Maillog #306382

PotomacEdison
A FirstEnergy Company

10802 Bower Avenue
Williamsport, MD 21795

Jeffrey P. Trout

Telephone: 301.790.6116
Fax: 330.436.8124

November 30, 2023

VIA EFILE

Mr. Andrew S. Johnston
Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, MD 21202

RE: The Potomac Edison Company
Retail Tariff Filing for Cogeneration PURPA Project Termination Agreement Surcharge
Case No. 8797

Dear Secretary Johnston:

Enclosed for filing pursuant to the Commission's current filing procedures please find the clean and red-lined version of Page No. 5-1 to The Potomac Edison Company's ("Potomac Edison" or "Company") Maryland Tariff, Electric P.S.C. Md. No. 54. This revised tariff page is an update of the Cogeneration PURPA Project Surcharge for the period of January 2024 through December 2024. As discussed in more detail below, Potomac Edison proposes to significantly decrease the surcharge rates effective January 1, 2024.

The methodology used to derive the surcharge is in accordance with the order issued on June 21, 2023, which approved the termination of the Warrior Run PURPA contract effective August 1, 2023.

The Warrior Run cost for the period of January through December 2024 is based upon the Commission-approved Termination Agreement for the same period. This cost is further reduced by the amount of revenue forecasted from Reliability Pricing Model (RPM) revenues which will continue until May 31, 2024.

The cost remaining, net of the RPM revenue, is combined with the projected over/under-collection, including accrued interest,[1] in the deferred surcharge account as of December 31, 2023. Maryland State Gross Receipts Tax and the Maryland PSC Assessment Factor are then applied to the balance to produce a total revenue requirement.

[1] Interest accrues at the prime rate as published in the Wall Street Journal, which is currently 8.50%

The development of the surcharge for January 1 through December 31, 2024 is shown in the accompanying schedules. Because the Termination Agreement expenses are neither capacity-related nor energy-related, the Company used the ratio of capacity-related and energy-related expenses for Warrior Run during the past 10 years, and allocated expenses to the various Company rate schedules using the results which are 65.30% capacity-related and 34.70% energy-related.

The Company would note that, as reflected in the calculations, the surcharge is expected to have an over-recovered balance of approximately $1.8 million on December 31, 2023. In past years, the surcharge has experienced similar or much greater volatility. The Termination Agreement, while only in place for a few months, has resulted in both a lower surcharge and greater certainty for Customers. For example, an average residential customer using 1,000 kwh per month will see their current surcharge of $11.82/month go down to $6.55/month starting January 1, 2024. Moreover, the 2024 surcharge level is expected to remain stable going forward.

Should there be questions concerning the filing, please contact me.

Very truly yours,

Jeff Trout

Jeffrey P. Trout

JPT/dml

Enclosures

cc: Lloyd Spivak PSC
William Fields, OPC
Mark Szybist, OPC

COGENERATION PURPA PROJECT TERMINATION AGREEMENT SURCHARGE

Effective for all Service rendered on and after January 1, 2024, there shall be a surcharge at rates set forth below to recover costs associated with the Agreement between the Company and AES WR Limited Partnership to terminate the parties' former COGENERATION PURPA PROJECT Agreement. The Termination Agreement was approved by the Commission on June 21, 2023. Applicable bills rendered shall include an amount equal to the surcharge rate times the number of kilowatts and kilowatt-hours used in the billing period. The resulting charge is in addition to any minimum charge set out in the Rate Schedule and is added to the Customer's charges before any tax surcharge is levied against the Customer's total bill. Amounts billed hereunder shall be subject to late pay charges.

COGENERATION PURPA PROJECT TERMINATION AGREEMENT SURCHARGE

Schedule	Rate Per kW	Rate Per kWh
R		$0.00655
C		0.00839
G		0.00839
C-A		0.01061
CSH		0.01061
PH	$1.43	0.00323
AGS	1.43	0.00323
PP	1.660	0.00359
OL		0.01343
AL		0.01343
MSL		0.01343
EMU		0.01343
MU		0.01343
LED		0.01343
Fred/Hag		0.00839

Rates for Service under each of the Company's Rate Schedules are subject to this surcharge.

THE POTOMAC EDISON COMPANY

Electric P.S.C. Md. No. 54
~~Sixth~~ Seventh Revision of
Original Page No. 5-1
Canceling
~~Fifth~~ Sixth Revision of
Original Page No. 5-1

COGENERATION PURPA PROJECT TERMINATION AGREEMENT SURCHARGE

Effective for all Service rendered on and after ~~August~~ January 1, ~~2023~~2024, there shall be a surcharge at rates set forth below to recover costs associated with the Agreement between the Company and AES WR Limited Partnership to terminate the parties' former COGENERATION PURPA PROJECT Agreement. The Termination Agreement was approved by the Commission on June 21, 2023. Applicable bills rendered shall include an amount equal to the surcharge rate times the number of kilowatts and kilowatt-hours used in the billing period. The resulting charge is in addition to any minimum charge set out in the Rate Schedule and is added to the Customer's charges before any tax surcharge is levied against the Customer's total bill. Amounts billed hereunder shall be subject to late pay charges.

COGENERATION PURPA PROJECT TERMINATION AGREEMENT SURCHARGE

Schedule	Rate Per kW	Rate Per kWh
R		$0.~~01182~~00655
C		0.~~01209~~00839
G		0.~~01209~~00839
C-A		0.~~01653~~01061
CSH		0.~~01653~~01061
PH	$~~2~~1.~~29~~43	0.~~00515~~00323
AGS	~~2~~1.~~29~~43	0.~~00515~~00323
PP	1.~~884~~660	0.~~00407~~00359
OL		0.~~02464~~01343
AL		0.~~02464~~01343
MSL		0.~~02464~~01343
EMU		0.~~02464~~01343
MU		0.~~02464~~01343
LED		0.~~02464~~01343
Fred/Hag		0.~~01209~~00839

Rates for Service under each of the Company's Rate Schedules are subject to this surcharge.

ISSUED BY K. JON TAYLOR, SENIOR VICE PRESIDENT

Issued ~~July 3, 2023~~November 29, 2023 Effective ~~August~~ January 1, ~~2023~~2024

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~~Approved at Public Service Commission Administrative Meeting of July 26, 2023 in Case No. 8797.~~

Summary Calculation of
Total Revenue Requirement
For the Period January 2024 - December 2024

(a) Total Projected Warrior Run Cost	$	54,923,076.96
(b) Projected Revenue from Market Sales	$	907,070.64
(c) Projected Reactive Revenue	$	0.00
(d) Projected Warrior Run Consultant Fee, Dispatch and PJM Market Charges	$	7,500.00
(e) Projected Cost to be Collected from MD Retail Customers = (a) - (b) - (c) + (d)	$	54,023,506.32
(f) Estimated (Over)/Under Recovery as of December 31, 2023	$	(1,756,221.22)
(g) Interest Accrued on Average Remaining Balance at Prime through December 31, 2023	$	(94,598.79)
(h) Interest Accrued on Average Remaining Balance at Prime through December 31, 2024	$	(78,659.85)
(i) Federal Income Tax Effect on 2023 Interest	$	(9,932.87)
(j) Maryland Gross Receipts Tax & MD PSC Assessment Fee	$	1,189,329.16
(k) Revenue Requirement = (e) + (f) + (g) + (h) + (i) + (j)	$	53,273,422.75

Maryland Warrior Run PURPA Project
Calculation of Projected Cost of
Warrior Run Output net of Revenue Received
from Sale of Output on Wholesale Market
For the Period January 2024 - December 2024

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	June 2024	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024	Totals
Total Warrior Run Cost	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 54,923,076.96
Projected Revenue from Market Sales	$ 184,994.67	$ 173,059.53	$ 184,994.67	$ 179,027.10	$ 184,994.67	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 907,070.64
Projected Reactive Revenue	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Projected Consultant Fee, Dispatch and PJM Market Charges	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 7,500.00
Projected Cost Remaining for MD Retail Customers	$ 4,393,428.41	$ 4,405,363.55	$ 4,393,428.41	$ 4,399,395.98	$ 4,393,428.41	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 4,576,923.08	$ 54,023,506.32

Projected Net Cost for twelve months ended December 31, 2024	$ 54,023,506.32
Estimated (Over)/Under Recovery as of December 31, 2023	$ (1,756,221.22)
Interest Accrued on Average Remaining Balance at Prime through December 31, 2023	$ (94,598.79)
Interest Accrued on Average Remaining Balance at Prime through December 31, 2024	$ (78,659.85)
Federal Income Tax Effect on 2023 Interest	$ (9,932.87)
Maryland Gross Receipts Tax & MD PSC Assessment Fee	$ 1,189,329.16
Revenue Requirement	$ 53,273,422.75

Maryland Warrior Run PURPA Project

2024 Interest Accrual on (Over)/Under Recovery

	Warrior Run Surcharge Balance at Month End	Monthly Collected Amount	Interest Calculated at Current Prime Rate [1]	Cumulative Interest Balance
Dec 2023	$ (1,850,820.01)			
Jan 2024	$ (1,696,585.01)	$ 154,235.00	$ (12,563.73)	$ (12,563.73)
Feb 2024	$ (1,542,350.01)	$ 154,235.00	$ (11,471.23)	$ (24,034.96)
Mar 2024	$ (1,388,115.01)	$ 154,235.00	$ (10,378.73)	$ (34,413.69)
Apr 2024	$ (1,233,880.01)	$ 154,235.00	$ (9,286.23)	$ (43,699.92)
May 2024	$ (1,079,645.01)	$ 154,235.00	$ (8,193.73)	$ (51,893.65)
June 2024	$ (925,410.01)	$ 154,235.00	$ (7,101.24)	$ (58,994.89)
July 2024	$ (771,175.00)	$ 154,235.00	$ (6,008.74)	$ (65,003.63)
Aug 2024	$ (616,940.00)	$ 154,235.00	$ (4,916.24)	$ (69,919.87)
Sept 2024	$ (462,705.00)	$ 154,235.00	$ (3,823.74)	$ (73,743.61)
Oct 2024	$ (308,470.00)	$ 154,235.00	$ (2,731.24)	$ (76,474.85)
Nov 2024	$ (154,235.00)	$ 154,235.00	$ (1,638.75)	$ (78,113.60)
Dec 2024	$ (0.00)	$ 154,235.00	$ (546.25)	$ (78,659.85)

1 Current Prime Rate as stated in the Wall Street Journal is 8.50%

Maryland Warrior Run PURPA Payment Reconciliation

	506934/182299 AES Warrior Run Cost Energy & Demand	447609 Revenue from sale of Warrior Run	456008 Revenue from Reactive	447001 PJM RPM Auction/ RPM Auction Cr	996853 PJM	Retail Revenue Tariff Surcharge without GRT & PSC Assessment	557116 Entry Amount	557116 (Over)/Under Balance	Prime Rate	Monthly Rate	Monthly Interest	Cumulative Interest
2023								$ (18,045,259.79)				
January	$ 3,500,331.73	$ 1,205,212.20	$ 59,716.33	$ 139,500.00	$ 4,735.91	$ 854,111.32	$ (1,246,527.79)	$ (16,798,732.00)	7.50%	0.6250%	$ (108,887.47)	$ (108,887.47)
February	$ 7,884,304.27	$ 1,568,047.24	$ 59,716.33	$ 126,000.00	$ 5,004.75	$ 725,173.85	$ (5,410,371.60)	$ (11,497,247.87)	7.75%	0.6458%	$ (91,724.05)	$ (200,611.52)
March	$ 10,022,883.25	$ 2,320,087.18	$ 59,716.33	$ (921,939.22)	$ 9,984.87	$ 753,402.61	$ (7,821,601.22)	$ (3,767,370.70)	8.00%	0.6667%	$ (51,187.81)	$ (251,799.33)
April	$ 4,664,525.54	$ 933,140.94	$ 62,996.99	$ (1,033,610.20)	$ 10,569.94	$ 618,057.52	$ (4,094,510.23)	$ 275,951.72	8.00%	0.6667%	$ (11,808.69)	$ (263,608.02)
May	$ 64,093.70	$ 3,280.66	$ 56,435.67	$ (888,077.08)	$ 56,541.58	$ 647,103.78	$ (301,892.25)	$ 566,035.28	8.25%	0.6875%	$ 2,853.74	$ (260,754.28)
June	$ 7,017,588.09	$ 1,358,197.39	$ 59,716.33	$ 301,908.50	$ 37,936.98	$ 642,637.89	$ (4,693,064.96)	$ 5,261,953.98	8.25%	0.6875%	$ 20,043.52	$ (240,710.76)
July	$ 2,969,719.51	$ 0.00	$ 0.00	$ 307,613.57	$ 13,472.62	$ 839,939.92	$ (1,835,638.64)	$ 7,117,636.14	8.50%	0.7083%	$ 43,915.37	$ (196,795.39)
August	$ 4,576,836.06	$ 0.00	$ 119,432.66	$ 272,850.68	$ 58,912.17	$ 6,692,359.00	$ 2,448,894.11	$ 4,712,657.40	8.50%	0.7083%	$ 42,054.49	$ (154,740.90)
September	$ 4,578,327.93	$ 0.00	$ 59,716.33	$ 281,918.06	$ 658.93	$ 5,649,484.63	$ 1,412,132.16	$ 3,342,579.73	8.50%	0.7083%	$ 28,677.91	$ (126,062.99)
October	$ 4,589,263.14	$ 0.00	$ 59,716.33	$ 95,726.20	$ 0.00	$ 5,264,729.61	$ 830,909.00	$ 2,540,348.64	8.50%	0.7083%	$ 20,936.94	$ (105,126.05)
November (Est)	$ 4,576,923.07	$ 0.00	$ (180,612.52)	$ 179,027.10	$ 1,500.00	$ 6,018,111.40	$ 1,438,102.91	$ 1,123,182.67	8.50%	0.7083%	$ 13,049.16	$ (92,076.89)
December (Est)	$ 4,576,923.07	$ 0.00	$ 0.00	$ 184,994.67	$ 1,500.00	$ 7,377,958.34	$ 2,984,529.94	$ (1,848,298.11)	8.50%	0.7083%	$ (2,521.90)	$ (94,598.79)
Total Estimated Balance at December 31, 2023								**$ (1,850,820.01)**				

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Project Name AES WARRIOR RUN

	Energy Payment $	Total Payment $	Projected Revenue from Capacity Sales $
Jan 2024	$ 4,576,923.08	$ 4,576,923.08	$ 184,994.67
Feb 2024	$ 4,576,923.08	$ 4,576,923.08	$ 173,059.53
Mar 2024	$ 4,576,923.08	$ 4,576,923.08	$ 184,994.67
Apr 2024	$ 4,576,923.08	$ 4,576,923.08	$ 179,027.10
May 2024	$ 4,576,923.08	$ 4,576,923.08	$ 184,994.67
June 2024	$ 4,576,923.08	$ 4,576,923.08	
July 2024	$ 4,576,923.08	$ 4,576,923.08	
Aug 2024	$ 4,576,923.08	$ 4,576,923.08	
Sept 2024	$ 4,576,923.08	$ 4,576,923.08	
Oct 2024	$ 4,576,923.08	$ 4,576,923.08	
Nov 2024	$ 4,576,923.08	$ 4,576,923.08	
Dec 2024	$ 4,576,923.08	$ 4,576,923.08	
Total	$ 54,923,076.96	$ 54,923,076.96	$ 907,070.64

2024 Dispatch & Consultant Fee	$ 0.00
PJM Market Charges Estimate	$ 7,500.00
Average/month	$ 1,500.00

THE POTOMAC EDISON COMPANY - MARYLAND

Calculation of 2024 Warrior Run PURPA Surcharge

Rate Schedule (a)	Capacity Allocation Ratio (b)	Capacity Allocation (c)	Energy Allocation Ratio (d)	Energy Allocation (e)	Capacity & Energy Allocation (f) = (c)+(e)	Over Recovery Allocation (g)	Market Proceeds Allocation (h)	Net Warrior Run PURPA Allocation (pre-tax) (i) = (f)+(g)+(h)	Net Warrior Run PURPA Allocation (post-tax) (j)=(i) / 0.977675	2024 Forecast kWh (k)	2024 Forecast kW (l)	2024 Warrior Run PURPA Surcharge $/kWh (m)	2024 Warrior Run PURPA Surcharge $/kW (n)	Resultant Warrior Run PURPA Collection (o)
	2024 Warrior Run Contract Payments													
R	0.401312	$ 14,392,967	0.491352	$ 9,364,347	**$ 23,757,314**	$ (778,311)	$ (389,115)	$ 22,589,889	**$ 23,105,724**	3,526,128,338	--	**$ 0.00655**	**--**	$ 23,105,724
C	0.015481		0.012309							78,570,896	--	**$ 0.00839**	**--**	$ 659,186
G	0.136674		0.120741							843,544,485	--	**$ 0.00839**	**--**	$ 7,077,080
Hag & Fred	0.000095		0.000170							1,160,712	--	**$ 0.00839**	**--**	$ 9,738
	0.152251	$ 5,460,434	0.133219	$ 2,538,937	**$ 7,999,371**	$ (295,277)	$ (131,020)	$ 7,573,074	**$ 7,746,004**	923,276,093				$ 7,746,004
C-A	0.002518		0.001888							10,906,973	--	**$ 0.01061**	**--**	$ 115,736
CSH	0.001807		0.001533							9,173,669	--	**$ 0.01061**	**--**	$ 97,344
	0.004325	$ 155,125	0.003421	$ 65,195	**$ 220,320**	$ (8,388)	$ (3,609)	$ 208,323	**$ 213,080**	20,080,642				$ 213,080
PH, AGS	0.327591	$ 11,748,978	0.264506	$ 5,041,040	**$ 16,790,018**	$ (635,334)	$ (274,999)	$ 15,879,685	**$ 16,242,294**	2,465,051,154	5,791,496	**$ 0.00323**	**$ 1.43**	$ 16,242,294
PP	0.107035	$ 3,838,802	0.104070	$ 1,983,391	**$ 5,822,193**	$ (207,586)	$ (95,360)	$ 5,519,247	**$ 5,645,278**	773,730,317	1,729,241	**$ 0.00359**	**$ 1.660**	$ 5,645,278
Lighting	0.007485	$ 268,463	0.003431	$ 65,398	**$ 333,861**	$ (14,517)	$ (5,468)	$ 313,876	**$ 321,043**	23,899,933	--	**$ 0.01343**		$ 321,043
TOTALS	**1.000000**	**$ 35,864,769**	**1.000000**	**$ 19,058,308**	**$ 54,923,077**	**$ (1,939,413)**	**$ (899,571)**	**$ 52,084,094**	**$ 53,273,423**	**7,732,166,477**	**7,520,737**			**$ 53,273,423**

Notes:

1) Allocation ratios in columns (b) and (d) from 2022 billing determinants
2) Column (c) calculated as the total Capacity Allocation of $35,864,769 multiplied by the Capacity Allocation Ratio in column (b)
3) Column (e) calculated as the total Energy Allocation of $19,058,308 multiplied by the Energy Allocation Ratio in column (d)
4) Column (g) calculated as the total Over Recovery of $-1,939,413 multiplied by the Capacity Allocation Ratio in column (b)
5) Column (h) calculated as the total Market Proceeds Allocation of $-899,571 multiplied by the %-to-total allocation in column (f)
6) Lighting includes Schedules OL, AL, MSL, EMU, MU and LED

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THE POTOMAC EDISON COMPANY - MARYLAND

Impact of 2022 Billing Determinants on
Warrior Run PURPA Allocation

	Existing Allocators					Allocators using 2022 Billing Determinants				
Rate Schedule	Capacity Allocation Ratio	Capacity Allocation	Energy Allocation Ratio	Energy Allocation	Capacity & Energy Allocation	Capacity Allocation Ratio[1]	Capacity Allocation	Energy Allocation Ratio[2]	Energy Allocation	Capacity & Energy Allocation
R	0.508583	$ 18,240,213	0.494869	$ 9,431,363	$ 27,671,576	0.401312	$ 14,392,967	0.491352	$ 9,364,347	$ 23,757,314
C	0.015671		0.012872			0.015481		0.012309		
G	0.127315		0.119127			0.136674		0.120741		
Hag & Fred	0.000106		0.000172			0.000095		0.000170		
	0.143091	$ 5,131,943	0.132171	$ 2,518,958	$ 7,650,901	0.152251	$ 5,460,434	0.133219	$ 2,538,937	$ 7,999,371
C-A	0.002207		0.001982			0.002518		0.001888		
CSH	0.001512		0.001518			0.001807		0.001533		
	0.003719	$ 133,380	0.003500	$ 66,705	$ 200,085	0.004325	$ 155,125	0.003421	$ 65,195	$ 220,320
PH & AGS	0.260474	$ 9,341,839	0.258135	$ 4,919,626	$ 14,261,465	0.327591	$ 11,748,978	0.264506	$ 5,041,040	$ 16,790,018
PP	0.074694	$ 2,678,893	0.107855	$ 2,055,543	$ 4,734,436	0.107035	$ 3,838,802	0.104070	$ 1,983,391	$ 5,822,193
Lighting[3]	0.009438	$ 338,501	0.003469	$ 66,113	$ 404,614	0.007485	$ 268,463	0.003431	$ 65,398	$ 333,861
TOTALS[4]	1.000000	$ 35,864,769	1.000000	$ 19,058,308	$ 54,923,077	1.000000	**$ 35,864,769**	1.000000	**$ 19,058,308**	$ 54,923,077

[1]Based upon 2022 total revenue (less PURPA) percent-to-total
[2]Based upon 2022 metered kWh percent-to-total
[3]Includes Schedules OL, AL, MSL, EMU, MU and LED
[4]Capacity and Energy values based upon 2024 Warrior Run contract payments

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THE POTOMAC EDISON CO. - MARYLAND

2022 Billing Determinants

Rate Schedule	Distribution kWh[1]		Total Revenue less PURPA
R	3,349,359,320	$	332,480,087.51
C	83,905,936	$	12,826,144.05
G	823,041,853	$	113,232,026.06
Hag/Fred	1,157,521	$	78,800.21
	908,105,310	$	126,136,970.32
C-A	12,871,196	$	2,086,257.27
CSH	10,447,069	$	1,497,146.49
	23,318,265	$	3,583,403.77
PH	1,799,302,390	$	271,396,869.41
AGS	3,733,958	$	6,570.36
	1,803,036,348	$	271,403,439.77
PP	709,402,478	$	88,676,999.81
Lighting[2]	23,391,160	$	6,201,541.14
TOTAL	6,816,612,881	$	828,482,442.33

[1]Per SAP, 12 months ended December 2022
[2]Includes Schedules OL, AL, MSL, EMU, MU and LED