

April 21, 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, Supplement
No. 77, Changes for Solar Photovoltaic Requirements Charge Rates**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission (“Commission”) is an original of Supplement No. 77 to Pennsylvania Power Company’s (“Penn Power” or the “Company”) Tariff Electric Pa. P.U.C. No. 36 bearing an issue date of April 21, 2020. The tariff changes contained in Supplement No. 77 are proposed to be effective for service rendered on or after June 1, 2020.

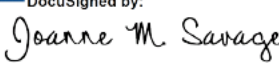
This supplement reflects changes in rates consistent with the Commission’s Order entered September 4, 2018 at Docket No. P-2017- 2637858, which approved Penn Power’s Default Service Program for the period June 1, 2019 through May 31, 2023.

In support of the proposed changes set forth in this supplement, Penn Power is also filing the following enclosed schedule:

- Supporting details for rates under the Solar Photovoltaic Requirements Charge, pursuant to the Company’s Solar Photovoltaic Requirements Charge Rider (Rider N).

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

Sincerely,

DocuSigned by:

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Joanne M. Savage
Director – Rates and Regulatory Affairs – PA
610-921-6525

Enclosures

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

Supplement No. 77
Electric Pa. P.U.C. No. 36

PENNSYLVANIA POWER COMPANY
READING, PENNSYLVANIA

Electric Service Tariff
Effective in
The Territory as Defined on
Page Nos. 8 - 9 of this Tariff

Issued: April 21, 2020

Effective: June 1, 2020

By: Samuel L. Belcher, President
Reading, Pennsylvania

NOTICE

This Supplement 77 makes changes to Rider N.
See Seventy-Fourth Revised Page 2

LIST OF MODIFICATIONS

Riders

Rider N – Solar Photovoltaic Requirements Charge Rider rates have been changed and decreased (See Sixth Revised Page 155).

RIDER N
SOLAR PHOTOVOLTAIC REQUIREMENTS CHARGE RIDER

A Solar Photovoltaic Requirements Charge (“SPVRC”), determined to the nearest one-thousandth of a cent per kWh, shall be applied to each kWh delivered during a billing month to all Delivery Service Customers not qualifying for Solar Photovoltaic (“SPV”) self generation exclusion. The SPVRC shall be non-bypassable.

For service rendered June 1, 2020 through May 31, 2021, the SPVRC shall be equal to 0.029 cents per kWh for all kWh. (C)
(D)

The SPVRC shall be calculated annually in accordance with the formula set forth below:

$$\text{SPVRC} = [(\text{SPVRC}_C - E) / S] \times [1 / (1 - T)]$$

$$\text{SPVRC}_C = \text{SPVRC}_{\text{Exp1}} + \text{SPVRC}_{\text{Exp2}} + \text{SPVRC}_{\text{Exp3}} + \text{SPVRC}_{\text{Exp4}}$$

Where:

SPVRC = The charge in cents per kWh to be applied to each kWh delivered to Delivery Service Customers served under this tariff.

SPVRC_C = Solar Photovoltaic Requirements Charge Costs calculated in accordance with the formula shown above.

E = The over or under-collection of SPVRC costs that results from billing the SPVRC during the SPVRC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. The E rate shall be applied to each kWh delivered to Delivery Service Customers. Interest shall be computed monthly at the legal rate determined pursuant to 41 P.S. §202, from the month in which the over or under-collection occurs to the month in which the over-collection is refunded to or the under-collection is recovered from all Delivery Service Customers.

SPVRC_{Exp1} = A projection of the costs incurred to acquire the Solar Photovoltaic Alternative Energy Credits (“SPAECs”) to be retired during the SPVRC Computational Year obtained from winning bidders selected in the competitive procurement process to fulfill the Company’s SPV obligations imposed by the AEPS Act and related laws and regulations, as the same may be amended from time to time (“AEPS Laws And Regulations”).

(C) Change
(D) Decrease

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Rates to be Effective from June 1, 2020 through May 31, 2021

<u>Budgeted SPVRC</u>		<u>Total SPVRC</u>		<u>SPVRC Rate w/o</u>		<u>SPVRC Rate</u>
<u>Costs</u>	<u>E factor</u>	<u>Costs</u>	<u>Sales (kWh)</u>	<u>GRT</u>	<u>Tax Factor</u>	<u>(cents/kwh)</u>
(1)	(2)	(3) = (1) - (2)	(4)	((5) = (3) / (4)) X 100	(6) = 1 / (1-T)	(7) = (5) X (6)
(Page 2)	(Page 6)		(Page 4)		T = 5.9%	
\$ 1,362,684	\$ 72,379	\$ 1,290,305	4,710,305,533	0.027	1.062699	0.029

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Forecasted Expenses from June 1, 2020 through May 31, 2021

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Forecasted Distribution - MWh (Page 4, Line 13)	4,710,306
2	Solar Photovoltaic Requirement (%)	<u>0.50%</u>
3	Total SPAECs Required (Line 1 x Line 2)	23,552
4	SPAECs Under Contract (Page 3, Column 3 Line 7)	12,500
5	SPAECs Under Contract Costs (Page 3, Column 4 Line 9)	\$ 907,605
6	SPAEC Position (Short)/Long (Line 4 - Line 3)	(11,052)
7	SPAEC Market Quote	\$ 39.50
8	SPAEC Spot Market Cost (Line 6 x Line 7)	<u>\$ 436,554</u>
9	Estimated Annual SPAEC Cost (Line 5 + Line 8)	<u>\$ 1,344,159</u>
10	Administrative Costs (Page 5, Column 13, Line 7)	\$ 18,525
11	Incremental Start-Up Costs	-
12	Carrying Charges on SPAECs Inventory (A)	-
13	Total Projected SPVRC Costs (Lines 9+10+11+12)	<u>\$ 1,362,684</u>
	(A) Unrecovered SPAECs Investment as of 4/1/2020	\$ -
	Interest	6%
	Carrying Charges on SPAECs Investment	\$ -

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Average SPAEC Price for Delivery from June 1, 2020 through May 31, 2021

<u>Line No.</u>	<u>Trade Date</u> (1)	<u>Price</u> (2)	<u>Amount</u> (3)	<u>Total Cost</u> (4) = (2) x (3)
1	11/20/2012	\$ 64	500	\$ 32,240
2	11/20/2012	60	1,500	90,645
3	11/20/2013	50	1,000	49,970
4	11/20/2013	81	1,000	81,000
5	3/6/2019	80	7,000	560,000
6	3/6/2019	63	1,500	93,750
7	Total		<u>12,500</u>	<u>\$ 907,605</u>

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Solar Photovoltaic Requirements Charge Forecasted kWh Sales from June 1, 2020 - May 31, 2021

<u>Line No.</u>	<u>Month</u>	<u>kWh</u>
1	June-20	372,011,919
2	July	402,595,746
3	August	412,137,334
4	September	398,685,783
5	October	356,405,333
6	November	355,956,682
7	December	389,874,878
8	January-21	436,319,343
9	February	440,606,580
10	March	407,030,604
11	April	382,749,437
12	May	<u>355,931,893</u>
13	Total	<u>4,710,305,533</u>

Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
Solar Photovoltaic Requirements Charge Over/Under Collection from April 2019 - March 2020

Line No.	Description	Apr-19 (1)	May-19 (2)	Jun-19 (3)	Jul-19 (4)	Aug-19 (5)	Sep-19 (6)	Oct-19 (7)	Nov-19 (8)	Dec-19 (9)	Jan-20 (10)	Feb-20 (11)	Mar-20 (12)	Total Current Over/(Under) Collection (13)
<u>Revenues</u>														
1	Penn Power SPVRC Revenues	\$ 33,353	\$ 31,273	\$ 59,589	\$ 140,623	\$ 147,041	\$ 140,862	\$ 126,319	\$ 115,423	\$ 132,407	\$ 143,551	\$ 133,607	\$ 132,019	\$ 1,336,068
2	Gross Receipts Tax @ 5.9%	1,968	1,845	3,516	8,297	8,675	8,311	7,453	6,810	7,812	8,470	7,883	7,789	78,828
3	SPVRC Revenues net of GRT [Line 1 - Line 2]	\$ 31,386	\$ 29,428	\$ 56,073	\$ 132,326	\$ 138,366	\$ 132,551	\$ 118,866	\$ 108,613	\$ 124,595	\$ 135,082	\$ 125,724	\$ 124,230	\$ 1,257,240
4	SPVRC Revenues Applied to E Factor	(49,050)	(45,990)	(1,453)	(8,634)	(9,073)	(8,692)	(7,794)	(7,122)	(8,170)	(8,187)	(7,620)	(7,529)	(169,314)
5	SPVRC Revenues Available for Current Deferral [Line 3 - Line 4]	\$ 80,436	\$ 75,418	\$ 57,526	\$ 140,960	\$ 147,439	\$ 141,243	\$ 126,660	\$ 115,735	\$ 132,765	\$ 143,269	\$ 133,344	\$ 131,759	\$ 1,426,554
<u>Expenses</u>														
6	Cost of Acquiring SPAECs	\$ 69,649	\$ 39,799	\$ 135,730	\$ 125,739	\$ 125,739	\$ (8,081)	\$ 148,605	\$ 149,505	\$ 149,190	\$ 147,871	\$ 146,681	\$ 124,552	\$ 1,354,976
7	SPVRC Administrative Costs	16,525	-	-	500	-	-	-	-	1,500	-	-	-	18,525
8	SPVRC Start-up Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Sale/Purchase of Excess, Unused, and/or Additional SPAECs	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Carrying Charges on Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Total SPVRC Expenses [Line 6 + Line 7 + Line 8 + Line 9 + Line 10]	\$ 86,174	\$ 39,799	\$ 135,730	\$ 126,239	\$ 125,739	\$ (8,081)	\$ 148,605	\$ 149,505	\$ 150,690	\$ 147,871	\$ 146,681	\$ 124,552	\$ 1,373,504
12	Net Over/(Under) Collection for the Month [Line 5 - Line 11]	\$ (5,738)	\$ 35,619	\$ (78,204)	\$ 14,721	\$ 21,700	\$ 149,324	\$ (21,945)	\$ (33,770)	\$ (17,925)	\$ (4,602)	\$ (13,337)	\$ 7,207	\$ 53,050
<u>Interest</u>														
13	Annual Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
14	Monthly Interest Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
15	Number of Months to mid-point of next SPVRC Rider Rate Billing Period From Current Month	20	19	18	17	16	15	14	13	12	11	10	9	
16	Interest Expense for Regulatory Purposes	\$ (574)	\$ 3,384	\$ (7,038)	\$ 1,251	\$ 1,736	\$ 11,199	\$ (1,536)	\$ (2,195)	\$ (1,076)	\$ (253)	\$ (667)	\$ 324	\$ 4,555
17	Total Over/(Under) Collection [Line 12 + Line 16]	\$ (6,312)	\$ 39,003	\$ (85,242)	\$ 15,972	\$ 23,436	\$ 160,523	\$ (23,481)	\$ (35,965)	\$ (19,001)	\$ (4,855)	\$ (14,004)	\$ 7,531	\$ 57,605

**Pennsylvania Power Company
Solar Photovoltaic Requirements Charge Rider Rates
E-Factor Balances**

<u>Line No.</u>	<u>Month</u>		Revenue Applied to <u>E-Factor</u> (1)	Current Period Over/(Under) <u>Collection</u> (2)	Cumulative E-Factor <u>Balance</u> (3)
1	Beginning Balance at March 31, 2019				\$ 200,739
		<u>2019</u>			
2	April	actual	\$ (49,050)		\$ 151,689
3	May	actual	(45,990)		105,699
4	June	actual	(1,453)		104,246
5	July	actual	(8,634)		95,612
6	August	actual	(9,073)		86,539
7	September	actual	(8,692)		77,847
8	October	actual	(7,794)		70,053
9	November	actual	(7,122)		62,931
10	December	actual	(8,170)		54,761
		<u>2020</u>			
11	January	actual	(8,187)		46,574
12	February	actual	(7,620)		38,954
13	March	actual	(7,529)		31,425
14	April	budget	(8,379)		23,046
15	May	budget	(8,272)		14,774
16	Total		\$ (185,965)		
17	E-Factor for Current Reconciliation Period ended March 31, 2020 (Page 5, Line 17, Col. 13)			\$ 57,605	
18	Total E-Factor to include in rates (Line 15, Col. 3 + Line 17, Col. 2)				<u>\$ 72,379</u>