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**TRANSMISSION SERVICE CHARGE**

The Transmission Service Charge (TSC) shall be applied to charges for electricity supplied to customers who receive default service, as defined in Rule 1B(1), from the Company under this Tariff.

The TSC shall be computed separately for each of the following four customer classes:

- (1) Residential: Consisting of Rate Schedules RS and RTS (R),
- (2) Small Commercial and Industrial: Consisting of Rate Schedules GS-1, GS-3, BL, SA, SM (R), SHS (R), SLE, and SE (Small C&I),
- (3) Large Commercial and Industrial – Primary: Consisting of Rate Schedule LP-4 (Large C&I – Primary), and
- (4) Large Commercial and Industrial – Transmission: Consisting of Rate Schedules LP-5 and LP-6 (Large C&I – Transmission).

The TSC, computed using the formulae described below, shall be applied to the monthly bill of each customer receiving default service from the Company and shall be reconciled on an annual basis for undercollections and overcollections experienced during the previous year.

The TSC for the Residential class and the Small C&I class shall be computed using the following formula:

$$TSC = [TCe/S + TCd/S - E/S] \times 1/(1-T)$$

The TSC for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formulae:

$$TSC = TSCd + TSCe$$

The demand – related portion of the TSC (TSCd) for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formula:

$$TSCd = [TCd/D] \times 1/(1-T)$$

The other portion of the TSC (TSCe) for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formula:

$$TSCe = [TCe/S - E/S] \times 1/(1-T)$$

Where:

TCd = The demand-related (kW) portion of the charges that the Company incurs to provide transmission service (including ancillary service charges and all non-market-based transmission service charges) to customers who receive default service from the Company. These charges are all FERC-approved charges imposed by PJM on a kW basis. These charges are allocated to each customer class based upon the contribution of that class to the 5 coincident peaks used by PJM to establish such demand – related charges.

**TRANSMISSION SERVICE CHARGE (CONTINUED)**

- TCe = All other charges not recovered through TCd that the Company incurs to provide transmission service (including ancillary service charges and all non-market-based transmission service charges) to customers who receive default service from the Company. These charges are all FERC-approved charges imposed by PJM on any basis other than a kW basis. These charges are allocated to each customer class based upon the projected kWh usage of that class, including estimated distribution system losses during the computation year.
  
- D = For the Large C&I – Primary customer class, the total of the monthly billing demands for all customers in the class, projected for the computation year. For the Large C&I – Transmission customer class, the total of the monthly contributions of all customers in the class to the Company’s 5 coincident peaks used by PJM to establish such demand – related charges.
  
- E = Net over or undercollection of the TCe and TCd charges associated with the acquisition of transmission service as of the end of the 12-month period ending September 30 immediately preceding the computation year, including applicable interest. Reconciliation of the TSC will be conducted separately for each of the four customer classes. Beginning with the reconciliation period ending April 30, 2013, the percentage of demand-related costs assigned to each customer class will change monthly to reflect the class’ actual share of default service peak load responsibility in that month. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of overcollections and undercollections shall be calculated at the prime rate for commercial borrowing, not to exceed the legal rate of interest in effect on the last day of the month the over or undercollection occurred, effective April 1, 2016.
  
- S = The Company’s total retail KWH sales to customers in each customer class who receive default service under this tariff (including distribution losses) projected for the computation year.
  
- T= The total Pennsylvania gross receipts tax rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) within this tariff) in effect during the billing period, expressed in decimal form.

The TSC shall be filed with the Pennsylvania Public Utility Commission (Commission) by November 1 of each year. The TSC rate shall become effective for transmission service acquired on behalf of default service customers and rendered to those customers on or after the following December 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that a customer class’s TSC, if left unchanged, would result in a material over or undercollection of all transmission service charges incurred or expected to be incurred, the Company may file with the Commission for an interim revision of the TSC to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

**TRANSMISSION SERVICE CHARGE (CONTINUED)**

By November 1 of each year the company will file with the Commission the experienced net over or under collection as described above. The reconciliation will include a calculation of the application period over or under recoveries of transmission service costs. The reconciliation of the TSC will be the difference between actual transmission service costs incurred and actual revenue billed for the application period.

Minimum bills shall not be reduced by reason of the TSC, nor shall charges hereunder be a part of the monthly rate schedule minimum. The TSC shall not be subject to any credits or discounts, but Part 2 of the STAS shall apply.

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

Charges under the TSC for the period July 1, 2026, through November 30, 2026, as set forth in the applicable Rate Schedules.

<b>Customer Class</b>	<b>Large C&amp;I - Transmission</b>	<b>Large C&amp;I - Primary</b>	<b>Small C&amp;I</b>	<b>Residential</b>
Rate Schedule / Charge	LP-5 and LP-6	LP-4	GS-1, GS-3, and BL	RS and RTS (R)
Energy Rate (\$/kWh)			0.03303	0.03326
Demand Rate (\$/kW)	18.663	21.647		

<b>Small C&amp;I – Street Lights</b>										
Rate Schedule/ Charge	SA		SM (R)		SHS (R)		SLE		SE	TS (R)
	Nominal Lumens	Charge	Nominal Lumens	\$/Lamp	Nominal Lumens	\$/Lamp	Nominal Lumens	\$/Fixture	\$/KWH	\$/Watt
	HPS 9,500	2.167 \$/Lamp	3,350	1.622	5,800	0.984	3,000	0.473	0.03303	0.02413
6,650			2.533	9,500	1.410	2,900	0.621			
10,500			3.541	16,000	2.074	5,000	0.686			
0.509 \$/Fixture		20,000	5.608	25,500	3.742	4,750	0.857			
		34,000	9.562	50,000	5.873	8,000	1.094			
		51,000	13.215			12,750	2.041			
						20,000	3.165			

(C) Indicates Change

(D) Indicates Increase

(I) Indicates Increase