

TCJA TEMPORARY SURCHARGE

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To implement the effects of the Tax Cuts and Jobs Act (TCJA), on March 15, 2018 the Pennsylvania Public Utility Commission (Commission) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the utility to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code. 66 Pa. C.S. § 1310(d). Subsequently on May 17, 2018, and June 14, 2018, the Commission entered an Order superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates as follows:

A negative surcharge of 3.75% will apply as a credit for intrastate service to all customer bills rendered on and after January 1, 2026. This negative surcharge will be distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues.

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This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the utility files and the Commission approves new base rates for the utility pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes. After the initial filing on June 15, 2018, the TCJA Temporary Surcharge shall be filed with the Commission by December 1 of each year that it is in place.

Interest on over or under collections shall be computed monthly at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.) from the month that the over or under collection occurs to the mid-point of the recovery period.

Upon determination that the negative surcharge, if left unchanged, would result in a material over or under collection, the Company may file with the Commission, on at least 10 days' notice, for an interim revision of the TCJA Temporary Surcharge.