

PENNSYLVANIA ELECTRIC COMPANY
 Rate Base At Original Cost
 Normalized To Year-End Conditions at December 31, 2017
 (\$000)

Line No.	Description	Per Budget (1)	Adjustments and Normalizations (2)	Adj No.	Total (3)	New York Jurisdictional (4)	PA Jurisdictional Normalized Rate Base		
							Distribution (5)	Smart Meter (6)	PA Jurisdictional Total (7) = (5) + (6)
Electric Plant:									
1	Plant in service	\$ 2,921,279	\$ (63,086)	1	\$ 2,858,193	\$ 16,661	\$ 2,706,884	\$ 134,648	\$ 2,841,532
2	Plant held for future use	478	(478)	2	-	-	-	-	-
3	Construction work in progress - pollution control and safety	-	-	-	-	-	-	-	-
4	Total electric plant	\$ 2,921,757	\$ (63,564)	-	\$ 2,858,193	\$ 16,661	\$ 2,706,884	\$ 134,648	\$ 2,841,532
Depreciation & Amortization Reserve:									
5	Plant in service	\$ 978,403	\$ (47,580)	3	\$ 930,823	\$ 5,431	\$ 903,793	\$ 21,600	\$ 925,392
6	Plant held for future use	-	-	-	-	-	-	-	-
7	Total depreciation & amortization reserve	\$ 978,403	\$ (47,580)	-	\$ 930,823	\$ 5,431	\$ 903,793	\$ 21,600	\$ 925,392
8	Net Electric Plant	\$ 1,943,354	\$ (15,984)	-	\$ 1,927,369	\$ 11,230	\$ 1,803,092	\$ 113,048	\$ 1,916,139
Additions:									
9	Cash working capital	\$ -	\$ 177,979	4	\$ 177,979	\$ -	\$ 177,979	\$ -	\$ 177,979
10	M&S inventories	-	16,319	5	16,319	95	16,224	-	16,224
11	Legacy meters	-	45,592	6	45,592	-	45,592	-	45,592
12	Deferred storm damage	-	7,907	7	7,907	-	7,907	-	7,907
13	Total additions	\$ -	\$ 247,796	-	\$ 247,796	\$ 95	\$ 247,701	\$ -	\$ 247,701
Deductions:									
14	Customer deposits	\$ 22,766	\$ -	-	\$ 22,766	\$ 14	\$ 22,752	\$ -	\$ 22,752
15	Customer advances for construction	-	-	-	-	-	-	-	-
16	Accum. Deferred income taxes - Liberalized depreciation	564,950	(54,966)	8	509,984	2,968	483,426	23,590	507,016
17	Operating reserves (net of taxes)	2,903	-	9	2,903	17	2,886	-	2,886
18	Total deductions	\$ 590,619	\$ (54,966)	-	\$ 535,653	\$ 2,999	\$ 509,064	\$ 23,590	\$ 532,654
19	Total Rate Base	\$ 1,352,735	\$ 286,778	-	\$ 1,639,513	\$ 8,326	\$ 1,541,729	\$ 89,458	\$ 1,631,187
20	Pro forma return at present rates (PA Distribution)	\$ 55,732	Dollars						
21		3.42%	Percent						
22	Pro forma return at proposed rates (PA Distribution)	\$ 139,943	Dollars						
23		8.58%	Percent						

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 1
 (\$000)

Adjustment of Electric Plant in Service

To adjust the budgeted gross plant in service to: (1) eliminate the Asset Retirement Costs ("ARC"); (2) remove Mid-Atlantic Interstate Transmission ("MAIT") plant associated with MAIT Ground Lease; (3) remove an allocated portion of Intangible Plant that supports FERC Transmission Plant; (4) remove an allocated portion of General Plant that supports FERC Transmission Plant; and (5) reflect an increase in LED streetlighting. An ARC increases the carrying amount of a long-lived asset when a liability for an asset retirement obligation ("ARO") is recognized. The ARC is depreciated over the life of the asset. The ARC and related reserve are excluded from Rate Base, while the associated depreciation expense is excluded from the Income Statement. This treatment is in accordance with 18 CFR Chapter 1 § 35.18 Asset retirement obligations.

Line No.	Description	Adjustments	Plant in Service	Cross Reference
		(1)	(2)	(3)
1	Budgeted Plant in Service at 12/31/2017		\$ 2,921,279	Penelec Exhibit RAD-46, Attach. B, p. 1
	Normalizing adjustments:			
2	Eliminate ARC	\$ (16,038)		Penelec Exhibit RAD-46, Attach. B, p. 1
3	Remove transmission plant associated with MAIT Ground Lease	(15,451)		Penelec Exhibit RAD-46, Attach. B, p. 1
4	Remove allocated portion of Intangible Plant associated with FERC Transmission Plant	(11,125)		Penelec Exhibit RAD-46, Attach. B, p. 1
5	Remove allocated portion of General Plant associated with FERC Transmission Plant	(30,041)		Penelec Exhibit RAD-46, Attach. B, p. 1
6	Add LED Streetlighting	<u>9,569</u>		Penelec Exhibit RAD-46, Attach. B, p. 1
7	Normalization adjustment		<u>(63,086)</u>	Penelec Exhibit RAD-46, Attach. B, p. 1
8	Plant in Service at 12/31/2017, as adjusted		<u>\$ 2,858,193</u>	Penelec Exhibit RAD-46, Attach. B, p. 1

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 2
(\$000)

Adjustment of Plant Held for Future Use

To adjust Plant Held for Future Use. As an alternative to rate base treatment, the Company is requesting the allowance of deferred carrying charges on any current or future investments in Plant Held for Future Use with definitive plans of utilization within a ten-year period. This is consistent with long standing Commission policy.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	Per budget Plant Held for Future Use at 12/31/2017	\$ 478
	Normalizing adjustment:	
2	Eliminate Plant Held for Future Use	<u>(478)</u>
3	Plant Held for Future Use at 12/31/2017, as adjusted	<u>\$ -</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 3
 (\$000)

Adjustment of Depreciation Reserves - Plant In Service

To adjust the budgeted plant in service depreciation reserves to: (1) eliminate the Asset Retirement Costs ("ARC"); (2) remove the Mid-Atlantic Interstate Transmission ("MAIT") plant associated with the MAIT Ground Lease; (3) remove an allocated portion of Intangible Plant that supports FERC Transmission Plant; and (4) remove an allocated portion of General Plant that supports FERC Transmission Plant. An ARC increases the carrying amount of a long-lived asset when a liability for an asset retirement obligation ("ARO") is recognized. The ARC is depreciated over the life of the asset. The ARC and related reserve are excluded from Rate Base, while the associated depreciation expense is excluded from the Income Statement. This treatment is in accordance with 18 CFR Chapter 1 § 35.18 Asset retirement obligations.

Line No.	Description	Depreciation Reserves		Cross Reference
		Adjustments (1)	Plant in Service (2)	
1	Plant in Service depreciation reserves at 12/31/2017		\$ 978,403	Penelec Exhibit RAD-46, Attach. B, p. 2
	<u>Normalizing adjustments:</u>			
2	Eliminate ARC	\$ (15,933)		Penelec Exhibit RAD-46, Attach. B, p. 2
3	Remove transmission plant associated with MAIT Ground Lease	(6,467)		Penelec Exhibit RAD-46, Attach. B, p. 2
4	Remove allocated portion of Intangible Plant associated with FERC Transmission Plant	(8,210)		Penelec Exhibit RAD-46, Attach. B, p. 2
5	Remove allocated portion of General Plant associated with FERC Transmission Plant	<u>(16,969)</u>		Penelec Exhibit RAD-46, Attach. B, p. 2
6	Normalization Adjustment		<u>(47,580)</u>	
7	Plant in Service depreciation reserves at 12/31/2017, as adjusted		\$ <u>930,823</u>	Penelec Exhibit RAD-46, Attach. B, p. 2

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 4
 (\$000)

Adjustment of Cash Working Capital

To recognize cash working capital at year-end level. This adjustment is supported by Mr. J. L. Adams.

Line No.	Description	Cash Working Capital	
		(1)	(2)
1	Cash working capital per budget at 12/31/2017		\$ -
	<u>Normalizing adjustment:</u>		
2	Cash working capital normalized to year-end (Exhibit JLA-1)	\$ 177,979	
3	Cash working capital per budget	<u>-</u>	
4	Normalization Adjustment		<u>177,979</u>
5	Cash working capital at 12/31/2017, as adjusted		<u>\$ 177,979</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 5
 (\$000)

Adjustment of Material and Supplies Inventories

To recognize the Company's distribution portion of FE Service material and services ("M&S") inventory levels projected at 12/31/2017.

Line No.	Description	M&S Inventories	
		(1)	(2)
1	M&S Inventory per budget at 12/31/2017		\$ -
	<u>Normalizing adjustment:</u>		
2	Distribution component of projected FE Service M&S Inventory allocated to Penelec at 12/31/2017 (Exhibit RAD-13)	\$ 16,319	
3	M&S Inventory per budget at 12/31/2017		<u>-</u>
4	Normalization adjustment		<u>16,319</u>
5	M&S inventory at 12/31/2017, as adjusted		<u>\$ 16,319</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 6
 (\$000)

Adjustment to Include Legacy Meters in Regulatory Asset

To include legacy meters in a regulatory asset as ordered in the Final Order on the Smart Meter Deployment Plan at Docket No. M-2013-2341993.

Line No.	Description	Legacy Meters	
		(1)	(2)
1	Net legacy meters in regulatory asset		\$ -
2	Legacy meters regulatory asset account (Penelec Exhibit RAD-64)	\$ 45,592	
3	Normalization adjustment (Line 2)		<u>45,592</u>
4	Net legacy meters in regulatory asset as adjusted at 12/31/2017		<u>\$ 45,592</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 7
 (\$000)

Adjustment of Deferred Storm Damage Expenses

To include in rate base (1) the deferred storm damage balances for distribution non-capital storm expenses that exceeded 125% of storm costs included in base rates between the period of February 25, 2011 through September 30, 2012 as a result of the FirstEnergy and Allegheny Merger approved at Docket Nos. A-2010-2176520 and A-2010-2176732, including but not limited to Hurricane Irene, the October 2011 snowstorm, and Tropical Storm Lee; and (2) the balance of the storm reserve, approved at Docket No. R-2014-2428743.

Line No.	Description	Storms	
		(1)	(2)
1	Unamortized storm damage deferral expense per budget at 12/31/2017		\$ -
2	Merger storm damage deferral	\$ 8,544	
3	Storm reserve balance	<u>(637)</u>	
4	Normalization adjustment		<u>7,907</u>
5	Unamortized storm damage deferral expense at 12/31/2017, as adjusted		<u>\$ 7,907</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 8
 (\$000)

Adjustment of Accumulated Deferred Income Taxes - Liberalized Depreciation

To adjust the budgeted deferred tax balances for liberalized depreciation (excluding the impact of SFAS No. 109 deferrals) to: (1) eliminate the deferred income taxes - liberalized depreciation balances associated with TMI-2; (2) eliminate other excludable items (capital leases and ground leases); (3) eliminate deferred income taxes - liberalized depreciation associated with Mid-Atlantic Interstate Transmission ("MAIT"); and (4) eliminate remaining state deferred taxes - liberalized depreciation balances including the federal benefit of those taxes.

Line No.	Description	Accumulated Reserve for Deferred Taxes - Liberalized Depreciation	
		Adjustments (1)	Liberalized Depreciation (2)
1	Deferred taxes per budget - liberalized depreciation at 12/31/2017		\$ 564,950
	<u>Normalizing adjustments:</u>		
2	Eliminate deferred income taxes - liberalized depreciation associated with TMI-2 (federal and state)	\$ 1,120	
3	Eliminate federal deferred income taxes - liberalized depreciation for other excludable items (capital leases)	(44,394)	
4	Adjustment to federal deferred income taxes - liberalized depreciation for MAIT ground leases	48	
5	Eliminate remaining state deferred taxes - liberalized depreciation including the federal benefit of those taxes	(11,740)	
6	Eliminate an allocated portion of the remaining federal deferred income taxes - liberalized depreciation associated with FERC Transmission Plant	-	
7	Normalization Adjustment		<u>(54,966)</u>
8	Deferred taxes - liberalized depreciation at 12/31/2017, as adjusted		<u>\$ 509,984</u>

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 9
(\$000)

Adjustment of Operating Reserves

To adjust operating reserves (net of accumulated deferred income taxes) to eliminate an allocated portion associated with FERC Transmission operations.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Operating reserves, net of taxes, per budget at 12/31/2017	\$ 2,903
	<u>Normalizing adjustment:</u>	
2	Eliminate portion of operating reserves associated with FERC Transmission operations	-
3	Operating reserves, net of taxes, at 12/31/2017, as adjusted	<u>\$ 2,903</u>

PENNSYLVANIA ELECTRIC COMPANY
 Rate of Return at December 31, 2017
 (\$000)

<u>Line No.</u>	<u>Description</u>	<u>Exhibit JD-24 Capital Amounts</u> (1)	<u>Capital Ratios</u> (2)	<u>Cost Rate</u> (3)	<u>Weighted Cost Rate</u> (4) = (2) X (3)
1	Total long-term debt	\$ 1,123,939	47.40%	5.56%	2.64%
2	Total preferred stock	-	0.00%	0.00%	0.00%
3	Total Common Equity	<u>1,245,464</u>	<u>52.60%</u>	11.30%	<u>5.94%</u>
4	Total Capitalization	<u>\$ 2,369,403</u>	<u>100.00%</u>		<u>8.58%</u>

Pennsylvania Electric Company
Statement of Operating Income, 12 Months Ending December 31, 2017, Normalized and Adjusted
to Reflect Revenue Necessary to Achieve Allowable Return
 (\$000)

Normalized PaPUC Jurisdictional															
Line No.	Description	Per Budget (1)	Normalizations & Adjustments (2)	Adj. No. (3)	Budget as Adjusted (3)=(1)+(2)	New York Jurisdictional (4)	PaPUC								
							Distribution (5)	Smart Meter (6)	Total Distribution (7) = (5) + (6)	Price to Compare (8)	Universal Service (9)	Energy Efficiency (10)	Default Service Support (11)	Solar (12)	NUG (13)
Operating revenues															
1	Retail sales	\$ 796,439	\$ (13,279)	1	\$ 783,161	\$ 2,212	\$ 348,642	\$ 20,127	\$ 368,769	\$ 296,578	\$ 30,597	\$ 23,953	\$ 22,104	\$ 3,720	\$ 35,227
2	STAS revenue	-	-	2	-	-	-	-	-	-	-	-	-	-	-
3	DSIC revenue	2,082	(2,082)	3	0	-	0	-	0	-	-	-	-	-	-
4	Sales for resale	35,432	-	-	35,432	-	-	-	35,201	-	230	-	-	-	-
5	Other operating revenue	13,048	(778)	4	12,270	72	12,198	-	12,198	-	-	-	-	-	-
6	Total operating revenue	\$ 847,001	\$ (16,139)		\$ 830,862	\$ 2,284	\$ 360,840	\$ 20,127	\$ 380,967	\$ 331,779	\$ 30,597	\$ 24,184	\$ 22,104	\$ 3,720	\$ 35,227
Operating expenses															
7	Price To Compare	\$ 332,884	\$ -		\$ 332,884	\$ 39	\$ -	\$ -	\$ -	\$ 320,293	\$ -	\$ -	\$ 6,962	\$ 5,591	\$ -
8	Distribution	68,438	(88)	5	68,350	277	50,719	-	50,719	-	-	-	17,354	-	-
9	Customer accounts	30,790	1,322	6	32,112	251	22,271	-	22,271	-	-	-	9,591	-	-
10	Customer service & info	44,173	131	7	44,304	37	17,735	-	17,735	-	26,333	-	200	-	-
11	Admin & gen expense	49,402	12,235	8	61,637	213	25,433	13,456	38,889	-	-	22,536	-	-	-
12	Depreciation - accrual	77,008	17,193	9	94,201	410	81,532	12,259	93,791	-	-	-	-	-	-
13	Amortization & Accretion	24,353	16,823	10	41,176	386	17,487	-	17,487	(2,703)	2,669	235	(7,815)	(2,231)	33,149
14	Taxes other than income	51,516	(1,468)	11	50,048	25	24,519	1,187	25,706	17,498	1,805	1,413	1,304	219	2,078
15	Operating expense before tax	\$ 678,564	\$ 46,149		\$ 724,712	\$ 1,638	\$ 239,694	\$ 26,902	\$ 266,596	\$ 335,087	\$ 30,807	\$ 24,184	\$ 27,595	\$ 3,578	\$ 35,227
16	Operating income before incor	\$ 168,437	\$ (62,288)		\$ 106,150	\$ 646	\$ 121,146	\$ (6,775)	\$ 114,371	\$ (3,308)	\$ (210)	\$ -	\$ (5,491)	\$ 142	\$ -
Income taxes															
17	Federal income tax - current	\$ 8,852	\$ 15,984	12	\$ 24,836	\$ 158	\$ 38,495	\$ (11,023)	\$ 27,472	\$ (1,042)	\$ (66)	\$ -	\$ (1,730)	\$ 45	\$ -
18	State income tax - current	5,402	5,661	12	11,063	-	15,445	(3,496)	11,949	(330)	(21)	-	(549)	14	-
19	Deferred income tax - federal	23,946	(4,271)	13	19,675	-	11,419	8,256	19,675	-	-	-	-	-	-
20	Deferred income tax - state	5,001	(5,001)	13	-	-	-	-	-	-	-	-	-	-	-
21	Investment tax credit	(460)	-	14	(460)	(3)	(457)	-	(457)	-	-	-	-	-	-
22	Total tax expense	\$ 42,741	\$ 12,373		\$ 55,114	\$ 155	\$ 64,902	\$ (6,263)	\$ 58,639	\$ (1,373)	\$ (87)	\$ -	\$ (2,278)	\$ 59	\$ -
23	Total operating expenses	\$ 721,305	\$ 58,522		\$ 779,827	\$ 1,793	\$ 304,596	\$ 20,639	\$ 325,235	\$ 333,715	\$ 30,720	\$ 24,184	\$ 25,316	\$ 3,637	\$ 35,227
24	Operating Income	\$ 125,696	\$ (74,661)		\$ 51,036	\$ 491	\$ 56,244	\$ (512)	\$ 55,732	\$ (1,935)	\$ (123)	\$ -	\$ (3,212)	\$ 83	\$ 0

Pennsylvania Electric Company
Statement of Operating Income, 12 Months Ending December 31, 2017, Normalized and Adjusted
to Reflect Revenue Necessary to Achieve Allowable Return
(\$000)

Line No.	Description	PaPUC			Riders					
		Distribution (23) = (5) + (14)	Smart Meter (24) = (6) + (15)	Total Distribution (25) = (23) + (24)	Price to Compare (26) = (8) + (17)	Universal Service (27) = (9) + (18)	Energy Efficiency (28) = (10) + (19)	Default Service Support (29) = (11) + (20)	Solar (30) = (12) + (21)	NUG (31) = (13) + (22)
Operating revenues										
1	Retail sales	\$ 486,332	\$ 34,996	\$ 521,329	\$ 296,578	\$ 30,597	\$ 23,953	\$ 22,104	\$ 3,720	\$ 35,227
2	STAS revenue	-	-	-	-	-	-	-	-	-
3	DSIC revenue	0	-	0	-	-	-	-	-	-
4	Sales for resale	-	-	-	35,201	-	230	-	-	-
5	Other operating revenue	12,573	-	12,573	-	-	-	-	-	-
6	Total operating revenue	\$ 498,906	\$ 34,996	\$ 533,902	\$ 331,779	\$ 30,597	\$ 24,184	\$ 22,104	\$ 3,720	\$ 35,227
Operating expenses										
7	Price to Compare	\$ -	\$ -	\$ -	\$ 320,293	\$ -	\$ -	\$ 6,962	\$ 5,591	\$ -
8	Distribution	50,719	-	50,719	-	-	-	17,354	-	-
9	Customer accounts	22,271	-	22,271	-	-	-	9,591	-	-
10	Customer service & info	17,735	-	17,735	-	26,333	-	200	-	-
11	Admin & gen expense	25,433	13,456	38,889	-	-	22,536	-	-	-
12	Depreciation - accrual	81,532	12,259	93,791	-	-	-	-	-	-
13	Amortization	17,487	-	17,487	(2,703)	2,669	235	(7,815)	(2,231)	33,149
14	Taxes other than income	32,643	2,064	34,707	17,498	1,805	1,413	1,304	219	2,078
15	Operating expense before tax	\$ 247,818	\$ 27,779	\$ 275,597	\$ 335,087	\$ 30,807	\$ 24,184	\$ 27,595	\$ 3,578	\$ 35,227
16	Operating income before tax	\$ 251,088	\$ 7,217	\$ 258,305	\$ (3,308)	\$ (210)	\$ -	\$ (5,491)	\$ 142	\$ 0
Income taxes										
17	Federal income tax - current	\$ 79,432	\$ (6,615)	\$ 72,816	\$ (1,042)	\$ (66)	\$ -	\$ (1,730)	\$ 45	\$ -
18	State income tax - current	28,426	(2,098)	26,328	(330)	(21)	-	(549)	14	-
19	Deferred income tax - federal	11,419	8,256	19,675	-	-	-	-	-	-
20	Deferred income tax - state	-	-	-	-	-	-	-	-	-
21	Investment tax credit	(457)	-	(457)	-	-	-	-	-	-
22	Total tax expense	\$ 118,819	\$ (457)	\$ 118,362	\$ (1,373)	\$ (87)	\$ -	\$ (2,278)	\$ 59	\$ -
23	Total operating expenses	\$ 366,637	\$ 27,322	\$ 393,960	\$ 333,715	\$ 30,720	\$ 24,184	\$ 25,316	\$ 3,637	\$ 35,227
24	Operating Income	\$ 132,268	\$ 7,674	\$ 139,943	\$ (1,935)	\$ (123)	\$ 0	\$ (3,212)	\$ 83	\$ 0
25	Rate Base	\$ 1,541,729	\$ 89,458	\$ 1,631,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Rate of Return overall	8.58%	8.58%	8.58%						
27	Return on Equity	11.30%	11.30%	11.30%						

Pennsylvania Electric Company
Summary of Revenue Requirements
Distribution
 \$000

Line No.	Description	Budget as Adjusted (1)	Revenue Adjustment Required (2)	Allowable Revenue (3)
<u>Operating revenues</u>				
1	Retail sales	\$ 348,642	\$ 137,690	\$ 486,332
2	STAS revenue	-	-	-
3	DSIC revenue	0	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	12,198	376	12,573
6	Total operating revenue	\$ 360,840	\$ 138,066	\$ 498,906
<u>Operating expenses</u>				
7	PTC	\$ -	\$ -	\$ -
8	Distribution	50,719	-	50,719
9	Customer accounts	22,271	-	22,271
10	Customer service & info	17,735	-	17,735
11	Admin & gen expense	25,433	-	25,433
12	Depreciation - accrual	81,532	-	81,532
13	Amortization	17,487	-	17,487
14	Taxes other than income	24,519	8,124	32,643
15	Operating expense before tax	\$ 239,694	\$ 8,124	\$ 247,818
16	Operating income before tax	\$ 121,146	\$ 129,942	\$ 251,088
<u>Income taxes</u>				
17	Federal income tax - current	\$ 38,495	\$ 40,936	\$ 79,432
18	State income tax - current	15,445	12,981	28,426
19	Deferred income tax - federal	11,419	-	11,419
20	Deferred income tax - state	-	-	-
21	Investment tax credit	(457)	-	(457)
22	Total tax expense	\$ 64,902	\$ 53,918	\$ 118,819
23	Total operating expenses	\$ 304,596	\$ 62,041	\$ 366,637
24	Operating Income	\$ 56,244	\$ 76,025	\$ 132,268
25	Rate Base	\$ 1,541,729		\$ 1,541,729
26	Rate of Return overall	3.65%		8.58%
27	Return on Equity	1.93%		11.30%

**Pennsylvania Electric Company
 Summary of Revenue Requirements
 Smart Meter Technologies
 \$000**

<u>Line No.</u>	<u>Description</u>	<u>Budget as Adjusted</u>	<u>Revenue Adjustment Required</u>	<u>Allowable Revenue</u>
		(1)	(2)	(3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 20,127	\$ 14,869	\$ 34,996
2	STAS revenue	-	-	-
3	DSIC revenue	-	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	-	-	-
6	Total operating revenue	\$ 20,127	\$ 14,869	\$ 34,996
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	-	-	-
9	Customer accounts	-	-	-
10	Customer service & info	-	-	-
11	Admin & gen expense	13,456	-	13,456
12	Depreciation - accrual	12,259	-	12,259
13	Amortization	-	-	-
14	Taxes other than income	1,187	877	2,064
15	Operating expense before tax	\$ 26,902	\$ 877	\$ 27,779
16	Operating income before tax	\$ (6,775)	\$ 13,992	\$ 7,217
	<u>Income taxes</u>			
17	Federal income tax - current	\$ (11,023)	\$ 4,408	\$ (6,615)
18	State income tax - current	(3,496)	1,398	(2,098)
19	Deferred income tax - federal	8,256	-	8,256
20	Deferred income tax - state	-	-	-
21	Investment tax credit	-	-	-
22	Total tax expense	\$ (6,263)	\$ 5,806	\$ (457)
23	Total operating expenses	\$ 20,639	\$ 6,683	\$ 27,322
24	Operating Income	\$ (512)	\$ 8,186	\$ 7,674
25	Rate Base	\$ 89,458		\$ 89,458
26	Rate of Return overall	-0.57%		8.58%
27	Return on Equity	-6.10%		11.30%

Pennsylvania Electric Company
Summary of Revenue Requirements
Total Distribution
 \$000

<u>Line No.</u>	<u>Description</u>	<u>Budget as Adjusted</u>	<u>Revenue Adjustment Required</u>	<u>Allowable Revenue</u>
		(1)	(2)	(3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 368,769	\$ 152,560	\$ 521,329
2	STAS revenue	-	-	-
3	DSIC revenue	0	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	12,198	376	12,573
6	Total operating revenue	\$ 380,967	\$ 152,935	\$ 533,902
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	50,719	-	50,719
9	Customer accounts	22,271	-	22,271
10	Customer service & info	17,735	-	17,735
11	Admin & gen expense	38,889	-	38,889
12	Depreciation - accrual	93,791	-	93,791
13	Amortization	17,487	-	17,487
14	Taxes other than income	25,706	9,001	34,707
15	Operating expense before tax	\$ 266,596	\$ 9,001	\$ 275,597
16	Operating income before tax	\$ 114,371	\$ 143,934	\$ 258,305
	<u>Income taxes</u>			
17	Federal income tax - current	\$ 27,472	\$ 45,344	\$ 72,816
18	State income tax - current	11,949	14,379	26,328
19	Deferred income tax - federal	19,675	-	19,675
20	Deferred income tax - state	-	-	-
21	Investment tax credit	(457)	-	(457)
22	Total tax expense	\$ 58,639	\$ 59,723	\$ 118,362
23	Total operating expenses	\$ 325,235	\$ 68,724	\$ 393,960
24	Operating Income	\$ 55,732	\$ 84,211	\$ 139,943
25	Rate Base	\$ 1,631,187		\$ 1,631,187
26	Rate of Return overall	3.42%		8.58%
27	Return on Equity	1.93%		11.30%

Pennsylvania Electric Company
 Normalization Adjustment No. 1
 \$000

Adjustment of Base Operating Revenues

To adjust base operating revenues (1) for changes in number of customers, (2) to roll in State Tax Adjustment Surcharge (STAS) revenues into base rates, (3) to roll in Distribution System Improvement Charge (DSIC) revenues into base rates, (4) for Energy Efficiency and Behind the Meter generation, (5) to eliminate Smart Meter Rider revenues, (6) for other revenue, and (7) to eliminate unbilled revenues. Adjustments (1) through (6) are supported by Mr. K. M. Siedt. The adjustment for unbilled revenues is supported by Mr. R. A. D'Angelo.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Base revenues per budget for the 12 months ending 12/31/17		\$ 796,439
	<u>Normalizing adjustments:</u>		
2	Customers - increase to year end level	\$ 884	
	<u>Specific adjustments</u>		
3	Roll-in of STAS	-	
4	Roll-in of 2016 DSIC Revenues	720	
5	Energy Efficiency/Behind the meter	(10,738)	
6	Eliminate Smart Meter rider revenues	(3,871)	
7	Other revenue adjustment	(502)	
8	Eliminate unbilled revenues	229	
9	Total (Lines 3 + 4 + 5 + 6 + 7 + 8)	\$ (14,162)	
10	Normalizing adjustment (Lines 2 + 9)		<u>(13,279)</u>
11	Base revenues per budget for the 12 months ending 12/31/17, as adjusted		<u>\$ 783,161</u>

Pennsylvania Electric Company
Normalization Adjustment No. 2
\$000

Adjustment of State Tax Adjustment Surcharge Revenues

To remove state tax adjustment surcharge ("STAS") revenues. Normalized STAS revenues are being rolled into base rates.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	STAS revenue per budget for the 12 months ending 12/31/2017	\$ -
2	Eliminate per budget STAS	<u>-</u>
3	Other operating revenue per budget for the 12 months ending 12/31/2017, as adjusted	<u>\$ -</u>

Pennsylvania Electric Company
Normalization Adjustment No. 3
\$000

Adjustment of Distribution System Improvement Charge Revenues

To remove Distribution System Improvement Charge ("DSIC") revenues. Normalized DSIC revenues are being rolled into base rates.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	DSIC revenue per budget for the 12 months ending 12/31/2017	\$ 2,082
2	Eliminate per budget DSIC	<u>(2,082)</u>
3	Other operating revenue per budget for the 12 months ending 12/31/2017, as adjusted	<u>\$ -</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 4
 \$000

Adjustment of Other Operating Revenues

To adjust other operating revenues to: (1) adjust late payment charges; and (2) eliminate Mid-Atlantic Interstate Transmission ("MAIT") Ground Lease revenues. The adjustment to late payment charges is supported by Mr. K. M. Siedt.

Line No.	Description	Amount	
		(1)	(2)
1	Other operating revenue per budget for the 12 months ending 12/31/2017		\$ 13,048
2	Late payment charges (Exhibit KMS-2)	\$ 4,080	
3	Late payment charges per budget	<u>(3,424)</u>	
4	Adjustment to late payment charges (Line 2 - Line 3)	656	
5	Eliminate MAIT Ground Lease - Assoc Co revenues	\$ <u>(1,434)</u>	
6	Total normalizing adjustment (Lines 4 + 5)		<u>(778)</u>
7	Other operating revenue per budget for the 12 months ending 12/31/2017, as adjusted		<u>\$ 12,270</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 5
 \$000

Adjustment of Distribution Expense

To adjust distribution expense (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to eliminate non-jurisdictional transmission expense, and (4) to include the jurisdictional portion of the amortization of gains and losses on reacquired debt; and (5) to include costs associated with contractor safety requests. Mr. T. J. Dolezal supports the jurisdictional allocation factor.

Line No.	Description	Amount	
		(1)	(2)
1	Distribution expense per budget for the 12 months ending 12/31/2017		\$ 68,438
2	Distribution payroll expense adjustment to reflect year end employee levels, and ongoing wage and salary rates (Supporting Schedule No. 1, Line 20, Col. 2)	\$ 790	
3	Service Company Distribution payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Supporting Schedule No. 1, Line 33, Col. 2)	72	
4	Eliminate non-jurisdictional transmission expense	(1,115)	
5	Amortization of (gain) or loss on reacquired debt	38	
6	Allocation ratio based on distribution plant	<u>100.00%</u>	
7	Distribution portion of (gain) or loss	38	
8	Increase in distribution expenses for contractor safety requests (Exhibit RAD-68)	<u>127</u>	
9	Total normalizing adjustment (Lines 2 + 3 + 4 + 7 + 8)		<u>(88)</u>
10	Distribution expense per budget for the 12 months ending 12/31/2017, as adjusted		<u>\$ 68,350</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 5
 (\$000)

Adjustment to Payroll Expense to Reflect Year End Employee Levels and Wage Rates

To determine the additional payroll expense associated with (1) year end 2017 and 2018 bargaining and non-bargaining wage rates and employee levels; (2) Service Company 2017 year end and 2018 wage rates and employee levels; and (3) to allocate the additional payroll expense to individual components. Mr. J. T. Dolezal supports the labor allocation factors.

Line No.	Description	Amount	
		(1)	(2)
1	Total company payroll per budget for the 12 months ending 12/21/17 (Exhibit RAD-27)		\$ 73,348
	<u>Bargaining</u>		
2	IBEW 459		
	Straight time per budget for January 1, 2017 through April 30, 2017	\$ 10,069	
3	Straight time 3% increase effective May 1, 2017 (Line 2 X 3%)	302	
4	Total payroll for the 12 months ending 12/31/17 as adjusted	30,216	
5	Straight time 3% increase effective May 1, 2018 (Line 4 X 3%)	906	
	<u>UWUA 180</u>		
6	Straight time per budget for January 1, 2017 through August 31, 2017	5,965	
7	Straight time 2.5% increase effective September 1, 2017 (Line 6 X 3%)	149	
8	Total payroll for the 12 months ending 12/31/17 as adjusted	9,223	
9	Straight time 2.5% increase effective May 1, 2018 (Line 8 X 3%)	231	
	<u>Non-Bargaining</u>		
10	Straight time per budget for January 1, 2017 through February 28, 2017	3,629	
11	Straight time 3% increase effective March 1, 2017 (Line 10 X 3%)	109	
12	Total payroll for the 12 months ending 12/31/2017 as adjusted	22,731	
13	Straight time 3% increase effective March 1, 2018 (Line 12 X 3%)	682	
14	Total company payroll adjustment (Lines 3 + 5 + 7 + 9 + 11 + 13)		<u>2,379</u>
15	Total company payroll as adjusted		\$ 75,727
16	O&M allocation percentage		<u>49.56%</u>
17	O&M payroll adjustment (Line 14 X Line 16)		<u>\$ 1,179</u>
	<u>Allocation of payroll adjustment:</u>		
18	PTC	0.00%	\$ -
19	Transmission	0.00%	-
20	Distribution	67.00%	790
21	Customer accounts	17.76%	209
22	Customer service	11.11%	131
23	Administrative and general	4.13%	<u>49</u>
24	Total	100.00%	<u>\$ 1,179</u>
	<u>Service Company</u>		
25	Straight time per budget for January 1, 2017 through February 28, 2017	\$ 2,173	
26	Straight time 3% increase effective March 1, 2016 (Line 25 X 3%)	65	
27	Total Service Co payroll for the 12 months ending 12/31/17 as adjusted	14,476	
28	Straight time 3% increase effective March 1, 2018 (Line 27 X 3%)	<u>434</u>	
29	Total Service Co payroll adjustment (Lines 26 + 28)		<u>\$ 499</u>
	<u>Allocation of Service Company payroll</u>		
31	PTC	0.00%	\$ -
32	Transmission	0.00%	-
33	Distribution	14.37%	72
34	Customer accounting and information	25.89%	129
35	Administrative and general	59.74%	<u>298</u>
	Total	100.00%	<u>\$ 499</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 6
 \$000

Adjustment of Customer Accounts Expense

To adjust customer account expense (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to include increased O&M costs associated with serving new customers, and (4) to include interest on customer deposits.

Line No.	Description	Amount	
		(1)	(2)
1	Customer Account expense per budget for the 12 months ending 12/31/2017		\$ 30,790
2	Customer Account payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalizing Adjustment No. 5, Supporting Schedule No. 1, Line 21, Col. 2)	\$ 209	
3	Service Company customer account payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Normalizing Adjustment No. 5, Supporting Schedule 1, Line 34, Col. 2)	129	
4	Increased O&M costs associated with increased number of customers in normalized revenue levels (Supporting Schedule 1, Line 10)	13	
5	Interest on customer deposits (Supporting Schedule 2, Line 3)	<u>970</u>	
6	Total normalizing adjustment (Lines 2 + 3 + 4 + 5)		<u>1,322</u>
7	Customer Account expense per budget for the 12 months ending 12/31/2017, as adjusted		<u>\$ 32,112</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 6
 (\$000)

Adjustment of Other O&M Costs Associated with Serving New Customers

To determine the cost associated with serving the additional customers reflected in Normalization Adjustment No.1. The ratio of non-payroll customer account expense to total revenue is applied to the additional revenue from increased customers to estimate this cost. The Commission previously recognized and approved this adjustment. The adjustment to base operating revenue for changes in number of customers is supported by Mr. K. M. Siedt.

Line No.	Description	Amount (1)
<u>Customer Account Expense Excluding Labor and Uncollectibles</u>		
1	Customer Account expense per budget for the 12 months ending 12/31/17	\$ 30,790
2	Uncollectible Expense	(18,096)
3	Labor Expense	<u>(6,895)</u>
4	Customer Account expense excluding labor and uncollectible expense (Line 1 + Line 2 + Line 3)	<u>\$ 5,799</u>
<u>Total Distribution Revenue</u>		
5	Distribution revenues per budget	\$ 378,177
6	Late payment charges per budget (Exhibit RAD-55)	<u>3,424</u>
7	Total (Lines 5 + 6)	<u>\$ 381,601</u>
8	Ratio of customer account expense to total revenue (Line 4 / Line 7)	1.52%
9	Revenue from added customers (Adjustment No. 1, Line 2)	<u>\$ 884</u>
10	Additional expense from added customers (Line 8 X Line 9)	<u>\$ 13</u>

Pennsylvania Electric Company
 Supporting Schedule No.2 to Normalizing Adjustment No. 6
 (\$000)

Adjustment to Allow for Interest Expense on Customer Deposits

To determine the interest paid on customer deposits. Since customer deposits are funds supplied to the Company by customers, they are included in rate base as a deduction. The Commission previously recognized this adjustment to include the corresponding interest paid to customers on these deposits as a expense.

<u>Line No.</u>	<u>Description</u>	<u>Residential Amount (1)</u>	<u>Non-Residential Amount (2)</u>	<u>Total (3)</u>
1	Customer deposits included in rate base (Exhibit RAD-1, Column 5, Line 14)	\$ 13,149	\$ 9,603	\$ 22,752
2	Interest rate on deposits	3%	6%	
3	Interest expense on customer deposits	\$ 394	\$ 576	\$ 970

Pennsylvania Electric Company
Normalization Adjustment No. 7
\$000

Adjustment of Customer Service and Information Expense

To adjust customer service and information expense to reflect year end wage rates and employee levels.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Customer Service expense per budget for the 12 months ending 12/31/2017		\$ 44,173
2	Customer Service payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalization Adjustment No. 5, Supporting Schedule No. 1, Line 22, Col 2)	\$ 131	
3	Total normalizing adjustment		<u>131</u>
4	Customer Service expense per budget for the 12 months ending 12/31/2017, as adjusted		<u>\$ 44,304</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 8
 \$000

Adjustment of Administrative and General Expense

To adjust administrative and general expenses (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to reflect OPEB expense at service cost level, (4) to reflect pension expense at the ten year cash level, (5) to reflect employee benefits expense at year end wage rates and employee levels, (6) to include amortization of rate case expenses, and (7) to eliminate non-jurisdictional administrative and general expenses. Mr. T. J. Dolezal supports the non-jurisdictional expense allocation factor.

Line No.	Description	Amount	
		(1)	(2)
1	Administrative & general expense per budget for the 12 months ending 12/31/2017	\$	49,402
2	A& G Expenses related to EEC	\$	(22,536)
3	A&G Expenses related to smart meter		<u>(13,456)</u>
4	Adjustment to A&G (Lines 2 + 3)		<u>(35,992)</u>
5	Net A&G expenses related to Distribution (Line 1 - Line 4)		13,410
6	Administrative & general payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalization Adjustment No. 5, Supporting Schedule No. 1, Line 15, Column 2)	\$	49
7	Service Company Administrative & general payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Normalizing Adjustment No. 5, Supporting Schedule No 1, Line 23, Column 2)		298
8	Adjust OPEB expense to service cost level (Supporting Schedule No. 1, Line 12, Column 1)		(145)
9	Adjust pension expense to ten year cash level (Supporting Schedule No. 2, Line 13, Column 3)		11,922
10	Adjust employee benefit costs (Supporting Schedule No. 3, Line 8, Column 3)		<u>615</u>
11	Subtotal of adjustments (Lines 6 + 7 + 8 + 9 + 10)		12,739
12	Administrative and general expense, adjusted (Line 5 + Line 11)	\$	26,150
13	Non-jurisdictional expense allocation factor		<u>0.00%</u>
14	Non-jurisdictional administrative and general expense (Line 12 X Line 13)		-
15	Rate case expenses to be incurred during current rate proceeding (RAD-23)	\$	570
16	Recovery period - 2 years		<u>2</u>
17	Annual amount (Line 15 / Line 16)		285
18	Eliminate other non-jurisdictional expenses (Exhibit RAD-25)		<u>(789)</u>
19	Total normalizing adjustment (Lines 11 + 14 + 17 + 18)	\$	<u>12,235</u>
20	Administrative and general expense per budget for the 12 months ending 12/31/2017, as adjusted (Lines 1 + 19)	\$	<u>61,637</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 8
 \$000

Adjustment for OPEB Expense

To adjust OPEB expense to the test year service cost. The service cost represents the actuarial present value of benefit liabilities accrued under the plan benefit formula for services rendered during the test year. Inclusion of the service cost in rates provides for recovery of the current cost of benefits earned by plan participants. Any excess or shortfall related to the expected return on plan assets are not included because their inclusion would artificially reduce or increase total costs and result in the recovery of more or less than the actual normal cost of service. The adjustment for OPEB expense to the current service cost amount was adopted by the Commission at Docket Numbers R-00061366 and R-00061367, and included at Docket Nos. R-2014-2428745; R-2014-2428743; R-2014-2428744 and R-2014-2428742.

Line No.	Description	O&M (1)	Capital (2)	Total (3)
1	O&M - Capital allocation ratios	49.56%	50.44%	100.00%
2	Company OPEB expense included in budget (Exhibit RAD-27)	\$ 1,203	\$ 1,224	\$ 2,427
3	FirstEnergy Service Corp. OPEB expense	\$ (11,935)	\$ (12,147)	\$ (24,082)
4	Allocation ratio	<u>6.45%</u>	<u>6.45%</u>	<u>6.45%</u>
5	Allocated FirstEnergy Service Corp. OPEB expense included in budget (Line 3 X Line 4)	<u>\$ (770)</u>	<u>\$ (783)</u>	<u>\$ (1,553)</u>
6	Total OPEB expense included in budget (Line 2 + Line 5)	<u>\$ 433</u>	<u>\$ 441</u>	<u>\$ 874</u>
7	Service cost for company OPEB expense	\$ 270	\$ 275	\$ 546
8	Service cost for FirstEnergy Service Corp. OPEB expense	\$ 278	\$ 283	\$ 560
9	Allocation ratio	<u>6.45%</u>	<u>6.45%</u>	<u>6.45%</u>
10	Allocated FirstEnergy Service Corp. service cost (Line 8 X Line 9)	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 36</u>
11	Total OPEB service cost (Lines 7 + 10)	<u>\$ 288</u>	<u>\$ 293</u>	<u>\$ 582</u>
12	Adjustment to set OPEB expense at ongoing service cost level (Line 11 - Line 6)	<u>\$ (145)</u>	<u>\$ (148)</u>	<u>\$ (292)</u>

Pennsylvania Electric Company
 Supporting Schedule No. 2 to Normalizing Adjustment No. 8
 \$000

Adjustment for Pension Expense

To adjust pension expense to a ten year historical average level of actual cash contributions under the methodology that was adopted by the Commission at Docket Numbers R-00061366 and R-0061367, and included at Docket Nos. R-2014-2428745; R-2014-2428743; R-2014-2428744 and R-2014-2428742.

Line No.	Description	Amount		
		(1) Total	(2) O&M %	(3) O&M
<u>Company Cash Contributions</u>				
1	2009 Cash Pension Contribution	\$ 60,000	41.69%	\$ 25,014
2	2012 Cash Pension Contribution	37,500	39.64%	14,865
3	2016 Cash Pension Contribution	<u>176,270</u>	48.08%	<u>84,751</u>
4	Total Company Cash Pension Contributions	\$ 273,770		\$ 124,630
<u>FirstEnergy Service Company Cash Contributions</u>				
5	2016 Pension Contribution	\$ 24,760		
6	2016 Company Allocation Factor	<u>6.45%</u>		
7	2016 Service Company Pension Contribution allocated to the Company	\$ 1,597	48.08%	\$ 768
8	2017 Pension Contribution	\$ 221,366		
9	2017 Company Allocation Factor	<u>6.45%</u>		
10	2017 Service Company Pension Contribution allocated to the Company	\$ 14,278	49.56%	\$ 7,076
11	Total FirstEnergy Service Company Cash Pension Contributions allocated to the Company (Line 7 + Line 10)	\$ 15,875		\$ 7,844
12	Total Pension cash contributions (Line 4 + Line 11)	\$ 289,645		\$ 132,474
13	Number of years amortization	<u>10</u>		<u>10</u>
14	Pension expense cash contribution, averaged over 10 years	\$ 28,965		\$ 13,247
15	O&M Pension Expense included in budget			<u>1,325</u>
16	Adjustment to Pension Expense (Line 14 - Line 15)			<u>\$ 11,922</u>

Pennsylvania Electric Company
 Supporting Schedule No. 3 to Normalizing Adjustment No. 8
 \$000

Adjustment to Employee Benefit Expense to Reflect Year End Employee Levels and Ongoing Wage Rates

To determine the normalized costs associated with providing additional employee benefits related to the increased O&M payroll expense reflected in Normalization Adjustment No. 5, Supporting Schedule No. 1.

Employee benefits applicable to operating expenses:

Line No.	Description	Effective Rate (a)	Payroll Adjustment (2)	Benefit Adjustment (3) = (1) X (2)
1	Workers compensation	0.701%	\$ 1,179 (b)	\$ 8
2	Pension costs	36.152%	\$ 1,179 (b)	426
3	OPEB costs	0.768%	\$ 1,179 (b)	9
4	Life insurance	0.148%	\$ 1,179 (b)	2
5	Medical / Dental insurance	9.323%	\$ 1,179 (b)	110
6	Savings Plan	2.979%	\$ 1,179 (b)	35
7	Other	2.112%	\$ 1,179 (b)	25
8	Total increase due to payroll adjustment			<u>\$ 615</u>

(a)

12/31/2017

	Total Amount	Total Payroll	Effective Rate
Workers compensation	\$ 531	\$ 75,727	0.701%
Pension costs - normalized basis	27,377	75,727	36.152%
OPEB costs - service cost	582	75,727	0.768%
Life insurance	112	75,727	0.148%
Medical / Dental insurance	7,060	75,727	9.323%
Savings Plan	2,256	75,727	2.979%
Other (Exhibit RAD-27)	1,599	75,727	2.112%

(b) Adjustment No.5, Supporting Schedule No. 1, Line 24

Pennsylvania Electric Company
 Normalization Adjustment No. 9
 \$000

Adjustment of Depreciation Expense

To adjust depreciation expense (1) to reflect equal life group ("ELG") rates on adjusted rate base, (2) to adjust cost of removal / salvage expense to a five year average per Commission practice, and (3) eliminate legacy meter cost of removal from the five year average. Mr. T. J. Dolezal supports the jurisdictional expense allocation factor. Mr. J. J. Spanos supports the ELG depreciation rates.

Line No.	Description	Amount			
		(1)	(2)	(3)	(4)
1	Depreciation expense per budget for the 12 months ending 12/31/2017				\$ 77,008
2	Cost of removal/salvage expense per budget for the 12 months ending 12/31/2017 (Exhibit RAD-30)		\$ 16,076		
3	Depreciation accrual per budget (Line 1 - Line 2)		\$ 60,932		
4	Jurisdictional depreciation expense accrual on adjusted rate base at average remaining life rates (Exhibit RAD-53, page 2)		79,388		
5	Adjustment for average remaining life accrual for jurisdictional plant (Line 4 - Line 3)			\$ 18,456	
<u>Cost of removal/ salvage</u>					
6	Cost of removal/salvage expense per budget for the 12 months ending 12/31/2017 (Exhibit RAD-30)			\$ 16,076	
	Cost of removal and salvage 2011 - 2015	Exhibit RAD-30	Jurisdictional Allocator	Jurisdictional Amount (Column 1 X 2)	
7	for the 12 months ended December 31, 2011	\$ 14,736	76.86%	\$ 11,326	
8	for the 12 months ended December 31, 2012	21,467	76.86%	16,500	
9	for the 12 months ended December 31, 2013	13,086	76.86%	10,058	
10	for the 12 months ended December 31, 2014	26,157	76.86%	20,104	
11	for the 12 months ended December 31, 2015	20,991	76.86%	16,134	
12	Total	\$ 96,437		\$ 74,122	
13	Five year average (Line 12 / 5)			\$ 14,824	
14	Less: Five year average for legacy meter cost of removal			(12)	
15	Jurisdictional cost of removal/salvage expense at a jurisdictional five-year average as adjusted (Line 13 + Line 14)			\$ 14,812	
16	Adjustment of jurisdictional cost of removal/salvage expense to a jurisdictional five-year average (Line 15 - Line 6)			(1,263)	
17	Total normalizing adjustment (Lines 5 + 16)			17,193	
18	Depreciation expense per budget for the 12 months ending 12/31/2017, as adjusted			\$ 94,201	

Pennsylvania Electric Company
 Normalization Adjustment No. 10
 \$000

Adjustment of Amortization Expense

To adjust amortization expense (1) to exclude the deferral of transmission vegetation management, (2) to exclude smart meter amortization in the budget; (3) to include the amortization of additional legacy meters, and (4) to exclude accretion expense.

Line No.	Description	Amount	
		(1)	(2)
1	Amortization expense per budget for the 12 months ending 12/31/2017		\$ 24,353
2	Eliminate transmission vegetation management amortization per budget	\$ -	
3	Eliminate smart meter amortization per budget	12,383	
4	Adjustment for amortization of unrecovered legacy meters (Supporting Schedule No. 1, Line 4)	3,036	
5	Eliminate legacy meter cost of removal amortization per budget	1,404	
6	Remove accretion expense in budget	<u>-</u>	
7	Normalizing adjustment (Lines 2 + 3 + 4 + 5 + 6)		<u>16,823</u>
8	Amortization expense per budget for the 12 months ending 12/31/2017, as adjusted		<u>\$ 41,176</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalization Adjustment No. 10
 \$000

Adjustment for Amortization Expense of Legacy Meters

To determine additional legacy meters amortization to fully recover all legacy meter costs over 39 months of the original amortization period as supported in Penelec Exhibit RAD-64.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	Total Legacy Meters and Cost of Removal to be recovered (Exhibit RAD-64)	\$ 64,827
2	Less Legacy Meters and Cost of Removal in Base Rates (Exhibit RAD-64)	<u>(54,959)</u>
3	Unrecovered legacy meters (Lines 1 - 2)	<u>\$ 9,868</u>
4	Annual amount of unrecovered legacy meter amortization (Line 3 / 39 months x 12 months)	<u>\$ 3,036</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 11
 \$000

Adjustment of Taxes Other Than Income

To adjust taxes other than income (1) to eliminate non-jurisdictional tax expense; (2) to eliminate capital stock tax; (3) to reflect normalized sales revenues in gross receipts tax expense; and (4) to reflect year end wage rates and employee levels in payroll tax expenses. The non-jurisdictional allocation factor is supported by Mr. T. J. Dolezal.

Line No.	Description	Amount		
		(1)	(2)	(3)
1	Taxes Other Than Income per budget for the 12 months ending 12/31/2017			\$ 51,516
2	Federal and State payroll taxes in budget (Exhibit RAD-32, page 1)	\$ 2,658		
3	Non-jurisdictional percent	<u>0.00%</u>		
4	Eliminate non-jurisdictional payroll taxes		\$ -	
5	Eliminate Capital Stock Tax included in budget (Exhibit RAD-32, page 1)		(40)	
6	PURTA tax in budget (Exhibit RAD-32, page 1)	1,259		
7	Real Estate tax in budget (Exhibit RAD-32, page 1)	<u>389</u>		
8	Total Other taxes	\$ 1,648		
9	Non-jurisdictional percent	<u>23.14%</u>		
10	Eliminate non-jurisdictional taxes		(381)	
	<u>Gross Receipts Tax</u>			
11	Normalized sales revenues (Exhibit RAD-2, page 1, Line 1, Col. 3 - Col 4)	\$ 780,949		
12	Gross receipts tax @ 5.9%	46,076		
13	Gross receipts tax included in budget (Exhibit RAD-32, page 1)	<u>47,165</u>		
14	Adjustment for gross receipts tax at normalized revenue level (Line 12 - Line 13)		(1,089)	
15	Adjustment for payroll taxes on normalized payroll (Supporting Schedule No. 1, Line 8)		<u>43</u>	
16	Total normalizing adjustment (Lines 4 + 5 + 10 + 14 + 15)			<u>(1,468)</u>
17	Taxes other than income per budget for the 12 months ending 12/31/2017, as adjusted			<u>\$ 50,048</u>

Pennsylvania Electric Company
Supporting Schedule No.1 to Normalizing Adjustment No. 11
\$000

Adjustment to Taxes Other Than Income to reflect changes in payroll taxes.

To determine the additional payroll tax expense associated with the increased O&M payroll expense reflected in Normalization Adjustment No. 5, Supporting Schedule No. 1.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Total payroll per budget for the 12 months ending 12/31/2017 (Normalization Adjustment No. 5, Schedule 1, Line 1, Col 2)	\$ 73,348
2	Total payroll tax included in budget (Exhibit RAD-32, page 1)	<u>2,658</u>
3	Effective payroll tax rate (Line 2 / Line 1)	3.624%
4	Total payroll as adjusted (Normalization Adjustment No. 5, Schedule 1, Line 15, Col. 2)	<u>75,727</u>
5	Payroll tax on normalized payroll (Line 3 X Line 4)	2,744
6	Total Company payroll tax adjustment (Line 5 - Line 2)	<u>86</u>
7	O&M Allocation percentage	49.56%
8	Adjustment for payroll tax (Line 6 x Line 7)	<u>\$ 43</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 12
 \$000

Computation of Federal & State Income Taxes - Normalized (Col. 3 of Income Statement)

To adjust federal and state income taxes to reflect the revenue and expense levels shown on Exhibit RAD-2, Page 1, Column 3 - Budget as Adjusted.

Riders												
Line No.	Description	Total Company Calculated Taxes (1)	Waverly Calculated Taxes (2)	Distribution Calculated Taxes (3)	Smart Meter Calculated Taxes (4)	Total Distribution Calculated Taxes (5) = (3) + (4)	PTC Calculated Taxes (6)	Universal Service Calculated Taxes (7)	Energy Efficiency Calculated Taxes (8)	DSS Calculated Taxes (9)	Solar Calculated Taxes (10)	NUG Charge Calculated Taxes (11)
1	Total operating revenue	\$ 830,862	\$ 2,284	\$ 360,840	\$ 20,127	\$ 380,967	\$ 331,779	\$ 30,597	\$ 24,184	\$ 22,104	\$ 3,720	\$ 35,227
2	Less: Total O & M Expense	\$ 539,287	\$ 817	\$ 116,157	\$ 13,456	\$ 129,613	\$ 320,293	\$ 26,333	\$ 22,536	\$ 34,106	\$ 5,591	\$ -
3	Depreciation - accrual	79,388	324	66,805	12,259	79,064	-	-	-	-	-	-
4	Average net salvage	14,812	86	14,726	-	14,726	-	-	-	-	-	-
5	Amortization & Accretion	41,176	386	17,487	-	17,487	(2,703)	2,669	235	(7,815)	(2,231)	33,149
6	Taxes other than income taxes	50,046	25	24,519	1,137	25,706	17,498	1,805	1,413	1,304	219	2,078
7	Total deductions	\$ 724,712	\$ 1,638	\$ 239,694	\$ 26,902	\$ 266,596	\$ 335,087	\$ 30,807	\$ 24,184	\$ 27,595	\$ 3,576	\$ 35,227
8	Net operating income before income taxes	\$ 106,150	\$ 646	\$ 121,146	\$ (6,775)	\$ 114,371	\$ (3,308)	\$ (210)	\$ -	\$ (5,491)	\$ 142	\$ -
9	Less: Interest Charges (A)	43,194	219	40,818	2,357	42,975	-	-	-	-	-	-
10	Net income before income taxes	\$ 62,956	\$ 427	\$ 80,528	\$ (9,132)	\$ 71,396	\$ (3,308)	\$ (210)	\$ -	\$ (5,491)	\$ 142	\$ -
<u>Adjustments to taxable income:</u>												
11	Book Average net salvage	\$ 14,812	\$ 86	\$ 14,726	\$ -	\$ 14,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Adj. of book depreciation to tax basis (B)	(6,074)	(35)	19,819	(25,839)	(6,039)	-	-	-	-	-	-
13	Adj. to amortization of legacy meters	14,028	-	14,028	-	14,028	-	-	-	-	-	-
14	Tax cost of removal/salvage	(15,619)	(92)	(15,527)	-	(15,527)	-	-	-	-	-	-
15	Adjust cash pension	11,922	-	11,857	-	11,857	-	-	-	-	-	-
16	Net adjustment	\$ 19,069	\$ 24	\$ 44,904	\$ (25,839)	\$ 19,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Income subject to state income tax (Line 10 + Line 16)	\$ 82,025	\$ 450	\$ 125,432	\$ (34,930)	\$ 90,441	\$ (3,308)	\$ (210)	\$ -	\$ (5,491)	\$ 142	\$ -
<u>Adjustments to state taxable income:</u>												
18	Plus: Federal bonus depreciatin	\$ 44,683	\$ -	\$ 44,683	\$ -	\$ 44,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Less: Additional state depreciation	(15,513)	-	(15,513)	-	(15,513)	-	-	-	-	-	-
20	Net adjustment to state taxable income	\$ 29,170	\$ -	\$ 29,170	\$ -	\$ 29,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Income subject to state income tax (Line 17 + Line 20)	\$ 111,195	\$ 450	\$ 154,602	\$ (34,930)	\$ 119,611	\$ (3,308)	\$ (210)	\$ -	\$ (5,491)	\$ 142	\$ -
22	State income tax @ 9.99%	\$ 11,083	\$ -	\$ 15,445	\$ (3,496)	\$ 11,949	\$ (330)	\$ (21)	\$ -	\$ (549)	\$ 14	\$ -
23	Taxes as budgeted	5,402	-	5,402	-	5,402	-	-	-	-	-	-
24	Adjustment to state income tax	\$ 5,681	\$ -	\$ 10,043	\$ (3,496)	\$ 6,547	\$ (330)	\$ (21)	\$ -	\$ (549)	\$ 14	\$ -
25	Income subject to federal income tax	\$ 70,961	\$ 450	\$ 109,987	\$ (31,435)	\$ 78,492	\$ (2,978)	\$ (189)	\$ -	\$ (4,942)	\$ 128	\$ -
26	Federal income tax @ 35%	24,836	158	38,495	(11,023)	27,472	(1,042)	(66)	-	(1,730)	45	-
27	Total federal tax	\$ 24,836	\$ 158	\$ 38,495	\$ (11,023)	\$ 27,472	\$ (1,042)	\$ (66)	\$ -	\$ (1,730)	\$ 45	\$ -
28	Taxes as budgeted	8,852	-	8,852	-	8,852	-	-	-	-	-	-
29	Adjustment to federal income tax	\$ 15,984	\$ 158	\$ 29,643	\$ (11,023)	\$ 18,620	\$ (1,042)	\$ (66)	\$ -	\$ (1,730)	\$ 45	\$ -
<u>(A) Computation of Interest charges</u>												
	Total rate base	\$ 1,639,513	\$ 8,326	\$ 1,541,729	\$ 89,438	\$ 1,631,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Debt ratio	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%
	Cost of debt	5.56%	5.56%	5.56%	5.53%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%
	Interest expense	\$ 43,194	\$ 219	\$ 40,618	\$ 2,357	\$ 42,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(B) Adjustment of book depreciation to tax basis:</u>												
	Tax depreciation	\$ 85,463	\$ 359	\$ 46,986	\$ 38,118	\$ 85,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Book depreciation	79,388	324	66,805	12,259	79,064	-	-	-	-	-	-
	Depreciation adjustment	\$ 6,074	\$ 35	\$ (19,819)	\$ 25,859	\$ 6,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalization Adjustment No. 12
 \$000

To adjust tax depreciation (1) to eliminate the cost of removal component and (2) to eliminate non-jurisdictional tax depreciation. Mr. T. J. Dolezal supports the non-jurisdictional allocation factor.

Line No.	Description	Amount		
		(1)	(2)	(3)
1	Tax depreciation expense per budget (Exhibit RAD-33)	\$ 101,082		
2	Cost of removal/salvage in tax depreciation	15,619	100%	\$ 15,619
3	Smart meter tax depreciation	38,118	100%	38,118
4	Waverly tax depreciation	<u>359</u>	100%	359
5	Distribution tax depreciation (Line 1 - 2 - 3 - 4)	<u>46,986</u>	<u>100%</u>	<u>46,986</u>
6	Total tax depreciation (excluding cost of removal/salvage)			<u>\$ 85,463</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 13
 \$000

Adjustment of Provision for Deferred Income Taxes

To adjust the provision for deferred income taxes (1) to reflect year-end plant balances for federal deferred income taxes, (2) to eliminate miscellaneous federal deferred taxes not associated with liberalized depreciation, and (3) to eliminate all state deferred income taxes associated with liberalized depreciation.

Line No.	Description	Provision for Deferred Taxes - Net	
		Federal	State
		(1)	(2)
1	Deferred taxes per budget, 12 months ending 12/31/2017	\$ 23,946	\$ 5,001
2	Deferred taxes - liberalized depreciation (Exhibit RAD-41, page 19)	19,675	-
3	Less: smart meter deferred taxes	<u>(8,256)</u>	-
4	Distribution deferred taxes	11,419	-
5	Jurisdictional allocation factor	100%	100%
6	Jurisdictional deferred taxes - liberalized depreciation (Lines 4 x 5)	11,419	-
7	Plus: Smart meter deferred taxes	<u>8,256</u>	-
8	Total deferred taxes	19,675	-
9	Adjustment to deferred tax expense (Lines 8 - 1)	(4,271)	(5,001)
10	Deferred tax expense per budget for the 12 months ending 12/31/2017, as adjusted	<u>\$ 19,675</u>	<u>\$ -</u>

Pennsylvania Electric Company
Normalization Adjustment No. 14
\$000

Adjustment of Investment Tax Credit

To adjust investment tax credit to eliminate non-jurisdictional investment tax credit. Mr. T. J. Dolezal supports the non-jurisdictional allocation factor.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Investment tax credit adjustments per budget, 12 months ending 12/31/2017	\$	(460)
2	Non-jurisdictional allocation factor	<u>0.00%</u>	
3	Adjustment to investment tax credit expense (Line 1 X Line 2)		<u>-</u>
4	Adjustment to investment tax credit expense per budget for the 12 months ending 12/31/2017, as adjusted	\$	<u>(460)</u>

PENNSYLVANIA ELECTRIC COMPANY
 Rate Base At Original Cost
 Normalized To Year-End Conditions at December 31, 2016
 (\$000)

Line No.	Description	Per Budget (1)	Adjustments and Normalizations (2)	Adj No.	Total (3)	New York Jurisdictional (4)	PA Jurisdictional Normalized Rate Base		
							Distribution (5)	Smart Meter (6)	PA Jurisdictional Total (7) = (5) + (6)
Electric Plant:									
1	Plant in service	\$ 3,388,198	\$ (668,336)	1	\$ 2,719,862	\$ 15,854	\$ 2,569,360	\$ 134,648	\$ 2,704,008
2	Plant held for future use	478	(478)	2	-	-	-	-	-
3	Construction work in progress - pollution control and safety	-	-	-	-	-	-	-	-
4	Total electric plant	\$ 3,388,676	\$ (668,814)	-	\$ 2,719,862	\$ 15,854	\$ 2,569,360	\$ 134,648	\$ 2,704,008
Depreciation & Amortization Reserve:									
5	Plant in service	\$ 1,135,689	\$ (254,917)	3	\$ 880,772	\$ 5,139	\$ 854,033	\$ 21,600	\$ 875,633
6	Plant held for future use	-	-	-	-	-	-	-	-
7	Total depreciation & amortization reserve	\$ 1,135,689	\$ (254,917)	-	\$ 880,772	\$ 5,139	\$ 854,033	\$ 21,600	\$ 875,633
8	Net Electric Plant	\$ 2,252,987	\$ (413,897)	-	\$ 1,839,090	\$ 10,715	\$ 1,715,327	\$ 113,048	\$ 1,828,375
Additions:									
9	Cash working capital	\$ -	\$ 177,979	4	\$ 177,979	\$ -	\$ 177,979	\$ -	\$ 177,979
10	M&S inventories	-	16,319	5	16,319	95	16,224	-	16,224
11	Legacy meters	-	57,500	6	57,500	-	57,500	-	57,500
12	Deferred storm damage	-	11,359	7	11,359	-	11,359	-	11,359
13	Total additions	\$ -	\$ 263,157	-	\$ 263,157	\$ 95	\$ 263,062	\$ -	\$ 263,062
Deductions:									
14	Customer deposits	\$ 22,766	\$ -	-	\$ 22,766	\$ 14	\$ 22,752	\$ -	\$ 22,752
15	Customer advances for construction	-	-	-	-	-	-	-	-
16	Accum. Deferred income taxes - Liberalized depreciation	665,209	(208,729)	8	456,479	4,257	428,633	23,590	452,222
17	Operating reserves (net of taxes)	2,903	(672)	9	2,231	13	2,218	-	2,218
18	Total deductions	\$ 690,878	\$ (209,401)	-	\$ 481,477	\$ 4,284	\$ 453,603	\$ 23,590	\$ 477,193
19	Total Rate Base	\$ 1,562,109	\$ 58,661	-	\$ 1,620,770	\$ 6,526	\$ 1,524,786	\$ 89,458	\$ 1,614,244
20	Pro forma return at present rates (PA Distribution)	\$ 101,680	Dollars						
21		6.30%	Percent						
22	Pro forma return at proposed rates (PA Distribution)	\$ 138,476	Dollars						
23		8.58%	Percent						

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 1
 (\$000)

Adjustment of Electric Plant in Service

To adjust the budgeted gross plant in service to: (1) eliminate the Asset Retirement Costs ("ARC"); (2) remove FERC transmission plant; and (3) reflect an increase in LED streetlighting. An ARC increases the carrying amount of a long-lived asset when a liability for an asset retirement obligation ("ARO") is recognized. The ARC is depreciated over the life of the asset. The ARC and related reserve are excluded from Rate Base, while the associated depreciation expense is excluded from the Income Statement. This treatment is in accordance with 18 CFR Chapter 1 § 35.18 Asset retirement obligations.

Line No.	Description	Adjustments (1)	Plant in Service (2)	Cross Reference (3)
1	Budgeted Plant in Service at 12/31/2016		\$ 3,388,198	Penelec Exhibit RAD-47, Attach. B, p. 1
	Normalizing adjustments:			
2	Eliminate ARC	\$ (16,038)		Penelec Exhibit RAD-47, Attach. B, p. 1
3	Remove FERC Transmission Plant	(613,573)		Penelec Exhibit RAD-47, Attach. B, p. 1
4	Remove allocated portion of Intangible Plant associated with FERC Transmission Plant	(10,517)		Penelec Exhibit RAD-47, Attach. B, p. 1
5	Remove allocated portion of General Plant associated with FERC Transmission Plant	(37,778)		Penelec Exhibit RAD-47, Attach. B, p. 1
6	Add LED Streetlighting	<u>9,569</u>		Penelec Exhibit RAD-47, Attach. B, p. 1
7	Normalization adjustment		<u>(668,336)</u>	Penelec Exhibit RAD-47, Attach. B, p. 1
8	Plant in Service at 12/31/2016, as adjusted		<u>\$ 2,719,862</u>	Penelec Exhibit RAD-47, Attach. B, p. 1

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 2
(\$000)

Adjustment of Plant Held for Future Use

To adjust Plant Held for Future Use. As an alternative to rate base treatment, the Company is requesting the allowance of deferred carrying charges on any current or future investments in Plant Held for Future Use with definitive plans of utilization within a ten-year period. This is consistent with long standing Commission policy.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	Per budget Plant Held for Future Use at 12/31/2016	\$ 478
	Normalizing adjustment:	
2	Eliminate Plant Held for Future Use	<u>(478)</u>
3	Plant Held for Future Use at 12/31/2016, as adjusted	<u>\$ -</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 3
 (\$000)

Adjustment of Depreciation Reserves - Plant In Service

To adjust the budgeted plant in service depreciation reserves to: (1) eliminate the Asset Retirement Costs ("ARC"); and (2) remove FERC Transmission plant. An ARC increases the carrying amount of a long-lived asset when a liability for an asset retirement obligation ("ARO") is recognized. The ARC is depreciated over the life of the asset. The ARC and related reserve are excluded from Rate Base, while the associated depreciation expense is excluded from the Income Statement. This treatment is in accordance with 18 CFR Chapter 1 § 35.18 Asset retirement obligations.

Line No.	Description	Depreciation Reserves		Cross Reference
		Adjustments (1)	Plant in Service (2)	
1	Plant in Service depreciation reserves at 12/31/2016		\$ 1,135,689	Penelec Exhibit RAD-47, Attach. B, p. 2
<u>Normalizing adjustments:</u>				
2	Eliminate ARC	\$ (15,922)		Penelec Exhibit RAD-47, Attach. B, p. 2
3	Remove FERC transmission plant	(207,633)		Penelec Exhibit RAD-47, Attach. B, p. 2
4	Remove allocated portion of Intangible Plant associated with FERC Transmission Plant	(7,234)		Penelec Exhibit RAD-47, Attach. B, p. 2
5	Remove allocated portion of General Plant associated with FERC Transmission Plant	<u>(24,128)</u>		Penelec Exhibit RAD-47, Attach. B, p. 2
6	Normalization Adjustment		<u>(254,917)</u>	
7	Plant in Service depreciation reserves at 12/31/2016, as adjusted		<u>\$ 880,772</u>	Penelec Exhibit RAD-47, Attach. B, p. 2

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 4
 (\$000)

Adjustment of Cash Working Capital

To recognize cash working capital at year-end level. This adjustment is supported by Mr. J. L. Adams.

Line No.	Description	Cash Working Capital	
		(1)	(2)
1	Cash working capital per budget at 12/31/2017		\$ -
	<u>Normalizing adjustment:</u>		
2	Cash working capital normalized to year-end (Exhibit JLA-1)	\$ 177,979	
3	Cash working capital per budget	<u>-</u>	
4	Normalization Adjustment		<u>177,979</u>
5	Cash working capital at 12/31/2017, as adjusted		<u>\$ 177,979</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 5
 (\$000)

Adjustment of Material and Supplies Inventories

To recognize the Company's distribution portion of FE Service material and services ("M&S") inventory levels projected at 12/31/2016.

Line No.	Description	M&S Inventories	
		(1)	(2)
1	M&S Inventory per budget at 12/31/2016		\$ -
	<u>Normalizing adjustment:</u>		
2	Distribution component of projected FE Service M&S Inventory allocated to Penelec at 12/31/2016 (Exhibit RAD-13)	\$ 16,319	
3	M&S Inventory per budget at 12/31/2016		<u>-</u>
4	Normalization adjustment		<u>16,319</u>
5	M&S inventory at 12/31/2016, as adjusted		<u>\$ 16,319</u>

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 6
(\$000)

Adjustment to Include Legacy Meters in Regulatory Asset

To include legacy meters in a regulatory asset as ordered in the Final Order on the Smart Meter Deployment Plan at Docket No. M-2013-2341993.

Line No.	Description	Legacy Meters	
		(1)	(2)
1	Net legacy meters in regulatory asset		\$ -
2	Legacy meters regulatory asset account	\$ 57,500	
3	Normalization adjustment (Line 2)		<u>57,500</u>
4	Net legacy meters in regulatory asset as adjusted at 12/31/2016		<u>\$ 57,500</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 7
 (\$000)

Adjustment of Deferred Storm Damage Expenses

To include in rate base (1) the deferred storm damage balances for distribution non-capital storm expenses that exceeded 125% of storm costs included in base rates between the period of February 25, 2011 through September 30, 2012 as a result of the FirstEnergy and Allegheny Merger approved at Docket Nos. A-2010-2176520 and A-2010-2176732, including but not limited to Hurricane Irene, the October 2011 snowstorm, and Tropical Storm Lee; and (2) the balance of the storm reserve, approved at Docket No. R-2014-2428743.

Line No.	Description	Storms	
		(1)	(2)
1	Unamortized storm damage deferral expense per budget at 12/31/2016		\$ -
2	Merger storm damage deferral	\$ 11,103	
3	Storm reserve balance	<u>256</u>	
4	Normalization adjustment		<u>11,359</u>
5	Unamortized storm damage deferral expense at 12/31/2016, as adjusted		<u>\$ 11,359</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 8
 (\$000)

Adjustment of Accumulated Deferred Income Taxes - Liberalized Depreciation

To adjust the budgeted deferred tax balances for liberalized depreciation (excluding the impact of SFAS No. 109 deferrals) to: (1) eliminate the deferred income taxes - liberalized depreciation balances associated with TMI-2; (2) eliminate other excludable items (capital leases and ground leases); (3) eliminate deferred income taxes - liberalized depreciation associated with Mid-Atlantic Interstate Transmission ("MAIT"); and (4) eliminate remaining state deferred taxes - liberalized depreciation balances including the federal benefit of those taxes.

Line No.	Description	Accumulated Reserve for Deferred Taxes - Liberalized Depreciation	
		Adjustments (1)	(2)
1	Deferred taxes per budget - liberalized depreciation at 12/31/2016		\$ 665,209
	<u>Normalizing adjustments:</u>		
2	Eliminate deferred income taxes - liberalized depreciation associated with TMI-2 (federal and state)	\$ 1,160	
3	Eliminate federal deferred income taxes - liberalized depreciation for other excludable items (capital leases)	(50,752)	
4	Adjustment to federal deferred income taxes - liberalized depreciation for MAIT ground leases	-	
5	Eliminate remaining state deferred taxes - liberalized depreciation including the federal benefit of those taxes	(21,706)	
6	Eliminate an allocated portion of the remaining federal deferred income taxes - liberalized depreciation associated with FERC Transmission Plant	<u>(137,431)</u>	
7	Normalization Adjustment		<u>(208,729)</u>
8	Deferred taxes - liberalized depreciation at 12/31/2016, as adjusted		\$ <u>456,479</u>

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 9
(\$000)

Adjustment of Operating Reserves

To adjust operating reserves (net of accumulated deferred income taxes) to eliminate an allocated portion associated with FERC Transmission operations.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Operating reserves, net of taxes, per budget at 12/31/2016	\$ 2,903
	<u>Normalizing adjustment:</u>	
2	Eliminate portion of operating reserves associated with FERC Transmission operations	<u>(672)</u>
3	Operating reserves, net of taxes, at 12/31/2016, as adjusted	<u>\$ 2,231</u>

PENNSYLVANIA ELECTRIC COMPANY
 Rate of Return at December 31, 2017
 (\$000)

<u>Line No.</u>	<u>Description</u>	<u>Exhibit JD-24 Capital Amounts</u> (1)	<u>Capital Ratios</u> (2)	<u>Cost Rate</u> (3)	<u>Weighted Cost Rate</u> (4) = (2) X (3)
1	Total long-term debt	\$ 1,123,939	47.40%	5.56%	2.64%
2	Total preferred stock	-	0.00%	0.00%	0.00%
3	Total Common Equity	<u>1,245,464</u>	<u>52.60%</u>	11.30%	<u>5.94%</u>
4	Total Capitalization	<u>\$ 2,369,403</u>	<u>100.00%</u>		<u>8.58%</u>

Pennsylvania Electric Company
Statement of Operating Income, 12 Months Ending December 31, 2016, Normalized and Adjusted
to Reflect Revenue Necessary to Achieve Allowable Return
 (\$'000)

Line No.	Description	Per Budget (1)	Normalizations & Adjustments (2)	Adj. No. (3)=(1)+(2)	Budget as Adjusted (4)	New York Jurisdictional (5)	Normalized PaPUC Jurisdictional								
							Smart Meter (6)	PaPUC Total Distribution (7) = (5) + (6)	Riders						
									Price to Compare (8)	Universal Service (9)	Energy Efficiency (10)	Default Service Support (11)	Solar (12)	NUG (13)	
Operating revenues															
1	Retail sales	\$ 810,678	\$ (13,937)	1	\$ 796,741	\$ 2,248	\$ 349,943	\$ 20,127	\$ 370,070	\$ 304,220	\$ 29,829	\$ 23,139	\$ 29,868	\$ 3,749	\$ 33,619
2	STAS revenue	-	-	2	-	-	-	-	-	-	-	-	-	-	-
3	DSIC revenue	720	(720)	3	0	-	0	0	0	-	-	-	-	-	-
4	Sales for resale	35,279	-	-	35,279	-	-	-	-	34,996	-	284	-	-	-
5	Other operating revenue	65,757	(53,659)	4	12,098	71	12,027	-	12,027	-	-	-	-	-	-
6	Total operating revenue	\$ 912,435	\$ (68,316)		\$ 844,118	\$ 2,319	\$ 361,970	\$ 20,127	\$ 382,097	\$ 339,216	\$ 29,829	\$ 23,423	\$ 29,868	\$ 3,749	\$ 33,619
Operating expenses															
7	Price To Compare	\$ 338,261	\$ -		\$ 338,261	\$ 39	\$ -	\$ -	\$ -	\$ 326,502	\$ -	\$ -	\$ 6,962	\$ 4,759	\$ -
8	Distribution	78,829	(17,294)	5	61,535	234	43,947	-	43,947	-	-	-	17,354	-	-
9	Customer accounts	29,128	1,323	6	30,451	292	25,927	-	25,927	-	-	-	4,232	-	-
10	Customer service & info	41,953	124	7	42,077	34	16,248	-	16,248	-	25,596	-	200	-	-
11	Admin & gen expense	54,396	2,708	8	57,104	111	20,343	15,155	35,498	-	-	21,496	-	-	-
12	Depreciation - accrual	79,661	7,594	9	87,255	343	78,537	8,375	86,912	-	-	-	-	-	-
13	Amortization & Accretion	31,128	19,339	10	50,467	369	17,480	-	17,480	(704)	2,818	562	(422)	(1,271)	31,635
14	Taxes other than income	52,167	(1,602)	11	50,565	23	24,314	1,187	25,501	17,949	1,760	1,365	1,762	221	1,984
15	Operating expense before tax	\$ 705,523	\$ 12,192		\$ 717,715	\$ 1,444	\$ 226,795	\$ 24,717	\$ 251,512	\$ 343,747	\$ 30,174	\$ 23,423	\$ 30,087	\$ 3,709	\$ 33,619
16	Operating income before income taxes	\$ 206,912	\$ (80,508)		\$ 126,403	\$ 875	\$ 135,174	\$ (4,590)	\$ 130,585	\$ (4,532)	\$ (345)	\$ -	\$ (219)	\$ 40	\$ -
Income taxes															
17	Federal income tax - current	\$ (4,409)	\$ 18,017	12	\$ 13,608	\$ 156	\$ 24,386	\$ (9,341)	\$ 15,045	\$ (1,428)	\$ (109)	\$ -	\$ (69)	\$ 13	\$ -
18	State income tax - current	5,700	9,413	12	15,113	-	18,581	(2,962)	15,618	(453)	(34)	-	(22)	4	-
19	Deferred income tax - federal	51,091	(52,498)	13	(1,407)	-	(9,096)	7,689	(1,407)	-	-	-	-	-	-
20	Deferred income tax - state	9,106	(9,106)	13	-	-	-	-	-	-	-	-	-	-	-
21	Investment tax credit	(460)	106	14	(354)	(2)	(352)	-	(352)	-	-	-	-	-	-
22	Total tax expense	\$ 61,028	\$ (34,067)		\$ 26,961	\$ 154	\$ 33,520	\$ (4,614)	\$ 28,905	\$ (1,880)	\$ (143)	\$ -	\$ (91)	\$ 17	\$ -
23	Total operating expenses	\$ 766,551	\$ (21,875)		\$ 744,676	\$ 1,598	\$ 260,315	\$ 20,102	\$ 280,417	\$ 341,867	\$ 30,031	\$ 23,423	\$ 29,996	\$ 3,725	\$ 33,619
24	Operating Income	\$ 145,884	\$ (46,441)		\$ 99,442	\$ 722	\$ 101,655	\$ 25	\$ 101,680	\$ (2,651)	\$ (202)	\$ -	\$ (128)	\$ 24	\$ (0)

Pennsylvania Electric Company
Statement of Operating Income, 12 Months Ending December 31, 2016, Normalized and Adjusted
to Reflect Revenue Necessary to Achieve Allowable Return
(\$000)

Line No.	Description				Riders					
		Distribution	Smart Meter	PaPUC Total Distribution	Price to Compare	Universal Service	Energy Efficiency	Default Service Support	Solar	NUG
		(23) = (5) + (14)	(24) = (6) + (15)	(25) = (23) + (24)	(26) = (8) + (17)	(27) = (9) + (18)	(28) = (10) + (19)	(29) = (11) + (20)	(30) = (12) + (21)	(31) = (13) + (22)
Operating revenues										
1	Retail sales	\$ 402,885	\$ 34,021	\$ 436,906	\$ 304,220	\$ 29,829	\$ 23,139	\$ 29,868	\$ 3,749	\$ 33,619
2	STAS revenue	-	-	-	-	-	-	-	-	-
3	DSIC revenue	0	-	0	-	-	-	-	-	-
4	Sales for resale	-	-	-	34,996	-	284	-	-	-
5	Other operating revenue	12,027	-	12,027	-	-	-	-	-	-
6	Total operating revenue	\$ 414,912	\$ 34,021	\$ 448,933	\$ 339,216	\$ 29,829	\$ 23,423	\$ 29,868	\$ 3,749	\$ 33,619
Operating expenses										
7	Price to Compare	\$ -	\$ -	\$ -	\$ 326,502	\$ -	\$ -	\$ 6,962	\$ 4,759	\$ -
8	Distribution	43,947	-	43,947	-	-	-	17,354	-	-
9	Customer accounts	25,927	-	25,927	-	-	-	4,232	-	-
10	Customer service & info	16,248	-	16,248	-	25,596	-	200	-	-
11	Admin & gen expense	20,343	15,155	35,498	-	-	21,496	-	-	-
12	Depreciation - accrual	78,537	8,375	86,912	-	-	-	-	-	-
13	Amortization	17,480	-	17,480	(704)	2,818	562	(422)	(1,271)	31,635
14	Taxes other than income	27,437	2,007	29,444	17,949	1,760	1,365	1,762	221	1,984
15	Operating expense before tax	\$ 229,919	\$ 25,536	\$ 255,455	\$ 343,747	\$ 30,174	\$ 23,423	\$ 30,087	\$ 3,709	\$ 33,619
16	Operating income before tax	\$ 184,993	\$ 8,485	\$ 193,478	\$ (4,532)	\$ (345)	\$ -	\$ (219)	\$ 40	\$ (0)
Income taxes										
17	Federal income tax - current	\$ 40,081	\$ (5,222)	\$ 34,858	\$ (1,428)	\$ (109)	\$ -	\$ (69)	\$ 13	\$ -
18	State income tax - current	23,558	(1,656)	21,901	(453)	(34)	-	(22)	4	-
19	Deferred income tax - federal	(9,096)	7,689	(1,407)	-	-	-	-	-	-
20	Deferred income tax - state	-	-	-	-	-	-	-	-	-
21	Investment tax credit	(352)	-	(352)	-	-	-	-	-	-
22	Total tax expense	\$ 54,191	\$ 810	\$ 55,002	\$ (1,880)	\$ (143)	\$ -	\$ (91)	\$ 17	\$ -
23	Total operating expenses	\$ 284,110	\$ 26,347	\$ 310,457	\$ 341,867	\$ 30,031	\$ 23,423	\$ 29,996	\$ 3,725	\$ 33,619
24	Operating Income	\$ 130,802	\$ 7,674	\$ 138,476	\$ (2,651)	\$ (202)	\$ (0)	\$ (128)	\$ 24	\$ (0)
25	Rate Base	\$ 1,524,786	\$ 89,458	\$ 1,614,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Rate of Return overall	8.58%	8.58%	8.58%						
27	Return on Equity	11.30%	11.30%	11.30%						

Pennsylvania Electric Company
Summary of Revenue Requirements
Distribution
 \$000

Line No.	Description	Budget as Adjusted	Revenue Adjustment Required	Allowable Revenue
		(1)	(2)	(3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 349,943	\$ 52,943	\$ 402,885
2	STAS revenue	-	-	-
3	DSIC revenue	0	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	12,027	-	12,027
6	Total operating revenue	\$ 361,970	\$ 52,943	\$ 414,912
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	43,947	-	43,947
9	Customer accounts	25,927	-	25,927
10	Customer service & info	16,248	-	16,248
11	Admin & gen expense	20,343	-	20,343
12	Depreciation - accrual	78,537	-	78,537
13	Amortization	17,480	-	17,480
14	Taxes other than income	24,314	3,124	27,437
15	Operating expense before tax	\$ 226,795	\$ 3,124	\$ 229,919
16	Operating income before tax	\$ 135,174	\$ 49,819	\$ 184,993
	<u>Income taxes</u>			
17	Federal income tax - current	\$ 24,386	\$ 15,695	\$ 40,081
18	State income tax - current	18,581	4,977	23,558
19	Deferred income tax - federal	(9,096)	-	(9,096)
20	Deferred income tax - state	-	-	-
21	Investment tax credit	(352)	-	(352)
22	Total tax expense	\$ 33,520	\$ 20,672	\$ 54,191
23	Total operating expenses	\$ 260,315	\$ 23,795	\$ 284,110
24	Operating Income	\$ 101,655	\$ 29,147	\$ 130,802
25	Rate Base	\$ 1,524,786		\$ 1,524,786
26	Rate of Return overall	6.67%		8.58%
27	Return on Equity	7.67%		11.30%

Pennsylvania Electric Company
Summary of Revenue Requirements
Smart Meter Technologies
 \$000

<u>Line No.</u>	<u>Description</u>	<u>Budget as Adjusted</u>	<u>Revenue Adjustment Required</u>	<u>Allowable Revenue</u>
		(1)	(2)	(3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 20,127	\$ 13,894	\$ 34,021
2	STAS revenue	-	-	-
3	DSIC revenue	-	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	-	-	-
6	Total operating revenue	<u>\$ 20,127</u>	<u>\$ 13,894</u>	<u>\$ 34,021</u>
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	-	-	-
9	Customer accounts	-	-	-
10	Customer service & info	-	-	-
11	Admin & gen expense	15,155	-	15,155
12	Depreciation - accrual	8,375	-	8,375
13	Amortization	-	-	-
14	Taxes other than income	1,187	820	2,007
15	Operating expense before tax	<u>\$ 24,717</u>	<u>\$ 820</u>	<u>\$ 25,536</u>
16	Operating income before tax	\$ (4,590)	\$ 13,074	\$ 8,485
	<u>Income taxes</u>			
17	Federal income tax - current	\$ (9,341)	\$ 4,119	\$ (5,222)
18	State income tax - current	(2,962)	1,306	(1,656)
19	Deferred income tax - federal	7,689	-	7,689
20	Deferred income tax - state	-	-	-
21	Investment tax credit	-	-	-
22	Total tax expense	<u>\$ (4,614)</u>	<u>\$ 5,425</u>	<u>\$ 810</u>
23	Total operating expenses	\$ 20,102	\$ 6,245	\$ 26,347
24	Operating Income	\$ 25		\$ 7,674
25	Rate Base	\$ 89,458		\$ 89,458
26	Rate of Return overall	0.03%		8.58%
27	Return on Equity	-4.96%		11.30%

Pennsylvania Electric Company
Summary of Revenue Requirements
Total Distribution
 \$000

Line No.	Description	Budget as Adjusted (1)	Revenue Adjustment Required (2)	Allowable Revenue (3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 370,070	\$ 66,836	\$ 436,906
2	STAS revenue	-	-	-
3	DSIC revenue	0	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	12,027	-	12,027
6	Total operating revenue	\$ 382,097	\$ 66,836	\$ 448,933
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	43,947	-	43,947
9	Customer accounts	25,927	-	25,927
10	Customer service & info	16,248	-	16,248
11	Admin & gen expense	35,498	-	35,498
12	Depreciation - accrual	86,912	-	86,912
13	Amortization	17,480	-	17,480
14	Taxes other than income	25,501	3,943	29,444
15	Operating expense before tax	\$ 251,512	\$ 3,943	\$ 255,455
16	Operating income before tax	\$ 130,585	\$ 62,893	\$ 193,478
	<u>Income taxes</u>			
17	Federal income tax - current	\$ 15,045	\$ 19,814	\$ 34,858
18	State income tax - current	15,618	6,283	21,901
19	Deferred income tax - federal	(1,407)	-	(1,407)
20	Deferred income tax - state	-	-	-
21	Investment tax credit	(352)	-	(352)
22	Total tax expense	\$ 28,905	\$ 26,097	\$ 55,002
23	Total operating expenses	\$ 280,417	\$ 30,040	\$ 310,457
24	Operating income	\$ 101,680	\$ 36,797	\$ 138,476
25	Rate Base	\$ 1,614,244		\$ 1,614,244
26	Rate of Return overall	6.30%		8.58%
27	Return on Equity	7.67%		11.30%

Pennsylvania Electric Company
 Normalization Adjustment No. 1
 \$000

Adjustment of Base Operating Revenues

To adjust base operating revenues (1) for changes in number of customers, (2) to roll in State Tax Adjustment Surcharge (STAS) revenues into base rates, (3) to roll in Distribution System Improvement Charge (DSIC) revenues into base rates, (4) for Energy Efficiency and Behind the Meter generation, (5) to eliminate Smart Meter Rider revenues, (6) for other revenue, and (7) to eliminate unbilled revenues. Adjustments (1) through (6) are supported by Mr. K. M. Siedt. The adjustment for unbilled revenues is supported by Mr. R. A. D'Angelo.

Line No.	Description	Amount	
		(1)	(2)
1	Base revenues per budget for the 12 months ending 12/31/16		\$ 810,678
	<u>Normalizing adjustments:</u>		
2	Customers - increase to year end level	\$ 854	
	<u>Specific adjustments</u>		
3	Roll-in of STAS	-	
4	Roll-in of 2016 DSIC Revenues	720	
5	Energy Efficiency/Behind the meter	(15,408)	
6	Eliminate Smart Meter rider revenues	-	
7	Other revenue adjustment	(489)	
8	Eliminate unbilled revenues	387	
9	Total (Lines 3 + 4 + 5 + 6 + 7 + 8)	\$ (14,791)	
10	Normalizing adjustment (Lines 2 + 9)		<u>(13,937)</u>
11	Base revenues per budget for the 12 months ending 12/31/16, as adjusted		<u>\$ 796,741</u>

Pennsylvania Electric Company
Normalization Adjustment No. 2
\$000

Adjustment of State Tax Adjustment Surcharge Revenues

To remove state tax adjustment surcharge ("STAS") revenues. Normalized STAS revenues are being rolled into base rates.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	STAS revenue per budget for the 12 months ending 12/31/2016	\$ -
2	Eliminate per budget STAS	<u>-</u>
3	Other operating revenue per budget for the 12 months ending 12/31/2016, as adjusted	<u>\$ -</u>

Pennsylvania Electric Company
Normalization Adjustment No. 3
\$000

Adjustment of Distribution System Improvement Charge Revenues

To remove Distribution System Improvement Charge ("DSIC") revenues. Normalized DSIC revenues are being rolled into base rates.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	DSIC revenue per budget for the 12 months ending 12/31/2016	\$ 720
2	Eliminate per budget DSIC	<u>(720)</u>
3	Other operating revenue per budget for the 12 months ending 12/31/2016, as adjusted	<u>\$ -</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 4
 \$000

Adjustment of Other Operating Revenues

To adjust other operating revenues to: (1) adjust late payment charges; and (2) eliminate non-jurisdictional transmission revenues. The adjustment to late payment charges is supported by Mr. K. M. Siedt.

Line No.	Description	Amount	
		(1)	(2)
1	Other operating revenue per budget for the 12 months ending 12/31/2016		\$ 65,757
2	Late payment charges (Exhibit KMS-2)	\$ 3,424	
3	Late payment charges per budget	<u>(3,424)</u>	
4	Adjustment to late payment charges (Line 2 - Line 3)	-	
5	Eliminate non-jurisdictional transmission revenues	\$ <u>(53,659)</u>	
6	Total normalizing adjustment (Lines 4 + 5)		<u>(53,659)</u>
7	Other operating revenue per budget for the 12 months ending 12/31/2016, as adjusted		\$ <u>12,098</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 5
 \$000

Adjustment of Distribution Expense

To adjust distribution expense (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to eliminate non-jurisdictional transmission expense, and (4) to include the jurisdictional portion of the amortization of gains and losses on reacquired debt; and (5) to include costs associated with contractor safety requests. Mr. T. J. Dolezal supports the jurisdictional allocation factor.

Line No.	Description	Amount	
		(1)	(2)
1	Distribution expense per budget for the 12 months ending 12/31/2016		\$ 78,829
2	Distribution payroll expense adjustment to reflect year end employee levels, and ongoing wage and salary rates (Supporting Schedule No. 1, Line 20, Col. 2)	\$ 675	
3	Service Company Distribution payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Supporting Schedule No. 1, Line 33, Col. 2)	140	
4	Eliminate non-jurisdictional transmission expense	(18,265)	
5	Amortization of (gain) or loss on reacquired debt	38	
6	Allocation ratio based on distribution plant	<u>76.86%</u>	
7	Distribution portion of (gain) or loss	29	
8	Increase in distribution expenses for contractor safety requests (Exhibit RAD-68)	<u>127</u>	
9	Total normalizing adjustment (Lines 2 + 3 + 4 + 7 + 8)		<u>(17,294)</u>
10	Distribution expense per budget for the 12 months ending 12/31/2016, as adjusted		<u>\$ 61,535</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 5
 (\$000)

Adjustment to Payroll Expense to Reflect Year End Employee Levels and Wage Rates

To determine the additional payroll expense associated with (1) year end 2016 and 2017 bargaining and non-bargaining wage rates and employee levels; (2) Service Company 2016 year end and 2017 wage rates and employee levels; and (3) to allocate the additional payroll expense to individual components. Mr. J. T. Dolezal supports the labor allocation factors.

Line No.	Description	Amount	
		(1)	(2)
1	Total company payroll per budget for the 12 months ending 12/31/16 (Exhibit RAD-27)		\$ 71,898
	<u>Bargaining</u>		
	IBEW 459		
2	Straight time per budget for January 1, 2016 through April 30, 2016	\$ 9,702	
3	Straight time 3% increase effective May 1, 2016 (Line 2 X 3%)	291	
4	Total payroll for the 12 months ending 12/31/16 as adjusted	29,727	
5	Straight time 3% increase effective May 1, 2017 (Line 4 X 3%)	892	
	UWUA 180		
6	Straight time per budget for January 1, 2016 through August 31, 2016	5,914	
7	Straight time 2.5% increase effective September 1, 2016 (Line 6 X 3%)	148	
8	Total payroll for the 12 months ending 12/31/16 as adjusted	9,090	
9	Straight time 2.5% increase effective May 1, 2017 (Line 8 X 3%)	227	
	<u>Non-Bargaining</u>		
10	Straight time per budget for January 1, 2016 through February 29, 2016	3,442	
11	Straight time 3% increase effective March 1, 2016 (Line 10 X 3%)	103	
12	Total payroll for the 12 months ending 12/31/2016 as adjusted	22,018	
13	Straight time 3% increase effective March 1, 2017 (Line 12 X 3%)	661	
14	Total company payroll adjustment (Lines 3 + 5 + 7 + 9 + 11 + 13)		<u>2,322</u>
15	Total company payroll as adjusted		\$ 74,220
16	O&M allocation percentage		<u>48.08%</u>
17	O&M payroll adjustment (Line 14 X Line 16)		<u>\$ 1,116</u>
	<u>Allocation of payroll adjustment:</u>		
18	PTC	0.00%	\$ -
19	Transmission	6.57%	73
20	Distribution	60.43%	675
21	Customer accounts	17.76%	198
22	Customer service	11.11%	124
23	Administrative and general	4.13%	46
24	Total	100.00%	\$ 1,116
	<u>Service Company</u>		
25	Straight time per budget for January 1, 2016 through February 29, 2016	\$ 2,437	
26	Straight time 3% increase effective March 1, 2016 (Line 25 X 3%)	73	
27	Total Service Co payroll for the 12 months ending 12/31/16 as adjusted	16,330	
28	Straight time 3% increase effective March 1, 2017 (Line 27 X 3%)	490	
29	Total Service Co payroll adjustment (Lines 26 + 28)		<u>\$ 563</u>
30	<u>Allocation of Service Company payroll</u>		
31	PTC	0.00%	\$ -
32	Transmission	11.79%	66
33	Distribution	24.88%	140
34	Customer accounting and information	25.03%	141
35	Administrative and general	38.30%	216
	Total	100.00%	\$ 563

Pennsylvania Electric Company
 Normalization Adjustment No. 6
 \$000

Adjustment of Customer Accounts Expense

To adjust customer account expense (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to include increased O&M costs associated with serving new customers, and (4) to include interest on customer deposits.

Line No.	Description	Amount	
		(1)	(2)
1	Customer Account expense per budget for the 12 months ending 12/31/2016		\$ 29,128
2	Customer Account payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalizing Adjustment No. 5, Supporting Schedule No. 1, Line 21, Col. 2)	\$ 198	
3	Service Company customer account payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Normalizing Adjustment No. 5, Supporting Schedule 1, Line 34, Col. 2)	141	
4	Increased O&M costs associated with increased number of customers in normalized revenue levels (Supporting Schedule 1, Line 10)	13	
5	Interest on customer deposits (Supporting Schedule 2, Line 3)	<u>970</u>	
6	Total normalizing adjustment (Lines 2 + 3 + 4 + 5)		<u>1,323</u>
7	Customer Account expense per budget for the 12 months ending 12/31/2016, as adjusted		<u>\$ 30,451</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 6
 (\$000)

Adjustment of Other O&M Costs Associated with Serving New Customers

To determine the cost associated with serving the additional customers reflected in Normalization Adjustment No. 1. The ratio of non-payroll customer account expense to total revenue is applied to the additional revenue from increased customers to estimate this cost. The Commission previously recognized and approved this adjustment. The adjustment to base operating revenue for changes in number of customers is supported by Mr. K. M. Siedt.

Line No.	Description	Amount (1)
<u>Customer Account Expense Excluding Labor and Uncollectibles</u>		
1	Customer Account expense per budget for the 12 months ending 12/31/16	\$ 29,128
2	Uncollectible Expense (Exhibit RAD-55)	(16,130)
3	Labor Expense	<u>(6,895)</u>
4	Customer Account expense excluding labor and uncollectible expense (Line 1 - Line 2 - Line 3)	<u>\$ 6,103</u>
<u>Total Distribution Revenue</u>		
5	Distribution revenues per budget	\$ 384,006
6	Late payment charges per budget (Exhibit RAD-55)	<u>3,424</u>
7	Total (Lines 5 + 6)	<u>\$ 387,430</u>
8	Ratio of customer account expense to total revenue (Line 4 / Line 7)	1.58%
9	Revenue from added customers (Adjustment No. 1, Line 2)	<u>\$ 854</u>
10	Additional expense from added customers (Line 8 X Line 9)	<u>\$ 13</u>

Pennsylvania Electric Company
 Supporting Schedule No.2 to Normalizing Adjustment No. 6
 (\$000)

Adjustment to Allow for Interest Expense on Customer Deposits

To determine the interest paid on customer deposits. Since customer deposits are funds supplied to the Company by customers, they are included in rate base as a deduction. The Commission previously recognized this adjustment to include the corresponding interest paid to customers on these deposits as a expense.

<u>Line No.</u>	<u>Description</u>	<u>Residential Amount (1)</u>	<u>Non-Residential Amount (2)</u>	<u>Total (3)</u>
1	Customer deposits included in rate base (Exhibit RAD-1, Column 5, Line 14)	\$ 13,149	\$ 9,603	\$ 22,752
2	Interest rate on deposits	<u>3%</u>	<u>6%</u>	
3	Interest expense on customer deposits	<u>\$ 394</u>	<u>\$ 576</u>	<u>\$ 970</u>

Pennsylvania Electric Company
Normalization Adjustment No. 7
\$000

Adjustment of Customer Service and Information Expense

To adjust customer service and information expense to reflect year end wage rates and employee levels.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Customer Service expense per budget for the 12 months ending 12/31/2016		\$ 41,953
2	Customer Service payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalization Adjustment No. 5, Supporting Schedule No. 1, Line 22, Col. 2)	\$ 124	
3	Total normalizing adjustment		<u>124</u>
4	Customer Service expense per budget for the 12 months ending 12/31/2016, as adjusted		<u>\$ 42,077</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 8
 \$000

Adjustment of Administrative and General Expense

To adjust administrative and general expenses (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to reflect OPEB expense at service cost level, (4) to reflect pension expense at the ten year cash level, (5) to reflect employee benefits expense at year end wage rates and employee levels, (6) to include amortization of rate case expenses, and (7) to eliminate non-jurisdictional administrative and general expenses. Mr. T. J. Dolezal supports the non-jurisdictional expense allocation factor.

Line No.	Description	Amount	
		(1)	(2)
1	Administrative & general expense per budget for the 12 months ending 12/31/2016	\$	54,396
2	A& G Expenses related to EEC	\$ (21,496)	
3	A&G Expenses related to Smart Meters	<u>(15,155)</u>	
4	Adjustment to A&G (Lines 2 + 3)	<u>(36,650)</u>	
5	Net A&G expenses related to Distribution (Line 1 - Line 4)		17,746
6	Administrative & general payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalization Adjustment No. 5, Supporting Schedule No. 1, Line 15, Column 2)	\$	46
7	Service Company Administrative & general payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Normalizing Adjustment No. 5, Supporting Schedule No 1, Line 23, Col. 2)		216
8	Adjust OPEB expense to service cost level (Supporting Schedule No. 1, Line 12, Col. 1)		(195)
9	Adjust pension expense to ten year cash level (Supporting Schedule No. 2, Line 13, Col. 3)		7,820
10	Adjust employee benefit costs (Supporting Schedule No. 3, Line 8, Col. 3)		<u>609</u>
11	Subtotal of adjustments (Lines 6 + 7 + 8 + 9 + 10)		8,495
12	Administrative and general expense, adjusted (Line 5 + Line 11)	\$	26,241
13	Non-jurisdictional expense allocation factor		<u>23.14%</u>
14	Non-jurisdictional administrative and general expense (Line 12 X Line 13)		(6,072)
15	Rate case expenses to be incurred during current rate proceeding (RAD-23)	\$	570
16	Recovery period - 2 years		<u>2</u>
17	Annual amount (Line 15 / Line 16)		285
18	Eliminate other non-jurisdictional expenses (Exhibit RAD-25)		<u>-</u>
19	Total normalizing adjustment (Lines 11 + 14 + 17 + 18)	\$	<u>2,708</u>
20	Administrative and general expense per budget for the 12 months ending 12/31/2016, as adjusted (Lines 1 + 19)	\$	<u>57,104</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 8
 \$000

Adjustment for OPEB Expense

To adjust OPEB expense to the test year service cost. The service cost represents the actuarial present value of benefit liabilities accrued under the plan benefit formula for services rendered during the test year. Inclusion of the service cost in rates provides for recovery of the current cost of benefits earned by plan participants. Any excess or shortfall related to the expected return on plan assets are not included because their inclusion would artificially reduce or increase total costs and result in the recovery of more or less than the actual normal cost of service. The adjustment for OPEB expense to the current service cost amount was adopted by the Commission at Docket Numbers R-00061366 and R-00061367, and included at Docket Nos. R-2014-2428745; R-2014-2428743; R-2014-2428744 and R-2014-2428742.

Line No.	Description	O&M (1)	Capital (2)	Total (3)
1	O&M - Capital allocation ratios	48.08%	51.92%	100.00%
2	Company OPEB expense included in budget (Exhibit RAD-27)	\$ 1,218	\$ 1,315	\$ 2,533
3	FirstEnergy Service Corp. OPEB expense	\$ (11,651)	\$ (12,581)	\$ (24,232)
4	Allocation ratio	<u>6.45%</u>	<u>6.45%</u>	<u>6.45%</u>
5	Allocated FirstEnergy Service Corp. OPEB expense included in budget (Line 3 X Line 4)	\$ (751)	\$ (812)	\$ (1,563)
6	Total OPEB expense included in budget (Line 2 + Line 5)	<u>\$ 467</u>	<u>\$ 503</u>	<u>\$ 970</u>
7	Service cost for company OPEB expense	\$ 255	\$ 275	\$ 530
8	Service cost for FirstEnergy Service Corp. OPEB expense	\$ 262	\$ 282	\$ 544
9	Allocation ratio	<u>6.45%</u>	<u>6.45%</u>	<u>6.45%</u>
10	Allocated FirstEnergy Service Corp. service cost (Line 8 X Line 9)	\$ 17	\$ 18	\$ 35
11	Total OPEB service cost (Lines 7 + 10)	<u>\$ 272</u>	<u>\$ 293</u>	<u>\$ 565</u>
12	Adjustment to set OPEB expense at ongoing service cost level (Line 11 - Line 6)	<u>\$ (195)</u>	<u>\$ (210)</u>	<u>\$ (405)</u>

Pennsylvania Electric Company
 Supporting Schedule No. 2 to Normalizing Adjustment No. 8
 \$000

Adjustment for Pension Expense

To adjust pension expense to a ten year historical average level of actual cash contributions under the methodology that was adopted by the Commission at Docket Numbers R-00061366 and R-0061367, and included at Docket Nos. R-2014-2428745; R-2014-2428743; R-2014-2428744 and R-2014-2428742.

Line No.	Description	Amount		
		(1) Total	(2) O&M %	(3) O&M
<u>Company Cash Contributions</u>				
1	2007 Cash Pension Contribution	\$ 13,436	48.25%	\$ 6,483
2	2009 Cash Pension Contribution	60,000	41.69%	25,014
3	2012 Cash Pension Contribution	37,500	39.64%	14,865
4	2016 Cash Pension Contribution	<u>176,270</u>	48.08%	<u>84,751</u>
5	Total Company Cash Pension Contributions	\$ 287,206		\$ 131,112
<u>FirstEnergy Service Company Cash Contributions</u>				
6	2007 Pension Contribution	\$ 27,468		
7	2007 Company Allocation Factor	<u>11.11%</u>		
8	2007 Service Company Pension Contribution allocated to the Company	\$ 3,052	48.25%	\$ 1,472
9	2016 Pension Contribution	\$ 24,760		
10	2016 Company Allocation Factor	<u>6.45%</u>		
11	2016 Service Company Pension Contribution allocated to the Company	\$ 1,597	48.08%	768
12	Total FirstEnergy Service Company Cash Pension Contributions allocated to the Company (Line 8 + 11)	\$ 4,649		\$ 2,240
13	Total Pension cash contributions (Line 5 + Line 12)	\$ 291,855		\$ 133,353
14	Number of years amortization	<u>10</u>		<u>10</u>
15	Pension expense cash contribution, averaged over 10 years	29,185		13,335
16	O&M Pension Expense included in budget			<u>5,516</u>
17	Adjustment to Pension Expense (Line 15 - Line 16)			<u>\$ 7,820</u>

Pennsylvania Electric Company
 Supporting Schedule No. 3 to Normalizing Adjustment No. 8
 \$000

Adjustment to Employee Benefit Expense to Reflect Year End Employee Levels and Ongoing Wage Rates

To determine the normalized costs associated with providing additional employee benefits related to the increased O&M payroll expense reflected in Normalization Adjustment No. 5, Supporting Schedule No. 1.

Employee benefits applicable to operating expenses:

Line No.	Description	Effective Rate (a) (1)	Payroll Adjustment (2)	Benefit Adjustment (3) = (1) X (2)
1	Workers compensation	0.715%	\$ 1,116 (b)	\$ 8
2	Pension costs	38.697%	\$ 1,116 (b)	432
3	OPEB costs	0.761%	\$ 1,116 (b)	8
4	Life insurance	0.151%	\$ 1,116 (b)	2
5	Medical / Dental insurance	9.100%	\$ 1,116 (b)	102
6	Savings Plan	2.966%	\$ 1,116 (b)	33
7	Other	2.142%	\$ 1,116 (b)	24
8	Total increase due to payroll adjustment			<u>\$ 609</u>

(a) 12/31/2016

	Total Amount	Total Payroll	Effective Rate
Workers compensation	\$ 531	\$ 74,220	0.715%
Pension costs - normalized basis	28,721	74,220	38.697%
OPEB costs - service cost	565	74,220	0.761%
Life insurance	112	74,220	0.151%
Medical / Dental insurance	6,754	74,220	9.100%
Savings Plan	2,201	74,220	2.966%
Other (Exhibit RAD-27)	1,590	74,220	2.142%

(b) Adjustment No.5, Supporting Schedule No. 1, Line 24

Pennsylvania Electric Company
 Normalization Adjustment No. 9
 \$000

Adjustment of Depreciation Expense

To adjust depreciation expense (1) to reflect equal life group ("ELG") rates on adjusted rate base, (2) to adjust cost of removal / salvage expense to a five year average per Commission practice, and (3) eliminate legacy meter cost of removal from the five year average. Mr. T. J. Dolezal supports the jurisdictional expense allocation factor. Mr. J. J. Spanos supports the ELG depreciation rates.

Line No.	Description	Amount			
		(1)	(2)	(3)	(4)
1	Depreciation expense per budget for the 12 months ending 12/31/2016				\$ 79,661
2	Cost of removal/salvage expense per budget for the 12 months ending 12/31/2016 (Exhibit RAD-30)		\$ 17,556		
3	Depreciation accrual per budget (Line 1 - Line 2)		\$ 62,105		
4	Jurisdictional depreciation expense accrual on adjusted rate base at average remaining life rates (Exhibit RAD-53, page 2)		<u>72,443</u>		
5	Adjustment for ELG accrual for jurisdictional plant (Line 4 - Line 3)			\$ 10,338	
<u>Cost of removal/ salvage</u>					
6	Cost of removal/salvage expense per budget for the 12 months ending 12/31/2016 (Exhibit RAD-30)			\$ 17,556	
Cost of removal and salvage 2011 - 2015		Exhibit RAD-30	Jurisdictional Allocator	Jurisdictional Amount (Column 1 X 2)	
7	for the 12 months ended December 31, 2011	\$ 14,736	76.86%	\$ 11,326	
8	for the 12 months ended December 31, 2012	21,467	76.86%	16,500	
9	for the 12 months ended December 31, 2013	13,086	76.86%	10,058	
10	for the 12 months ended December 31, 2014	26,157	76.86%	20,104	
11	for the 12 months ended December 31, 2015	<u>20,991</u>	76.86%	<u>16,134</u>	
12	Total	\$ 96,437		\$ 74,122	
13	Five year average (Line 12 / 5)			\$ 14,824	
14	Less: Five year average for legacy meter cost of removal			<u>(12)</u>	
15	Jurisdictional cost of removal/salvage expense at a jurisdictional five-year average as adjusted (Line 13 + Line 14)			\$ 14,812	
16	Adjustment of jurisdictional cost of removal/salvage expense to a jurisdictional five-year average (Line 15 - Line 6)			<u>(2,743)</u>	
17	Total normalizing adjustment (Lines 5 + 16)				<u>7,594</u>
18	Depreciation expense per budget for the 12 months ending 12/31/2016, as adjusted				<u>\$ 87,255</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 10
 \$000

Adjustment of Amortization Expense

To adjust amortization expense (1) to exclude the deferral of transmission vegetation management, (2) to exclude smart meter amortization in the budget; (3) to include the amortization of additional legacy meters, and (4) to exclude accretion expense.

Line No.	Description	Amount	
		(1)	(2)
1	Amortization expense per budget for the 12 months ending 12/31/2016		\$ 31,128
2	Eliminate transmission vegetation management amortization per budget	\$ 5,085	
3	Eliminate smart meter amortization per budget	9,379	
4	Adjustment for amortization of unrecovered legacy meters (Supporting Schedule No. 1, Line 4)	3,036	
5	Eliminate legacy meter cost of removal amortization per budget	1,839	
6	Remove accretion expense in budget	<u>-</u>	
7	Normalizing adjustment (Lines 2 + 3 + 4 + 5 + 6)		<u>19,339</u>
8	Amortization expense per budget for the 12 months ending 12/31/2016, as adjusted		<u>\$ 50,467</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalization Adjustment No. 10
 \$000

Adjustment for Amortization Expense of Legacy Meters

To determine additional legacy meters amortization to fully recover all legacy meter costs over 39 months of the original amortization period as supported in Penelec Exhibit RAD-64.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	Total Legacy Meters and Cost of Removal to be recovered (Exhibit RAD-64)	\$ 64,827
2	Less Legacy Meters and Cost of Removal in Base Rates (Exhibit RAD-64)	<u>(54,959)</u>
3	Unrecovered legacy meters (Lines 1 - 2)	<u>\$ 9,868</u>
4	Annual amount of unrecovered legacy meter amortization (Line 3 / 39 months x 12 months)	<u>\$ 3,036</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 11
 \$000

Adjustment of Taxes Other Than Income

To adjust taxes other than income (1) to eliminate non-jurisdictional tax expense; (2) to eliminate capital stock tax; (3) to reflect normalized sales revenues in gross receipts tax expense; and (4) to reflect year end wage rates and employee levels in payroll tax expenses. The non-jurisdictional allocation factor is supported by Mr. T. J. Dolezal.

Line No.	Description	Amount		
		(1)	(2)	(3)
1	Taxes Other Than Income per budget for the 12 months ending 12/31/2016			\$ 52,167
2	Federal and State payroll taxes in budget (Exhibit RAD-32, page 1)	\$ 2,556		
3	Non-jurisdictional percent	<u>6.86%</u>		
4	Eliminate non-jurisdictional payroll taxes		\$ (175)	
5	Eliminate Capital Stock Tax included in budget (Exhibit RAD-32, page 1)		(40)	
6	PURTA tax in budget (Exhibit RAD-32, page 1)	1,247		
7	Real Estate tax in budget (Exhibit RAD-32, page 1)	<u>385</u>		
8	Total Other taxes	\$ 1,632		
9	Non-jurisdictional percent	<u>23.14%</u>		
10	Eliminate non-jurisdictional taxes		(378)	
	<u>Gross Receipts Tax</u>			
11	Normalized sales revenues (Exhibit RAD-2, page 1, Line 1, Col. 3 - Col 4)	\$ 794,493		
12	Gross receipts tax @ 5.9%	46,875		
13	Gross receipts tax included in budget (Exhibit RAD-32, page 1)	<u>47,924</u>		
14	Adjustment for gross receipts tax at normalized revenue level (Line 12 - Line 13)		(1,049)	
15	Adjustment for payroll taxes on normalized payroll (Supporting Schedule No. 1, Line 8)		<u>40</u>	
16	Total normalizing adjustment (Lines 4 + 5 + 10 + 14 + 15)			<u>(1,602)</u>
17	Taxes other than income per budget for the 12 months ending 12/31/2016, as adjusted			\$ <u>50,565</u>

Pennsylvania Electric Company
 Supporting Schedule No.1 to Normalizing Adjustment No. 11
 \$000

Adjustment to Taxes Other Than Income to reflect changes in payroll taxes.

To determine the additional payroll tax expense associated with the increased O&M payroll expense reflected in Normalization Adjustment No. 5, Supporting Schedule No. 1.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Total payroll per budget for the 12 months ending 12/31/2016 (Normalization Adjustment No. 5, Schedule 1, Line 1, Col 2)	\$ 71,898
2	Total payroll tax included in budget (Exhibit RAD-32, page 1)	<u>2,566</u>
3	Effective payroll tax rate (Line 2 / Line 1)	3.569%
4	Total payroll as adjusted (Normalization Adjustment No. 5, Schedule 1, Line 15, Col. 2)	<u>74,220</u>
5	Payroll tax on normalized payroll (Line 3 X Line 4)	2,649
6	Total Company payroll tax adjustment (Line 5 - Line 2)	<u>83</u>
7	O&M Allocation percentage	48.08%
8	Adjustment for payroll tax (Line 6 x Line 7)	<u>\$ 40</u>

Pennsylvania Electric Company
Normalization Adjustment No. 12
\$000

Computation of Federal & State Income Taxes - Normalized (Col. 3 of Income Statement)

To adjust federal and state income taxes to reflect the revenue and expense levels shown on Exhibit RAD-2, Page 1, Column 3 - Budget as Adjusted.

Riders

Line No.	Description	Total Company Calculated Taxes (1)	Waverly Calculated Taxes (2)	Distribution Calculated Taxes (3)	Smart Meter Calculated Taxes (4)	Total Distribution Calculated Taxes (5) = (3) + (4)	PTC Calculated Taxes (6)	Universal Service Calculated Taxes (7)	Energy Efficiency Calculated Taxes (8)	DSS Calculated Taxes (9)	Solar Calculated Taxes (10)	NUG Charge Calculated Taxes (11)
1	Total operating revenue	\$ 844,118	\$ 2,319	\$ 361,970	\$ 20,127	\$ 382,097	\$ 339,216	\$ 29,829	\$ 23,423	\$ 29,868	\$ 3,749	\$ 33,619
2	Less: Total O&M Expense	\$ 529,428	\$ 710	\$ 106,464	\$ 15,155	\$ 121,619	\$ 326,502	\$ 25,696	\$ 21,496	\$ 28,747	\$ 4,759	\$ -
3	Depreciation - accrual	72,443	257	63,811	8,375	72,186	-	-	-	-	-	-
4	Average net salvage	14,812	86	14,726	-	14,726	-	-	-	-	-	-
5	Amortization & Accretion	50,467	369	17,480	-	17,480	(704)	2,818	562	(422)	(1,271)	31,635
6	Taxes other than income taxes	50,565	23	24,314	1,187	25,501	17,949	1,760	1,365	1,762	221	1,964
7	Total deductions	\$ 717,715	\$ 1,444	\$ 226,795	\$ 24,717	\$ 251,512	\$ 343,747	\$ 30,174	\$ 23,423	\$ 30,087	\$ 3,709	\$ 33,619
8	Net operating income before income taxes	\$ 126,403	\$ 875	\$ 135,174	\$ (4,590)	\$ 130,584	\$ (4,532)	\$ (345)	\$ -	\$ (219)	\$ 40	\$ -
9	Less: Interest Charges (A)	42,701	172	40,172	2,357	42,529	-	-	-	-	-	-
10	Net income before income taxes	\$ 83,702	\$ 703	\$ 95,002	\$ (6,947)	\$ 88,055	\$ (4,532)	\$ (345)	\$ -	\$ (219)	\$ 40	\$ -
Adjustments to taxable income:												
11	Book Average net salvage	\$ 14,812	\$ 86	\$ 14,726	\$ -	\$ 14,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Adj. of book depreciation to tax basis (B)	(53,227)	(310)	(30,213)	(22,705)	(52,917)	-	-	-	-	-	-
13	Adj. to amortization of legacy meters	14,028	-	14,028	-	14,028	-	-	-	-	-	-
14	Tax cost of removal/salvage	(13,143)	(78)	(13,065)	-	(13,065)	-	-	-	-	-	-
15	Adjust cash pension	7,820	43	7,777	-	7,777	-	-	-	-	-	-
16	Net adjustment	\$ (29,710)	\$ (259)	\$ (6,747)	\$ (22,705)	\$ (29,451)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Income subject to state income tax (Line 10 + Line 15)	\$ 53,992	\$ 445	\$ 88,255	\$ (29,652)	\$ 58,604	\$ (4,532)	\$ (345)	\$ -	\$ (219)	\$ 40	\$ -
Adjustments to state taxable income:												
18	Plus: Federal bonus depreciatin	\$ 113,133	\$ -	\$ 113,133	\$ -	\$ 113,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Less: Additional state depreciation	(15,396)	-	(15,396)	-	(15,396)	-	-	-	-	-	-
20	Net adjustment to state taxable income	\$ 97,737	\$ -	\$ 97,737	\$ -	\$ 97,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Income subject to state income tax (Line 17 + Line 20)	\$ 151,729	\$ 445	\$ 185,992	\$ (29,652)	\$ 156,341	\$ (4,532)	\$ (345)	\$ -	\$ (219)	\$ 40	\$ -
22	State income tax @ 9.99%	\$ 15,113	\$ -	\$ 18,581	\$ (2,962)	\$ 15,618	\$ (453)	\$ (34)	\$ -	\$ (22)	\$ 4	\$ -
23	Taxes as budgeted	5,700	-	5,700	-	5,700	-	-	-	-	-	-
24	Adjustment to state income tax	\$ 9,413	\$ -	\$ 12,881	\$ (2,962)	\$ 9,918	\$ (453)	\$ (34)	\$ -	\$ (22)	\$ 4	\$ -
25	Income subject to federal income tax	\$ 38,879	\$ 445	\$ 69,675	\$ (26,639)	\$ 42,985	\$ (4,079)	\$ (311)	\$ -	\$ (197)	\$ 36	\$ -
26	Federal income tax @ 35%	\$ 13,608	\$ 156	\$ 24,386	\$ (9,341)	\$ 15,045	\$ (1,428)	\$ (109)	\$ -	\$ (69)	\$ 13	\$ -
27	Total federal tax	\$ 13,608	\$ 156	\$ 24,386	\$ (9,341)	\$ 15,045	\$ (1,428)	\$ (109)	\$ -	\$ (69)	\$ 13	\$ -
28	Taxes as budgeted	(4,409)	-	(4,409)	-	(4,409)	-	-	-	-	-	-
29	Adjustment to federal income tax	\$ 18,017	\$ 156	\$ 28,795	\$ (9,341)	\$ 19,454	\$ (1,428)	\$ (109)	\$ -	\$ (69)	\$ 13	\$ -
(A) Computation of Interest charges:												
	Total rate base	\$ 1,620,770	\$ 6,526	\$ 1,524,786	\$ 89,458	\$ 1,614,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Debt ratio	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%
	Cost of debt	5.56%	5.56%	5.56%	5.55%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%
	Interest expense	\$ 42,701	\$ 172	\$ 40,172	\$ 2,357	\$ 42,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(B) Adjustment of book depreciation to tax basis:												
	Tax depreciation	\$ 125,670	\$ 567	\$ 94,023	\$ 31,080	\$ 125,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Book depreciation	72,443	257	63,811	8,375	72,186	-	-	-	-	-	-
	Depreciation adjustment	\$ 53,227	\$ 310	\$ 30,213	\$ 22,705	\$ 52,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalization Adjustment No. 12
 \$000

To adjust tax depreciation (1) to eliminate the cost of removal component and (2) to eliminate non-jurisdictional tax depreciation. Mr. T. J. Dolezal supports the non-jurisdictional allocation factor.

Line No.	Description	Amount		
		(1)	(2)	(3)
1	Tax depreciation expense per budget	\$ 171,077		
2	Cost of removal/salvage in tax depreciation	17,100	76.86%	\$ 13,143
3	Smart meter tax depreciation	31,080	100%	31,080
4	Waverly tax depreciation	<u>567</u>	100%	567
5	Distribution tax depreciation (Line 1 - 2 - 3 - 4)	<u>122,331</u>	<u>76.86%</u>	<u>94,023</u>
6	Total tax depreciation (excluding cost of removal/salvage)			<u>\$ 125,670</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 13
 \$000

Adjustment of Provision for Deferred Income Taxes

To adjust the provision for deferred income taxes (1) to reflect year-end plant balances for federal deferred income taxes, (2) to eliminate miscellaneous federal deferred taxes not associated with liberalized depreciation, and (3) to eliminate all state deferred income taxes associated with liberalized depreciation.

Line No.	Description	Provision for Deferred Taxes - Net	
		Federal (1)	State (2)
1	Deferred taxes per budget, 12 months ending 12/31/2016	\$ 51,091	\$ 9,106
2	Deferred taxes - liberalized depreciation (Exhibit RAD-41, page 19)	(4,145)	-
3	Less: Smart Meters deferred taxes	(7,689)	-
4	Distribution deferred taxes	(11,834)	-
5	Jurisdictional allocation factor	76.86%	76.86%
6	Jurisdictional deferred taxes - liberalized depreciation (Lines 4 x 5)	(9,096)	-
7	Plus: Smart Meter deferred taxes	7,689	-
8	Total deferred taxes	(1,407)	-
9	Adjustment to deferred tax expense (Lines 8 - 1)	(52,498)	(9,106)
10	Deferred tax expense per budget for the 12 months ending 12/31/2016, as adjusted	\$ (1,407)	\$ -

Pennsylvania Electric Company
 Normalization Adjustment No. 14
 \$000

Adjustment of Investment Tax Credit

To adjust investment tax credit to eliminate non-jurisdictional investment tax credit. Mr. T. J. Dolezal supports the non-jurisdictional allocation factor.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		<u>(1)</u>	<u>(2)</u>
1	Investment tax credit adjustments per budget, 12 months ending 12/31/2016	\$	(460)
2	Non-jurisdictional allocation factor	<u>23.14%</u>	
3	Adjustment to investment tax credit expense (Line 1 X Line 2)		<u>106</u>
4	Investment tax credit expense per budget for the 12 months ending 12/31/2016, as adjusted	\$	<u>(354)</u>

PENNSYLVANIA ELECTRIC COMPANY
 Rate Base At Original Cost
 Normalized To Year-End Conditions at December 31, 2015
 (\$000)

Line No.	Description	Per Books (1)	Adjustments and Normalizations (2)	Adj No.	Total (3)	New York Jurisdictional (4)	PA Jurisdictional Normalized Rate Base		
							Distribution (5)	Smart Meter (6)	PA Jurisdictional Total (7) = (5) + (6)
Electric Plant:									
1	Plant in service	\$ 3,216,726	\$ (643,036)	1	\$ 2,573,691	\$ 15,002	\$ 2,424,041	\$ 134,648	\$ 2,558,689
2	Plant held for future use	478	(478)	2	-	-	-	-	-
3	Construction work in progress - pollution control and safety	-	-	-	-	-	-	-	-
4	Total electric plant	\$ 3,217,204	\$ (643,514)		\$ 2,573,691	\$ 15,002	\$ 2,424,041	\$ 134,648	\$ 2,558,689
Depreciation & Amortization Reserve:									
5	Plant in service	\$ 1,086,656	\$ (248,579)	3	\$ 838,078	\$ 4,890	\$ 811,588	\$ 21,600	\$ 833,188
6	Plant held for future use	-	-	-	-	-	-	-	-
7	Total depreciation & amortization reserve	\$ 1,086,656	\$ (248,579)		\$ 838,078	\$ 4,890	\$ 811,588	\$ 21,600	\$ 833,188
8	Net Electric Plant	\$ 2,130,548	\$ (394,935)		\$ 1,735,613	\$ 10,112	\$ 1,612,453	\$ 113,048	\$ 1,725,501
Additions:									
9	Cash working capital	\$ -	\$ 177,979	4	\$ 177,979	\$ -	\$ 177,979	\$ -	\$ 177,979
10	M&S inventories	-	16,319	5	16,319	95	16,224	-	16,224
11	Legacy meters	-	57,500	6	57,500	-	57,500	-	57,500
12	Deferred storm damage	-	11,359	7	11,359	-	11,359	-	11,359
13	Total additions	\$ -	\$ 263,157		\$ 263,157	\$ 95	\$ 263,062	\$ -	\$ 263,062
Deductions:									
14	Customer deposits	\$ 22,766	\$ -		\$ 22,766	\$ 14	\$ 22,752	\$ -	\$ 22,752
15	Customer advances for construction	-	-		-	-	-	-	-
16	Accum. Deferred income taxes - Liberalized depreciation	665,908	(200,080)	8	465,828	2,711	439,527	23,590	463,117
17	Operating reserves (net of taxes)	2,903	(672)	9	2,231	13	2,218	-	2,218
18	Total deductions	\$ 691,577	\$ (200,752)		\$ 490,825	\$ 2,738	\$ 464,497	\$ 23,590	\$ 488,087
19	Total Rate Base	\$ 1,438,971	\$ 68,973		\$ 1,507,944	\$ 7,469	\$ 1,411,017	\$ 89,458	\$ 1,500,475
20	Pro forma return at present rates (PA Distribution)	\$ 83,151	Dollars						
21		5.54%	Percent						
22	Pro forma return at proposed rates (PA Distribution)	\$ 128,717	Dollars						
23		8.58%	Percent						

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 1
 (\$000)

Adjustment of Electric Plant in Service

To adjust the budgeted gross plant in service to: (1) eliminate the Asset Retirement Costs ("ARC"); (2) remove FERC transmission plant; and (3) reflect an increase in LED streetlighting. An ARC increases the carrying amount of a long-lived asset when a liability for an asset retirement obligation ("ARO") is recognized. The ARC is depreciated over the life of the asset. The ARC and related reserve are excluded from Rate Base, while the associated depreciation expense is excluded from the Income Statement. This treatment is in accordance with 18 CFR Chapter 1 § 35.18 Asset retirement obligations.

Line No.	Description	Adjustments (1)	Plant in Service (2)	Cross Reference (3)
1	Budgeted Plant in Service at 12/31/2015		\$ 3,216,726	Penelec Exhibit RAD-48, Attach. B, p. 1
	Normalizing adjustments:			
2	Eliminate ARC	\$ (16,038)		Penelec Exhibit RAD-48, Attach. B, p. 1
3	Remove FERC Transmission Plant	(590,861)		Penelec Exhibit RAD-48, Attach. B, p. 1
4	Remove allocated portion of Intangible Plant associated with FERC Transmission Plant	(9,616)		Penelec Exhibit RAD-48, Attach. B, p. 1
5	Remove allocated portion of General Plant associated with FERC Transmission Plant	(36,090)		Penelec Exhibit RAD-48, Attach. B, p. 1
6	Add LED Streetlighting	<u>9,569</u>		Penelec Exhibit RAD-48, Attach. B, p. 1
7	Normalization adjustment		<u>(643,036)</u>	Penelec Exhibit RAD-48, Attach. B, p. 1
8	Plant in Service at 12/31/2015, as adjusted		<u>\$ 2,573,691</u>	Penelec Exhibit RAD-48, Attach. B, p. 1

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 2
(\$000)

Adjustment of Plant Held for Future Use

To adjust Plant Held for Future Use. As an alternative to rate base treatment, the Company is requesting the allowance of deferred carrying charges on any current or future investments in Plant Held for Future Use with definitive plans of utilization within a ten-year period. This is consistent with long standing Commission policy.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	Per books Plant Held for Future Use at 12/31/2015	\$ 478
	Normalizing adjustment:	
2	Eliminate Plant Held for Future Use	<u>(478)</u>
3	Plant Held for Future Use at 12/31/2015, as adjusted	<u>\$ -</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 3
 (\$000)

Adjustment of Depreciation Reserves - Plant In Service

To adjust the budgeted plant in service depreciation reserves to: (1) eliminate the Asset Retirement Costs ("ARC"); and (2) remove FERC transmission plant. An ARC increases the carrying amount of a long-lived asset when a liability for an asset retirement obligation ("ARO") is recognized. The ARC is depreciated over the life of the asset. The ARC and related reserve are excluded from Rate Base, while the associated depreciation expense is excluded from the Income Statement. This treatment is in accordance with 18 CFR Chapter 1 § 35.18 Asset retirement obligations.

Line No.	Description	Depreciation Reserves		Cross Reference
		Adjustments (1)	Plant in Service (2)	
1	Plant in Service depreciation reserves at 12/31/2015		\$ 1,086,656	Penelec Exhibit RAD-48, Attach. B, p. 2
<u>Normalizing adjustments:</u>				
2	Eliminate ARC	\$ (15,911)		Penelec Exhibit RAD-48, Attach. B, p. 2
3	Remove FERC Transmission Plant	(202,358)		Penelec Exhibit RAD-48, Attach. B, p. 2
4	Remove allocated portion of Intangible Plant associated with FERC Transmission Plant	(6,732)		Penelec Exhibit RAD-48, Attach. B, p. 2
5	Remove allocated portion of General Plant associated with FERC Transmission Plant	<u>(23,578)</u>		Penelec Exhibit RAD-48, Attach. B, p. 2
6	Normalization Adjustment		<u>(248,579)</u>	
7	Plant in Service depreciation reserves at 12/31/2015, as adjusted		<u>\$ 838,078</u>	Penelec Exhibit RAD-48, Attach. B, p. 2

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 4
 (\$000)

Adjustment of Cash Working Capital

To recognize cash working capital at year-end level. This adjustment is supported by Mr. J. L. Adams.

Line No.	Description	Cash Working Capital	
		(1)	(2)
1	Cash working capital per books at 12/31/2015		\$ -
	<u>Normalizing adjustment:</u>		
2	Cash working capital normalized to year-end (Exhibit JLA-1)	\$ 177,979	
3	Cash working capital per books	<u>-</u>	
4	Normalization Adjustment		<u>177,979</u>
5	Cash working capital at 12/31/2015, as adjusted		<u>\$ 177,979</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 5
 (\$000)

Adjustment of Material and Supplies Inventories

To recognize the Company's distribution portion of FE Service material and services ("M&S") inventory levels projected at 12/31/2015.

Line No.	Description	M&S Inventories	
		(1)	(2)
1	M&S Inventory per books at 12/31/2015		\$ -
	<u>Normalizing adjustment:</u>		
2	Distribution component of projected FE Service M&S Inventory allocated to Penelec at 12/31/2015 (Exhibit RAD-13)	\$ 16,319	
3	M&S Inventory per books at 12/31/2015	<u>-</u>	
4	Normalization adjustment		<u>16,319</u>
5	M&S inventory at 12/31/2015, as adjusted		<u>\$ 16,319</u>

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 6
(\$000)

Adjustment to Include Legacy Meters in Regulatory Asset

To include legacy meters in a regulatory asset as ordered in the Final Order on the Smart Meter Deployment Plan at Docket No. M-2013-2341993.

Line No.	Description	Legacy Meters	
		(1)	(2)
1	Net legacy meters in regulatory asset		\$ -
2	Legacy meters regulatory asset account	<u>\$ 57,500</u>	
3	Normalization adjustment (Line 2)		<u>57,500</u>
4	Net legacy meters in regulatory asset as adjusted at 12/31/2015		<u>\$ 57,500</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 7
 (\$000)

Adjustment of Deferred Storm Damage Expenses

To include in rate base (1) the deferred storm damage balances for distribution non-capital storm expenses that exceeded 125% of storm costs included in base rates between the period of February 25, 2011 through September 30, 2012 as a result of the FirstEnergy and Allegheny Merger approved at Docket Nos. A-2010-2176520 and A-2010-2176732, including but not limited to Hurricane Irene, the October 2011 snowstorm, and Tropical Storm Lee; and (2) the balance of the storm reserve, approved at Docket No. R-2014-2428743.

Line No.	Description	Storms	
		(1)	(2)
1	Unamortized storm damage deferral expense per books at 12/31/2015		\$ -
2	Merger storm damage deferral	\$ 11,103	
3	Storm reserve balance	<u>256</u>	
4	Normalization adjustment		<u>11,359</u>
5	Unamortized storm damage deferral expense at 12/31/2015, as adjusted		<u>\$ 11,359</u>

PENNSYLVANIA ELECTRIC COMPANY
 Normalization Adjustment No. 8
 (\$000)

Adjustment of Accumulated Deferred Income Taxes - Liberalized Depreciation

To adjust the budgeted deferred tax balances for liberalized depreciation (excluding the impact of SFAS No. 109 deferrals) to: (1) eliminate the deferred income taxes - liberalized depreciation balances associated with TMI-2; (2) eliminate other excludable items (capital leases and ground leases); (3) eliminate deferred income taxes - liberalized depreciation associated with Mid-Atlantic Interstate Transmission ("MAIT"); and (4) eliminate remaining state deferred taxes - liberalized depreciation balances including the federal benefit of those taxes.

<u>Line No.</u>	<u>Description</u>	<u>Accumulated Reserve for</u> <u>Deferred Taxes -</u>	
		<u>Adjustments</u>	<u>Liberalized Depreciation</u>
		(1)	(2)
1	Deferred taxes per books - liberalized depreciation at 12/31/2015		\$ 665,908
	<u>Normalizing adjustments:</u>		
2	Eliminate deferred income taxes - liberalized depreciation associated with TMI-2 (federal and state)	\$ 1,221	
3	Eliminate federal deferred income taxes - liberalized depreciation for other excludable items (capital leases)	(30,785)	
4	Adjustment to federal deferred income taxes - liberalized depreciation for MAIT ground leases	-	
5	Eliminate remaining state deferred taxes - liberalized depreciation including the federal benefit of those taxes	(30,271)	
6	Eliminate an allocated portion of the remaining federal deferred income taxes - liberalized depreciation associated with FERC Transmission Plant	<u>(140,245)</u>	
7	Normalization Adjustment		<u>(200,080)</u>
8	Deferred taxes - liberalized depreciation at 12/31/2015, as adjusted		\$ <u>465,828</u>

PENNSYLVANIA ELECTRIC COMPANY
Normalization Adjustment No. 9
(\$000)

Adjustment of Operating Reserves

To adjust operating reserves (net of accumulated deferred income taxes) to eliminate an allocated portion associated with FERC Transmission operations.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Operating reserves, net of taxes, per books at 12/31/2015	\$ 2,903
	<u>Normalizing adjustment:</u>	
2	Eliminate portion of operating reserves associated with FERC Transmission operations	<u>(672)</u>
3	Operating reserves, net of taxes, at 12/31/2015, as adjusted	<u>\$ 2,231</u>

PENNSYLVANIA ELECTRIC COMPANY
 Rate of Return at December 31, 2015
 (\$000)

Line No.	Description	Exhibit JD-24 Capital Amounts (1)	Capital Ratios (2)	Cost Rate (3)	Weighted Cost Rate (4) = (2) X (3)
1	Total long-term debt	\$ 1,123,939	47.40%	5.56%	2.64%
2	Total preferred stock	-	0.00%	0.00%	0.00%
3	Total Common Equity	<u>1,245,464</u>	<u>52.60%</u>	11.30%	<u>5.94%</u>
4	Total Capitalization	<u>\$ 2,369,403</u>	<u>100.00%</u>		<u>8.58%</u>

Pennsylvania Electric Company
Statement of Operating Income, 12 Months ended December 31, 2015, Normalized and Adjusted
to Reflect Revenue Necessary to Achieve Allowable Return
 (\$000)

Normalized PaPUC Jurisdictional															
Line No.	Description	Per Books (1)	Normalizations & Adjustments (2)	Adj. No. (3)=(1)+(2)	Per Books as Adjusted (4)	New York Jurisdictional (5)	PaPUC								
							Distribution (6)	Smart Meters (7) = (5) + (6)	Price to Compare (8)	Universal Service (9)	Energy Efficiency (10)	Default Service Support (11)	Solar (12)	NUG (13)	
Operating revenues															
1	Retail sales	\$ 763,241	\$ 27,683	1	\$ 790,924	\$ 6,078	\$ 360,163	\$ 20,127	\$ 380,290	\$ 304,566	\$ 20,917	\$ 19,767	\$ 28,003	\$ 2,917	\$ 28,385
2	STAS revenue	(838)	838	2	-	-	-	-	-	-	-	-	-	-	-
3	DSIC revenue	-	-	3	-	-	-	-	-	-	-	-	-	-	-
4	Sales for resale	35,146	-	-	35,146	-	-	-	34,776	-	370	-	-	-	-
5	Other operating revenue	64,224	(53,682)	4	10,542	62	10,841	-	10,841	(362)	-	-	-	-	-
6	Total operating revenue	\$ 861,773	\$ (25,161)		\$ 836,612	\$ 6,140	\$ 371,005	\$ 20,127	\$ 391,132	\$ 338,981	\$ 20,917	\$ 20,137	\$ 28,003	\$ 2,917	\$ 28,385
Operating expenses															
7	Price To Compare	\$ 330,266	\$ -	-	\$ 330,266	\$ 5	\$ -	\$ -	\$ -	\$ 316,804	\$ -	\$ -	\$ 10,447	\$ 3,011	\$ -
8	Distribution	78,384	26,646	5	105,010	580	95,335	-	95,335	125	-	-	8,970	-	-
9	Customer accounts	28,658	1,299	6	29,957	334	24,327	-	24,327	-	-	-	5,296	-	-
10	Customer service & info	36,037	92	7	36,129	75	13,151	-	13,151	-	22,721	-	182	-	-
11	Admin & gen expense	57,647	(29,062)	8	28,585	155	(559)	11,651	11,092	-	-	17,338	-	-	-
12	Depreciation - accrual	76,435	4,936	9	81,371	354	76,694	4,322	81,017	-	-	-	-	-	-
13	Amortization & Accretion	30,698	10,147	10	40,845	540	15,874	(873)	15,001	(776)	(2,722)	1,625	782	(277)	26,673
14	Taxes other than income	50,447	1,864	11	52,311	50	27,293	1,187	28,481	17,824	1,270	1,174	1,632	168	1,712
15	Operating expense before tax	\$ 688,552	\$ 15,922		\$ 704,474	\$ 2,092	\$ 252,115	\$ 16,288	\$ 268,404	\$ 333,977	\$ 21,269	\$ 20,137	\$ 27,309	\$ 2,902	\$ 28,385
16	Operating income before income tax	\$ 173,221	\$ (41,084)		\$ 132,137	\$ 4,048	\$ 118,889	\$ 3,839	\$ 122,728	\$ 5,004	\$ (352)	\$ -	\$ 695	\$ 15	\$ -
Income taxes															
17	Federal income tax - current	\$ 33,319	\$ (14,462)	12	\$ 18,857	\$ 1,347	\$ 17,849	\$ (2,027)	\$ 15,821	\$ 1,576	\$ (111)	\$ -	\$ 219	\$ 5	\$ -
18	State income tax - current	11,146	1,008	12	12,154	-	12,261	(643)	11,618	500	(35)	-	69	1	-
19	Deferred income tax - federal	(47,064)	71,778	13	24,714	-	21,469	3,245	24,714	-	-	-	-	-	-
20	Deferred income tax - state	49,785	(49,785)	13	-	-	-	-	-	-	-	-	-	-	-
21	Investment tax credit	(460)	106	14	(354)	(2)	(352)	-	(352)	-	-	-	-	-	-
22	Total tax expense	\$ 46,726	\$ 8,645		\$ 55,371	\$ 1,345	\$ 51,227	\$ 575	\$ 51,802	\$ 2,076	\$ (146)	\$ -	\$ 288	\$ 6	\$ -
23	Total operating expenses	\$ 735,278	\$ 24,567		\$ 759,845	\$ 3,437	\$ 303,342	\$ 16,863	\$ 320,205	\$ 336,054	\$ 21,123	\$ 20,137	\$ 27,597	\$ 2,908	\$ 28,385
24	Operating Income	\$ 126,495	\$ (49,729)		\$ 76,766	\$ 2,703	\$ 67,663	\$ 3,264	\$ 70,926	\$ 2,927	\$ (206)	\$ -	\$ 406	\$ 9	\$ 0

Pennsylvania Electric Company
 Statement of Operating Income, 12 Months ended December 31, 2015, Normalized and Adjusted
 to Reflect Revenue Necessary to Achieve Allowable Return
 (\$000)

Line No.	Description	Distribution (14)	Smart Meter (15)	PaPUC Total Distribution (16) = (14) + (15)	Riders					
					Price to Compare (17)	Universal Service (18)	Energy Efficiency (19)	Default Service Support (20)	Solar (21)	NUG (22)
<u>Operating revenues</u>										
1	Retail sales	\$ 96,958	\$ 8,011	\$ 104,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	STAS revenue	-	-	-	-	-	-	-	-	-
3	DSIC revenue	-	-	-	-	-	-	-	-	-
4	Sales for resale	-	-	-	-	-	-	-	-	-
5	Other operating revenue	-	-	-	-	-	-	-	-	-
6	Total operating revenue	\$ 96,958	\$ 8,011	\$ 104,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Operating expenses</u>										
7	Price To Compare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Distribution	-	-	-	-	-	-	-	-	-
9	Customer accounts	-	-	-	-	-	-	-	-	-
10	Customer service & info	-	-	-	-	-	-	-	-	-
11	Admin & gen expense	-	-	-	-	-	-	-	-	-
12	Depreciation - accrual	-	-	-	-	-	-	-	-	-
13	Amortization	-	-	-	-	-	-	-	-	-
14	Taxes other than income	5,721	473	6,193	-	-	-	-	-	-
15	Operating expense before tax	\$ 5,721	\$ 473	\$ 6,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Operating income before income tax	\$ 91,238	\$ 7,538	\$ 98,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Income taxes</u>										
17	Federal income tax - current	\$ 28,743	\$ 2,375	\$ 31,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	State income tax - current	9,115	753	9,868	-	-	-	-	-	-
19	Deferred income tax - federal	-	-	-	-	-	-	-	-	-
20	Deferred income tax - state	-	-	-	-	-	-	-	-	-
21	Investment tax credit	-	-	-	-	-	-	-	-	-
22	Total tax expense	\$ 37,858	\$ 3,128	\$ 40,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Total operating expenses	\$ 43,578	\$ 3,600	\$ 47,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Operating Income	\$ 53,380	\$ 4,410	\$ 57,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pennsylvania Electric Company
Statement of Operating Income, 12 Months ended December 31, 2015, Normalized and Adjusted
to Reflect Revenue Necessary to Achieve Allowable Return
 (\$000)

Line No.	Description	PaPUC			Riders					
		Distribution (23) = (5) + (14)	Smart Meter (24) = (6) + (15)	Total Distribution (25) = (23) + (24)	Price to Compare (26) = (8) + (17)	Universal Service (27) = (9) + (18)	Energy Efficiency (28) = (10) + (19)	Default Service Support (29) = (11) + (20)	Solar (30) = (12) + (21)	NUG (31) = (13) + (22)
Operating revenues										
1	Retail sales	\$ 457,121	\$ 28,138	\$ 485,259	\$ 304,566	\$ 20,917	\$ 19,767	\$ 28,003	\$ 2,917	\$ 28,385
2	STAS revenue	-	-	-	-	-	-	-	-	-
3	DSIC revenue	-	-	-	-	-	-	-	-	-
4	Sales for resale	-	-	-	34,776	-	370	-	-	-
5	Other operating revenue	10,841	-	10,841	(362)	-	-	-	-	-
6	Total operating revenue	\$ 467,963	\$ 28,138	\$ 496,100	\$ 338,981	\$ 20,917	\$ 20,137	\$ 28,003	\$ 2,917	\$ 28,385
Operating expenses										
7	Price to Compare	\$ -	\$ -	\$ -	\$ 316,804	\$ -	\$ -	\$ 10,447	\$ 3,011	\$ -
8	Distribution	95,335	-	95,335	125	-	-	8,970	-	-
9	Customer accounts	24,327	-	24,327	-	-	-	5,296	-	-
10	Customer service & info	13,151	-	13,151	-	22,721	-	182	-	-
11	Admin & gen expense	(559)	11,651	11,092	-	-	17,338	-	-	-
12	Depreciation - accrual	76,694	4,322	81,017	-	-	-	-	-	-
13	Amortization	15,874	(873)	15,001	(776)	(2,722)	1,625	782	(277)	26,673
14	Taxes other than income	33,014	1,660	34,674	17,824	1,270	1,174	1,632	168	1,712
15	Operating expense before tax	\$ 257,836	\$ 16,761	\$ 274,597	\$ 333,977	\$ 21,269	\$ 20,137	\$ 27,309	\$ 2,902	\$ 28,385
16	Operating income before tax	\$ 210,127	\$ 11,377	\$ 221,504	\$ 5,004	\$ (352)	\$ -	\$ 695	\$ 15	\$ 0
Income taxes										
17	Federal income tax - current	\$ 46,592	\$ 347	\$ 46,939	\$ 1,576	\$ (111)	\$ -	\$ 219	\$ 5	\$ -
18	State income tax - current	21,376	110	21,486	500	(35)	-	69	1	-
19	Deferred income tax - federal	21,469	3,245	24,714	-	-	-	-	-	-
20	Deferred income tax - state	-	-	-	-	-	-	-	-	-
21	Investment tax credit	(352)	-	(352)	-	-	-	-	-	-
22	Total tax expense	\$ 89,084	\$ 3,703	\$ 92,787	\$ 2,076	\$ (146)	\$ -	\$ 288	\$ 6	\$ -
23	Total operating expenses	\$ 346,920	\$ 20,464	\$ 367,384	\$ 336,054	\$ 21,123	\$ 20,137	\$ 27,597	\$ 2,908	\$ 28,385
24	Operating Income	\$ 121,043	\$ 7,674	\$ 128,717	\$ 2,927	\$ (206)	\$ 0	\$ 406	\$ 9	\$ 0
25	Rate Base	\$ 1,411,017	\$ 89,458	\$ 1,500,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Rate of Return overall	8.58%	8.58%	8.58%						
27	Return on Equity	11.30%	11.30%	11.30%						

Pennsylvania Electric Company
Summary of Revenue Requirements
Distribution
 \$000

<u>Line No.</u>	<u>Description</u>	<u>Budget as Adjusted</u>	<u>Revenue Adjustment Required</u>	<u>Allowable Revenue</u>
		(1)	(2)	(3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 360,163	\$ 96,958	\$ 457,121
2	STAS revenue	-	-	-
3	DSIC revenue	-	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	10,841	-	10,841
6	Total operating revenue	\$ 371,005	\$ 96,958	\$ 467,963
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	95,335	-	95,335
9	Customer accounts	24,327	-	24,327
10	Customer service & info	13,151	-	13,151
11	Admin & gen expense	(559)	-	(559)
12	Depreciation - accrual	76,694	-	76,694
13	Amortization	15,874	-	15,874
14	Taxes other than income	27,293	5,721	33,014
15	Operating expense before tax	\$ 252,115	\$ 5,721	\$ 257,836
16	Operating income before tax	\$ 118,889	\$ 91,238	\$ 210,127
	<u>Income taxes</u>			
17	Federal income tax - current	\$ 17,849	\$ 28,743	\$ 46,592
18	State income tax - current	12,261	9,115	21,376
19	Deferred income tax - federal	21,469	-	21,469
20	Deferred income tax - state	-	-	-
21	Investment tax credit	(352)	-	(352)
22	Total tax expense	\$ 51,227	\$ 37,858	\$ 89,084
23	Total operating expenses	\$ 303,342	\$ 43,578	\$ 346,920
24	Operating Income	\$ 67,663	\$ 53,380	\$ 121,043
25	Rate Base	\$ 1,411,017		\$ 1,411,017
26	Rate of Return overall	4.80%		8.58%
27	Return on Equity	4.11%		11.30%

**Pennsylvania Electric Company
 Summary of Revenue Requirements
 Smart Meter Technologies
 \$000**

<u>Line No.</u>	<u>Description</u>	<u>Budget as Adjusted</u> (1)	<u>Revenue Adjustment Required</u> (2)	<u>Allowable Revenue</u> (3)
<u>Operating revenues</u>				
1	Retail sales	\$ 20,127	\$ 8,011	\$ 28,138
2	STAS revenue	-	-	-
3	DSIC revenue	-	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	-	-	-
6	Total operating revenue	<u>\$ 20,127</u>	<u>\$ 8,011</u>	<u>\$ 28,138</u>
<u>Operating expenses</u>				
7	PTC	\$ -	\$ -	\$ -
8	Distribution	-	-	-
9	Customer accounts	-	-	-
10	Customer service & info	-	-	-
11	Admin & gen expense	11,651	-	11,651
12	Depreciation - accrual	4,322	-	4,322
13	Amortization	(873)	-	(873)
14	Taxes other than income	1,187	473	1,660
15	Operating expense before tax	<u>\$ 16,288</u>	<u>\$ 473</u>	<u>\$ 16,761</u>
16	Operating income before tax	\$ 3,839	\$ 7,538	\$ 11,377
<u>Income taxes</u>				
17	Federal income tax - current	\$ (2,027)	\$ 2,375	\$ 347
18	State income tax - current	(643)	753	110
19	Deferred income tax - federal	3,245	-	3,245
20	Deferred income tax - state	-	-	-
21	Investment tax credit	-	-	-
22	Total tax expense	<u>\$ 575</u>	<u>\$ 3,128</u>	<u>\$ 3,703</u>
23	Total operating expenses	\$ 16,863	\$ 3,600	\$ 20,464
24	Operating Income	\$ 3,264		\$ 7,674
25	Rate Base	\$ 89,458		\$ 89,458
26	Rate of Return overall	3.65%		8.58%
27	Return on Equity	1.93%		11.30%

Pennsylvania Electric Company
Summary of Revenue Requirements
Total Distribution
 \$000

<u>Line No.</u>	<u>Description</u>	<u>Budget as Adjusted</u>	<u>Revenue Adjustment Required</u>	<u>Allowable Revenue</u>
		(1)	(2)	(3)
	<u>Operating revenues</u>			
1	Retail sales	\$ 380,290	\$ 104,969	\$ 485,259
2	STAS revenue	-	-	-
3	DSIC revenue	-	-	-
4	Sales for resale	-	-	-
5	Other operating revenue	10,841	-	10,841
6	Total operating revenue	\$ 391,132	\$ 104,969	\$ 496,100
	<u>Operating expenses</u>			
7	PTC	\$ -	\$ -	\$ -
8	Distribution	95,335	-	95,335
9	Customer accounts	24,327	-	24,327
10	Customer service & info	13,151	-	13,151
11	Admin & gen expense	11,092	-	11,092
12	Depreciation - accrual	81,017	-	81,017
13	Amortization	15,001	-	15,001
14	Taxes other than income	28,481	6,193	34,674
15	Operating expense before tax	\$ 268,404	\$ 6,193	\$ 274,597
16	Operating income before tax	\$ 122,728	\$ 98,775	\$ 221,504
	<u>Income taxes</u>			
17	Federal income tax - current	\$ 15,821	\$ 31,118	\$ 46,939
18	State income tax - current	11,618	9,868	21,486
19	Deferred income tax - federal	24,714	-	24,714
20	Deferred income tax - state	-	-	-
21	Investment tax credit	(352)	-	(352)
22	Total tax expense	\$ 51,802	\$ 40,985	\$ 92,787
23	Total operating expenses	\$ 320,205	\$ 47,179	\$ 367,384
24	Operating Income	\$ 70,926	\$ 57,790	\$ 128,717
25	Rate Base	\$ 1,500,475		\$ 1,500,475
26	Rate of Return overall	4.73%		8.58%
27	Return on Equity	4.11%		11.30%

Pennsylvania Electric Company
 Normalization Adjustment No. 1
 \$000

Adjustment of Base Operating Revenues

To adjust base operating revenues (1) for changes in number of customers, (2) to roll in State Tax Adjustment Surcharge (STAS) revenues into base rates, (3) to roll in Distribution System Improvement Charge (DSIC) revenues into base rates, (4) for Energy Efficiency and Behind the Meter generation, (5) to eliminate Smart Meter Rider revenues, (6) for other revenue, and (7) to eliminate unbilled revenues. Adjustments (1) through (6) are supported by Mr. K. M. Siedt. The adjustment for unbilled revenues is supported by Mr. R. A. D'Angelo.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Base revenues per books for the 12 months ended 12/31/15		\$ 763,241
	<u>Normalizing adjustments:</u>		
2	Customers - increase to year end level	\$ 1,606	
	<u>Specific adjustments</u>		
3	Roll-in of STAS	(838)	
4	Roll-in of DSIC Revenues	-	
5	Energy Efficiency/Behind the meter	(20,097)	
6	Eliminate Smart Meter rider revenues	-	
7	Other revenue adjustment	(400)	
8	Annualize rate increase effective May 2015	41,846	
9	Eliminate unbilled revenues	5,565	
10	Total (Lines 3 + 4 + 5 + 6 + 7 + 8 + 9)	\$ 26,077	
11	Normalizing adjustment (Lines 2 + 10)		<u>27,683</u>
12	Base revenues per books for the 12 months ended 12/31/15, as adjusted		<u>\$ 790,924</u>

Pennsylvania Electric Company
Normalization Adjustment No. 2
\$000

Adjustment of State Tax Adjustment Surcharge Revenues

To remove state tax adjustment surcharge ("STAS") revenues. Normalized STAS revenues are being rolled into base rates.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	STAS revenue per books for the 12 months ended 12/31/2015	\$ (838)
2	Eliminate per books STAS	<u>838</u>
3	Other operating revenue per books for the 12 months ended 12/31/2015, as adjusted	<u>\$ -</u>

Pennsylvania Electric Company
Normalization Adjustment No. 3
\$000

Adjustment of Distribution System Improvement Charge Revenues

To remove Distribution System Improvement Charge ("DSIC") revenues. Normalized DSIC revenues are being rolled into base rates.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
		(1)
1	DSIC revenue per books for the 12 months ended 12/31/2015	\$ -
2	Eliminate per books DSIC	<u>-</u>
3	Other operating revenue per books for the 12 months ended 12/31/2015, as adjusted	<u>\$ -</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 4
 \$000

Adjustment of Other Operating Revenues

To adjust other operating revenues to: (1) adjust late payment charges; and (2) eliminate non-jurisdictional transmission revenues. The adjustment to late payment charges is supported by Mr. K. M. Siedt.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Other operating revenue per books for the 12 months ended 12/31/2015		\$ 64,224
2	Late payment charges	\$ 3,414	
3	Late payment charges per books	<u>(3,414)</u>	
4	Adjustment to late payment charges (Line 2 - Line 3)	-	
5	Eliminate non-jurisdictional transmission revenues	<u>\$ (53,682)</u>	
6	Total normalizing adjustment (Lines 4 + 5)		<u>(53,682)</u>
7	Other operating revenue per books for the 12 months ended 12/31/2015, as adjusted		<u>\$ 10,542</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 5
 \$000

Adjustment of Distribution Expense

To adjust distribution expense (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to eliminate non-jurisdictional transmission expense, and (4) to include the jurisdictional portion of the amortization of gains and losses on reacquired debt; and (5) to include costs associated with contractor safety requests. Mr. T. J. Dolezal supports the jurisdictional allocation factor.

Line No.	Description	Amount	
		(1)	(2)
1	Distribution expense per books for the 12 months ended 12/31/2015		\$ 78,364
2	Distribution payroll expense adjustment to reflect year end employee levels, and ongoing wage and salary rates (Supporting Schedule No. 1, Line 20, Col. 2)	\$ 499	
3	Service Company Distribution payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Supporting Schedule No. 1, Line 33, Col. 2)	112	
4	Eliminate non-jurisdictional transmission expense	25,848	
5	Amortization of (gain) or loss on reacquired debt	79	
6	Allocation ratio based on distribution plant	<u>76.86%</u>	
7	Distribution portion of (gain) or loss	61	
8	Increase in distribution expenses for contractor safety requests (Exhibit RAD-68)	<u>127</u>	
9	Total normalizing adjustment (Lines 2 + 3 + 4 + 7 + 8)		<u>26,646</u>
10	Distribution expense per books for the 12 months ended 12/31/2015, as adjusted		<u>\$ 105,010</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 5
 (\$000)

Adjustment to Payroll Expense to Reflect Year End Employee Levels and Wage Rates

To determine the additional payroll expense associated with (1) year end 2015 and 2016 bargaining and non-bargaining wage rates and employee levels; (2) Service Company 2015 year end and 2016 wage rates and employee levels; and (3) to allocate the additional payroll expense to individual components. Mr. J. T. Dolezal supports the labor allocation factors.

Line No.	Description	Amount	
		(1)	(2)
1	Total company payroll per books for the 12 months ended 12/31/15 (Exhibit RAD-27)		\$ 70,667
	<u>Bargaining</u>		
	IBEW 459		
2	Straight time per books for January 1, 2015 through April 30, 2015	\$ 8,816	
3	Straight time 3% increase effective May 1, 2015 (Line 2 X 3%)	264	
4	Total payroll for the 12 months ended 12/31/15 as adjusted	27,349	
5	Straight time 3% increase effective May 1, 2016 (Line 4 X 3%)	820	
	UWUA 180		
6	Straight time per books for January 1, 2015 through August 31, 2015	5,451	
7	Straight time 2.5% increase effective September 1, 2015 (Line 6 X 3%)	136	
8	Total payroll for the 12 months ended 12/31/15 as adjusted	8,364	
9	Straight time 2.5% increase effective May 1, 2016 (Line 8 X 3%)	209	
	<u>Non-Bargaining</u>		
10	Straight time per books for January 1, 2015 through February 28, 2015	3,465	
11	Straight time 3% increase effective March 1, 2015 (Line 10 X 3%)	104	
12	Total payroll for the 12 months ended 12/31/2015 as adjusted	21,497	
13	Straight time 3% increase effective March 1, 2016 (Line 12 X 3%)	645	
14	Total company payroll adjustment (Lines 3 + 5 + 7 + 9 + 11 + 13)		2,179
15	Total company payroll as adjusted		\$ 72,846
16	O&M allocation percentage		37.87%
17	O&M payroll adjustment (Line 14 X Line 16)		\$ 825
	<u>Allocation of payroll adjustment:</u>		
18	PTC	0.00%	\$ -
19	Transmission	6.57%	54
20	Distribution	60.43%	499
21	Customer accounts	17.76%	147
22	Customer service	11.11%	92
23	Administrative and general	4.13%	34
24	Total	100.00%	\$ 825
	<u>Service Company</u>		
25	Straight time per books for January 1, 2015 through February 28, 2015	\$ 3,089	
26	Straight time 3% increase effective March 1, 2015 (Line 25 X 3%)	93	
27	Total Service Co payroll for the 12 months ended 12/31/15 as adjusted	18,823	
28	Straight time 3% increase effective March 1, 2016 (Line 27 X 3%)	565	
29	Total Service Co payroll adjustment (Lines 26 + 28)		\$ 657
30	<u>Allocation of Service Company payroll</u>		
31	PTC	0.00%	\$ -
32	Transmission	9.53%	63
33	Distribution	17.00%	112
34	Customer accounting and information	23.54%	155
35	Administrative and general	49.93%	328
	Total	100.00%	\$ 657

Pennsylvania Electric Company
 Normalization Adjustment No. 6
 \$000

Adjustment of Customer Accounts Expense

To adjust customer account expense (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to include increased O&M costs associated with serving new customers, and (4) to include interest on customer deposits.

Line No.	Description	Amount	
		(1)	(2)
1	Customer Account expense per books for the 12 months ended 12/31/2015		\$ 28,658
2	Customer Account payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalizing Adjustment No. 5, Supporting Schedule No. 1, Line 21, Col. 2)	\$ 147	
3	Service Company customer account payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Normalizing Adjustment No. 5, Supporting Schedule 1, Line 34, Col. 2)	155	
4	Increased O&M costs associated with increased number of customers in normalized revenue levels (Supporting Schedule 1, Line 10)	28	
5	Interest on customer deposits (Supporting Schedule 2, Line 3)	<u>970</u>	
6	Total normalizing adjustment (Lines 2 + 3 + 4 + 5)		<u>1,299</u>
7	Customer Account expense per books for the 12 months ended 12/31/2015, as adjusted		<u>\$ 29,957</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 6
 (\$000)

Adjustment of Other O&M Costs Associated with Serving New Customers

To determine the cost associated with serving the additional customers reflected in Normalization Adjustment No. 1. The ratio of non-payroll customer account expense to total revenue is applied to the additional revenue from increased customers to estimate this cost. The Commission previously recognized and approved this adjustment. The adjustment to base operating revenue for changes in number of customers is supported by Mr. K. M. Siedt.

Line No.	Description	Amount (1)
<u>Customer Account Expense Excluding Labor and Uncollectibles</u>		
1	Customer Account expense per books for the 12 months ended 12/31/15	\$ 28,658
2	Uncollectible Expense (Exhibit RAD-55)	(15,627)
3	Labor Expense	<u>(6,895)</u>
4	Customer Account expense excluding labor and uncollectible expense (Line 1 + Line 2 + Line 3)	<u>\$ 6,136</u>
<u>Total Distribution Revenue</u>		
5	Distribution revenues per books	\$ 354,566
6	Late payment charges per books (Exhibit RAD-55)	<u>3,414</u>
7	Total (Lines 5 + 6)	<u>\$ 357,980</u>
8	Ratio of customer account expense to total revenue (Line 4 / Line 7)	1.71%
9	Revenue from added customers (Adjustment No. 1, Line 2)	<u>\$ 1,606</u>
10	Additional expense from added customers (Line 8 X Line 9)	<u>\$ 28</u>

Pennsylvania Electric Company
 Supporting Schedule No.2 to Normalizing Adjustment No. 6
 (\$000)

Adjustment to Allow for Interest Expense on Customer Deposits

To determine the interest paid on customer deposits. Since customer deposits are funds supplied to the Company by customers, they are included in rate base as a deduction. The Commission previously recognized this adjustment to include the corresponding interest paid to customers on these deposits as a expense.

<u>Line No.</u>	<u>Description</u>	<u>Residential Amount (1)</u>	<u>Non-Residential Amount (2)</u>	<u>Total (3)</u>
1	Customer deposits included in rate base (Exhibit RAD-5, Column 5, Line 14)	\$ 13,149	\$ 9,603	\$ 22,752
2	Interest rate on deposits	3%	6%	
3	Interest expense on customer deposits	\$ 394	\$ 576	\$ 970

Pennsylvania Electric Company
Normalization Adjustment No. 7
\$000

Adjustment of Customer Service and Information Expense

To adjust customer service and information expense to reflect year end wage rates and employee levels.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Customer Service expense per books for the 12 months ended 12/31/2015		\$ 36,037
2	Customer Service payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalization Adjustment No. 5, Supporting Schedule No. 1, Line 22, Col. 2)	\$ 92	
3	Total normalizing adjustment		<u>92</u>
4	Customer Service expense per books for the 12 months ended 12/31/2015, as adjusted		<u>\$ 36,129</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 8
 \$000

Adjustment of Administrative and General Expense

To adjust administrative and general expenses (1) to reflect year end wage rates and employee levels, (2) to reflect Service Company year end wage rates and employee levels, (3) to reflect OPEB expense at service cost level, (4) to reflect pension expense at the ten year cash level, (5) to reflect employee benefits expense at year end wage rates and employee levels, (6) to include amortization of rate case expenses, and (7) to eliminate non-jurisdictional administrative and general expenses. Mr. T. J. Dolezal supports the non-jurisdictional expense allocation factor.

Line No.	Description	Amount	
		(1)	(2)
1	Administrative & general expense per books for the 12 months ended 12/31/2015	\$	57,647
2	A& G Expenses related to EEC	\$	(17,338)
3	A&G Expenses related to Smart Meters		<u>(11,651)</u>
4	Adjustment to A&G (Lines 2 + 3)		<u>(28,989)</u>
5	Net A&G expenses related to Distribution (Line 1 - Line 4)		28,658
6	Administrative & general payroll expense adjustment to reflect year end employee levels and ongoing wage & salary rates (Normalization Adjustment No. 5, Supporting Schedule No. 1, Line 23, Column 2)	\$	34
7	Service Company Administrative & general payroll expense adjustment allocated to Penelec to reflect year end employee levels and ongoing wage and salary rates (Normalizing Adjustment No. 5, Supporting Schedule No 1, Line 35, Col. 2)		328
8	Adjust OPEB expense to service cost level (Supporting Schedule No. 1, Line 12, Col. 1)		2,669
9	Adjust pension expense to ten year cash level (Supporting Schedule No. 2, Line 12, Col. 3)		(32,825)
10	Adjust employee benefit costs (Supporting Schedule No. 3, Line 8, Col. 3)		<u>239</u>
11	Subtotal of adjustments (Lines 6 + 7 + 8 + 9 + 10)		(29,554)
12	Administrative and general expense, adjusted (Line 5 + Line 11)	\$	(896)
13	Non-jurisdictional expense allocation factor		<u>23.14%</u>
14	Non-jurisdictional administrative and general expense (Line 12 X Line 13)		207
15	Rate case expenses to be incurred during current rate proceeding (RAD-23)	\$	570
16	Recovery period - 2 years		<u>2</u>
17	Annual amount (Line 15 / Line 16)		285
18	Eliminate other non-jurisdictional expenses (Exhibit RAD-25)		<u>-</u>
19	Total normalizing adjustment (Lines 11 + 14 + 17 + 18)	\$	<u>(29,062)</u>
20	Administrative and general expense per books for the 12 months ended 12/31/2015, as adjusted (Lines 1 + 19)	\$	<u>28,585</u>

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalizing Adjustment No. 8
 \$000

Adjustment for OPEB Expense

To adjust OPEB expense to the test year service cost. The service cost represents the actuarial present value of benefit liabilities accrued under the plan benefit formula for services rendered during the test year. Inclusion of the service cost in rates provides for recovery of the current cost of benefits earned by plan participants. Any excess or shortfall related to the expected return on plan assets are not included because their inclusion would artificially reduce or increase total costs and result in the recovery of more or less than the actual normal cost of service. The adjustment for OPEB expense to the current service cost amount was adopted by the Commission at Docket Numbers R-00061366 and R-00061367, and included at Docket Nos. R-2014-2428745; R-2014-2428743; R-2014-2428744 and R-2014-2428742.

Line No.	Description	O&M (1)	Capital (2)	Total (3)
1	O&M - Capital allocation ratios	37.87%	62.13%	100.00%
2	Company OPEB expense per books (Exhibit RAD-27)	\$ (2,018)	\$ (3,311)	\$ (5,329)
3	FirstEnergy Service Corp. OPEB expense	\$ (7,643)	\$ (12,539)	\$ (20,182)
4	Allocation ratio	6.47%	6.47%	6.47%
5	Allocated FirstEnergy Service Corp. OPEB expense per books (Line 3 X Line 4)	<u>\$ (495)</u>	<u>\$ (811)</u>	<u>\$ (1,306)</u>
6	Total OPEB expense per books (Line 2 + Line 5)	<u>\$ (2,513)</u>	<u>\$ (4,122)</u>	<u>\$ (6,635)</u>
7	Service cost for company OPEB expense	\$ 145	\$ 239	\$ 384
8	Service cost for FirstEnergy Service Corp. OPEB expense	\$ 165	\$ 271	\$ 436
9	Allocation ratio	6.47%	6.47%	6.47%
10	Allocated FirstEnergy Service Corp. service cost (Line 8 X Line 9)	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ 28</u>
11	Total OPEB service cost (Lines 7 + 10)	<u>\$ 156</u>	<u>\$ 256</u>	<u>\$ 412</u>
12	Adjustment to set OPEB expense at ongoing service cost level (Line 11 - Line 6)	<u>\$ 2,669</u>	<u>\$ 4,378</u>	<u>\$ 7,047</u>

Pennsylvania Electric Company
 Supporting Schedule No. 2 to Normalizing Adjustment No. 8
 \$000

Adjustment for Pension Expense

To adjust pension expense to a ten year historical average level of actual cash contributions under the methodology that was adopted by the Commission at Docket Numbers R-00061366 and R-0061367, and included at Docket Nos. R-2014-2428745; R-2014-2428743; R-2014-2428744 and R-2014-2428742.

Line No.	Description	Amount		
		(1) Total	(2) O&M %	(3) O&M
<u>Company Cash Contributions</u>				
1	2007 Cash Pension Contribution	\$ 13,436	48.25%	\$ 6,483
2	2009 Cash Pension Contribution	60,000	41.69%	25,014
3	2012 Cash Pension Contribution	<u>37,500</u>	<u>39.64%</u>	<u>14,865</u>
4	Total Company Cash Pension Contributions	\$ 110,936		\$ 46,362
<u>FirstEnergy Service Company Cash Contributions</u>				
5	2007 Pension Contribution	\$ 27,468		
6	2007 Company Allocation Factor	<u>11.11%</u>		
7	2007 Service Company Pension Contribution allocated to the Company	\$ 3,052	48.25%	\$ 1,472
8	Total Pension cash contributions (Line 4 + Line 7)	\$ 113,988		\$ 47,834
9	Number of years amortization	<u>10</u>		<u>10</u>
10	Pension expense cash contribution, averaged over 10 years	11,399		4,783
11	O&M Pension Expense per books			<u>37,608</u>
12	Adjustment to Pension Expense (Line 10 - Line 11)			<u>\$ (32,825)</u>

Pennsylvania Electric Company
 Supporting Schedule No. 3 to Normalizing Adjustment No. 8
 \$000

Adjustment to Employee Benefit Expense to Reflect Year End Employee Levels and Ongoing Wage Rates

To determine the normalized costs associated with providing additional employee benefits related to the increased O&M payroll expense reflected in Normalization Adjustment No. 5, Supporting Schedule No. 1.

Employee benefits applicable to operating expenses:

<u>Line No.</u>	<u>Description</u>	<u>Effective Rate (a)</u>	<u>Payroll Adjustment</u>	<u>Benefit Adjustment</u>
		(1)	(2)	(3) = (1) X (2)
1	Workers compensation	0.338%	\$ 825 (b)	\$ 3
2	Pension costs	15.229%	\$ 825 (b)	126
3	OPEB costs	0.566%	\$ 825 (b)	5
4	Life insurance	0.067%	\$ 825 (b)	1
5	Medical / Dental insurance	7.591%	\$ 825 (b)	63
6	Savings Plan	2.736%	\$ 825 (b)	23
7	Other	2.126%	\$ 825 (b)	18
8	Total increase due to payroll adjustment			<u>\$ 239</u>

(a)

12/31/2015

	<u>Total Amount</u>	<u>Total Payroll</u>	<u>Effective Rate</u>
Workers compensation	\$ 246	\$ 72,846	0.338%
Pension costs - normalized basis	11,094	72,846	15.229%
OPEB costs - service cost	412	72,846	0.566%
Life insurance	49	72,846	0.067%
Medical / Dental insurance	5,530	72,846	7.591%
Savings Plan	1,993	72,846	2.736%
Other (Exhibit RAD-27)	1,549	72,846	2.126%

(b) Adjustment No.5, Supporting Schedule No. 1, Line 24

Pennsylvania Electric Company
 Normalization Adjustment No. 9
 \$000

Adjustment of Depreciation Expense

To adjust depreciation expense (1) to reflect equal life group ("ELG") rates on adjusted rate base, (2) to adjust cost of removal / salvage expense to a five year average per Commission practice, and (3) eliminate legacy meter cost of removal from the five year average. Mr. T. J. Dolezal supports the jurisdictional expense allocation factor. Mr. J. J. Spanos supports the ELG depreciation rates.

Line No.	Description	Amount			
		(1)	(2)	(3)	(4)
1	Depreciation expense per books for the 12 months ended 12/31/2015				\$ 76,435
2	Cost of removal/salvage expense per books for the 12 months ended 12/31/2015 (Exhibit RAD-30)		\$ 20,386		
3	Depreciation accrual per books (Line 1 - Line 2)		\$ 56,049		
4	Jurisdictional depreciation expense accrual on adjusted rate base at average remaining life rates (Exhibit RAD-53, page 2)		66,558		
5	Adjustment for ELG accrual for jurisdictional plant (Line 4 - Line 3)			\$ 10,510	
<u>Cost of removal/ salvage</u>					
6	Cost of removal/salvage expense per books for the 12 months ended 12/31/2015 (Exhibit RAD-30)			\$ 20,386	
Cost of removal and salvage 2011 - 2015					
		Exhibit RAD-30	Jurisdictional Allocator	Jurisdictional Amount (Column 1 X 2)	
7	for the 12 months ended December 31, 2011	\$ 14,736	76.86%	\$ 11,326	
8	for the 12 months ended December 31, 2012	21,467	76.86%	16,500	
9	for the 12 months ended December 31, 2013	13,086	76.86%	10,058	
10	for the 12 months ended December 31, 2014	26,157	76.86%	20,104	
11	for the 12 months ended December 31, 2015	20,991	76.86%	16,134	
12	Total	\$ 96,437		\$ 74,122	
13	Five year average (Line 12 / 5)			\$ 14,824	
14	Less: Five year average for legacy meter cost of removal			(12)	
15	Jurisdictional cost of removal/salvage expense at a jurisdictional five-year average as adjusted (Line 13 + Line 14)			\$ 14,812	
16	Adjustment of jurisdictional cost of removal/salvage expense to a jurisdictional five-year average (Line 15 - Line 6)			(5,574)	
17	Total normalizing adjustment (Lines 5 + 16)			4,936	
18	Depreciation expense per books for the 12 months ended 12/31/2015, as adjusted			\$ 81,371	

Pennsylvania Electric Company
 Normalization Adjustment No. 10
 \$000

Adjustment of Amortization Expense

To adjust amortization expense (1) to exclude the deferral of transmission vegetation management, (2) to exclude smart meter amortization in the budget; (3) to include the amortization of additional legacy meters, and (4) to exclude accretion expense.

Line No.	Description	Amount	
		(1)	(2)
1	Amortization expense per books for the 12 months ended 12/31/2015		\$ 30,698
2	Eliminate transmission vegetation management amortization per books	\$ 3,734	
3	Eliminate smart meter amortization per books	322	
4	Adjustment for amortization of unrecovered legacy meters (Supporting Schedule No. 1, Line 4)	3,036	
5	Eliminate legacy meter cost of removal amortization per books	1,839	
6	Remove accretion expense per books	<u>1,216</u>	
7	Normalizing adjustment (Lines 2 + 3 + 4 + 5 + 6)		<u>10,147</u>
8	Amortization expense per books for the 12 months ended 12/31/2015, as adjusted		<u>\$ 40,845</u>

Pennsylvania Electric Company
Supporting Schedule No. 1 to Normalization Adjustment No. 10
\$000

Adjustment for Amortization Expense of Legacy Meters

To determine additional legacy meters amortization to fully recover all legacy meter costs over 39 months of the original amortization period as supported in Penelec Exhibit RAD-64.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u> (1)
1	Total Legacy Meters and Cost of Removal to be recovered (Exhibit RAD-64)	\$ 64,827
2	Less Legacy Meters and Cost of Removal in Base Rates (Exhibit RAD-64)	<u>(54,959)</u>
3	Unrecovered legacy meters (Lines 1 - 2)	<u>\$ 9,868</u>
4	Annual amount of unrecovered legacy meter amortization (Line 3 / 39 months x 12 months)	<u>\$ 3,036</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 11
 \$000

Adjustment of Taxes Other Than Income

To adjust taxes other than income (1) to eliminate non-jurisdictional tax expense; (2) to eliminate capital stock tax; (3) to reflect normalized sales revenues in gross receipts tax expense; and (4) to reflect year end wage rates and employee levels in payroll tax expenses. The non-jurisdictional allocation factor is supported by Mr. T. J. Dolezal.

Line No.	Description	Amount		
		(1)	(2)	(3)
1	Taxes Other Than Income per books for the 12 months ended 12/31/2015			\$ 50,447
2	Federal and State payroll taxes per books (Exhibit RAD-32, page 1)	\$ 5,846		
3	Non-jurisdictional percent	<u>6.86%</u>		
4	Eliminate non-jurisdictional payroll taxes		\$ (401)	
5	Eliminate Capital Stock Tax per books (Exhibit RAD-32, page 1)		688	
6	PURTA tax per books (Exhibit RAD-32, page 1)	1,349		
7	Real Estate tax per books (Exhibit RAD-32, page 1)	<u>16</u>		
8	Total Other taxes	\$ 1,365		
9	Non-jurisdictional percent	<u>23.14%</u>		
10	Eliminate non-jurisdictional taxes		(316)	
	<u>Gross Receipts Tax</u>			
11	Normalized sales revenues (Exhibit RAD-2, page 1, Line 1, Col. 3 - Col 4)	\$ 784,846		
12	Gross receipts tax @ 5.9%	46,306		
13	Gross receipts tax per books (Exhibit RAD-32, page 1)	<u>44,481</u>		
14	Adjustment for gross receipts tax at normalized revenue level (Line 12 - Line 13)		1,825	
15	Adjustment for payroll taxes on normalized payroll (Supporting Schedule No. 1, Line 8)		<u>68</u>	
16	Total normalizing adjustment (Lines 4 + 5 + 10 + 14 + 15)			<u>1,864</u>
17	Taxes other than income per books for the 12 months ended 12/31/2015, as adjusted			<u>\$ 52,311</u>

Pennsylvania Electric Company
 Supporting Schedule No.1 to Normalizing Adjustment No. 11
 \$000

Adjustment to Taxes Other Than Income to reflect changes in payroll taxes.

To determine the additional payroll tax expense associated with the increased O&M payroll expense reflected in Normalization Adjustment No. 5, Supporting Schedule No. 1.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Total payroll per books for the 12 months ended 12/31/2015 (Normalization Adjustment No. 5, Schedule 1, Line 1, Col 2)	\$ 70,667
2	Total payroll tax per books (Exhibit RAD-32, page 1)	<u>5,846</u>
3	Effective payroll tax rate (Line 2 / Line 1)	8.273%
4	Total payroll as adjusted (Normalization Adjustment No. 5, Schedule 1, Line 15, Col. 2)	<u>72,846</u>
5	Payroll tax on normalized payroll (Line 3 X Line 4)	6,026
6	Total Company payroll tax adjustment (Line 5 - Line 2)	<u>180</u>
7	O&M Allocation percentage	37.87%
8	Adjustment for payroll tax (Line 6 x Line 7)	<u>\$ 68</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 12
 SCOD

Computation of Federal & State Income Taxes - Normalized (Col. 3 of Income Statement)

To adjust federal and state income taxes to reflect the revenue and expense levels shown on Exhibit RAD-2, Page 1, Column 3 - Budget as Adjusted.

Riders												
Line No.	Description	Total Company Calculated Taxes (1)	Waverly Calculated Taxes (2)	Distribution Calculated Taxes (3)	Smart Meter Calculated Taxes (4)	Total Distribution Calculated Taxes (5) = (3) + (4)	PTC Calculated Taxes (6)	Universal Service Calculated Taxes (7)	Energy Efficiency Calculated Taxes (8)	DSS Calculated Taxes (9)	Solar Calculated Taxes (10)	NUG Charge Calculated Taxes (11)
1	Total operating revenue	\$ 836,612	\$ 6,140	\$ 371,005	\$ 20,127	\$ 391,132	\$ 336,981	\$ 20,917	\$ 20,137	\$ 28,003	\$ 2,917	\$ 28,385
2	Less: Total O & M Expense	\$ 529,947	\$ 1,149	\$ 132,254	\$ 11,651	\$ 143,905	\$ 316,929	\$ 22,721	\$ 17,338	\$ 24,885	\$ 3,011	\$ -
3	Depreciation - accrual	66,558	268	61,968	4,322	66,290	-	-	-	-	-	-
4	Average net salvage	14,812	86	14,726	-	14,726	-	-	-	-	-	-
5	Amortization & Accretion	40,845	540	15,874	(873)	15,001	(776)	(2,722)	1,625	782	(277)	26,673
6	Taxes other than income taxes	52,311	50	27,293	1,187	28,481	17,824	1,270	1,174	1,632	168	1,712
7	Total deductions	\$ 704,474	\$ 2,092	\$ 252,115	\$ 16,299	\$ 268,404	\$ 333,977	\$ 21,269	\$ 20,137	\$ 27,309	\$ 2,902	\$ 28,385
8	Net operating income before income taxes	\$ 132,137	\$ 4,048	\$ 118,889	\$ 3,839	\$ 122,728	\$ 5,004	\$ (352)	\$ -	\$ 695	\$ 15	\$ -
9	Less: Interest Charges (A)	39,728	197	37,174	2,357	39,531	-	-	-	-	-	-
10	Net income before income taxes	\$ 92,409	\$ 3,851	\$ 81,715	\$ 1,482	\$ 83,197	\$ 5,004	\$ (352)	\$ -	\$ 695	\$ 15	\$ -
<u>Adjustments to taxable income:</u>												
11	Book Average net salvage	\$ 14,812	\$ 86	\$ 14,726	\$ -	\$ 14,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Adj. of book depreciation to tax basis (B)	(10,929)	(84)	(2,948)	(7,917)	(10,865)	-	-	-	-	-	-
13	Adj. to amortization of legacy meters	14,929	-	14,928	-	14,928	-	-	-	-	-	-
14	Tax cost of removal/salvage	(11,683)	(68)	(11,395)	-	(11,395)	-	-	-	-	-	-
15	Adjust cash pension	(32,825)	43	(32,868)	-	(32,868)	-	-	-	-	-	-
16	Net adjustment	\$ (26,377)	\$ (3)	\$ (18,457)	\$ (7,917)	\$ (26,374)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Income subject to state income tax (Line 10 + Line 16)	\$ 66,032	\$ 3,849	\$ 63,257	\$ (6,435)	\$ 56,822	\$ 5,004	\$ (352)	\$ -	\$ 695	\$ 15	\$ -
<u>Adjustments to state taxable income:</u>												
18	Plus: Federal bonus depreciatin	\$ 70,949	\$ -	\$ 70,949	\$ -	\$ 70,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Less: Additional state depreciation	(11,474)	-	(11,474)	-	(11,474)	-	-	-	-	-	-
20	Net adjustment to state taxable income	\$ 59,475	\$ -	\$ 59,475	\$ -	\$ 59,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Income subject to state income tax (Line 17 + Line 20)	\$ 125,507	\$ 3,849	\$ 122,733	\$ (6,435)	\$ 116,298	\$ 5,004	\$ (352)	\$ -	\$ 695	\$ 15	\$ -
22	State income tax @ 9.99%	\$ 12,154	\$ -	\$ 12,261	\$ (643)	\$ 11,618	\$ 500	\$ (35)	\$ -	\$ 69	\$ 1	\$ -
23	Taxes per books	11,146	-	11,146	-	11,146	-	-	-	-	-	-
24	Adjustment to state income tax	\$ 1,008	\$ -	\$ 1,115	\$ (643)	\$ 472	\$ 500	\$ (35)	\$ -	\$ 69	\$ 1	\$ -
25	Income subject to federal income tax	\$ 53,878	\$ 3,849	\$ 50,996	\$ (5,732)	\$ 45,204	\$ 4,504	\$ (317)	\$ -	\$ 626	\$ 14	\$ -
26	Federal income tax @ 35%	\$ 18,857	\$ 1,347	\$ 17,849	\$ (2,027)	\$ 15,821	\$ 1,576	\$ (111)	\$ -	\$ 219	\$ 5	\$ -
27	Total federal tax	\$ 18,857	\$ 1,347	\$ 17,849	\$ (2,027)	\$ 15,821	\$ 1,576	\$ (111)	\$ -	\$ 219	\$ 5	\$ -
28	Taxes per books	33,319	-	33,319	-	33,319	-	-	-	-	-	-
29	Adjustment to federal income tax	\$ (14,482)	\$ 1,347	\$ (15,470)	\$ (2,027)	\$ (17,498)	\$ 1,576	\$ (111)	\$ -	\$ 219	\$ 5	\$ -
<u>(A) Computation of Interest charges:</u>												
	Total rate base	\$ 1,507,944	\$ 7,469	\$ 1,411,017	\$ 89,458	\$ 1,500,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Debt ratio	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%	47.40%
	Cost of debt	5.56%	5.56%	5.56%	5.53%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%
	Interest expense	\$ 39,728	\$ 197	\$ 37,174	\$ 2,357	\$ 39,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(B) Adjustment of book depreciation to tax basis:</u>												
	Tax depreciation	\$ 77,488	\$ 332	\$ 64,916	\$ 12,240	\$ 77,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Book depreciation	66,558	288	61,968	4,322	66,290	-	-	-	-	-	-
	Depreciation adjustment	\$ 10,929	\$ 64	\$ 2,948	\$ 7,917	\$ 10,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pennsylvania Electric Company
 Supporting Schedule No. 1 to Normalization Adjustment No. 12
 \$000

To adjust tax depreciation (1) to eliminate the cost of removal component and (2) to eliminate non-jurisdictional tax depreciation. Mr. T. J. Dolezal supports the non-jurisdictional allocation factor.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>		
		(1)	(2)	(3)
1	Tax depreciation expense per books	\$ 111,946		
2	Cost of removal/salvage in tax depreciation	14,914	76.86%	\$ 11,463
3	Smart meter tax depreciation	12,240	100%	12,240
4	Waverly tax depreciation	<u>332</u>	100%	332
5	Distribution tax depreciation (Line 1 - 2 -3 - 4)	<u>84,461</u>	<u>76.86%</u>	<u>64,916</u>
6	Total tax depreciation (excluding cost of removal/salvage)			<u>\$ 77,488</u>

Pennsylvania Electric Company
 Normalization Adjustment No. 13
 \$000

Adjustment of Provision for Deferred Income Taxes

To adjust the provision for deferred income taxes (1) to reflect year-end plant balances for federal deferred income taxes, (2) to eliminate miscellaneous federal deferred taxes not associated with liberalized depreciation, and (3) to eliminate all state deferred income taxes associated with liberalized depreciation.

Line No.	Description	Provision for Deferred Taxes - Net	
		Federal	State
		(1)	(2)
1	Deferred taxes per books, 12 months ended 12/31/2015	\$ (47,064)	\$ 49,785
2	Deferred taxes - liberalized depreciation (Exhibit RAD-41, page 19)	24,687	-
3	Less: Smart Meters deferred taxes	3,245	-
4	Distribution deferred taxes	27,932	-
5	Jurisdictional allocation factor	76.86%	76.86%
6	Jurisdictional deferred taxes - liberalized depreciation (Lines 4 x 5)	21,469	-
7	Plus: Smart Meter deferred taxes	3,245	-
8	Total deferred taxes	24,714	-
9	Adjustment to deferred tax expense (Lines 8 - 1)	71,778	(49,785)
10	Deferred tax expense per books for the 12 months ended 12/31/2015, as adjusted	\$ 24,714	\$ -

Pennsylvania Electric Company
Normalization Adjustment No. 14
\$000

Adjustment of Investment Tax Credit

To adjust investment tax credit to eliminate non-jurisdictional investment tax credit. Mr. T. J. Dolezal supports the non-jurisdictional allocation factor.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
		(1)	(2)
1	Investment tax credit adjustments per books, 12 months ended 12/31/2015		\$ (460)
2	Non-jurisdictional allocation factor	<u>23.14%</u>	
3	Adjustment to investment tax credit expense (Line 1 X Line 2)		<u>106</u>
4	Investment tax credit expense per books for the 12 months ended 12/31/2015, as adjusted		<u>\$ (354)</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT I-B-3:

“Provide an overall system map, including and labeling all generating plants, transmission substations—indicate voltage, transmission system lines—indicate voltage, and all interconnection points with other electric utilities, power pools, and other like systems.”

RESPONSE:

See Penelec Exhibit RAD-7 HIGHLY CONFIDENTIAL Attachment A.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-A-1:

“Provide a schedule showing the test year rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Claims made on this schedule should be cross-referenced to appropriate supporting schedules.”

RESPONSE:

See Penelec Exhibit RAD-1 for the Fully Projected Future Test Year.

See Penelec Exhibit RAD-3 for the Future Test Year.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-A-2:

“If the schedule provided in response to item 1, is based upon a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.”

RESPONSE:

See Penelec Exhibit RAD-5 for the Historical Test Year.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-A-3:

“When a utility files a tariff stating a new rate based in whole or in part on the cost of construction, as defined in 66 Pa.C.S. § 1308(f) (relating to voluntary changes in rates), of an electric generating unit, the utility shall identify:

- (a) The total cost of the generating unit
- (b) The following costs:
 - (1) The cost and quantity of each category of major equipment, such as switchgear, pumps or diesel generators and the like.
 - (2) The cost and quantity of each category of bulk materials, such as concrete, cable and structural steel and the like. .
 - (3) Manual labor. .
 - (4) Direct and indirect costs of architect/engineering services. .
 - (5) Direct and indirect costs of subcontracts or other contracts involving major components or systems such as turbines, generators, nuclear steam supply systems, major structures and the like.
 - (6) Distributed costs.
- (c) A cost increase of \$5 million or more, including AFUDC, over the original utility estimates provided under 66 Pa.C.S. § 515(a) (relating to construction cost of electric generating units) and its causes.
- (d) Compliance with subsections (a) and (b) will be identical in format and substance as that provided under 52 Pa. Code § 57.103 (relating to estimate of construction costs) for original cost estimates submitted under 66 Pa.C.S. § 515(a).”

RESPONSE:

Not applicable.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-B-1:

“If a claim is made for plant held for future use, supply the following:

- a. A description of the plant or land site and its cost and any accumulated depreciation.
- b. The expected date of use for each item claimed.
- c. An explanation as to why it is necessary to acquire each item in advance of its date of use.
- d. The date when each item was acquired.
- e. The date when each item was placed in plant held for future use.”

RESPONSE:

There is no rate base claim being made in this proceeding for plant held for future use.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-B-2:

“If a claim is made for construction work in progress, provide a supporting schedule which sets forth separately, revenue-producing and nonrevenue producing amounts, and include, for each category a summary of all work orders, amounts expended at the end of the test year and anticipated in service dates. Indicate if the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project.”

RESPONSE:

Penelec is not making any rate base claim for construction work in progress.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-B-3:

“If a claim is made for materials and supplies or fuel inventory provide a supporting schedule for each claim showing the latest actual 13 monthly balances and showing in the case of fuel inventory claims, the type of fuel, and location, as in station, and the quantity and price claimed.”

RESPONSE:

PENNSYLVANIA ELECTRIC COMPANY

13 Month Book Balance of Materials and Supplies

Line No.	Month	Amount
1	January 31, 2015	\$ 18,498,658
2	February 28, 2015	\$ 17,458,879
3	March 31, 2015	\$ 18,957,090
4	April 30, 2015	\$ 18,718,799
5	May 31, 2015	\$ 18,677,237
6	June 30, 2015	\$ 18,426,030
7	July 31, 2015	\$ 18,744,346
8	August 31, 2015	\$ 17,625,134
9	September 30, 2015	\$ 17,048,736
10	October 31, 2015	\$ 16,600,749
11	November 30, 2015	\$ 16,692,005
12	December 31, 2015	\$ 16,318,645
13	January 31, 2016	\$ 16,721,237
14	13 Period Average	\$ 17,729,811

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-B-4:

“If a claim is made for cash working capital provide a supporting schedule setting forth the method and all detailed data utilized to determine the cash working capital requirement. If not provided in the support data provide a lead-lag study of working capital, completed no more than 6 months prior to the rate increase filing.”

RESPONSE:

See the direct testimony of Jeffrey L. Adams, Penelec Statement No. 5.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-B-6:

“Explain in detail by statement or exhibit the appropriateness of additional claims or the use of a method not previously mentioned, in the claimed rate base.”

RESPONSE:

The supporting schedules included in Penelec Exhibit RAD-1 explain the appropriateness of various items claimed in the rate base. Items not explained in supporting schedules to Penelec Exhibit RAD-1, or not mentioned in other responses to filing requirements are explained below:

1. Customer Deposits

Customer deposits are being deducted from the rate base as they represent a source of non-investor supplied capital. Appropriate interest on such deposits has been included as a normalizing adjustment to the income statement.

2. Operating Reserves

The Company has adopted a partial self-insurance concept for general and automotive liability insurance, property insurance and a long-term disability plan. The Company has also established an operating reserve for the purpose of providing a pension fund in addition to the normal funded plan. These operating reserves, net of applicable deferred taxes, reduce the Company's total rate base claim.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-C-1:

“Prepare a Statement of Income including:

- (a) The book, or budgeted, statement for the test year.
- (b) Adjustments to annualize and normalize under present rates, including an elimination of the effects on income of the energy cost rate and state tax adjustment surcharge.
- (c) The income statement under present rates after adjustment.
- (d) The adjustment for the revenue requested.
- (e) The income statement under requested rates after adjustment.
- (f) Each adjustment, including those relating to adjustment clauses, shall contain an explanation in sufficient clarifying detail to allow a reasonably informed person to understand the method and rationale of the adjustment.”

RESPONSE:

Fully Projected Future Test Year

- (a – f) See Penelec Exhibit RAD-2. Regarding part (b) pertaining to the annualization and normalization of revenues including applicable surcharges and tariff riders, these adjustments are supported in the Direct Testimony of Penelec Witness Kevin M. Siedt, Penelec Statement No. 3 and Penelec Exhibit KMS-1, Attachment A which accompanies his Direct Testimony.

Future Test Year

- (a – f): See Penelec Exhibit RAD-4. Regarding part (b) pertaining to the annualization and normalization of revenues including applicable surcharges and tariff riders, these adjustments are supported in the Direct Testimony of Penelec Witness Kevin M. Siedt, Penelec Statement No. 3 and Penelec Exhibit KMS-1, Attachment B which accompanies his Direct Testimony.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-C-2:

“If the schedule provided in Filing Requirement II-C-1 is based upon budgeted data for a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.”

RESPONSE:

Historical Test Year

- (a – f) See Penelec Exhibit RAD-6. Regarding part (b) pertaining to the annualization and normalization of revenues including applicable surcharges and tariff riders, these adjustments are supported in the Direct Testimony of Penelec Witness Kevin M. Siedt, Penelec Statement No. 3 and Penelec Exhibit KMS-1, Attachment C which accompanies his Direct Testimony.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-1

“Provide a schedule showing all revenues and expenses for the test year and for the 12-month period immediately prior to the test year, together with an explanation for major variances between test year revenues and expenses and those for the previous 12-month period.

Revenues and expenses shall be summarized by the major account categories listed below. If budgeted data for a future test year is not readily available by these categories, an analysis of the data for the 12-month period immediately prior to the future test year or for the most recent available calendar year may serve as the basis for ratably allocating the budgeted data into the account categories as follows:

OPERATING REVENUES

400 Electric Revenues:
 Residential Sales
 Commercial Sales
 Industrial Sales
 Public Street & Highway
 Lighting Sales
 Sales for Resale
 Total Other Electric Revenues
 Other Electric Revenues:
 Late Payment Charges
 Miscellaneous Service Revenues
 Rent from Electric Property
 Other Electric Revenues
 Total Other Electric Revenues
 Total Operating Revenues

OPERATING EXPENSES

401-2 Operation and Maintenance Expenses
 Power Production Expenses:
 Fuel
 Net Interchange
 Deferred Energy Costs
 Other

 Transmission Expenses

 Distribution Expenses

Customer Service & Informational Expense

Sales Expenses

Administrative and General Expenses

Total Operation & Maintenance Expenses

403 Depreciation Expenses
Amortization of Net Salvage
Nuclear Decommissioning Expense
407 Amortization of Property Losses
Taxes Other Than Income Taxes
408 Total Operating Expenses Prior To
Federal & State Income Taxes

OPERATING EXPENSES

Operating Income Prior To Federal and State Income Taxes

FEDERAL AND STATE INCOME TAXES

409 Federal Income Taxes
State Income Taxes
409 Deferred Federal Income Taxes
Deferred State Income Taxes
Investment Tax Credit Adjustments
411 Deferrals
Amortization—Credit
Other Income Tax Credits & Charges
Total Federal and State Income Taxes
Operating Income After Federal and State Income Taxes

OTHER INCOME AND DEDUCTIONS

OTHER INCOME

415-18 Non-utility Operating Income
419 Interest and Dividend Income
419 Allowance for Other Funds Used During Construction
421 Gain on Disposition of Property
Other Miscellaneous Non-operating Income
421 Total Other Income

OTHER INCOME DEDUCTIONS

421 Loss on Disposition of Property
425 Miscellaneous Amortization
426 Miscellaneous
Total Other Income Deductions

TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS

408 Taxes Other Than Income Taxes
409 Federal Income Tax
State Income Tax
409 Total Taxes Applicable to Other Income and Deductions
Income Before Interest Charges

INTEREST CHARGES

427 Interest on Long-Term Debt
428 Amortization of Debt Discount and Expense
429 Amortization of Premium on Debt
431 Other Interest Expense
432 Allowance for Borrowed Funds Used During Construction—Credit
Net Interest Charges
Income Before Extraordinary Items
Extraordinary Items After Taxes
Net Income “

RESPONSE:

See Penelec Exhibit RAD-18 Attachment A, which provides the comparative operating income statements. Set forth below are explanations of the causes of major variances:

OPERATING REVENUES (Variances in \$000)

Residential Sales (\$7,885)

This variance is due primarily to decreases in Distribution revenues \$6.1 million and Price to Compare revenues \$5.3 million, partially offset by an increase in Smart Meter revenues \$3.2 million.

Commercial Sales (\$2,712)

This variance is due primarily to a decrease of \$2.2 million in Price to Compare revenues.

Industrial Sales (\$2,303)

This variance is due primarily to a decrease of \$2.9 million in Default Service Support (“DSS”) revenues.

Other Electric Revenues (\$52,709)

This variance is due primarily to a decrease of \$45.8 million in network transmission system revenues.

OPERATING EXPENSES (Variances in \$000)

Operation and Maintenance expense Account 401-2 (\$16,880)

This variance is due primarily to decreases of \$15.1 million in transmission expenses, \$5.4 million in purchased power expenses, and \$5.0 million in administrative & general expenses. These decreases were partially offset by increases of \$4.7 million in distribution expenses.

Account 403 Depreciation expense (\$5,359)

This variance is due primarily to a \$3.9 million decrease in depreciation on assets in service and a \$1.5 million decrease in depreciation asset removal costs.

Account 404-5 Amortization and depletion of utility plant \$2,707

This variance is due primarily to a \$2.7 million increase in amortization and depletion on assets.

Account 407.3 Regulatory debits (\$5,894)

This variance is due primarily to a \$4.4 million decrease in the 2006 Pennsylvania Jersey Maryland (“PJM”) Transmission deferral and a \$2.9 million decrease in the DSS deferral. These decreases are partially offset by a \$1.5 million increase in the Non-Utility Generation (“NUG”) deferral.

**Pennsylvania Electric Company
Comparative Income Statements**

FERC Account	Twelve Months Ending		Increase/ (Decrease)	
	Dec 31, 2017	Dec 31, 2016		
<i>(In thousands)</i>				
Operating Revenues				
Electric Service Revenues				
440	Residential sales	\$ 527,908	\$ 535,793	\$ (7,885)
442	Commercial sales	183,990	186,701	(2,712)
442	Industrial sales	79,500	81,802	(2,303)
444	Public street and highway lighting	7,124	7,102	23
445	Other sales to public authorities	-	-	-
447	Sale for resale	35,432	35,279	152
	Total electric service revenues	\$ 833,953	\$ 846,678	\$ (12,725)
Other Electric Revenue				
450	Forfeited discounts	\$ 3,424	\$ 3,424	\$ -
451	Miscellaneous service revenues	1,673	1,673	-
454	Rent from electric property	6,385	6,385	-
456	Other electric revenues	1,566	54,275	(52,709)
	Total other electric revenues	\$ 13,048	\$ 65,757	\$ (52,709)
	Total operating revenues	\$ 847,001	\$ 912,435	\$ (65,434)
Operating Expenses				
401-2	Operation and maintenance expense			
	Power production expenses	\$ 332,884	\$ 338,261	\$ (5,377)
	Transmission expenses	20,518	35,619	(15,101)
	Regional market expenses	-	-	-
	Distribution expenses	47,920	43,210	4,710
	Customer accounts expense	30,790	29,128	1,663
	Customer service & information expense	44,068	41,849	2,218
	Sales expenses	105	104	1
	Administrative & general expenses	49,402	54,396	(4,994)
	Subtotal	\$ 525,687	\$ 542,567	\$ (16,880)
403	Depreciation expense	\$ 67,765	\$ 73,124	\$ (5,359)
404-5	Amortization and depletion of utility plant	9,243	6,537	2,707
406	Amortization and utility plant acq. adjustment	-	-	-
407	Amortization of property losses	-	-	-
407.3	Regulatory debits	45,858	51,752	(5,894)
407.4	Regulatory credits	(21,505)	(20,624)	(881)
408.1	Taxes other than income taxes	51,516	52,167	(650)
411.1	Accretion expense	-	-	-
411.8	Gains from disposition allowance	-	-	-
	Total operating expenses before federal and state income taxes	\$ 678,564	\$ 705,522	\$ (26,959)
	Net operating income before income taxes	\$ 168,438	\$ 206,913	\$ (38,476)
Income taxes				
409.1	Income taxes-federal	\$ 8,852	\$ (4,409)	\$ 13,261
409.1	Income taxes-state	5,402	5,700	(298)
410.1	Provision for deferred income taxes-federal	23,946	51,091	(27,145)
410.1	Provision for deferred income taxes-state	5,001	9,106	(4,104)
411.1	Income taxes deferred in prior years-cr.	-	-	-
411.4	Investment tax credit adjustments-net	(460)	(460)	-
	Total income taxes	\$ 42,742	\$ 61,028	\$ (18,287)
	Net operating income	\$ 125,696	\$ 145,885	\$ (20,189)

**Pennsylvania Electric Company
Comparative Income Statements**

FERC Account	Twelve Months Ending		Increase/ (Decrease)	
	Dec 31, 2017	Dec 31, 2016		
<i>(In thousands)</i>				
Other income				
415-16	Revenues from merchandising, jobbing and contract work	\$ 2,513	\$ 2,627	\$ (114)
417	Revenues from non-utility operations	-	-	-
417.1	Expenses from non-utility operations	-	-	-
418	Nonoperating rental income	(47)	(48)	1
418.1	Equity in earnings of subsidiary companies	26,327		26,327
419	Interest and dividend income	2,427	2,638	(211)
419.1	Allowance for funds used during construction	1,159	1,697	(538)
421	Miscellaneous non-operating income	1,856	2,883	(1,027)
421.1	Gain on disposition of property	14	14	-
	Total other income	\$ 34,249	\$ 9,811	\$ 24,438
	Gross income	\$ 159,945	\$ 155,696	\$ 4,249
Other Income Deductions				
421.2	Loss on disposition of property	\$ -	\$ -	\$ -
425	Miscellaneous amortization	-	-	-
426	Other income deductions	(31)	(25)	(6)
	Total other income deductions	\$ (31)	\$ (25)	\$ (6)
Taxes Applicable to Other Income and Deductions				
408.2	Taxes other than income taxes	\$ -	\$ -	\$ -
409.2	Income taxes - federal	-	-	-
409.2	Income taxes - state	-	-	-
410.2	Provision for deferred income taxes	-	-	-
411.2	Provision for deferred income taxes-cr.	-	-	-
	Total taxes on other income and deductions	\$ -	\$ -	\$ -
Interest Charges				
427	Interest on long term debt	\$ 62,532	\$ 63,127	\$ (595)
428	Amortization of debt discount and expense	986	995	(9)
428.1	Amortization of loss on reacquired debt	133	133	-
429	Amortization of premium on debt credit	-	-	-
429.1	Amortization of gain on reacquired debt	(95)	(95)	-
430	Interest on debt to associated companies	5,608	1,240	4,368
431	Other interest expense	4,266	4,184	82
432	Allowance for borrowed funds used during construction - credit	(685)	(1,003)	318
	Total interest charges	\$ 72,745	\$ 68,581	\$ 4,164
	Income before extraordinary items	\$ 87,231	\$ 87,139	\$ 92
Extraordinary Items & Related Taxes				
434	Extraordinary income	\$ -	\$ -	\$ -
435	Extraordinary deductions	-	-	-
409.3	Income taxes - Federal & other	-	-	-
	Extraordinary items after taxes	\$ -	\$ -	\$ -
	Net income	\$ 87,231	\$ 87,139	\$ 92

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-2:

“Provide a summary of test year adjustments which sets forth the effect of the adjustment upon the following: operating revenues, operating expenses, taxes other than income taxes, operating income before income taxes, State income tax, Federal income tax and income available for return. In addition, test year adjustments shall be presented on the basis of the major account categories set out at II-D-1.”

RESPONSE:

See Penelec Exhibit RAD-19 Attachment A.

Pennsylvania Electric Company

Line No.	Adj. No.	Support Schedule No.	Description	Operating Revenues (1)	Operating Expenses (2)	Taxes Other Than Income Taxes (3)	Operating Income Before Income Taxes (4)	State Income Tax (5)	Federal Income Tax (6)	Income Available for Return (7)=(4)-(5)-(6)
1			As budgeted (Exhibit RAD-2, Page 1, col. 1)	\$ 847,001	\$ 627,048	\$ 51,516	\$ 168,437	\$ 10,403	\$ 32,338	\$ 125,696
Normalizations and Adjustments										
Operating Revenues										
2	1		Base Operating Revenues	(13,279)			(13,279)	(1,327)	(4,183)	(7,769)
3	2		State Tax Surcharge Revenues	-			-	-	-	-
4	3		Distribution System Improvement Charge Revenue	(2,082)			(2,082)	(208)	(656)	(1,218)
Other Operating Revenues										
5	4		Eliminate MAIT Ground Lease - Assoc Co Revenues	(1,434)			(1,434)	(143)	(452)	(839)
6	4		Increase in Late Payment Charges	656			656	66	207	384
Operating Expenses										
Distribution										
7	5	1	Distribution payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		790		(790)	(79)	(249)	(462)
8	5	1	Service company distribution payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		72		(72)	(7)	(23)	(42)
9	5		Eliminate non-jurisdictional transmission expense		(1,115)		1,115	111	351	652
10	5		Amortization of gain or loss on reacquired debt		38		(38)	(4)	(12)	(22)
11	5		Increase expense for contractor safety requests		127		(127)	(13)	(40)	(74)
Customer Accounts										
12	6		Customer account payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		209		(209)	(21)	(66)	(122)
13	6		Service company customer account payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		129		(129)	(13)	(41)	(75)
14	6	1	Increased O&M costs associated with increased number of customers in normalized revenue levels		13		(13)	(1)	(4)	(8)
15	6	2	Interest on customer deposits		970		(970)	(97)	(306)	(568)
Customer Service										
16	7		Customer service payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		131		(131)	(13)	(41)	(77)
Administrative & General Expenses										
17	8		A&G payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		49		(49)	(5)	(15)	(29)
18	8		Service company A&G payroll adjustment to reflect year end employee levels and ongoing wage and salary rates		298		(298)	(30)	(94)	(174)
19	8	1	Adjust OPEB expense to service cost level		(145)		145	14	46	85
20	8	2	Adjust Pension Expense to ten year cash level		11,922		(11,922)	(1,191)	(3,756)	(6,975)
21	8	3	Adjust employee benefit costs		615		(615)	(61)	(194)	(360)
22	8		Adjustment to remove non-jurisdictional A&G expense		(789)		789	79	249	462
23	8		Rate Case expenses normalized over 2 years		285		(285)	(28)	(90)	(167)
Depreciation Expense										
24	9		Adjustment for equal life group accrual for jurisdictional plant		18,456		(18,456)	(1,844)	(5,814)	(10,798)
25	9		Adjustment of cost of removal/salvage expenses to a jurisdictional five year average		(1,263)		1,263	126	398	739
Amortization										
26	10		Remove smart meter amortization from budget		12,383		(12,383)	(1,237)	(3,901)	(7,245)
27	10		Remove legacy meter cost of removal amortization from budget		1,404		(1,404)	(140)	(442)	(821)
28	10		Adjust for amortization of unrecovered legacy meters		3,036		(3,036)	(303)	(956)	(1,776)
Taxes Other than Income										
29	11		Eliminate capital stock tax			(40)	40	4	13	23
30	11		Eliminate other non-jurisdictional taxes			(381)	381	38	120	223
31	11		Adjustment for gross receipts tax at normalized revenue level			(1,089)	1,089	109	343	637
32	11	1	Adjustment for payroll taxes on normalized payroll	-	-	43	(43)	(4)	(14)	(25)
33			Total adjustments before tax (Exhibit RAD-2, Page 1, col. 2, line 16)	\$ (16,139)	\$ 47,615	\$ (1,467)	\$ (62,287)	\$ (6,222)	\$ (19,623)	\$ (36,442)
Federal & State Income Taxes										
34	12		Current federal & state income taxes				-	11,883	35,607	(47,490)
35	13		Deferred federal & state income taxes				-	(5,001)	(4,271)	9,272
36	14		Amortization of ITC				-	-	-	-
37			Total adjustments (Exhibit RAD-2, Page 1, col. 2, line 24)	\$ (16,139)	\$ 47,615	\$ (1,467)	\$ (62,287)	\$ 660	\$ 11,713	\$ (74,660)
38			Budget as adjusted (Exhibit RAD-2, Page 1, col. 3)	\$ 830,862	\$ 674,663	\$ 50,049	\$ 106,150	\$ 11,063	\$ 44,051	\$ 51,036
39			PA Jurisdictional (Exhibit RAD-2, Page 1, col. 7)	\$ 380,967	\$ 240,890	\$ 25,706	\$ 114,371	\$ 11,949	\$ 46,690	\$ 55,732

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-3:

“List and explain all nonrecurring or extraordinary expenses incurred in the test year and all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years, for example, non-yearly maintenance programs, and the like.”

RESPONSE:

The test year ending 12/31/17 does not include any non-recurring or extraordinary expenses.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-4:

“As a separate item, list extraordinary property losses related to property previously included in cost of service when the gain or loss on this property has occurred or is likely to occur in the future test year. The proposed ratemaking treatment of extraordinary gains and losses must also be disclosed. Sufficient supporting data must be provided.”

RESPONSE:

There are no extraordinary property losses.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-5:

“Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written off in each of the last 3 calendar years.”

RESPONSE:

The future estimate of uncollectible accounts is based on a historically determined average of net write-offs to sales for each utility company. For the Uncollectible Customer Reserve, the Company determines a 3-year rolling average of net write-offs to sales (36 months of net write-offs/36 months of sales). This percentage is then multiplied by the latest 6 months of sales to arrive at a reserve.

The 2013 Uncollectible Customer Reserve includes a reserve for the Purchase of Receivables program (“POR”). This was determined using a percentage of Non-POR Uncollectible Customer Reserve to Non-POR Customer Receivable Arrears (Uncollectible Customer Receivable Reserve/Non-Current Customer Receivable Arrears). This percentage was then multiplied by the POR Non-Current Customer Receivable Arrears to arrive at a reserve. Beginning in 2014, the POR Uncollectible Customer Reserve calculation methodology was changed to align with the 3-year rolling average as discussed above.

The Company may record additional uncollectible customer reserve amounts as deemed necessary to fairly value Accounts Receivable.

The accruals, net write-offs and balance in FERC Account No. 144.1 Accumulated Reserve for Uncollectible Accounts for the last three calendar years are as follows:

Line		
<u>No.</u>	<u>Description</u>	<u>Amount</u>
1	Balance, January 1, 2013	\$ (2,341,326)
2	Accruals	\$ (11,672,805)
3	Write-offs (Net)	<u>\$ 8,384,745</u>
4	Balance, December 31, 2013	\$ (5,629,386)
5	Accruals	\$ (10,469,085)
6	Write-offs (Net)	<u>\$ 10,810,151</u>
7	Balance, December 31, 2014	\$ (5,288,320)
8	Accruals	\$ (15,627,010)
9	Write-offs (Net)	<u>\$ 14,304,890</u>
10	Balance, December 31, 2015	<u>\$ (6,610,440)</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-6:

“Supply detailed calculations to support the total claim for rate case expense, including supporting data for outside service rendered. Provide the items comprising the estimated rate case expense claim for the current rate case.”

RESPONSE:

The claim in the current rate case proceeding for rate case expenses, shown on Penelec Exhibit RAD-2 page 17, is based on the following total estimated expenses proposed to be normalized for ratemaking purposes over two years:

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (\$000)
1	Legal Fees	\$ 301
2	Expert Witnesses	46
3	Other	<u>222</u>
4	Total Current Filing	<u>\$ 570</u>

Other Includes but is not limited to:

Copying

Postage/Courier Services

Public Input Hearing Costs (facilities/travel/hotels/meals)

Customer Notifications including Newspaper notices and Bill Inserts

Transcripts

Travel/hotels/meals for evidentiary hearings in Harrisburg,
PA

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-7:

“Submit schedules for the test year and for the 12-month period immediately prior to the test year showing by major components, if included in claimed test year expenses, the expenses incurred in each of the following expense categories:

- (a) Miscellaneous general expenses, including account 930.
- (b) Outside service expenses.
- (c) Regulatory commission expenses.
- (d) Advertising expenses, including advertising engaged in by trade associations whenever the utility has claimed a contribution to the trade association as a ratemaking claim - provide explanation of types and purposes of such advertising.
- (e) Research and development expenses – provide a listing of major projects.
- (f) Charitable and civic contributions, by recipient and amount.
- (g) Explain major variances between the test year expenses and those expenses for the prior 12-month period.”

RESPONSE:

- (a – d): See Page 2 of 3.
- (e – f): See Page 3 of 3.

Line No.	Description	12 Months Ending 12/31		
		2017	2016	2015
<i>(in thousands)</i>				
<u>Acct 913 - Advertising & 930 - Miscellaneous General Expense</u>				
Institutional or Goodwill Advertising Expenses (913 & 930.1)				
1	Goodwill Advertising	\$ 67	\$ 67	\$ 23
2	Promotion / customer retention	28	28	\$ 29
3	Print Advertising	16	16	67
4	Agency Services	173	162	22
5	Total Institutional or Goodwill Advertising	<u>\$ 284</u>	<u>\$ 273</u>	<u>\$ 142</u>
Misc. General Expenses (930.2)				
6	Bank Fees	\$ 108	\$ 108	\$ 254
7	Misc Regulatory Expenses	288	280	245
8	Corporate Dues - Trade	132	132	118
9	Financing Admin Fees	213	235	98
10	Corporate Dues - Civic	55	55	31
11	Association Fees and Dues	8	8	43
12	FENOC - Benefits	9	9	36
13	FENOC - Tax	3	3	11
14	Billings for reimbursable costs	(515)	(515)	
15	Other Miscellaneous Expenses	(0)	667	0
16	Total Miscellaneous General Expenses	<u>\$ 301</u>	<u>\$ 980</u>	<u>\$ 838</u>
17	Accounts 913 & 930	<u>\$ 585</u>	<u>\$ 1,254</u>	<u>\$ 980</u>

Account 923 - Outside Services Employed

1	Outside Contractors	\$ 16,851	\$ 19,418	\$ 18,206
2	FE Service Co. Assessments	18,409	18,360	17,031
3	FENOC	80	77	229
4	Total Account 923	<u>\$ 35,340</u>	<u>\$ 37,855</u>	<u>\$ 35,466</u>

Account 928 - Regulatory Commission Expenses

1	Regulatory Commission Expense	\$ 2,616	\$ 2,978	\$ 2,740
2	Total Acct 928	<u>\$ 2,616</u>	<u>\$ 2,978</u>	<u>\$ 2,740</u>

Line No.	Description	12 Months Ending 12/31		
		2017	2016	2015
		<i>(in thousands)</i>		
1	<u>Research and Development Expenditures</u>	\$ 335	\$ 322	\$ 542 (A)

(A) For the year ended December 31, 2015, R&D expenses represents actual amounts included in the income statement. Future amounts are projected expenditures which will settle to either capital or expense depending on the nature of the project.

Account 426.1 - Donations

1	Property Donations	\$ 73	\$ 73	\$ 73
2	Civic Donations	43	43	55
3	Total charitable and civic contributions	<u>\$ 116</u>	<u>\$ 116</u>	<u>\$ 128</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-8:

“Provide an analysis by function of charges by affiliates, for the test year and the 12-month period immediately prior to the test year, for services rendered included in the operating expenses of the filing company. Explain the nature of the service and the basis on which charges or allocations are made, including a copy of an applicable contract. Also, explain major variances between the charges for the test year and the corresponding charges for the prior 12-month period.”

RESPONSE:

See Penelec Exhibit RAD-25 Attachment A for a summary of charges budgeted to be billed to Pennsylvania Electric Company by FirstEnergy Service Company (FE Service) for the twelve months ended December 31, 2017, 2016 and 2015.

Also included is a copy of the Service Agreement between the operating subsidiary Pennsylvania Electric Company and FE Service outlining the services to be provided by FE Service and the basis on which charges are to be billed. See Penelec Exhibit RAD-25 Attachment B.

Pennsylvania Electric Company
Charges by Affiliates
 (000's)

Line No.	Description	Twelve Months Ending December 31, 2017			Twelve Months Ending December 31, 2016			Twelve Months Ending December 31, 2015		
		Labor *	Other than Labor **	Total	Labor *	Other than Labor **	Total	Labor *	Other than Labor **	Total
1	Production	\$ -	\$ 220	\$ 220	\$ -	\$ 214	\$ 214	\$ -	\$ 205	\$ 205
2	Transmission	1,115	789	1,904	2,108	1,097	3,205	2,129	1,215	3,344
3	Distribution	2,270	1,934	4,204	4,448	2,651	7,099	3,799	2,432	6,231
4	Customer Accounting and Information	4,092	5,590	9,682	4,475	4,202	8,677	5,261	3,942	9,203
5	Administrative and General	9,442	11,040	20,482	6,847	13,749	20,596	11,159	8,474	19,633
6	Total	\$ 16,919	\$ 19,573	\$ 36,492	\$ 17,878	\$ 21,913	\$ 39,791	\$ 22,348	\$ 16,268	\$ 38,616

* Labor is direct payroll only; excludes payroll overhead

** OTL includes payroll overhead

Service Company Agreement-Utility [Execution Copy]

SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the 25th day of February, 2011, by and between each of the associate companies listed on the signature page hereto (each a "Client Company"), and FirstEnergy Service Company, an Ohio corporation ("Service Company").

WHEREAS, Service Company is a direct wholly-owned subsidiary of FirstEnergy Corp., a holding company under the Public Utility Holding Company Act of 2005, as amended (the "Act");

WHEREAS, Service Company has been formed for the purpose of providing administrative, management and other services to FirstEnergy Corp. and its associate companies, including Client Company (together, the "Client Companies"); and

WHEREAS, Client Company believes that it is in its interest to enter into an arrangement whereby Client Company may agree to purchase such administrative, management and other services from Service Company as Client Company may choose at cost as determined in accordance with this Agreement and the Act;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DESCRIPTION OF SERVICES.

Service Company agrees to provide certain administrative, management or other services (the "Services") to Client Company similar to those supplied to other Client Companies of Service Company. Such services are and will be provided to Client Company only at the request of Client Company. Exhibit A hereto lists and describes all of the Services that are available from Service Company.

2. PERSONNEL.

In order to provide the Services, Service Company will employ executive officers, accountants, financial advisers, technical advisers, attorneys and other persons with the necessary qualifications. If necessary, Service Company may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. COMPENSATION AND ALLOCATION.

As and to the extent required by law, Service Company provides and will provide such services at fully allocated cost, determined in accordance with the Act. Exhibit A hereof contains rules for determining and allocating such costs.

4. TERMINATION AND MODIFICATION.

Either party to this Agreement may terminate this Agreement by providing 60 days written notice of such termination to the other party. This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of the Act or with any rule, regulation or order of the Federal Regulatory Energy Commission (the "Commission") adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

5. SERVICE REQUESTS.

Client Company and Service Company will prepare a Service Request on or before September 30th of each year listing Services to be provided to Client Company by Service Company and any special arrangements related to the provision of such Services for the coming year, based on Services provided during the preceding year. Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from Service Company, and the arrangements relating thereto.

6. BILLING AND PAYMENT.

Unless otherwise set forth in a Service Request, payment for Services provided by Service Company shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Billing will be made on a monthly basis, with the bill to be rendered as soon as practicable after the close of the month, and remittance or accounting entries completed within 30 days of billing. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date.

7. NOTICE.

Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

To Client Company: c/o President
76 South Main St.
Akron, Ohio 44308

To Service Company: c/o Vice President and Controller
76 South Main Street
Akron, Ohio 44308

8. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of laws provisions.

9. MODIFICATION.

No amendment, change or modification to this Agreement shall be valid, unless made in writing and signed by both parties hereto.

10. ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

11. WAIVER.

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

12. ASSIGNMENT.

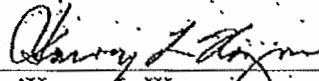
This Agreement shall inure to the benefit and shall be binding upon the parties and their respective successors and assigns. No assignment of this Agreement or either party's rights, interests or obligations hereunder may be made without the other party's consent, which shall not be unreasonably withheld, delayed or conditioned.

13: SEVRABILITY.

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

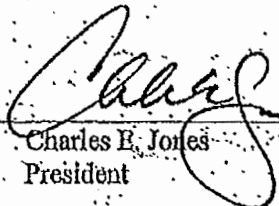
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of the 25th day of February, 2011. This Agreement supercedes any previous agreement between the Service Company and the Client Companies.

FirstEnergy Service Company

By: 
Harvey L. Wagner
Vice President & Controller

Client Companies:

Ohio Edison Company
The Cleveland Electric Illuminating
Company
The Toledo Edison Company
Pennsylvania Power Company
American Transmission Systems,
Incorporated
Pennsylvania Electric Company
Waverly Electric Power & Light
Company
Metropolitan Edison Company
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company
PATH - Allegheny Land Acquisition
Company
PATH Allegheny Maryland
Transmission Company, LLC
PATH Allegheny Transmission
Company, LLC
PATH Allegheny Virginia
Transmission Corporation
AYE Series, Potomac-Appalachian Transmission
Highline, LLC
Trans-Allegheny Interstate Line
Company

By: 
Charles E. Jones
President

Jersey Central Power & Light
Company

By:

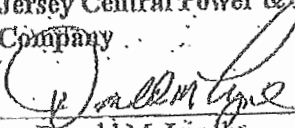

Donald M. Lynch
President

EXHIBIT A
DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGY

1. Description Of Services

Overview

This Exhibit provides a description of all services provided by Service Company departments and the cost allocation methodologies to be used in connection therewith. All products and services are subject to Service Level Standards as negotiated between the Service Company department and Client Company. Each Client Company is classified as either a "Utility Subsidiary" or a "Non-Utility Subsidiary".

2. Cost Allocation Methodology

Overview

The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method. The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully allocated cost of providing the product or service. The costs of product and services provided by the ServeCo that cannot be charged directly to the Subsidiary receiving the product or service will be allocated among the associate companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. The allocation methods used by Service Company are as follows:

a. "Multiple Factor - All" - For the Indirect Costs for products or services benefiting the entire FirstEnergy system, FirstEnergy and all Subsidiaries will bear a fair and equitable portion of such costs. FirstEnergy will bear 5% of these Indirect Costs. The remaining Indirect Costs will be allocated among the Utility Subsidiaries and the Non-Utility Subsidiaries benefiting from the services provided based on FirstEnergy's equity investment in the respective groups. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Non-Utility" method.

b. "Multiple Factor - Utility" - For the Indirect Costs for a product or service solely benefiting one or more of the Utility Subsidiaries, each such Utility Subsidiary so benefiting will be charged a portion of the Indirect Costs based on the sum of the weighted averages of the following factors:

1. Gross transmission and/or distribution plant.
2. Operating and maintenance expense excluding purchase power and fuel costs.

3. Transmission and/or distribution revenues, excluding transactions with affiliates

These three (3) factors have been determined to be the most appropriate for the Utility Subsidiaries in the FirstEnergy system. Each factor will be weighted equally so that no one facet of the electric utility operations inordinately influences the distribution of Indirect Costs.

e. "Multiple Factor - Non-Utility" - For the Indirect Costs for products or services solely benefiting the Non-Utility Subsidiaries, each Non-Utility Subsidiary so benefiting receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases from the Utility Subsidiaries.

d. "Multiple Factor - Utility and Non-Utility" - For the Indirect Costs for a product or service benefiting one or more of the Utility and Non-Utility Subsidiaries, each such Subsidiary so benefiting is first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in such Subsidiaries. Following this distribution, a subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor-Utility." Among the Non-Utility Subsidiaries, allocations will be based upon "Multiple Factor - Non-Utility"

e. "Direct Charge Ratio" - The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.

f. "Number of Customers Ratio" - For costs of products and services driven by the number of Utility customers, the allocation method that will be used will be the number of Utility customers for the respective Utility Subsidiary receiving the product or service divided by the total number of utility customers.

g. "Number of Shopping Customers Ratio" - A "shopping customer" is defined as a Utility customer who has selected a competitive electric generation supplier. For costs of products and services driven by the number of shopping customers, the allocation method that will be used will be the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.

h. "Number of Participating Employees -- General" - For costs of products and services driven by all participating employees within the FirstEnergy system, the allocation method that will be used will be the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.

i. "Number of Participating Employees - Utility and Non-Utility" - For costs of products and services driven by participating employees who work for the Utility and Non-Utility Subsidiaries, the Subsidiaries receiving the product or service are first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.

j. "Gigabytes Used Ratio" - Number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.

k. "Number of Computer Workstations Ratio" - Number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.

l. "Number of Billing Inserts Ratio" - Number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.

m. "Number of Invoices Ratio" - Number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.

n. "Number of Payments Ratio" - Number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service. This will not be utilized until some historical information is available out of our new automated system.

o. "Daily Print Volume" - Average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.

p. "Number of Intel Servers" - Number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.

q. "Application Development Ratio" - Number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.

r. "Server Support Composite" - The average ratio of unix, gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.

3. Descriptions of Products and Services

CALL CENTER

Product or Service	Product / Service Description	Indirect Allocation Methods
Field All Inbound Regulated Calls	Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities.	Multiple Factor -- Utility and Non-Utility
Field All Inbound Unregulated Calls	Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities.	Multiple Factor -- Utility and Non-Utility

CUSTOMER SERVICE

Product or Service	Product / Service Description	Indirect Allocation Methods
Supplier Services	Provide customer services support to electric generation suppliers, administer and maintain Electronic Data Interface (EDI) functions and invoice suppliers.	Number of Shopping Customers Ratio
Regulatory Interface and Process Improvement: Supplier	Liaison to ensure Customer Choice requirements and develop and execute plans to improve supplier services processes.	Number of Shopping Customers Ratio
Market Support Generation (MSG) Administration	Administer and support MSG supplier functions.	Number of Shopping Customers Ratio
Regulatory Interface and Process Improvement: Regulatory	Respond to regulatory complaints from customers and develop and execute plans to improve regulatory compliance processes.	Number of Customers Ratio
Compliance	Work with regions to communicate and ensure regulatory requirements.	Multiple Factor -- Utility
Power Billing	Provide billing functions for large commercial/industrial contract customers.	Number of Customers Ratio
Revenue Reporting	Perform and manage revenue reporting functions.	Number of Customers Ratio
Billing Exception Processing	Process billing exceptions.	Number of Customers Ratio
Remittance Processing	Process customer payments and deposit funds.	Number of Payments Ratio
Human Services	Coordinate and administer the various social services programs.	Number of Customers Ratio

Arrears Management/ Outsourcing Services Incorporated (OSI) Administration	Coordinate and perform arrears, credit and bankruptcy functions. Manage outside collections agencies' performance and OSI credit activities.	Number of Customers Ratio
Revenue Protection Administration	Perform revenue reporting and compliance functions.	Number of Customers Ratio
Metrics and Budget/ Customer Satisfaction Measurement	Manage Customer Services and Call Center Departments' budgets and measure performance and customer satisfaction results.	Number of Customers Ratio
Policy/Procedures Development and Documentation	Develop, document and communicate Customer Services policies and procedures.	Number of Customers Ratio
Bill Administration/ Forms Administration	Design standardized customer bills, envelopes, and forms.	Number of Customers Ratio
Meter Reading Support	Coordinate Meter Reading schedules and routing activities.	Number of Customers Ratio
Customer Information System (CIS) Control	Operate and maintain CIS.	Number of Customers Ratio

ECONOMIC DEVELOPMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Economic Development Services	Foster economic development to encourage capital investment in FirstEnergy's service areas.	Multiple Factor – Utility

TRANSMISSION & DISTRIBUTION TECHNICAL SERVICES

Product or Service	Product / Service Description	Indirect Allocation Methods
Forestry	Provide forestry services.	Multiple Factor – Utility
Distribution Reliability and Asset Records	Services include Joint User contracts, public works coordination, reliability reporting to regions and Public Utility Commissions, mutual assistance coordination, PowerOn support, cable locate ticket screening and tariff support.	Multiple Factor – Utility

Design Standards	Services include line material and construction standards, distribution line and underground maintenance practices and support, new business process support, and service practices.	Multiple Factor – Utility
Substation Services Support	Services include Substation maintenance plan coordination, practices and support, mobile substation administration and planning, and environmental compliance support.	Multiple Factor – Utility
Equipment Repair/Testing Services	Services include the maintenance, installation, maintenance, testing and repair of utility equipment.	Multiple Factor – Utility
Fleet Services	Develop fleet strategy, and perform fleet maintenance practices and support.	Multiple Factor – Utility
Financial Services	Identify revenue enhancements and cost reductions.	Multiple Factor – Utility
Substation Design and Transmission-Line Maintenance Support	Perform substation and transmission line design and project management and material standards, right-of-way and survey services, transmission line maintenance plan coordination, practices and support, FAA activity coordination.	Multiple Factor – Utility
Planning and Protection	Perform planning and protection support for subtransmission system and overall radial system capacity planning overview, and interconnection coordination for distributed technology applications on distribution system.	Multiple Factor – Utility
Capital Budget and Equipment Support	Capital budget development and support, and major equipment specifications and procurement/repair activities for major equipment.	Multiple Factor – Utility

WORKFORCE DEVELOPMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Transmission and Distribution Skills Training	Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination.	Number of Participating Employees – General
Customer Service Skills Training	Develop and facilitate skills training for customer service groups.	Multiple Factor – Utility
External Learning Opportunities Through the Power Systems Institute	Develop educational partnerships with colleges to offer two-year degrees in electric utility technology.	Multiple Factor – Utility

ADMINISTRATIVE SERVICES

Product or Service	Product / Service Description	Indirect Allocation Methods
Provide Administrative Support Services	Provides services in production printing, document imaging, graphic services, food services, corporate mailroom and corporate courier.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*
Provide Records Management Services	Provides services in records storage, records retrieval, records retention, records planning and engineering records.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*
Provide Business Services	Provides services in convenience copiers, fax machines, pagers, printers, and business information center.	Multiple Factor – Utility and Non-Utility or Multiple Factor Utility*

* For services rendered only to the utilities.

EXECUTIVE

Product or Service	Product / Service Description	Indirect Allocation Methods
Executive Management	Consultation and services in management and administration of all aspects of the business.	Multiple Factor -- All

COMMUNICATIONS

Product or Service	Product / Service Description	Indirect Allocation Methods
Public Relations	Provides services in media relations, financial communications, annual reports, executive presentation, public relations counsel, corporate writing, internet support and special projects.	Multiple Factor -- All
Employee Communications	Provides services with update, retirees, satellite broadcast, human resource-related communications and special projects.	Number of Participating Employees -- Utility and Non-Utility
Production	Provides services related to display, photography, Corporate ID, video and employee merchandise.	Multiple Factor -- All
Sponsorship	Provides services related to sports marketing, university support and special projects.	Multiple Factor -- All
Non-Utility Advertising	Provides services related to broadcast/print, collateral, direct mail, internet/intranet, display/merchandise, yellow/white pages, production/agency support and special projects.	Multiple Factor -- Non-Utility
Utility Advertising	Provides services related to TV, radio, print, outdoors, Internet/Intranet, special projects, production, agency support and creative media placement.	Multiple Factor -- Utility
Utility Bill Inserts	Provides services developing regulated bill service to Ohio, Pennsylvania and New Jersey.	Multiple Factor -- Utility
Utility : Yellow / White Pages	Provides services with regulated yellow/white pages.	Multiple Factor -- Utility
Utility: Research	Provides research services.	Multiple Factor -- Utility
Ohio Consumer Education	Provides services related to Ohio Consumer Education statewide and locally.	Multiple Factor -- Utility
Ohio Deregulation Education	Provides service related to Deregulation Education.	Multiple Factor -- Utility

CORPORATE AFFAIRS AND COMMUNITY INVOLVEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Corporate Affairs Activities	Provide administrative support through oversight of the business practices and planning and implementation of staff, senior management and related meetings. Serves as community liaison.	Multiple Factor – Utility
Direct Community Involvement Initiatives	Provides direction in employee volunteerism, supports viable community partnerships and educational initiatives.	Multiple Factor – Utility
Energy Efficiency Programs	Directing and coordinating Ohio Weatherization and Energy Efficiency Programs for Low Income Customers.	Multiple Factor – Utility
Community Initiatives Consulting Services	Consults to regional operations and other business units and client managers for the various community programs.	Multiple Factor – Utility
Contributions Management	Directs, coordinates, monitors, and manages contributions.	Multiple Factor – Utility

CORPORATE

Product or Service	Product / Service Description	Indirect Allocation Methods
Investor Services	Stock administration, perform recordkeeping, transfer agent, registrar, paying agent, reinvestment plan administration and other services for shareholders.	None (All Direct Charge to Holding Co.)
Board of Directors Support	Support and administration of Board of Directors meetings and director compensation.	None (All Direct Charge to Holding Co.)
Annual Meeting Coordination	Coordinate the Annual Meeting of Shareholders, including the preparation and mailing of proxy materials and annual reports and the tabulation of proxies.	None (All Direct Charge to Holding Co.)
Indenture Compliance	Administer the company's indentures	Multiple Factor – Utility

HUMAN RESOURCES

Product or Service	Product / Service Description	Indirect Allocation Methods
Manage Employee Executive Compensation and Benefits	Provide management and supervision for employee and executive compensation and benefits.	Number of Participating Employees – General
Manage Workers Compensation and Disability Management	Provide management and supervision for workers compensation and disability programs.	Number of Participating Employees – General
Provide and Coordinate Human Resources Training	Design, prepare and conduct training.	Number of Participating Employees – General
Provide Employment Services	Provide staffing, relocation and employment expertise.	Number of Participating Employees – General
Provide HRIS Services	Provide and maintain Human Resources information.	Number of Participating Employees – General
Provide Diversity Management Services	Manage Affirmative Action programs, provide BEO/AA consulting services, and respond to charges.	Number of Participating Employees – General
Manage/ Administer Medical Services and Wellness Programs	Establish compliance, develop, implement, and administer medical and wellness programs.	Number of Participating Employees – General

INDUSTRIAL RELATIONS

Product or Service	Product / Service Description	Indirect Allocation Methods
Provide Labor Contract Negotiations	Provide contract negotiation services for all labor agreements.	Number of Participating Employees – General
Provide Labor Consulting Services	Provide labor consulting services.	Number of Participating Employees – General
Manage/Administer Safety Programs	Develop, implement and administer occupational safety programs.	Number of Participating Employees – General

REAL ESTATE

Product or Service	Product / Service Description	Indirect Allocation Methods
Facilities Management	Management and maintenance of office facilities.	Multiple Factor – All or Multiple Factor Utility*
Facilities Planning and Project Management	Manage office design services, furniture, project management and other capital improvements.	Multiple Factor – All or Multiple Factor Utility*
Management of Real Estate Assets	Support internal and external inquiries regarding the acquisition, divestiture and management of real estate assets	Multiple Factor – All or Multiple Factor Utility*
Manage/Administer Security Programs	Administer physical security, special investigations, security audits, security consultation and contract guard services.	Multiple Factor – All or Multiple Factor Utility*

* For services rendered only to the utilities.

FIRSTENERGY TECHNOLOGIES

Product or Service	Product / Service Description	Indirect Allocation Methods
Strategic Technologies	Develop, support and implement EPRI programs, industry initiatives, research and development programs, collaboratives and activities with universities, labs and the Department of Energy.	Multiple Factor – Utility
New Technology Assessment	Perform assessment activities for strategic technology pilots, technology assessments, marketing tests, customer pilots and due diligence reviews.	Multiple Factor – Utility and Non-Utility
Technical Application and Product Innovation	Develop, analyze and support strategic alliances, joint ventures, strategic startups, direct investments and Portfolio initiatives.	Multiple Factor – Utility and Non-Utility
New Technology and Product Market Deployment	Develop, support and implement the following initiatives: tailored solutions with existing products, commercial packages, operational efficiencies and business area solutions.	Multiple Factor – Utility and Non-Utility
Demand Response Initiatives	Provide support for corporate demand response initiatives.	Multiple Factor – Utility and Non-Utility
Renewable Energy Program and Strategy	Provide support for various corporate and regulatory initiatives to develop and implement renewable energy programs and products.	Multiple Factor – Utility

Regulated Programs and Services	Develop, support and implement programs and strategies to meet corporate initiatives and regulatory mandates and commitments related to Comprehensive Resource Assessment(CRA), customer end-use technology, distributed generation and load management.	Multiple Factor – Utility
Project Implementation Management Services	Develop and implement end-use and distributed generation technology-based products and services.	Multiple Factor – Utility and Non-Utility

TECHNOLOGY & SUPPORT SERVICES

Product or Service	Product/ Service Description	Indirect Allocation Methods:
Provide Network Services	Provide Internal Network Services.	Multiple Factor – Utility and Non-Utility
Maintain wireless cell sites and fiber optics network	Maintain internal wireless cell sites and fiber optic network; provide engineering, procurement, and installation services.	Multiple Factor – Utility and Non-Utility

INFORMATION TECHNOLOGY

Product or Service	Product / Service Description	Indirect Allocation Methods
Application Development	Create new or enhance existing applications; including analysis design coding, testing; system integration, and implementation, as well as any required technical writing or project manual development.	Directly Billed
Development Supervision and Tool Support	Supervision of application development employees and the support of development software tools.	Application Development Ratio
Server Support (Unix, SAP)	Create and support the network and server infrastructure to accommodate unix and SAP client server applications.	Gigabytes Used Ratio
Client Server Storage Support	Support of storage requirements for all server applications.	Server Support Composite Ratio
Server Support (Intel)	Create and support the network and server infrastructure to accommodate windows and NT client server applications.	Number of Intel Servers Ratio
Mainframe Processing and Storage Support	Execute mainframe applications, including an appropriate portion of support, started-tasks, mainframe backups and microfiche services.	Gigabytes Used Ratio

Desktop Support	Help desk email and end-user tools, remote access, repair services, and general workstation support.	Number of Computer Workstations Ratio
Network Services	Includes voice, data, BMS and radio access.	Direct Charge Ratio
Inserting Services	Provide document bursting, inserting and mailing.	Number of Billing Inserts Ratio
Printing Services	Provide mainframe and client server printing services at the data center.	Daily Print Volume Ratio
Technical Consulting	Provide consulting support to departments and end-users to enable them to leverage their IT capabilities. Provide advice and consultation regarding desktop setups and configurations.	Directly Billed
Training	Provide IT training.	Multiple Factor – Utility and Non-Utility
Business Application Support	Support business application related software licenses and / or hardware maintenance provided by an outside vendor.	Directly Billed
Data Security	Disaster recovery and data security services.	Multiple Factor – Utility and Non-Utility
Project Management Office	Oversee technology projects through benefit.	Multiple Factor – Utility and Non-Utility
Provide Telecommunication Services	Provide telecommunication services and equipment.	Direct Charge Ratio
Portal Support	Support the infrastructure to accommodate internet and intranet application access.	Multiple Factor – Utility and Non-Utility

PERFORMANCE PLANNING

Product or Service	Product / Service Description	Indirect Allocation Methods
Performance Planning Services	Develop, support and execute performance planning services.	Multiple Factor – All

SUPPLY CHAIN

Product or Service	Product / Service Description	Indirect Allocation Methods
Strategic Planning, Demand management and Procurement Projects	Provide assistance in materials and services planning (demand management) and performs special procurement projects.	Multiple Factor -- Utility and Non-Utility
Goods and services procurement	Procure material, equipment and contractor services. Establish, manage and administer programs, which allow internal customers to obtain goods without having to process the need through Procurement. Develop specifications, construction standards, schedules, and bills of materials.	Multiple Factor -- Utility and Non-Utility
Materials Management Support	Maintain the computerized purchasing and materials management systems, and material related modules; maintain and/or modify select management reports. Analyze Supply Chain processes and measure performance. Monitor and forecast demand to ensure a continuous supply of materials.	Multiple Factor -- Utility and Non-Utility
Investment Recovery Projects	Develop and implement plans for disposition of surplus assets.	Multiple Factor -- Utility and Non-Utility
Process, Refurbish and Sell Materials	Perform recovery processing, investment recovery processing, refurbishing and selling materials.	Multiple Factor -- Utility and Non-Utility
Provide Warehousing Services - Non-nuclear	Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock.	Multiple Factor -- Utility and Non-Utility
Provide Warehousing Services - Nuclear	Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock.	None (All direct charged)
Warehousing Space Charge	Provide warehousing space to internal customers.	Multiple Factor -- Utility and Non-Utility

CONTROLLERS

Product or Service	Product / Service Description	Indirect Allocation Methods
Accounting Research	Provide accounting research and consulting to ensure compliance with existing and proposed financial reporting, and regulatory accounting requirements.	Multiple Factor - All
Accounts Payable	Nonpayroll corporate disbursement services including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.	Multiple Factor - All
Billing Services	Prepare non-retail electric billings.	Multiple Factor Utility
Infrastructure and Corporate Reporting, Accounting and Budgeting	Prepare Corporate Sustaining reports, subsidiary accounting and corporate budgeting, which includes reporting and support of the ledger, property records and SAP system.	Multiple Factor - All
Due Diligence	Assist value centers to determine whether proposed business acquisitions/combinations and similar transactions are desirable from a financial perspective; extensive review/analysis following preliminary review and firm intent to proceed with transaction through commitment and closing phases.	None (All direct charged)
Value Center Accounting and Budgeting	Maintain the property accounting system and provide value center accounting such as management reporting.	Multiple Factor -- Utility and Non-Utility
Property Record Maintenance	Maintain corporate continuing property records.	Multiple Factor -- Utility and Non-Utility or Multiple Factor Utility*
Tax Consulting and Research	Conduct tax research and tax consulting to assure compliance with statutes, while evaluating alternative tax strategies within the constraints of regulations that provide additional shareholder value to the company. In addition, provide tax consulting advice to the value centers on tax compliance and reporting issues, which includes business "start-up" support to organizations requiring assistance.	Multiple Factor -- All

* For services rendered only to the utilities.

Tax Compliance	Prepare and process all schedules and information associated with corporate and subsidiary tax returns, audits, and tax litigation, assuring compliance with tax regulations and statutes.	Multiple Factor -- All or Multiple Factor Utility*
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* For services rendered only to the utilities.

CREDIT MANAGEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Credit Analysis and Supporting Functions	Provide detailed written credit analysis issuing recommendations on counterparty creditworthiness and assigning credit limits.	Multiple Factor -- Utility and Non-Utility
Credit Policies and Procedures	Develop and support credit policies and procedures for managing credit risk. Implement and support standardized credit approval processes.	Multiple Factor -- Utility and Non-Utility
Credit Management Information System	Develop and support credit management reports and calculate credit exposure on a corporate wide basis.	Multiple Factor - All

ENTERPRISE RISK MANAGEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
General Risk Management	Develop and maintain an enterprise risk management system.	Multiple Factor - All

INSURANCE SERVICES

Product or Service	Product / Service Description	Indirect Allocation Methods
Insurance Policies	Manage and support insurance policies for all the business units.	Multiple Factor -- Utility and Non-Utility
Loss Control Services	Manage and support property inspections to prevent losses.	Multiple Factor -- Utility and Non-Utility
Surety Bonds	Manage and support Surety Bonds.	Multiple Factor -- Utility and Non-Utility
Risk Transfer and Risk Mitigation Services	Manage and support risk transfer and risk mitigation services.	Multiple Factor -- Utility and Non-Utility
Ancillary Coverages	Manage and support ancillary coverages.	None (All direct charged)

INTERNAL AUDIT

Product or Service	Product / Service Description	Indirect Allocation Methods
Audit Services	Perform the following internal audit services based on risk levels and / or requests: financial, performance analysis, safeguarding of assets, computer-related and fraud investigations.	Multiple Factor - All or Multiple Factor - Utility*

INVESTMENT MANAGEMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Qualified and Non-qualified Pension and Savings Plan	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Number of Participating Employees - Utility and Non-Utility
FirstEnergy Foundation	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Multiple Factor - All
Voluntary Employees Benefit Association (VBBA) Trust	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Number of Participating Employees - Utility and Non-Utility
Nuclear Decommissioning	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	None (All direct charged)
Non-Utility Generator Trust	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Multiple Factor - Non-Utility
Spent Nuclear Fuel	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	None (All direct charged)
Low-Income Housing Tax Credit Partnership	Establish and implement investment policy and asset allocation strategy and monitor investment performance.	Multiple Factor - All

INVESTOR RELATIONS

Product or Service	Product / Service Description	Indirect Allocation Methods
Investor Information	Compile and communicate information to investors.	Multiple Factor - Utility* or Direct Charge to Holding Co.
Investor Education	Target and educate potential investors to promote FirstEnergy's valuation characteristics and business strategy.	None (All Direct Charge to Holding Co.)

* For services rendered only to the utilities.

Regulations Compliance	Ensure compliance with SEC Fair Disclosure regulations.	Multiple Factor - All
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FirstEnergy Management Education	Provide education to management of business concerns and valuation issues of analyst/investors	Multiple Factor – All
FirstEnergy Employee Education	Actively promote understanding of financial and investor relations' issues.	Multiple Factor – All

RATES AND REGULATORY AFFAIRS

Product or Service	Product / Service Description	Indirect Allocation Methods
Regulatory Activities and Consulting	Manage regulatory activities and interfaces, including tariff development and interpretation. Monitor and participate in regulatory affairs at the local, state and federal levels.	Multiple Factor – Utility
Customer Pricing and Contracting	Develop pricing programs for regulated electric service for retail and wholesale customers; including "unbundled" costs and prices for generation, transmission and distribution service and support justification to regulators. Provide support in developing pricing for special-purpose customer programs and non-regulated energy services (e.g. prepayment, economic development, interruptible load, conjunctive-billing electric service programs).	Multiple Factor – Utility
Billing Support	Provide assistance calculating customer (external and internal) invoices and operate and maintain systems to render, collect and account for these invoices.	Multiple Factor – Utility
Sales and Load Forecasting	Develop short-term and long-term sales forecast, peak load projections and customer counts	Multiple Factor – Utility and Non-Utility

TREASURY

Product or Service	Product / Service Description	Indirect Allocation Methods
Capital Structure Management and Administration	Perform all activities related to acquiring capital and establish and administer funding, legal documentation, and record-keeping activities associated with finance programs	Multiple Factor – All
Corporate Funds Management	Plan, manage, and operate the corporate "cash-flow-cycle."	Multiple Factor – All
Corporate Forecasting	Provide regulatory support, strategy support, financial modeling and forecasting, financial and economic analysis and development of annual corporate KPI target.	Multiple Factor – All

Capital Project Evaluation and Support	Provide analytical support in the areas of financing, profitability, capital structure and cash flow.	Multiple Factor – Utility and Non-Utility
Investor Relations Activities	Provide institutional and retail security holder, buy and sell-side analysts, rating agencies, and other key members of the financial community with qualitative and quantitative information.	Multiple Factor – All

BUSINESS DEVELOPMENT

Product or Service	Product / Service Description	Indirect Allocation Methods
Mergers and Acquisitions Support	Support, evaluate and assist in the management of merger, asset acquisition and asset disposition activities.	None (All direct charged)
Internal Consulting	Perform strategic analysis/business fit, and economic analysis. Provide integration and transitional management services as needed.	None (All direct charged)

GOVERNMENTAL AFFAIRS

Product or Service	Product / Service Description	Indirect Allocation Methods
Federal Governmental Affairs Support	Activities associated with developing and maintaining relationships with federal government institutions; includes lobbying, and other support activities.	None (All direct charged)
State Governmental Affairs Support	Activities associated with developing and maintaining relationships with state government institutions; includes lobbying, and other support activities.	None (All direct charged)

LEGAL

Product or Service	Product / Service Description	Indirect Allocation Methods
Provide Governmental Affairs Support	Activities associated with developing and maintaining relationships with government institutions; includes lobbying, litigation, and other support activities.	None (All direct charged)
Nuclear Legal Consultation and Case Management	Provide legal advice for federal and state nuclear matters.	None (All direct charged)
Human Resources Legal Consultation & Case Management	Provide legal advice for human resources matters (including workers compensation, union negotiations, arbitrations, class action lawsuits, etc.).	Multiple Factor – Utility and Non-Utility

Product or Service	Product / Service Description	Indirect Allocation Methods
Employee Benefits Legal Consultation & Case Management	Provide legal advice for employee benefits matters (including health and welfare benefits, tax-qualified and non-tax qualified benefit plans and programs, pension administration, etc.).	Number of Participating Employees – Utility and Non-Utility
Tax Legal Consultation & Case Management	Provide legal advice for tax matters including federal, state & local tax matters (land tax, sales & use tax, IRS, etc.).	Multiple Factor – All
Bankruptcy Legal Consultation & Case Management	Provide legal advice for bankruptcy matters.	Multiple Factor – Utility and Non-Utility
International Legal Consultation & Case Management	Provide legal advice for international matters— contract negotiations, sale/lease agreements.	None (All direct charged)
Non-Utility Legal Consultation & Case Management	Provide legal advice on federal and state matters to Non-Utility Subsidiaries.	Multiple Factor – Non-Utilities
Regulatory Legal Consultation & Case Management	Provide legal advice for federal and state regulatory matters.	Multiple Factor – Utility
Environmental Legal Consultation & Case Management	Provide legal advice for environmental matters (other than PCB – related matters) - federal (BPA) and state (BPA), regulatory/legislative compliance issues.	None (All direct charged)
PCB Environmental Legal Consultation & Case Management	Provide legal advice for PCB-related matters - federal (BPA) and state (BPA), regulatory/legislative compliance issues.	Multiple Factor – Utility
Real Estate Legal Consultation & Case Management	Provide legal advice for real estate matters.	Multiple Factor – Utility and Non-Utility
Corporate Legal Consultation & Case Management	Provide legal advice for general corporate and transactional matters (including SEC filings, Board of Directors matters, PUHCA, Financings, Securities Matters, Intellectual Property, Technology, General Counsel matters, etc.).	Multiple Factor – All
Claims Legal Consultation & Case Management	Provide legal advice for Claims matters.	Multiple Factor – All

CLAIMS:

Product or Service	Product / Service Description	Indirect Allocation Methods
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Process Receivable Claims	Provide management, supervision, and performance of tasks associated with the resolution and chargeback of receivable claims.	Multiple Factor - All
Provide Corporate Support	Claims support in evaluating claims, and procuring appropriate external/internal legal resources.	Multiple Factor - All

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-9:

“Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for, the cost thereof, the accounting treatment and whether included in claimed test year expenses.”

RESPONSE:

Pennsylvania Electric Company
 Social and Service Organization Memberships Paid
 (000's)

Line No.	Organization	12 Months Ending December 31,		
		2017 (1)	2016 (2)	2015 (3)
<u>Business Associations</u>				
<u>Account 930</u>				
1	Edison Electric Institute	\$ 132	\$ 132	\$ 118
2	Chamber of Commerce, Economic Development,	55	55	31
3	& Local Community Organizations			18
4	Georgia Tech Reserve Corp (NEETRAC			12
5	Electric Power Research Institute (EPRI)	8	8	8
6	Other Business / Trade Organizations			6
7	Cybertech Incorporated			3
8	Southeastern Electric Exchange Inc.			
	Total Account 930	<u>\$ 195</u>	<u>\$ 195</u>	<u>\$ 196</u>
<u>Account 923</u>				
9	Southeastern Electric Exchange Inc.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>
<u>Account 426</u>				
10	Edison Electric Institute	<u>\$ 32</u>	<u>\$ 32</u>	<u>\$ 19</u>
	Total (line 8 + line 9 + line 10)	<u>\$ 227</u>	<u>\$ 227</u>	<u>\$ 218</u>

Account 426 is not included in claimed test year expenses.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-10:

“Provide the following payroll and employee benefit data – regular and overtime – separately for the test year and for the 12-month period immediately prior to the test year:

- (a) The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with union personnel.
- (b) The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with nonunion personnel.
- (c) The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with managerial employees.
- (d) A summary of the wage rate, salary and employee benefit changes granted or to be granted during the year.
- (e) The claimed test year payroll expense and employee benefit expense.
- (f) The percentage of payroll expense and employee benefit expense applicable to operation and maintenance expenses and the basis thereof.”

RESPONSE:

(a – b): See Penelec Exhibit RAD-27 Attachment A.

(c) Managerial employees shown below are also included in response a and b under “Full-Time Non Bargaining” employees.

Payroll and Employee Benefits - Management Employees (\$000)				
Line No.	Description	12 Months Ending	12 Months Ending	12 Months Ending
		12/31/2017	12/31/2016	12/31/2015
		Full-Time	Full-Time	Full-Time
		NonBargaining	NonBargaining	NonBargaining
Number of Management Employees				
1	Average	27	27	27
2	Year-End	27	27	27
3	Straight Time Payroll	\$ 3,518	\$ 3,415	\$ 3,387
4	Overtime Payroll	-	-	20
5	Incentive Compensation	394	385	373
6	Total Payroll	<u>\$ 3,912</u>	<u>\$ 3,800</u>	<u>\$ 3,779</u>
7	Total Employee Benefits	<u>\$ 768</u>	<u>\$ 746</u>	<u>\$ 748</u>

- (d) The following wage increase assumptions were incorporated in the Jan. 2017 – Dec. 2017 test period: Non-Bargaining 3.00% effective 3/1/17. Bargaining IBEW 459 3.00% effective 5/1/17. Bargaining UWUA 180 2.50% effective 9/1/17.

The following assumptions were incorporated in the 2017 test period: Pension Discount Rate 4.5%, Pension Return on Assets 7.5%, OPEB discount rate 4.25%, OPEB Return on Assets 7.75%, effective January 1, 2017.

The following wage increase assumptions were incorporated in the Jan. 2016 – Dec. 2016 period: Non-Bargaining 3.00% effective 3/1/16. Bargaining IBEW 459 3.00% effective 5/1/16. Bargaining UWUA 180 2.5% effective 9/1/16.

The following assumptions were incorporated in the 2016 test period: Pension Discount Rate 4.5%, Pension Return on Assets 7.5%, OPEB discount rate 4.25%, OPEB Return on Assets 7.75%, effective January 1, 2016.

- (e) See Penelec Exhibit RAD-2 Adjustment 5.1, page 12 for payroll expense and RAD-2, Adjustment 8.3, page 20 for employee benefit expense.

- (f) The percentage of forecast payroll expense directly charged to O&M expense for the Jan. 2017 – Dec. 2017 test period is 49.56%. The percentage of employee benefits directly charged to O&M expense for the Jan. 2017 – Dec. 2017 test period is 49.56%. The benefit percentage does not include pension or OPEB costs which are not charged to O&M expense as part of the benefit labor adder applied to payroll.

The percentage of forecast payroll expense directly charged to O&M expense for the Jan. 2016 – Dec. 2016 test period is 48.08%. The percentage of employee benefits directly charged to O&M expense for the Jan. 2016 – Dec. 2016 test period is 48.08%. The benefit percentage does not include pension or OPEB costs which are not charged to O&M expense as part of the benefit labor adder applied to payroll.

Pennsylvania Electric Company (Penelec)
Payroll and Employee Benefits
(\$000)

Line No.	Description	12 Months Ending 12/31/2017			12 Months Ending 12/31/2016			12 Months Ending 12/31/2015		
		Full-Time Bargaining	Full-Time NonBargaining	Total	Full-Time Bargaining	Full-Time NonBargaining	Total	Full-Time Bargaining	Full-Time NonBargaining	Total
Number of Employees										
1	Average	469	254	723	485	244	729	476	251	727
2	Year-End	461	253	714	489	255	744	470	253	723
3	Straight Time Payroll	\$ 38,988	\$ 22,623	\$ 61,611	\$ 38,378	\$ 21,914	\$ 60,292	\$ 35,313	\$ 21,393	\$ 56,706
4	Overtime Payroll	5917	1103	7020	5820	1070	6890	7288	1094	8382
5	Incentive Compensation	2376	2341	4717	2386	2330	4716	2835	2744	5579
6	Total Payroll	<u>\$ 47,281</u>	<u>\$ 26,067</u>	<u>\$ 73,348</u>	<u>\$ 46,584</u>	<u>\$ 25,314</u>	<u>\$ 71,898</u>	<u>\$ 45,436</u>	<u>\$ 25,231</u>	<u>\$ 70,667</u>
Total Company Employee Benefits:										
7	Workers Compensation	\$ 344	\$ 186	\$ 531	\$ 343	\$ 188	\$ 531	\$ 161	\$ 85	\$ 246
8	Pension Costs	(1,427)	(773)	(2,199)	4,018	2,198	6,215	38,851	20,486	59,337
9	OPEB	1,574	852	2,427	1,637	896	2,533	(10,107)	(5,329)	(15,436)
10	Life Insurance	73	39	112	72	39	112	32	17	49
11	Medical/Dental Insurance	4,580	2,480	7,060	4,366	2,388	6,754	3,621	1,909	5,530
12	Executive Benefits	-	564	564	-	576	576	-	806	806
13	Restricted Stock	-	-	-	-	-	-	-	-	-
14	Savings Plan	1,463	792	2,256	1,423	778	2,201	1,305	688	1,993
15	Long / Short Term Disability	112	61	172	111	61	172	67	35	102
16	Education Assistance	44	24	69	44	24	69	7	4	10
17	Employee Awards	-	-	-	-	-	-	-	-	-
18	Employee Assistance Program	10	5	15	10	5	15	8	4	13
19	Wellness Program	216	117	334	202	111	313	70	37	107
20	Relocation	243	131	374	-	374	374	-	222	222
21	Other	46	25	71	46	25	71	189	100	289
22	Total Employee Benefits	<u>\$ 7,279</u>	<u>\$ 4,506</u>	<u>\$ 11,785</u>	<u>\$ 12,272</u>	<u>\$ 7,664</u>	<u>\$ 19,936</u>	<u>\$ 34,204</u>	<u>\$ 19,064</u>	<u>\$ 53,269</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-11:

“Describe costs relative to leasing equipment, including computer rentals, and office space, including terms and conditions of the leases. State method for calculating monthly or annual payments.”

RESPONSE:

Line No	Name of Lessor	Basic Detail of Lease	12 Months Ending December 31, 2017 <i>(in thousands)</i>
1	GE Capital Commercial Inc. (successor-in-interest to BLC Corporation)	<p><u>Motor Vehicles & Trailers</u> - Base Term 36-120 months with a Fixed Rate & maximum expected residual of 25% with unguaranteed residual of 13%. At end of base term, option for renewal exists for up to 24 months at 474 BPS plus Federal 2 year Swap Rate. At end of renewal term, option to continue to rent for monthly fee equivalent to 1/12 of 1% of acquisition cost until unit is sold or returned to Lessor.</p> <p><u>Other Equipment</u> - Base Term 36-120 months with a Fixed Rate & maximum expected residual of 20% with unguaranteed residual of 13%. At end of base term, option for renewal exists for up to 24 months at 474 BPS plus Federal 2 year Swap Rate. At end of renewal term, option to continue to rent for monthly fee equivalent to 1/12 of 1% of acquisition cost until unit is sold or returned to Lessor.</p>	\$1,116
2	Citizens Asset Finance, Inc. (f/k/a RBS Asset Finance, Inc.)	<p><u>Motor Vehicles & Trailers</u> - Base Term 60 months for Light & Medium Duty Vehicles, 96 months for Heavy Duty High Use Trouble Trucks and 120 months for all other Heavy Duty Vehicles & Trailers with a \$1 buy out at end of term for all.</p> <p><u>Other Equipment</u> - Base Term 96 months for Miscellaneous Equipment like ATVs, Sweeper/Scrubbers, etc. and 120 months for Construction Equipment & Forklifts with a \$1 buy out at end of term for all. Rates for both Motor Vehicles/Trailers & Other Equipment Leases are Fixed based on 200 BPS plus Bloomberg Avg Life Swap Rate (2.5 yrs for 60 month term, 4 yrs for 96 month term & 5.5 yrs for 120 month term)</p>	\$5,100
3	Bank of America NA DBA Banc of America Leasing & Capital LLC	<p>Duty Vehicles, 96 months for Heavy Duty Vehicles, Aerial Trouble Trucks and Crane Trucks, 120 months for All other Aerial Trucks, Digger Derricks & Trailers. All terms have a 20% residual balance.</p> <p><u>Other Equipment</u> - Base Term 120 months for Construction & Miscellaneous Equipment with no residual balance at the end of term instead FMV due. For all others at the end of the term, the options are to return the equipment, purchase at residual/FMV or enter into a renewal term for a minimum of 6 months but no longer than 24 months. At the end of the renewal term, we have the option to purchase at FMV or continue to rent monthly for a \$25 administrative fee until the unit(s) are sold.</p> <p>Lease Rate is margin 170 BPS for 60 & 96 term & 173 for 120 term plus Bloomberg Index Forward Swap Rate. Will use the 1st of each month to determine Swap Rate or next Business Day if 1st falls on bank holiday or weekend.</p>	\$248

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-12:

“Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures, explain any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases, and list all internal and independent audit reports for the most recent 2 year period.”

RESPONSE:

There have been no major changes in accounting procedures adopted since the previous rate case.

A list of all internal audit reports performed by the Internal Auditing Department from January 2014 through December 2015 appears on pages 1 thru 3.

A list of all independent audits performed from January 2014 through December 2015 appears on page 3.

Internal Audits Performed During – January through December 31, 2014

Compliance:

1. Audit of FirstEnergy Utilities Waste Management Practices as of November 7, 2013
2. Audit of FirstEnergy's Compliance to the Clean Air Act – Sulfur Hexafluoride Mandatory Emissions Tracking and Reporting as of January 21, 2014
3. Audit of FirstEnergy's Compliance with the 2014 CIP Information Protection Program and CIP-003-3 Requirement 4 as of July 15, 2014
4. Compliance Review of FirstEnergy Corporate Security Policy Guide - Possession/Use Of Weapons By Corporate Security Personnel as of November 20, 2014

Operational:

1. Audit of the Smart Meter Deployment Process - Phase I as of July 18, 2014
2. Audit of the Smart Meter Deployment Process – Phase II as of December 5, 2014

Consulting

1. Audit of 2013 Occupational Safety & Health Administration (OSHA) Recordable Incident Rate as of January 10, 2014
2. FiT Assignment - Governance and Compliance Team
3. Vendor Payroll Tax Reconciliation Audit Review
4. Storm Back-Office Invoice Review Process Development
5. Smart Meter Implementation and Procurement (SMIP) Program Time Charging Guiding Principles
6. Cyber Security Risk Assessment – MTF
7. 2014 Purchase Order Audit Clause Revision Reviews

IT Related:

1. Audit of Qlikview as of March 14, 2014
2. Facilitation of the Control Design for the Office Productivity Transformation Project
3. Pre-Implementation Audit of the Financial Transformation Project Budget, Forecast, and Planning System as of May 23, 2014
4. Pre-Implementation Audit of the Financial Transformation Project New General Ledger Technology as of May 23, 2014
5. Pre-Implementation Audit of the Financial Transformation Project Business Objects Planning and Consolidation System as of May 23, 2014
6. Control Design Workshop for IT Operations
7. Audit of Customer Nightly Batch Automation Project as of May 21, 2014
8. Pre-Implementation Audit of PowerPlant 10.4 Upgrade Project as of October 31, 2014
9. Facilitation of the Control Setup and Test Plan Execution for the Office Productivity Transformation Project

Financial:

1. Revenue's Payment Recovery Audit for Accounts Payable – 2012
2. Sarbanes-Oxley Annual Progress Report as of December 31, 2013
3. Audit of Pennsylvania Storm Deferral Accounting as of January 14, 2014
4. Sarbanes-Oxley 404 Assessment of Internal Controls Over Financial Reporting as of December 31, 2013
5. Audit of Accounts Payable for Year-Ended December 31, 2013
6. First Quarter Sarbanes-Oxley Assessment of Internal Controls Over Financial Reporting as of March 31, 2014
7. Audit of the FirstEnergy Interconnection Meters and Billing Accuracy as of January 30, 2014
8. Second Quarter Sarbanes-Oxley Assessment of Internal Controls Over Financial Reporting as of June 30, 2014
9. Third Quarter Sarbanes-Oxley Assessment of Internal Controls Over Financial Reporting as of September 30, 2014
10. Audit of Capital and Operation and Maintenance Expenses – Transmission & Information Technology (IT) Expenditures as of December 15, 2014

Internal Audits Performed During – January through December 31, 2015

Compliance:

1. Audit of 2014 Occupational Safety & Health Administration (OSHA) Recordable Incident Rate as of January 8, 2015
2. Audit of FirstEnergy's Environmental Governance - Environmental Management System (EMS) as of May 12, 2015
3. NERC CIP Version 5 Implementation Project – IT Operations Team as of December 15, 2015

Operational:

1. Audit of Regulated Generation and Dispatch Processes as of February 27, 2015
2. Audit of SMIP - Interim Meter Reading Data Validation Process as of July 15, 2015
3. PA Rate Order Implementation as of September 15, 2015

Consulting

1. Audit of FirstEnergy's Compliance with the 2015 CIP Information Protection Program and CIP-003-3 Requirement 4 as of July 31, 2015
2. FEU Final Bill, Write Off, and Outside Collection Agency Process Review as of August 24, 2015
3. Related Party/Person Risk Assessment – MTF
4. Forefront Identity Manager - MTF

IT Related:

1. Audit of Managed Cloud Environment – IT Controls as of February 13, 2015.
2. Audit of the Information Technology Budget Process as of December 2, 2015
3. Cyber Security Overview - MTF

Financial:

1. Sarbanes-Oxley 404 Assessment of Internal Controls Over Financial Reporting as of December 31, 2014
2. Audit of Accounts Payable for Year-Ended December 31, 2014
3. 2014 SOX Annual Progress Report
4. Audit of UIPlanner Reports
5. Second Quarter Sarbanes-Oxley Assessment of Internal Controls Over Financial Reporting as of June 30, 2015
6. Third Quarter Sarbanes-Oxley Assessment of Internal Controls Over Financial Reporting
7. Revenue's Payment Recovery Audit for Accounts Payable – 2014
8. Balance Sheet Reconciliation Review
9. Audit of Capital and Operation and Maintenance Expenses - FEU as of December 8, 2015

Independent Audits Performed for the years ended December 31, 2014 and 2015

PricewaterhouseCoopers LLP – Independent Registered Public Accounting Firm

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-13:

“Regardless of whether a claim for negative or positive net salvage is made, attach an exhibit showing gross salvage, cost of removal, third party reimbursements, if any, and net salvage for the test year and 4 previous years.”

RESPONSE:

The Company has not included third party reimbursements or any related costs of removal in the development of its claim allowance. The reasons for not including these amounts are as follows:

1. Depreciation rates are established with the expectation of normal remaining lives and charged capital principal costs to cost of service while an asset is in rate base.
2. When other than a normal circumstances causes equipment to retire, it is often due to third party involvement. When these occur, the Company acts to protect both investors' and customers' interests by seeking reimbursement from the third parties involved.
3. Third party reimbursements are typically for the following unpredictable and non-periodic events:
 - a. relocation/replacement of equipment for the convenience of the requesting party;
 - b. damage caused by equipment;
 - c. occasional sales of equipment for reasons other than normal of useful life.
4. The Company's handling of third party reimbursements is designed to minimize the need for any additional financing as follows:
 - a. a portion equal to the undepreciated amount of the item involved is credited to the reserve, bringing net plant to zero. There are no further depreciation or carrying charges (with book rate base and remaining life depreciation) relative to this item.
 - b. A portion equal to labor and other costs of expense is credited to these expenses – thus producing a net incurred expense of zero.

- c. Any remaining portion of such reimbursement is credited to related new constructions, thus reducing the cost of replacement plant.

The result of the Company procedure described above is to leave investors and ratepayers in equitable positions. The third party paid for the balance of the old asset (investors' funds outstanding), paid for the extra cost of work involved (no cost to investor or to ratepayer), and paid for some the cost of the replacement equipment (reducing plant rate base, consequently lowering related depreciation and carrying charges to customers). The partial payment of third parties of replacement items also avoids additional financing, with attendant benefits of avoiding increases in capital costs (to customers) and of avoiding possible common equity dilution (to present stockholders).

See Penelec Exhibit RAD-30 Attachment A.

Pennsylvania Electric Company (Penelec)
Third Party Reimbursement, Cost of Removal and Salvage
For test year 1/1/2017 thru 12/31/2017 and 6 previous years

	Third Party Reimbursements (1)	Cost of Removal (2)	Salvage (3)	Net Salvage (4)=(2)+(3)
1/1/2011 thru 12/31/2011	(4,764,549)	14,736,320	(255,388)	14,480,932
1/1/2012 thru 12/31/2012	(4,991,903)	21,467,125	(440,170)	21,026,955
1/1/2013 thru 12/31/2013	(4,117,020)	13,085,725	(403,554)	12,682,171
1/1/2014 thru 12/31/2014	(4,228,445)	26,157,233	(331,772)	25,825,461
1/1/2015 thru 12/31/2015	(558,455)	20,990,931	(604,504)	20,386,427
1/1/2016 thru 12/31/2016	(456,288)	17,555,850	-	17,555,850
1/1/2017 thru 12/31/2017	(456,288)	16,075,645	-	16,075,645

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-14:

“State the amount of debt interest utilized for test year income tax calculations, including the amount so utilized which has been allocated from the debt interest of an affiliate, and provide details of debt interest and allocation computations.”

RESPONSE:

Debt interest utilized in the normalized test year under present rates is \$42,975,000 as calculated in Penelec Exhibit RAD-2, Adjustment No. 12, page 26.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-15:

“Provide a schedule for the test year of Federal and Pennsylvania taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following tax categories:

- (a) Social Security.
- (b) Unemployment.
- (c) Capital stock.
- (d) Public utility
- (e) P.U.C. assessment.
- (f) Other property taxes.
- (g) Any other appropriate tax categories.”

RESPONSE:

See Penelec Exhibit RAD-32 Attachment A for a schedule of taxes other than income taxes showing per budget and pro forma at present rates for the future test years.

Pennsylvania Electric Company
 Summary of Taxes other than Income Taxes
Twelve Months Ending December 31, 2017
 (\$000)

Line No.	Description	<u>Per Budget</u>	<u>Pro Forma Under Present Rates</u>	
		Total Electric Operating (1)	Normalizing Adjustments (2)	As Adjusted (3)
	<u>Federal</u>			
1	Federal and State payroll taxes	\$ 2,658	\$ 43	\$ 2,701
2	Federal Excise Tax	3	-	\$ 3
	<u>State</u>			
3	Capital Stock	40	(40)	\$ -
4	Gross Receipts	47,165	(1,089)	\$ 46,076
5	Public utility realty	1,259	(291)	\$ 968
6	Gross premiums	-	-	\$ -
7	Use tax	2	-	\$ 2
	<u>Local</u>			
8	Real estate & other	389	(90)	299
9	TOTAL	<u>\$ 51,516</u>	<u>\$ (1,467)</u>	<u>\$ 50,049</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-16:

“Submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma under proposed rates, together with an explanation of all normalizing adjustments. Submit detailed calculations supporting taxable income before State and Federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.”

RESPONSE:

See Penelec Exhibit RAD-33 Attachment A.

Line No.	Description	In Thousands		
		Fully Future Test Year Ending 12/31/17 Per Budget (1)	Pro-Forma Test Year Under Existing Rates (2)	Pro-Forma Test Year Under Proposed Rates (3)
1	Balance after preferred stock dividends	\$ 87,231		
	Net utility operating income:			
2	Exhibit RAD-2, page 1, line 24, column 7		\$ 55,732	
3	Exhibit RAD-2, page 3, line 24, column 25			\$ 139,943
	Subtract:			
4	Equity Earnings of Subsidiaries	(26,327)		
	Add:			
5	Income Taxes-Federal	8,852	27,472	72,816
6	Income Taxes-State	5,402	11,949	26,328
7	Provision for Deferred Income Taxes	28,947	19,675	19,675
8	Provision for Deferred Income Taxes-Credit	-		
9	Investment Tax Credit	(460)	(457)	(457)
10	Book Income Subject to Tax	\$ 103,645	\$ 114,371	\$ 258,305
	Adjustments:			
11	Book Depreciation	61,780	93,791	93,791
12	Tax Depreciation	(101,082)	(100,631)	(100,631)
13	Interest expense per Ratemaking	-	(42,975)	(42,975)
14	Business Meals	113	-	-
15	Life Insurance	(40)	-	-
16	Medicare Federal Subsidy	-	-	-
17	Dividend Received Deduction	(0)	-	-
18	ESOP Dividend	(623)	-	-
19	FE Service Perm M allocation	(142)	-	-
20	Lobbying	32	-	-
21	Fe Service Schedule M allocations	(6,498)	-	-
22	Capitalized Interest-Avoided Costs in Excess of AFC	-	-	-
23	FAS 123R - Restricted Stock Units	-	-	-
24	FAS 143	-	-	-
25	Price to Compare Rider	(3,258)	-	-
26	ESOP Compensation Expense	-	-	-
27	Storm Damage & Other Deferrals	34,386	-	-
28	Deferrals / Amort SEIA	-	-	-
29	OPEBs	1,713	-	-
30	Tax Capitalized Interest	777	-	-
31	Capitalized Vertical Tree Trimming	(10,500)	-	-
32	Reacquired Debt - Book Amortization of Loss	1,024	-	-
33	Casualty Loss	-	-	-
34	Section 263	-	-	-
35	T&D Repairs	(15,000)	-	-
36	AFUDC Equity	(767)	-	-
37	Depreciation Flow Thru	1,852	-	-
38	Capitalized Interest-Book AFC	(685)	-	-
39	Capital Lease Vehicle Book Expenses	705	-	-
40	Pension Accrual	(2,732)	11,857	11,857

Line No.	Description	In Thousands		
		Fully Future Test Year 12/31/2017 Per Budget (1)	Pro-Forma Test Year Under Existing Rates (2)	Pro-Forma Test Year Under Proposed Rates (3)
41	Energy Efficiency Deferral - EEC-C	\$ 235	-	-
42	Solar Votaic Req Charge Rider	(2,231)	-	-
43	Default Serv Support - Unbilled Def	(7,722)	-	-
44	Universal Service Program	2,669	-	-
45	Waverly DSS Rider	273	-	-
46	Other Reg Assets / Liabilities	-	14,028	14,028
47	State Taxable Income before Tax Preferences	\$ 101,025	\$ 90,441	\$ 234,375
48	State Tax Preference Items	19,322	29,170	29,170
49	State Taxable Income	\$ 120,347	\$ 119,611	\$ 263,545
State Income Tax:				
50	Current Year	5,402	11,949	26,328
51	Total State Tax	\$ 5,402	\$ 11,949	\$ 26,328
52	Less: State Tax Preference Items	19,322	29,170	29,170
53	Federal Taxable Income (Line 47-L49-L50)	\$ 95,623	\$ 78,492	\$ 208,047

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-17:

“Submit a schedule showing for the last 5 years the income tax refunds, plus interest - net of taxes, received from the Federal government due to prior years’ claims.”

RESPONSE:

See Penelec Exhibit RAD-34 Attachment A.

**Pennsylvania Electric Company
 Income Tax Refunds Prior Year Claims**

() represents refunds

		<u>Tax Refunds</u>	<u>Interest Rec</u>	<u>0.414935 Tax On Interest</u>	<u>Net Interest</u>
Received 2011					
Audit Settlement					
2001	\$	(21,052,459.00)	\$ (6,740,920.00)	\$ 2,797,043.64	\$ (3,943,876.36)
2002		(9,314,878.00)	(2,583,740.00)	1,072,084.16	(1,511,655.84)
2003		(2,966,819.00)	(746,090.00)	309,578.85	(436,511.15)
2004		(1,104,012.00)	(624,254.00)	259,024.83	(365,229.17)
2007		(1,327,873.00)	(79,302.00)	32,905.18	(46,396.82)
Received 2012					
NOL Carryback Claim					
2011		(8,108,126.00)			
Received 2013					
None					
Received 2014					
Audit Settlement					
2010		(130,356.00)	(2,491.00)	1,033.60	(1,457.40)
Received 2015					
None					
Total		<u>\$ (44,004,523.00)</u>	<u>\$ (10,776,797.00)</u>	<u>\$ 4,471,670.26</u>	<u>\$ (6,305,126.74)</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-18:

“Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.”

RESPONSE:

See Penelec Exhibit RAD-35 Attachment A.

Pennsylvania Electric Company
Accumulated Deferred Taxes
 (\$000)

Line No.	Balance at 12/31/17		Balance at 12/31/16		Balance at 12/31/15	
	(1)	(2)	(3)	(4)	(5)	(6)
Account 190-Accumulated Deferred Income Taxes						
1	\$	23	\$	23	\$	23
2		58,086		58,086		58,086
3		3,189		3,189		3,189
4		98		98		98
5		10		10		10
6		428		428		428
7		9		9		9
8		1,231		1,231		1,231
9		39		39		39
10		39,328		39,328		39,328
11		2,740		2,740		2,740
12		18		18		18
13		585		292		-
14		12		12		12
15		521		521		521
16		51,319		51,319		51,319
17		51		51		51
18		16		16		16
19		106,370		106,370		106,370
20		(5,056)		(1,852)		119
21		108		108		108
22		28		28		28
23		9,235		9,235		9,235
24		83		83		83
25		3,235		3,235		3,235
26		689		689		689
27		481		481		481
28		26		26		26
29		273		273		273
30		7,861		7,861		7,861
31		158		158		158
32		33,257		43,023		43,367
33		87		87		87
34		69		69		69
35		1,960		1,960		1,960
36		5		5		5
37		17		17		17
38		2,361		2,361		2,361
39		6		6		6
40		34,536		36,041		37,629
41		32,092		32,092		32,092
42		391		391		391
43		595		595		595
44		10		10		10
45		363		363		363
46		84,355		85,488		158,813
47		58,601		58,601		58,601
48		5,314		6,666		7,190
49		7,542		7,542		7,542
50		1,102		1,102		1,102
51		443		443		443
52		73		73		73
53		1,602		1,602		1,602
54		15,116		15,116		15,116
55		5		5		5
56		3,383		3,383		3,383
57		1,164		739		310
58		3,412		2,304		1,135
59		382		382		382
60		1,150		1,150		1,150
		Total Account 190		\$ 570,586		\$ 585,721
						\$ 661,581

Pennsylvania Electric Company
Accumulated Deferred Taxes
 (\$000)

Line No.	Balance at 12/31/17		Balance at 12/31/16		Balance at 12/31/15	
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Account 281-283 Accum. Deferred Income Taxes</u>						
61	\$ (23,214)		\$ (23,214)		\$ (23,214)	
62	(504,462)		(511,688)		(571,844)	
63	(658)		(658)		(658)	
64	(8,469)		(8,469)		(8,469)	
65	(5,853)		(5,853)		(5,853)	
66	(37,251)		(32,894)		(28,538)	
67	(12,944)		(12,944)		(12,944)	
68	(20,869)		(20,869)		(20,869)	
69	(15,209)		(15,209)		(15,209)	
70	(10)		(10)		(10)	
71	(1,165)		(1,165)		(1,165)	
72	(137,855)		(137,855)		(137,855)	
73	(105)		(105)		(105)	
74	80		80		80	
75	(2,703)		(2,703)		(2,703)	
76	(173)		(271)		(504)	
77	(23)		(23)		(23)	
78	(23)		(23)		(23)	
79	(200)		(200)		(200)	
80	(559)		(559)		(559)	
81	(625)		(625)		(625)	
82	(5,908)		(5,908)		(5,908)	
83	(5,129)		(2,405)		(2,826)	
84	(109,660)		(109,660)		(109,660)	
85	(1,833)		(1,833)		(1,833)	
86	(1)		(1)		(1)	
87	(7,610)		(7,610)		(7,610)	
88	(83,753)		(83,753)		(83,753)	
89	20,139		19,429		18,610	
90	(5,276)		(5,276)		(5,276)	
91	57,089		57,089		10,872	
92	(65)		(65)		(65)	
93	(1,007)		(1,007)		(1,007)	
94	(73)		(73)		(73)	
95	(1,487)		(561)		(34)	
96	26,101		11,833		(4,708)	
97	(6,986)		(7,024)		(7,077)	
98	(104,459)		(98,235)		(92,010)	
99	(897)		(897)		(897)	
100	(189)		(302)		(406)	
		\$ (1,003,296)		\$ (1,111,518)		\$ (1,124,955)
		\$ (432,710)		\$ (525,797)		\$ (463,373)

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-19:

“Explain how the Federal corporate graduated tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multi-corporate system, explain how the tax savings are allocated to each member of the system.”

RESPONSE:

Penelec is not entitled to a Federal graduated tax rate. Penelec files as a member of a consolidated group and its taxable income exceeds where graduated rates apply. Therefore, the Company uses a flat 35% Federal income tax rate in this filing.

FirstEnergy Corp. (“FirstEnergy”) allocates its current federal consolidated income tax liability, pursuant to an agreement approved by the Securities and Exchange Commission, in accordance with the Energy Policy Act of 2005.

Members of the FirstEnergy consolidated group follow the allocation rules under the IRS Regulations under Code Section 1552. The consolidated group is treated as one taxpayer for federal income tax. Each member is required to compute its separate company taxable income. The members with positive taxable income (Paying Members) pay the consolidate tax liability based on an allocation of its separate company income. The aggregate of all amounts paid by Members of the consolidated group, as a result of the excess of each Members’ Separate Return Tax liability, (as determined under Section 1.1552-1(a)(2)(ii) of the IRS Regulations) over the amount allocated to such Member as its share of the Consolidated Tax Liability under Code Section 1552 (i.e., the Tax Benefit Amount) is paid by FirstEnergy to the other Members (the “Loss Members”) which had tax deductions, losses and credits to which such payments by the Paying Members are attributable. The apportionment of such payments among Loss Members is allocated among the group Members pursuant to IRS Regulations Section 1.1502-21(b).

However, the Tax Benefit Amount allocated to FirstEnergy and paid to FirstEnergy as a result of its being a Loss Member is limited to its Tax Benefit Amount determined by multiplying its total loss benefit amount by a fraction, the numerator of which is FirstEnergy’s interest deduction attributable to Acquisition Indebtedness, and the denominator of which is the sum of all of FirstEnergy’s deductions. The portion of FirstEnergy’s Tax Benefit Amount which cannot be allocated and paid to FirstEnergy due to the operation of this limitation is reallocated to Paying Members of the Consolidated Group other than FirstEnergy in

accordance with the method described in Sections 1.1502-33(d)(3) and 1.1552-1(a)(2) of the IRS Regulations.

The general effect of the method is to first allocate the consolidated tax liability among the Members of the Consolidated Group on the basis of the percentage of the total consolidated tax which the tax of such Member, if computed on a separate return basis would bear to the total amount of the taxes for all Members of the group so computed. Then the method allocates an additional amount (the "Tax Benefit Amount") to each Member up to, but not greater than, the excess, if any, of its Separate Return Tax liability, over the amount allocated to such Member in the previous sentence. The total of the Tax Benefit Amounts allocated to Members results in payments to the Members who had items of deduction, loss or credits to which such Tax Benefit Amount.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-20:

“Explain the treatment given to costs of removal in the income tax calculation and the basis for such treatment.”

RESPONSE:

On property acquired between 1971 and 1980, the Company utilizes the Asset Depreciation Range Tax Depreciation Method.

Under those regulations, when an asset is retired, the cost of dismantling, demolishing, or removing is deductible as a current year's expense.

In June, 1977, Pennsylvania Electric Company filed with the Internal Revenue Service an application for a change in accounting for cost of removal on pre-1971 property to conform with treatment for book and regulatory purposes. The Internal Revenue Service's acceptance of this application was dated October 19, 1977.

On property acquired in 1981 and subsequent thereto, the company (in accordance with Accelerated Cost Recovery System and Modified Accelerated Cost Recovery System regulations) elected to use Cost of Removal in the calculation of gain or loss on retirements of 1981 and subsequent property.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-21:

“Show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the test year.”

RESPONSE:

See Penelec Exhibit RAD-38 Attachment A for the Net Operating Loss Carryforward schedule.

Pennsylvania Electric Company
 Net Operating Loss Carryforwards - Federal & State
 Cumulative Balance at 12-31-15

	2001	2002	2003	2004	2009	2010	2011	2012	2013	2014	2015	Total
Federal NOL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,754,988	\$ 33,114,476	\$ -	\$ -	\$ -	\$ 125,869,464
2014 Utilization	-	-	-	-	-	-	(1,963,123)	-	-	-	-	(1,963,123)
Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,791,865	\$ 33,114,476	\$ -	\$ -	\$ -	\$ 123,906,341
PA NOL	\$ 110,568,089	\$ 68,494,288	\$ 7,915,910	\$ 17,047,834	\$ 88,270,916	\$ 126,684,488	\$ 190,180,579	\$ 17,993,080	\$ -	\$ -	\$ -	\$ 627,155,184
2014 Utilization	(6,988,701)	-	-	-	-	-	-	-	-	-	-	(6,988,701)
2015 Utilization - Per Accrual	(40,685,529)	-	-	-	-	-	-	-	-	-	-	(40,685,529)
Balance	\$ 62,893,859	\$ 68,494,288	\$ 7,915,910	\$ 17,047,834	\$ 88,270,916	\$ 126,684,488	\$ 190,180,579	\$ 17,993,080	\$ -	\$ -	\$ -	\$ 579,480,954
NY NOL	\$ -	\$ -	\$ -	\$ -	\$ 196,176	\$ 760,164	\$ 494,548	\$ 405,777	\$ -	\$ -	\$ -	\$ 1,856,665
2014 Utilization	-	-	-	-	(28,760)	-	-	-	-	-	-	(28,760)
Balance	\$ -	\$ -	\$ -	\$ -	\$ 167,416	\$ 760,164	\$ 494,548	\$ 405,777	\$ -	\$ -	\$ -	\$ 1,827,905
MD NOL	\$ -	\$ -	\$ -	\$ -	\$ 28,591	\$ 41,914	\$ 22,248	\$ 18,345	\$ -	\$ -	\$ -	\$ 111,098
2013 Utilization	-	-	-	-	(17,420)	-	-	-	-	-	-	(17,420)
Balance	\$ -	\$ -	\$ -	\$ -	\$ 11,171	\$ 41,914	\$ 22,248	\$ 18,345	\$ -	\$ -	\$ -	\$ 93,678
Federal Charitable Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,621	\$ 340,826	\$ 171,871	\$ 188,627	\$ -	\$ 1,283,945
Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,621	\$ 340,826	\$ 171,871	\$ 188,627	\$ -	\$ 1,283,945

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-22:

“State whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in rate base claim. If response is affirmative:

- (a) Set forth amount of construction claimed in this tax savings reduction, and explain the basis for this amount
- (b) Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
- (c) State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
- (d) Provide details of calculation to determine tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.”

RESPONSE:

One of the revisions made to the Internal Revenue Code (“IRC”) by the Tax Reform Act of 1996 was the elimination of the current deduction for construction period interest. The IRC now requires construction period interest to be capitalized for tax purposes using an avoided cost methodology. This methodology results in a similar required capitalized interest amount for tax purposes than the debt component of Allowance for Funds Used During Construction. Therefore, there are no current tax savings to eliminate.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-23:

“Under section 1552 of the Internal Revenue Code (26 U.S.C.A. § 1552) and 26 CFR 1.1552-1 (1983), if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member’s tax liability to the Federal government (if this interrogatory is not applicable, so state):

- (a) State what option has been chosen by the group.
- (b) Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent 3 years for which data is available.
- (c) Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
- (d) Provide the most recent annual income tax return for the group.
- (e) Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.
- (f) Provide details of the amount of net negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.”

RESPONSE:

- (a) The option used is Reg. §1.1552-1(a)(2) – the tax liability of the group is allocated based on the percentage of total tax computed on a separate basis for each member over the total amount of tax for all members of the group so computed.

- (b) See HIGHLY CONFIDENTIAL Penelec Exhibit RAD-40 Attachment A – page 1 of 33 for the amount of the tax liability that has been allocated to each of the participating members in the Consolidated Federal income tax return for the most recent three years.
- (c) See HIGHLY CONFIDENTIAL Penelec Exhibit RAD-40 Attachment A – pages 2-28 for the payments and refunds made for the most recent filed returns for years 2012, 2013 and 2014 as computed on the basis of separate returns of members.
- (d) See HIGHLY CONFIDENTIAL Penelec Exhibit RAD-40 Attachment A – pages 29-33 --A copy of the U.S. Corporation Income Tax Return (Form 1120) as filed by FirstEnergy Corp. and its subsidiaries for the year 2014.
- (e) See HIGHLY CONFIDENTIAL Penelec Exhibit RAD-40 Attachment A – pages 1-28.
- (f) See HIGHLY CONFIDENTIAL Penelec Exhibit RAD-40 Attachment A – pages 1-28.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-24:

“Provide detailed computations by vintage year showing State and Federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, ADR rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).

- (a) Reconcile and explain any differences in the base used to calculate State and Federal deferred income taxes.
- (b) State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.
- (c) Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.”

RESPONSE:

- (a) See Penelec Exhibit RAD-41 Attachment A. The attachment was prepared as submitted in the past. Vintage schedules only show Federal deferred income taxes and Gain Loss is post vintage 1986. No basis difference, however, there is a timing difference due to Pennsylvania disallowance in year one of the 50% Federal Bonus Depreciation.
- (b) See Penelec Exhibit RAD-41 Attachment A. Tax depreciation for the fully projected future test year is based on all electric plant in service claimed as of 12/31/17 and the annual tax depreciation is based on the same plant.
- (c) See Penelec Exhibit RAD-41 Attachment B.

PENNSYLVANIA ELECTRIC COMPANY
 Summary of Deferred Income Taxes
 Based upon Electric Plant in Service January, 2015 - December, 2015

Provision:	Vintage Year	Deferral of Taxes			Pro Forma Under Present Rates	
		State	Federal	Total	Normalizing Adjustments	Total
	1970	\$ -	\$ -	\$ -	\$ -	\$ -
	1971	-	-	-	-	-
	1972	-	446	446	-	446
	1973	-	390	390	-	390
	1974	-	1,608	1,608	-	1,608
	1975	-	621	621	-	621
	1976	-	480	480	-	480
	1977	-	38	38	-	38
	1978	-	505	505	-	505
	1979	-	1,857	1,857	-	1,857
	1980	-	163	163	-	163
	1981	-	1,220	1,220	-	1,220
	1982	-	7,854	7,854	-	7,854
	1983	-	4,444	4,444	-	4,444
	1984	-	(335)	(335)	-	(335)
	1985	-	(2,703)	(2,703)	-	(2,703)
	1986	-	1,483	1,483	-	1,483
	1987	-	(1,277)	(1,277)	-	(1,277)
	1988	-	5,928	5,928	-	5,928
	1989	-	(97)	(97)	-	(97)
	1990	-	468,918	468,918	-	468,918
	1991	-	(625)	(625)	-	(625)
	1992	-	(282)	(282)	-	(282)
	1993	-	(732)	(732)	-	(732)
	1994	-	(31,717)	(31,717)	-	(31,717)
	1995	-	73,636	73,636	-	73,636
	1996	-	454,728	454,728	-	454,728
	1997	-	497,815	497,815	-	497,815
	1998	-	848,181	848,181	-	848,181
	1999	-	403,404	403,404	-	403,404
	2000	-	492,890	492,890	-	492,890
	2001	-	449,006	449,006	-	449,006
	2001 30%	-	13,464	13,464	-	13,464
	2002	-	31,189	31,189	-	31,189
	2002 30%	-	105,133	105,133	-	105,133
	2003	-	(5,196)	(5,196)	-	(5,196)
	2003 30%	-	31,932	31,932	-	31,932
	2003 50%	-	37,165	37,165	-	37,165
	2004	-	(6,431)	(6,431)	-	(6,431)
	2004 30%	-	46,684	46,684	-	46,684
	2004 50%	-	-	-	-	-
	2005	-	433,011	433,011	-	433,011
	2006	-	965,614	965,614	-	965,614
	2007	-	716,028	716,028	-	716,028
	2008	-	98,016	98,016	-	98,016
	2008 50%	-	148,103	148,103	-	148,103
	2009	-	187,497	187,497	-	187,497
	2009 50%	-	247,530	247,530	-	247,530
	2010	-	12,920	12,920	-	12,920
	2010 100%	-	-	-	-	-
	2010 50%	-	180,145	180,145	-	180,145
	2011	-	188,105	188,105	-	188,105
	2011 100%	-	-	-	-	-
	2011 50%	-	31,150	31,150	-	31,150
	2012	-	164,735	164,735	-	164,735
	2012 50%	-	564,143	564,143	-	564,143
	2013	-	(110,588)	(110,588)	-	(110,588)
	2013 50%	-	783,946	783,946	-	783,946
	2014	-	256,415	256,415	-	256,415
	2014 50%	-	313,662	313,662	-	313,662
	2014 EXP	-	5,400	5,400	-	5,400
	2015	-	2,003,656	2,003,656	-	2,003,656
	2015 50%	-	29,596,766	29,596,766	-	29,596,766
	2015 EXP	-	2,019,434	2,019,434	-	2,019,434
Total Provision		\$ -	\$ 42,737,474	\$ 42,737,474	\$ -	\$ 42,737,474

PENNSYLVANIA ELECTRIC COMPANY
Summary of Deferred Income Taxes
Based upon Electric Plant in Service January, 2015 - December, 2015

Reversal	Vintage Year	Deferral of Taxes			Pro Forma Under Present Rates	
		State	Federal	Total	Normalizing Adjustments	Total
	1970	\$ -	\$ (24,175)	\$ (24,175)	\$ -	\$ (24,175)
	1971	-	(15,288)	(15,288)	-	(15,288)
	1972	-	(17,893)	(17,893)	-	(17,893)
	1973	-	(21,837)	(21,837)	-	(21,837)
	1974	-	(20,480)	(20,480)	-	(20,480)
	1975	-	(23,162)	(23,162)	-	(23,162)
	1976	-	(18,807)	(18,807)	-	(18,807)
	1977	-	(25,150)	(25,150)	-	(25,150)
	1978	-	(13,914)	(13,914)	-	(13,914)
	1979	-	(9,108)	(9,108)	-	(9,108)
	1980	-	9,965	9,965	-	9,965
	1981	-	(335,517)	(335,517)	-	(335,517)
	1982	-	(186,747)	(186,747)	-	(186,747)
	1983	-	(265,058)	(265,058)	-	(265,058)
	1984	-	(240,038)	(240,038)	-	(240,038)
	1985	-	(214,901)	(214,901)	-	(214,901)
	1986	-	(395,266)	(395,266)	-	(395,266)
	1987	-	(353,995)	(353,995)	-	(353,995)
	1988	-	(329,870)	(329,870)	-	(329,870)
	1989	-	(267,267)	(267,267)	-	(267,267)
	1990	-	(261,551)	(261,551)	-	(261,551)
	1991	-	(378,234)	(378,234)	-	(378,234)
	1992	-	(410,397)	(410,397)	-	(410,397)
	1993	-	(304,530)	(304,530)	-	(304,530)
	1994	-	(355,698)	(355,698)	-	(355,698)
	1995	-	(354,520)	(354,520)	-	(354,520)
	1996	-	(511,469)	(511,469)	-	(511,469)
	1997	-	(474,678)	(474,678)	-	(474,678)
	1998	-	(710,902)	(710,902)	-	(710,902)
	1999	-	(402,451)	(402,451)	-	(402,451)
	2000	-	(527,510)	(527,510)	-	(527,510)
	2001	-	(15,220)	(15,220)	-	(15,220)
	2001 30%	-	(965)	(965)	-	(965)
	2002	-	(60,789)	(60,789)	-	(60,789)
	2002 30%	-	(19,609)	(19,609)	-	(19,609)
	2003	-	(95,950)	(95,950)	-	(95,950)
	2003 30%	-	(31,480)	(31,480)	-	(31,480)
	2003 50%	-	52,880	52,880	-	52,880
	2004	-	(589,265)	(589,265)	-	(589,265)
	2004 30%	-	35,411	35,411	-	35,411
	2004 50%	-	14,967	14,967	-	14,967
	2005	-	(553,855)	(553,855)	-	(553,855)
	2006	-	(755,755)	(755,755)	-	(755,755)
	2007	-	(495,973)	(495,973)	-	(495,973)
	2008	-	(327,320)	(327,320)	-	(327,320)
	2008 50%	-	(105,177)	(105,177)	-	(105,177)
	2009	-	(297,194)	(297,194)	-	(297,194)
	2009 50%	-	162,918	162,918	-	162,918
	2010	-	(6,835)	(6,835)	-	(6,835)
	2010 100%	-	(221,202)	(221,202)	-	(221,202)
	2010 50%	-	(71,211)	(71,211)	-	(71,211)
	2011	-	(1,715,275)	(1,715,275)	-	(1,715,275)
	2011 100%	-	(1,172,041)	(1,172,041)	-	(1,172,041)
	2011 50%	-	(491,968)	(491,968)	-	(491,968)
	2012	-	(189,081)	(189,081)	-	(189,081)
	2012 50%	-	(570,168)	(570,168)	-	(570,168)
	2013	-	(152,218)	(152,218)	-	(152,218)
	2013 50%	-	(315,003)	(315,003)	-	(315,003)
	2014	-	(2,015,354)	(2,015,354)	-	(2,015,354)
	2014 50%	-	(848,243)	(848,243)	-	(848,243)
	2014 EXP	-	70,568	70,568	-	70,568
	2015	-	(110,707)	(110,707)	-	(110,707)
	2015 50%	-	332,165	332,165	-	332,165
	2015 EXP	-	(30,800)	(30,800)	-	(30,800)
Total Reversal		\$ -	\$ (18,050,196)	\$ (18,050,196)	\$ -	\$ (18,050,196)
Net Provision		\$ -	\$ 24,687,278	\$ 24,687,278	\$ -	\$ 24,687,278

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2015 - December, 2015

Vintage Year Provision	Accelerate Tax Depreciation less Straight Line Depreciation	Statutory/ Effective Rates		Deferral of Taxes		Total
		State	Federal	State	Federal	
1970	\$ -	0%	35%	\$ -	\$ -	-
1971	-	0%	35%	-	-	-
1972	1,275	0%	35%	-	446	446
1973	1,113	0%	35%	-	390	390
1974	4,595	0%	35%	-	1,608	1,608
1975	1,774	0%	35%	-	621	621
1976	1,371	0%	35%	-	480	480
1977	109	0%	35%	-	38	38
1978	1,442	0%	35%	-	505	505
1979	5,305	0%	35%	-	1,857	1,857
1980	465	0%	35%	-	163	163
1981	3,485	0%	35%	-	1,220	1,220
1982	22,440	0%	35%	-	7,854	7,854
1983	12,698	0%	35%	-	4,444	4,444
1984	(956)	0%	35%	-	(335)	(335)
1985	(7,723)	0%	35%	-	(2,703)	(2,703)
1986	4,236	0%	35%	-	1,483	1,483
1987	(3,647)	0%	35%	-	(1,277)	(1,277)
1988	16,937	0%	35%	-	5,928	5,928
1989	(276)	0%	35%	-	(97)	(97)
1990	1,339,766	0%	35%	-	468,918	468,918
1991	(1,785)	0%	35%	-	(625)	(625)
1992	(804)	0%	35%	-	(282)	(282)
1993	(2,090)	0%	35%	-	(732)	(732)
1994	(90,620)	0%	35%	-	(31,717)	(31,717)
1995	207,719	0%	35%	-	72,701	72,701
1996	1,293,154	0%	35%	-	452,604	452,604
1997	1,404,393	0%	35%	-	491,538	491,538
1998	2,396,912	0%	35%	-	838,919	838,919
1999	1,103,966	0%	35%	-	386,388	386,388
2000	1,362,139	0%	35%	-	476,749	476,749
2001	1,231,065	0%	35%	-	430,873	430,873
2001 30%	36,908	0%	35%	-	12,918	12,918
2002	87,876	0%	35%	-	30,757	30,757
2002 30%	288,909	0%	35%	-	101,118	101,118
2003	(16,345)	0%	35%	-	(5,721)	(5,721)
2003 30%	89,332	0%	35%	-	31,266	31,266
2003 50%	96,860	0%	35%	-	33,901	33,901
2004	(18,375)	0%	35%	-	(6,431)	(6,431)
2004 30%	153,744	0%	35%	-	53,810	53,810
2004 50%	7,560	0%	35%	-	2,646	2,646
2005	1,273,915	0%	35%	-	445,870	445,870
2006	2,566,390	0%	35%	-	898,237	898,237
2007	1,967,452	0%	35%	-	688,608	688,608
2008	260,395	0%	35%	-	91,138	91,138
2008 50%	361,539	0%	35%	-	126,539	126,539
2009	398,250	0%	35%	-	139,387	139,387
2009 50%	548,634	0%	35%	-	192,022	192,022
2010	31,632	0%	35%	-	11,071	11,071
2010 100%	-	0%	35%	-	-	-
2010 50%	383,614	0%	35%	-	134,265	134,265
2011	527,036	0%	35%	-	184,463	184,463
2011 100%	(0)	0%	35%	-	(0)	(0)
2011 50%	73,587	0%	35%	-	25,756	25,756
2012	421,259	0%	35%	-	147,441	147,441
2012 50%	1,476,569	0%	35%	-	516,799	516,799
2013	(319,418)	0%	35%	-	(111,796)	(111,796)
2013 50%	2,017,471	0%	35%	-	706,115	706,115
2014	686,270	0%	35%	-	240,195	240,195
2014 50%	868,499	0%	35%	-	303,975	303,975
2014 EXP	15,430	0%	35%	-	5,400	5,400
2015	5,637,331	0%	35%	-	1,973,066	1,973,066
2015 50%	84,347,168	0%	35%	-	29,521,509	29,521,509
2015 EXP	5,769,811	0%	35%	-	2,019,434	2,019,434
	\$ 120,347,758			\$ -	\$ 42,121,715	\$ 42,121,715
Provision Gains/Losses Page (6)				\$ -	\$ 615,759	\$ 615,759
Provision - Non - TMI				\$ -	\$ 42,737,474	\$ 42,737,474

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2015 - December, 2015

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Statutory/ Effective Rates		State	Federal	State	Federal	Total
		State	Federal					
Reversal								
1970	\$ (53,129)	0%	46%	\$ -	\$ -	\$ (24,175)	\$ -	(24,175)
1971	(38,581)	0%	40%	-	-	(15,288)	-	(15,288)
1972	(44,064)	0%	41%	-	-	(17,893)	-	(17,893)
1973	(52,894)	0%	41%	-	-	(21,837)	-	(21,837)
1974	(48,704)	0%	42%	-	-	(20,480)	-	(20,480)
1975	(52,698)	0%	44%	-	-	(23,162)	-	(23,162)
1976	(45,119)	0%	42%	-	-	(18,807)	-	(18,807)
1977	(60,424)	0%	42%	-	-	(25,150)	-	(25,150)
1978	(75,172)	0%	42%	-	-	(31,904)	-	(31,904)
1979	(73,348)	0%	41%	-	-	(29,946)	-	(29,946)
1980	(77,471)	0%	41%	-	-	(31,745)	-	(31,745)
1981	(806,734)	0%	42%	-	-	(336,388)	-	(336,388)
1982	(454,501)	0%	41%	-	-	(187,620)	-	(187,620)
1983	(655,174)	0%	40%	-	-	(265,105)	-	(265,105)
1984	(609,667)	0%	39%	-	-	(240,191)	-	(240,191)
1985	(554,048)	0%	39%	-	-	(215,599)	-	(215,599)
1986	(1,065,181)	0%	37%	-	-	(395,745)	-	(395,745)
1987	(1,019,375)	0%	35%	-	-	(355,734)	-	(355,734)
1988	(953,159)	0%	35%	-	-	(329,869)	-	(329,869)
1989	(770,258)	0%	35%	-	-	(267,267)	-	(267,267)
1990	(754,129)	0%	35%	-	-	(261,297)	-	(261,297)
1991	(1,084,904)	0%	35%	-	-	(378,234)	-	(378,234)
1992	(1,174,150)	0%	35%	-	-	(410,397)	-	(410,397)
1993	(862,602)	0%	35%	-	-	(304,530)	-	(304,530)
1994	(1,006,948)	0%	35%	-	-	(355,698)	-	(355,698)
1995	(1,011,924)	0%	35%	-	-	(354,520)	-	(354,520)
1996	(1,461,206)	0%	35%	-	-	(511,469)	-	(511,469)
1997	(1,355,767)	0%	35%	-	-	(474,678)	-	(474,678)
1998	(2,030,603)	0%	35%	-	-	(710,902)	-	(710,902)
1999	(1,149,735)	0%	35%	-	-	(402,451)	-	(402,451)
2000	(1,506,516)	0%	35%	-	-	(527,510)	-	(527,510)
2001	(42,382)	0%	36%	-	-	(15,220)	-	(15,220)
2001 30%	(2,746)	0%	35%	-	-	(965)	-	(965)
2002	(173,493)	0%	35%	-	-	(60,789)	-	(60,789)
2002 30%	(55,062)	0%	36%	-	-	(19,609)	-	(19,609)
2003	(274,142)	0%	35%	-	-	(95,950)	-	(95,950)
2003 30%	(89,877)	0%	35%	-	-	(31,480)	-	(31,480)
2003 50%	151,612	0%	35%	-	-	52,880	-	52,880
2004	(1,683,616)	0%	35%	-	-	(589,265)	-	(589,265)
2004 30%	102,002	0%	35%	-	-	35,411	-	35,411
2004 50%	44,606	0%	34%	-	-	14,967	-	14,967
2005	(1,582,121)	0%	35%	-	-	(553,855)	-	(553,855)
2006	(2,158,565)	0%	35%	-	-	(755,755)	-	(755,755)
2007	(1,416,395)	0%	35%	-	-	(495,973)	-	(495,973)
2008	(934,879)	0%	35%	-	-	(327,320)	-	(327,320)
2008 50%	(295,402)	0%	36%	-	-	(105,177)	-	(105,177)
2009	(849,068)	0%	35%	-	-	(297,194)	-	(297,194)
2009 50%	472,477	0%	34%	-	-	162,918	-	162,918
2010	(19,527)	0%	35%	-	-	(6,835)	-	(6,835)
2010 100%	(632,006)	0%	35%	-	-	(221,202)	-	(221,202)
2010 50%	(203,461)	0%	35%	-	-	(71,211)	-	(71,211)
2011	(4,900,786)	0%	35%	-	-	(1,715,275)	-	(1,715,275)
2011 100%	(3,348,690)	0%	35%	-	-	(1,172,041)	-	(1,172,041)
2011 50%	(1,405,623)	0%	35%	-	-	(491,968)	-	(491,968)
2012	(540,230)	0%	35%	-	-	(189,081)	-	(189,081)
2012 50%	(1,629,053)	0%	35%	-	-	(570,168)	-	(570,168)
2013	(434,909)	0%	35%	-	-	(152,218)	-	(152,218)
2013 50%	(900,010)	0%	35%	-	-	(315,003)	-	(315,003)
2014	(5,758,154)	0%	35%	-	-	(2,015,354)	-	(2,015,354)
2014 50%	(2,423,552)	0%	35%	-	-	(848,243)	-	(848,243)
2014 EXP	201,623	0%	35%	-	-	70,568	-	70,568
2015	(316,306)	0%	35%	-	-	(110,707)	-	(110,707)
2015 50%	949,042	0%	35%	-	-	332,165	-	332,165
2015 EXP	(87,999)	0%	35%	-	-	(30,800)	-	(30,800)
Reversal Non-TMI	\$ (51,144,874)			\$ -	\$ -	\$ (18,135,340)	\$ -	(18,135,340)
Total Net Provision - Non-TMI				\$ -	\$ -	\$ 24,602,135	\$ -	24,602,135

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2015 - December, 2015
 Deferred Income Taxes Related to Gains/Losses

Vintage Year	Per Power Tax Report 52		(Gain)/Loss recognized	Statutory/ Effective Rates		Deferral of Taxes		
	Basis of Property	Accumulated Tax Depreciation		State	Federal	State	Federal	Total
	1	2	3	4	5	6 = 3 x 4	7 = 3 x 5	8 = 6 + 7
Provision - 1/15-12/15								
1987	\$ 292,404	\$ 292,404	\$ -	0%	35%	\$ -	\$ -	\$ -
1988	214,756	214,756	-	0%	35%	-	-	-
1989	366,569	366,569	-	0%	35%	-	-	-
1990	1,645,850	1,645,850	-	0%	35%	-	-	-
1991	218,603	218,603	-	0%	35%	-	-	-
1992	262,680	262,680	-	0%	35%	-	-	-
1993	633,112	633,112	-	0%	35%	-	-	-
1994	261,401	261,401	-	0%	35%	-	-	-
1995	246,869	244,200	2,669	0%	35%	-	934	934
1996	148,818	142,751	6,068	0%	35%	-	2,124	2,124
1997	218,219	200,284	17,935	0%	35%	-	6,277	6,277
1998	309,838	283,376	26,462	0%	35%	-	9,262	9,262
1999	275,019	226,403	48,615	0%	35%	-	17,015	17,015
2000	209,554	163,435	46,119	0%	35%	-	16,142	16,142
2001	193,077	141,267	51,810	0%	35%	-	18,133	18,133
2001 30%	5,831	4,271	1,560	0%	35%	-	546	546
2002	3,952	2,718	1,234	0%	35%	-	432	432
2002 30%	36,644	25,172	11,471	0%	35%	-	4,015	4,015
2003	4,197	2,699	1,498	0%	35%	-	524	524
2003 30%	9,058	7,157	1,902	0%	35%	-	666	666
2003 50%	24,628	15,301	9,327	0%	35%	-	3,264	3,264
2004	167	167	-	0%	35%	-	-	-
2004 30%	(49,464)	(29,103)	(20,361)	0%	35%	-	(7,126)	(7,126)
2004 50%	(18,333)	(10,773)	(7,560)	0%	35%	-	(2,646)	(2,646)
2005	(81,864)	(45,124)	(36,740)	0%	35%	-	(12,859)	(12,859)
2006	392,326	199,820	192,506	0%	35%	-	67,377	67,377
2007	147,550	69,209	78,341	0%	35%	-	27,420	27,420
2008	36,151	16,499	19,651	0%	35%	-	6,878	6,878
2008 50%	108,974	47,362	61,612	0%	35%	-	21,564	21,564
2009	274,267	136,811	137,456	0%	35%	-	48,110	48,110
2009 50%	255,540	96,945	158,595	0%	35%	-	55,508	55,508
2010	12,958	7,675	5,283	0%	35%	-	1,849	1,849
2010 100%	-	-	-	0%	35%	-	-	-
2010 50%	192,936	61,849	131,087	0%	35%	-	45,880	45,880
2011	15,583	5,176	10,407	0%	35%	-	3,642	3,642
2011 100%	0	-	0	0%	35%	-	0	0
2011 50%	33,284	17,872	15,413	0%	35%	-	5,394	5,394
2012	62,339	12,926	49,414	0%	35%	-	17,295	17,295
2012 50%	179,600	44,332	135,269	0%	35%	-	47,344	47,344
2013	4,289	837	3,453	0%	35%	-	1,208	1,208
2013 50%	338,648	116,275	222,374	0%	35%	-	77,831	77,831
2014	50,025	3,682	46,344	0%	35%	-	16,220	16,220
2014 50%	51,490	23,811	27,679	0%	35%	-	9,688	9,688
2015	87,399	-	87,399	0%	35%	-	30,590	30,590
2015 50%	215,021	-	215,021	0%	35%	-	75,257	75,257
Provision - Non-TMI (gains/losses)						\$ 615,759	\$ 615,759	

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - TMI #2
Based upon Electric Plant in Service January, 2015 - December, 2015

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Deferral of Taxes		
		State	Federal	Total
Reversal				
1978	\$ 37,480	\$ -	\$ 17,990	\$ 17,990
1979	45,300	-	20,838	20,838
1980	90,673	-	41,710	41,710
1981	-	-	872	872
1982	-	-	873	873
1983	-	-	48	48
1984	-	-	153	153
1985	-	-	697	697
1986	-	-	478	478
1987	-	-	1,739	1,739
1988	-	-	(1)	(1)
1989	-	-	(0)	(0)
1992	-	-	(253)	(253)
	<u>\$ 173,453</u>	<u>\$ -</u>	<u>\$ 85,144</u>	<u>\$ 85,144</u>

PENNSYLVANIA ELECTRIC COMPANY
 Summary of Deferred Income Taxes
 Based upon Electric Plant in Service January, 2016 - December, 2016

Provision:	Vintage Year	Deferral of Taxes			Pro Forma Under Present Rates	
		State	Federal	Total	Normalizing Adjustments	Total
	1970	\$ -	\$ -	\$ -	\$ -	\$ -
	1971	-	-	-	-	-
	1972	-	-	-	-	-
	1973	-	390	390	-	390
	1974	-	1,607	1,607	-	1,607
	1975	-	595	595	-	595
	1976	-	475	475	-	475
	1977	-	28	28	-	28
	1978	-	474	474	-	474
	1979	-	1,855	1,855	-	1,855
	1980	-	146	146	-	146
	1981	-	33,789	33,789	-	33,789
	1982	-	21,831	21,831	-	21,831
	1983	-	25,590	25,590	-	25,590
	1984	-	(6)	(6)	-	(6)
	1985	-	(62)	(62)	-	(62)
	1986	-	84,560	84,560	-	84,560
	1987	-	687	687	-	687
	1988	-	65,973	65,973	-	65,973
	1989	-	50,754	50,754	-	50,754
	1990	-	53,922	53,922	-	53,922
	1991	-	82,722	82,722	-	82,722
	1992	-	121,537	121,537	-	121,537
	1993	-	53,652	53,652	-	53,652
	1994	-	56,411	56,411	-	56,411
	1995	-	86,904	86,904	-	86,904
	1996	-	110,448	110,448	-	110,448
	1997	-	478,450	478,450	-	478,450
	1998	-	1,565,507	1,565,507	-	1,565,507
	1999	-	552,823	552,823	-	552,823
	2000	-	1,113,845	1,113,845	-	1,113,845
	2001	-	1,017,493	1,017,493	-	1,017,493
	2001 30%	-	11,296	11,296	-	11,296
	2002	-	39,155	39,155	-	39,155
	2002 30%	-	99,963	99,963	-	99,963
	2003	-	(634)	(634)	-	(634)
	2003 30%	-	33,847	33,847	-	33,847
	2003 50%	-	11,537	11,537	-	11,537
	2004	-	(5,365)	(5,365)	-	(5,365)
	2004 30%	-	68,770	68,770	-	68,770
	2004 50%	-	19,353	19,353	-	19,353
	2005	-	482,106	482,106	-	482,106
	2006	-	815,340	815,340	-	815,340
	2007	-	692,439	692,439	-	692,439
	2008	-	78,534	78,534	-	78,534
	2008 50%	-	19,284	19,284	-	19,284
	2009	-	144,827	144,827	-	144,827
	2009 50%	-	138,005	138,005	-	138,005
	2010	-	7,405	7,405	-	7,405
	2010 100%	-	-	-	-	-
	2010 50%	-	31,500	31,500	-	31,500
	2011	-	11,878	11,878	-	11,878
	2011 100%	-	-	-	-	-
	2011 50%	-	18,790	18,790	-	18,790
	2012	-	31,135	31,135	-	31,135
	2012 50%	-	151,515	151,515	-	151,515
	2013	-	(35,826)	(35,826)	-	(35,826)
	2013 50%	-	217,792	217,792	-	217,792
	2014	-	233,158	233,158	-	233,158
	2014 50%	-	115,429	115,429	-	115,429
	2014 EXP	-	5,977	5,977	-	5,977
	2015	-	1,187,556	1,187,556	-	1,187,556
	2015 50%	-	465,331	465,331	-	465,331
	2015 EXP	-	(302,211)	(302,211)	-	(302,211)
	2016	-	(9,703,867)	(9,703,867)	-	(9,703,867)
	2016 50%	-	9,694,830	9,694,830	-	9,694,830
Total Provision		\$ -	\$ 10,361,249	\$ 10,361,249	\$ -	\$ 10,361,249

PENNSYLVANIA ELECTRIC COMPANY
 Summary of Deferred Income Taxes
 Based upon Electric Plant in Service January, 2016 - December, 2016

Vintage Year	Deferral of Taxes			Pro Forma Under Present Rates	
	State	Federal	Total	Normalizing Adjustments	Total
Reversal					
1970	\$ -	\$ (19,734)	\$ (19,734)	\$ -	\$ (19,734)
1971	-	(12,470)	(12,470)	-	(12,470)
1972	-	(16,652)	(16,652)	-	(16,652)
1973	-	(20,153)	(20,153)	-	(20,153)
1974	-	(18,757)	(18,757)	-	(18,757)
1975	-	(20,111)	(20,111)	-	(20,111)
1976	-	(16,731)	(16,731)	-	(16,731)
1977	-	(22,592)	(22,592)	-	(22,592)
1978	-	(17,470)	(17,470)	-	(17,470)
1979	-	(15,271)	(15,271)	-	(15,271)
1980	-	(3,452)	(3,452)	-	(3,452)
1981	-	(111,325)	(111,325)	-	(111,325)
1982	-	(89,124)	(89,124)	-	(89,124)
1983	-	(115,548)	(115,548)	-	(115,548)
1984	-	(280,216)	(280,216)	-	(280,216)
1985	-	(288,584)	(288,584)	-	(288,584)
1986	-	(149,968)	(149,968)	-	(149,968)
1987	-	(339,906)	(339,906)	-	(339,906)
1988	-	(129,005)	(129,005)	-	(129,005)
1989	-	(353,910)	(353,910)	-	(353,910)
1990	-	(370,138)	(370,138)	-	(370,138)
1991	-	(85,107)	(85,107)	-	(85,107)
1992	-	(110,186)	(110,186)	-	(110,186)
1993	-	(114,866)	(114,866)	-	(114,866)
1994	-	(409,500)	(409,500)	-	(409,500)
1995	-	(114,558)	(114,558)	-	(114,558)
1996	-	(290,227)	(290,227)	-	(290,227)
1997	-	(454,881)	(454,881)	-	(454,881)
1998	-	(694,602)	(694,602)	-	(694,602)
1999	-	(409,520)	(409,520)	-	(409,520)
2000	-	(512,946)	(512,946)	-	(512,946)
2001	-	25,260	25,260	-	25,260
2001 30%	-	(1,051)	(1,051)	-	(1,051)
2002	-	(61,842)	(61,842)	-	(61,842)
2002 30%	-	(28,527)	(28,527)	-	(28,527)
2003	-	(96,011)	(96,011)	-	(96,011)
2003 30%	-	(42,142)	(42,142)	-	(42,142)
2003 50%	-	55,654	55,654	-	55,654
2004	-	(589,261)	(589,261)	-	(589,261)
2004 30%	-	31,397	31,397	-	31,397
2004 50%	-	36,425	36,425	-	36,425
2005	-	(473,760)	(473,760)	-	(473,760)
2006	-	(761,896)	(761,896)	-	(761,896)
2007	-	(504,150)	(504,150)	-	(504,150)
2008	-	(317,364)	(317,364)	-	(317,364)
2008 50%	-	(117,148)	(117,148)	-	(117,148)
2009	-	(300,273)	(300,273)	-	(300,273)
2009 50%	-	124,278	124,278	-	124,278
2010	-	(3,098)	(3,098)	-	(3,098)
2010 100%	-	(273,049)	(273,049)	-	(273,049)
2010 50%	-	(151,550)	(151,550)	-	(151,550)
2011	-	(1,658,432)	(1,658,432)	-	(1,658,432)
2011 100%	-	(1,163,463)	(1,163,463)	-	(1,163,463)
2011 50%	-	(214,002)	(214,002)	-	(214,002)
2012	-	(166,158)	(166,158)	-	(166,158)
2012 50%	-	(658,535)	(658,535)	-	(658,535)
2013	-	(126,146)	(126,146)	-	(126,146)
2013 50%	-	(537,877)	(537,877)	-	(537,877)
2014	-	(2,045,536)	(2,045,536)	-	(2,045,536)
2014 50%	-	(851,198)	(851,198)	-	(851,198)
2014 EXP	-	39,774	39,774	-	39,774
2015	-	(203,208)	(203,208)	-	(203,208)
2015 50%	-	289,698	289,698	-	289,698
2015 EXP	-	(63,531)	(63,531)	-	(63,531)
2016	-	681,923	681,923	-	681,923
2016 50%	-	1,225,784	1,225,784	-	1,225,784
Total Reversal	\$ -	\$ (14,506,522)	\$ (14,506,522)	\$ -	\$ (14,506,522)
Net Provision	\$ -	\$ (4,145,273)	\$ (4,145,273)	\$ -	\$ (4,145,273)

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2016 - December, 2016

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Statutory/ Effective Rates		Deferral of Taxes		Total
		State	Federal	State	Federal	
Provision						
1970	\$ -	0%	35%	\$ -	\$ -	\$ -
1971	-	0%	35%	-	-	-
1972	-	0%	35%	-	-	-
1973	1,113	0%	35%	-	390	390
1974	4,590	0%	35%	-	1,607	1,607
1975	1,700	0%	35%	-	595	595
1976	1,356	0%	35%	-	475	475
1977	81	0%	35%	-	28	28
1978	1,355	0%	35%	-	474	474
1979	5,299	0%	35%	-	1,855	1,855
1980	416	0%	35%	-	146	146
1981	96,541	0%	35%	-	33,789	33,789
1982	62,374	0%	35%	-	21,831	21,831
1983	73,114	0%	35%	-	25,590	25,590
1984	(16)	0%	35%	-	(6)	(6)
1985	(177)	0%	35%	-	(62)	(62)
1986	241,599	0%	35%	-	84,560	84,560
1987	1,962	0%	35%	-	687	687
1988	188,494	0%	35%	-	65,973	65,973
1989	145,010	0%	35%	-	50,754	50,754
1990	154,063	0%	35%	-	53,922	53,922
1991	236,349	0%	35%	-	82,722	82,722
1992	347,248	0%	35%	-	121,537	121,537
1993	136,010	0%	35%	-	47,604	47,604
1994	145,148	0%	35%	-	50,802	50,802
1995	248,297	0%	35%	-	86,904	86,904
1996	313,675	0%	35%	-	109,786	109,786
1997	1,331,616	0%	35%	-	466,065	466,065
1998	4,267,953	0%	35%	-	1,493,783	1,493,783
1999	1,477,259	0%	35%	-	517,041	517,041
2000	2,900,533	0%	35%	-	1,015,187	1,015,187
2001	2,580,506	0%	35%	-	903,177	903,177
2001 30%	32,274	0%	35%	-	11,296	11,296
2002	111,872	0%	35%	-	39,155	39,155
2002 30%	285,610	0%	35%	-	99,963	99,963
2003	(1,810)	0%	35%	-	(634)	(634)
2003 30%	96,706	0%	35%	-	33,847	33,847
2003 50%	32,962	0%	35%	-	11,537	11,537
2004	(15,329)	0%	35%	-	(5,365)	(5,365)
2004 30%	196,485	0%	35%	-	68,770	68,770
2004 50%	55,293	0%	35%	-	19,353	19,353
2005	1,329,291	0%	35%	-	465,252	465,252
2006	2,329,544	0%	35%	-	815,340	815,340
2007	1,978,398	0%	35%	-	692,439	692,439
2008	224,383	0%	35%	-	78,534	78,534
2008 50%	55,098	0%	35%	-	19,284	19,284
2009	413,792	0%	35%	-	144,827	144,827
2009 50%	394,301	0%	35%	-	138,005	138,005
2010	21,156	0%	35%	-	7,405	7,405
2010 100%	-	0%	35%	-	-	-
2010 50%	90,000	0%	35%	-	31,500	31,500
2011	33,937	0%	35%	-	11,878	11,878
2011 100%	-	0%	35%	-	-	-
2011 50%	53,685	0%	35%	-	18,790	18,790
2012	88,957	0%	35%	-	31,135	31,135
2012 50%	432,900	0%	35%	-	151,515	151,515
2013	(102,359)	0%	35%	-	(35,826)	(35,826)
2013 50%	622,263	0%	35%	-	217,792	217,792
2014	666,166	0%	35%	-	233,158	233,158
2014 50%	329,796	0%	35%	-	115,429	115,429
2014 EXP	17,078	0%	35%	-	5,977	5,977
2015	3,393,017	0%	35%	-	1,187,556	1,187,556
2015 50%	1,329,516	0%	35%	-	465,331	465,331
2015 EXP	(863,460)	0%	35%	-	(302,211)	(302,211)
2016	(27,725,335)	0%	35%	-	(9,703,867)	(9,703,867)
2016 50%	27,699,515	0%	35%	-	9,694,830	9,694,830
	\$ 28,569,171			\$ -	\$ 9,999,210	\$ 9,999,210
Provision Gains/Losses Page (12)				\$ -	\$ 362,039	\$ 362,039
Provision - Non - TMI				\$ -	\$ 10,361,249	\$ 10,361,249

PENNSYLVANIA ELECTRIC COMPANY
Computation of Deferred Income Taxes - Non - TMI
Based upon Electric Plant in Service January, 2016 - December, 2016

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Statutory/ Effective Rates		Deferral of Taxes		Total
		State	Federal	State	Federal	
Reversal						
1970	\$ (43,575)	0%	45%	\$ -	\$ (19,734)	\$ (19,734)
1971	(31,558)	0%	40%	-	(12,470)	(12,470)
1972	(41,178)	0%	40%	-	(16,652)	(16,652)
1973	(48,362)	0%	42%	-	(20,153)	(20,153)
1974	(44,432)	0%	42%	-	(18,757)	(18,757)
1975	(45,905)	0%	44%	-	(20,111)	(20,111)
1976	(40,106)	0%	42%	-	(16,731)	(16,731)
1977	(54,436)	0%	42%	-	(22,592)	(22,592)
1978	(67,135)	0%	42%	-	(28,451)	(28,451)
1979	(68,568)	0%	41%	-	(27,990)	(27,990)
1980	(70,918)	0%	41%	-	(28,910)	(28,910)
1981	(263,745)	0%	42%	-	(111,858)	(111,858)
1982	(216,473)	0%	41%	-	(89,657)	(89,657)
1983	(282,151)	0%	41%	-	(115,577)	(115,577)
1984	(714,858)	0%	39%	-	(280,309)	(280,309)
1985	(753,139)	0%	38%	-	(289,009)	(289,009)
1986	(390,468)	0%	38%	-	(150,259)	(150,259)
1987	(978,341)	0%	35%	-	(340,967)	(340,967)
1988	(372,780)	0%	35%	-	(129,004)	(129,004)
1989	(1,020,130)	0%	35%	-	(353,910)	(353,910)
1990	(1,066,361)	0%	35%	-	(370,138)	(370,138)
1991	(244,210)	0%	35%	-	(85,107)	(85,107)
1992	(316,085)	0%	35%	-	(110,031)	(110,031)
1993	(325,560)	0%	35%	-	(114,866)	(114,866)
1994	(1,158,975)	0%	35%	-	(409,500)	(409,500)
1995	(324,678)	0%	35%	-	(114,558)	(114,558)
1996	(828,818)	0%	35%	-	(290,227)	(290,227)
1997	(1,299,350)	0%	35%	-	(454,881)	(454,881)
1998	(1,984,268)	0%	35%	-	(694,602)	(694,602)
1999	(1,169,844)	0%	35%	-	(409,520)	(409,520)
2000	(1,465,234)	0%	35%	-	(512,946)	(512,946)
2001	72,400	0%	35%	-	25,260	25,260
2001 30%	(2,988)	0%	35%	-	(1,051)	(1,051)
2002	(176,477)	0%	35%	-	(61,842)	(61,842)
2002 30%	(80,273)	0%	36%	-	(28,527)	(28,527)
2003	(274,315)	0%	35%	-	(96,011)	(96,011)
2003 30%	(120,341)	0%	35%	-	(42,142)	(42,142)
2003 50%	159,491	0%	35%	-	55,654	55,654
2004	(1,683,604)	0%	35%	-	(589,261)	(589,261)
2004 30%	90,539	0%	35%	-	31,397	31,397
2004 50%	105,295	0%	35%	-	36,425	36,425
2005	(1,353,432)	0%	35%	-	(473,760)	(473,760)
2006	(2,176,001)	0%	35%	-	(761,896)	(761,896)
2007	(1,439,675)	0%	35%	-	(504,150)	(504,150)
2008	(906,712)	0%	35%	-	(317,364)	(317,364)
2008 50%	(329,283)	0%	36%	-	(117,148)	(117,148)
2009	(857,889)	0%	35%	-	(300,273)	(300,273)
2009 50%	360,831	0%	34%	-	124,278	124,278
2010	(8,851)	0%	35%	-	(3,098)	(3,098)
2010 100%	(780,141)	0%	35%	-	(273,049)	(273,049)
2010 50%	(433,000)	0%	35%	-	(151,550)	(151,550)
2011	(4,738,378)	0%	35%	-	(1,658,432)	(1,658,432)
2011 100%	(3,324,181)	0%	35%	-	(1,163,463)	(1,163,463)
2011 50%	(611,435)	0%	35%	-	(214,002)	(214,002)
2012	(474,736)	0%	35%	-	(166,158)	(166,158)
2012 50%	(1,881,529)	0%	35%	-	(658,535)	(658,535)
2013	(360,416)	0%	35%	-	(126,146)	(126,146)
2013 50%	(1,536,791)	0%	35%	-	(537,877)	(537,877)
2014	(5,844,389)	0%	35%	-	(2,045,536)	(2,045,536)
2014 50%	(2,431,993)	0%	35%	-	(851,198)	(851,198)
2014 EXP	113,640	0%	35%	-	39,774	39,774
2015	(580,593)	0%	35%	-	(203,208)	(203,208)
2015 50%	827,710	0%	35%	-	289,698	289,698
2015 EXP	(181,518)	0%	35%	-	(63,531)	(63,531)
2016	1,948,352	0%	35%	-	681,923	681,923
2016 50%	3,502,241	0%	35%	-	1,225,784	1,225,784
Reversal Non-TMI	\$ (41,140,080)			\$ -	\$ (14,558,492)	\$ (14,558,492)
Total Net Provision - Non-TMI				\$ -	\$ (4,197,243)	\$ (4,197,243)

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
Based upon Electric Plant in Service January, 2016 - December, 2016
Deferred Income Taxes Related to Gains/Losses

Vintage Year	Per Power Tax Report 52		(Gain)/Loss recognized	Statutory/ Effective Rates		Deferral of Taxes		
	Basis of Property	Accumulated Tax Depreciation		State	Federal	State	Federal	Total
	1	2	3	4	5	6 = 3 x 4	7 = 3 x 5	8 = 6+7
Provision - 1/16-12/16								
1987	\$ 150,410	\$ 150,410	\$ -	0%	35%	\$ -	\$ -	\$ -
1988	903,007	903,007	-	0%	35%	-	-	-
1989	177,399	177,399	-	0%	35%	-	-	-
1990	184,917	184,917	-	0%	35%	-	-	-
1991	1,306,496	1,306,496	-	0%	35%	-	-	-
1992	1,423,661	1,423,661	-	0%	35%	-	-	-
1993	1,335,712	1,318,430	17,282	0%	35%	-	6,049	6,049
1994	238,941	222,915	16,026	0%	35%	-	5,609	5,609
1995	1,500,089	1,500,089	-	0%	35%	-	-	-
1996	169,648	167,756	1,892	0%	35%	-	662	662
1997	99,100	63,716	35,385	0%	35%	-	12,385	12,385
1998	2,137,890	1,932,965	204,925	0%	35%	-	71,724	71,724
1999	763,830	661,595	102,236	0%	35%	-	35,782	35,782
2000	1,613,071	1,331,191	281,880	0%	35%	-	98,658	98,658
2001	1,431,864	1,105,248	326,617	0%	35%	-	114,316	114,316
2001 30%	-	-	-	0%	35%	-	-	-
2002	2,566	2,566	-	0%	35%	-	-	-
2002 30%	-	-	-	0%	35%	-	-	-
2003	-	-	-	0%	35%	-	-	-
2003 30%	125,165	125,165	-	0%	35%	-	-	-
2003 50%	-	-	-	0%	35%	-	-	-
2004	-	-	-	0%	35%	-	-	-
2004 30%	5,459	5,459	-	0%	35%	-	-	-
2004 50%	-	-	-	0%	35%	-	-	-
2005	64,913	16,758	48,155	0%	35%	-	16,854	16,854
Provision - Non-TMI (gains/losses)	\$ 13,634,138	\$ 12,599,741	\$ 1,034,397			\$ -	\$ 362,039	\$ 362,039

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - TMI #2
Based upon Electric Plant in Service January, 2016 - December, 2016

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Deferral of Taxes		Total
		State	Federal	
Reversal				
1978	\$ 22,877	\$ -	\$ 10,981	\$ 10,981
1979	27,650	-	12,719	12,719
1980	55,345	-	25,459	25,459
1981	-	-	532	532
1982	-	-	533	533
1983	-	-	29	29
1984	-	-	93	93
1985	-	-	426	426
1986	-	-	292	292
1987	-	-	1,061	1,061
1988	-	-	(0)	(0)
1989	-	-	(0)	(0)
1992	-	-	(155)	(155)
	<u>\$ 105,873</u>	<u>\$ -</u>	<u>\$ 51,970</u>	<u>\$ 51,970</u>

PENNSYLVANIA ELECTRIC COMPANY
 Summary of Deferred Income Taxes
 Based upon Electric Plant in Service January, 2017 - December, 2017

Provision:	Vintage Year	Deferral of Taxes		Total
		State	Federal	
	1970	\$ -	\$ -	\$ -
	1971	-	-	-
	1972	-	-	-
	1973	-	-	-
	1974	-	1,608	1,608
	1975	-	569	569
	1976	-	465	465
	1977	-	-	-
	1978	-	355	355
	1979	-	1,845	1,845
	1980	-	43	43
	1981	-	(553)	(553)
	1982	-	(73)	(73)
	1983	-	(5)	(5)
	1984	-	(9)	(9)
	1985	-	(97)	(97)
	1986	-	(62)	(62)
	1987	-	675	675
	1988	-	(23)	(23)
	1989	-	8	8
	1990	-	(655)	(655)
	1991	-	(8)	(8)
	1992	-	(20)	(20)
	1993	-	(1,470)	(1,470)
	1994	-	(6,661)	(6,661)
	1995	-	(1,849)	(1,849)
	1996	-	1,084	1,084
	1997	-	77,423	77,423
	1998	-	858,640	858,640
	1999	-	351,786	351,786
	2000	-	532,736	532,736
	2001	-	394,145	394,145
	2001 30%	-	13,263	13,263
	2002	-	24,417	24,417
	2002 30%	-	135,437	135,437
	2003	-	(516)	(516)
	2003 30%	-	27,664	27,664
	2003 50%	-	57,330	57,330
	2004	-	(5,449)	(5,449)
	2004 30%	-	137,029	137,029
	2004 50%	-	32,257	32,257
	2005	-	598,955	598,955
	2006	-	861,248	861,248
	2007	-	625,921	625,921
	2008	-	86,064	86,064
	2008 50%	-	164,100	164,100
	2009	-	66,935	66,935
	2009 50%	-	156,461	156,461
	2010	-	18,213	18,213
	2010 100%	-	-	-
	2010 50%	-	51,435	51,435
	2011	-	157,306	157,306
	2011 100%	-	-	-
	2011 50%	-	5,459	5,459
	2012	-	119,849	119,849
	2012 50%	-	147,400	147,400
	2013	-	(48,264)	(48,264)
	2013 50%	-	116,190	116,190
	2014	-	(52,491)	(52,491)
	2014 50%	-	225,836	225,836
	2014 EXP	-	-	-
	2015	-	420,034	420,034
	2015 50%	-	68,754	68,754
	2015 EXP	-	(251,114)	(251,114)
	2016	-	1,885,594	1,885,594
	2016 50%	-	951,862	951,862
	2017	-	2,844,140	2,844,140
	2017 50%	-	20,554,427	20,554,427
Total Provision		\$ -	\$ 32,405,640	\$ 32,405,640

PENNSYLVANIA ELECTRIC COMPANY
 Summary of Deferred Income Taxes
 Based upon Electric Plant in Service January, 2017 - December, 2017

Witness: R. A. D'Angelo
 Attachment A
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Reversal	Vintage Year	Deferral of Taxes		Total
		State	Federal	
	1970	\$ -	\$ (13,933)	\$ (13,933)
	1971	-	(10,059)	(10,059)
	1972	-	(14,814)	(14,814)
	1973	-	(18,174)	(18,174)
	1974	-	(17,220)	(17,220)
	1975	-	(15,687)	(15,687)
	1976	-	(14,396)	(14,396)
	1977	-	(18,941)	(18,941)
	1978	-	(8,453)	(8,453)
	1979	-	(7,200)	(7,200)
	1980	-	12,628	12,628
	1981	-	(217,861)	(217,861)
	1982	-	(180,638)	(180,638)
	1983	-	(193,933)	(193,933)
	1984	-	(196,489)	(196,489)
	1985	-	(218,464)	(218,464)
	1986	-	(279,548)	(279,548)
	1987	-	(293,529)	(293,529)
	1988	-	(294,387)	(294,387)
	1989	-	(275,566)	(275,566)
	1990	-	(279,643)	(279,643)
	1991	-	(321,355)	(321,355)
	1992	-	(366,500)	(366,500)
	1993	-	(369,227)	(369,227)
	1994	-	(326,176)	(326,176)
	1995	-	(369,495)	(369,495)
	1996	-	(307,100)	(307,100)
	1997	-	(317,431)	(317,431)
	1998	-	(677,924)	(677,924)
	1999	-	(395,402)	(395,402)
	2000	-	(486,929)	(486,929)
	2001	-	33,704	33,704
	2001 30%	-	(1,010)	(1,010)
	2002	-	(47,948)	(47,948)
	2002 30%	-	11,179	11,179
	2003	-	(92,051)	(92,051)
	2003 30%	-	(40,301)	(40,301)
	2003 50%	-	51,692	51,692
	2004	-	(584,233)	(584,233)
	2004 30%	-	31,138	31,138
	2004 50%	-	32,585	32,585
	2005	-	(453,872)	(453,872)
	2006	-	(707,651)	(707,651)
	2007	-	(394,751)	(394,751)
	2008	-	(320,436)	(320,436)
	2008 50%	-	(20,682)	(20,682)
	2009	-	(330,177)	(330,177)
	2009 50%	-	120,584	120,584
	2010	-	(14,123)	(14,123)
	2010 100%	-	(191,143)	(191,143)
	2010 50%	-	(22,068)	(22,068)
	2011	-	(1,408,504)	(1,408,504)
	2011 100%	-	(715,811)	(715,811)
	2011 50%	-	(133,960)	(133,960)
	2012	-	(153,506)	(153,506)
	2012 50%	-	(596,031)	(596,031)
	2013	-	(101,311)	(101,311)
	2013 50%	-	(340,873)	(340,873)
	2014	-	(2,405,000)	(2,405,000)
	2014 50%	-	(673,000)	(673,000)
	2014 EXP	-	41,732	41,732
	2015	-	(258,996)	(258,996)
	2015 50%	-	199,499	199,499
	2015 EXP	-	(69,396)	(69,396)
	2016	-	1,307,242	1,307,242
	2016 50%	-	2,003,602	2,003,602
	2017	-	(6,463)	(6,463)
	2017 50%	-	13,371	13,371
Total Reversal		\$ -	\$ (12,730,817)	\$ (12,730,817)
Net Provision		\$ -	\$ 19,674,823	\$ 19,674,823

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2017 - December, 2017

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Statutory/ Effective Rates		Deferral of Taxes		Total
		State	Federal	State	Federal	
Provision						
1970	\$ -	0%	35%	\$ -	\$ -	-
1971	-	0%	35%	-	-	-
1972	-	0%	35%	-	-	-
1973	-	0%	35%	-	-	-
1974	4,593	0%	35%	-	1,608	1,608
1975	1,626	0%	35%	-	569	569
1976	1,329	0%	35%	-	465	465
1977	-	0%	35%	-	-	-
1978	1,014	0%	35%	-	355	355
1979	5,270	0%	35%	-	1,845	1,845
1980	123	0%	35%	-	43	43
1981	(1,581)	0%	35%	-	(553)	(553)
1982	(207)	0%	35%	-	(73)	(73)
1983	(15)	0%	35%	-	(5)	(5)
1984	(25)	0%	35%	-	(9)	(9)
1985	(277)	0%	35%	-	(97)	(97)
1986	(176)	0%	35%	-	(62)	(62)
1987	1,924	0%	35%	-	673	673
1988	(65)	0%	35%	-	(23)	(23)
1989	21	0%	35%	-	8	8
1990	(1,871)	0%	35%	-	(655)	(655)
1991	(22)	0%	35%	-	(8)	(8)
1992	(56)	0%	35%	-	(20)	(20)
1993	(4,786)	0%	35%	-	(1,675)	(1,675)
1994	(19,576)	0%	35%	-	(6,851)	(6,851)
1995	(5,444)	0%	35%	-	(1,905)	(1,905)
1996	3,096	0%	35%	-	1,084	1,084
1997	217,448	0%	35%	-	76,107	76,107
1998	2,433,019	0%	35%	-	851,557	851,557
1999	988,989	0%	35%	-	346,146	346,146
2000	1,483,121	0%	35%	-	519,092	519,092
2001	1,082,084	0%	35%	-	378,729	378,729
2001 30%	37,265	0%	35%	-	13,043	13,043
2002	67,101	0%	35%	-	23,485	23,485
2002 30%	360,303	0%	35%	-	126,106	126,106
2003	(1,759)	0%	35%	-	(616)	(616)
2003 30%	78,811	0%	35%	-	27,584	27,584
2003 50%	144,307	0%	35%	-	50,508	50,508
2004	(15,617)	0%	35%	-	(5,466)	(5,466)
2004 30%	363,025	0%	35%	-	127,059	127,059
2004 50%	73,938	0%	35%	-	25,878	25,878
2005	1,588,094	0%	35%	-	555,833	555,833
2006	2,304,641	0%	35%	-	806,624	806,624
2007	1,617,897	0%	35%	-	566,264	566,264
2008	222,597	0%	35%	-	77,909	77,909
2008 50%	362,284	0%	35%	-	126,800	126,800
2009	167,440	0%	35%	-	58,604	58,604
2009 50%	300,715	0%	35%	-	105,250	105,250
2010	45,343	0%	35%	-	15,870	15,870
2010 100%	-	0%	35%	-	-	-
2010 50%	70,145	0%	35%	-	24,551	24,551
2011	413,804	0%	35%	-	144,831	144,831
2011 100%	-	0%	35%	-	-	-
2011 50%	12,527	0%	35%	-	4,384	4,384
2012	276,817	0%	35%	-	96,886	96,886
2012 50%	307,381	0%	35%	-	107,583	107,583
2013	(139,877)	0%	35%	-	(48,957)	(48,957)
2013 50%	184,550	0%	35%	-	64,593	64,593
2014	(141,432)	0%	35%	-	(49,501)	(49,501)
2014 50%	479,238	0%	35%	-	167,733	167,733
2014 EXP	-	0%	35%	-	-	-
2015	1,291,535	0%	35%	-	452,037	452,037
2015 50%	106,503	0%	35%	-	37,276	37,276
2015 EXP	(657,943)	0%	35%	-	(230,280)	(230,280)
2016	5,223,829	0%	35%	-	1,828,340	1,828,340
2016 50%	2,395,030	0%	35%	-	838,261	838,261
2017	8,126,113	0%	35%	-	2,844,140	2,844,140
2017 50%	58,726,935	0%	35%	-	20,554,427	20,554,427
	\$ 90,581,100			\$ -	\$ 31,703,385	\$ 31,703,385
Provision Gains/Losses Page (9)				\$ -	\$ 702,255	\$ 702,255
Provision - Non - TMI				\$ -	\$ 32,405,640	\$ 32,405,640

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2017 - December, 2017

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Statutory/ Effective Rates		Deferral of Taxes		Total
		State	Federal	State	Federal	
Reversal						
1970	\$ (31,127)	0%	45%	\$ -	\$ (13,933)	\$ (13,933)
1971	(25,779)	0%	39%	-	(10,059)	(10,059)
1972	(36,530)	0%	41%	-	(14,814)	(14,814)
1973	(43,505)	0%	42%	-	(18,174)	(18,174)
1974	(40,545)	0%	42%	-	(17,220)	(17,220)
1975	(36,144)	0%	43%	-	(15,687)	(15,687)
1976	(34,534)	0%	42%	-	(14,396)	(14,396)
1977	(45,853)	0%	41%	-	(18,941)	(18,941)
1978	(57,102)	0%	42%	-	(24,141)	(24,141)
1979	(61,835)	0%	41%	-	(25,372)	(25,372)
1980	(58,560)	0%	41%	-	(23,746)	(23,746)
1981	(525,746)	0%	42%	-	(218,622)	(218,622)
1982	(445,896)	0%	41%	-	(181,399)	(181,399)
1983	(482,184)	0%	40%	-	(193,975)	(193,975)
1984	(498,751)	0%	39%	-	(196,622)	(196,622)
1985	(569,173)	0%	38%	-	(219,072)	(219,072)
1986	(756,324)	0%	37%	-	(279,966)	(279,966)
1987	(846,863)	0%	35%	-	(295,045)	(295,045)
1988	(850,488)	0%	35%	-	(294,386)	(294,386)
1989	(794,270)	0%	35%	-	(275,566)	(275,566)
1990	(805,922)	0%	35%	-	(279,643)	(279,643)
1991	(921,683)	0%	35%	-	(321,355)	(321,355)
1992	(1,048,487)	0%	35%	-	(366,280)	(366,280)
1993	(1,045,091)	0%	35%	-	(369,227)	(369,227)
1994	(923,383)	0%	35%	-	(326,176)	(326,176)
1995	(1,046,310)	0%	35%	-	(369,495)	(369,495)
1996	(870,578)	0%	35%	-	(307,100)	(307,100)
1997	(904,377)	0%	35%	-	(317,431)	(317,431)
1998	(1,936,508)	0%	35%	-	(677,924)	(677,924)
1999	(1,129,645)	0%	35%	-	(395,402)	(395,402)
2000	(1,390,901)	0%	35%	-	(486,929)	(486,929)
2001	96,730	0%	35%	-	33,704	33,704
2001 30%	(2,869)	0%	35%	-	(1,010)	(1,010)
2002	(136,826)	0%	35%	-	(47,948)	(47,948)
2002 30%	31,954	0%	35%	-	11,179	11,179
2003	(263,001)	0%	35%	-	(92,051)	(92,051)
2003 30%	(115,079)	0%	35%	-	(40,301)	(40,301)
2003 50%	148,171	0%	35%	-	51,692	51,692
2004	(1,669,238)	0%	35%	-	(584,233)	(584,233)
2004 30%	89,797	0%	35%	-	31,138	31,138
2004 50%	94,262	0%	35%	-	32,585	32,585
2005	(1,296,606)	0%	35%	-	(453,872)	(453,872)
2006	(2,021,860)	0%	35%	-	(707,651)	(707,651)
2007	(1,127,877)	0%	35%	-	(394,751)	(394,751)
2008	(915,485)	0%	35%	-	(320,436)	(320,436)
2008 50%	(56,629)	0%	37%	-	(20,682)	(20,682)
2009	(943,338)	0%	35%	-	(330,177)	(330,177)
2009 50%	346,556	0%	35%	-	120,584	120,584
2010	(40,350)	0%	35%	-	(14,123)	(14,123)
2010 100%	(546,123)	0%	35%	-	(191,143)	(191,143)
2010 50%	(63,052)	0%	35%	-	(22,068)	(22,068)
2011	(4,024,296)	0%	35%	-	(1,408,504)	(1,408,504)
2011 100%	(2,045,174)	0%	35%	-	(715,811)	(715,811)
2011 50%	(382,744)	0%	35%	-	(133,960)	(133,960)
2012	(438,587)	0%	35%	-	(153,506)	(153,506)
2012 50%	(1,702,945)	0%	35%	-	(596,031)	(596,031)
2013	(289,460)	0%	35%	-	(101,311)	(101,311)
2013 50%	(973,923)	0%	35%	-	(340,873)	(340,873)
2014	(6,871,430)	0%	35%	-	(2,405,000)	(2,405,000)
2014 50%	(1,922,856)	0%	35%	-	(673,000)	(673,000)
2014 EXP	119,234	0%	35%	-	41,732	41,732
2015	(739,989)	0%	35%	-	(258,996)	(258,996)
2015 50%	569,996	0%	35%	-	199,499	199,499
2015 EXP	(198,275)	0%	35%	-	(69,396)	(69,396)
2016	3,734,977	0%	35%	-	1,307,242	1,307,242
2016 50%	5,724,576	0%	35%	-	2,003,602	2,003,602
2017	(18,465)	0%	35%	-	(6,463)	(6,463)
2017 50%	38,203	0%	35%	-	13,371	13,371
Reversal Non-TMI	\$ (36,076,111)			\$ -	\$ (12,805,069)	\$ (12,805,069)
Total Net Provison - Non-TMI				\$ -	\$ 19,600,572	\$ 19,600,572

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - Non - TMI
 Based upon Electric Plant in Service January, 2017 - December, 2017
 Deferred Income Taxes Related to Gains/Losses

Vintage Year	Per Power Tax Report 52		(Gain)/Loss recognized	Statutory/ Effective Rates		Deferral of Taxes		Total	
	Basis of Property	Accumulated Tax Depreciation		State	Federal	State	Federal		
	1	2	3	4	5	6 = 3 x 4	7 = 3 x 5	8 = 6+7	
Provision - 1/17-12/17									
1987	\$ 157,149	\$ 157,145	\$ 4	0%	35%	\$ -	\$ 2	\$ 2	
1988	181,308	181,308	-	0%	35%	-	-	-	
1989	185,232	185,232	-	0%	35%	-	-	-	
1990	188,489	188,489	-	0%	35%	-	-	-	
1991	247,437	247,437	-	0%	35%	-	-	-	
1992	268,110	268,110	-	0%	35%	-	-	-	
1993	265,292	264,706	586	0%	35%	-	205	205	
1994	243,215	242,672	544	0%	35%	-	190	190	
1995	275,280	275,119	161	0%	35%	-	56	56	
1996	237,314	237,314	-	0%	35%	-	-	-	
1997	237,209	233,449	3,760	0%	35%	-	1,316	1,316	
1998	441,968	421,729	20,239	0%	35%	-	7,084	7,084	
1999	180,586	164,473	16,114	0%	35%	-	5,640	5,640	
2000	292,314	253,332	38,983	0%	35%	-	13,644	13,644	
2001	245,312	201,267	44,045	0%	35%	-	15,416	15,416	
2001 30%	3,526	2,899	628	0%	35%	-	220	220	
2002	12,091	9,430	2,661	0%	35%	-	931	931	
2002 30%	119,304	92,645	26,659	0%	35%	-	9,331	9,331	
2003	516	232	284	0%	35%	-	99	99	
2003 30%	19,415	19,185	230	0%	35%	-	81	81	
2003 50%	67,997	48,505	19,493	0%	35%	-	6,822	6,822	
2004	67	20	47	0%	35%	-	17	17	
2004 30%	91,570	63,083	28,487	0%	35%	-	9,971	9,971	
2004 50%	57,574	39,350	18,224	0%	35%	-	6,378	6,378	
2005	342,873	219,667	123,206	0%	35%	-	43,122	43,122	
2006	387,941	231,875	156,067	0%	35%	-	54,623	54,623	
2007	390,520	220,073	170,447	0%	35%	-	59,656	59,656	
2008	47,876	24,576	23,300	0%	35%	-	8,155	8,155	
2008 50%	215,492	108,920	106,572	0%	35%	-	37,300	37,300	
2009	135,491	111,688	23,803	0%	35%	-	8,331	8,331	
2009 50%	272,909	126,594	146,316	0%	35%	-	51,210	51,210	
2010	30,560	23,867	6,693	0%	35%	-	2,343	2,343	
2010 100%	-	-	-	0%	35%	-	-	-	
2010 50%	134,433	57,620	76,813	0%	35%	-	26,885	26,885	
2011	57,024	21,383	35,640	0%	35%	-	12,474	12,474	
2011 100%	-	-	-	0%	35%	-	-	-	
2011 50%	6,787	3,716	3,071	0%	35%	-	1,075	1,075	
2012	96,754	31,146	65,608	0%	35%	-	22,963	22,963	
2012 50%	169,707	55,945	113,762	0%	35%	-	39,817	39,817	
2013	1,256	(724)	1,981	0%	35%	-	693	693	
2013 50%	201,187	53,767	147,420	0%	35%	-	51,597	51,597	
2014	(5,463)	3,079	(8,542)	0%	35%	-	(2,990)	(2,990)	
2014 50%	209,432	43,425	166,007	0%	35%	-	58,103	58,103	
2014 EXP	-	-	-	0%	35%	-	-	-	
2015	(101,784)	(10,345)	(91,440)	0%	35%	-	(32,004)	(32,004)	
2015 50%	104,954	15,016	89,938	0%	35%	-	31,478	31,478	
2015 EXP	(69,463)	(9,937)	(59,526)	0%	35%	-	(20,834)	(20,834)	
2016	184,740	21,156	163,583	0%	35%	-	57,254	57,254	
2016 50%	350,361	25,784	324,577	0%	35%	-	113,602	113,602	
Provision - Non-TMI (gains/losses)						\$	702,255	\$	702,255

PENNSYLVANIA ELECTRIC COMPANY
 Computation of Deferred Income Taxes - TMI #2
Based upon Electric Plant in Service January, 2017 - December, 2017

Vintage Year	Accelerate Tax Depreciation less Straight Line Depreciation	Deferral of Taxes		
		State	Federal	Total
Reversal				
1978	\$ 32,685	\$ -	\$ 15,689	\$ 15,689
1979	39,505	-	18,172	18,172
1980	79,074	-	36,374	36,374
1981	-	-	760	760
1982	-	-	761	761
1983	-	-	42	42
1984	-	-	133	133
1985	-	-	608	608
1986	-	-	417	417
1987	-	-	1,516	1,516
1988	-	-	(1)	(1)
1989	-	-	-	-
1992	-	-	(221)	(221)
	<u>\$ 151,263</u>	<u>\$ -</u>	<u>\$ 74,252</u>	<u>\$ 74,252</u>

PENNSYLVANIA ELECTRIC COMPANY
(\$000)

POST 1969 VINTAGES

	Per Power Tax	Pro Forma Under Present Rates	
		Normalization Adjustment	Total
Liberalized Depreciation Deferred Taxes			
Balance per Actuals 12/31/15	\$ (648,356)		\$ (648,356)
Balance per Actuals 12/31/14	(624,734)		(624,734)
Liberalized Depreciation Activity - January, 2015 to December, 2015	<u>\$ (23,622)</u>		<u>\$ (23,622)</u>
Net Federal and State Provision	\$ 23,622		\$ 23,622
Less: Net State Provision (negative)	(1,639)		(1,639)
Net Federal Provision per Actuals	\$ 25,261		\$ 25,261
Add: Federal Benefit (increase) of State	(574)		(574)
Net Federal - January, 2015 to December, 2015 Provision for Rates	<u>\$ 24,687</u>		<u>\$ 24,687</u>

POST 1969 VINTAGES

	Per Power Tax	Pro Forma Under Present Rates	
		Normalization Adjustment	Total
Liberalized Depreciation Deferred Taxes			
Balance per Budget 12/31/16	\$ (635,721)		\$ (635,721)
Balance per Actuals 12/31/15	(648,356)		(648,356)
Liberalized Depreciation Activity - January, 2016 to December, 2016	<u>\$ 12,635</u>		<u>\$ 12,635</u>
Net Federal and State Provision	\$ (12,635)		\$ (12,635)
Less: Net State Provision (negative)	(13,062)		(13,062)
Net Federal Provision per Budget	\$ 427		\$ 427
Add: Federal Benefit (increase) of State	(4,572)		(4,572)
Net Federal - January, 2016 to December, 2016 Provision for Rates	<u>\$ (4,145)</u>		<u>\$ (4,145)</u>

POST 1969 VINTAGES

	Per Power Tax	Pro Forma Under Present Rates	
		Normalization Adjustment	Total
Liberalized Depreciation Deferred Taxes			
Balance per Budget 12/31/17 (EXCLUDES TRANSMISSION)	\$ (556,268)		\$ (556,268)
Balance per Budget 12/31/16 (EXCLUDES TRANSMISSION)	(536,583)		(536,583)
Liberalized Depreciation Activity - January, 2017 to December, 2017	<u>\$ (19,685)</u>		<u>\$ (19,685)</u>
Net Federal and State Provision	\$ 19,685		\$ 19,685
Less: Net State Provision (negative)	16		16
Net Federal Provision per Budget	\$ 19,669		\$ 19,669
Add: Federal Benefit (increase) of State	6		6
Net Federal - January, 2017 to December, 2017 Provision for Rates	<u>\$ 19,675</u>		<u>\$ 19,675</u>

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-25:

“Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.”

RESPONSE:

Investment Tax Credit Balances, Provision and Amortization
(In Thousands)

	<u>4% and 10%</u>
Balance 12/31/2014	\$ 3,796
Amortization 2015 Calendar Year	<u>(460)</u>
Balance 12/31/2015	\$ 3,336
Amortization 2016 Calendar Year	<u>(460)</u>
Balance 12/31/2016	\$ 2,876
Amortization 2017 Calendar Year	<u>(460)</u>
Balance 12/31/2017	\$ 2,416

Investment Tax Credit

Pennsylvania Electric Company is amortizing the deferred credit previously created by a ratable flow-through to income over the useful life of the property. The Company has been examined by the Internal Revenue Service for the years in which this tax credit originated and is in compliance with paragraph (2) of Section 46(e) of the Internal Revenue Code of 1954, as amended, for allowance, with respect to public utility property, of the credit as allowed by Section 38 of the Code. Section 46(e) provides: (a) to reduce the cost of service for ratemaking purposes or in its regulated books of account by no more than the ratable portion of the credit allowable by Section 38; and (b) not to reduce the base to which its rate of return is applied for ratemaking purposes by any portion of the credit allowable by Section 38.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-26:

“Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not otherwise specifically explained and supported in the statement of operating income.”

RESPONSE:

The appropriateness of claiming the various items included in the statement of operating income is explained in the supporting schedules to Penelec Exhibit RAD-2 and the testimony and exhibits of the Company's witnesses.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-D-27:

“If the utility’s operations include non-jurisdictional activities, provide a schedule which demonstrates the manner in which rate base and operating income date have been adjusted to develop the jurisdictional test year claim.”

RESPONSE:

See Direct Testimony of Penelec Witness Thomas J. Dolezal, Penelec Statement No. 4 and associated exhibits.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT II-E-1:

“Supply a copy of any budget utilized as a basis for any test year claim, and explain the utility’s budgeting process.”

RESPONSE:

The FirstEnergy “Budget/Forecast Guidelines” details the items required for the preparation of budgets. See Penelec RAD-45 Attachment A.

A copy of the budget utilized for the test year claim is contained in Penelec Exhibit RAD-18.



Budget/Forecast Guidelines



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CHAPTER 1: INTRODUCTION

The integrated business planning process is critical to the success of FirstEnergy. A key component of this process is the annual budget which provides a method to quantify and report the current year's expectations and helps drive the enterprise toward achieving both short-term and long-term financial and operational objectives. The budget also helps facilitate the efficient usage of the Company's financial resources and allows FE to measure actual performance against projections.

The guidelines in this booklet are intended to assist persons responsible for direct input of data into the UIPlanner system as they prepare annual budgets and quarterly forecasts. The budget/forecast should be based on the business unit's business plans and should align with Executive Council's expectations.

Business Unit Income Statements will be produced using the UIPlanner report view in addition to QlikView and BW. Budget details will be developed and input using the various SAP cost collectors (i.e. cost centers, internal orders and WBSs). Through interface mapping between UIPlanner and SAP, these cost collectors are assigned to Profit Centers. Once data input is completed and the UIPlanner system is closed, Business Unit Income Statements will be available for review. The Profit Center Hierarchy (PC0001B) serves as the source for the structure of Business Unit Income Statements). Earnings Driver reports which measure the impact and contribution of key items to the financial performance of each Business Unit will also be produced. Any questions concerning these statements should be directed to Mike Kreighbaum (825-2556) or Carrie Wokaty (825-6005).

Note: Budget guideline documentation can be found in U:\Public\Budget Info\Budget

Overview for Budget Input

<i>Planning Must Be Done For The Following:</i>
➤ Gross Payroll (Dollars)
➤ Staffing Level (Headcount) – Coordinate with Short-Term Budget & Forecast - Business Services and Workforce Planning
➤ Other – Than – Labor (OTL)
➤ Activity Input Planning (Hours to Cost Centers, WBSs and Internal Orders)
<i>Versions</i>
Annual/Quarterly Budgeting & Forecasting:
➤ The budget and forecasting process includes a 5 year forecast horizon, current year plus 4 outer years.
➤ Budget/forecast detail planning will be input in Version 20 (Working Forecast)
➤ Final Closed detail budget will be in Version 12 unless otherwise noted

Calendar of Events

Forecast Schedule - (6 week forecast period)

- | | Activity |
|---|---|
| ➤ | Week 1 (UIPlanner available for updates) |
| ➤ | Week 2 (Input of all utility related revenues and expenses required for riders/deferrals, first round of check-in meetings) |
| ➤ | Week 3 (2 nd round of check-in meetings) |
| ➤ | Week 4 (Loading of previous months actuals, headcount for payroll due, preliminary income tax review) |
| ➤ | Week 5 (Final round of check-in meetings, UIPlanner locked for all edits) |
| ➤ | Week 6 (Assistant Controller, Tax and Treasury final review and approval, final system close with FERC and snapshot) |

Throughout the budget cycle you should expect to receive communications as needed to ensure the schedule is met. The purpose of these communications will be to help individuals manage budgeting activities, ensure mid-process completion goals are met, and address any issues that arise during the budget entry period.

CHAPTER 2: LABOR

Straight Time Payroll

Straight time payroll for the 2014 Budget will be developed and input by the Business Units. The budget is based on projected staffing levels and estimated employee salaries based on a regular weekly schedule of 40 hours per week per full-time employee

Adjustments should be made for changes in payroll due to attrition, retirements, promotions, demotions, and all salary adjustments including general wage rate increases. **Annual wage rate increases need to be applied by the Business Units, based on the appropriate rate change and timing.** The assumed wage rate for non-bargaining employees is 3.0%. The non-bargaining WRI should be assumed to be effective September 1, 2014. For bargaining unit employees, the bargaining unit WRI is based on the terms of each union contract.

Employee Labor Overview - Benefits

<p>Edit Forecasts at Multiple Levels</p> <ul style="list-style-type: none"> Interact with labor data and edit forecasts at the individual employee or cost center level 	<p>Labor Attributes Imported from SAP</p> <ul style="list-style-type: none"> Employee Number Employee Name Company Organization Personnel Area Personnel Sub Area Position Job Job Group Region Employee Group Employee Subgroup Cost Center Activity Type Pay Scale Type Pay Scale Area Annual Salary Unit Pay Vacation Eligibility Date Latest Hire Date Vacation Used to Date PAD Used to Date Vacation Rolled Over from Previous Year
<p>Activity Prices Prior to Budgeting</p> <ul style="list-style-type: none"> UIPlanner will calculate activity prices prior to the start of the annual budget process. In addition, SAP HR data will be interfaced to UIPlanner monthly 	
<p>Calendars & Loadings Auto Calculated</p> <ul style="list-style-type: none"> Additional employee information such as vacation eligibility, available payroll hours, etc... will be summarized to help facilitate building of the labor budget 	
<p>Enhanced Data Security</p> <ul style="list-style-type: none"> Access to the labor screens will be secured based on user role and business unit/department 	
<p>Automated 5 Year Labor Forecast</p> <ul style="list-style-type: none"> The correct business rules are applied producing calculated results across the planning horizon for each employee 	

Overtime Payroll

Costs associated in a given pay week for work exceeding 40 hours. The addition of overtime dollars to the budget should be planned and approved accordingly. Planning for all overtime will be completed by the business units using the appropriate cost elements (based on employee activity type):

- 520110 Payroll - Overtime Bargaining
- 520150 Payroll - Overtime Non Bargaining
- 520151 Payroll - Overtime Temporary Help
- 520162 Payroll - Overtime Co-Op Student
- 520163 Payroll - Overtime Part Time Non Barg
- 520164 Payroll - Overtime Part Time Bargaining

Payroll Overheads

Payroll Overheads – Employee Benefits, Incentive Comp and Payroll Taxes will be applied as an overhead during the closing process. The rates will be determined by General Accounting and input into the SAP costing sheets and interfaced into UIPlanner. After final payroll is determined and all gross benefit costs (medical, dental, prescription drug etc.) overheads will populate into HR benefit cost centers.

Employee Benefits – Benefit costs will be developed by Human Resources/Corp Budgets & Forecasts and input into UIPlanner in HR benefit cost centers using the appropriate primary cost elements. Pension and OPEB costs are not included in the Employee Benefits overhead calculation but are applied to capital work as specific capital overheads.

The secondary cost element 850070 – Payroll Overhead Benefits – Straight Time will be used to apply the Benefit overhead on straight time payroll during the budget closing process.

Payroll Taxes - will be budgeted by Corporate Budgets and Forecasts and input into UIPlanner in Special Tax cost centers.

The secondary cost element 850080 – Payroll Overhead – Taxes will be used to apply Payroll Tax overhead on straight time and overtime payroll during the closing process.

Incentive Comp - will be budgeted by Reporting Strategy & Process Management and input into UIPlanner in Special Incentive Comp cost centers.

The secondary cost element 850090 – Incentive Comp will be used to apply Incentive Comp overhead on straight time and overtime payroll during the closing process.

Payroll Related Items

Other payroll related general ledger accounts/cost elements:

- 520019 Payroll Retention Bonuses – Budgeted by the Business Unit granting the bonus
- 520165 Payroll Accrual (Budgeted only by General Accounting)
- 520250 Payroll Bonuses - Represents annual bonuses and other bonuses awarded throughout the year for special circumstances and are the responsibility of the Business Units
- 520260 Payroll Additional Comp – MGRK (Budgeted by Business Units where appropriate)
- 520300 Payroll Restricted Stock (Budgeted only by HR/Corporate Budgets and Forecasts)
- 520400 Payroll Severance – (Budget only by HR/Corporate Budgets and Forecasts)
- 520500 Payroll Adjustments to Gross - Examples include retro pay, grievance settlements, remote reporting costs, and relocation expenses not covered by HR (See Relocation Policy found on the Services & Support section of the FirstPlace Portal).

Employee Labor Overview – Calculations

Employee Forecast Calculations

- 1 Employee Headcount & FTE
- 2 PAD
- 3 Vacation
- 4 Vacation Deferred
- 5 Unit Pay
 - a Bi-Weekly (Exempt)
 - b Hourly (Non-Exempt)
- 6 Compensation
 - a Monthly Compensation
 - b Annual Compensation
 - c Incentive Compensation Plan
 - d Payroll Tax
 - e Benefits Loading
- 7 Loadings (Admin Maintained)
- 8 Fully Loaded Compensation
- 9 Productive Time (Activity Pricing) Hours Available (for Budget Grid)
- 10 Overtime Factors

- Select the Calculation Tab
- Listed are the key data fields and activity price calculation
- Only rows highlighted in yellow can be edited

Unit: US-C Employee Forecast	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012
Calculate Annual Compensation					
Beginning Salary	\$28,000	\$28,000	\$28,000	\$28,400	\$28
WAGE Increase	0.000%	0.000%	1.429%	0.600%	0.0
WAGE Compensation Increase	\$0	\$0	\$393	\$0	\$0
Manual Compensation Adjustment	\$0	\$0	\$0	\$0	\$0
Ending Salary of Last Actual Period	\$28,000	\$28,000	\$29,393	\$29,400	\$28.4
Ending Salary of Forecast Period	\$28,000	\$28,000	\$29,393	\$29,400	\$28.4
Ending Annual Salary	\$28,000	\$28,000	\$29,320	\$29,320	\$28.4
Calculate Unit Pay					
Pay Rate Area	Exempt-1.0	Exempt-1.0	Exempt-1.0	Exempt-1.0	Exempt-1.0
Beginning Unit Pay	\$1,000.000	\$1,000.000	\$1,000.000	\$1,010.000	\$1,010
Unit Pay Increase	\$0.000	\$0.000	\$22.000	\$0.000	\$0
Manual Unit Pay Adjustment	\$0.000	\$0.000	\$0.000	\$0.000	\$0
Ending Unit Pay	\$1,000.000	\$1,000.000	\$1,022.000	\$1,010.000	\$1,010
Calculate Monthly Compensation					

Staffing

Staffing levels (Headcount) must be input by month, by individual Cost Center, by individual or activity type. Budget all full-time, part-time, and temporary FE employees on SAP Payroll. **New employees should be budgeted in the month in which they will start.** Do not include contractor/non-FE employees and do not assume all hires begin the month of January.

Activity Input Planning (Hours)

Payroll costs can be moved from the employee or originating cost centers to a target or receiving cost collector (Cost Center, Order or WBS element) by planning productive hours by activity type. The activity price associated with each cost center/activity type combination is calculated and updated by Short-Term Budget & Forecast. These activity prices are then used to produce the standard labor activity allocations.

Unproductive Time – Planning for unproductive time (i.e. sick time, safety meetings, union business, etc.) is not required. These costs remain in the responsible cost center and the unproductive hours and associated costs are incorporated in the calculation of the activity prices.

CHAPTER 3: OTHER THAN LABOR (OTL)

All transactions for non-labor items must contain:

- Cost Center
- Cost Element
- Target Cost Collector – Cost Center, Order, Network or WBS element
- Target Cost Collector Type – (KS, OR, PR)
- Cost Type (Capital, O&M, Other)

Cost Owner cost center for Other-Than-Labor is defined as the Cost Center with budget responsibility for the expenditure.

Cost Types are defined as follows:

Type 1 Capital - Capital is planned to WBS Elements. WBS Elements are defined as Cost Type 1 if they settle to:

- 107XXX Construction Work In Progress
- 108XXX Retirement Work In Progress
- Capitalized Nuclear Fuel Accounts
- CWIP and RWIP for Non-Utility assets

Type 2 O&M (Income Statement Accounts)

Type 2 is any cost that settles to a Cost Center and becomes part of the Income Statement (predominately O&M but includes revenues, interest income, depreciation etc.)

Type 3 Other

Type 3 charges are any costs that settle to Balance Sheet accounts and are not considered Capital.

Guidelines for General Business Items:

Office Supplies – Cost Element 540100

Stationary type items purchased through Staples or similar vendor, e.g., annual planners and calendars, etc. The budget should be at the department/plant level rather than the cost center level to maintain consistency and control within the business unit.

Telecommunications Equipment and Service – Cost Element 590000

Costs associated with Company approved/provided cellular telephone equipment and associated monthly cellular charges are to be budgeted by cellular user's business unit.

- Basic cellular voice/text service - \$50 monthly per telephone.
- Smartphone (iPhone) - \$100 monthly per telephone.
- Cellular broadband data service (laptop and MiFi's/HotSpot) - \$55 monthly per device.

Business Units should refer to the Computer Peripherals Price List (page 11) to budget for costs associated with purchase of the cellular equipment.

Copies/Multi-functional devices (MFD), Printers, Faxes

Copier/MFD and printer equipment along with maintenance and supplies for general office use are budgeted by IT. Plotter purchase/lease, specialty copiers or printers, fax machines, and associated service/supply costs are to be budgeted by the responsible Business Unit. For special projects, short-term needs, and plant outages the cost for copy, fax, and print devices are to be budgeted by the responsible Business Unit. Contact IT to determine if existing devices may be redeployed for short term needs.

Budget printer equipment to G/L 580020, supplies to 560200, and maintenance to 550300.

Budget copier equipment to G/L 570052, supplies and maintenance to 560200.

Budget fax equipment and supplies to G/L 560200, maintenance to 550300.

Employee Expenses – Cost Element 540000

Miscellaneous expenses as a result of conducting company business not captured in other cost elements and reimbursed through an employee expense report.

Employee Meals – Cost Element 540010

Expensed meals as a result of company business.

Emergency Employee Expense / No Meals – Cost Element 540015

Miscellaneous expenses that were incurred unexpectedly (call-outs, storms, and outages).

Travel Expenses – Cost Element 540101

Expenses incurred while traveling on company business that are not reimbursed through employee expense reports. Each business unit should budget for use of the corporate jet by their employees at the rate of \$220 per "one way trip". Example: For one person flying from Akron to Morristown, \$220 is charged to the employee's responsible cost center. Persons budgeting for Executive travel will be provided more detailed information separately from these guidelines.

Per Diem – Cost Element 540102

Fixed rate for change in work location, outages, etc. Often used in lieu of meals and possibly other related employee expenses.

Travel Expenses – Corp Jet – Cost Element 540106

Costs associated with use of corporate jet. This cost element is used exclusively by the Flight Operations Group.

Employee Expense – Training – Cost Element 540020

External seminar fees and associated external training expenses.

Training Student Expenses – Cost Element 540103

Student training fees for internal courses coordinated by Human Resources.

Postage – Cost Element 650100

All non-customer mailings/billings, including large packages (UPS, FedEx, Overnight Express, etc) should be budgeted by each Business Unit. Postage for customer related mailings and billings should be budgeted by the Customer Service bill production cost centers.

Other Items:

Application Software Maintenance – Business application software maintenance will be budgeted by IT Business Unit Support. Portfolio Managers will be contacting your department to coordinate budget information and ensure that all maintenance fees are captured.

Banked Vacation – The payout of banked vacation should not be budgeted by the individual cost centers. It is budgeted by Human Resources/Corp Budgets/Forecasts.

Claims (Payable and Receivable) – The ED Operating Companies should budget for (payable) claims and lawsuits related to distribution facilities (including personal injury, property damage, and vegetation management claims), fleet vehicle accidents, and environmental injuries (such as asbestos) for historical ownership of generating plants, as well as the legal fees and other administrative costs to defend against such claims and lawsuits. The ED Operating Companies should also budget for damages caused to their respective distribution facilities by outside parties; applying offsets by taking into consideration historical recovery amounts achieved through (receivable) claims activities. Generating Plants should budget for anticipated (payable) claims and lawsuits related to their facilities, as well as the legal fees and other administrative costs to defend against such claims and lawsuits.

Company Facilities – Real Estate and Facilities will budget for the maintenance and service contracts for Corporate, FENOC and Fossil. Energy Delivery will budget for all Utility Company facilities. The WBS structure will be utilized for both budgeting and tracking of O&M spend. Budgets will be established using a WBS and WBS Element / Service Categories:

- Landscaping
- Janitorial
- Building Maintenance
- Waste Removal
- Paving repairs
- Elevators
- HVAC
- Roof repairs
- Electrical
- Mechanical Equipment
- Fire Protection
- Construction
- Fences
- Plumbing
- Painting
- Pest Control
- Utilities
- Snow Removal
- Costs will be segregated by line of business (Corporate, FENOC, Fossil, and ED Operating Company)
- Monthly reporting of actuals will include the WBS, the Service Category and Building Cost Center

- This will allow for a direct comparison of Budget to actual spend enabling a monthly view of actuals versus budget.

Real Estate will budget for all building and land leases.

Corporate membership dues and fees, contributions and donations – It is the Company's policy to enter into and maintain Corporate memberships in organizations deemed necessary to maintain professional expertise in various aspects of the Company's operations and to establish and maintain relationships with selected organizations with whom we share common interests.

Corporate memberships will be budgeted and processed through the Contributions Department. The company should not pay dues for an employee's individual membership unless the membership is held at the Company's specific request. When this is the case, the dues and any fees or assessments associated with membership should be budgeted in the employee's administrative cost center. Contributions will also be budgeted through the Contributions Department, working with Operating Company management and the Corporate Affairs staff.

Desktop Computer Hardware and Software – Standard PC workstations and laptops are budgeted in IT Client Support based on a fixed replacement cycle (5 years for desktops, 3 years for laptops). **Peripheral equipment is not budgeted in IT.** All peripheral equipment requires director approval, will be ordered by the business unit (not IT) using a specific web site, and **should be budgeted as a purchase in the requesting business unit cost center.** Listed below are some commonly requested peripherals with pricing where applicable.

Computer Peripherals Price List:

<u>Display Options</u>	<u>Description</u>	<u>Vendor / Model</u>	<u>Approximate Cost</u>
For Laptops	Monitors not provided for laptops		n/a
For Desktops	17 inch CRT provided for desktops upon failure of previous unit	See HP or SHI catalog on portal for options.	
<u>Cellular</u>	<u>Description</u>	<u>Vendor / Model</u>	<u>Approximate Cost</u>
Cellular voice/text	Basic cellular handset and standard accessories.	First Communications	\$30
iPhone	iPhone and standard accessories.	AT&T, Sprint, Verizon Wireless	\$150
Data – MiFi/Hot Spot	Data device.	AT&T, Sprint, Verizon Wireless	\$80 - \$130
<u>Laptop Options</u>	<u>Description</u>	<u>Vendor / Model</u>	<u>Approximate Cost</u>
Port Replicator for nc8440p/8540p/8460/8470	Part # A7E34AA#ABA	HP	\$130
<u>Plotters</u>	<u>Description</u>	<u>Vendor / Model</u>	<u>Approximate Cost</u>
Standard HP Plotter Purchase	Wide Format plotter/printer purchase and install	HP	\$6,800
Standard HP Plotter Service	Annual service for HP Plotter	Print Service Provider	\$1,654

Educational Assistance – Human Resources/Corp Budgets/Forecasts will budget for these expenses.

Environmental Fees – Permit and environmental reporting fees should be budgeted by each location. The Environmental Dept. will budget for all software maintenance fees associated with the ESC CEM data acquisition systems. The Environmental Department will also budget for all stack and CEM RATA testing including labor, materials and outside test contractors. Questions should be directed to **Brittany Cannato 879-6442.**

EPRI – Business Units should budget for EPRI expenses based on approved programs as well as approved participation in Tailored Collaboration Projects, Co Funding Projects, or Billable Service

Agreements (Supplemental Agreements that are in addition to membership selections). Item numbers for EPRI subscriptions will be available from FE Technologies. Subscription payments should be budgeted monthly. Business Units who budget for EPRI should contact **Stephen B. Briggs 825-3870**, for further information.

Fuel – Nuclear: The nuclear fuel expense budget is developed and entered by the Nuclear Fuels group based on generation plans provided by each nuclear unit. Auxiliary boiler and diesel generator fuel is budgeted by each nuclear site and entered by the Nuclear Generation Business Services. Capital nuclear fuel purchases will be budgeted by the Nuclear Fuels group, to appropriate WBS elements.

Fossil: Coal, Oil (light-off and peaking), natural gas, SO₂ allowances, NO_x allowances, and reagent requirements will be modeled by the FES Planning & Analysis Group and budgeted by the Fuel Supply Dept., using the plant/unit specific FERC cost centers.

Insurance – Property and liability insurance will be budgeted by Risk Management.

Internal Use of Electricity – The costs of electricity for buildings and power plants owned by FE legal entities within the Competitive Services Unit and Corporate Support Unit, for both generation and non-generation components will be budgeted by **William Shonk (825-5472)** of General Accounting Services in coordination with Customer Service, Retail Tariff Analysis & Forecasting and Facilities Management.

Inter-company Building Rent Revenue/Expense – The inter-company revenue and expense for building rent invoiced between companies will be budgeted by **Richard Snyder (500-6807)** of General Accounting Services and will be based upon building related operation and maintenance costs budgeted by others.

Materials and Equipment – Material costs for direct purchases and stores issues are budgeted directly in the cost center, order or WBS element along with the responsible cost center. An M&S overhead will be applied to stores issues. The Controller's Group will enter the rates into the costing sheets and the system will generate the M&S overheads as part of the budget closing process.

Professional Contractors & Outside Services – Contracted work from professional and outside services vendors should be accounted for using the categories and cost elements established by Business Unit. Please refer to the tables in Chapter 7 for further details.

Revenues – Budgeted revenues must be entered as negative numbers.

Sales Tax – Business Units should include sales taxes incurred as part of the purchase price of taxable items in their cost centers.

Medical Surveillance Testing – Occupational Health -The outside vendor costs for employees participating in the FirstEnergy Medical Surveillance Program (Regulatory required) should be budgeted in the individual employee's responsible Cost Center. Each Plant and Operating Company should account for these costs (i.e., regulatory required respirator fitness exams, hearing tests, asbestos and lead physicals, etc.). The Industrial Relations-Health & Safety section will provide specific cost information related to this activity, contact **Timothy Walter 825-1706** or **Chuck Fabo 825-5162**.

Drug & Alcohol Testing Program – CDL/DOT, Maritime, Safety Sensitive, Ohio State Project Work, New Hires- The outside vendor costs for employees participating in FirstEnergy's Drug & Alcohol Testing Program (Company and Regulatory required) should be budgeted in the individual employee's responsible Cost Center. Each Plant and Operating Company should account for these costs in 2014. The Industrial Relations-Health & Safety section will provide specific cost information related to this activity, contact **Timothy Walter 825-1706** or **Chuck Fabo 825-5162**.

Industrial Hygiene (IH) Assessments – The outside vendor costs associated with OSHA required routine IH monitoring, including associated laboratory analyses and processing costs, should be budgeted in the individual employee's responsible cost center. Routine monitoring (OSHA required) includes periodic assessment of the following hazards: Noise, Asbestos, Inorganic-arsenic, Lead, Personal Protective Equipment, Confined Space Entry, etc. The Industrial Relations–Health & Safety section will continue to support and budget for special, complex or unique IH assessment needs. Specific cost information related to this budgeting activity will be provided by the Industrial Relations-Health & Safety section, contact **Timothy Walter 825-1706 or Martin Duffy 825-3814.**

Satellite Airtime – The infrastructure cost to provide the service will be paid by IT Network Services. The usage is not an IT cost and should, therefore, be budgeted by the business units at these rates:
 BTV broadcasts \$800 /hour (Bandwidth 3.0Mb/hr)

Severance – Each Executive Council member is contacted by HR to determine the appropriate level of severance to be budgeted. Cost of severance payments, as determined by HR, will be entered into the SAP system by HR/Corp Budgets/Forecasts.

Supply Chain/Inventory Items – Inventory Adjustments - Each plant and Operating Company should budget for its own storeroom's inventory adjustments. Assets No Longer Used or Useful – Obsolete Inventory - Each location should budget for its own obsolete inventory write-offs. With market value of these items being unknown, it is recommended that Business Units not budget for proceeds from obsolete inventory sales. Assets Other Than Inventory - Investment recovery proceeds from the sale of items will be given to the Business Unit that provided the items. We will use the accounting the Business Unit provides.

Training – Business unit cost centers should budget for on-site classes that support company-wide, employee, or department-specific programs. **The Learning and Development Department (L&D) will budget for the New Supervisor/Manager program. However, the business unit cost centers should budget for associated travel and lodging expense.** Questions should be addressed to **Jacqueline Roth 825-7890.**

The Information Technology Dept (IT) will budget for on-site classes that support company-wide software applications. Business unit cost centers should budget for on-site classes that support department-specific software applications.

Training – External – The cost of external training and seminars, as well as the travel and lodging expenses will be budgeted in the cost center requesting the training.

Transportation – Energy Delivery Transportation costs will be manually planned to appropriate cost collectors using the cost element 545099 – Fleet usage manual plan. The responsible cost center used on the SPL is the appropriate Operating Company transportation contra cost center.

CONTRA COST CENTER		
COMPANY	COST CENTER	DESCRIPTION
Toledo Edison	416001	Transportation Costs Undist-TE-Wstrn Reg
CEI	426001	Transportation Costs Undist-CE-Nrth Reg
Ohio Edison	406001	Transportation Costs Undist-OE-Cntrl Reg
Ohio Edison	406005	Transportation Costs Undist-OE-Sthrn Reg
Ohio Edison	406003	Transportation Costs Undist-OE-Estrn Reg
Penn Power	436001	Transportation Costs Undist-PP-Estrn Reg

Penelec	456001	Transportation Costs Undist-PN-W PA Reg
Met Ed	446001	Transportation Costs Undist-ME-E PA Reg
JCP&L	466003	Transportation Costs Undist-JC-Nrth Reg
JCP&L	466001	Transportation Costs Undist-JC-Cntrl Reg
West Penn Power	492001	Transportation Costs Undistrib- WP01
Mon Power	470201	Transportation Costs Undistrib - MP01
Potomac Edison	483001	Transportation Costs Undistrib - PE10

The Operating Companies must also plan a credit to the contra cost center in the amount planned out to the cost collectors using the same Responsible Cost Center. The contra cost center should be used as the target cost center for these credits.

Vehicle Leases & Licenses –

Vehicle lease payments should be budgeted, using G/L account 570050 for all Operating Leases and 570075 for all Capital Leases, for the following:

- Fleet Services cost center for Operating Company vehicles, (it is no longer necessary to budget by each department in the Operating Company using the vehicle).
- Each fossil generation plant, each nuclear generation plant, environmental, generation technical services.
- Each non-Operating Company or non-plant department using a vehicle. This would include (but is not limited to): IT, Corporate Transportation, Workforce Development, Administrative Services, T&D Technical Services.

Vehicle licenses should be budgeted, using G/L account 650300, for the following:

- Fleet Services cost center for Operating Company vehicles.
- Each fossil generation plant, each nuclear generation plant, environmental, generation technical services.
- Each non-Operating Company or non-plant department using a vehicle. This would include (but is not limited to): IT, Corporate Transportation, Workforce Development, Administrative Services, T&D Technical Services.

All requests for vehicles and/or power operated equipment should be directed to the Fleet Manager (see below) responsible for the area where the vehicle and/or equipment will be assigned. The Fleet Manager will work with Corporate Fleet Services directly to place the order, etc. Any questions related to this matter should be directed to **Lisa Pfeifer 824-5090**.

Company	Fleet Services Manager	Internal Phone	External Phone
CEI	Bryan Komlos	824-5060	216-295-5060
Toledo Edison	Jeff Burgoon	883-5938	419-249-5938
Ohio Edison/Penn Power	Robert Pyles	835-4099	330-436-4099
West Penn Power	Mike Geitner	365-2020	724-743-2020
Penelec	Bradley Reitmeyer	430-8844	814-868-8844
Met Ed	David Naylor	540-7109	717-848-4109
Mon Power	Kevin McCleary	326-1259	304-488-1259
Potomac Edison	Dale Bohn	300-6425	301-790-6425
JCP&L	Nick Dello Russo	210-2237	973-989-2237

Personal Computer Hardware Items that require direct funding by the Business Units:

Unique, non-standard PC configurations. IT budgets each year for standard notebook and desktop models and configurations. At the time IT approaches a client group to plan for the retirement / replacement of their existing computers, the client group will need to provide the funds to cover any cost above the standard model cost. Funding by the client will be required for special features such as:

- RAM (memory) above the standard configuration
- Higher CPU speeds or multiple CPU's
- Tower model
- Floppy drive (no longer provided on new PCs)
- Video graphic cards
- Extra network interface cards
- Optical or wireless mice or special trackball configurations
- Ergonomic keyboards
- Larger internal or external storage drives or memory sticks
- Port replicators or docking stations
- Second batteries for notebook PCs
- Glare shields
- DC power converters or adapters
- Monitors for notebooks (If you presently have one with your notebook, when it fails, it will not be replaced without business unit funding.)
- Local printer (all printer requests must be forwarded to **David A. Zeigler** for review).

Process related PCs. IT budgets each year for rollover of **20%** of the office desktop PCs and **33%** of the office notebook PCs. PCs that are not typically used by employees, but rather dedicated to a process are not funded out of the PC capital budget. Funding must be provided either within a capital project when these systems are upgraded, or by the business unit. Examples of process PCs include:

- AFSO and MRMS (TPP)
- EMS Consoles
- GMS Consoles
- HVAC controls
- Plant control systems
- Badge readers
- Field equipment testing or data logging PCs
- Special printer, scanner or plotter interfaces
- Cache PCs (pseudo servers)

Off-cycle (premature) replacement PCs. As mentioned earlier, IT budgets each year for rollover of 20% of the office desktop PCs and 33% of the office notebook PCs. The scheduling of replacements is determined by the local Desktop Support team. Should any department require a notebook PC to be replaced sooner than every 3 years, or a desktop model to be replaced sooner than every 5 years, the client group must fund the complete cost of the replacement.

Off-cycle upgrade of a desktop unit to a notebook unit. If an employee, because of their job responsibilities, requires switching from a desktop PC to a notebook PC, the full cost of the new notebook PC must be borne by the business unit if their desktop is not scheduled to be replaced. The exception to this rule is if the business unit still has un-deployed notebook PCs in its annual replacement allotment, the business unit leadership may elect to redirect a yet-to-be-deployed notebook from its pool to the employee in need, at the sacrifice of another employee within the business unit. That impacted employee would then be given the notebook recipient's existing desktop PC.

On-cycle upgrade of a desktop unit to a notebook unit. If an employee, because of their job responsibilities, requires switching from a desktop PC to a notebook PC, and the timing of this need coincides with our replacement schedule, IT will cover the higher cost of the notebook PC. New or replacement notebooks will require director level review and approval. There must be a valid business case for using a notebook model.

Second PCs. If an employee requires more than one PC to perform their job, the full cost of the additional PCs must be borne by the business unit. This includes instances where a hot-standby PC must be provided for a critical function. The exceptions to this rule are console-based PCs, such as those in plant control rooms or regional dispatch centers where 2-3 PCs and/or monitors are part of the console and required for the operator to perform their work. This second PC will be an asset managed and maintained by IT, following the same standards and practices used for IT-funded PCs.

Moves, Adds, Changes (MACs) of Employee Services and Devices at Company Facilities –
For all locations other than Shared Services' workspace in Akron General Office and the Reading General Office - Business Units will be responsible for budgeting for their planned moves, adds and changes described below:

- Non-computer equipment, such as telephone sets, headsets, speakerphones etc.
- Install and terminate voice cabling to workstations.
- Creation of the workstations in the telephone system database.
- Cross-connected and install telephone instruments.
- Move telephones to existing or new jack locations.
- Install, terminate, and test data cabling to the workstations.
- Activate data jacks by patching through to data switches.
- Install, terminate, and test inside fiber optic cabling.
- Install and terminate coax cabling for applications such as Satellite for IDL.

This does not include maintenance or repair responsibilities for these items. Normally the moves, adds, and changes are considered an O&M cost, unless they are associated with a major project.

The usual way to schedule moves, adds and changes is to contact your local facilities management team. This team will contact IT Field Operations to arrange for the approved vendors to make your requested changes. MACs that do not require Facilities involvement can be requested by calling the IT Service Desk. Please adjust your 2014 budget to include your facilities plan.

CHAPTER 4: CAPITAL MANAGEMENT PROCESS

FE's capital investments are integral in helping the company achieve operational excellence and financial success. The capital expenditures, are necessary to ensure the reliable generation and distribution of electricity, and compliance with regulatory requirements.

The Capital Planning & Management Process is a formalized process that provides the platform for capital discussions and allocation decisions at all levels of the organization. The process helps senior management effectively understand competing uses for FE's cash, funding requirements for capital investments, and to allocate capital dollars across various business units (ED, FENOC, Fossil, Corporate). Ref. Capital Planning & Management Corporate Policy CP-TPR-6101 and FE 5-year Capital Portfolio Development and Capital Management Procedure (FirstPlace Portal/About FirstEnergy/Policies and Practices/Corporate Policies/Capital Planning & Management.pdf)

Capital Categories:

Mandatory - Non-discretionary investment required by law, regulatory order, or duty to serve customers (e.g. new business). Other required investment to meet externally driven regulatory commitment.

Maintain - Discretionary investment to support and sustain existing infrastructure at existing performance levels. Specific operational performance and financial tracking support these projects (e.g. SAIDI, CAIDI, EFOR).

Improve - Discretionary investment to improve existing infrastructure or performance levels beyond existing business plan key performance metric commitments. Improvement in specific operational performance and financial benchmark targets support these projects (e.g. SAIDI, EFOR, ROI).

Value - Discretionary, non-recurring investment for a defined initiative which improves or expands existing infrastructure or creates new business opportunities and drives improved economic value.

Capital questions contact:

Business Area	Business Area Contact	Capital Support
Corporate Services - IT	Dave Wolfe (500.6004)	Scott McBride (825.4888)
	Megan Mazza (850-2277)	
Corporate Services - Facilities	Bob Grosjean (825.6393)	
	Paul Shultz (825. 5495)	
Corporate Services - Other	Business Area Management	
FE Utilities/Transmission	Mark Myers (825.7961)	
	Rick Long (500.6820)	
Fossil Generation	Kate Pinkus (850.6820)	
	Lori Sunbury (850.6842)	
FENOC	Kate Pinkus (850.6820)	
	Lori Sunbury (850.6842)	
FES - Other	Steve Monter (850.7269)	
	Trevor Fernandez (850.6851)	

Capital Projects – Only budget capital projects to the level of spending identified in Executive Council guidance

Work Breakdown Structures (WBS) - Labor is budgeted through Activity Input Planning using UIPlanner. Loaded labor costs, which include overheads, are moved from the employee or sending cost center to a WBS element by planning productive hours by activity type. Instructions for Activity Input Planning are located in Chapter 2 - Labor. All 'Other than Labor' costs are input into UIPlanner and must include the cost element and the appropriate responsible cost center. Instructions for input are found in Chapter 3 – OTL.

If new WBSs are created, all master data fields (i.e., costing sheets, project type, interest profiles, settlement rules, etc.) must be entered into UIPlanner. **(See Key Contact appendix, page 26, for names to set up the WBS Master Data.) In all cases, it is critical that the WBS and WBS element start and finish dates be accurate and the WBS should be established at the Company which will own the assets. Departments which complete work for other Companies should cross charge the other Company WBS. Planning must never be entered in months beyond the finish date.** These dates are used by the capital forecast module of UIPlanner to compute and input AFUDC and depreciation and in reporting, including rate cases. All WBSs with settlement rules to asset accounts (CWIP, RWIP & OWIP) require an AFUDC element regardless if the project would qualify for AFUDC.

The status of WBSs must be TECO (Technically Complete), when the project is ready for service. The TECO date is passed to UIPlanner and the project is placed in-service. If a project is suspended or ceases construction the WBS elements should be locked and the status of the project is changed to "suspended" in PowerPlant. The data will pass to UIPlanner and this will shut off the AFUDC calculation. If a project is cancelled existing charges should be transferred to expense, the AFUDC should be reversed and once the charges have been removed from the WBS, the WBS should be "business closed". **It is important to update the status to TECO on a timely basis since it directly reflects the calculation of AFUDC and the beginning of depreciation in PowerPlant / UIPlanner.**

Construction Indirects (Supervisory, Engineering, Administrative and General Overheads) – Capital costs should be direct charged to the related WBS whenever possible. However, in those cases where certain costs have a proven relationship to construction, an assessment or allocation will be made from predefined cost centers to Operating Company construction indirect cost centers (Supervision, Engineering, and A&G). An example of this would be supervision of an engineering group that supports capital projects overall. A portion of those supervision costs will be allocated to capital using the prescribed process. Rates will be calculated by General Accounting Services for each Operating Company and overhead category and will be applied on the labor and contractor portion of the budgeted WBS elements.

PowerPlant Property Unit Catalog – The PowerPlant Property Unit Catalog should be used to determine what items or activities are capital. Assistance in using the Property Unit Catalog or questionable items should be directed to **Tim Clyde (825-5863)**, Property Accounting Services, prior to inclusion of an item in the budget as capital.

Small Tools and Equipment - Only small tools and equipment greater than \$1,000 should be capitalized.

Corporate Facilities will budget for all facility-related Mandatory and Maintain capital project work across FirstEnergy. Each Business Unit will budget for any Value Added or Improve facility related capital work. If there are questions on definition, please refer to the Capital Definitions section.

Vehicles/Power Operated Equipment

When acquiring the equipment identified below, the acquisition should be coordinated with the Corporate Fleet Services Department. The Corporate Fleet Services Department will determine with Treasury whether to purchase or lease the equipment. If the decision is to purchase the equipment, Corporate Fleet Services will purchase the equipment and charge the appropriate capital WBS. The equipment will also be given a vehicle number and tracked in the M5 Fleet System.

All requests for vehicles and/or power operated equipment should be directed to the Fleet Manager (see below) responsible for the area where the vehicle and/or equipment will be assigned. The Fleet Manager will work with Corporate Fleet Services directly to place the order, etc. Any questions related to this matter should be directed to **Lisa Pfeifer 824-4090**.

Company	Fleet Services Manager	Internal Phone	External Phone
CEI	Bryan Komlos	824-5060	216-295-5060
Toledo Edison	Jeff Burgoon	883-5938	419-249-5938
Ohio Edison/Penn Power	Robert Pyles	835-4099	330-436-4099
West Penn Power	Mike Geitner	365-2020	724-743-2020
Penelec	Bradley Reitmeyer	430-8844	814-868-8844
Met Ed	David Naylor	540-7109	717-848-4109
Mon Power	Kevin McCleary	326-1259	304-488-1259
Potomac Edison	Dale Bohn	300-6425	301-790-6425
JCP&L	Nick Dello Russo	210-2237	973-989-2237

- | Asset Class | Vehicle Type |
|-------------|---|
| 1 | Light Duty - primarily downsize pickups, mini vans, passenger cars & units impacted by EPAAct |
| 2 | Medium Duty - includes full size pickups, vans, substation vehicles, small stake body trucks, etc |
| 3 | Heavy Duty - includes heavy trucks other than aerial units, digger derricks or crane trucks |
| 4 | Aerial Trucks - includes all manlift capabilities regardless of size |
| 5 | Digger Derrick Trucks - includes all digger derricks |
| 6 | Crane Trucks - includes all trucks with cranes mounted on them and licensed. Off road cranes are included in construction equipment |
| 7 | Trailers - includes all trailers regardless of size |
| 8 | Construction Equipment - includes backhoes, loaders, excavators, off-road cranes, dozers, etc |
| 9 | Forklifts, Mowers, Misc - includes forklifts, riding sweepers, scrubbers, snow removal equipment, mowers, ATV's & other. |

Office Furniture – The Real Estate and Facilities Department manages and budgets all capital expenditures for furniture as well as maintains an inventory of existing furniture items. The Facilities Section has developed the Workspace Guidelines Policy and receives substantial discounted pricing on all furniture used by the Company.

All requests for furniture should be directed to **Kathy Tatman, Supervisor, Asset Planning** through an e-mail notification. Please base your request on budgeted new hire positions and/or replacement requirements for worn, damaged or obsolete furniture. Any purchases of furniture made outside of this arrangement will not be approved.

Software Costs - The following guidelines should be used for capitalizing computer software costs:

New Computer Software Costs:

- designed as a complete system
- has a life greater than 1 year
- capitalized cost is greater than **\$5,000**

Preliminary study costs, data conversions, and training are expensed when installing computer software.

Upgrades and Enhancements of Existing Software:

Upgrades and enhancements of existing software are expensed unless additional functionality is added and the cost is greater than **\$5,000** and is a significant upgrade or enhancement.

Questions concerning capitalization of Computer Software items should be discussed with **Tim Clyde (825-5863)**, Property Accounting Services, prior to inclusion in the budget.

Generation Employee Training Costs – All employee training costs should be expensed, **except for Yards Creek.**

IT Projects – Activity allocate appropriate labor charges to IT managed projects that require Business Unit support. All IT projects created under SC00 WBSs that are for the benefit of other Companies should have settlement rules that settle these costs to other company WBSs. IT Department should coordinate these projects with the appropriate Business Services group.

Depreciation – The computation and application of depreciation is forecasted in UIPlanner, it is Property Accounting Services responsibility to ensure the accuracy of the forecast.

Major Retirements of Plant – For retirements of plant, in which the estimated original cost exceeds \$5 million, the following information is required: the month the item is being retired, the estimated original cost, and a short description of the item being retired. For all other retirements a percentage assumption is applied to all monthly assets in serviced.

Generation Cost of Removal and Salvage – The budgeting of cost of removal and salvage will be performed by Generation. Generation cost of removal is expensed, **except for Yards Creek.**

Energy Delivery (Distribution and Transmission) Cost of Removal and Salvage – The budgeting of distribution and transmission cost of removal and salvage will be performed by Energy Delivery. For Met-Ed, Penelec, Penn Power and West Penn Power and JCP&L, the cost of removal and salvage will be expensed as a component of the depreciation expense in accordance with the current rate making. The planned cost of removal and salvage will settle to Account 403, Depreciation Expense.

CHAPTER 5: INTERCOMPANY TRANSACTIONS

Intercompany transactions are now settled within UIPlanner as part of the model sequence iterative report design and verified by Business Planning and Performance.

Some examples of inter-company transactions include:

- Purchased Power and Revenues including RFP and POLR sales
- Interest Income or Expense from Associated Companies
- Leases including ATSI ground lease
- Internal Use of Company Electricity
- Billings between subsidiaries (Bayshore Power, FE Properties, etc.)

CHAPTER 6: FIRSTENERGY SERVICE COMPANY

Service Company Cost Centers – Budgeting Guidelines:

Direct Charging

When preparing your budget and incurring actual expenditures, it is important to consider who the beneficiary of your services is. Direct charging of time and expenses to the entity for which the services are being rendered is the preferred approach, where possible. To the extent that costs can be readily identified and associated with a specific transaction, the charging of those costs should be directed to the company(ies) receiving the goods or services, even when there is more than one receiving company.

Indirect Charging

Indirect charging through the Service Company assessment process supplements the direct charging of costs. Assessments are used to allocate the costs that were not direct charged from a cost center. Frequently, costs cannot be direct charged because the recipient cannot be readily identified, or excessive administrative expense would result. Indirect charging employs the use of one of FirstEnergy's approved assessment methods. An approved assessment method is assigned to each Service Company cost center. The assessment methodology and the targeted legal entities for the Service Company cost centers can be provided by General Accounting upon request.

Service Company Assessments

Any desired change to organizational structure or revisions to the methodology used to allocate expenses from a Service Company cost center to the other legal entities must be reviewed and approved by **Jason Petrik, Assistant Controller (825-4049)**, prior to the change being implemented. This review process is necessary to insure that inter-company service agreements remain current and valid and that all regulatory requirements are being satisfied.

Budget Reference Material

Key Terms & Concepts

Activity Price

The price calculated for an activity type – used for charging labor hours and transportation usage to cost collectors.

Allocations

Used to: assess shared services costs; move charges to correct legal entity; and/or assign to capital where appropriate.

Assessments

Transactions that allocate costs from Cost Centers to receiver cost objects.

Cost Allocation

Distribution of costs from one collector to another to reflect actual usage or predefined rates.

Costing Sheet

Defines an overhead calculation. Contains the percentages to be applied to the base amount and the collector to be credited.

CREWS (Customer Request Work Scheduling)

Used to estimate and schedule Transmission and Distribution projects.

Customer Care Services (CCS)

The SAP R/3 software module for utility customer information.

BPC (BusinessObjects Planning & Consolidation)

The consolidation module of used for legal consolidation reports.

Financial Accounting Module (FI)

SAP R/3's grouping of financial data required for external reporting purpose such as balance sheet, P&L statements, cash flows, and retained earnings.

Overhead Rate

A surcharge, expressed as a percentage, used to spread indirect costs over a defined base.

Project System (PS) SAP R/3 Module

Module is used to manage large projects. Accounting data used to manage WBS Elements are also located in this module.

Profit Center

Organizational unit that reflects a management-oriented structure for the purpose of internal control and reporting.

Profit Center Accounting (PCA)

A module of SAP used to manage the business by segregating costs and revenues by business units. Measures profitability by profit center or high-level business unit.

Settlement

The SAP process of allocating costs from temporary cost collectors such as orders or WBSs to other cost collectors such as FERC cost centers.

Settlement Rule

Set of instructions that define distribution of costs incurred on a temporary cost object such as an order or WBS.

Key Contacts

By Department:

Area	Key Contact	Responsibility
Corporate Budgets and Forecasts	<ul style="list-style-type: none"> • Olenger Pannell • Mike Kreighbaum • Mark Dudley • Marita Tatarko • Abigail Nahs 	<ul style="list-style-type: none"> • UIPlanner specific budget system preparations • Updating Activity prices • Communicating the dates and times for budget input • Oversight and management of the annual/multi-year budgeting and forecast processes • Tracking budget status and ensuring completion of key budget mid-point deliverables • Ad-hoc budget related reporting
Business Services and Corporate Business Planning	<ul style="list-style-type: none"> • Marie Rote • Mike Clemens • Carrie Wokaty 	<ul style="list-style-type: none"> • Corporate Shared Services – budget and forecast coordination and support • HR Benefits and Special Item budgets and forecasts
Capital Management	<ul style="list-style-type: none"> • Scott McBride 	<ul style="list-style-type: none"> • Capital Management Processes
Controllers Department	<ul style="list-style-type: none"> • Nancy Kramer • Mike Stozak • Rich Snyder 	<ul style="list-style-type: none"> • Processing/Closing of SAP Plan • Develop and input Costing sheets (overheads) • System Maintenance – Versions, SPL, CO • Accounting Issues
Competitive Business Planning	<ul style="list-style-type: none"> • Steve Monter 	<ul style="list-style-type: none"> • Generation and Competitive segment forecasting • Budget and forecasting of competitive retail sales, load & revenue
Rates	<ul style="list-style-type: none"> • Brad Eberts • Denise Mullins 	<ul style="list-style-type: none"> • Development of the Load, MWH Sales, and Wires Forecast • Forecasting of regulated revenue for budgeting
Supply Chain	<ul style="list-style-type: none"> • David Zeigler 	<ul style="list-style-type: none"> • Personal Printer requests

For SAP/UIPlanner Master Data questions or to set up new Master Data for the Budget/Forecast:

Master Data		
Contact:		
➤ Cost Centers – Nancy Kramer 500-6639; Michael Strozak 500-6554		
➤ Internal Orders – Nancy Kramer 500-6639; Michael Strozak 500-6554		
➤ Cost Elements – Will Blair 825-5866		
➤ WBS Elements – By Business Unit		
Energy Delivery Operating companies:		
The Illuminating Co	Gregory Werner	824-8783
Ohio Edison/Penn Power	Eric Weaver	835-4021
Toledo Edison	Ann Toth	883-5016
Jersey Central	Sue Gabel	200-8673
Met Ed	Pete Dragovich	500-6892
Penelec	Guy Costa	430-8874
Mon Power	Sara Cetorelli	333-7320
Potomac Edison	Terri Kuhn	200-8711
West Penn	Marianne Sobota	350-5847
ED Finance	Eric Herrmann	825-5444
Fossil Generation Group	Katie Pinkus	850-6820
	Lori Sunbury	850-6842
Nuclear (FENOC)	Katie Pinkus	850-6820
	Desiree Etchell	850-6842
Information Technology, Security	Mike Clemens	825-5394
Facilities	Mike Clemens	825-5394
All Other Groups	Mike Czubinski	825-5646

Key Contacts

For Questions by Topic or Business Unit:

Questions or Issue Topic	Name	Phone Number
Inter-company Billings	Mike Kreighbaum	825-2556
General UIPlanner	Mike Kreighbaum Mark Dudley Marita Tatarko Abigail Nahs	825-2556 825-1683 825-4246 825-4180
FE Solutions	Steve Monter Mike Kormushoff	850-7269 850-7026
Fossil Generation Group	Katie Pinkus Lori Sunbury	850-6820 850-6842
Nuclear (FENOC)	Katie Pinkus Lori Sunbury	850-6820 850-6842
Records Management/Corporate/Real Estate	Marie Rote	825-3854
Energy Delivery Business The Illuminating Co Ohio Edison/Penn Power Toledo Edison Jersey Central Met Ed Penelec Mon Power Potomac Edison West Penn Utility Support Customer Service & EE (Energy Efficiency)	Gregory Werner Eric Weaver Ann Toth Sue Gabel Pete Dragoich Guy Costa Sara Cetorelli Clarence Haden Marianne Sobota Eugene DeChellis Rob Wernhoff	824-8783 835-4021 883-5016 200-8673 500-6892 430-8874 333-7320 300-5218 350-5847 825-7969 825-7981
Finance	Marie Rote	825-3854
General Counsel (Legal, Claims, Communications, Corp. Affairs, Government Affairs)	Marie Rote	825-3854
Human Resources	Marie Rote	825-3854
Information Technology	Mike Clemens	825-5394
Supply Chain	Mike Clemens	825-5394
Corporate Security, Flight Operations	Mike Clemens	825-5394

Corporate Shared Services – Professional & Contractor Services - Guidelines

GL	GL Short Name	GL Long Name	General Description	CSS Description/Examples
550100	OutContractProNonLeg	Outside Services/Contractors - Professional Non-Legal	Service Contracts for unique skill-sets that we don't do in-house.	Security Equipment Installation & Investigations, Software Application Consulting/Training, Lobbying Firms, Ethnic Vendors, Expert Legal Witness, and Facility "White" Collar - Engineering, Electrical, etc.
550200	OutContractProLegal	Outside Services/Contractors - Professional Legal	Legal Fees/Legal Expenses	Law Firms Only
550300	OutContract-Other	Outside Services/Contractors - Other	Facilities	Security Guards, Annual Shareholders Meeting, Facility "Blue Collar" Contractors - Janitorial, Landscaping, Snow removal, etc.
550310	OutContractTreeTrim	Outside Services/Contractors - Tree Trim	Major Storm Deferrals	Major Storm Deferrals
550320	OutContractTempAgnc	Time and Material Contractor	Temp hires not managed by a staff service provider.	Guidant, Jet Professionals
550500	ONSITECONSLT/STFFAUG	On-Site Consultants/Staff Augmentation	Managed Service Provider - used to manage co-employment issues	Guidant, Garrettcom Utility Networks
550503	Envrmnt Wrk & Comp	Environmental Work and Compliance	Environmental	Warrenton River Terminal - Environmental

Fossil – Professional & Contractor Services Guidelines (pgs. 27-28)

GL	GL Short Name	GL Long Name	General Description	Fossil Description/Examples
550100	OutContractProNonLeg	Outside Services/Contractors - Professional Non-Legal	Labor outside of the plants possessing skills/knowledge that the plant does not have.	Examples include: NDE testing, Divers, Hydrochem (hydro blasting), Training Vendors (providing training on and off site), Guest Speakers, Inspection Services, Lab testing/services, Calibration, Non-repair/non-refurbishment of equipment, Welding Inspectors (x-ray team), Screening Systems International, David C Kissig Enterprises Inc., Turbine Services Incorporated, Structural Integrity Associates, Janx, Surveying, Schedulers, Ardmore, Gas line maintenance.
550105	OutsideSrvsContFees	Outside Srvs/Contractors - Profess Conting	Contingency Fees (jefferson wells for example)	Contingency and incentive fees paid to vendors.
550200	OutContractProLegal	Outside Services/Contractors - Professional Legal	Legal Fees/Legal Expenses	FERC relicensing (primarily used by CT/Hydro plants)
550210	OutContractEngineer	Outside Services/Contractors - Engineering	Contractors asked to provide engineering analysis/studies, project support, or technical development that cannot be completed with in-house engineering staff.	Examples include: Monitoring wells, Marland, RE Warner Consultants helping with outages, GE Energy, Kleinschmidt, Alstom, Siemens, Middough, Door maintenance (CT/Hydro).
550300	OutContract-Other	Outside Services/Contractors - Other	Facilities related work	Examples include: Scrap Removal, Janitorial work, Lawn care, Snow removal, Garbage and Sewage removal, HVAC/ Non-Plant Equipment, Sirens maintenance, Building and structures maintenance, General Pest Control, Elevator repairs, Grounds and roads maintenance, Auto Repair, Laundry Services, Fence Repairs,

GL	GL Short Name	GL Long Name	General Description	Fossil Description/Examples
				US Coast Guard, Fire Inspections, Vegetation Management.
550305	OutContract-ProjMgmt	Outside Services/Contractors - Project Mgmt	Consultants providing project management services such as costing reports.	Examples include JR Johnson, Sargent and Lundy.
550335	OutContrRepairRefurb	Outside Services/Contractors - Repair/Refurbishment /Overhaul of Plant Equipment	Off-site labor repairing/refurbishing/replacing plant production equipment.	Examples include: Repair/refurbish valves, motors, circuit boards, etc.; CMT for Motor repairs, Cleveland Valve & Gauge for valves, Columbus Equipment Company, City Machine Technologies Inc., Monarch Electric Service Company, 3-D Service LTD.
550500	ONSITECONSLT/ STFFAUG	On-Site Consultants/Staff Augmentation	Managed Service Provider - used to manage co-employment issues	Example: Guidant
550501	PRIMMNT CONTRCRAFT	Primary Maintenance Contractor - Craft	On-site craft labor	Examples include: Enerfab, outage work/support, GMAs for bringing in Boilermakers, Insulators, Electrical Contractors, Mechanical Contractors, Patent Construction Systems, Enerfab, Burnham Industrial Contractors, McCarl's Incorporated, ERB Electric Company, Crane Inspections.
550503	Envrmnt Wrk & Comp	Environmental Work and Compliance	Contractors working on Environmental projects or performing work in support of Environmental Compliance.	Examples include: any fees, Consulting services, Test monitors, Replace monitors/analyzers, Ash site maintenance, Cleaning spills, air/water waste, Performing lab work.

GL	GL Short Name	GL Long Name	General Description	Fossil Description/Examples
550513	OnSiteContractedLbr	On-Site Contractor Labor	Labor outside of the plants providing "turn-key solutions".	Examples include: Fluor, Stein (preventative maintenance).

Fossil - Project Construction – Professional & Contractor Services Guidelines

GL	GL Short Name	GL Long Name	General Description	Fossil - Project Construction Description/Examples
550100	OutContractProNonLeg	Outside Services/Contractors - Professional Non-Legal	Labor outside of FirstEnergy possessing specialized skills/knowledge that we do not have in-house.	Examples include: Print Services, Nurses, Investigation Services, Background Checks/Investigations, Training, Inspection Services.
550105	OutsideSrvsContFees	Outside Srvs/Contractors - Profess Conting	Incentive fees	Examples include: Incentive arrangements, Contractor Shared Savings (for example B&W), Contractor Bonuses and Incentives.
550210	OutContractEngineer	Outside Services/Contractors - Engineering	Contractors asked to provide engineering analysis/studies, project support, or technical development that cannot be completed with in-house engineering staff.	Examples include: Conceptual Designs, Detailed Design Mods, Eng. Studies, Non-Mod, Calculations, Evaluations.
550300	OutContract-Other	Outside Services/Contractors - Other	Facilities related work	Facilities related work such as: Scrap Removal, Janitorial work, Lawn care, Snow removal, Garbage and Sewage removal, HVAC/ Non-Plant Equipment, Sirens maintenance, Building and structures maintenance, General Pest Control, Elevator repairs, Grounds and roads maintenance, Auto Repair, Laundry Services, Fence Repairs, US Coast Guard, Fire Inspections, Vegetation Management.

550305	OutContract-ProjMgmt	Outside Services/Contractors - Project Mgmt	Consultants providing project management services such as costing reports.	Examples include JR Johnson, Sargent and Lundy.
550501	PRIMMNT CONTRCRAFT	Primary Maintenance Contractor - Craft	On-site craft labor	Examples include: Enerfab, GMAs for bringing in Boilermakers, Insulators, Electrical Contractors, Mechanical Contractors.
550513	OnSiteContractedLbr	On-Site Contractor Labor	Fixed price, milestone payment, or other "turn key" type purchase agreement.	Examples include: OEM contracts (B&W), EPC contracts (Bechtel), Patent, ERB, contractors for excavating, painting, etc.

Nuclear – Professional & Contractor Services Guidelines (pgs. 30-31)

GL	GL Short Name	GL Long Name	General Description	FENOC Description/Examples
550100	OutContractProNonLeg	Outside Services/Contractors - Professional Non-Legal	Service Contracts for Unique skill sets that we don't do in-house	Divers, Vendor Reps, Training Vendors (providing training on and off site), Guest Speakers, Inspection Services, Vendor Source Inspections, Refueling Services, Chemistry Services, RP Services (excluding on-site support), Laundry Services, Management requested contractors/facilitators, Lab testing, Calibration of M&TE, Software customization (firm price), CNRB Members, Investigation Support, TLD Contracts, Supplier List Updates, ANI Support, Corrective Action Program Support, Print Services (Kinkos), Bulk Gas Delivery, Demurrage. Refer to cost element 550513 to ensure correct placement of vendor.
550210	OutContractEngineer	Outside Services/Contractors - Engineering	Engineering Expenses	Engineering support occurring predominantly offsite, Conceptual Design, Detailed Design Mods/ECR, Eng. Studies, Non-Mod, Calculations, Evaluations. Refer to cost element 550513 to ensure correct placement of vendor.
550300	OutContract-Other	Outside Services/Contractors - Other	Other	Lawn care and Snow removal, Garbage and Sewage removal, HVAC/ Non-Plant Equipment, Sirens (Maintenance), Building, Structures, Beta Security, Security Range Maintenance, General Pest Control. Refer to cost element 550513 to ensure correct placement of vendor.

GL	GL Short Name	GL Long Name	General Description	FENOC Description/Examples
550325	OutContractRadwstDsp	Outside Services/Contractors - Radwaste	FENOC specific	Transportation, Burial, Compacting, Processing and Analysis/Characterization of radwaste. Refer to cost element 550513 to ensure correct placement of resource.
550335	OutContrRepairRefurb	Outside Services/Contractors - Repair/Refurbishment /Overhaul of Plant Equipment	Self-explanatory - see FENOC Description	Repair/refurbish valves, motors, circuit boards, etc. Security Repairs (Target Systems, Scope, NVG units), Beta test equipment. Refer to cost element 550513 to ensure correct placement of vendor.

GL	GL Short Name	GL Long Name	General Description	FENOC Description/Examples
550500	ONSITECONSLT/ STFFAUG	On-Site Consultants/Staff Augmentation	Managed Service Provider - used to manage co-employment issues	Guidant
550501	PRIMMNT CONTRCRAFT	Primary Maintenance Contractor - Craft	Interfab/Day Zimmerman/etc	NPS contracted labor, site manager, administrative personnel.
550502	TIME&MATCONTR	Time and Material Contractor	Primary Security Contractor	Subcontracted outside security for Beaver Valley (Burns and Securitas).
550513	OnSiteContractedLbr	On-Site Contractor Labor	Goes back into capital allocation process for FENOC.	Contracted workers that are on site for a continuous period of 5 days or greater. Construction contractors other than NPS or Guidant that are brought on site to support a specific PRC, MERP, or outage project as identified by project managers. Contracted workers that are on site for a continuous period of time (e.g. 5 or greater continuous days i.e. Janitorial services). Part of fixed price, milestone payment, or other "turn key" type purchase agreement which represents the portion that is contract labor and performed on-site. Examples of included services are: Maxcom (telecommunication support), Assessment team support, Root Cause support, DZ Atlantic Group/Bartlett (RP Support), contractor Site Managers (with the exception of NPS). Excludes services with total annual cost <\$15k, any materials included in the contract, and services provided on an "as needed" basis.

Energy Delivery – Professional & Contractor Services Guidelines

GL	GL Short Name	GL Long Name	General Description	FEU Description/Examples
550100	OutContractProNonLeg	Outside Services/Contractors - Professional Non-Legal	Service Contracts for Unique skill sets that we don't do in-house	OSI inbound calling, Vendor services, Training
550210	OutContractEngineer	Outside Services/Contractors - Engineering	Engineering Expenses	Off-site engineering that is primarily in Transmission and Substation voltages.
550300	OutContract-Other	Outside Services/Contractors - Other	Other	Storms, Transmission aerial inspections, Facility improvements, Cable locating, Grass cutting, Snow removal, Janitorial, Heating, and Electrical repair
550310	OutContractTreeTrim	Outside Services/Contractors - Tree Trim	Tree trimming	Vegetation management
550320	OutContractTempAgnc	Outside Services/Contractors - Temporary	Temp hires not managed by a staff service provider.	Flaggers (Traffic control), Safety audits, Call-Center Temp Workers
550330	OutContractEngDrawing	Outside Services/Contractors - Engineering Drawings	Engineering Drawings	Lightly used. Outside drafting distribution work. Roll into 550210.
550335	OutContrRepairRefurb	Outside Services/Contractors - Repair/Refurbishment/Overhaul of Plant Equipment	Outside Services/Contractors - Repair/Refurbishment/Overhaul of Plant Equipment	Outside Services/Contractors - Repair/Refurbishment/Overhaul of Plant Equipment
550500	ONSITECONSLT/ STFFAUG	On-Site Consultants/Staff Augmentation	Managed Service Provider	Guidant
550503	Envrmnt Wrk & Comp	Environmental Work and Compliance	Environmental	Claims follow-ups, Oil testing, and Clean-ups.
550506	CollAgencyCreditBur	Collection Agency - Credit Bureau	Collection Agencies	Revenue operations collections.

PENNSYLVANIA ELECTRIC COMPANY

Original Cost of Plant, Reserves and Accruals by Functions for Fully Projected Future Test Year Ending
12/31/2017

FILING REQUIREMENT V-A-1:

“Provide schedules supporting claimed amounts for Electric Plant in Service by function and by account if available.”

FILING REQUIREMENT V-A-2:

“Provide a comparison of calculated depreciation reserve versus book reserve at the end of the test year. Provide this comparison by functional group and by account if available.”

FILING REQUIREMENT V-B-1:

“Provide a comparison of calculated depreciation accruals versus book accruals by function and by account if available.”

FILING REQUIREMENT V-D-1:

“Provide the surviving original cost plant at the appropriated test year date or dates by account and functional property group and include claimed depreciation reserves. Provide annual depreciation accruals where appropriate. These calculations should be provided for plant in service as well as other categories of plant, including but not limited to, contributions in aid of construction, customers' advances for construction and anticipated retirements associated with construction work in progress claims, if applicable.”

RESPONSE:

V-A-1

See Penelec Exhibit RAD-46 Attachments A and B.

V-A-2

See Penelec Exhibit RAD-46 Attachments A and B.

V-B-1

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7,
Exhibit JJS-7.

V-D-1

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7,
Exhibit JJS-10.

Pennsylvania Electric Company
 Accrual Expense Computation after Adjustments
 Activity Updated from January 2017 to December 2017
 (\$000)

Line No.	Description	Adjusted Plant Balances			Book Depreciation Reserve	Depreciation Reserve Ratio	Net Uncovered Book Plant	Accrual Average Remaining Life Basis		Target Reserve	Book Reserve	Difference	Difference as a % of Target Reserve
		Non Depreciable	Depreciable	Total				Amount	Effective Rate				
		(1)	(2)	(3)				(7)	(8)				
1	Transmission	\$ -	\$ 1,101	\$ 1,101	\$ 211	19.16%	\$ 890	\$ 2	0.18%	\$ 162,041	\$ 211	\$ 161,830	99.87%
2	Distribution	1,699	2,666,467	2,668,166	813,483	30.49%	1,854,683	62,789	2.35%	697,683	813,483	(115,800)	-16.60%
3	General Plant	\$ 1,114	\$ 119,328	\$ 120,442	\$ 74,100	61.52%	\$ 46,342	\$ 6,860	5.75%	\$ 70,504	\$ 74,100	\$ (3,596)	-5.10%
4	Subtotal	\$ 2,813	\$ 2,786,896	\$ 2,789,710	\$ 887,794	31.82%	\$ 1,901,915	\$ 69,651	2.50%	\$ 930,229	\$ 887,794	\$ 42,434	4.56%
5	Intangible Plant	\$ 341	\$ 68,142	\$ 68,483	\$ 43,029	62.83%	\$ 25,454	\$ 6,563	9.63%	\$ 48,656	\$ 43,029	\$ 5,627	11.56%
6	Total	\$ 3,155	\$ 2,855,038	\$ 2,858,193	\$ 930,823	32.57%	\$ 1,927,369	\$ 76,214	2.67%	\$ 978,885	\$ 930,823	\$ 48,061	4.91%
8	Nuclear	-	-	-	-	0.00%	-	-	-	-	-	-	0.00%
9	Total	\$ 3,155	\$ 2,855,038	\$ 2,858,193	\$ 930,823		\$ 1,927,369	\$ 76,214		\$ 978,885	\$ 930,823	\$ 48,061	4.91%

Exhibit Reference

RAD-46 Attachment B P 1	RAD-46 Attachment B P 1	RAD-46 Attachment B P 1	RAD-46 Attachment B P 2	RAD-53 Attachment A P 1-2	RAD-46 Attachment B P 3	RAD-46 Attachment B P 2
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Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/1/17 to 12/31/17
 Plant-In-Service

Acct No	Description	Balance 1/1/17 (1)	Budget Activity			Balance 1/31/17 (5)	Adjustments (6)	Adjusted Balance 1/31/17 (7)
			Additions (2)	Retirements (3)	Transfers/ Adjustments (4)			
NONDEPRECIABLE PLANT								
Intangible Plant								
301	Organization	\$ 34,666	\$ -	\$ -	\$ -	\$ 34,666	\$ -	\$ 34,666
302	Franchise And Consents	306,717	-	-	-	306,717	-	306,717
	Total Intangible Plant	\$ 341,382	\$ -	\$ -	\$ -	\$ 341,382	\$ -	\$ 341,382
Land								
350.11	Transmission Substations	\$ 2,281,026	\$ -	\$ -	\$ -	\$ 2,281,026	\$ (2,281,026)	\$ -
350.21	Transmission Lines	552,329	-	-	-	552,329	(552,329)	-
360.11	Distribution Substations.	1,516,111	-	-	-	1,516,111	-	1,516,111
360.21	Distribution Lines	182,881	-	-	-	182,881	-	182,881
389.1	General	1,384,075	-	-	-	1,384,075	(269,895)	1,114,181
	Total Land	\$ 5,916,421	\$ -	\$ -	\$ -	\$ 5,916,421	\$ (3,103,249)	\$ 2,813,172
	TOTAL NON-DEPRECIABLE PLANT	\$ 6,257,804	\$ -	\$ -	\$ -	\$ 6,257,804	\$ (3,103,249)	\$ 3,154,554
INTANGIBLE PLANT								
303	Misc. Intangible Plant	\$ 53,933,138	\$ 3,119,695	\$ -	\$ -	\$ 57,052,833	\$ (11,125,302)	\$ 45,927,531
303	Smart Meter Software	15,724,215	6,490,181	-	-	22,214,396	-	22,214,396
	TOTAL INTANGIBLE PLANT	\$ 69,657,353	\$ 9,609,876	\$ -	\$ -	\$ 79,267,229	\$ (11,125,302)	\$ 68,141,927
NUCLEAR PRODUCTION								
326	Nuclear Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Asset Retirement Costs Nuclear	\$ 15,628,317	\$ -	\$ -	\$ -	\$ 15,628,317	\$ (15,628,317)	\$ -
	TOTAL NUCLEAR PRODUCTION	\$ 15,628,317	\$ -	\$ -	\$ -	\$ 15,628,317	\$ (15,628,317)	\$ -
TRANSMISSION PLANT								
350.12	Easements - Trans. Subs.	\$ 334,713	\$ -	\$ -	\$ -	\$ 334,713	\$ (334,713)	\$ -
350.22	Easements - Trans. Lines	12,283,124	-	-	-	12,283,124	(12,283,124)	-
352	Structures, Improvements	9,754,247	-	-	(9,742,927)	11,320	-	11,320
353	Station Equipment	231,656,989	871,637	(87,164)	(231,368,549)	1,072,913	-	1,072,913
354	Towers And Fixtures	29,523,886	-	-	(29,523,886)	-	-	-
355	Poles And Fixtures	139,502,091	-	-	(139,372,153)	129,938	-	129,938
356.1	Overhd Conductr, Devices	150,326,728	44,656	(4,466)	(150,082,181)	284,737	-	284,737
356.2	Clearing, Grading of Land	36,788,327	-	-	(37,201,072)	(412,746)	-	(412,746)
358	Undergrnd Conductr,Devices	569,929	-	-	(555,009)	14,919	-	14,919
359	Roads & Trails	-	-	-	-	-	-	-
359.1	ARC Transmission	6,989	-	-	-	6,989	(6,989)	-
	TOTAL TRANSMISSION PLANT	\$ 610,747,022	\$ 916,293	\$ (91,629)	\$ (597,845,777)	\$ 13,725,908	\$ (12,624,826)	\$ 1,101,082
DISTRIBUTION PLANT								
360.12	Easements - Dist Subs.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
360.22	Easements - Dist. Lines	15,554,713	-	-	-	15,554,713	-	15,554,713
361	Structures, Improvements	15,095,670	149,413	(14,941)	-	15,230,142	-	15,230,142
362	Station Equipment	262,971,227	5,720,677	(572,068)	-	268,119,836	-	268,119,836
364	Poles, Towers And Fixtures	524,701,749	21,538,399	(2,153,840)	-	544,086,308	-	544,086,308
365	Overhd Conductr, Devices	710,690,196	40,658,610	(4,065,861)	-	747,282,945	-	747,282,945
365.1	Clearing, Grading of Land	158,546,829	-	-	-	158,546,829	-	158,546,829
366	Underground Conduit	36,952,057	37,355	(3,736)	-	36,985,677	-	36,985,677
367	Undergrnd Conductr,Devices	171,528,245	8,665,278	(866,528)	-	179,326,995	-	179,326,995
368	Line Transformers	382,800,620	12,985,446	(1,298,545)	-	394,487,521	-	394,487,521
369	Services	76,110,262	1,620,915	(162,091)	-	77,569,085	-	77,569,085
369.1	Services UG	47,907,050	-	-	-	47,907,050	-	47,907,050
370	Meters	-	-	-	-	-	-	-
370.1	Smart Grid Meters 10 yr	65,507	-	-	-	65,507	-	65,507
370.2	Smart Meters non classified 15 yr	46,339,023	42,204,591	-	-	88,543,614	-	88,543,614
370.2	Smart Meters Commercial 15 yr	2,948,433	-	-	-	2,948,433	-	2,948,433
370.2	Smart Meters Industrial 15yr	2,561	-	-	-	2,561	-	2,561
370.2	Smart Meters Residential 15yr	8,359,984	-	-	-	8,359,984	-	8,359,984
370.2	Smart Meters Infra Structure 15 yr	686,914	-	-	-	686,914	-	686,914
371	Inst. On Cust. Prem.	29,143,314	-	-	-	29,143,314	-	29,143,314
372	Leased Property Cust Premis	198,655	-	-	-	198,655	-	198,655
373.1	Street Light - Oh, Ug Lines	39,609,323	2,491,553	(249,155)	-	41,851,720	9,569,249	51,420,969
374	ARC Distribution	80,653	-	-	-	80,653	(80,653)	-
	TOTAL DISTRIBUTION PLANT	\$ 2,530,292,985	\$ 136,072,236	\$ (9,386,765)	\$ -	\$ 2,656,978,457	\$ 9,488,596	\$ 2,666,467,052
GENERAL PLANT								
389.2	Easements	\$ 21,378	\$ -	\$ -	\$ -	\$ 21,378	\$ (4,169)	\$ 17,209
390.1	Structures, Improvements	60,052,320	365,477	(36,548)	(249,350)	60,131,900	(11,524,094)	48,606,906
390.2	Clearing, Grading of Land	7,278,486	-	-	(72,498)	7,205,988	(1,346,807)	5,859,182
390.3	Struct Imprv, Leasehold Imp	18,349	-	-	-	18,349	(3,578)	14,771
391.1	Office Furn., Mech. Equip.	5,503,420	-	-	-	5,503,420	(1,073,167)	4,430,253
391.15	Office Machines	1,718,128	-	-	-	1,718,128	(335,035)	1,383,093
391.3	Computers	2,719,817	-	-	-	2,719,817	(530,364)	2,189,452
391.25	Data Proc Smart Meters	11,185,180	706,537	-	-	11,891,717	-	11,891,717
392	Transportation Equipment	3,444,347	-	-	-	3,444,347	(671,648)	2,772,700
393	Stores Equipment	1,483,884	-	-	-	1,483,884	(289,357)	1,194,527
394	Tools, Shop, Garage Equip.	13,309,091	-	-	-	13,309,091	(2,595,273)	10,713,819
395	Laboratory Equipment	5,700,074	-	-	-	5,700,074	(1,111,514)	4,588,559
396	Power Operated Equipment	5,016,477	-	-	-	5,016,477	(978,213)	4,038,264
397	Communication Equipment	34,318,357	1,196,147	(119,615)	(7,983,971)	27,410,918	(8,619,771)	18,791,147
398	Misc. Equipment	3,523,722	-	-	-	3,523,722	(687,126)	2,836,597
399.1	ARC General Plant	321,852	-	-	-	321,852	(321,852)	-
	TOTAL GENERAL PLANT	\$ 155,614,883	\$ 2,268,161	\$ (156,162)	\$ (8,305,819)	\$ 149,421,063	\$ (30,092,868)	\$ 119,328,195
	TOTAL	\$ 3,388,198,364	\$ 148,866,567	\$ (9,634,556)	\$ (606,151,596)	\$ 2,921,278,778	\$ (63,085,968)	\$ 2,858,192,810

Pennsylvania Electric Company
Original Cost - Plant and Depreciation Reserves
Activity Updated from 1/1/17 to 12/31/17
Book Reserves

Acct No	Description	Balance 1/1/17 (1)	Budget Activity			Balance 12/31/17 (5)	Adjustments (6)	Adjusted Balance 12/31/17 (7)
			Accruals (2)	Retirements (3)	Transfers/ Adjustments (4)			
INTANGIBLE PLANT								
302	Franchise & Cons	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ (0)
303	Software	37,098,827	5,006,206	-	-	42,105,033	(8,210,481)	33,894,551
303	Smart Meter Software	4,898,137	4,236,262	-	-	9,134,399	-	9,134,399
	TOTAL INTANGIBLE PLANT	\$ 41,996,964	\$ 9,242,468	\$ -	\$ -	\$ 51,239,432	\$ (8,210,481)	\$ 43,028,950
TRANSMISSION PLANT								
35012	Trans Sub Easement	\$ 91,213	\$ 6,159	\$ -	\$ -	\$ 97,372	\$ (97,372)	\$ -
35022	Tran Line Easement	6,143,958	226,009	-	-	6,369,967	(6,369,967)	-
35210	Structures/improve	4,840,093	4,878	-	(4,844,487)	484	-	484
353	Station Equipment	76,134,608	1,664	(87,164)	(75,967,423)	81,685	-	81,685
354	Towers & fixtures	20,010,837	9,625	-	(20,020,462)	(0)	-	(0)
355	Poles & fixtures	32,922,098	103,510	-	(33,010,017)	15,591	-	15,591
35610	Overhead Conductor	57,596,564	134,188	(4,466)	(57,690,145)	36,141	-	36,141
35620	Clearing & R/W	9,468,927	44,585	-	(9,452,258)	61,254	-	61,254
3562	Veg Clrng-FERC exp	407,002	9,782	-	(418,936)	(2,152)	-	(2,152)
358	Underground Conducto	18,013	-	-	-	18,013	-	18,013
359.1	TXM SUB ARC	4,632	168	-	-	4,800	(4,800)	-
	TOTAL TRANSMISSION PLANT	\$ 207,637,945	\$ 540,568	\$ (91,630)	\$ (201,403,728)	\$ 6,683,155	\$ (6,472,139)	\$ 211,017
DISTRIBUTION PLANT								
36012	Dist Sub Easement	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ (0)
36022	Dist Line Easement	10,132,038	132,221	-	-	10,264,259	-	10,264,259
361	Structures/improve	8,895,674	130,021	(14,941)	-	9,010,754	-	9,010,754
362	Station Equipment	101,305,396	3,592,140	(572,068)	-	104,325,468	-	104,325,468
364	Poles towers Fixture	164,409,861	7,852,569	(2,153,840)	-	170,108,590	-	170,108,590
365	Overhead Conductors	154,473,415	12,250,686	(4,065,861)	-	162,658,240	-	162,658,240
36510	Clearing & R/W	22,484,506	2,143,258	-	-	24,627,764	-	24,627,764
366	Underground Conduit	17,682,780	455,861	(3,736)	-	18,134,905	-	18,134,905
367	Underground Conducto	65,350,652	3,449,912	(866,528)	-	67,934,036	-	67,934,036
368	Line Transformers	140,218,063	8,035,035	(1,298,545)	-	146,954,553	-	146,954,553
369	Services	30,114,818	1,104,001	(162,091)	-	31,056,728	-	31,056,728
36910	Undgrmd Services	28,449,780	474,280	-	-	28,924,060	-	28,924,060
370	Meters	-	-	-	-	-	-	-
370	Smart Grid Meters 10 yr	12,829	6,551	-	-	19,380	-	19,380
370	Smart Meters non classif	1,581,156	4,190,346	-	-	5,771,502	-	5,771,502
370	Smart Meters Com 15 yr	247,995	144,505	-	-	392,500	-	392,500
370	Smart Meters Ind 15 yr	39	7	-	-	46	-	46
370	Smart Meters Residencit	655,570	405,106	-	-	1,060,676	-	1,060,676
370	Smart Meters Infra St	19,870	18,503	-	-	38,373	-	38,373
371	Inst on cust prem	20,232,008	436,976	-	-	20,668,984	-	20,668,984
372	Leased Prop Cust Pre	193,093	179	-	-	193,272	-	193,272
373	Street lighting	9,784,532	1,803,789	(249,155)	-	11,339,166	-	11,339,166
374	DIST SUB ARC	65,522	2,504	-	-	68,026	(68,026)	-
	TOTAL DISTRIBUTION PLANT	\$ 776,309,597	\$ 46,628,450	\$ (9,386,765)	\$ -	\$ 813,551,282	\$ (68,026)	\$ 813,483,256
GENERAL PLANT								
38920	Land Rights	\$ 13,280	\$ 571	\$ -	\$ -	\$ 13,851	\$ (2,701)	\$ 11,150
39010	Structures All Oth	28,698,425	1,310,565	(36,548)	(82,554)	29,889,888	(5,762,072)	24,127,815
39020	Land/Yard Improvem	4,775,342	110,960	-	(39,192)	4,847,110	(913,637)	3,933,473
39030	Transferred LH	3,310	917	-	-	4,227	(824)	3,403
391.1	Office furniture	5,442,169	-	-	-	5,442,169	(1,061,223)	4,380,946
391.2	Office Machines	1,718,154	-	-	-	1,718,154	(335,040)	1,383,114
391.3	Personal Computers	1,723,055	-	-	-	1,723,055	(335,996)	1,387,059
391.5	Data Proc Smart M	3,121,955	2,080,272	-	-	5,202,227	-	5,202,227
392	Transportation equip	2,330,927	227,982	-	-	2,558,909	(498,987)	2,059,922
393	Stores equipment	1,483,298	-	-	-	1,483,298	(289,243)	1,194,055
394	Tools shop garage	7,986,444	601,295	-	-	8,587,739	(1,674,609)	6,913,130
395	Laboratory equip	5,700,072	-	-	-	5,700,072	(1,111,514)	4,588,558
396	Power operated equip	4,396,288	14,985	-	-	4,411,273	(860,198)	3,551,074
397	Communication equip	23,450,124	960,520	(119,615)	(7,869,688)	16,421,341	(3,525,234)	12,896,108
398	Miscellaneous equip	3,050,199	15,756	-	-	3,065,955	(597,861)	2,468,094
399	General ARC's	223,385	8,205	-	-	231,590	(231,590)	-
	TOTAL GENERAL PLANT	\$ 94,116,426	\$ 5,332,028	\$ (156,163)	\$ (7,991,434)	\$ 91,300,857	\$ (17,200,729)	\$ 74,100,128
NUCLEAR PRODUCTION								
	TMI#2 ARC	\$ 15,628,317	\$ -	\$ -	\$ -	\$ 15,628,317	\$ (15,628,317)	\$ -
	TOTAL	\$ 1,135,689,249	\$ 61,743,514	\$ (9,634,558)	\$ (209,395,162)	\$ 978,403,043	\$ (47,579,693)	\$ 930,823,350

Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/11/17 to 12/31/17
 Target Reserve

Acct No	Description	Balance 1/1/17 (1)	Budget Activity			Balance 12/31/17 (5)	Adjustments (6)	Adjusted Balance 12/31/17 (7)
			Accruals (2)	Retirements (3)	Transfers/ Adjustments (4)			
INTANGIBLE PLANT								
302	Franchise & Cons	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	\$ -	(0)
303	Misc. Intangible Plant	45,603,602	7,929,948	-	-	53,533,550	(10,439,042)	43,094,508
303	Smart Meter Software	2,850,514	2,710,714	-	-	5,561,228	-	5,561,228
	TOTAL INTANGIBLE PLANT	\$ 48,454,116	\$ 10,640,662	\$ -	\$ -	\$ 59,094,778	\$ (10,439,042)	\$ 48,655,735
NUCLEAR PRODUCTION								
	Nuclear Production							
326	Asset Retirement Costs Nuclear	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL NUCLEAR PRODUCTION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSMISSION PLANT								
350.12	Easements - Trans. Subs.	\$ 7,342,489	\$ 6,159	\$ -	\$ -	\$ 7,348,648	\$ (7,348,648)	\$ -
350.22	Easements - Trans. Lines	460,617	226,009	-	-	686,626	(686,626)	-
352.1	Structures, Improvements	3,476,017	54	-	-	3,476,071	-	3,476,071
353	Station Equipment	56,456,113	3,267	(87,164)	-	56,372,216	-	56,372,216
354	Towers And Fixtures	15,287,482	-	-	-	15,287,482	-	15,287,482
355	Poles And Fixtures	29,634,095	-	-	-	29,634,095	-	29,634,095
356.1	Overhd Conductor, Devices	48,002,851	5,161	(4,466)	-	48,003,547	-	48,003,547
356.2	Clearing, Grading of Land	9,143,058	(8,585)	-	-	9,134,473	-	9,134,473
358	Undergrnd Conductor,Devices	133,265	213	-	-	133,478	-	133,478
359	Roads & Trails	-	-	-	-	-	-	-
359.1	ARC Transmission	336	168	-	-	504	(504)	-
	TOTAL TRANSMISSION PLANT	\$ 169,936,324	\$ 232,446	\$ (91,629)	\$ -	\$ 170,077,140	\$ (8,035,778)	\$ 162,041,363
DISTRIBUTION PLANT								
360.12	Easements - Dist. Subs.	\$ 7,986,587	\$ -	\$ -	\$ -	\$ 7,986,587	\$ -	\$ 7,986,587
360.22	Easements - Dist. Lines	291,912	139,992	-	-	431,904	-	431,904
361.1	Structures, Improvements	6,440,590	157,694	(14,941)	-	6,583,343	-	6,583,343
362	Station Equipment	81,097,095	4,700,156	(572,068)	-	85,225,183	-	85,225,183
364	Poles, Towers And Fixtures	135,014,061	10,634,441	(2,153,840)	-	143,494,663	-	143,494,663
365	Overhd Conductor, Devices	149,012,784	16,766,691	(4,065,861)	-	161,713,614	-	161,713,614
365.1	Clearing, Grading of Land	19,460,026	2,346,493	-	-	21,806,519	-	21,806,519
366	Underground Conduit	14,447,042	528,655	(3,736)	-	14,971,961	-	14,971,961
367	Undergrnd Conductor,Devices	54,810,205	4,175,177	(866,528)	-	58,118,854	-	58,118,854
368	Line Transformers	112,265,882	10,532,254	(1,298,545)	-	121,499,592	-	121,499,592
369	Services	22,614,305	1,337,010	(162,091)	-	23,789,224	-	23,789,224
369	Underground Conduit	15,945,869	613,210	-	-	16,559,079	-	16,559,079
370	Meters	-	-	-	-	-	-	-
370	Smart Grid Meters 10 yr	94,362	6,551	-	-	100,913	-	100,913
370	Smart Meters non classified 15 yr	1,858,405	4,498,336	-	-	6,356,741	-	6,356,741
370	Smart Meters Com 15 yr	313,568	196,661	-	-	510,229	-	510,229
370	Smart Meters Ind 15 yr	260	171	-	-	431	-	431
370	Smart Meters Residential 15 yr	863,881	557,611	-	-	1,421,492	-	1,421,492
370	Smart Meters Infra St	63,823	45,817	-	-	109,640	-	109,640
371	Inst. On Cust. Prem.	11,890,048	510,008	-	-	12,400,056	-	12,400,056
372	Leased Property Cust Premis	115,228	219	-	-	115,447	-	115,447
373.1	Street Light - Oh, UG Lines	12,590,543	2,146,498	(249,155)	-	14,487,886	-	14,487,886
374	ARC Distribution	65,522	2,504	-	-	68,026	(68,026)	-
	TOTAL DISTRIBUTION PLANT	\$ 647,241,997	\$ 59,896,149	\$ (9,386,765)	\$ -	\$ 697,751,382	\$ (68,026)	\$ 697,683,356
GENERAL PLANT								
389.2	Easements	\$ 11,390	\$ 297	\$ -	\$ -	\$ 11,687	\$ (2,279)	\$ 9,408
390.1	Structures, Improvements	24,078,357	1,679,088	(36,548)	-	25,720,898	(5,015,575)	20,705,323
390.2	Clearing, Grading of Land	3,731,264	133,311	-	-	3,864,575	(753,592)	3,110,983
390.3	Struct Imprv, Leasehold Imp	-	-	-	-	-	-	-
391.1	Office Furn., Mech. Equip.	5,028,190	17,061	-	-	5,045,251	(983,824)	4,061,427
391.15	Office Machines	1,716,789	-	-	-	1,716,789	(334,774)	1,382,015
391.3	Personal Computers	2,367,130	732,175	-	-	3,099,305	(604,364)	2,494,941
391.5	Data Proc Smart Meters	3,271,320	2,307,690	-	-	5,579,010	-	5,579,010
392	Transportation Equipment	1,856,443	106,775	-	-	1,963,218	(382,828)	1,580,390
393	Stores Equipment	1,317,831	148	-	-	1,317,979	(257,006)	1,060,973
394	Tools, Shop, Garage Equip.	8,764,710	682,756	-	-	9,447,466	(1,842,256)	7,605,210
395	Laboratory Equipment	5,526,929	-	-	-	5,526,929	(1,077,751)	4,449,178
396	Power Operated Equipment	2,466,752	34,614	-	-	2,501,366	(487,766)	2,013,600
397	Communication Equipment	24,145,297	2,388,979	(119,615)	-	26,414,662	(12,391,118)	14,023,544
398	Misc. Equipment	2,923,535	92,674	-	-	3,016,209	(588,161)	2,428,048
399.1	ARC General Plant	223,385	8,205	-	-	231,590	(231,590)	-
	TOTAL GENERAL PLANT	\$ 87,429,324	\$ 8,183,773	\$ (156,162)	\$ -	\$ 95,456,934	\$ (24,952,884)	\$ 70,504,050
TOTAL		\$ 953,061,760	\$ 78,953,030	\$ (9,634,556)	\$ -	\$ 1,022,380,234	\$ (43,495,730)	\$ 978,884,504

PENNSYLVANIA ELECTRIC COMPANY

Original Cost of Plant, Reserves and Accruals by Functions for Future Test Year Ending 12/31/2016

FILING REQUIREMENT V-A-1:

“Provide schedules supporting claimed amounts for Electric Plant in Service by function and by account if available.”

FILING REQUIREMENT V-A-2:

“Provide a comparison of calculated depreciation reserve versus book reserve at the end of the test year. Provide this comparison by functional group and by account if available.”

FILING REQUIREMENT V-B-1:

“Provide a comparison of calculated depreciation accruals versus book accruals by function and by account if available.”

FILING REQUIREMENT V-D-1:

“Provide the surviving original cost plant at the appropriated test year date or dates by account and functional property group and include claimed depreciation reserves. Provide annual depreciation accruals where appropriate. These calculations should be provided for plant in service as well as other categories of plant, including but not limited to, contributions in aid of construction, customers' advances for construction and anticipated retirements associated with construction work in progress claims, if applicable.”

RESPONSE:

V-A-1

See Penelec Exhibit RAD-47 Attachments A and B.

V-A-2

See Penelec Exhibit RAD-47 Attachments A and B.

V-B-1

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7,
Exhibit JJS-7.

V-D-1

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7,
Exhibit JJS-10.

Pennsylvania Electric Company
 Accrual Expense Computation after Adjustments
 Activity Updated from January 2016 to December 2016
 (\$000)

Line No.	Description	Adjusted Plant Balances			Book Depreciation Reserve (4)	Depreciation Reserve Ratio (5)	Net Uncovered Book Plant (6)	Accrual Average Remaining Life Basis		Target Reserve (9)	Book Reserve (10)	Difference (11)	Difference as a % of Target Reserve (12)
		Non Depreciable (1)	Depreciable (2)	Total (3)				Amount (7)	Effective Rate (8)				
		1	Transmission	\$ -				\$ -	\$ -				
2	Distribution	1,699	2,539,782	2,541,481	776,244	30.54%	1,765,236	58,761	2.31%	647,176	776,244	(129,068)	-19.94%
3	General Plant	1,114	117,785	118,900	69,765	58.68%	49,135	5,772	4.90%	64,220	69,765	(5,545)	-8.63%
4	Subtotal	\$ 2,813	\$ 2,657,567	\$ 2,660,380	\$ 846,009	31.80%	\$ 1,814,371	\$ 64,533	2.43%	\$ 711,397	\$ 846,009	\$ (134,612)	-18.92%
5	Intangible Plant	\$ 341	\$ 59,140	\$ 59,482	\$ 34,763	58.44%	\$ 24,719	\$ 8,451	14.29%	\$ 39,561	\$ 34,763	\$ 4,799	12.13%
6	Total	\$ 3,155	\$ 2,716,707	\$ 2,719,862	\$ 880,772	32.38%	\$ 1,839,090	\$ 72,984	2.69%	\$ 750,958	\$ 880,772	\$ (129,813)	-17.29%
7	Nuclear	-	-	-	-	0.00%	-	-	-	-	-	-	0.00%
8	Total	\$ 3,155	\$ 2,716,707	\$ 2,719,862	\$ 880,772		\$ 1,839,090	\$ 72,984		\$ 750,958	\$ 880,772	\$ (129,813)	-17.29%
Exhibit Reference		RAD-47 Attachment B P 1	RAD-47 Attachment B P 1	RAD-47 Attachment B P 1	RAD-47 Attachment B P 2			RAD-53 Attachment A P 3-4		RAD-47 Attachment B P 3	RAD-47 Attachment B P 2		

Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/1/16 to 12/31/16
 Plant-in-Service

Acct No	Description	Balance 1/1/16 (1)	Budget Activity			Balance 12/31/16 (5)	Adjustments (6)	Adjusted Balance 12/31/16 (7)
			Additions (2)	Retirements (3)	Transfers/ Adjustments (4)			
NONDEPRECIABLE PLANT								
<u>Intangible Plant</u>								
301	Organization	\$ 34,666	\$ -	\$ -	\$ -	\$ 34,666	\$ -	\$ 34,666
302	Franchise And Consents	306,717	-	-	-	306,717	-	306,717
Total Intangible Plant		<u>\$ 341,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,382</u>	<u>\$ -</u>	<u>\$ 341,382</u>
<u>Land</u>								
350.11	Transmission Substations	\$ 2,281,026	\$ -	\$ -	\$ -	\$ 2,281,026	\$ (2,281,026)	\$ -
350.21	Transmission Lines	552,329	-	-	-	552,329	(552,329)	-
360.11	Distribution Substations	1,516,111	-	-	-	1,516,111	-	1,516,111
360.21	Distribution Lines	182,881	-	-	-	182,881	-	182,881
389.1	General	1,384,075	-	-	-	1,384,075	(269,895)	1,114,181
Total Land		<u>\$ 5,916,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,916,421</u>	<u>\$ (3,103,249)</u>	<u>\$ 2,813,172</u>
TOTAL NON-DEPRECIABLE PLANT		<u>\$ 6,257,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,257,804</u>	<u>\$ (3,103,249)</u>	<u>\$ 3,154,554</u>
INTANGIBLE PLANT								
303	Misc. Intangible Plant	\$ 49,311,789	\$ 4,621,349	\$ -	\$ -	\$ 53,933,138	\$ (10,516,962)	\$ 43,416,176
303	Smart Meter Software	10,658,331	5,085,883	-	-	15,724,215	-	15,724,215
TOTAL INTANGIBLE PLANT		<u>\$ 59,970,120</u>	<u>\$ 9,687,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,657,353</u>	<u>\$ (10,516,962)</u>	<u>\$ 59,140,391</u>
NUCLEAR PRODUCTION								
326	Nuclear Production Asset Retirement Costs Nuclear	\$ 15,628,317	-	-	-	\$ 15,628,317	\$ (15,628,317)	\$ -
TOTAL NUCLEAR PRODUCTION		<u>\$ 15,628,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,628,317</u>	<u>\$ (15,628,317)</u>	<u>\$ -</u>
TRANSMISSION PLANT								
350.12	Easements - Trans subs	\$ 334,713	\$ -	\$ -	\$ -	\$ 334,713	\$ (334,713)	\$ -
350.22	Easements - Trans lines	12,283,124	-	-	-	12,283,124	(12,283,124)	-
352	Structures, Improvements	9,754,247	-	-	-	9,754,247	(9,754,247)	-
353	Station Equipment	227,668,540	4,431,610	(443,161)	-	231,656,989	(231,656,989)	-
354	Towers And Fixtures	29,523,886	-	-	-	29,523,886	(29,523,886)	-
355	Poles And Fixtures	139,502,091	-	-	-	139,502,091	(139,502,091)	-
356.1	Overhd Conductr, Devices	126,485,591	26,490,152	(2,649,015)	-	150,326,728	(150,326,728)	-
356.2	Clearing, Grading of Land	41,905,917	(5,117,590)	-	-	36,788,327	(36,788,327)	-
358	Undergrnd Conductr,Devices	569,929	-	-	-	569,929	(569,929)	-
359	Roads & Trails	-	-	-	-	-	-	-
359.1	ARC Transmission	6,989	-	-	-	6,989	(6,989)	-
TOTAL TRANSMISSION PLANT		<u>\$ 588,035,026</u>	<u>\$ 25,804,172</u>	<u>\$ (3,092,176)</u>	<u>\$ -</u>	<u>\$ 610,747,022</u>	<u>\$ (610,747,022)</u>	<u>\$ -</u>
DISTRIBUTION PLANT								
360.12	Easements - Dist. Subs.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
360.22	Easements - Dist. Lines	15,554,713	-	-	-	15,554,713	-	15,554,713
361.1	Structures, Improvements	14,960,493	150,197	(15,020)	-	15,095,670	-	15,095,670
362	Station Equipment	257,657,072	5,904,616	(590,462)	-	262,971,227	-	262,971,227
364	Poles, Towers And Fixtures	504,468,009	22,481,932	(2,248,193)	-	524,701,749	-	524,701,749
365	Overhd Conductr, Devices	672,608,103	42,313,437	(4,231,344)	-	710,690,196	-	710,690,196
365.1	Clearing, Grading of Land	158,546,829	-	-	-	158,546,829	-	158,546,829
366	Underground Conduit	36,908,664	48,215	(4,822)	-	36,952,057	-	36,952,057
367	Undergrnd Conductr,Devices	163,458,917	8,965,920	(896,592)	-	171,528,245	-	171,528,245
368	Line Transformers	370,649,594	13,501,140	(1,350,114)	-	382,800,620	-	382,800,620
369	Services	74,646,528	1,626,371	(162,637)	-	76,110,262	-	76,110,262
369.1	Underground Services	47,907,050	-	-	-	47,907,050	-	47,907,050
370	Meters	-	-	-	-	-	-	-
370.1	Smart Grid Meters 10 yr	65,507	-	-	-	65,507	-	65,507
370.2	Smart Meters non classified 15 yr	3,568,207	42,770,816	-	-	46,339,023	-	46,339,023
370.2	Smart Meters Commercial 15 yr	2,948,433	-	-	-	2,948,433	-	2,948,433
370.2	Smart Meters Industrial 15yr	2,561	-	-	-	2,561	-	2,561
370.2	Smart Meters Residential 15yr	8,359,984	-	-	-	8,359,984	-	8,359,984
370.2	Smart Meters Infra Structure 15 yr	686,914	-	-	-	686,914	-	686,914
371	Inst. On Cust. Prem.	29,143,314	-	-	-	29,143,314	-	29,143,314
372	Leased Property Cust Premis	198,655	-	-	-	198,655	-	198,655
373.1	Street Light - Oh, Ug Lines	37,362,003	2,497,022	(249,702)	-	39,609,323	9,569,249	49,178,571
374	ARC Distribution	80,653	-	-	-	80,653	(80,653)	-
TOTAL DISTRIBUTION PLANT		<u>\$ 2,399,782,203</u>	<u>\$ 140,259,667</u>	<u>\$ (9,748,885)</u>	<u>\$ -</u>	<u>\$ 2,530,292,985</u>	<u>\$ 9,488,596</u>	<u>\$ 2,539,781,580</u>
GENERAL PLANT								
389.2	Easements	\$ 21,378	\$ -	\$ -	\$ -	\$ 21,378	\$ (4,169)	\$ 17,209
390.1	Structures, Improvements	55,628,243	4,915,642	(491,564)	-	60,052,320	(11,710,202)	48,342,118
390.2	Clearing, Grading of Land	7,278,486	-	-	-	7,278,486	(1,419,305)	5,859,182
390.3	Struot Imprv, Leasehold Imp	18,349	-	-	-	18,349	(3,578)	14,771
391.1	Office Furn., Mech. Equip.	5,503,420	-	-	-	5,503,420	(1,073,167)	4,430,253
391.15	Office Machines	1,718,128	-	-	-	1,718,128	(335,035)	1,383,093
391.3	Computers	2,719,817	-	-	-	2,719,817	(530,364)	2,189,452
391.25	Data Proc Smart Meters	8,805,782	2,379,397	-	-	11,185,180	-	11,185,180
392	Transportation Equipment	3,444,347	-	-	-	3,444,347	(671,648)	2,772,700
393	Stores Equipment	1,483,884	-	-	-	1,483,884	(289,357)	1,194,527
394	Tools, Shop, Garage Equip.	13,309,091	-	-	-	13,309,091	(2,595,273)	10,713,819
395	Laboratory Equipment	5,700,074	-	-	-	5,700,074	(1,111,514)	4,588,559
396	Power Operated Equipment	5,016,477	-	-	-	5,016,477	(978,213)	4,038,264
397	Communication Equipment	32,559,704	1,954,059	(195,406)	-	34,318,357	(16,098,741)	18,219,616
398	Misc. Equipment	3,523,722	-	-	-	3,523,722	(687,126)	2,836,597
399.1	ARC General Plant	321,852	-	-	-	321,852	(321,852)	-
TOTAL GENERAL PLANT		<u>\$ 147,052,785</u>	<u>\$ 9,249,098</u>	<u>\$ (686,970)</u>	<u>\$ -</u>	<u>\$ 155,614,883</u>	<u>\$ (37,829,545)</u>	<u>\$ 117,785,338</u>
TOTAL		<u>\$ 3,216,726,226</u>	<u>\$ 185,000,169</u>	<u>\$ (13,528,031)</u>	<u>\$ -</u>	<u>\$ 3,388,198,364</u>	<u>\$ (668,336,500)</u>	<u>\$ 2,719,861,864</u>

Pennsylvania Electric Company
Original Cost - Plant and Depreciation Reserves
Activity Updated from 1/1/16 to 12/31/16
Book Reserves

Acct No	Description	Balance 1/1/16 (1)	Budget Activity			Balance 12/31/16 (5)	Adjustments (6)	Adjusted Balance 12/31/16 (7)
			Accruals (2)	Retirements (3)	Transfers/ Adjustments (4)			
INTANGIBLE PLANT								
302	Franchise & Cons	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
303	Software	34,522,529	2,576,298	-	-	37,098,827	(7,234,271)	29,864,555
303	Smart Meter Software	938,523	3,959,614	-	-	4,898,137	-	4,898,137
	TOTAL INTANGIBLE PLANT	\$ 35,461,052	\$ 6,535,912	\$ -	\$ -	\$ 41,996,964	\$ (7,234,271)	\$ 34,762,693
TRANSMISSION PLANT								
35012	Trans Sub Easement	\$ 85,054	\$ 6,159	\$ -	\$ -	\$ 91,213	\$ (91,213)	\$ -
35022	Tran Line Easement	5,917,949	226,009	-	-	6,143,958	(6,143,958)	-
35210	Structures/improve	4,738,027	102,066	-	-	4,840,093	(4,840,093)	-
353	Station Equipment	73,327,335	3,250,434	(443,161)	-	76,134,608	(76,134,608)	-
354	Towers & fixtures	19,779,753	231,084	-	-	20,010,837	(20,010,837)	-
355	Poles & fixtures	30,832,395	2,089,703	-	-	32,922,098	(32,922,098)	-
35610	Overhead Conductor	58,403,354	1,842,225	(2,649,015)	-	57,596,564	(57,596,564)	-
35620	Clearing & R/W	9,226,335	275,592	-	-	9,501,927	(9,501,927)	-
3562	Veg Cimg-FERC exp	47,743	326,259	-	-	374,002	(374,002)	-
358	Underground Conducto	-	18,013	-	-	18,013	(18,013)	-
359.1	TXM SUB ARC	4,464	168	-	-	4,632	(4,632)	-
	TOTAL TRANSMISSION PLANT	\$ 202,362,409	\$ 8,367,712	\$ (3,092,176)	\$ -	\$ 207,637,945	\$ (207,637,945)	\$ -
DISTRIBUTION PLANT								
36012	Dist Sub Easement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36022	Dist Line Easement	9,999,817	132,221	-	-	10,132,038	-	10,132,038
361	Structures/improve	8,781,840	128,854	(15,020)	-	8,895,674	-	8,895,674
362	Station Equipment	98,380,270	3,515,588	(590,462)	-	101,305,396	-	101,305,396
364	Poles towers Fixture	159,084,925	7,573,129	(2,248,193)	-	164,409,861	-	164,409,861
365	Overhead Conductors	147,050,690	11,654,069	(4,231,344)	-	154,473,415	-	154,473,415
36510	Clearing & R/W	20,341,248	2,143,258	-	-	22,484,506	-	22,484,506
366	Underground Conduit	17,232,173	455,429	(4,822)	-	17,682,780	-	17,682,780
367	Underground Conducto	62,949,022	3,298,222	(896,592)	-	65,350,652	-	65,350,652
368	Line Transformers	133,767,164	7,801,013	(1,350,114)	-	140,218,063	-	140,218,063
369	Services	29,194,013	1,083,442	(162,637)	-	30,114,818	-	30,114,818
36910	Undgrmd Services	27,975,500	474,280	-	-	28,449,780	-	28,449,780
370	Meters	-	-	-	-	-	-	-
370.1	Smart Grid Meters 10 yr	6,278	6,551	-	-	12,829	-	12,829
370.2	Smart Meters non classified 15 yr	217,329	1,363,827	-	-	1,581,156	-	1,581,156
370.2	Smart Meters Commercial 15 yr	103,490	144,505	-	-	247,995	-	247,995
370.2	Smart Meters Industrial 15yr	32	-	-	-	39	-	39
370.2	Smart Meters Residential 15yr	250,464	405,106	-	-	655,570	-	655,570
370.2	Smart Meters Infra Structure 15 yr	1,367	18,503	-	-	19,870	-	19,870
371	Inst on cust prem	19,795,032	436,976	-	-	20,232,008	-	20,232,008
372	Leased Prop Cust Pre	192,914	179	-	-	193,093	-	193,093
373	Street lighting	8,332,009	1,702,225	(249,702)	-	9,784,532	-	9,784,532
374	DIST SUB ARC	63,018	2,504	-	-	65,522	(65,522)	-
	TOTAL DISTRIBUTION PLANT	\$ 743,718,595	\$ 42,339,888	\$ (9,748,886)	\$ -	\$ 776,309,597	\$ (65,522)	\$ 776,244,075
GENERAL PLANT								
38920	Land Rights	\$ 12,709	\$ 571	\$ -	\$ -	\$ 13,280	\$ (2,590)	\$ 10,691
39010	Structures All Oth	27,963,304	1,226,685	(491,564)	-	28,698,425	(5,596,193)	23,102,232
39020	Land/Yard Improvem	4,663,680	111,662	-	-	4,775,342	(931,192)	3,844,150
39030	Transferred LH	2,393	917	-	-	3,310	(646)	2,665
391.1	Office furniture	5,442,169	-	-	-	5,442,169	(1,061,223)	4,380,946
391.2	Office Machines	1,718,154	-	-	-	1,718,154	(335,040)	1,383,114
391.3	Personal Computers	1,502,916	220,139	-	-	1,723,055	(335,996)	1,387,059
391.5	Data Proc Smart Meters	1,368,445	1,753,510	-	-	3,121,955	-	3,121,955
392	Transportation equip	2,102,945	227,982	-	-	2,330,927	(454,531)	1,876,396
393	Stores equipment	1,483,298	-	-	-	1,483,298	(289,243)	1,194,055
394	Tools shop garage	7,385,149	601,295	-	-	7,986,444	(1,557,356)	6,429,087
395	Laboratory equip	5,700,072	-	-	-	5,700,072	(1,111,514)	4,588,558
396	Power operated equip	4,381,303	14,985	-	-	4,396,288	(857,276)	3,539,012
397	Communication equip	22,509,780	1,135,750	(195,406)	-	23,450,124	(11,000,453)	12,449,671
398	Miscellaneous equip	3,034,443	15,756	-	-	3,050,199	(594,789)	2,455,410
399	General ARC	215,180	8,205	-	-	223,385	(223,385)	-
	TOTAL GENERAL PLANT	\$ 89,485,939	\$ 5,317,457	\$ (686,970)	\$ -	\$ 94,116,426	\$ (24,351,426)	\$ 69,765,000
NUCLEAR PRODUCTION								
	TMI#2 ARC	15,628,317	-	-	-	15,628,317	(15,628,317)	-
	TOTAL	\$ 1,086,656,312	\$ 62,560,969	\$ (13,528,032)	\$ -	\$ 1,135,689,249	\$ (254,917,482)	\$ 880,771,768

Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/1/16 to 12/31/16
 Target Reserve

Acct No	Description	Balance 1/1/16 (1)	Budget Activity			Balance 12/31/16 (5)	Adjustments (6)	Adjusted Balance 12/31/16 (7)
			Accruals (2)	Retirements (3)	Transfers/ Adjustments (4)			
INTANGIBLE PLANT								
302	Franchise & Cons	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ (0)
303	Misc. Intangible Plant	38,226,752	7,376,850	-	-	45,603,602	(8,892,702.39)	36,710,900
303	Smart Meter Software	965,481	1,885,033	-	-	2,850,514	-	2,850,514
	TOTAL INTANGIBLE PLANT	\$ 39,192,233	\$ 9,261,883	\$ -	\$ -	\$ 48,454,116	\$ (8,892,702)	\$ 39,561,413
TRANSMISSION PLANT								
TRANSMISSION PLANT								
350.12	Easements - Trans. Subs.	\$ 7,336,263	\$ 6,226	\$ -	\$ -	\$ 7,342,489	\$ (7,342,489)	\$ -
350.22	Easements - Trans. Lines	232,151	228,466	-	-	460,617	(460,617)	-
352.1	Structures, Improvements	3,357,015	119,002	-	-	3,476,017	(3,476,017)	-
353	Station Equipment	52,627,547	4,271,727	(443,161)	-	56,456,113	(56,456,113)	-
354	Towers And Fixtures	15,027,672	259,810	-	-	15,287,482	(15,287,482)	-
355	Poles And Fixtures	26,620,850	3,013,245	-	-	29,634,095	(29,634,095)	-
356.1	Overhd Conductr, Devices	48,465,049	2,186,817	(2,649,015)	-	48,002,851	(48,002,851)	-
356.2	Clearing, Grading of Land	8,592,198	550,860	-	-	9,143,058	(9,143,058)	-
358	Undergrnd Conductr, Devices	114,628	18,637	-	-	133,265	(133,265)	-
359	Roads and Trails	-	-	-	-	-	-	-
359.1	ARC Transmission	168	168	-	-	336	(336)	-
	TOTAL TRANSMISSION PLANT	\$ 162,373,542	\$ 10,654,958	\$ (3,092,176)	\$ -	\$ 169,936,324	\$ (169,936,324)	\$ -
DISTRIBUTION PLANT								
360.12	Easements - Dist. Subs.	\$ 7,992,293	\$ -	\$ -	\$ -	\$ 7,992,293	\$ -	\$ 7,992,293
360.22	Easements - Dist. Lines	143,103	143,103	-	-	286,206	-	286,206
361.1	Structures, Improvements	6,299,318	156,292	(15,020)	-	6,440,590	-	6,440,590
362	Station Equipment	77,027,933	4,659,623	(590,462)	-	81,097,095	-	81,097,095
364	Poles, Towers And Fixtures	127,073,474	10,188,781	(2,248,193)	-	135,014,061	-	135,014,061
365	Overhd Conductr, Devices	137,059,538	16,184,590	(4,231,344)	-	149,012,784	-	149,012,784
365.1	Clearing, Grading of Land	17,129,388	2,330,638	-	-	19,460,026	-	19,460,026
366	Underground Conduit	13,916,373	535,490	(4,822)	-	14,447,042	-	14,447,042
367	Undergrnd Conductr, Devices	51,720,450	3,986,347	(896,592)	-	54,810,205	-	54,810,205
368	Line Transformers	103,218,383	10,397,613	(1,350,114)	-	112,265,882	-	112,265,882
369	Services	21,427,669	1,349,273	(162,637)	-	22,614,305	-	22,614,305
369	Underground Conduit	15,323,077	622,792	-	-	15,945,869	-	15,945,869
370	Meters	-	-	-	-	-	-	-
370.1	Smart Grid Meters 10 yr	87,811	6,551	-	-	94,362	-	94,362
370.2	Smart Meters non classified 15 yr	193,999	1,664,406	-	-	1,858,405	-	1,858,405
370.2	Smart Meters Commercial 15 yr	116,907	196,661	-	-	313,568	-	313,568
370.2	Smart Meters Industrial 15yr	89	171	-	-	260	-	260
370.2	Smart Meters Residential 15yr	306,270	557,611	-	-	863,881	-	863,881
370.2	Smart Meters Infra Structure 15 yr	18,006	45,817	-	-	63,823	-	63,823
371	Inst. On Cust. Prem.	11,336,325	553,723	-	-	11,890,048	-	11,890,048
372	Leased Property Cust Premis	115,009	219	-	-	115,228	-	115,228
373.1	Street Light - Oh, Ug Lines	10,661,956	2,178,289	(249,702)	-	12,590,543	-	12,590,543
374	ARC Distribution	63,018	2,504	-	-	65,522	(65,522)	-
	TOTAL DISTRIBUTION PLANT	\$ 601,230,388	\$ 55,760,494	\$ (9,748,885)	\$ -	\$ 647,241,997	\$ (65,522)	\$ 647,176,475
GENERAL PLANT								
389.2	Easements	\$ 11,086	\$ 304	\$ -	\$ -	\$ 11,390	\$ (2,221)	\$ 9,169
390.1	Structures, Improvements	22,927,257	1,642,664	(491,564)	-	24,078,357	(4,695,280)	19,383,078
390.2	Clearing, Grading of Land	3,592,973	138,291	-	-	3,731,264	(727,596)	3,003,668
390.3	Struct Imprv, Leasehold Imp	-	-	-	-	-	-	-
391.1	Office Furn., Mech. Equip.	5,021,586	6,604	-	-	5,028,190	(980,497)	4,047,693
391.15	Office Machines	1,716,789	-	-	-	1,716,789	(334,774)	1,382,015
391.2	Data Processing Equipment	1,850,909	516,221	-	-	2,367,130	(461,590)	1,905,540
391.25	Data Proc Smart Meters	1,272,224	1,999,096	-	-	3,271,320	-	3,271,320
392	Transportation Equipment	1,741,746	114,697	-	-	1,856,443	(362,006)	1,494,437
393	Stores Equipment	1,317,683	148	-	-	1,317,831	(256,977)	1,060,854
394	Tools, Shop, Garage Equip.	8,119,219	645,491	-	-	8,764,710	(1,709,118)	7,055,592
395	Laboratory Equipment	5,526,929	-	-	-	5,526,929	(1,077,751)	4,449,178
396	Power Operated Equipment	2,431,135	35,617	-	-	2,466,752	(481,017)	1,985,736
397	Communication Equipment	22,601,873	1,738,830	(195,406)	-	24,145,297	(11,326,559)	12,818,738
398	Misc. Equipment	2,871,736	51,799	-	-	2,923,535	(570,089)	2,353,446
399.1	ARC General Plant	215,180	8,205	-	-	223,385	(223,385)	-
	TOTAL GENERAL PLANT	\$ 81,218,327	\$ 6,897,967	\$ (686,970)	\$ -	\$ 87,429,324	\$ (23,208,861)	\$ 64,220,462
	TOTAL	\$ 884,014,490	\$ 82,575,302	\$ (13,528,031)	\$ -	\$ 953,061,760	\$ (202,103,410)	\$ 750,958,351

PENNSYLVANIA ELECTRIC COMPANY

Original Cost of Plant, Reserves and Accruals by Functions for Historical Test Year Ended 12/31/2015

FILING REQUIREMENT V-A-1:

“Provide schedules supporting claimed amounts for Electric Plant in Service by function and by account if available.”

FILING REQUIREMENT V-A-2:

“Provide a comparison of calculated depreciation reserve versus book reserve at the end of the test year. Provide this comparison by functional group and by account if available.”

FILING REQUIREMENT V-B-1:

“Provide a comparison of calculated depreciation accruals versus book accruals by function and by account if available.”

FILING REQUIREMENT V-D-1:

“Provide the surviving original cost plant at the appropriated test year date or dates by account and functional property group and include claimed depreciation reserves. Provide annual depreciation accruals where appropriate. These calculations should be provided for plant in service as well as other categories of plant, including but not limited to, contributions in aid of construction, customers' advances for construction and anticipated retirements associated with construction work in progress claims, if applicable.”

RESPONSE:

V-A-1

See Penelec Exhibit RAD-48 Attachments A and B.

V-A-2

See Penelec Exhibit RAD-48 Attachments A and B.

V-B-1

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7,
Exhibit JJS-7.

V-D-1

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7,
Exhibit JJS-10.

Pennsylvania Electric Company
 Accrual Expense Computation after Adjustments
 At Historical Year from January 2015 to December 2015
 (\$000)

Line No.	Description	Adjusted Plant Balances			Book Depreciation Reserve (4)	Depreciation Reserve Ratio (5)	Net Uncovered Book Plant (6)	Accrual Average Remaining Life Basis		Target Reserve (9)	Book Reserve (10)	Difference (11)	Difference as a % of Target Reserve (12)
		Non Depreciable (1)	Depreciable (2)	Total (3)				Amount (7)	Effective Rate (8)				
1	Transmission	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%
2	Distribution	1,699	2,409,271	2,410,970	743,656	30.84%	1,667,314	54,625	2.27%	601,167	743,656	(142,488)	-23.70%
3	General Plant	1,114	110,911	112,025	65,693	58.64%	46,332	4,738	4.27%	59,260	65,693	(6,433)	-10.85%
4	Subtotal	\$ 2,813	\$ 2,520,182	\$ 2,522,995	\$ 809,349	32.08%	\$ 1,713,646	\$ 59,363	2.36%	\$ 660,428	\$ 809,349	\$ (148,921)	-22.55%
5	Intangible Plant	\$ 341	\$ 50,354	\$ 50,696	\$ 28,729	56.67%	\$ 21,967	\$ 7,196	14.29%	\$ 31,738	\$ 28,729	\$ 3,009	9.48%
6	Total	\$ 3,155	\$ 2,570,536	\$ 2,573,691	\$ 838,078	32.56%	\$ 1,735,613	\$ 66,559	2.59%	\$ 692,166	\$ 838,078	\$ (145,912)	-21.08%
7	Nuclear	-	-	-	-	0.00%	-	-	-	-	-	-	0.00%
8	Total	\$ 3,155	\$ 2,570,536	\$ 2,573,691	\$ 838,078		\$ 1,735,613	\$ 66,559		\$ 692,166	\$ 838,078	\$ (145,912)	-21.08%

Exhibit Reference

RAD-48 Attachment B P 1 RAD-48 Attachment B P 1 RAD-48 Attachment B P 1 RAD-48 Attachment B P 2

RAD-53 Attachment A P 5-6

RAD-48 Attachment B P 3 RAD-48 Attachment B P 2

Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/1/15 to 12/31/15
 Plant-In-Service

Acct No	Description	Balance 1/1/15 (1)	Actual Activity			Balance 12/31/15 (5)	Adjustments (6)	Adjusted Balance 12/31/15 (7)
			Additions (2)	Retirements (3)	Transfers/ Adjustments (4)			
NONDEPRECIABLE PLANT								
Intangible Plant								
301	Organization	\$ 34,666	\$ -	\$ -	\$ -	\$ 34,666	\$ -	\$ 34,666
302	Franchise And Consents	343,099	-	(36,382)	-	306,717	-	306,717
	Total Intangible Plant	\$ 377,765	\$ -	\$ (36,382)	\$ -	\$ 341,382	\$ -	\$ 341,382
Land								
350.11	Transmission Substations	\$ 2,254,800	\$ -	\$ -	\$ 26,425	\$ 2,281,226	\$ (2,281,026)	\$ -
350.21	Transmission Lines	552,329	-	-	-	552,329	(552,329)	-
360.11	Distribution Substations	1,542,536	-	-	(26,425)	1,516,111	-	1,516,111
360.21	Distribution Lines	182,881	-	-	-	182,881	-	182,881
389.1	General	1,384,075	-	-	-	1,384,075	(269,895)	1,114,181
	Total Land	\$ 5,916,421	\$ -	\$ -	\$ -	\$ 5,916,421	\$ (3,103,249)	\$ 2,813,172
	TOTAL NON-DEPRECIABLE PLANT	\$ 6,294,186	\$ -	\$ (36,382)	\$ -	\$ 6,257,804	\$ (3,103,249)	\$ 3,154,554
INTANGIBLE PLANT								
303	Misc. Intangible Plant	\$ 42,789,421	\$ 7,288,736	\$ -	\$ (766,368)	\$ 49,311,789	\$ (9,615,799)	\$ 39,695,990
303	Smart Meter Software	2,210,659	7,803,977	-	643,896	10,658,331	-	10,658,331
	TOTAL INTANGIBLE PLANT	\$ 45,000,080	\$ 15,092,713	\$ -	\$ (122,672)	\$ 59,970,120	\$ (9,615,799)	\$ 50,354,321
NUCLEAR PRODUCTION								
326	Nuclear Production	\$ 15,628,317	\$ -	\$ -	\$ -	\$ 15,628,317	\$ (15,628,317)	\$ -
	TOTAL NUCLEAR PRODUCTION	\$ 15,628,317	\$ -	\$ -	\$ -	\$ 15,628,317	\$ (15,628,317)	\$ -
TRANSMISSION PLANT								
350.12	TRANSMISSION PLANT	\$ 333,940	\$ -	\$ -	\$ 774	\$ 334,713	\$ (334,713)	\$ -
350.22	Easements - Trans. Subs	12,283,124	-	-	-	12,283,124	(12,283,124)	-
352	Structures, Improvements	8,426,487	106,226	(7,879)	1,229,413	9,754,247	(9,754,247)	-
353	Station Equipment	191,590,099	18,861,117	(903,175)	18,120,499	227,668,540	(227,668,540)	-
354	Towers And Fixtures	29,020,091	18,316	(133,482)	618,960	29,523,886	(29,523,886)	-
355	Poles And Fixtures	111,670,210	29,620,938	(1,432,945)	(356,113)	139,502,091	(139,502,091)	-
356.1	Overhd Conductr, Devices	125,825,500	2,037,957	(1,117,205)	(260,662)	126,485,591	(126,485,591)	-
356.2	Clearing, Grading of Land	41,732,315	64,707	-	108,694	41,905,917	(41,905,917)	-
358	Undergmd Conductr,Devices	547,141	87,248	62,814	(127,274)	569,929	(569,929)	-
359	Roads And Trails	-	-	-	-	-	-	-
359.1	ARC Transmission	6,989	-	-	-	6,989	(6,989)	-
	TOTAL TRANSMISSION PLANT	\$ 521,435,896	\$ 50,796,510	\$ (3,531,871)	\$ 19,334,491	\$ 588,035,026	\$ (588,035,026)	\$ -
DISTRIBUTION PLANT								
360.12	Easements - Dist. Subs	\$ (518,763)	\$ -	\$ -	\$ 618,763	\$ -	\$ -	\$ -
360.22	Easements - Dist. Lines	16,174,905	-	-	(620,192)	15,554,713	-	15,554,713
361	Structures, Improvements	15,564,588	128,367	(21,038)	(709,424)	14,960,493	-	14,960,493
362	Station Equipment	260,930,282	9,870,950	(866,016)	(12,478,144)	257,657,072	-	257,657,072
364	Poles, Towers And Fixtures	492,031,102	14,407,396	(379,588)	(1,590,900)	504,468,009	-	504,468,009
365	Overhd Conductr, Devices	655,887,202	22,948,462	(5,002,510)	(1,226,050)	672,608,103	-	672,608,103
365.1	Clearing, Grading of Land	148,290,804	6,160,290	-	4,095,735	158,546,829	-	158,546,829
366	Underground Conduit	36,722,533	184,155	(10,285)	12,260	36,908,664	-	36,908,664
367	Undergmd Conductr,Devices	155,644,145	8,255,322	(1,096,662)	656,111	163,458,917	-	163,458,917
368	Line Transformers	365,080,781	7,293,021	(1,938,650)	214,441	370,649,594	-	370,649,594
369	Services	74,239,788	2,448,260	397,377	(2,438,897)	74,646,528	-	74,646,528
369.1	Underground Services	45,905,475	-	-	2,001,576	47,907,050	-	47,907,050
370	Meters	75,177,689	6,818,806	(1,746,582)	(80,249,994)	-	-	-
370.1	Smart Grid Meters 10 yr	-	65,507	-	-	65,507	-	65,507
370.2	Smart Meters non classified 15 yr	1,594,565	1,226,204	(3,145)	748,584	3,568,207	-	3,568,207
370.2	Smart Meters Commercial 15 yr	921	2,391,413	-	556,099	2,948,433	-	2,948,433
370.2	Smart Meters Industrial 15yr	-	2,460	-	101	2,561	-	2,561
370.2	Smart Meters Residential 15yr	414	7,536,454	-	823,115	8,359,984	-	8,359,984
370.2	Smart Meters Infra Structure 15 yr	-	691,817	(4,903)	-	686,914	-	686,914
371	Inst. On Cust. Prem.	29,458,372	246,222	(518,264)	(43,016)	29,143,314	-	29,143,314
372	Leased Property Cust Premis	198,655	-	-	-	198,655	-	198,655
373.1	Street Light - Oh, Ug Lines	37,425,586	2,024,860	(1,870,368)	(218,075)	37,362,003	9,568,249	46,931,252
374	ARC Distribution	80,653	-	-	-	80,653	(80,653)	-
	TOTAL DISTRIBUTION PLANT	\$ 2,409,789,696	\$ 92,701,047	\$ (12,860,634)	\$ (89,847,906)	\$ 2,399,782,203	\$ 9,488,596	\$ 2,409,270,799
GENERAL PLANT								
389.2	Easements	\$ 21,378	\$ -	\$ -	\$ -	\$ 21,378	\$ (4,169)	\$ 17,209
390.1	Structures, Improvements	54,468,715	1,176,365	(16,838)	-	55,628,243	(10,847,507)	44,780,735
390.2	Clearing, Grading of Land	7,278,486	-	-	-	7,278,486	(1,419,305)	5,859,182
390.3	Strut Imprvr, Loacohold Imp	18,349	-	-	-	18,349	(3,578)	14,771
391.1	Office Furn., Mech. Equip.	5,895,473	30,644	(225,559)	2,863	5,503,420	(1,073,167)	4,430,253
391.15	Office Machines	1,718,128	-	-	-	1,718,128	(335,035)	1,383,093
391.3	Computers	2,284,351	847,496	(412,031)	-	2,719,817	(530,364)	2,189,452
391.25	Data Proc Smart Meters	5,227,727	6,217,731	(181,965)	(2,457,711)	8,805,782	-	8,805,782
392	Transportation Equipment	3,410,070	129,528	(95,251)	-	3,444,347	(671,648)	2,772,700
393	Stores Equipment	1,507,235	-	(23,351)	-	1,483,884	(289,357)	1,194,527
394	Tools, Shop, Garage Equip.	12,948,918	760,231	(372,528)	(27,530)	13,309,091	(2,595,273)	10,713,819
395	Laboratory Equipment	5,899,515	-	(199,442)	-	5,700,074	(1,111,514)	4,588,559
396	Power Operated Equipment	5,150,018	47,899	(157,202)	(24,238)	5,016,477	(978,213)	4,038,264
397	Communication Equipment	32,579,549	715,191	(778,707)	43,670	32,559,704	(15,273,757)	17,285,947
398	Misc. Equipment	3,354,795	302,286	(122,036)	(11,322)	3,523,722	(687,126)	2,836,597
399.1	ARC General Plant	321,852	-	-	-	321,852	(321,852)	-
	TOTAL GENERAL PLANT	\$ 141,884,560	\$ 10,227,371	\$ (2,584,909)	\$ (2,474,267)	\$ 147,052,755	\$ (36,141,866)	\$ 110,910,889
	TOTAL	\$ 3,140,032,736	\$ 168,817,641	\$ (19,013,796)	\$ (73,110,355)	\$ 3,216,726,226	\$ (643,035,661)	\$ 2,573,690,564

Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/1/15 to 12/31/15
 Book Reserves

Acct No	Description	Balance 1/1/15 (1)	Actual Activity			Balance 12/31/15 (5)	Adjustments (6)	Adjusted Balance 12/31/15 (7)
			Accruals (2)	Retirements (3)	Transfers/ Adjustments (4)			
INTANGIBLE PLANT								
302	Franchise & Cons	\$ 4,818	\$ -	\$ (36,382)	\$ 31,564	\$ (0)	\$ -	(0)
303	Misc. Intangible Plant	31,431,394	3,437,297	-	(346,163)	34,522,529	(6,731,893)	27,790,635
303	Smart Meter Software	-	624,373	-	314,150	938,523	-	938,523
	TOTAL INTANGIBLE PLANT	\$ 31,436,213	\$ 4,061,670	\$ (36,382)	\$ (449)	\$ 35,461,052	\$ (6,731,893)	\$ 28,729,159
TRANSMISSION PLANT								
350.1	Trans Easement subs	\$ 88,512	\$ 6,158	\$ -	\$ (9,616)	\$ 85,054	\$ (85,054)	\$ -
350.1	Trans Easement lines	5,691,939	226,009	-	-	5,917,949	(5,917,949)	-
352	Structures/improve	4,227,458	315,191	(7,879)	203,257	4,738,027	(4,738,027)	-
353	Station Equipment	67,562,223	4,064,834	(903,175)	2,603,454	73,327,335	(73,327,335)	-
354	Towers & fixtures	19,683,135	513,467	(133,482)	(283,367)	19,779,753	(19,779,753)	-
355	Poles & fixtures	30,320,050	3,280,170	(1,432,945)	(1,334,881)	30,832,395	(30,832,395)	-
356	Overhead Conductor	57,956,644	1,785,515	(1,117,205)	(221,600)	58,403,354	(58,403,354)	-
35610	Clearing & R/W	8,680,147	615,178	-	(68,989)	9,226,335	(9,226,335)	-
358	Underground Conducto	(33,001)	22,979	62,814	(5,049)	47,743	(47,743)	-
359	Roads And Trails	-	-	-	-	-	-	-
359.1	TXM SUB ARC	4,296	168	-	-	4,464	(4,464)	-
	TOTAL TRANSMISSION PLANT	\$ 194,181,403	\$ 10,829,668	\$ (3,531,871)	\$ 883,209	\$ 202,362,409	\$ (202,362,409)	\$ -
DISTRIBUTION PLANT								
360.1	Dist Easement subs	\$ (106,488)	\$ (5,266)	\$ -	\$ 111,754	\$ (0)	\$ -	\$ (0)
360.1	Dist Easement lines	9,962,982	137,487	-	(100,652)	9,999,817	-	9,999,817
361	Structures/improve	9,078,060	167,128	(21,038)	(442,310)	8,781,840	-	8,781,840
362	Station Equipment	98,997,864	4,797,279	(666,016)	(4,748,858)	98,380,270	-	98,380,270
364	Poles towers Fixture	152,208,394	10,480,943	(379,588)	(3,224,824)	159,084,925	-	159,084,925
365	Overhead Conductors	141,154,978	15,774,958	(5,002,510)	(4,876,735)	147,050,690	-	147,050,690
36510	Clearing & R/W	18,253,264	2,097,668	-	(9,684)	20,341,248	-	20,341,248
366	Underground Conduit	16,789,151	457,864	(10,285)	(4,556)	17,232,173	-	17,232,173
367	Underground Conducto	60,919,532	3,973,577	(1,096,662)	(847,424)	62,949,022	-	62,949,022
368	Line Transformers	128,311,968	8,173,703	(1,938,650)	(779,857)	133,767,164	-	133,767,164
369	Services	27,718,784	3,000,990	397,377	(1,923,138)	29,194,013	-	29,194,013
36910	Undgmd Services	27,515,256	460,244	-	-	27,975,500	-	27,975,500
370	Meters	12,301,497	4,190,387	(1,746,582)	(14,745,302)	-	-	-
370.1	Smart Grid Meters 10 yr	-	6,278	-	-	6,278	-	6,278
370.2	Smart Meters non classifi	67,511	224,672	(3,145)	(71,709)	217,329	-	217,329
370.2	Smart Meters Commercial	15	78,205	-	25,270	103,490	-	103,490
370.2	Smart Meters Industrial 15	-	25	-	8	32	-	32
370.2	Smart Meters Residential	1	451,908	-	(201,445)	250,464	-	250,464
370.2	Smart Meters Infra Struct	-	6,436	(4,903)	(165)	1,367	-	1,367
371	Inst on cust prem	19,874,003	849,861	(518,264)	(410,567)	19,795,032	-	19,795,032
372	Leased Prop Cust Pre	192,735	179	-	-	192,914	-	192,914
373	Street lighting	8,506,555	2,422,565	(1,870,368)	(726,744)	8,332,009	-	8,332,009
374	DIST SUB ARC	60,514	2,504	-	-	63,018	(63,018)	-
	TOTAL DISTRIBUTION PLANT	\$ 731,806,576	\$ 57,749,593	\$ (12,860,634)	\$ (32,976,939)	\$ 743,718,595	\$ (63,018)	\$ 743,655,577
GENERAL PLANT								
38920	Land Rights	\$ 12,442	\$ 267	\$ -	\$ -	\$ 12,709	\$ (2,478)	\$ 10,231
39010	Structures All Oth	28,120,649	1,194,498	(16,838)	(1,335,006)	27,963,304	(5,452,844)	22,510,459
39020	Land/Yard Improvem	4,918,672	146,036	-	(401,028)	4,663,680	(909,418)	3,754,262
39030	Transferred LH	1,476	917	-	-	2,393	(467)	1,927
39110	Office furniture	5,667,559	169	(225,559)	-	5,442,169	(1,061,223)	4,380,946
39115	Office Machines	1,718,154	-	-	-	1,718,154	(335,040)	1,383,114
39125	Data Proc Smart M	524,019	1,160,862	(181,965)	-	1,502,916	(293,069)	1,209,847
39130	Personal Computers	1,241,549	538,927	(412,031)	-	1,368,445	(266,847)	1,101,599
392	Transportation equip	1,970,832	221,122	(95,251)	6,242	2,102,945	(410,074)	1,692,871
393	Stores equipment	1,506,649	-	(23,351)	-	1,483,298	(289,243)	1,194,055
394	Tools shop garage	7,152,253	607,128	(372,528)	(1,705)	7,385,149	(1,440,104)	5,945,045
395	Laboratory equip	5,899,514	-	(199,442)	-	5,700,072	(1,111,514)	4,588,558
396	Power operated equip	4,785,542	(6,079)	(157,202)	(240,958)	4,381,303	(854,354)	3,526,949
397	Communication equip	22,597,303	847,205	(778,707)	(156,021)	22,509,780	(10,559,338)	11,950,442
398	Miscellaneous equip	3,140,518	15,961	(122,036)	-	3,034,443	(591,716)	2,442,727
399	General ARC	206,974	8,206	-	-	215,180	(215,180)	-
	TOTAL GENERAL PLANT	\$ 89,464,104	\$ 4,735,220	\$ (2,584,908)	\$ (2,128,477)	\$ 89,485,939	\$ (23,792,909)	\$ 65,693,030
NUCLEAR PRODUCTION								
326	TM#2 ARC	\$ 15,628,317	\$ -	\$ -	\$ -	\$ 15,628,317	\$ (15,628,317)	\$ -
	TOTAL	\$ 1,062,516,613	\$ 77,376,152	\$ (19,013,796)	\$ (34,222,657)	\$ 1,086,656,312	\$ (248,578,547)	\$ 838,077,766

Pennsylvania Electric Company
 Original Cost - Plant and Depreciation Reserves
 Activity Updated from 1/1/15 to 12/31/15
 Target Reserve

Acct No	Description	Balance 1/1/15 (1)	Actual Activity			Balance 12/31/15 (5)	Adjustments (6)	Adjusted Balance 12/31/15 (7)
			Accruals (2)	Retirements (3)	Transfers/ Adjustments (4)			
INTANGIBLE PLANT								
302	Franchise & Cons	\$ -	\$ -	\$ (36,382)	\$ 36,382	\$ (0)	\$ -	\$ (0)
303	Misc. Intangible Plant	31,737,260	6,525,874	-	(36,382)	38,226,752	(7,454,217)	30,772,535
303	Smart Meter Software	-	965,481	-	-	965,481	-	965,481
TOTAL INTANGIBLE PLANT		\$ 31,737,260	\$ 7,491,355	\$ (36,382)	\$ -	\$ 39,192,233	\$ (7,454,217)	\$ 31,738,016
TRANSMISSION PLANT								
350.12	Easements - Trans. Subs	\$ 7,329,937	\$ 6,326	\$ -	\$ -	\$ 7,336,263	\$ (7,336,263)	\$ -
350.12	Easements - Trans. Lines	-	232,151	-	-	232,151	(232,151)	-
352.1	Structures, Improvements	3,243,581	121,313	(7,879)	-	3,357,015	(3,357,015)	-
353	Station Equipment	49,397,489	4,133,233	(903,175)	-	52,627,547	(52,627,547)	-
354	Towers And Fixtures	14,894,921	266,233	(133,482)	-	15,027,672	(15,027,672)	-
355	Poles And Fixtures	25,156,868	2,896,927	(1,432,945)	-	26,620,850	(26,620,850)	-
356.1	Overhd Conductr, Devices	47,691,876	1,890,378	(1,117,205)	-	48,465,049	(48,465,049)	-
356.2	Clearing, Grading of Land	8,018,530	573,668	-	-	8,592,198	(8,592,198)	-
358	Undergrmd Conductr, Devices	35,433	16,381	62,814	-	114,628	(114,628)	-
359	Roads And Trails	-	-	-	-	-	-	-
359.1	ARC Transmission	-	168	-	-	168	(168)	-
TOTAL TRANSMISSION PLANT		\$ 155,768,635	\$ 10,136,778	\$ (3,531,871)	\$ -	\$ 162,373,542	\$ (162,373,542)	\$ -
DISTRIBUTION PLANT								
360.12	Easements - Dist. Subs.	\$ 7,992,293	\$ -	\$ -	\$ -	\$ 7,992,293	\$ -	\$ 7,992,293
360.12	Easements - Dist. Lines	-	143,103	-	-	143,103	-	143,103
361.1	Structures, Improvements	6,165,315	155,041	(21,038)	-	6,299,318	-	6,299,318
362	Station Equipment	73,088,355	4,805,594	(666,016)	-	77,027,933	-	77,027,933
364	Poles, Towers And Fixtures	117,702,962	9,750,100	(379,588)	-	127,073,474	-	127,073,474
365	Overhd Conductr, Devices	126,267,544	15,794,504	(5,002,510)	-	137,059,538	-	137,059,538
365.1	Clearing, Grading of Land	14,859,574	2,269,814	-	-	17,129,388	-	17,129,388
366	Underground Conduit	13,385,379	541,279	(10,285)	-	13,916,373	-	13,916,373
367	Undergrmd Conductr, Devices	49,011,978	3,805,134	(1,096,662)	-	51,720,450	-	51,720,450
368	Line Transformers	94,817,008	10,340,025	(1,938,650)	-	103,218,383	-	103,218,383
369	Services	19,631,719	1,398,573	397,377	-	21,427,669	-	21,427,669
369.1	Underground Conduit	14,690,704	632,373	-	-	15,323,077	-	15,323,077
370	Meters	-	-	-	-	-	-	-
370.1	Smart Grid Meters 10 yr	84,536	3,275	-	-	87,811	-	87,811
370.2	Smart Meters non classified 15 yr	-	197,144	(3,145)	-	193,999	-	193,999
370.2	Smart Meters Commercial 15 yr	-	116,907	-	-	116,907	-	116,907
370.2	Smart Meters Industrial 15yr	-	89	-	-	89	-	89
370.2	Smart Meters Residential 15yr	-	306,270	-	-	306,270	-	306,270
370.2	Smart Meters Infra Structure 15 yr	-	22,909	(4,903)	-	18,006	-	18,006
371	Inst. On Cust. Prem.	11,248,507	606,082	(518,264)	-	11,336,325	-	11,336,325
372	Leased Property Cust Premis	114,790	219	-	-	115,009	-	115,009
373	Street Light - Oh, Ug Lines	10,250,497	2,281,827	(1,870,368)	-	10,661,956	-	10,661,956
374	ARC Distribution	60,514	2,504	-	-	63,018	(63,018)	-
TOTAL DISTRIBUTION PLANT		\$ 559,371,675	\$ 52,972,766	\$ (11,114,053)	\$ -	\$ 601,230,388	\$ (63,018)	\$ 601,167,370
GENERAL PLANT								
389.2	Easements	\$ 10,780	\$ 306	\$ -	\$ -	\$ 11,086	\$ (2,162)	\$ 8,924
390.1	Structures, Improvements	21,523,844	1,420,251	(16,838)	-	22,927,257	(4,470,815)	18,456,442
390.2	Clearing, Grading of Land	3,451,770	141,203	-	-	3,592,973	(700,630)	2,892,343
390.3	Struct Imprv, Leasehold Imp	-	-	-	-	-	-	-
391.1	Office Furn. & Equip.	5,243,784	3,361	(225,559)	-	5,021,586	(979,209)	4,042,376
391.15	Office Machines	1,716,789	-	-	-	1,716,789	(334,774)	1,382,015
391.3	Personal Computers	1,394,592	638,282	(181,965)	-	1,850,909	(360,927)	1,489,982
391.25	Data Proc Smart Meters	526,675	1,157,580	(412,031)	-	1,272,224	-	1,272,224
392	Transportation Equipment	1,714,646	122,351	(95,251)	-	1,741,746	(339,640)	1,402,106
393	Stores Equipment	1,341,034	-	(23,351)	-	1,317,683	(256,948)	1,060,735
394	Tools, Shop, Garage Equip.	7,917,299	574,448	(372,528)	-	8,119,219	(1,583,248)	6,535,971
395	Laboratory Equipment	5,726,371	-	(199,442)	-	5,526,929	(1,077,751)	4,449,178
396	Power Operated Equipment	2,550,811	37,526	(157,202)	-	2,431,135	(474,071)	1,957,064
397	Communication Equipment	22,396,318	984,262	(778,707)	-	22,601,873	(10,602,539)	11,999,335
398	Misc. Equipment	2,962,526	31,246	(122,036)	-	2,871,736	(559,989)	2,311,747
399.1	ARC General Plant	206,974	8,206	-	-	215,180	(215,180)	-
TOTAL GENERAL PLANT		\$ 78,684,213	\$ 5,119,022	\$ (2,584,908)	\$ -	\$ 81,218,327	\$ (21,957,883)	\$ 59,260,443
TOTAL		\$ 825,561,783	\$ 75,719,921	\$ (17,267,214)	\$ -	\$ 884,014,490	\$ (191,848,660)	\$ 692,165,830

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT V-A-3:

“Provide supporting schedules which indicate the procedures and calculations employed to develop the original cost plant and applicable reserves to the test year end as submitted in the current proceeding.”

RESPONSE:

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7, Exhibit JJS-6.

PENNSYLVANIA ELECTRIC COMPANY

Original Cost Plant and Reserve and Accrual Rate Adjustments for Rate Case Purposes
(Fully Projected Future Test Year)

FILING REQUIREMENT V-A-4:

“Provide a schedule showing details of rate case adjustments.”

RESPONSE:

This response provides original cost plant and reserve adjustments for rate case purposes at 12/31/17, the fully projected future test year. This information is in support of Penelec Exhibit RAD-46 Attachment B.

The following provides details for plant and reserve adjustment items:

1. Asset Retirement Costs: No claim is being made for the Asset Retirement Costs related to the implementation of Statement of Financial Accounting Standards Statement 143 and FIN 47, Accounting for Conditional Asset Retirement Obligations. The Plant in Service was reduced by \$16,037,811, budgeted book and the calculated reserve have been reduced by \$15,932,734 and \$300,120 respectively.
2. FERC Transmission Plant was removed because it is non-jurisdictional. Transmission Plant in Service was reduced by \$15,451,192 and the budgeted book and calculated reserve accruals were reduced by \$6,467,339 and \$8,035,274 respectively.
3. A portion of Intangible Plant associated with the FERC Transmission Plant was removed. Intangible Plant in Service was reduced by \$11,125,302, Intangible Plant book reserves were reduced by \$8,210,481 and Intangible Plant calculated reserves were reduced by \$10,439,042.
4. A portion of General Plant associated with FERC Transmission Plant was removed. General Plant in Service was reduced by \$30,040,911, General Plant book reserves were reduced by \$16,969,140 and General Plant calculated reserves were reduced by \$24,721,294.
5. LED Streetlight plant in service was increased by \$9,569,249 in accordance with the latest work plan. No corresponding book reserves or calculated reserves were included.

PENNSYLVANIA ELECTRIC COMPANY

Original Cost Plant and Reserve and Accrual Rate Adjustments for Rate Case Purposes
(Future Test Year)

FILING REQUIREMENT V-A-4:

“Provide a schedule showing details of rate case adjustments.”

RESPONSE:

This response provides original cost plant and reserve adjustments for rate case purposes at 12/31/2016, the future test year. This information is in support of Penelec Exhibit RAD-47 Attachment B.

The following provide detail for plant and reserve adjustment items:

1. Asset Retirement Costs: No claim is being made for the Asset Retirement Costs related to the implementation of Statement of Financial Accounting Standards Statement 143 and FIN 47, Accounting for Conditional Asset Retirement Obligations. The Plant in Service was reduced by \$16,037,811, budgeted book and calculated reserve have been reduced by \$15,921,857 and \$289,243 respectively.
2. FERC Transmission Plant was removed because it is non-jurisdictional. Transmission Plant in Service was reduced by \$613,573,388 and the budgeted book and calculated reserve accruals were reduced by \$207,633,313 and \$169,935,988 respectively.
3. A portion of Intangible Plant associated with the FERC Transmission Plant was removed. Intangible Plant in Service was reduced by \$10,516,962, the book reserves were reduced by \$7,234,271 and the calculated reserves were reduced by \$8,892,702.
4. A portion of General Plant associated with FERC Transmission Plant was removed. General Plant in Service was reduced by \$37,777,587, General Plant book reserves were reduced by \$24,128,041 and General Plant calculated reserves were reduced by \$22,985,477.
5. LED Streetlight plant in service was increased by \$9,569,249 in accordance with the latest work plan. No corresponding book reserves or calculated reserves were included.

PENNSYLVANIA ELECTRIC COMPANY

Original Cost Plant and Reserve and Accrual Rate Adjustments for Rate Case Purposes
(Historical Test Year)

FILING REQUIREMENT V-A-4:

“Provide a schedule showing details of rate case adjustments.”

RESPONSE:

This response provides original cost plant and reserve adjustments for rate case purposes at 12/31/2015, the historical test year. This information is in support of Penelec Exhibit RAD-48 Attachment B.

The following provide detail for plant and reserve adjustment items:

1. Asset Retirement Costs: No claim is being made for the Asset Retirement Costs related to the implementation of Statement of Financial Accounting Standards Statement 143 and FIN 47, Accounting for Conditional Asset Retirement Obligations. The Plant in Service was reduced by \$16,037,811, budgeted book and calculated reserve have been reduced by \$15,910,980 and \$278,366 respectively.
2. FERC Transmission Plant was removed because it is non-jurisdictional. Transmission Plant in Service was reduced by \$590,861,392 and the budgeted book and calculated reserve accruals were reduced by \$202,357,945 and \$162,373,374 respectively.
3. A portion of Intangible Plant associated with the FERC Transmission Plant was removed. Intangible Plant in Service was reduced by \$9,615,799, the book reserves were reduced by \$6,731,893 and calculated reserves were reduced by \$7,454,217.
4. A portion of General Plant associated with FERC Transmission Plant was removed. General Plant in Service was reduced by \$36,089,908, General Plant book reserves were reduced by \$23,577,729 and General Plant calculated reserves were reduced by \$21,742,703.
5. LED Streetlight plant in service was increased by \$9,569,249 in accordance with the latest work plan. No corresponding book reserves or calculated reserves were included.

PENNSYLVANIA ELECTRIC COMPANY

Annual Depreciation Review on Capital Plant Investments

FILING REQUIREMENT V-B-2

“Supply a schedule by account or by depreciable group showing the survivor curve or interim survivor curve or interim survivor curve and annual accrual rate estimated to be appropriate:

- a. For the purpose of this filing
- b. For the purposes of the most recent filing prior to the current proceeding.
- c. Supply an explanation for any major change in annual accrual rate by account or by depreciable group
- d. Supply a comprehensive statement of major changes in depreciation methods, procedures and techniques and the effect of the changes upon accumulated and annual depreciation, if any.”

FILING REQUIREMENT V-C-1

“Where the retirement rate actuarial method of mortality is utilized, set forth representative examples including charts depicting the observed and estimated survivor curves and a tabular presentation of the observed and estimated life tables plotted on the chart. Other analysis results shall be subject to request.”

FILING REQUIREMENT V-D Item 2

“Provide representative examples of detail calculations by vintage at account or at a more detailed level, as performed for those purposes. Other vintage detail calculations shall be subject to request.”

FILING REQUIREMENT V-E

“Provide a description of depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of significant factors which were considered in arriving at estimates of service life and forecast retirements by facilities, accounts or sub-accounts as applicable.”

RESPONSE:

V-B-2

- a. See Penelec Exhibit RAD-53 Attachment A for the accrual expenses. Pages 1 and 2 show the accrual expense for the fully projected future test year, pages 3 and 4 show the accrual expense for the future test year, and pages 5 and 6 show the accrual expense for the historical test year.
- b. See Penelec Exhibit RAD-53 Attachment B for the accrual expenses from the Company's last base rate case. Pages 1 and 2 show the accrual expense for the fully projected future test year, twelve months ended April 30, 2016; pages 3 and 4 show the accrual expense for the future test year, twelve months ended March 31, 2015 and pages 5 and 6 show the accrual expense for the historical test year, twelve months ended March 31, 2014.
- c. See the direct testimony of John J. Spanos, Penelec Statement No. 7, Exhibit JJS-8.
- d. See the direct testimony of John J. Spanos, Penelec Statement No. 7, Exhibit JJS-8.

V-C

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7, Exhibit JJS-9

V-D

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7, Exhibit JJS-11.

V-E

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7, Exhibit JJS-12.

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 Activity Updated from January 2017 to December 2017

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>INTANGIBLE PLANT</u>				
303	Miscellaneous Intangible Plant	\$ 45,927,531	14.29%	\$ 6,563,044
303	Smart Meters	22,214,396	14.29%	3,174,437
	TOTAL INTANGIBLE PLANT	\$ 68,141,927	14.29%	\$ 9,737,481
<u>TRANSMISSION PLANT</u>				
TRANSMISSION PLANT				
350.12	Land Rights - subs	\$ -	1.84%	\$ -
350.22	Land Rights-lines	-	1.84%	-
352	Structures	11,320	0.48%	54
352.2	Clearing Costs	1,072,913	0.48%	5,150
353	Station Equipment	-	2.67%	-
354	Towers and Fixtures	129,938	0.00%	-
355	Poles and Fixtures	284,737	1.95%	5,552
356	Overhead Conductors	(412,746)	2.08%	(8,585)
356.1	Clearing Costs	14,919	1.43%	213
358	Underground Conductors	-	3.17%	-
	TOTAL TRANSMISSION PLANT	\$ 1,101,082	0.22%	\$ 2,384
<u>DISTRIBUTION PLANT</u>				
360.12	Land Rights - subs	\$ -	0.90%	\$ -
360.22	Land Rights-lines	15,554,713	0.90%	139,992
361.1	Structures	15,230,142	1.04%	158,393
362	Station Equipment	268,119,836	1.77%	4,745,721
364	Poles, Towers and Fixtures	544,086,308	1.99%	10,827,318
365	Overhead Conductors	747,282,945	2.30%	17,187,508
365.1	Clearing Costs	158,546,829	1.48%	2,346,493
366	Underground Conduit	36,985,677	1.43%	528,895
367	Underground Conductors	179,326,995	2.38%	4,267,982
368	Line Transformers	394,487,521	2.71%	10,690,612
369	Overhead Services	77,569,085	1.74%	1,349,702
369.1	Underground Services	47,907,050	1.28%	613,210
370	Meters	-	0.00%	-
370	Smart Grid Meters 10 yr	65,507	10.00%	6,551
370	Smart Meters non classified 15 yr	88,543,614	6.67%	5,905,859
370	Smart Meters Com 15 yr	2,948,433	6.67%	196,661
370	Smart Meters Ind 15 yr	2,561	6.67%	171
370	Smart Meters Residencial 15 yr	8,359,984	6.67%	557,611
370	Smart Meters Infra St	686,914	6.67%	45,817
371	Installed on Customer Premises	29,143,314	1.75%	510,008
372	Leased Property Customer Premise	198,655	0.11%	219
373	Street Lighting & Signal Systems	51,420,969	5.27%	2,709,885
	TOTAL DISTRIBUTION PLANT	\$ 2,666,467,052	2.35%	\$ 62,788,608

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 Activity Updated from January 2017 to December 2017

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>GENERAL PLANT</u>				
389.1	Land Rights	\$ 17,209	1.39%	\$ 239
390.1	Structures	48,606,906	2.80%	1,360,993
390.2	Clearing	5,859,182	1.85%	108,395
390.3	Struct Impr LH	14,771	0.00%	-
391.1	Office Furniture & Equipment	4,430,253	0.31%	13,734
391.15	Office Machines	1,383,093	0.00%	-
391.3	Personal Computers	2,189,452	26.92%	589,401
391.25	Data Processing Smart Meters	11,891,717	20.00%	2,378,343
392	Transportation	2,772,700	3.10%	85,954
393	Stores Equipment	1,194,527	0.01%	119
394	Tools, Shop, & Garage Equipment	10,713,819	5.13%	549,619
395	Laboratory Equipment	4,588,559	0.00%	-
396	Power Operated Equipment	4,038,264	0.69%	27,864
397	Communications Equipment	18,791,147	8.89%	1,670,533
398	Miscellaneous Equipment	2,836,597	2.63%	74,602
	TOTAL GENERAL PLANT	<u>\$ 119,328,195</u>	5.75%	<u>\$ 6,859,796</u>
	TOTAL	<u>2,855,038,255</u>	2.78%	<u>79,388,269</u>

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 Activity Updated from January 2016 to December 2016

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>INTANGIBLE PLANT</u>				
303	Miscellaneous Intangible Plant	\$ 43,416,176	14.29%	\$ 6,204,172
303	Smart Meters	15,724,215	14.29%	2,246,990
	TOTAL INTANGIBLE PLANT	\$ 59,140,391	14.29%	\$ 8,451,162
<u>TRANSMISSION PLANT</u>				
TRANSMISSION PLANT				
350.12	Land Rights - subs	\$ -	1.86%	\$ -
350.22	Land Rights-lines	-	1.86%	-
352	Structures	-	1.22%	-
353	Station Equipment	-	1.86%	-
354	Towers and Fixtures	-	0.88%	-
355	Poles and Fixtures	-	2.16%	-
356	Overhead Conductors	-	1.58%	-
356.1	Clearing Costs	-	1.40%	-
358	Underground Conductors	-	3.27%	-
359	Roads & Trails	-	-	-
	TOTAL TRANSMISSION PLANT	\$ -		\$ -
<u>DISTRIBUTION PLANT</u>				
360.12	Land Rights - subs	\$ -	0.92%	\$ -
360.22	Land Rights-lines	15,554,713	0.92%	143,103
361.1	Structures	15,095,670	1.04%	156,995
362	Station Equipment	262,971,227	1.79%	4,707,185
364	Poles, Towers and Fixtures	524,701,749	1.98%	10,389,095
365	Overhead Conductors	710,690,196	2.34%	16,630,151
365.1	Clearing Costs	158,546,829	1.47%	2,330,638
366	Underground Conduit	36,952,057	1.45%	535,805
367	Underground Conductors	171,528,245	2.38%	4,082,372
368	Line Transformers	382,800,620	2.76%	10,565,297
369	Overhead Services	76,110,262	1.79%	1,362,374
369.1	Underground Services	47,907,050	1.30%	622,792
370	Meters	-	0.00%	-
370.1	Smart Grid Meters 10 yr	65,507	10.00%	6,551
370.2	Smart Meters non classified 15 yr	46,339,023	6.67%	3,090,813
370.2	Smart Meters Commercial 15 yr	2,948,433	6.67%	196,661
370.2	Smart Meters Industrial 15yr	2,561	6.67%	171
370.2	Smart Meters Residencial 15yr	8,359,984	6.67%	557,611
370.2	Smart Meters Infra Structure 15 yr	686,914	6.67%	45,817
371	Installed on Customer Premises	29,143,314	1.90%	553,723
372	Leased Property Customer Premisise	198,655	0.11%	219
373	Street Lighting & Signal Systems	49,178,571	5.66%	2,783,507
	TOTAL DISTRIBUTION PLANT	\$ 2,539,781,580	2.31%	\$ 58,760,880

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 Activity Updated from January 2016 to December 2016

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>GENERAL PLANT</u>				
389.1	Land Rights	\$ 17,209	1.42%	\$ 244
390.1	Structures	48,342,118	2.84%	1,372,916
390.2	Clearing	5,859,182	1.90%	111,324
390.3	Struct Impr LH	14,771	0.00%	-
391.1	Office Furniture & Equipment	4,430,253	0.12%	5,316
391.15	Office Machines	1,383,093	0.00%	-
391.3	Personal Computers	2,189,452	18.98%	415,558
391.25	Data Processing Smart Meters	11,185,180	20.00%	2,237,036
392	Transportation	2,772,700	3.33%	92,331
393	Stores Equipment	1,194,527	0.01%	119
394	Tools, Shop, & Garage Equipment	10,713,819	4.85%	519,620
395	Laboratory Equipment	4,588,559	0.00%	-
396	Power Operated Equipment	4,038,264	0.71%	28,672
397	Communications Equipment	18,219,616	5.20%	947,420
398	Miscellaneous Equipment	2,836,597	1.47%	41,698
	TOTAL GENERAL PLANT	\$ 117,785,338	4.90%	\$ 5,772,254
	TOTAL	\$ 2,716,707,310	2.69%	\$ 72,984,296

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Historical Year from January 2015 to December 2015

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>INTANGIBLE PLANT</u>				
303	Miscellaneous Intangible Plant	\$ 39,695,990	14.29%	\$ 5,672,557
303	Smart Meters	10,658,331	14.29%	1,523,076
	TOTAL INTANGIBLE PLANT	\$ 50,354,321	14.29%	\$ 7,195,633
<u>TRANSMISSION PLANT</u>				
TRANSMISSION PLANT				
350.12	Land Rights - subs	\$ -	1.89%	\$ -
350.22	Land Rights-lines	-	1.89%	-
352	Structures	-	1.25%	-
353	Station Equipment	-	1.89%	-
354	Towers and Fixtures	-	0.90%	-
355	Poles and Fixtures	-	2.31%	-
356	Overhead Conductors	-	1.50%	-
356.1	Clearing Costs	-	1.37%	-
358	Underground Conductors	-	3.31%	-
359	Roads & Trails	-	0.00%	-
	TOTAL TRANSMISSION PLANT	\$ -		\$ -
<u>DISTRIBUTION PLANT</u>				
360.12	Land Rights - subs	\$ -	0.92%	\$ -
360.22	Land Rights-lines	15,554,713	0.92%	143,103
361.1	Structures	14,960,493	1.04%	155,589
362	Station Equipment	257,657,072	1.82%	4,689,359
364	Poles, Towers and Fixtures	504,468,009	1.96%	9,887,573
365	Overhead Conductors	672,608,103	2.38%	16,008,073
365.1	Clearing Costs	158,546,829	1.46%	2,314,784
366	Underground Conduit	36,908,664	1.47%	542,557
367	Underground Conductors	163,458,917	2.38%	3,890,322
368	Line Transformers	370,649,594	2.81%	10,415,254
369	Overhead Services	74,646,528	1.91%	1,425,749
369.1	Underground Services	47,907,050	1.32%	632,373
370	Meters	-	0.00%	-
370.1	Smart Grid Meters 10 yr	65,507	10.00%	6,551
370.2	Smart Meters non classified 15 yr	3,568,207	6.67%	237,999
370.2	Smart Meters Commercial 15 yr	2,948,433	6.67%	196,661
370.2	Smart Meters Industrial 15yr	2,561	6.67%	171
370.2	Smart Meters Residencial 15yr	8,359,984	6.67%	557,611
370.2	Smart Meters Infra Structure 15 yr	686,914	6.67%	45,817
371	Installed on Customer Premises	29,143,314	2.07%	603,267
372	Leased Property Customer Premisise	198,655	0.11%	219
373	Street Lighting & Signal Systems	46,931,252	6.12%	2,872,193
	TOTAL DISTRIBUTION PLANT	\$ 2,409,270,799	2.27%	\$ 54,625,225

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Historical Year from January 2015 to December 2015

Acct No	Description	Adjusted Depreciable Base	Accrual Rate Ave Remaining Life Basis	Accrual Expense Amount
		(1)	(2)	(3)
<u>GENERAL PLANT</u>				
389.1	Land Rights	\$ 17,209	1.43%	\$ 246
390.1	Structures	44,780,735	2.58%	1,155,343
390.2	Clearing	5,859,182	1.94%	113,668
390.3	Struct Impr LH	14,771	0.00%	-
391.1	Office Furniture & Equipment	4,430,253	0.06%	2,658
391.15	Office Machines	1,383,093	0.00%	-
391.3	Personal Computers	2,189,452	25.51%	558,529
391.25	Data Processing Smart Meters	8,805,782	20.00%	1,761,156
392	Transportation	2,772,700	3.57%	98,985
393	Stores Equipment	1,194,527	0.00%	-
394	Tools, Shop, & Garage Equipment	10,713,819	4.38%	469,265
395	Laboratory Equipment	4,588,559	0.00%	-
396	Power Operated Equipment	4,038,264	0.74%	29,883
397	Communications Equipment	17,285,947	3.02%	522,036
398	Miscellaneous Equipment	2,836,597	0.91%	25,813
	TOTAL GENERAL PLANT	\$ 110,910,889	4.27%	\$ 4,737,582
	TOTAL	\$ 2,570,536,010	2.59%	\$ 66,558,440

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Fully Future Test Year from May 2015 to April 2016

Acct No	Description	Adjusted Depreciable Base	Accrual Rate Ave Remaining Life Basis	Accrual Expense Amount
		(1)	(2)	(3)
INTANGIBLE PLANT				
303	Miscellaneous Intangible Plant	\$ 36,037,629	12.79%	\$ 4,609,213
303	Smart Meters	14,210,830	14.29%	2,030,728
	TOTAL INTANGIBLE PLANT	<u>\$ 50,248,459</u>	12.12%	<u>\$ 6,639,941</u>
TRANSMISSION PLANT				
TRANSMISSION PLANT				
350.12	Land Rights - subs	\$ -	1.56%	\$ -
350.22	Land Rights-lines	-	1.56%	-
352	Structures	-	1.38%	-
352.2	Clearing Costs	-	1.38%	-
353	Station Equipment	-	1.66%	-
354	Towers and Fixtures	-	1.13%	-
355	Poles and Fixtures	-	1.44%	-
356	Overhead Conductors	-	1.22%	-
356.1	Clearing Costs	-	1.22%	-
358	Underground Conductors	-	2.46%	-
359	Roads & Trails	-	0.00%	-
	TOTAL TRANSMISSION PLANT	<u>\$ -</u>		<u>\$ -</u>
DISTRIBUTION PLANT				
360.12	Land Rights - subs	\$ (618,763)	1.50%	\$ (9,281)
360.22	Land Rights-lines	16,267,360	1.50%	244,010
361.1	Structures	15,312,123	1.87%	286,337
361.2	Clearing Costs	239,550	1.87%	4,480
362	Station Equipment	279,230,564	1.49%	4,160,535
364	Poles, Towers and Fixtures	478,747,736	1.51%	7,229,091
365	Overhead Conductors	807,608,887	1.61%	13,002,503
365.1	Clearing Costs	138,517,859	1.51%	2,091,620
366	Underground Conduit	36,591,784	1.32%	483,012
367	Underground Conductors	150,342,846	2.86%	4,299,805
367.1	Clearing Costs	4,760	2.59%	123
368	Line Transformers	358,823,451	2.44%	8,755,292
369	Overhead Services	72,419,951	1.76%	1,274,591
369.1	Underground Services	45,905,474	2.49%	1,143,046
370	Meters	-	4.30%	-
370	Smart meters	11,558,909	6.67%	770,979
371	Installed on Customer Premises	29,595,633	2.64%	781,325
372	Leased Property Customer Premise	198,655	1.36%	2,702
373	Street Lighting & Signal Systems	36,315,340	3.81%	1,383,614
	TOTAL DISTRIBUTION PLANT	<u>\$ 2,477,062,118</u>	1.91%	<u>\$ 45,903,784</u>

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Fully Future Test Year from May 2015 to April 2016

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>GENERAL PLANT</u>				
389.1	Land Rights	\$ 37,755	3.34%	\$ 1,261
390.1	Structures	49,109,593	3.79%	1,861,254
390.2	Clearing	6,070,849	3.79%	230,085
390.3	Struct Impr LH	15,171	3.40%	516
391.1	Office Furniture & Equipment	4,880,034	0.00%	0
391.15	Office Machines	1,420,548	0.00%	0
391.3	Personal Computers	2,162,730	44.09%	953,548
391.25	Data Processing Smart Meters	10,050,315	20.00%	2,010,063
392	Transportation	2,890,532	3.51%	101,458
393	Stores Equipment	1,263,435	0.47%	5,938
394	Tools, Shop, & Garage Equipment	10,944,208	4.65%	508,906
395	Laboratory Equipment	5,034,373	0.14%	7,048
396	Power Operated Equipment	4,252,548	1.59%	67,616
397	Communications Equipment	16,698,378	2.63%	439,167
398	Miscellaneous Equipment	2,754,365	3.64%	100,259
	TOTAL GENERAL PLANT	\$ 117,584,835	4.59%	\$ 6,287,119
	TOTAL	\$ 2,644,895,412	2.10%	\$ 58,830,844

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Future Year from April 2014 to March 2015

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>INTANGIBLE PLANT</u>				
303	Miscellaneous Intangible Plant	\$ 35,526,006	12.79%	\$ 4,543,776
303	Smart Meters	2,366,650	14.29%	338,194
	TOTAL INTANGIBLE PLANT	\$ 37,892,656	11.99%	\$ 4,543,776
<u>TRANSMISSION PLANT</u>				
TRANSMISSION PLANT				
350.12	Land Rights - subs	\$ -	1.56%	\$ -
350.22	Land Rights-lines	-	1.56%	-
352	Structures	-	1.38%	-
352.2	Clearing Costs	-	1.38%	-
353	Station Equipment	-	1.66%	-
354	Towers and Fixtures	-	1.13%	-
355	Poles and Fixtures	-	1.44%	-
356	Overhead Conductors	-	1.22%	-
356.1	Clearing Costs	-	1.22%	-
358	Underground Conductors	-	2.46%	-
359	Roads & Trails	-	0.00%	-
	TOTAL TRANSMISSION PLANT	\$ -		\$ -

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Future Year from April 2014 to March 2015

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>DISTRIBUTION PLANT</u>				
360.12	Land Rights - subs	\$ (618,763)	1.50%	\$ (9,281)
360.22	Land Rights-lines	16,267,360	1.50%	244,010
361.1	Structures	15,312,123	1.87%	286,337
361.2	Clearing Costs	239,550	1.87%	4,480
362	Station Equipment	274,431,660	1.49%	4,089,032
364	Poles, Towers and Fixtures	478,747,736	1.51%	7,229,091
365	Overhead Conductors	724,019,806	1.61%	11,656,719
365.1	Clearing Costs	138,517,859	1.51%	2,091,620
366	Underground Conduit	36,591,784	1.32%	483,012
367	Underground Conductors	150,342,846	2.86%	4,299,805
367.1	Clearing Costs	4,760	2.59%	123
368	Line Transformers	358,823,451	2.44%	8,755,292
369	Overhead Services	72,419,951	1.76%	1,274,591
369.1	Underground Services	45,905,474	2.49%	1,143,046
370	Meters	-	4.30%	-
370	Smart meters	1,577,618	6.67%	105,227
371	Installed on Customer Premises	29,595,633	2.64%	781,325
372	Leased Property Customer Premise	198,655	1.36%	2,702
373	Street Lighting & Signal Systems	36,315,340	3.81%	1,383,614
	TOTAL DISTRIBUTION PLANT	\$ 2,378,692,843	1.84%	\$ 43,820,745
<u>GENERAL PLANT</u>				
389.1	Land Rights	\$ 17,675	3.34%	\$ 590
390.1	Structures	47,815,840	3.79%	1,812,220
390.2	Clearing	6,070,849	3.79%	230,085
390.3	Struct Impr LH	15,171	3.40%	516
391.1	Office Furniture & Equipment	4,880,034	0.00%	-
391.15	Office Machines	1,420,548	0.00%	-
391.3	Personal Computers	2,162,730	44.09%	953,548
391.25	Data Processing Smart Meters	6,863,821	20.00%	1,372,764
392	Transportation	2,890,532	3.51%	101,458
393	Stores Equipment	1,263,435	0.47%	5,938
394	Tools, Shop, & Garage Equipment	10,944,208	4.65%	508,906
395	Laboratory Equipment	5,034,373	0.14%	7,048
396	Power Operated Equipment	4,252,548	1.59%	67,616
397	Communications Equipment	16,228,432	2.63%	426,808
398	Miscellaneous Equipment	2,754,365	3.64%	100,259
	TOTAL GENERAL PLANT	\$ 112,614,563	4.96%	\$ 5,587,756
	TOTAL	\$ 2,529,200,062	2.13%	\$ 53,952,277

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Historical Year from April 2013 to March 2014

Acct No	Description	Adjusted Depreciable Base	Accrual Rate Ave Remaining Life Basis	Accrual Expense Amount
		(1)	(2)	(3)
<u>INTANGIBLE PLANT</u>				
303	Miscellaneous Intangible Plant	\$ 33,500,105	13.74%	\$ 4,602,914
303	Smart Meters	-	14.29%	-
	TOTAL INTANGIBLE PLANT	\$ 33,500,105	13.74%	\$ 4,602,914
<u>TRANSMISSION PLANT</u>				
TRANSMISSION PLANT				
350.12	Land Rights - subs	\$ -	1.59%	\$ -
350.22	Land Rights-lines	-	1.59%	-
352	Structures	-	1.60%	-
352.2	Clearing Costs	-	1.60%	-
353	Station Equipment	-	1.65%	-
354	Towers and Fixtures	-	1.14%	-
355	Poles and Fixtures	-	1.41%	-
356	Overhead Conductors	-	1.14%	-
356.1	Clearing Costs	-	1.19%	-
358	Underground Conductors	-	2.42%	-
359	Roads & Trails	-	0.00%	-
	TOTAL TRANSMISSION PLANT	\$ -		\$ -
<u>DISTRIBUTION PLANT</u>				
360.12	Land Rights - subs	\$ (618,763)	1.51%	\$ (9,343)
360.22	Land Rights-lines	16,267,360	1.51%	245,637
361.1	Structures	15,312,123	1.90%	290,930
361.2	Clearing Costs	239,550	1.90%	4,551
362	Station Equipment	266,415,971	1.47%	3,916,315
364	Poles, Towers and Fixtures	478,747,736	1.52%	7,276,966
365	Overhead Conductors	636,676,814	1.61%	10,250,497
365.1	Clearing Costs	138,517,859	1.52%	2,105,471
366	Underground Conduit	36,591,784	1.32%	483,012
367	Underground Conductors	150,342,846	2.86%	4,299,805
367.1	Clearing Costs	4,760	2.86%	136
368	Line Transformers	358,823,451	2.46%	8,827,057
369	Overhead Services	72,419,951	1.77%	1,281,833
369.1	Underground Services	45,905,474	2.53%	1,161,408
370	Meters	-	4.19%	-
370	Smart meters	840,344	4.19%	35,210
371	Installed on Customer Premises	29,595,633	3.62%	1,071,362
372	Leased Property Customer Premise	198,655	1.73%	3,427
373	Street Lighting & Signal Systems	36,315,340	3.66%	1,329,141
	TOTAL DISTRIBUTION PLANT	\$ 2,282,596,888	1.87%	\$ 42,573,415

Pennsylvania Electric Company
 Accrual Expense after Adjustment-Claim Basis
 At Historical Year from April 2013 to March 2014

Acct No	Description	Adjusted Depreciable Base (1)	Accrual Rate Ave Remaining Life Basis (2)	Accrual Expense Amount (3)
<u>GENERAL PLANT</u>				
389.1	Land Rights	\$ 17,675	2.68%	\$ 474
390.1	Structures	45,660,151	2.92%	1,333,276
390.2	Clearing	6,070,849	2.92%	177,269
390.3	Struct Impr LH	15,171	2.92%	443
391.1	Office Furniture & Equipment	4,880,034	5.00%	244,002
391.15	Office Machines	1,420,548	5.00%	71,027
391.3	Personal Computers	2,162,730	25.78%	557,552
391.25	Data Processing Smart Meters	960,334	20.00%	192,067
392	Transportation	2,890,532	3.51%	101,458
393	Stores Equipment	1,263,435	0.47%	5,938
394	Tools, Shop, & Garage Equipment	10,944,208	4.65%	508,906
395	Laboratory Equipment	5,034,373	0.14%	7,048
396	Power Operated Equipment	4,252,548	1.59%	67,616
397	Communications Equipment	14,905,458	2.63%	392,014
398	Miscellaneous Equipment	2,754,365	3.64%	100,259
	TOTAL GENERAL PLANT	\$ 103,232,412	3.64%	\$ 3,759,349
	TOTAL	\$ 2,419,329,405	2.11%	\$ 50,935,678

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT VI-A:

“Provide the following unadjusted detailed schedules by function and by FERC account for the claimed test year and for each of the 3 preceding comparable years:

A. Balance sheet in the form available.”

RESPONSE:

See Penelec Exhibit RAD-54 Attachment A.

**Pennsylvania Electric Company
Balance Sheet**

FERC Account	Assets and Other Debits	December 31,			
		2017	2016	2015	2014
		<i>(In thousands)</i>			
	Utility Plant				
101-107	Total electric utility plant at original cost	\$ 3,053,457	\$ 3,519,510	\$ 3,336,921	\$ 3,269,459
108-110	Less: Accum. Provision for depreciation	978,403	1,135,689	1,086,656	1,062,517
120.1-120.4	Nuclear plant	-	-	-	-
120.5	Less: accum. provision for amortization of nuclear fuel	-	-	-	-
	Net utility plant	2,075,054	2,383,821	2,250,265	2,206,942
	Other Property and Investments				
121	Non-utility property	4,163	4,163	4,163	4,163
122	Prov. for depreciation of non-utility prop.	(2,680)	(2,633)	(2,585)	(382)
123.1	Investments in subsidiary companies	413,594	15	15	15
124	Other investments	28	28	28	32
125-8	Special funds	172,327	172,327	172,327	185,012
	Total other property and investments	587,432	173,900	173,948	188,840
	Current and Accrued Assets				
131	Cash	-	-	-	-
132-134	Special deposits	-	-	-	-
135	Working funds	1	1	1	1
136	Temporary cash investments	-	-	-	-
142	Customer accounts receivable	97,046	104,258	102,832	92,332
143	Other accounts receivable	8,010	8,009	8,021	6,269
144	Accum. provision for uncollectible accts	(6,610)	(6,610)	(6,610)	(5,288)
145	Notes receivable from associated companies	12,137	12,137	32,575	69,201
146	Receivables from associated companies	15,250	15,250	15,250	17,343
151	Fuel stock	-	-	-	-
154-163	Plant materials and operating supplies-electric	-	-	-	-
165	Prepayments	6,662	6,662	6,662	6,778
171	Interest and dividends receivable	-	-	-	-
172	Rents receivable	5,156	5,156	5,156	5,223
173	Accrued utility revenues	37,250	37,250	37,250	42,423
174	Misc. current and accrued assets	-	-	-	-
	Total current and accrued assets	174,902	182,112	201,137	234,282
	Deferred Debits				
181	Unamortized debt expense	6,219	3,899	4,558	5,217
182	Other regulatory assets	386,585	369,717	354,475	297,010
183	Preliminary survey and investigation charges	1,053	1,053	1,053	(29)
184	Clearing accounts	10	10	10	6
185	Temporary facilities	(112)	(15)	81	714
186	Miscellaneous deferred debits	638,789	769,697	769,935	770,237
188	Research and development expenditures	35	35	35	31
189	Unamortized loss on reacquired debt	1,898	2,031	2,164	2,338
190	Accumulated deferred income taxes	570,586	585,721	661,582	550,576
	Total deferred debits	1,605,063	1,732,147	1,793,893	1,626,100
	Total assets and other debits	\$ 4,442,452	\$ 4,471,981	\$ 4,419,243	\$ 4,256,164

**Pennsylvania Electric Company
Balance Sheet**

FERC Account	Liabilities and Other Credits	December 31,			
		2017	2016	2015	2014
		<i>(In thousands)</i>			
	Proprietary Capital				
201	Common stock issued	\$ 88,552	\$ 88,552	\$ 88,552	\$ 88,552
204	Preferred stock issued	-	-	-	-
207	Premium on capital stock	883,721	883,721	883,721	883,388
208	Other paid in capital	7,464	5,527	3,603	1,779
210	Gain on resale or cancellation of reacquired capital stock	-	-	-	-
214	Capital stock expense	-	-	-	-
216	Retained earnings	113,582	81,300	44,110	37,671
216.1	Unappropriated Undistributed Subsidiary Earnings	-	-	-	-
219	Accumulated other comprehensive income	1,145	2,927	4,709	11,172
	Total proprietary capital	<u>1,094,464</u>	<u>1,062,027</u>	<u>1,024,695</u>	<u>1,022,562</u>
	Long-Term Debt				
221	Bonds	-	-	-	-
224	Other long-term debt	1,125,000	1,125,000	1,125,000	1,125,000
225	Unamortized premium on long-term debt	-	-	-	-
226	Less: Unamortized discount on long-term debt	1,061	1,367	1,703	2,039
	Total long-term debt	<u>1,123,939</u>	<u>1,123,633</u>	<u>1,123,297</u>	<u>1,122,961</u>
227-230	Other Non-Current Liabilities	512,735	502,040	659,736	594,398
	Current and Accrued Liabilities				
231	Notes payable	-	-	-	-
232	Accounts payable	50,284	54,028	50,048	35,275
233	Notes payable to associated companies	215,026	178,084	-	-
234	Accounts payable to associated companies	10,312	15,095	16,345	35,202
235	Customer deposits	22,766	22,766	22,766	23,412
236	Taxes accrued	33,016	24,037	17,325	8,772
237	Interest accrued	16,795	17,391	17,391	20,374
238	Dividends declared	-	-	-	-
241	Tax collections payable	735	735	735	677
242	Misc. current and accrued liabilities	28,417	28,417	29,280	31,188
243	Oblig. under capital leases-current	4,398	4,398	4,398	4,250
	Total current and accrued liabilities	<u>381,749</u>	<u>344,950</u>	<u>158,288</u>	<u>159,150</u>
	Deferred Credits				
252	Customer advances for construction	-	-	-	-
253	Other deferred credits	145,388	146,051	145,630	132,477
254	Other regulatory liabilities	177,905	178,231	178,557	200,866
255	Accum. deferred investment tax credits	2,416	2,876	3,336	3,796
256	Deferred gains on disposition of plant	-	-	-	-
257	Unamortized gain on reacquired debt	560	654	749	844
	Total deferred credits	<u>326,268</u>	<u>327,812</u>	<u>328,272</u>	<u>337,983</u>
	Accumulated Deferred Income Taxes				
282	Other property	687,706	788,954	789,653	781,447
283	Other	315,590	322,565	335,302	237,663
	Total accum. deferred income taxes	<u>1,003,296</u>	<u>1,111,519</u>	<u>1,124,955</u>	<u>1,019,110</u>
	Total liabilities and other credits	\$ 4,442,452	\$ 4,471,981	\$ 4,419,243	\$ 4,256,164

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT VI-B:

“Provide the following unadjusted detailed schedules by function and by FERC account for the claimed test year and for each of the 3 preceding comparable years:

B. Statement of income.”

RESPONSE:

See Penelec Exhibit RAD-55 Attachment A.

**Pennsylvania Electric Company
Comparative Income Statements**

FERC Account	December 31,				
	2017	2016	2015	2014	
<i>(In thousands)</i>					
Operating Revenues					
Electric Service Revenues					
440	Residential sales	\$ 527,908	\$ 535,793	\$ 495,749	\$ 447,693
442	Commercial sales	183,990	186,701	187,730	170,991
442	Industrial sales	79,500	81,802	72,548	62,673
444	Public street and highway lighting	7,124	7,102	6,376	4,272
445	Other sales to public authorities	-	-	-	-
447	Sale for resale	35,432	35,279	35,146	60,048
	Total electric service revenues	<u>\$ 833,953</u>	<u>\$ 846,678</u>	<u>\$ 797,549</u>	<u>\$ 745,677</u>
Other Electric Revenue					
450	Forfeited discounts	\$ 3,424	\$ 3,424	\$ 3,414	\$ 3,139
451	Miscellaneous service revenues	1,673	1,673	1,351	2,487
454	Rent from electric property	6,385	6,385	5,422	6,553
456	Other electric revenues	1,566	54,275	54,037	55,458
	Total other electric revenues	<u>\$ 13,048</u>	<u>\$ 65,757</u>	<u>\$ 64,224</u>	<u>\$ 67,637</u>
	Total operating revenues	<u>\$ 847,001</u>	<u>\$ 912,435</u>	<u>\$ 861,773</u>	<u>\$ 813,314</u>
Operating Expenses					
401-2	Operation and maintenance expense				
	Power production expenses	\$ 332,884	\$ 338,261	\$ 330,266	\$ 356,732
	Transmission expenses	20,518	35,619	34,927	29,706
	Regional market expenses	-	-	17	30
	Distribution expenses	47,920	43,210	43,420	42,235
	Customer accounts expense	30,790	29,128	28,658	22,106
	Customer service & information expense	44,068	41,849	35,996	37,630
	Sales expenses	105	104	41	31
	Administrative & general expenses	49,402	54,396	57,647	82,436
	Subtotal	<u>\$ 525,687</u>	<u>\$ 542,567</u>	<u>\$ 530,972</u>	<u>\$ 570,906</u>
403	Depreciation expense	\$ 67,765	\$ 73,124	\$ 72,373	\$ 80,130
404-5	Amortization and depletion of utility plant	9,243	6,537	4,062	2,961
406	Amortization and utility plant acq. adjustment	-	-	-	-
407	Amortization of property losses	-	-	-	-
407.3	Regulatory debits	45,858	51,752	37,035	11,634
407.4	Regulatory credits	(21,505)	(20,624)	(5,121)	(10,882)
408.1	Taxes other than income taxes	51,516	52,167	50,447	47,602
411.1	Accretion expense	-	-	(1,216)	172
411.8	Gains from disposition allowance	-	-	-	-
	Total operating expenses before federal and state income taxes	<u>\$ 678,564</u>	<u>\$ 705,522</u>	<u>\$ 688,552</u>	<u>\$ 702,523</u>
	Net operating income before income taxes	<u>\$ 168,438</u>	<u>\$ 206,913</u>	<u>\$ 173,221</u>	<u>\$ 110,791</u>
Income taxes					
409.1	Income taxes-federal	\$ 8,852	\$ (4,409)	\$ 33,319	\$ 12,064
409.1	Income taxes-state	5,402	5,700	11,146	(3,166)
410.1	Provision for deferred income taxes-federal	23,946	51,091	220,893	129,264
410.1	Provision for deferred income taxes-state	5,001	9,106	49,785	17,034
411.1	Income taxes deferred in prior years-cr.	-	-	(267,957)	(139,250)
411.4	Investment tax credit adjustments-net	(460)	(460)	(460)	(460)
	Total income taxes	<u>\$ 42,742</u>	<u>\$ 61,028</u>	<u>\$ 46,726</u>	<u>\$ 15,486</u>
	Net operating income	<u>\$ 125,696</u>	<u>\$ 145,885</u>	<u>\$ 126,495</u>	<u>\$ 95,305</u>

**Pennsylvania Electric Company
Comparative Income Statements**

FERC Account	December 31,				
	2017	2016	2015	2014	
<i>(In thousands)</i>					
Other income					
415-16	Revenues from merchandising, jobbing and contract work	\$ 2,513	\$ 2,627	\$ 1,149	\$ 1,801
417	Revenues from non-utility operations			-	-
417.1	Expenses from non-utility operations			-	-
418	Nonoperating rental income	(47)	(48)	(93)	(7)
418.1	Equity in earnings of subsidiary companies	26,327		-	-
419	Interest and dividend income	2,427	2,638	365	216
419.1	Allowance for funds used during construction	1,159	1,697	3,797	3
421	Miscellaneous non-operating income	1,856	2,883	2,881	2,740
421.1	Gain on disposition of property	14	14	264	-
	Total other income	\$ 34,249	\$ 9,811	\$ 8,363	\$ 4,753
	Gross income	\$ 159,945	\$ 155,696	\$ 134,858	\$ 100,058
Other Income Deductions					
421.2	Loss on disposition of property	\$ -	\$ -	\$ -	\$ -
425	Miscellaneous amortization	-	-	-	-
426	Other income deductions	(31)	(25)	214	(10)
	Total other income deductions	\$ (31)	\$ (25)	\$ 214	\$ (10)
Taxes Applicable to Other Income and Deductions					
408.2	Taxes other than income taxes	\$ -	\$ -	\$ 135	\$ -
409.2	Income taxes - federal	-	-	1,074	1,417
409.2	Income taxes - state	-	-	334	449
410.2	Provision for deferred income taxes	-	-	1,180	10
411.2	Provision for deferred income taxes-cr.	-	-	(628)	(76)
	Total taxes on other income and deductions	\$ -	\$ -	\$ 2,095	\$ 1,800
Interest Charges					
427	Interest on long term debt	\$ 62,532	\$ 63,127	\$ 63,106	\$ 59,633
428	Amortization of debt discount and expense	986	995	995	902
428.1	Amortization of loss on reacquired debt	133	133	174	2,897
429	Amortization of premium on debt credit			-	-
429.1	Amortization of gain on reacquired debt	(95)	(95)	(95)	(95)
430	Interest on debt to associated companies	5,608	1,240	2,813	3,010
431	Other interest expense	4,266	4,184	1,338	2,747
432	Allowance for borrowed funds used during construction - credit	(685)	(1,003)	(2,221)	(1,034)
	Total interest charges	\$ 72,745	\$ 68,581	\$ 66,110	\$ 68,060
	Income before extraordinary items	\$ 87,231	\$ 87,139	\$ 66,439	\$ 30,208
Extraordinary Items & Related Taxes					
434	Extraordinary income	\$ -	\$ -	\$ -	\$ -
435	Extraordinary deductions	-	-	-	-
409.3	Income taxes - Federal & other	-	-	-	-
	Extraordinary items after taxes	\$ -	\$ -	\$ -	\$ -
	Net income	\$ 87,231	\$ 87,139	\$ 66,439	\$ 30,208

**Pennsylvania Electric Company
Comparative Income Statements**

FERC Account	December 31,				
	2017	2016	2015	2014	
<i>(In thousands)</i>					
Power Production Expenses					
Steam Power Generation					
Operation					
501	Fuel	\$ -	\$ -	\$ -	\$ -
514	Maintenance of miscellaneous steam plant	220	214	205	206
	Total operation	\$ 220	\$ 214	\$ 205	\$ 206
	Total steam power generation	\$ 220	\$ 214	\$ 205	\$ 206
Nuclear Power Generation					
Operation					
518	Fuel	\$ -	\$ -	\$ -	\$ -
	Miscellaneous nuclear power expenses	-	-	-	-
	Total operation	\$ -	\$ -	\$ -	\$ -
	Total nuclear power generation	\$ -	\$ -	\$ -	\$ -
Other Power Generation					
Operation					
549	Miscellaneous other power generation expenses	-	-	-	-
	Total operation	\$ -	\$ -	\$ -	\$ -
	Total other power generation	\$ -	\$ -	\$ -	\$ -
Other Power Supply Expenses					
555	Purchased Power	\$ 374,584	\$ 379,939	\$ 359,312	\$ 371,639
556	System control and load dispatching	-	-	-	-
557	Other expenses	(41,920)	(41,892)	(29,251)	(15,113)
	Total other power supply expenses	\$ 332,663	\$ 338,047	\$ 330,061	\$ 356,526
	Total power production expenses	\$ 332,884	\$ 338,261	\$ 330,266	\$ 356,732
Transmission Expenses					
Operation					
560	Operation supervision and engineering	\$ 28	\$ 27	\$ 45	\$ 19
561	Load dispatching	1,073	1,073	659	460
562	Station expenses	-	27	35	23
563	Overhead lines expense	356	356	318	283
564	Underground lines expenses	-	-	-	-
565	Transmission of electricity by others	16,191	17,450	16,140	12,460
566	Miscellaneous transmission expenses	829	1,077	321	695
567	Rents	168	3,659	3,417	3,140
	Total operation	\$ 18,645	\$ 23,669	\$ 20,935	\$ 17,080
Maintenance					
568	Maintenance supervision and engineering	\$ 1,242	\$ 1,287	\$ 991	\$ 967
569	Maintenance of structures	70	558	571	352
570	Maintenance of station equipment	497	439	2,484	2,246
571	Maintenance of overhead lines	64	9,666	9,922	9,024
572	Maintenance of underground lines	-	-	2	-
573	Maintenance of miscellaneous transmission plant	-	-	22	37
	Total maintenance	\$ 1,873	\$ 11,950	\$ 13,992	\$ 12,626
	Total transmission expenses	\$ 20,518	\$ 35,619	\$ 34,927	\$ 29,706

**Pennsylvania Electric Company
 Comparative Income Statements**

FERC Account	December 31,				
	2017	2016	2015	2014	
<i>(In thousands)</i>					
Regional Market Expenses					
Operation					
575	Operation-regional market expense	\$ -	\$ -	\$ 17	\$ 30
	Total operation	\$ -	\$ -	\$ 17	\$ 30
Maintenance					
576	Maintenance-regional market expense	\$ -	\$ -	\$ -	\$ -
	Total maintenance	\$ -	\$ -	\$ -	\$ -
	Total regional market expenses	\$ -	\$ -	\$ 17	\$ 30
Distribution Expenses					
Operation					
580	Operation supervision and engineering	\$ 308	\$ 293	\$ 272	\$ 521
581	Load dispatching	364	350	385	367
582	Station expenses	-	-	410	215
583	Overhead lines expense	53	53	30	68
584	Underground lines expenses	771	771	787	734
585	Street lighting and signal system expenses	-	-	-	-
586	Meter expenses	785	755	625	557
587	Customer installation expenses	-	-	-	-
588	Miscellaneous expenses	9,094	9,328	8,602	8,513
589	Rents	1,132	1,132	1,660	1,470
	Total operation	\$ 12,507	\$ 12,681	\$ 12,771	\$ 12,445
Maintenance					
590	Maintenance supervision and engineering	\$ 427	\$ 403	\$ 532	\$ 325
591	Maintenance of structures	-	-	-	-
592	Maintenance of station equipment	6,303	5,823	3,327	4,824
593	Maintenance of overhead lines	23,650	17,381	18,765	18,539
594	Maintenance of underground lines	53	53	1,062	658
595	Maintenance of line transformers	235	229	78	7
596	Maintenance of street lighting and signal systems	2,586	2,605	890	1,070
597	Maintenance of meters	1,789	1,275	2,254	2,276
598	Maintenance of miscellaneous distribution plant	370	2,760	3,741	2,091
	Total maintenance	\$ 35,413	\$ 30,529	\$ 30,649	\$ 29,790
	Total distribution expenses	\$ 47,920	\$ 43,210	\$ 43,420	\$ 42,235
Customer Account Expenses					
Operation					
901	Supervision	\$ -	\$ -	\$ -	\$ 1
902	Meter reading expenses	4,675	5,781	4,935	4,594
903	Customer records and collection expenses	5,896	6,416	7,307	6,804
904	Uncollectible accounts	18,096	16,130	15,627	10,469
905	Miscellaneous customer accounts expense	2,124	799	789	238
	Total customer accounts expense	\$ 30,790	\$ 29,128	\$ 28,658	\$ 22,106
Customer Service and Informational Expenses					
Operation					
907	Supervision	\$ 313	\$ 303	\$ 276	\$ 250
908	Customer assistance expenses	38,185	36,002	30,612	32,215
909	Informational and instructional expenses	120	53	17	-
910	Miscellaneous customer service and informational expenses	5,450	5,490	5,091	5,165
	Total customer service and informational expense	\$ 44,068	\$ 41,849	\$ 35,996	\$ 37,630

**Pennsylvania Electric Company
 Comparative Income Statements**

FERC Account	December 31,				
	2017	2016	2015	2014	
	<i>(In thousands)</i>				
Sales Expenses					
Operation					
911	Supervision	\$ 77	\$ 77	\$ 12	\$ -
912	Demonstrating and selling expenses	-	-	-	-
913	Advertising expenses	28	28	29	31
916	Miscellaneous sales expenses	-	-	-	-
	Total sales expenses	\$ 105	\$ 104	\$ 41	\$ 31
Administrative and general expenses					
Operation					
920	Administrative and general salaries	\$ (605)	\$ (447)	\$ 35	\$ 1,292
921	Office supplies and expense	3,582	2,696	2,167	2,129
922	Administrative expenses transferred-credit	-	-	(7,934)	(10,099)
923	Outside services employed	35,340	37,855	35,466	36,500
924	Property insurance	359	373	303	253
925	Injuries and damages	1,473	1,608	1,359	1,160
926	Employee pensions and benefits	5,171	7,799	22,157	45,181
927	Franchise requirements	-	-	-	-
928	Regulatory commission expenses	2,616	2,978	2,740	2,570
929	Duplicate charges - credit	-	-	-	-
930.1	General advertising expenses	257	245	113	71
930.2	Miscellaneous general expenses	301	980	838	1,792
931	Rents	76	80	213	1,872
	Total administrative and general expenses	\$ 48,569	\$ 54,168	\$ 57,457	\$ 82,721
Maintenance					
935	Maintenance and general plant	833	228	190	(285)
	Total maintenance	\$ 833	\$ 228	\$ 190	\$ (285)
	Total administrative and general expenses	\$ 49,402	\$ 54,396	\$ 57,647	\$ 82,436
	Total electric operation and maintenance expenses	\$ 525,687	\$ 542,567	\$ 530,972	\$ 570,906

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT VI-C:

“Provide the following unadjusted detailed schedules by function and by FERC account for the claimed test year and for each of the 3 preceding comparable years:

C. Plant in service.”

RESPONSE:

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7, Exhibit JJS-13.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT VI-D:

“Provide the following unadjusted detailed schedules by function and by FERC account for the claimed test year and for each of the 3 preceding comparable years:

D. Accumulated depreciation.”

RESPONSE:

See the direct testimony and exhibits of John J. Spanos in Penelec Statement No. 7, Exhibit JJS-14.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT I-A-4:

“Whenever a major generating plant is placed in operating service or removed from operating service the utility shall separately indicate the effect of the plant addition or removal from service upon rate base, revenue, expense, tax, income and revenue requirement as it affects the test year.”

RESPONSE:

This base rate case filing requirement is not applicable to the Company's filing.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT I-B-2:

“Provide a description of the property of the utility and an explanation of the system’s operation, and supply the following, using available projections if actual data is unavailable

a. A schedule of generating capability showing for the test year, and for the two consecutive 12-month periods prior to the test year, net dependable capacity in KW by unit, plant capacity factor by unit, and total fuel consumption by type and cost for each unit, if available, or for each station, and operation and maintenance expenses by station.

b. A schedule showing for the test year and for the 12-month period immediately prior to the test year the scheduled and unscheduled outages—in excess of 48 hours—for each station, the equipment or unit involved, the date the outage occurred, duration of the outage, maintenance expenses incurred for each outage, if available, and amounts reimbursable from suppliers or insurance companies.

c. A schedule for each unit retired during the test year or subsequent to the end of the test year, which shows the unit’s KW capacity, hours of operation during the test year, net output generated, cents/KWH of maintenance and fuel expenses, and date of retirement

d. A schedule showing latest projections of capacity additions and retirements—costs and KW—and reserve capacity at the time of peak for at least 10 years beyond the test year, including the in-service dates—actual or expected—and AFDC cutoff dates—if different from in-service dates—for all new generating units coming on line during or subsequent to the test year, if claimed.”

RESPONSE:

This base rate case filing requirement is not applicable to the Company’s filing.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT III-B-5:

“Describe long-term debt reacquisition by issue by Company and Parent as follows:

- a. Reacquisition by issue by year.
- b. Total gain or loss on reacquisitions by issue by year.
- c. Accounting for gain or loss for income tax and book purposes.
- d. Proposed treatment of gain or loss on such reacquisition for ratemaking purposes.”

RESPONSE:

- a. Please see Penelec Exhibit RAD-60 Attachment A.
- b. Please see Penelec Exhibit RAD-60 Attachment A.

c. Tax Accounting:

Gains attributable to the reacquisition of long-term debt are recognized currently for income tax purposes in the year of reacquisition, which creates book-tax temporary differences. As a result of these temporary differences, the Company records deferred income taxes by means of debits to Account 190, Accumulated Deferred Income Tax Asset and credits to Account 411.1, Provision for Deferred Income Tax, Cr. - Utility Operating Income. Amounts recorded to Account 190 are reversed over the remaining life of the respective security issue consistent with book amortization of the gain by means of debits to Account 410.1 Provision for Deferred Income Taxes – Debit, Utility Operating Income

Gains and Losses on the reacquisition of long-term debt are deducted currently for income tax purposes in the year of reacquisition, which creates book-tax temporary differences. As a result of these temporary differences, the Company records deferred income taxes by means of debits to Account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, with corresponding credits to Account 283, Accumulated Deferred Income Tax Liability. Amounts recorded in Account 283 are reversed over the remaining life of the respective security issue consistent with book amortization of the loss by means of credits to Account 411.1, Provision for Deferred Income Taxes – Credit, Utility Operating Income.

Book Accounting:

In accordance with General Instruction 17 of the Uniform System on Accounts, gains on reacquired debt are placed in Account No. 257 “Unamortized Gain on Reacquired Debt”. The gains are then amortized to Account No. 429.1 “Amortization of Gain on Reacquired Debt-Credit” over the remaining lives of the respective issues (old original debt).

In accordance with General Instruction 17 of the Uniform System of Accounts, losses on reacquired debt are placed in Account No. 189 “Unamortized Loss on

Reacquired Debt". The losses are then amortized to Account No 428.1 Amortization of Loss on Reacquired Debt" over the remaining lives of the respective issues (old original debt).

- d. The gain on long-term debt reacquisitions are amortized to ratepayers over the remaining lives of the respective issues in accordance with the current accounting treatment as directed in General Instruction 17 of the Uniform System of Accounts, Penelec Exhibit RAD-2 reflects the appropriate adjustment for the fully projected test year, the twelve months ending December 31, 2017.

PENNSYLVANIA ELECTRIC COMPANY

FILING REQUIREMENT III-B-5

Line No.	Description	Amount	Total Gain (Loss) On Recquired Debt	ACTUAL	PROJECTED	
				Unamortized Gain (Loss) as of December 31, 2015	Unamortized Gain (Loss) as of December 31, 2016	Unamortized Gain (Loss) as of December 31, 2017
1999						
1	8.61% Senior Note Series Dues 2/28/2025	\$ 30,000,000	\$ (160,796.40)	\$ (57,056.57)	\$ (50,832.22)	\$ (44,607.87)
2	7.53% First Mortgage Bond Series Due 9/30/2025	40,000,000	(217,248.56)	(80,182.85)	(71,958.97)	(63,735.09)
3	8.33% First Mortgage Bond Series Due 11/30/2022	20,000,000	(83,751.99)	(24,458.12)	(20,922.01)	(17,385.90)
4	7.49% First Mortgage Bond Series Due 5/31/2023	30,000,000	(128,751.63)	(39,649.89)	(34,303.84)	(28,957.79)
5	8.38% First Mortgage Bond Series Due 5/31/2024	40,000,000	(207,320.14)	(69,566.03)	(61,300.76)	(53,035.49)
2005						
6	5.80 Medium Term Note due 11/1/2020	20,000,000	540,857.20	176,278.76	139,828.24	103,377.72
7	6.05 Medium Term Note due 11/1/2025	25,000,000	1,172,449.20	572,858.09	514,617.79	456,377.49
2008						
8	Var% SR 2005A BCIDA Due 11/1/2020	20,000,000	(206,796.17)	(79,940.96)	(63,410.95)	(46,880.94)
9	Var% SR 2005A BCIDA Due 11/1/2025	25,000,000	(235,992.70)	(132,491.14)	(119,021.27)	(105,551.40)
2009						
10	7.77% Due 10/1/2038	35,000,000	(1,555,480.60)	(1,227,322.34)	(1,173,380.69)	(1,119,439.04)
2010						
11	Var% SR 2005B BCIDA Due 11/1/2025	25,000,000	(149,500.79)	(99,115.02)	(89,038.37)	(78,961.72)
2011						
12	2.25% Due 11/1/2025	25,000,000	(107,703.83)	(72,653.00)	(65,266.65)	(57,880.30)
2014						
13	Var% SR 2005A BCIDA Due 11/1/2020	20,000,000	(159,387.14)	(116,957.57)	(92,777.89)	(68,598.21)
14	Var% SR 2005A BCIDA Due 11/1/2025	25,000,000	(194,302.86)	(164,897.84)	(148,139.68)	(131,381.52)
TOTAL				\$ (1,415,154.48)	\$ (1,335,907.27)	\$ (1,256,660.06)

PENNSYLVANIA ELECTRIC COMPANY

“Filing of information and materials – Whenever a public utility proposes a change in rates under section 1308 (relating to voluntary changes in rates), the public utility shall file with the commission a listing of each type of advertising prepared, distributed or presented by the public utility or to be prepared, distributed or presented during the test year utilized by the public utility in discharging its burden of proof, and a listing of each type of advertising prepared, distributed or presented by the utility during the year immediately preceding the test year, as well as an accounting of the expenditures by the public utility for such advertising, to the extent such advertising is proposed to be included as operating expense for ratemaking purposes. The filing requirements imposed by this subsection shall not be construed to limit the right of any party to discovery under this or any other provision of law.”

Summary of Advertising Expenses

Section 1316 of Title 66, Pa. Consolidated Statutes, addresses recovery of advertising expenses. In accordance with the filing requirements specified in § 1316(c), following is a listing of the types of advertising comprising the total advertising expenses for the fully future test year and the immediately preceding 2 years.

Pennsylvania Electric Company
 Summary of Advertising Expenses
 (000's)

Line No	Description	12 months ended		
		December 31, 2017 Budget	December 31, 2016 Budget	December 31, 2015 Actual
	Customer Service			
	Informational &			
1	Instructional Advertising	\$ 120	\$ 53	\$ 17
2	Sales Advertising	28	28	28
3	A&G Advertising - General	67	67	23
4	Agency Support	174	163	22
5	Public relations	1	1	47
6	Printing	15	14	17
7	Miscellaneous	1	1	5
8	Total advertising	<u>\$ 406</u>	<u>\$ 327</u>	<u>\$ 159</u>

PENNSYLVANIA ELECTRIC COMPANY

PUC STATEMENT OF POLICY TITLE 52, SECTION 69.36

“The Pennsylvania Public Utility Commission intends to examine specific factors in rate proceedings of electric and gas utilities regarding the action or failure to act to encourage development of cost effective energy supply alternatives. Specifically, the Commission will review utilities’ efforts to meet the criteria in this section when determining just and reasonable rates in future rate proceedings and may consider those efforts in other proceedings instituted by the Commission

(1) *Information.* At least twice annually utilities should provide customers with information on specific means of utilizing their energy services more effectively and efficiently. Topic areas should include insulation, lighting efficiencies, appliance efficiencies, conservation practices, load management techniques or other relevant information that informs the customer of the efficient use of energy.

(2) *Energy surveys.* Class A utilities should offer onsite energy surveys to the residential, commercial and industrial classes on an ongoing basis. Surveys should be conducted by trained personnel and the results of the survey, upon written request of the customer, be delivered in writing with a clear explanation of the resulting components.

(3) *Cogeneration and small power production.* Electric utilities for which a need for capacity is projected should establish effective programs to explore and encourage the development of additional cogeneration and small power production facilities within their respective service territories.

(4) *Least cost planning.* Gas and electric utilities should actively pursue a least-cost strategy by acquiring and developing the resources necessary to effectively meet their customers’ future energy needs, consistent with established availability and reliability criteria. Utilities should make a reasonable effort to promote the utilization of practical and economical energy conservation and demand management through cost effective programs.

(5) *Evaluation.* Class A utilities should demonstrate progressive work regarding development of a reliable customer data base, including, but not limited to:

- (i) End-use applications for each class of customer in terms of energy and demand.
- (ii) Customer behavior with regard to the decision-making process.
- (iii) The impact of program decisions or strategies and how they effect the overall planning process.

6) *Natural gas co-firing.* Electric utilities should explore the potential for increasing capacity and output at coal-fired generating stations through gas co-firing”

RESPONSE:

- 1) Customer service representatives discuss these “Energy Efficient” topics with customers by referring to the “100 Ways to Improve Your Electric Bill” and “Understanding Electric Usage & Costs” brochures which provides energy saving information for most household electrical appliances and equipment. Representatives offer to either email or mail a copy of the brochures to customers. These “Energy Efficient” topics are also fully described and available 24/7 on the FirstEnergy website under the “Saving Energy” section at the following location:

http://www.firstenergycorp.com/help/saving_energy.html

In addition, on October 15, 2008, Governor Rendell signed HB 2200 into law as Act 129 of 2008¹, with an effective date of November 14, 2008. The Act imposes requirements on electric distribution companies (EDCs), with the overall goal of reducing energy consumption and demand. Act 129 directed all EDCs with at least 100,000 customers to develop and file an energy efficiency and conservation plan. The Company has filed and obtained approval for an Energy Efficiency and Conservation (“EE&C”) Plan that complies with Commission Orders². The EE&C plan contains numerous programs that are designed to promote, educate and achieve energy efficiency and conservation across all customer segments. Essential to the success of these programs are marketing and educational campaigns and outreach activities specific to each program that: (i) builds awareness and interest in the programs; (ii) communicates ways that customers may participate; and (iii) explains expected benefits and reasons for participating. Information about the EE&C programs available to customers is provided using a number of marketing channels such as, but not limited to, bill inserts, advertisements and the Company’s website at:

http://www.firstenergycorp.com/save_energy/save_energy_pennsylvania.html

- 2) Residential home energy surveys are conducted at no additional cost for income-eligible customers as part of the Low Income Usage Reduction Program known as “WARM” (Chapter 58). Income eligible customers who have lived at their residence at least 6 months are eligible for WARM. The WARM program home energy survey addresses ways to save electricity for customers who have electric heat, electric water heat, air conditioning or base load use. These surveys are conducted by Building Performance Institute Certified contractors hired by the Company. The program is

¹ 66 Pa.C.S. §§ 2806.1 and 2806.2

² Docket Nos. M-2009-2112952 and M-2012-2334392

open to both homeowners and renters with landlord agreement. As part of the home energy survey, contractors may perform pressure diagnostic testing using a blower door and manometers to determine where there is air leakage in the home. They also test ducts, conduct combustion safety testing and monitor electricity use of various appliances such as refrigerators and freezers for possible replacement. A personalized partnership agreement and energy-saving strategy for the home and occupants are provided as part of the program.

In addition, residential customers may also participate in the Company's Act 129 energy audit program. Under this program, comprehensive home energy audits are conducted by trained local contractors hired by the Company's Conservation Service Provider for a fee up to \$350. Customers who participate in this program receive a comprehensive home energy audit which is designed to provide information on how to reduce their energy usage and increase their home's comfort and energy efficiency. Participating customer's qualify for up to \$250 in rebates towards the cost of a comprehensive residential energy audit and qualified retrofits.

Residential customers can also complete the Company's Home Energy Analyzer online tool at http://www.firstenergycorp.com/content/customer/save_energy/save_energy_pennsylvania/for_your_home/pa_home_energy_analyzer.html to save energy and money. The tool enables customers to gain a better understanding of their household energy use and identify ways to improve their efficiency.

Similar to residential customers, business customers can complete the Business Energy Analyzers online tool at https://www.firstenergycorp.com/content/customer/save_energy/save_energy_pennsylvania/for_your_business/pennsylvania_businessenergyanalyzer.html. The tool will enable business customers to gain a better understanding of their energy use and identify ways to improve their efficiency.

The Company also promotes detailed energy audits for commercial and industrial customers under the Company's Act 129 programs. Customers who implement recommended building and/or system improvements are eligible for incentives towards the cost of the third party audit and qualifying audit recommended improvements.

- 3) Penelec's Rider Q – Renewable Energy Development Rider is currently available to residential and non-residential customers. This rider encourages the installation and operation of qualifying renewable energy generation projects to operate in parallel with the Company's electrical system.
- 4) Penelec's least-cost strategy is detailed in its Annual Resource Planning Report filed with the Commission pursuant to the requirements of 52 Pa. Code §§ 57.141 –

57.153. Penelec's most recent filing, dated April 30, 2015, will be provided upon request to interested parties.

- 5) See the direct testimony of Kevin M. Siedt, Penelec Statement No. 3.
- 6) This filing requirement is not applicable to the Company's filing.

PENNSYLVANIA ELECTRIC COMPANY
Distribution Storm Costs
2011 – 2017

<u>Line No.</u>	<u>Year</u>	<u>Storm Costs</u>
1	2011	\$ 8,208,835
2	2012	14,377,293
3	2013	4,818,945
4	2014	5,376,065
5	2015	5,096,224
6	2016 Budget	5,693,638
7	2017 Budget	5,687,137

**Pennsylvania Electric Company
 Updated Legacy Meters and Associated Cost of Removal to be Recovered**

<u>Line No.</u>		<u>Penelec</u>
1	Legacy Meters currently in Base Rates	\$ 51,002
2	Cost of Removal of Legacy Meters currently in Base Rates	<u>3,957</u>
3	Total Legacy Meters and Cost of Removal in Base Rates (Line 1 + Line 2)	\$ 54,959
4	Total Legacy Meters currently in Regulatory Assets	\$ 60,427
5	Legacy Meters costs to be included in these Base Rate Cases (Line 4 - Line 1)	\$ 9,425
6	Additional Cost of Removal of Legacy Meters to be included in these Base Rate Cases	<u>443</u>
7	Additional Legacy Meters and Cost of Removal in these Base Rate Cases (Line 5 + Line 6)	\$ 9,868
8	Total Legacy Meters and Cost of Removal to be recovered in rates by April 2020 (Line 3 + Line 7)	\$ 64,827
9	Amount Amortized by January 2017*	<u>19,236</u>
10	Total Unrecovered Legacy Meters and Cost of Removal at December 2016 to be recovered in these Base Rate Cases by April 2020 (Line 8 - Line 9)	\$ 45,592
11	Annual Amortization of Legacy Meters and Cost of Removal in Regulatory Assets (Line 10 / 39 X 12)	<u>\$ 14,028</u>
12	Less: Amortization of Legacy Meters in Budget	\$ 10,992
13	Normalized Amortization for Legacy Meters and COR	<u>\$ 3,036</u>

* when proposed rates are expected to be implemented

**Pennsylvania Electric Company
 Bonus Depreciation Tax Adjustments
 Year 2015, 2016, 2017**

The Pennsylvania adjustment decreases state taxable income on prior bonus depreciation vintages and increases state taxable income on the current vintage bonus depreciation amount taken on the federal return. In the prior rate case bonus depreciation was not projected in the outer years since bonus depreciation rules were not extended at the time. In 2015 bonus depreciation rules were extended through 2019 and is reflected in the budget. The bonus amount projected for the current year vintage in tax years 2015, 2016, and 2017 is greater than the additional Pennsylvania tax depreciation being calculated on the prior year bonus vintages creating a net increase to state taxable income. The prior case only had additional Pennsylvania tax depreciation being calculated on the prior year bonus vintages creating a decrease to state taxable income.

Line No.	Year	Addition to State Taxable Income			Subtraction to State Taxable Income			Additional PA Depreciation plus Adj for Sale
		Federal Depreciation 168(K) Property	Current Year Bonus Depreciation	Total Bonus Depreciation	Additional PA Depreciation	Other Adj	Adj for Sale of 168(k) Property	
	(1)	(2)	(3)	(4) = (2) - (3)	(5) = (4) X (3/7)	(6)	(7)	(8) = (5) + (6) + (7)
1	2015	\$ 97,720,802	\$ 70,949,056	\$ 26,771,746	\$ 11,473,605	\$ -	\$ -	\$ 11,473,605
2	2016	149,057,558	113,132,917	35,924,641	15,396,275	-	-	15,396,275
3	2017	80,880,657	44,683,330	36,197,327	15,513,140	-	-	15,513,140

Pennsylvania Electric Company
 Comparative Income Statements
 Budget to Actuals
 (In thousands)

FERC Account	Budget Filed in 2014 General Base Rate Case for 12 months ending		Current Budget for 2 months ending		Total 12 months ending		Difference for 12 months ending	
	April 30, 2016		February 29, 2016		April 30, 2016		April 30, 2016	
	(1)	(2)	(3)	(4) = (2) + (3)	(5) = (4) - (1)			
Operating Expenses								
401-2	Operation and maintenance expense							
	Power production expenses	\$ 306,269	\$ 273,207	\$ 53,114	\$ 326,321	\$ 20,052		
	Transmission expenses	24,547	31,098	4,807	35,905	11,358		
	Regional market expenses	53	3	-	3	(51)		
	Distribution expenses	44,791	37,854	6,784	44,638	(153)		
	Customer accounts expense	20,513	23,107	5,834	28,941	8,428		
	Customer service & information expense	42,365	30,154	6,761	36,915	(5,469)		
	Sales expenses	28	40	17	57	29		
	Administrative & general expenses	43,867	52,116	8,980	61,096	17,229		
	Subtotal	\$ 462,452	\$ 447,579	\$ 86,297	\$ 533,876	\$ 51,424		
403	Depreciation expense	\$ 70,847	\$ 58,631	\$ 11,889	\$ 70,520	\$ (327)		
404-5	Amortization and depletion of utility plant	4,721	3,880	1,077	4,957	236		
406	Amortization and utility plant acq. adjustment	-	-	-	-	-		
407	Amortization of property losses	-	-	-	-	-		
407.3	Regulatory debts	32,214	35,685	9,285	44,970	12,756		
407.4	Regulatory credits	10,249	818	(1,066)	(248)	(10,497)		
408.1	Taxes other than income taxes	46,308	44,161	8,321	52,483	6,175		
411.1	Accretion expense	139	1	-	1	(138)		
411.8	Gains from disposition allowance	-	-	-	-	-		
	Total operating expenses before federal and state income taxes	\$ 646,930	\$ 590,757	\$ 115,803	\$ 706,559	\$ 59,629		
	Net operating income before income taxes	\$ 161,930	\$ 158,764	\$ 31,666	\$ 190,430	\$ 28,500		
Power Production Expenses								
Steam Power Generation								
Operation								
501	Fuel	\$ -	\$ -	\$ -	\$ -	\$ -		
514	Maintenance of miscellaneous steam plant	210	173	36	209	(11)		
	Total operation	\$ 210	\$ 173	\$ 36	\$ 209	\$ (11)		
	Total steam power generation	\$ 210	\$ 173	\$ 36	\$ 209	\$ (11)		
Nuclear Power Generation								
Operation								
518	Fuel	\$ -	\$ -	\$ -	\$ -	\$ -		
	Miscellaneous nuclear power expenses	-	-	-	-	-		
	Total operation	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total nuclear power generation	\$ -	\$ -	\$ -	\$ -	\$ -		
Other Power Generation								
Operation								
549	Miscellaneous other power generation expenses	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total operation	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total other power generation	\$ -	\$ -	\$ -	\$ -	\$ -		
Other Power Supply Expenses								
555	Purchased Power	\$ 342,136	\$ 300,847	\$ 59,768	\$ 360,616	\$ 18,480		
556	System control and load dispatching	-	-	-	-	-		
557	Other expenses	(36,077)	(27,814)	(6,690)	(34,503)	1,573		
	Total other power supply expenses	\$ 306,059	\$ 273,034	\$ 53,079	\$ 326,113	\$ 20,053		
	Total power production expenses	\$ 306,269	\$ 273,207	\$ 53,114	\$ 326,321	\$ 20,052		
Transmission Expenses								
Operation								
560	Operation supervision and engineering	\$ 70	\$ 38	\$ 4	\$ 42	\$ (28)		
561	Load dispatching	1,568	440	171	610	(957)		
562	Station expenses	-	59	5	63	63		
563	Overhead lines expense	356	422	3	426	70		
564	Underground lines expenses	-	-	-	-	-		
565	Transmission of electricity by others	10,219	14,477	2,900	17,377	7,158		
566	Miscellaneous transmission expenses	944	504	174	678	(266)		
567	Rents	2,760	3,019	603	3,622	861		
	Total operation	\$ 15,917	\$ 18,958	\$ 3,859	\$ 22,818	\$ 6,901		
Maintenance								
568	Maintenance supervision and engineering	\$ 1,144	\$ 829	\$ 196	\$ 1,024	\$ (120)		
569	Maintenance of structures	248	465	87	552	304		
570	Maintenance of station equipment	544	2,009	72	2,081	1,538		
571	Maintenance of overhead lines	6,694	8,832	593	9,425	2,731		
572	Maintenance of underground lines	-	2	-	2	2		
573	Maintenance of miscellaneous transmission plant	-	2	-	2	2		
	Total maintenance	\$ 8,630	\$ 12,140	\$ 948	\$ 13,088	\$ 4,458		
	Total transmission expenses	\$ 24,547	\$ 31,098	\$ 4,807	\$ 35,905	\$ 11,358		

**Pennsylvania Electric Company
 Comparative Income Statements
 Budget to Actuals
 (In thousands)**

FERC Account	Budget Filed in 2014 General Base Rate Case for 12 months ending	Actuals for 10 months ending	Current Budget for 2 months ending	Total 12 months ending	Difference for 12 months ending	
	April 30, 2016 (1)	February 29, 2016 (2)	April 30, 2016 (3)	April 30, 2016 (4) = (2) + (3)	April 30, 2016 (5) = (4) - (1)	
Regional Market Expenses						
Operation						
575	Operation-regional market expense	\$ 53	\$ 3	\$ -	\$ 3	\$ (51)
	Total operation	\$ 53	\$ 3	\$ -	\$ 3	\$ (51)
Maintenance						
576	Maintenance-regional market expense	-	-	-	-	-
	Total maintenance	-	-	-	-	-
	Total regional market expenses	\$ 53	\$ 3	\$ -	\$ 3	\$ (51)
Distribution Expenses						
Operation						
580	Operation supervision and engineering	\$ 104	\$ 88	\$ 48	\$ 136	\$ 32
581	Load dispatching	434	310	53	363	(71)
582	Station expenses	-	373	-	373	373
583	Overhead lines expense	53	27	10	37	(16)
584	Underground lines expenses	839	661	125	787	(52)
585	Street lighting and signal system expenses	-	-	-	-	-
586	Meter expenses	648	490	125	615	(32)
587	Customer installation expenses	-	-	-	-	-
588	Miscellaneous expenses	8,070	7,025	1,474	8,499	429
589	Rents	1,227	1,432	109	1,520	293
	Total operation	\$ 11,376	\$ 10,407	\$ 2,023	\$ 12,431	\$ 1,056
Maintenance						
590	Maintenance supervision and engineering	\$ 438	\$ 418	\$ 60	\$ 478	\$ 40
591	Maintenance of structures	-	-	-	-	-
592	Maintenance of station equipment	7,621	3,000	958	3,958	(3,693)
593	Maintenance of overhead lines	20,771	17,353	2,614	19,967	(803)
594	Maintenance of underground lines	52	982	6	989	937
595	Maintenance of line transformers	-	102	38	140	140
596	Maintenance of street lighting and signal systems	1,662	890	441	1,331	(331)
597	Maintenance of meters	1,496	(86)	-	(86)	(86)
598	Maintenance of miscellaneous distribution plant	1,377	1,951	215	2,166	670
	Total maintenance	\$ 33,416	\$ 27,447	\$ 4,761	\$ 32,207	\$ (1,209)
	Total distribution expenses	\$ 44,791	\$ 37,854	\$ 6,784	\$ 44,638	\$ (153)
Customer Account Expenses						
Operation						
901	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -
902	Meter reading expenses	5,028	4,143	967	5,110	83
903	Customer records and collection expenses	6,170	6,045	1,073	7,117	947
904	Uncollectible accounts	8,959	12,236	3,665	15,901	6,942
905	Miscellaneous customer accounts expense	356	683	120	812	456
	Total customer accounts expense	\$ 20,513	\$ 23,107	\$ 5,834	\$ 28,941	\$ 8,428
Customer Service and Informational Expenses						
Operation						
907	Supervision	\$ 263	\$ 233	\$ 47	\$ 280	\$ 17
908	Customer assistance expenses	36,360	25,746	5,813	31,559	(4,802)
909	Informational and instructional expenses	120	14	2	17	(103)
910	Miscellaneous customer service and informational expenses	5,642	4,161	899	5,060	(582)
	Total customer service and informational expense	\$ 42,385	\$ 30,154	\$ 6,761	\$ 36,915	\$ (5,469)
Sales Expenses						
Operation						
911	Supervision	\$ -	\$ 16	\$ 12	\$ 28	\$ 28
912	Demonstrating and selling expenses	-	-	-	-	-
913	Advertising expenses	28	25	4	29	1
916	Miscellaneous sales expenses	-	-	-	-	-
	Total sales expenses	\$ 28	\$ 40	\$ 17	\$ 57	\$ 29

Pennsylvania Electric Company
Comparative Income Statements
Budget to Actuals
(In thousands)

FERC Account	Budget Filed in 2014		Current		Total 12 months ending April 30, 2016 (4) = (2) + (3)	Difference for 12 months ending April 30, 2016 (5) = (4) - (1)
	General Base Rate Case for 12 months ending		Budget for			
	April 30, 2016 (1)	10 months ending February 29, 2016 (2)	2 months ending April 30, 2016 (3)	12 months ending April 30, 2016		
Administrative and general expenses						
<i>Operation</i>						
920	Administrative and general salaries	\$ (616)	\$ (1,656)	\$ 44	\$ (1,612)	\$ (996)
921	Office supplies and expense	1,644	1,381	210	1,591	(53)
922	Administrative expenses transferred-credit	(3,460)	(5,552)	-	(5,552)	(2,092)
923	Outside services employed	37,661	27,395	6,437	33,631	(4,030)
924	Property insurance	315	281	61	342	27
925	Injuries and damages	957	1,081	240	1,321	364
926	Employee pensions and benefits	2,757	25,484	1,276	26,760	24,003
927	Franchise requirements	-	-	-	-	-
928	Regulatory commission expenses	2,378	2,099	490	2,589	211
929	Duplicate charges - credit	-	-	-	-	-
930.1	General advertising expenses	67	113	13	127	60
930.2	Miscellaneous general expenses	291	1,389	157	1,546	1,256
931	Rents	1,448	71	13	85	(1,363)
	Total administrative and general expenses	\$ 43,643	\$ 52,087	\$ 8,942	\$ 61,028	\$ 17,386
<i>Maintenance</i>						
935	Maintenance and general plant	\$ 224	\$ 30	\$ 38	\$ 66	\$ (156)
	Total maintenance	\$ 224	\$ 30	\$ 38	\$ 66	\$ (156)
	Total administrative and general expenses	\$ 43,867	\$ 52,116	\$ 8,980	\$ 61,096	\$ 17,229
	Total electric operation and maintenance expenses	\$ 482,452	\$ 447,579	\$ 86,297	\$ 533,876	\$ 51,424

Pennsylvania Electric Company
Comparison of Plant Additions from Base Rate Case West Penn Exhibit RAD-46
vs. Actuals for May 2015 - February 2016 plus Updated Budget for March-April 2016 (10 +2)
At April 30, 2016

Line No.	FERC Account	Description	10 months Actual plus 2 months Budget (1)	12 months 2014 Rate Case Budget (2)	Differences (3) = (1) - (2)
NONDEPRECIABLE PLANT					
Intangible Plant					
1	301	Organization	\$ -	\$ -	\$ -
2	302	Franchise And Consents	-	-	-
3		Total Intangible Plant	\$ -	\$ -	\$ -
Land					
4	350.11	Transmission Substations	\$ -	\$ -	\$ -
5	350.21	Transmission Lines	-	-	-
6	360.11	Distribution Substations.	209,378	-	209,378
7	360.21	Distribution Lines	-	-	-
8	389.1	General	-	-	-
9		Total Land	\$ 209,378	\$ -	\$ 209,378
10		TOTAL NON-DEPRECIABLE PLANT	\$ 209,378	\$ -	\$ 209,378
INTANGIBLE PLANT					
11	303	Misc. Intangible Plant	\$ 4,439,762	\$ 603,772	\$ 3,835,989
12	303	Smart Meter Software	7,729,998	11,733,259	(4,003,261)
13		TOTAL INTANGIBLE PLANT	\$ 12,169,759	\$ 12,337,031	\$ (167,272)
NUCLEAR PRODUCTION					
Nuclear Production					
14	326	Asset Retirement Costs Nuclear	\$ -	\$ -	\$ -
15		TOTAL NUCLEAR PRODUCTION	\$ -	\$ -	\$ -
TRANSMISSION PLANT					
TRANSMISSION PLANT					
16	350.12	Easements - Trans. Subs.	\$ -	\$ -	\$ -
17	350.22	Easements - Trans. Lines	-	-	-
18	352.1	Structures, Improvements	123,586	-	123,586
19	352.2	Clearing, Grading Of Land	-	-	-
20	353	Station Equipment	16,063,889	18,134,702	(2,070,813)
21	354	Towers And Fixtures	18,316	-	18,316
22	355	Poles And Fixtures	12,763,533	-	12,763,533
23	356.1	Overhd Conductor, Devices	3,189,868	21,665,019	(18,475,151)
24	356.2	Clearing, Grading of Land	3,169,392	-	3,169,392
25	358	Undergrmd Conductr,Devices	44,200	-	44,200
26	359	Roads And Trails	-	-	-
27	359.1	ARC Transmission	-	-	-
28		TOTAL TRANSMISSION PLANT	\$ 35,372,784	\$ 39,799,721	\$ (4,426,937)
DISTRIBUTION PLANT					
DISTRIBUTION PLANT					
29	360.12	Easements - Dist. Subs.	\$ -	\$ -	\$ -
30	360.22	Easements - Dist. Lines	-	-	-
31	361.1	Structures, Improvements	148,336	-	148,336
32	361.2	Clearing, Grading of Land	-	-	-
33	362	Station Equipment	10,953,879	4,960,843	5,993,036
34	364	Poles, Towers And Fixtures	15,883,932	-	15,883,932
35	365	Overhd Conductr, Devices	29,991,144	86,081,494	(56,090,350)
36	365.1	Clearing, Grading of Land	2,093,345	-	2,093,345
37	366	Underground Conduit	158,082	-	158,082
38	367	Undergrmd Conductr,Devices	8,749,042	-	8,749,042
39	367.1	Clearing, Grading of Land	-	-	-
40	368	Line Transformers	8,414,081	-	8,414,081
41	369	Services	2,340,267	-	2,340,267
42	369	Services UG	-	-	-
43	370	Meters	517,361	-	517,361
44	370	Smart Meters 10 yr	-	10,817,258	(10,817,258)
45	370	Smart Meters 15 yr	19,991,040	-	19,991,040
46	371	Inst. On Cust. Prem.	121,404	-	121,404
47	372	Leased Property Cust Premis	-	-	-
48	373.1	Street Light - Oh, Ug Lines	2,214,664	-	2,214,664
	374	ARC Distribution	-	-	-
		TOTAL DISTRIBUTION PLANT	\$ 101,676,576	\$ 101,859,595	\$ (183,019)
GENERAL PLANT					
GENERAL PLANT					
49					
50					
51	389.2	Easements	\$ -	\$ 26,984	\$ (26,984)
52	390.1	Structures, Improvements	819,878	1,551,006	(731,128)
53	390.2	Clearing, Grading of Land	-	-	-
54	390.3	Struct Imprv, Leasehold Imp	-	-	-
55	391.1	Office Furn., Mech. Equip.	33,507	-	33,507
56	391.15	Office Machines	-	-	-
57	391.2	Data Processing Equipment	8,630,654	-	8,630,654
58	391.25	Data Proc Smart Meters	3,784,802	3,363,091	421,711
59	392	Transportation Equipment	60,603	-	60,603
60	393	Stores Equipment	-	-	-
61	394	Tools, Shop, Garage Equip.	781,251	-	781,251
62	395	Laboratory Equipment	-	-	-
63	396	Power Operated Equipment	31,617	-	31,617
64	397	Communication Equipment	1,098,460	1,061,070	37,390
65	398	Misc. Equipment	212,207	-	212,207
66	399.1	ARC General Plant	-	-	-
67		TOTAL GENERAL PLANT	\$ 15,452,979	\$ 6,002,151	\$ 9,450,828
68		TOTAL	\$ 164,881,475	\$ 159,996,499	\$ 4,884,976