink that reads "Charles V. Fullem" followed by a stylized monogram or initials.

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: January 15, 2015

EFFECTIVE: March 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 eighteenth Revised Sheet No. 1

LIST OF MODIFICATIONS

Riders

Modifications have been made to the Hourly Pricing Default Service Rider (See Thirtieth Revised Sheet No. 64.3).

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

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 March 1, 2015 through May 31, 2015, the E_{HP} rate is as follows:

(D)

HP Reconciliation Charge Rate = (\$0.05006) 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.

DS_{HPExp1} = An allocated portion of the incremental start-up costs incurred by the Company through May 31, 2013 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, 2015 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.

(C) Change

(D) Decrease

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.

(C)

For service rendered March 1, 2015 through May 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):

(D)

\$0.07113 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):

(I)

\$0.05754 per kWh

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

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**JOINT PETITION OF METROPOLITAN :
EDISON COMPANY, PENNSYLVANIA : DOCKET NO. P-2011-2273669
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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Dated: January 15, 2015



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