

March 26, 2020

VIA ELECTRONIC FILING

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

Re: *Pennsylvania Power Company Tariff Electric Pa. P.U.C. No. 36 – Revision to Pennsylvania Power Company’s Distribution System Improvement Charge Rider, Docket No. M-2020-3019317*

Dear Secretary Chiavetta:

Enclosed for filing at the above-referenced docket is a revision to Supplement No. 75 to Pennsylvania Power Company’s (“Penn Power”) Tariff Electric Pa. P.U.C. No. 36, bearing an issue date of March 20, 2020. The tariff changes contained in this filing are proposed to be effective with bills rendered on or after April 1, 2020.

The purpose of this revision is to reflect changes pursuant to the order issued March 12, 2020 at Docket No. P-2019-3012628, which approved Penn Power to temporarily increase the maximum allowable Distribution System Improvement Charge up to 7.5% of the amount billed to customers under applicable rates until the conclusion of LTIP II or on the effective date of new base rates, whichever occurs first.

If you have any questions regarding the enclosed documents, please feel free to contact the undersigned.

Sincerely,

DocuSigned by:



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Joanne M. Savage

Director of Rates & Regulatory Affairs-PA
610-921-6525

Enclosures

c: Per Certificate of Service
Paul T. Diskin, Bureau of Technical Utility Services (pdiskin@oa.gov)
Lori Burger, Bureau of Audits (lburger@pa.gov)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PENNSYLVANIA :
POWER COMPANY FOR APPROVAL : **Docket No. P-2015-2508931, et al.**
TO AND IMPLEMENT A DISTRIBUTION :
SYSTEM IMPROVEMENT CHARGE :

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54:

SERVICE BY EMAIL


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Respectfully submitted:

Dated: March 26, 2020

DocuSigned by:

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PENNSYLVANIA POWER COMPANY
READING, PENNSYLVANIA

Electric Service Tariff

Effective in

**The Territory as Defined on
Page Nos. 8 - 9 of this Tariff**

Issued: March 20, 2020

Effective: April 1, 2020

**By: Samuel L. Belcher, President
Reading, Pennsylvania**

NOTICE

This Supplement 75 makes changes to Rider O.
See Seventy Second Revised Page No. 2.

LIST OF MODIFICATIONS

Riders

Rider O – DSIC Rider rates have been changed and increased (See Thirteenth Revised Page 160 and Second Revised Page 163).

RIDERS

RIDER O
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 5.47% will apply (I)
consistent with the Commission Order dated June 9, 2016 at Docket No. P-2015-2508931,
approving the Distribution System Improvement Charge (“DSIC”), and the Commission Order at (C)
Docket No. P-2019-3012628 modifying terms of the DSIC. This charge will be effective during
the period April 1, 2020 through June 30, 2020.

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide Pennsylvania Power Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Poles and towers (account 364);
- Overhead conductors (account 365) and underground conduit and conductors (accounts 366 and 367);
- Line transformers (account 368) and substation equipment (account 362);
- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The DSIC will become effective July 1, 2016.

(I) Increase
(C) Change

RIDERS

Rider O (Continued)

3. Quarterly Updates:

Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

4. Customer Safeguards

- (C)
- A. Cap: The DSIC is capped at 7.5% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.
 - B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the Company may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year, or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over collections will be refunded with interest. Interest on over collections and credits will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over collection. The Company is not permitted to accrue interest on under collections.
 - C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in Pennsylvania Power Company's rates or rate base will be reflected in the quarterly updates of the DSIC.
 - D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.
 - E. Customer classes: Effective July 1, 2016, the DSIC shall be applied equally to all customer classes except Rate Schedule GSDS over 69,000 volts and Rate Schedule GT over 69,000 volts.

(C)Change