

SMART METER RIDER - PHASE 2

(C)

A Phase 2 Smart Meter Rider (SMR 2) shall be applied, on a non-bypassable basis, to charges for electricity supplied to customers who receive distribution service from the Company under this Tariff.

The SMR 2 shall be computed separately for each of the following three customer classes:

- (1) Residential: Consisting of Rate Schedules RS and RTS (R),
- (2) Small Commercial and Industrial (Small C&I): Consisting Rate Schedules GS-1, GS-3, IS-1 (R), BL, and GH-2 (R), and
- (3) Large Commercial and Industrial (Large C&I): Consisting of Rate Schedules LP-4, LP-5, LPEP, and L5S.

The SMR 2, as computed using the formulae described below, shall be included in the distribution charges of the monthly bill for each customer receiving distribution service from the Company and shall be reconciled on an annual basis for undercollections and overcollections experienced during the previous year. Charges set forth in the applicable rate schedules in this tariff have been adjusted to reflect application of the currently effective SMR 2.

The SMR 2 for the Residential class, the Small C&I class, and the Large C&I class shall be computed using the following formula:

$$\text{SMR 2} = ((\text{SM}_c - E_s) / N) \times 1 / (1-T)$$

Where:

SM_c = A quarterly actual amount of all costs required for the Company to implement its Commission approved Smart Meter Plan (SMP) during a compliance period. The initial SMR 2, effective October 1, 2015, shall be calculated to recover costs not previously reflected in PPL Electric's rates or rate base and that have been recorded on the Company's books and records between February 1, 2015 and August 31, 2015. Thereafter, the SMR 2 will be updated on a (C) quarterly basis to reflect costs during the three-month period ending one month prior to the effective date (a compliance period) of each SMR 2 update. The quarterly amount is the sum of all direct and indirect capital (e.g. return of and return on applicable smart meter-related investment) and operating (e.g., applicable O&M and taxes (dependent upon the Company's tax net operating loss carryforward)) costs, including all deferred design and development costs, and general administrative costs, required to implement the Company's SMP in the compliance period. Deferred costs incurred during 2014 and through May 2015 will be recovered over a three-year period.

The costs of SMP will be allocated to the total number of meters on PPL Electric's system based on the ratio of investment in meters for each rate class.

N = Number of Bills (Customers X 3) per Quarter

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SMART METER RIDER - PHASE 2 (CONTINUED)

Es = Net over or undercollection of the SMR 2 charges as of the end of the 12-month period ending December 31 of each year. Reconciliation of the SMR 2 will be conducted separately for each of the three customer classes based upon the annual revenue received compared to the actual SMP costs. Interest shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with Loan Interest and Protection Law (41 P.S. §§ 101, *et. seq.*) from the month the over or undercollection occurs to the effective month that the overcollection is refunded or the undercollection is recouped.

T = The total Pennsylvania gross receipts tax rate in effect during the billing period, expressed in decimal form.

The SMR 2 shall be filed with the Pennsylvania Public Utility Commission (Commission) and served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Auditing, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update. The changes in the SMR 2 rate will occur as follows:

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<u>Effective Date of Change</u>	<u>Date to which SMR 2 - Eligible Costs Reflected</u>
October 1, 2020	June 1 – August 31, 2020
January 1, 2021	September 1 – November 30, 2020
April 1, 2021	December 1, 2019 – February 28, 2021
July 1, 2021	March 1 – May 31, 2021

Minimum bills shall not be reduced by reason of the SMR 2, nor shall charges hereunder be a part of the monthly rate schedule minimum. The SMR 2 shall not be subject to any credits or discounts. The State Tax Adjustment Surcharge (STAS) included in this Tariff is applied to charges under this Rider.

The Company shall file a report of collections under the SMR 2 within thirty (30) days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission.

Application of the SMR 2 shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the SMR 2 and the costs included therein.

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SMART METER RIDER - PHASE 2 (CONTINUED)

SMART METER RIDER - PHASE 2 CHARGES

Charges under the SMR 2 for the period July 1, 2021 through September 30, 2021, as set forth **(C)**
in the applicable Rate Schedules.

Customer Class	Large C&I	Small C&I	Residential
Rate Schedule / Charge	LP-4, LP-5, LPEP, and L5S	GS-1, GS-3, BL, and GH-2 (R)	RS and RTS (R)
	\$186.22/Bill (D)	\$9.07/Bill (D)	\$4.51/Bill (D)