

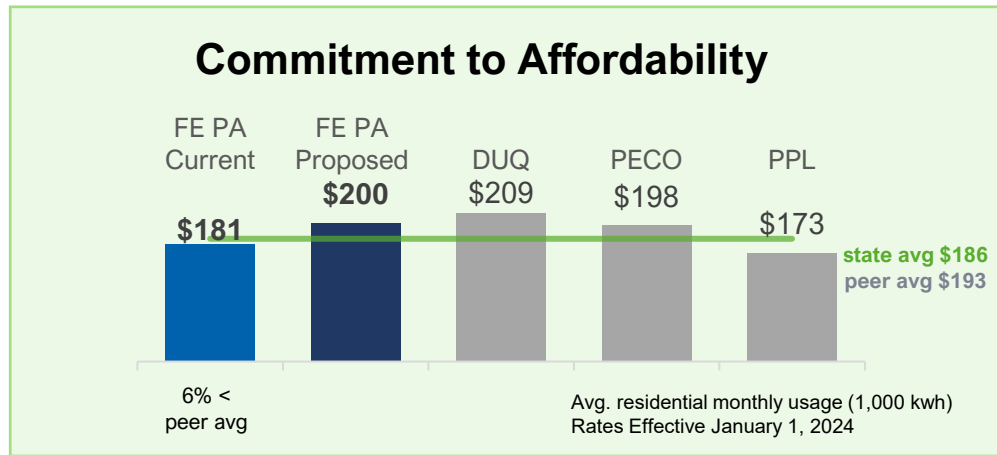
# PA Base Rate Case Filing

Filed 4/2/24 (Docket Number: R-2024-3047068)



Key Statistics		
	Filing	Prior
Distribution Rate Base	\$7.2B <sup>1</sup>	\$4.8B
Return on Equity	11.3%	Settled
Cap Structure (Debt / Equity)	46.2% / 53.8%	Settled
Test Year (12 months ended)	Dec. 2025	Dec. 2017

Net Revenue Increase: \$502M<sup>2</sup>



Represents a 10.5% avg residential increase and a 7.7% overall average increase in FE PA's rates<sup>3</sup>

## Filing Summary

Proposed rate adjustment builds on service reliability enhancements made in recent years by upgrading additional distribution grid equipment, providing ongoing tree trimming with a focus on off-right-of-way trees and creating a dedicated team to help low-income residential customers participate in bill assistance programs.

## Key Components

- Reset the Distribution System Improvement Charge (DSIC) rider to zero and roll first year of Long-Term Infrastructure Investment Program (LTIIP) Phase III into rate base
- Change pension recovery from a cash contribution method to the delayed recognition method; change OPEB recovery from service costs to the delayed recognition method
- Proposal to implement a Pension/OPEB Normalization Mechanism (PON) to establish a regulatory asset/liability for differences between actual expense and test year expense (using the delayed recognition method)
- Request for a 10-year enhanced vegetation management program to reduce tree caused outages, reduce outage restoration time, and reduce future maintenance costs
- Recovery of costs incurred by FE PA including impact of major storms, COVID-19, program to convert streetlights to LEDs among others
- Income taxes calculated using statutory rates; while including in base rates the Tax Cuts and Jobs Act (TCJA) and State Tax Adjustment (STAS) riders. The blended federal-state statutory tax rate is approximately 27%
- Two customer-driven initiatives: (1) launch of an Energy Assistance Outreach Team, and (2) an Electric Vehicle pilot to educate customers about EVs and encourage adoption

<sup>1</sup> The filed rate base of \$7.2B primarily includes proposed enhanced recovery of certain costs that reduced projected rate base from amounts included in the 2024 factbook.

<sup>2</sup> Represents the net increase after roll-in of several riders: DSIC and Smart Meter; as well as retaining in base rates the customer refunds from the TCJA and STAS riders

<sup>3</sup> Expect rates to be effective January 2025. Rates effective June 1, 2024 if no intervenor protest is filed