

53. During DSP VI, the Companies will offer new TOU default service rate options for eligible residential and commercial customers to comply with the Companies’ obligations under Act 129 of 2008 (“Act 129”) to offer TOU and real-time rates to all default service customers with smart meters.<sup>7</sup>

**(i) TOU Product Structure and Rate Design**

54. The Companies’ TOU Riders will differentiate prices across three usage periods that are constant throughout the year as shown in Table 1 below.

**Table 1**

<u>TOU Pricing Period</u>	<u>Year-Round Days/Hours Included</u>
On-Peak	2 p.m. – 9 p.m. Monday through Friday
Super Off-Peak	11 p.m. – 6 a.m. Every day
Off-Peak	All other hours

These TOU pricing periods will be identical for the residential and commercial classes.

55. The Joint Petitioners agree to the TOU rate multipliers for each procurement class shown in Table 2 below. These multipliers reflect the ratios calculated from average PJM spot market prices, as well as allocation of the cost of capacity to on-peak hours only.

**Table 2**

		On-Peak	Super Off-Peak	Off-Peak
Met-Ed	Commercial	2.0558	0.5298	0.7277
	Residential	2.0180	0.5438	0.7285

<sup>7</sup> 66 Pa.C.S. §§ 2807(f)(5). The hourly-priced default service rate for the industrial class already meets Act 129 requirements.

Penelec	Commercial	1.9532	0.5582	0.7686
	Residential	1.9367	0.5669	0.7633
Penn Power	Commercial	2.0271	0.5202	0.7409
	Residential	2.0140	0.5331	0.7377
West Penn	Commercial	1.9416	0.5663	0.7870
	Residential	1.8632	0.5749	0.7821

56. The Companies agree to review the TOU rate multipliers set forth in Table 2 every two years, and all TOU rate multipliers shall be updated if the calculation of at least one TOU rate multiplier results in a 15% or larger change in any direction.

57. The Companies will source both the standard and TOU default service for residential and commercial customers from the same supply portfolio for each procurement class. The Companies will use the standard default service price as calculated in the PTC Riders as the reference price by class for their TOU rate calculations.

58. The TOU default service rates for each Company will be determined by multiplying the PTC Rider rate by the multiplier for the applicable customer class and TOU pricing period. The Companies will calculate the TOU rates on a semi-annual basis, synchronized with the PTC Rider adjustment periods for the residential and commercial classes. TOU customer kWh sales and costs will be included in the semi-annual reconciliation of the over/undercollection component of the PTC Rider for the entire procurement class (i.e., residential or commercial).

**(ii) Customer Eligibility**

59. The Companies' TOU Riders will be available to residential and commercial default service customers with smart meters. However, customers enrolled in a Company's Customer Assistance Program ("CAP") will not be eligible for the TOU Rider during the DSP VI Term to avoid potential adverse impacts on CAP benefits.