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November 27, 2024

VIA EFILE

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 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 Termination Agreement Surcharge for the period of January 2025 through December 2025.

The methodology used to derive the surcharge is in accordance with the Commission Letter Order (ML# 302441) 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 2025 is based upon the Commission-approved Termination Agreement for the same period. The cost is combined with the projected under-collection, including accrued interest,¹ in the deferred surcharge account as of December 31, 2024. Maryland State Gross Receipts Tax and the Maryland PSC Assessment Factor are then applied to the balance to produce a total revenue requirement.

The development of the surcharge for January 1 through December 31, 2025 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 from 2014-2023 and allocated expenses to the various Company rate schedules using the results which are 65.30% capacity-related and 34.70% energy-related.

¹ Interest accrues at the prime rate as published in the Wall Street Journal, which is currently 7.75%.

Andrew S. Johnston
November 27, 2024
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The Company would note that, as reflected in the calculations, the surcharge is expected to have an under-recovered balance of approximately \$5.6 million on December 31, 2024. This under recovery is driven by Customer usage coming in lower than expected. An average residential customer using 1,000 kwh per month will see their current surcharge of \$6.55/month increase to \$8.33/month starting January 1, 2025. Absent the under recovered balance, the surcharge would have still experienced an increase in 2025, however the surcharge is no longer experiencing the extreme volatility as it did prior to the Termination Agreement.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jessica M. Raba", with a stylized flourish at the end.

Jessica M. Raba

Enclosures

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

Tariff - Clean

COGENERATION PURPA PROJECT TERMINATION AGREEMENT SURCHARGE

Effective for all Service rendered on and after January 1, 2025, 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

<u>Schedule</u>	<u>Rate Per kW</u>	<u>Rate Per kWh</u>
R		\$0.00833
C		0.01172
G		0.01172
C-A		0.01409
CSH		0.01409
PH	\$2.27	0.00510
AGS	2.27	0.00510
PP	1.076	0.00233
OL		0.01742
AL		0.01742
MSL		0.01742
EMU		0.01742
MU		0.01742
LED		0.01742
Fred/Hag		0.01172

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 November 27, 2024

Effective January 1, 2025

Tariff - Redline

COGENERATION PURPA PROJECT TERMINATION AGREEMENT SURCHARGE

Effective for all Service rendered on and after January 1, ~~2024~~2025, 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

<u>Schedule</u>	<u>Rate Per kW</u>	<u>Rate Per kWh</u>
R		\$ 0.00655 <u>00833</u>
C		0.00839 <u>01172</u>
G		0.00839 <u>01172</u>
C-A		0.04064 <u>01409</u>
CSH		0.04064 <u>01409</u>
PH	\$42.4327	0.00323 <u>00510</u>
AGS	42.4327	0.00323 <u>00510</u>
PP	1.660 <u>076</u>	0.00359 <u>00233</u>
OL		0.04343 <u>01742</u>
AL		0.04343 <u>01742</u>
MSL		0.04343 <u>01742</u>
EMU		0.04343 <u>01742</u>
MU		0.04343 <u>01742</u>
LED		0.04343 <u>01742</u>
Fred/Hag		0.00839 <u>01172</u>

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 November ~~2027, 2023~~2024

Effective January 1, ~~2024~~2025

~~Approved at Public Service Commission Administrative Meeting of December 20, 2023 in Case No. 8797.~~

Workpapers

**Summary Calculation of
Total Revenue Requirement
For the Period January 2025 - December 2025**

(a) Total Projected Warrior Run Cost	\$ 54,923,076.96
(b) Projected Revenue from Market Sales	\$ 0.00
(c) Projected Reactive Revenue	\$ 0.00
(d) Projected Warrior Run Consultant Fee, Dispatch and PJM Market Charges	\$ 0.00
(e) Projected Cost to be Collected from MD Retail Customers = (a) - (b) - (c) + (d)	\$ 54,923,076.96
(f) Estimated (Over)/Under Recovery as of December 31, 2024	\$ 5,563,907.98
(g) Interest Accrued on Average Remaining Balance at Prime through December 31, 2024	\$ 119,122.29
(h) Interest Accrued on Average Remaining Balance at Prime through December 31, 2025	\$ 220,217.42
(i) Federal Income Tax Effect on 2024 Interest	\$ 12,507.84
(j) Maryland Gross Receipts Tax & MD PSC Assessment Fee	\$ 1,433,063.13
(k) Revenue Requirement = (e) + (f) + (g) + (h) + (i) + (j)	\$ 62,271,895.62

**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 2025 - December 2025**

	<u>Jan 2025</u>	<u>Feb 2025</u>	<u>Mar 2025</u>	<u>Apr 2025</u>	<u>May 2025</u>	<u>June 2025</u>	<u>July 2025</u>	<u>Aug 2025</u>	<u>Sept 2025</u>	<u>Oct 2025</u>	<u>Nov 2025</u>	<u>Dec 2025</u>	<u>Totals</u>
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	\$ 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 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	\$ 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 Cost Remaining for MD Retail Customers	\$ 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 Net Cost for twelve months ended December 31, 2025 \$ 54,923,076.96
													Estimated (Over)/Under Recovery as of December 31, 2024 \$ 5,563,907.98
													Interest Accrued on Average Remaining Balance at Prime through December 31, 2024 \$ 119,122.29
													Interest Accrued on Average Remaining Balance at Prime through December 31, 2025 \$ 220,217.42
													Federal Income Tax Effect on 2024 Interest \$ 12,507.84
													Maryland Gross Receipts Tax & MD PSC Assessment Fee \$ 1,433,063.13
													Revenue Requirement \$ 62,271,895.62

Maryland Warrior Run PURPA Project
2025 Interest Accrual on (Over)/Under Recovery

	<u>Warrior Run Surcharge Balance at Month End</u>		<u>Monthly Collected Amount</u>		<u>Interest Calculated at Current Prime Rate</u>	¹	<u>Cumulative Interest Balance</u>
Dec 2024	\$ 5,683,030.27						
Jan 2025	\$ 5,209,444.41	\$	(473,585.86)	\$	35,173.62	\$	35,173.62
Feb 2025	\$ 4,735,858.56	\$	(473,585.86)	\$	32,115.04	\$	67,288.66
Mar 2025	\$ 4,262,272.70	\$	(473,585.86)	\$	29,056.47	\$	96,345.13
Apr 2025	\$ 3,788,686.85	\$	(473,585.86)	\$	25,997.89	\$	122,343.02
May 2025	\$ 3,315,100.99	\$	(473,585.86)	\$	22,939.31	\$	145,282.33
June 2025	\$ 2,841,515.14	\$	(473,585.86)	\$	19,880.74	\$	165,163.07
July 2025	\$ 2,367,929.28	\$	(473,585.86)	\$	16,822.16	\$	181,985.23
Aug 2025	\$ 1,894,343.42	\$	(473,585.86)	\$	13,763.59	\$	195,748.82
Sept 2025	\$ 1,420,757.57	\$	(473,585.86)	\$	10,705.01	\$	206,453.83
Oct 2025	\$ 947,171.71	\$	(473,585.86)	\$	7,646.44	\$	214,100.27
Nov 2025	\$ 473,585.86	\$	(473,585.86)	\$	4,587.86	\$	218,688.13
Dec 2025	\$ 0.00	\$	(473,585.86)	\$	1,529.29	\$	220,217.42

1 Current Prime Rate as stated in the Wall Street Journal is 7.75%

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
2024								\$ (973,931.50)				
January	\$ 4,578,527.92	\$ 0.00	\$ 0.00	\$ 184,994.67	\$ 45.81	\$ 4,564,429.93	\$ 170,850.87	\$ (1,144,782.37)	8.50%	0.7083%	\$ (7,503.78)	\$ (7,503.78)
February	\$ 4,578,309.44	\$ 0.00	\$ 0.00	\$ 1,305,059.53	\$ 0.00	\$ 4,096,347.60	\$ 818,309.08	\$ (1,970,595.23)	8.50%	0.7083%	\$ (11,060.20)	\$ (18,563.98)
March	\$ 4,752,907.06	\$ 0.00	\$ 0.00	\$ 197,561.37	\$ 0.00	\$ 3,551,255.83	\$ (1,008,878.47)	\$ (972,776.96)	8.50%	0.7083%	\$ (10,463.61)	\$ (29,027.59)
April	\$ 4,578,635.15	\$ 0.00	\$ 0.00	\$ 188,270.78	\$ 0.00	\$ 3,384,984.90	\$ (1,005,379.47)	\$ 22,138.90	8.50%	0.7083%	\$ (3,403.90)	\$ (32,431.49)
May	\$ 4,578,390.67	\$ 0.00	\$ 0.00	\$ 184,994.67	\$ 0.00	\$ 3,551,723.96	\$ (841,672.04)	\$ 860,407.04	8.50%	0.7083%	\$ 3,113.63	\$ (29,317.86)
June	\$ 4,578,486.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,930,611.17	\$ (647,875.37)	\$ 1,511,396.04	8.50%	0.7083%	\$ 8,411.16	\$ (20,906.70)
July	\$ 4,577,036.61	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,410,094.44	\$ (166,942.17)	\$ 1,686,749.37	8.50%	0.7083%	\$ 11,356.55	\$ (9,550.15)
August	\$ 4,576,923.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,137,038.53	\$ (439,884.54)	\$ 2,137,990.46	8.50%	0.7083%	\$ 13,586.17	\$ 4,036.02
September	\$ 4,576,926.74	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,337,642.66	\$ (1,239,284.08)	\$ 3,390,860.71	8.00%	0.6667%	\$ 18,474.79	\$ 22,510.81
October	\$ 4,576,796.23	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,263,031.64	\$ (1,313,764.59)	\$ 4,723,100.09	8.00%	0.6667%	\$ 27,108.12	\$ 49,618.93
November (Est)	\$ 4,576,923.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,780,437.55	\$ (796,485.52)	\$ 5,546,693.73	7.75%	0.6458%	\$ 33,250.41	\$ 82,869.34
December (Est)	\$ 4,576,923.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,510,089.89	\$ (66,833.18)	\$ 5,646,777.32	7.75%	0.6458%	\$ 36,252.95	\$ 119,122.29
Total Estimated Balance at December 31, 2024								\$ 5,683,030.27				

Project Name AES WARRIOR RUN

	Energy Payment \$	Total Payment \$	Projected Revenue from Capacity Sales \$
Jan 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Feb 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Mar 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Apr 2025	\$ 4,576,923.08	\$ 4,576,923.08	
May 2025	\$ 4,576,923.08	\$ 4,576,923.08	
June 2025	\$ 4,576,923.08	\$ 4,576,923.08	
July 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Aug 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Sept 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Oct 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Nov 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Dec 2025	\$ 4,576,923.08	\$ 4,576,923.08	
Total	\$ 54,923,076.96	\$ 54,923,076.96	\$ 0.00
	2025 Dispatch & Consultant Fee	\$ 0.00	
	PJM Market Charges Estimate	\$ 0.00	
	Average/month	\$ 0.00	

THE POTOMAC EDISON COMPANY - MARYLAND

Calculation of 2025 Warrior Run PURPA Surcharge

Rate Schedule (a)	2025 Warrior Run Contract Payments					Under 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) / 0.976987	2025 Forecast		2025 Warrior Run PURPA Surcharge		Resultant Warrior Run PURPA Collection (o)
	Capacity Allocation Ratio (b)	Capacity Allocation (c)	Energy Allocation Ratio (d)	Energy Allocation (e)	Capacity & Energy Allocation (f) = (c)+(e)					kWh (k)	kW (l)	\$/kWh (m)	\$/kW (n)	
R	0.444446	\$ 15,939,947	0.491356	\$ 9,364,420	\$ 25,304,367	\$ 2,629,234	\$ -	\$ 27,933,600	\$ 28,591,578	3,433,947,466	--	\$ 0.00833	--	\$ 28,591,578
C G Hag & Fred	0.017246 0.155940 0.000110 0.173296	\$ 6,215,225	0.011874 0.122018 0.000175 0.134067	\$ 2,555,082	\$ 8,770,307	\$ 1,025,177	\$ -	\$ 9,795,484	\$ 10,026,217	75,642,675 778,566,943 1,157,760 855,367,378	-- -- --	\$ 0.01172 \$ 0.01172 \$ 0.01172	-- -- --	\$ 886,648 \$ 9,125,998 \$ 13,571 \$ 10,026,217
C-A CSH	0.002612 0.002295 0.004907	\$ 175,971	0.001802 0.001573 0.003375	\$ 64,324	\$ 240,295	\$ 29,026	\$ -	\$ 269,321	\$ 275,665	10,286,057 9,281,172 19,567,229	-- --	\$ 0.01409 \$ 0.01409	-- --	\$ 144,911 \$ 130,754 \$ 275,665
PH, AGS	0.305341	\$ 10,951,001	0.264846	\$ 5,047,521	\$ 15,998,522	\$ 1,806,325	\$ -	\$ 17,804,847	\$ 18,224,241	1,696,276,612	4,215,185	\$ 0.00510	\$ 2.27	\$ 18,224,241
PP	0.063098	\$ 2,263,007	0.102858	\$ 1,960,292	\$ 4,223,299	\$ 373,274	\$ -	\$ 4,596,573	\$ 4,704,846	987,951,237	2,237,676	\$ 0.00233	\$ 1.076	\$ 4,704,846
Lighting	0.008912	\$ 319,618	0.003498	\$ 66,669	\$ 386,287	\$ 52,720	\$ -	\$ 439,007	\$ 449,348	25,797,181	--	\$ 0.01742	--	\$ 449,348
TOTALS	1.000000	\$ 35,864,769	1.000000	\$ 19,058,308	\$ 54,923,077	\$ 5,915,756	\$ -	\$ 60,838,832	\$ 62,271,896	7,018,907,103	6,452,860			\$ 62,271,896

Notes:

- 1) Allocation ratios in columns (b) and (d) from 2023 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 Under Recovery of \$5,915,756 multiplied by the Capacity Allocation Ratio in column (b)
- 5) Column (h) calculated as the total Market Proceeds Allocation of \$0 multiplied by the %-to-total allocation in column (f)
- 6) Lighting includes Schedules OL, AL, MSL, EMU, MU and LED

THE POTOMAC EDISON COMPANY - MARYLAND

Impact of 2023 Billing Determinants on
Warrior Run PURPA Allocation

Rate Schedule	Existing Allocators					Allocators using 2023 Billing Determinants				
	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	0.401312	\$ 14,392,967	0.491352	\$ 9,364,347	\$ 23,757,314	0.444446	\$ 15,939,947	0.491356	\$ 9,364,420	\$ 25,304,367
C G Hag & Fred	0.015481 0.136674 <u>0.000095</u>	\$ 5,460,434	0.012309 0.120741 <u>0.000170</u>	\$ 2,538,937	\$ 7,999,371	0.017246 0.155940 <u>0.000110</u>	\$ 6,215,225	0.011874 0.122018 <u>0.000175</u>	\$ 2,555,082	\$ 8,770,307
	0.152251		0.133219			0.173296		0.134067		
C-A CSH	0.002518 <u>0.001807</u>	\$ 155,125	0.001888 <u>0.001533</u>	\$ 65,195	\$ 220,320	0.002612 <u>0.002295</u>	\$ 175,971	0.001802 <u>0.001573</u>	\$ 64,324	\$ 240,295
	0.004325		0.003421			0.004907		0.003375		
PH & AGS	0.327591	\$ 11,748,978	0.264506	\$ 5,041,040	\$ 16,790,018	0.305341	\$ 10,951,001	0.264846	\$ 5,047,521	\$ 15,998,522
PP	0.107035	\$ 3,838,802	0.104070	\$ 1,983,391	\$ 5,822,193	0.063098	\$ 2,263,007	0.102858	\$ 1,960,292	\$ 4,223,299
Lighting ³	0.007485	\$ 268,463	0.003431	\$ 65,398	\$ 333,861	0.008912	\$ 319,618	0.003498	\$ 66,669	\$ 386,287
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

¹Based upon 2023 total revenue (less PURPA) percent-to-total

²Based upon 2023 metered kWh percent-to-total

³Includes Schedules OL, AL, MSL, EMU, MU and LED

⁴Capacity and Energy values based upon 2025 Warrior Run contract payments

THE POTOMAC EDISON CO. - MARYLAND

2023 Billing Determinants

<u>Rate Schedule</u>	<u>Distribution kWh¹</u>	<u>Total Revenue less PURPA</u>
R	3,253,219,282	\$ 312,126,918.18
C	78,617,012	\$ 12,111,594.47
G	807,868,525	\$ 109,514,238.35
Hag/Fred	<u>1,155,452</u>	<u>\$ 77,139.55</u>
	887,640,989	\$ 121,702,972.37
C-A	11,932,075	\$ 1,834,357.49
CSH	<u>10,414,198</u>	<u>\$ 1,611,404.01</u>
	22,346,273	\$ 3,445,761.50
PH	1,745,990,775	\$ 214,429,095.39
AGS	<u>7,528,799</u>	<u>\$ 7,117.26</u>
	1,753,519,574	\$ 214,436,212.65
PP	681,009,699	\$ 44,312,906.49
Lighting ²	23,160,916	\$ 6,258,570.33
TOTAL	6,620,896,733	\$ 702,283,341.52

¹Per SAP, 12 months ended December 2023

²Includes Schedules OL, AL, MSL, EMU, MU and LED