

July 30, 2010

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor - 1 North
Harrisburg, PA 17120

**Re: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company for Approval of Smart Meter Technology Procurement and Installation Plan – Docket No. M-2009-2123950
Pennsylvania Power Company Tariff Supplement No. 68 – Change in Smart Meter Technologies Charge Rates**

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") are eight (8) copies of Supplement No. 68 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 35 in compliance with the Commission's Order at Docket No. M-2009-2123950, which bear an issue date of July 30, 2010. The tariff changes contained in Supplement No. 68 are proposed to be effective with service rendered on or after January 1, 2011.

The purpose of Supplement No. 68 is to reflect in Penn Power's tariff the implementation of a Smart Meter Technologies Charge Rider and Smart Meter Technologies Charge ("SMT-C") rates for the Commercial, Residential, and Industrial Customer Classes for service rendered on or after January 1, 2011 through December 31, 2011. Supplement No. 68 is being filed pursuant to the Commission's Order at Docket No. M-2009-2123950 entered June 9, 2010 and under the provisions of the PaPUC-approved Smart Meter Technologies Charge Rider.

Supporting details for the computation of the Penn Power SMT-C rates are provided in Exhibit A, Schedules 1, 2, 3, and 4 that accompany this filing.

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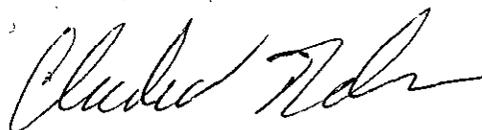
JUL 30 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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 Ray Parrish at (610) 921-6837.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles V. Fullem".

Charles V. Fullem
Director of Rates & Regulatory Affairs-PA
(610) 921-6525

Enclosures

c: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison :
Company, Pennsylvania Electric Company : Docket No. M-2009-2123950
and Pennsylvania Power Company for :
Approval of Smart Meter Technology :
Procurement and Installation Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant).

Service by First Class Mail, as follows:

Daniel G. Asmus, Esquire
Lauren M Lepkoski, Esquire
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Dated: July 30, 2010



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PENNSYLVANIA POWER COMPANY

**Schedule of Rates, Rules and Regulations
for
Electric Service
For List of Communities Served,
See Pages 5 and 6**

ISSUED: July 30, 2010

EFFECTIVE: January 1, 2011

**Issued by
Anthony J. Alexander
CEO
233 Frenz Drive
New Castle, PA 16101**

NOTICE

This Supplement Makes Changes to Existing Tariff -- See Sixty-second Revised Sheet No. 1

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

LIST OF MODIFICATIONS

Rider

Change

The Smart Meter Technologies Charge Rider rates have been changed in this Tariff (See Fifth Revised Sheet No. 61.1).

SMART METER TECHNOLOGIES CHARGE RIDER

A Smart Meter Technologies ("SMT") Charge ("SMT-C") shall be applied as a monthly Customer charge during each billing month to metered Customers served under this Tariff determined to the nearest cent. The SMT-C rates shall be calculated separately for each Customer Class according to the provisions of this rider.

For service rendered January 1, 2011 through December 31, 2011 the SMT-C rates billed by Customer Class are as follows:

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):

\$1.05 per month.

Commercial Customer Class (Rate Schedules GS, GS Special Provision GSDS, GS Optional Controlled Service Rider, PNP, GM, GM Optional Controlled Service Rider, OH with Cooling Capabilities, OH Without Cooling Capabilities; and WH Non-Residential):

\$1.05 per month.

Industrial Customer Class (Rate Schedules GP and GT):

\$0.97 per month.

(C) Change
(D) Decrease

PENNSYLVANIA POWER COMPANY
Computation of Proposed Smart Technologies Charges ("SMT-C") by Customer Class
For the Twelve Months Ending December 31, 2011

$$\text{Smart Technologies Charge} = \text{SMT-C} = [((\text{SMTc} - \text{E}) / \text{ACCC}) / 12] \times [1 / (1 - \text{T})]$$

Line No.	Description	All Customer Classes Amounts	Residential Customer Class Computations	Commercial Customer Class Computations	Industrial Customer Class Computations
	(1)	(2)	(3)	(4)	(5)
1	SMTc = Smart Meter Technologies Costs by Customer Class (See Schedule 2 for Support)	\$ 1,915,083	\$ 1,684,260	\$ 229,048	\$ 1,775
2	E = Cumulative Prior Reconciliation Period's Net Over / (Under) Collections	\$ -	\$ -	\$ -	\$ -
3	ACCC = Projected Average Customer Class Count for the SMT-C Computation Year for the Twelve Months Ending December 31, 2011 (See Schedule 4 for Support)		140,069 Avg. Count	19,007 Avg. Count	159 Avg. Count
4	(SMTc - E) / ACCC / 12 Month [((Line 1 + Line 2) / Line 3) / 12 Months]		\$ 1.00 per Month	\$ 1.00 per Month	\$ 0.93 per Month
5	1 / (1 - T): (T = 4.4% PA Gross Receipts Tax in Base Rates)		1.046025	1.046025	1.046025
6	SMTc = Smart Meter Technologies Charge (Line 4 X Line 5)		<u>\$ 1.05 per Month</u>	<u>\$ 1.05 per Month</u>	<u>\$ 0.97 per Month</u>

PENNSYLVANIA POWER COMPANY
Projected Smart Technologies Costs ("SMTc") by Customer Class
For the Smart Meter Technologies Charge ("SMT-C") Computation Year
Twelve Months Ending December 31, 2011

Smart Technologies Costs = SMTc = SMTexp1 + SMTexp2

Line No.	Description	Total All Customer Classes Costs	Residential Customer Class Costs	Commercial Customer Class Costs	Industrial Customer Class Costs
	(1)	(2)	(3)	(4)	(5)
1	SMTexp1 Costs (See Schedule 3 for Supporting Details)	\$ 1,915,083	\$ 1,684,260	\$ 229,048	\$ 1,775
2	SMTexp1 Cost Recovery of SMT Capital Expenditures	\$ -	\$ -	\$ -	\$ -
3	SMTexp1 Offsetting Reduction in Operating Expenses and Capital Expenditures due to Smart Meter Program	\$ -	\$ -	\$ -	\$ -
4	SMTexp2 Costs (See Schedule 4 for Supporting Details)	\$ -	\$ -	\$ -	\$ -
5	Total SMTc Costs (Line 1 + Line 2 - Line 3 + Line 4)	\$ 1,915,083	\$ 1,684,260	\$ 229,048	\$ 1,775

PENNSYLVANIA POWER COMPANY
Projected Smart Meter Technologies Assessment Period Direct and Common Costs Recoverable Through Smart Meter Technologies Charges ("SMT-C")
For the Twelve Months Ending December 31, 2011

Projected Smart Meter Technologies Direct and Common Costs														
Line No.	Smart Meter Technologies Direct and Common Assessment Period Costs Descriptions	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	12 Months Ending December 2011
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	Internal Administration Labor	\$ 64,209.84	\$ 61,390.49	\$ 60,159.05	\$ 41,752.29	\$ 39,856.52	\$ 40,115.77	\$ 39,062.57	\$ 39,427.14	\$ 38,941.05	\$ 38,941.05	\$ 38,698.00	\$ 37,530.36	\$ 540,084.13
2	Clubs, Fees, Licenses	\$ 18,906.20	\$ -	\$ -	\$ 21,595.07	\$ -	\$ 540.78	\$ 21,595.07	\$ -	\$ -	\$ 21,595.07	\$ -	\$ -	\$ 84,232.17
3	General Business and Travel	\$ 665.82	\$ 637.62	\$ 625.31	\$ 441.24	\$ 422.28	\$ 424.88	\$ 414.35	\$ 417.99	\$ 413.13	\$ 413.13	\$ 410.70	\$ 399.02	\$ 5,685.47
4	Materials	\$ 16,763.56	\$ -	\$ -	\$ 23,043.75	\$ 26,884.38	\$ 26,884.38	\$ 26,884.38	\$ 26,884.38	\$ 23,043.75	\$ -	\$ -	\$ -	\$ 170,388.58
5	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Outside Professional and Contractor Services	\$ 206,276.27	\$ 177,755.08	\$ 175,728.05	\$ 159,799.03	\$ 91,715.08	\$ 67,235.52	\$ 45,399.06	\$ 37,832.55	\$ 37,562.32	\$ 47,290.69	\$ 34,589.76	\$ 33,508.83	\$ 1,114,692.24
7	Total Projected Smart Meter Technologies Direct and Common Costs (Lines 1 through 6)	\$ 306,821.69	\$ 239,783.19	\$ 236,512.41	\$ 246,631.38	\$ 158,878.26	\$ 135,201.31	\$ 133,355.43	\$ 104,562.06	\$ 99,960.25	\$ 108,239.94	\$ 73,698.46	\$ 71,438.21	\$ 1,915,082.59

Allocation of Projected Direct and Common Costs based on Actual Customer Class Meter Counts for May 2010 determined as follows:			
Line No.	Customer Class	May 2010 Meter Count by Customer Class	Allocation of Projected Direct and Common Costs for 12 Months Ending December 31, 2011 (Rounded)
			C = B X Line 7, Col. 7
8	Residential Customer Class	148,022	87.9471% \$ 1,684,260
9	Commercial Customer Class	20,130	11.9602% \$ 229,048
10	Industrial Customer Class	156	0.0927% \$ 1,775
11	Total Meter Count	168,308	100.0000% \$ 1,915,083

PENNSYLVANIA POWER COMPANY
Projected Average Customer Class Count ("ACCC") by Customer Class
For the Smart Meter Technologies Charge ("SMT-C") Computation Year
Twelve Months Ending December 31, 2011

Line No.	Month	Residential Customer Class Count	Commercial Customer Class Count	Industrial Customer Class Count
	(1)	(2)	(3)	(4)
1	January 2011	140,118	18,906	158
2	February 2011	140,262	18,888	159
3	March 2011	140,411	18,875	160
4	April 2011	140,378	18,931	160
5	May 2011	140,265	18,937	159
6	June 2011	140,210	18,987	160
7	July 2011	140,069	19,007	159
8	August 2011	139,899	19,012	160
9	September 2011	139,869	19,026	160
10	October 2011	139,860	19,018	157
11	November 2011	140,043	19,030	160
12	December 2011	140,217	19,038	161
13	Projected Average Customer Class Counts ("ACCC") for the Twelve Months Ending December 31, 2011	140,133	18,971	159