

December 30, 2013

Via Service by First Class Mail

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

RECEIVED
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**Re: Petition of West Penn Power Company and West Penn Power – PSU for
Approval of Smart Meter Technology Procurement and Installation Plan**

Tariff Supplement No. 174, Electric-Pa.P.U.C. No. 37
Tariff Supplement No. 233, Electric-Pa.P.U.C. No. 39

M-2009-2123951

Dear Secretary Chiavetta:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") is an original copy of Supplement Nos. 174 and 233 to West Penn Power Company and West Penn Power-PSU which bear an issue date of December 30, 2013. The tariff changes contained in Supplement Nos. 174 and 233 are proposed to be effective with service rendered on or after January 1, 2014.

Tariff Supplement Nos. 174 and 233 contain changes in the Smart Meter Technologies Charge ("SMT-C") rates for the Commercial, Residential, and Industrial Customer Classes for service rendered on or after January 1, 2014 through December 31, 2014.

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 me at (724) 830-5483.

Sincerely,



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

Enclosures

c: Certificate of Service
Paul Diskin, TUS

WEST PENN POWER COMPANY

TARIFF

Rate Schedules and Rules and Regulations

FOR

ELECTRIC SERVICE

IN

The Territory as Defined on
Pages 3-1, 3-2, 3-3, 3-4, 3-5, 3-6 and 3-7 of this Tariff

Issued December 30, 2013

Effective January 1, 2014

Charles E. Jones

President

Cabin Hill

Greensburg, PA

NOTICE

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LIST OF MODIFICATIONS MADE BY THIS SUPPLEMENT

Changes

Smart Meter Technologies Surcharge – Fifth Revised Page No. 5-6 – Increase in the Smart Meter Technologies Surcharge rate.

TABLE OF CONTENTS (Continued)

	Paragraph	Page No.
Discontinuance of Service by Nonresidential Customer		
Notice of Discontinuance	25N	4-22
Transfer of Agreements	26N	4-22
Disconnection of Nonresidential Service by Company		
Company's Right to Disconnect Nonresidential Service	27N	4-22 4-23
Extension of the Company's Facilities		
Single Phase Line Extension Plan	28	4-24 4-25 ¹
Polyphase Line Extension Plan	29	4-25 ¹ 4-25A 4-25B
Underground Electric Service in New Residential Developments	30	4-25B 4-26 4-27 4-28
Residential Underground Electric Service Not in a Development	31	4-29
Emergency Load Control and Conservation		
Emergency Load Control	32	4-30
Emergency Energy Conservation	33	4-30
Residential Building Energy Conservation Standards	34	4-31 ¹
Taxes and Contract Provisions		
Taxes on Contributions in Aid of Construction (CIAC) and Customer Advances (CAC)		
Individualized Contracts	35	4-31 ¹
Individualized Company Facilities and Services	36	4-31 ¹ 4-32 ¹
Changing Electric Supplier	37	4-32 ¹
Payment Processing	38	4-32 ¹
Code of Conduct	39	4-33 ³
State Tax Indemnification	41&42	4-34 4-35 ¹
State Tax Indemnification	43	4-35 ¹
Tax Surcharge		5-1 ¹⁴
Sustainable Energy Surcharge		5-2 ¹
Consumer Education Charge		5-3 ⁹
FirstEnergy Merger Credit		5-4 ⁶
Blank		5-4A ¹
Blank		5-5 ²
Smart Meter Technologies Surcharge		5-6 ⁵ 5-7 ² 5-8 ²
Energy Efficiency and Conservation Surcharge		5-9 ⁷ 5-10 ¹
Energy Cost Adjustment Surcharge		5-11 ²
Electric Service Rate Schedules		
Domestic Service	Schedule 10	6-1 ¹⁸ 6-2 ²
General Service	Schedule 20	7-1 ¹¹ 7-2 ¹⁷ 7-3 ⁴
Church and School Service	Schedule 22	8-1 ¹⁰ 8-2 ¹⁷ 8-3 ¹⁸ 8-4 ¹⁸ 8-5 ¹
Athletic Field Lighting Service	Schedule 23	9-1 ¹⁸ 9-2 ¹⁶
Fair and Carnival Service	Schedule 24	10-1 ¹⁸ 10-2 ¹⁶
General Power Service	Schedule 30	11-1 ⁶ 11-2 ¹⁷ 11-3 ¹ 11-4 ²
Reserved		12
Primary Power Service	Schedule 40	13-1 ³ 13-2 ¹⁰ 13-3 ¹⁷ 13-4 ¹
Primary Power Service	Schedule 41	14-1 ³ 14-2 ¹⁷ 14-3 ¹⁶ 14-4
Primary Power Service	Schedule 44	15-1 ⁴ 15-2 ¹⁶ 15-3 ¹⁶ 15-4
Primary Power Service	Schedule 46	16-1 ⁵ 16-2 ⁹ 16-3 ¹⁷ 16-4 ¹

Note: All pages are original unless otherwise indicated
¹First Revised, ²Second Revised, etc.

SMART METER TECHNOLOGIES SURCHARGE

A Smart Meter Technologies ("SMT") Surcharge shall be applied during each billing month to metered Customers served under this Tariff. For the Residential Customer Class, the SMT Surcharge shall be determined to the nearest one-thousandth of a cent per kWh. For the Commercial and Industrial Customer Classes, the SMT Surcharge shall be determined to the nearest cent. The SMT Surcharge rates shall be calculated separately for each Customer Class according to the provisions of this Surcharge Tariff.

For service rendered January 1, 2014 through December 31, 2014 the SMT Surcharge rates billed by Customer Class are as follows: (C)

Residential Customer Class (Rate Schedule 10)

\$0.00303 per kWh (I)

Commercial Customer Class (Rate Schedules 20, 22, 23 and 24)

\$2.89 per month (I)

Industrial Customer Class (Rate Schedules 30, 40, 41, 44, 46, 86 and Tariff No. 37)

\$2.48 per month (I)

The SMT Surcharge rates by Customer Class shall be calculated in accordance with the formula set forth below:

$$SMT = [((SMT_C - E) / CCBD) / 12] X [1 / (1 - T)]$$

$$SMT_C = SMT_{Exp1} + SMT_{Exp2}$$

Where:

SMT = The monthly surcharge by Customer Class as defined by this Surcharge Tariff applied to each Customer billed under the Rate Schedules and Tariff identified in this Surcharge Tariff.

SMT_C = The Smart Meter Technologies costs by Customer Class projected to be incurred by the Company for the SMT Computational Year calculated in accordance with the formula shown above.

SMT_{Exp1} = A projection of costs to be incurred associated with the Customer Class specific Smart Meter Technology Procurement and Installation Plan ("Plan") as approved by the Commission for the SMT Computation Year by Customer Class including carrying charges on capital costs, depreciation expense, accumulated deferred income taxes, allowance for funds used during construction, and operational and maintenance expenses. These costs would also include an allocated portion of any projected indirect costs to be incurred benefiting all Customer Classes of the Company's Plan for the SMT Computational Year. Any reduction in operating expenses or avoided capital expenditures due to the Smart Metering Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is recoverable. Such reductions shall include any reductions in the Company's current meter and meter reading costs.

(C) Indicates Change
(I) Indicates Increase

WEST PENN POWER COMPANY

RATES, TERMS, AND CONDITIONS

GOVERNING

INTERCHANGE OF ELECTRIC ENERGY

WITH

THE PENNSYLVANIA STATE UNIVERSITY

Issued December 30, 2013

Effective January 1, 2014

BY: Charles E. Jones
President
Cabin Hill
Greensburg, Pennsylvania

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LIST OF MODIFICATIONS

Smart Meter Technologies Surcharge – Third Revised Page No. 5-5 – Increase in the Smart Meter Technologies Surcharge rate.

TABLE OF CONTENTS

	<u>Page</u>
Title Page.....	1-1
List of Modifications Made by This Supplement.....	1-2
Table of Contents.....	2-1 ⁴⁵
Rules and Regulations.....	3-1 ³ , 3-2 ⁴ , 3-3 ¹ , 3-4 ² 3-5 ³ , 3-6 ⁴ , 3-7, 3-8 ¹
FirstEnergy Merger Credit.....	4-1 ³
Generation Rate Adjustment ("GRA") - canceled	4-2 ¹ , 4-3 ¹
Tax Surcharge.....	5-1 ¹⁴
Consumer Education Charge.....	5-2 ⁶
Energy Cost Adjustment Surcharge.....	5-3 ²
Energy Efficiency and Conservation ("EE&C") Surcharge	5-4 ⁵
Smart Meter Technologies Surcharge	5-5 ³ , 5-6
Interchange Agreement Between..... West Penn Power Company and The Pennsylvania State University Dated January 22, 1981	6-1 ² , 6-2 ⁸ , 6-2A ³ , 6-3 ¹ , 6-4
Wind Energy Service Rider.....	7-1, 7-2
Hourly-Priced Default Service Rider	8-1 ¹ , 8-2, 8-3, 8-4
Transmission Service Charge Rider	9-1 ³ , 9-2 ¹
Phase II Energy Efficiency and Conservation Charge Rider.....	10-1, 10-2, 10-3, 10-4
Default Service Support Rider.....	11-1, 11-2, 11-3

Note: All pages are original unless otherwise indicated
¹First Revised, ²Second Revised, etc.

SMART METER TECHNOLOGIES SURCHARGE

A Smart Meter Technologies ("SMT") Surcharge 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 Surcharge rate shall be calculated separately for each Customer Class according to the provisions of this Surcharge Tariff.

For service rendered January 1, 2014 through December 31, 2014 the SMT Surcharge rate billed by Customer Class is as follows:

Industrial Customer Class (Tariff No. 39 Rate Schedules 30, 40, 41, 44, 46, 86 and Tariff No. 37)

\$2.48 per month

The SMT Surcharge rate by Customer Class shall be calculated in accordance with the formula set forth below:

$$SMT = [((SMT_C - E) / CCBD) / 12] \times [1 / (1 - T)]$$

$$SMT_C = SMT_{Exp1} + SMT_{Exp2}$$

Where:

SMT = The monthly surcharge by Customer Class as defined by this Surcharge Tariff applied to each Customer billed under this Tariff.

SMT_C = The Smart Meter Technologies costs by Customer Class projected to be incurred by the Company for the SMT Computational Year calculated in accordance with the formula shown above.

SMT_{Exp1} = A projection of costs to be incurred associated with the Customer Class specific Smart Meter Technology Procurement and Installation Plan ("Plan") as approved by the Commission for the SMT Computation Year by Customer Class including carrying charges on capital costs, depreciation expense, accumulated deferred income taxes, allowance for funds used during construction, and operational and maintenance expenses. These costs would also include an allocated portion of any projected indirect costs to be incurred benefiting all Customer Classes of the Company's Plan for the SMT Computational Year. Any reduction in operating expenses or avoided capital expenditures due to the Smart Metering Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is recoverable. Such reductions shall include any reductions in the Company's current meter and meter reading costs.

SMT_{Exp2} = A Customer Class allocated portion of \$40 million of expenditures between 2009 and 2010 in support of the development of a smart meter deployment plan. The \$40 million will be recovered via a levelized basis over a 5.5-year period beginning with the SMT Surcharge start date, and will not include interest on over-collections or under-collections. A Customer Class allocation of \$5.712 million of interest charges will be added, and will be amortized for recovery over a 5.5-year period coincident with the recovery of the \$40 million.

(C) Indicates Change

(I) Indicates Increase

Issued December 30, 2013

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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SECRETARY'S BUREAU

Petition of West Penn Power Company and :
West Penn Power-PSU for Expedited : Docket No. R-2009-2123951
Approval of its Smart Meter Technology :
Procurement and Installation Plan :
:

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of West Penn Power Company Tariffs Electric Pa. P.U.C. Nos. 37 and 39, Supplement Nos. 174 and 233 and accompanying supporting schedules upon the individuals listed below, in accordance with the requirements of 52 Pa. Code §1.54.

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December 30, 2013



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