

August 20, 2009

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor - 1 North
Harrisburg, PA 17120

Re: Pennsylvania Power Company Tariff Supplement No. 59 – Changes for Default Service Rates Related to Interim Default Service Supply Plan, Docket No. P-00072305

Dear Secretary McNulty:

Transmitted herewith for filing with the Pennsylvania Public Utility Commission ("Commission") are eight (8) copies of Supplement No. 59 to Pennsylvania Power Company's ("Penn Power" or the "Company") Tariff Electric Pa. P.U.C. No. 35, which bear an issue date of August 20, 2009 and are proposed to be effective with service rendered on or after September 1, 2009.

The purpose of Supplement No. 59 is to reflect default service rate changes for the Commercial and Residential Customer Classes as well as customers served under Penn Power's Hourly Pricing Service Interim Default Service Rider consistent with the Commission's Orders at Docket No. P-00072305.

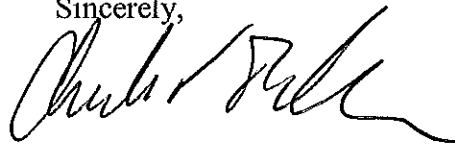
As support for the rate changes, the following schedules accompany this tariff filing:

- Schedule 1 provides supporting details for the changes to the Commercial Classes' default service rates stated in the tariff's Price to Compare Interim Default Service Rate Rider
- Schedule 2 provides supporting details for the changes to the Residential Classes' default service rates stated in the tariff's Price to Compare Interim Default Service Rate Rider
- Schedule 3 provides supporting details for the change to the Hourly Pricing Service Reconciliation Rate contained in the Hourly Pricing Service Interim Default Service Rider
- Schedule 4 provides supporting details for the change to the Hourly Pricing Service Interim Default Service Rider's Miscellaneous Administrative Fee ("MAF").

Enclosed please find an extra copy of this letter for you to date stamp and return in the enclosed stamped, addressed envelope in order to indicate receipt of this filing.

If you have any questions regarding the enclosed documents, please contact me at (610) 921-6525.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles V. Fullem". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles V. Fullem
Director of Rates & Regulatory Affairs-PA
610-921-6525

Enclosures

c: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Pennsylvania Power Company for :
Approval of Interim Default Service Supply : Docket No. P-00072305
Plan :
: :
: :
: :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant).

Service by First Class Mail, as follows:

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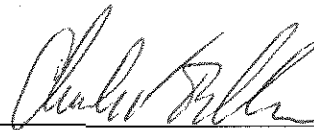
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Dated: August 20, 2009



Charles V. Fullem
Director
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PENNSYLVANIA POWER COMPANY

**Schedule of Rates, Rules and Regulations
for
Electric Service
For List of Communities Served,
See Pages 5 and 6**

ISSUED: August 20, 2009

EFFECTIVE: September 1, 2009

**Issued by
Anthony J. Alexander
CEO
233 Frenz Drive
New Castle, PA 16101**

NOTICE

This Supplement Makes Changes to Existing Tariff -- See Fifty-third Revised Sheet No. 1

LIST OF MODIFICATIONS

Riders

Changes and Decreases

Modifications have been made to the Hourly Pricing Service Interim Default Service Rider (See Seventh Revised Sheet No. 64.2 and Seventh Revised Sheet No. 64.3)

Modifications have been made to the Price to Compare Interim Default Service Rate Rider (See Eighth Revised Sheet No. 71.1, and Eighth Revised Sheet No. 71.2)

Hourly Pricing Service Interim Default Service Rider (Continued)

The Market Based Energy Charge is calculated as follows:

$$MBEC = \sum_{t=1}^n (kWh_t \times MBP_t)$$

Where:

kWh_t = Customer's actual kWh usage in hour t

MBP_t = The applicable Hourly Market Based Price as defined in the Hourly Market Based Price section below at hour t

t = An hour in the billing period

n = Total number of hours in the billing period

Hourly Market Based Price:

The Hourly Market Based Prices will be equal to the following:

$$MBP_t = (LMP_t + MAF) \times (1 + LAF)$$

Where:

LMP = the "Day Ahead" Locational Marginal Price, or "LMP" as defined and specified by the Midwest ISO at the Commercial Pricing Node labeled "FESR", as this node may be changed or superseded from time to time by the Midwest ISO. In the event there is an error in the LMP reported by the Midwest ISO, the Company shall apply such prices as corrected by the Midwest ISO in subsequent monthly billings.

t = An hour in the billing period

MAF = \$0.00408 per kWh

LAF = Loss adjustment factor

0% for service voltages of 69kV or greater

0.1% for service voltages of 23 kV or greater up to but not including 69kV

3.0% for service voltages of 4.1kV or greater up to but not including 23kV

(D) Decrease

Hourly Pricing Service Interim Default Service Rider (Continued)

The Company shall not be responsible for the failure of the Customer to receive and act upon market based quotes.

Revenue Sufficiency Guarantee Distribution Charge (RSGD):

The Revenue Sufficiency Guarantee Distribution Charge, as defined below, is equal to the difference (the absolute value) between the Real-Time metered actual usage and the Day-Ahead scheduled energy usage (supplied pursuant to the Scheduling Requirement) applied to the hourly Real-Time Revenue Sufficiency Guarantee Rates made publicly available by the Midwest ISO.

The Revenue Sufficiency Guarantee Distribution Charge is calculated as follows:

$$RSGD = \sum_{t=1}^n (|RT_t - DA_t|) \times RSGR_t$$

Where:

RT_t = The Real-Time metered actual usage in hour t

DA_t = The Day-Ahead scheduled energy usage in hour t

$RSGR_t$ = The hourly Real-Time Revenue Sufficiency Guarantee Rate as defined and specified and made publicly available by the Midwest ISO for hour t

t = An hour in the billing period

n = Total number of hours in the billing period

Hourly Pricing Service Reconciliation Charge

An Hourly Pricing Service Reconciliation Rate (“ E_{HPS} ”) shall be applied to each kWh of Default Service that Penn Power delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The E_{HPS} rate shall be included as a non-bypassable component billed to Customers receiving Default Service from the Company under this rider. The rate shall be calculated according to the provisions of this rider.

For service rendered September 1, 2009 through November 30, 2009, the E_{HPS} rate is as follows: (C)

Hourly Pricing Service Reconciliation Rate:

(\$0.00573) per kWh. (D)

(C) Change
(D) Decrease

PRICE TO COMPARE INTERIM DEFAULT SERVICE RATE RIDER

A Price to Compare Default Service Rate (“PTC_{Default}”) shall be applied to each kWh of Default Service that Penn Power delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The PTC_{Default} rate shall be billed to Customers receiving Default Service from the Company under this rider. The rates shall be calculated according to the provisions of this rider.

(C)

For service rendered September 1, 2009 through November 30, 2009 the PTC_{Default} rates billed by Customer Class are as follows:

Commercial Customer Classes (Rate Schedules GS (excluding GS Special Rule GSDS), GS Optional Controlled Service Rider, PNP, GM, GM Optional Controlled Service Rider, PLS, SV, SVD, SM, OH With Cooling Capabilities, OH Without Cooling Capabilities, and WH Non-Residential):

(D)

Commercial Group 1 (Rate Schedules GS (excluding GS Special Rule GSDS), OH With Cooling Capabilities, PNP, GM, PLS, SV, SVD, SM, and WH Non-Residential):
\$0.07613 per kWh.

(D)

Commercial Group 2 (Rate Schedules GS Optional Controlled Service Rider, OH Without Cooling Capabilities, and GM Optional Controlled Service Rider):
\$0.05555 per kWh.

Residential Customer Classes (Rate Schedules RS; RS Optional Controlled Service Rider; RH; RH Water Heating Option; WH; and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services):

(D)

Residential Group 1 (Rate Schedules RS; and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services, excluding for demand meter customers those kWh over 125 kWh per KW of billing load during billing month):
\$0.10027 per kWh.

(D)

Residential Group 2a (Rate Schedules RH – Summer, RH Water Heating Option – Summer, and WH – Summer):
\$0.09840 per kWh.

(D)

Residential Group 2b (Rate Schedules RH – Non Summer, RH Water Heating Option – Non Summer, and WH – Non Summer):
\$0.05547 per kWh.

(C) Change
(D) Decrease

Price to Compare Interim Default Service Rate Rider (Continued)

(D)
Residential Group 3a (Rate Schedule RS, RS Optional Controlled Service Rider and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services customers, with demand meters, all kWh over 125 kWh per KW of billing load for billing month during Summer period):

\$0.05701 per kWh

(D)
Residential Group 3b (Rate Schedule RS, RS Optional Controlled Service Rider and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services customers, with demand meters, all kWh over 125 kWh per KW of billing load for billing month during Non Summer period):

\$0.05701 per kWh

(D) Decrease

**Pennsylvania Power Company
PTC Default Service Rates Calculations
Commercial Classes**

Commercial Classes

PTC Current Cost Component	\$	0.06758		<i>per kWh</i>
Divide by Line Loss (6.2%)		93.80%		
PTC Current Cost Component	\$	0.07205		<i>per kWh</i>
Multiplied by 1/(1-T) with T = 4.4% Gross Receipts Tax		1.046025		
PTC Current Cost Component	\$	0.07537		<i>per kWh</i>
Admin Costs	\$	0.00012	(A)	<i>per kWh</i>
Uncollectible Account expense	\$	0.00006	(A)	<i>per kWh</i>
Subtotal	\$	0.00018		<i>per kWh</i>
Multiplied by 1/(1-T) with T = 4.4% Gross Receipts Tax		1.046025		
Subtotal Admin and Uncollectible costs	\$	0.00019		<i>per kWh</i>
Total PTC Current Cost Component Commercial Classes	\$	0.07556		<i>per kWh</i>

Year 2

			Base PTC Current	Plus Admin & Uncollectible	Total PTC Current	
PTC Current Cost Component Commercial Classes	RF Factor	\$	0.07537	\$ 0.00019	\$ 0.07556	<i>per kWh</i>
Commercial Group 1	1.013	\$	0.07635	\$ 0.00019	\$ 0.07654	<i>per kWh</i>
Commercial Group 2	0.740	\$	0.05577	\$ 0.00019	\$ 0.05596	<i>per kWh</i>

PTC Reconciliation Factor Commercial Classes (See Schedule 1, Page 2)

Commercial Group 1	\$	(0.00041)	<i>per kWh</i>
Commercial Group 2	\$	(0.00041)	<i>per kWh</i>

PTC Default Commercial Classes

Commercial Group 1	\$	0.07613	<i>per kWh</i>
Commercial Group 2	\$	0.05555	<i>per kWh</i>

(A) No change from rates that were in effect June 1, 2008

**Pennsylvania Power Company
PTC Default Rate Calculation
Commercial Classes**

**Computation of Commercial Classes Reconciliation Factor Rate
Effective September 1, 2009 Through November 30, 2009**

Line No.	Description	Amounts
1	Cumulative Commercial Classes (Over) / Under Collection as of July 31, 2009	\$ (587,496) See Schedule 1, Page 3 for support
2	Add: Recovery of amortization of Commercial Classes POLR I (Over) Under Collections for September 1, 2009 through November 30, 2009	<u>\$ 517,491</u> See Schedule 1, Page 4 for support
3	Costs to recover through Commercial Classes Reconciliation Factor Rate - September 1, 2009 through November 30, 2009 (Line 1 + Line 2)	\$ (70,005)
4	Projected Commercial Classes kilowat-hour sales - September 1, 2009 through November 30, 2009	180,107,101 kWhs
5	Commercial Classes Reconciliation Factor Rate before PA Gross Receipts Tax (Line 3 / Line 4)	\$ (0.00039) per kWh
6	PA Gross Receipt Gross-Up [1/(1-T) with T = 4.4% Gross Receipts Tax]	<u>1.046025</u>
7	Commercial Classes Reconciliation Factor Rate with PA Gross Receipts Tax (Line 5 X Line 6)	<u><u>\$ (0.00041) per kWh</u></u>

Interest Rate for Net Undercollections Annual Monthly
6.0000% 0.5000%
Interest Rate for Net (Overcollections) 8.0000% 0.6667%

**Penn Power Interim Default Service Supply Plan
Reconciliation
Commercial (and Public Street Lighting) Customer
Classes Deferrals
Through July 31, 2009**

Line No.		Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ -	\$ 572,961	\$ 1,301,370	\$ 959,579	\$ (80,786)	\$ (299,580)	\$ (807,579)	\$ (735,358)	\$ (329,366)	\$ (458,723)	\$ (335,330)	\$ (493,024)	\$ (673,188)	\$ (784,178)
2	A POLR II / IDSSP Revenues With Pa GRT	\$ 4,747,535	\$ 5,727,901	\$ 5,725,774	\$ 5,947,269	\$ 4,715,786	\$ 4,699,156	\$ 4,990,418	\$ 4,943,119	\$ 5,051,560	\$ 4,547,933	\$ 4,117,574	\$ 3,916,900	\$ 3,876,362	\$ 3,837,157
3	B Uncollectible Expense Revenues with Pa GRT Included in "A"	\$ 1,382	\$ 3,770	\$ 3,790	\$ 3,698	\$ 2,738	\$ 2,753	\$ 3,106	\$ 3,323	\$ 3,405	\$ 3,037	\$ 2,730	\$ 2,564	\$ 2,728	\$ 3,029
4	C = A - B POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues	\$ 4,746,153	\$ 5,724,131	\$ 5,721,984	\$ 5,943,571	\$ 4,713,048	\$ 4,696,403	\$ 4,987,312	\$ 4,939,796	\$ 5,048,155	\$ 4,544,896	\$ 4,114,844	\$ 3,914,336	\$ 3,873,634	\$ 3,834,128
5	D Pa GRT Included in "C"	\$ 208,831	\$ 251,862	\$ 251,767	\$ 261,517	\$ 207,374	\$ 206,642	\$ 219,442	\$ 217,351	\$ 222,119	\$ 199,975	\$ 181,053	\$ 172,231	\$ 170,440	\$ 168,702
6	E = C - D POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT	\$ 4,537,322	\$ 5,472,269	\$ 5,470,217	\$ 5,682,054	\$ 4,505,674	\$ 4,489,761	\$ 4,767,870	\$ 4,722,445	\$ 4,826,036	\$ 4,344,921	\$ 3,933,791	\$ 3,742,105	\$ 3,703,194	\$ 3,665,426
Expenses															
7	Amortization of Start Up Costs Through 05/31/2008 {DSexp1}	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946	\$ 7,946
8	Payments to RFP Bidders {DSexp2}	\$ 5,096,737	\$ 6,187,055	\$ 5,104,887	\$ 4,436,829	\$ 4,097,855	\$ 3,804,693	\$ 4,655,943	\$ 4,915,805	\$ 4,518,446	\$ 4,289,083	\$ 3,598,003	\$ 3,385,074	\$ 3,396,974	\$ 3,685,975
9	Current Month Administration Costs {DSexp2}	\$ 4,171	\$ 1,003	\$ 9,955	\$ 22,225	\$ 9,846	\$ 304	\$ 8,831	\$ 35,726	\$ 408	\$ 1,426	\$ 403	\$ 299	\$ 19,629	\$ 247
10	Amortization of POLR I (Over)/Under Collections {DSexp3}	\$ -	\$ -	\$ -	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497	\$ 172,497
11	Total Expenses for Month	\$ 5,108,854	\$ 6,196,004	\$ 5,122,788	\$ 4,639,497	\$ 4,288,144	\$ 3,985,440	\$ 4,845,217	\$ 5,131,974	\$ 4,699,297	\$ 4,470,952	\$ 3,778,849	\$ 3,565,816	\$ 3,597,046	\$ 3,866,665
12	Monthly (Over)/Under Collections	\$ 571,532	\$ 723,735	\$ (347,429)	\$ (1,042,557)	\$ (217,530)	\$ (504,321)	\$ 77,347	\$ 409,529	\$ (126,739)	\$ 126,031	\$ (154,942)	\$ (176,289)	\$ (106,148)	\$ 201,239
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ 571,532	\$ 1,296,696	\$ 953,941	\$ (82,978)	\$ (298,316)	\$ (803,901)	\$ (730,232)	\$ (325,829)	\$ (456,105)	\$ (332,692)	\$ (490,272)	\$ (669,313)	\$ (779,336)	\$ (582,939)
14	Interest for Current Month	\$ 1,429	\$ 4,674	\$ 5,638	\$ 2,192	\$ (1,264)	\$ (3,678)	\$ (5,126)	\$ (3,537)	\$ (2,618)	\$ (2,638)	\$ (2,752)	\$ (3,875)	\$ (4,842)	\$ (4,557)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ 572,961	\$ 1,301,370	\$ 959,579	\$ (80,786)	\$ (299,580)	\$ (807,579)	\$ (735,358)	\$ (329,366)	\$ (458,723)	\$ (335,330)	\$ (493,024)	\$ (673,188)	\$ (784,178)	\$ (587,496)

**Penn Power Actual Net (Over) /Under Collections of POLR Revenues Versus POLR Expenses Under Interim POLR Supply Plan
Seventeen Months Ended May 31, 2008
Commercial and Public Street Lighting Classes**

Line No.	Year	Month	Commercial and Public Street Lighting POLR Revenues	Revenues Excluding PaGRT @ 4.40 %	Payments to Third-Party POLR Providers	Amortization of Interim POLR Supply Plan Administration Cost	Total Expenses by Month	Commercial and Public Street Lighting (Over) / Under Collections	Monthly Interest Rate (A)	No. of Months to Mid-Point of Recovery Period	Interest on Commercial and Public Street Lighting (Over) / Under Collections	Commercial and Public Street Lighting (Over) / Under Collections and Interest
(1)	(2)	(3)	(4) = (3) X (1 - 0.044)	(5)	(6)	(7) = (5) + (6)	(8) = (7) - (4)	(9)	(10)	(11) = (8) X (9) X (10)	(12) = (8) + (11)	
1	2007	January	\$ 3,641,007	\$ 3,480,803	\$ 7,278,072	\$ 12,282	\$ 7,290,354	\$ 3,809,551	0.5000%	29	\$ 552,385	\$ 4,361,936
2	2007	February	\$ 7,295,159	\$ 6,974,172	\$ 6,398,325	\$ 12,716	\$ 6,411,041	\$ (563,131)	0.6667%	28	\$ (105,123)	\$ (668,254)
3	2007	March	\$ 6,861,478	\$ 6,559,573	\$ 7,094,655	\$ 11,654	\$ 7,106,309	\$ 546,736	0.5000%	27	\$ 73,809	\$ 620,545
4	2007	April	\$ 5,891,589	\$ 5,632,359	\$ 5,412,463	\$ 14,035	\$ 5,426,498	\$ (205,861)	0.6667%	26	\$ (35,684)	\$ (241,545)
5	2007	May	\$ 5,166,249	\$ 4,938,934	\$ 4,371,421	\$ 12,999	\$ 4,384,420	\$ (554,514)	0.6667%	25	\$ (92,424)	\$ (646,938)
6	2007	June	\$ 5,194,123	\$ 4,965,582	\$ 4,854,660	\$ 12,999	\$ 4,867,659	\$ (97,923)	0.6667%	24	\$ (15,668)	\$ (113,591)
7	2007	July	\$ 5,740,144	\$ 5,487,578	\$ 5,217,577	\$ 13,499	\$ 5,231,076	\$ (256,502)	0.6667%	23	\$ (39,332)	\$ (295,834)
8	2007	August	\$ 5,772,622	\$ 5,518,627	\$ 5,994,871	\$ 13,602	\$ 6,008,473	\$ 489,846	0.5000%	22	\$ 53,883	\$ 543,729
9	2007	September	\$ 5,474,412	\$ 5,233,538	\$ 4,190,762	\$ 13,805	\$ 4,204,567	\$ (1,028,971)	0.6667%	21	\$ (144,063)	\$ (1,173,034)
10	2007	October	\$ 4,692,936	\$ 4,486,447	\$ 4,125,160	\$ 13,892	\$ 4,139,052	\$ (347,395)	0.6667%	20	\$ (46,322)	\$ (393,717)
11	2007	November	\$ 4,282,067	\$ 4,093,656	\$ 4,121,126	\$ 13,948	\$ 4,135,074	\$ 41,418	0.5000%	19	\$ 3,935	\$ 45,353
12	2007	December	\$ 4,526,600	\$ 4,327,430	\$ 4,588,000	\$ 14,001	\$ 4,602,001	\$ 274,571	0.5000%	18	\$ 24,711	\$ 299,282
13	2008	January	\$ 5,047,084	\$ 4,825,012	\$ 4,834,896	\$ 14,076	\$ 4,848,972	\$ 23,960	0.5000%	17	\$ 2,037	\$ 25,997
14	2008	February	\$ 4,836,510	\$ 4,623,704	\$ 4,895,814	\$ 14,181	\$ 4,909,995	\$ 286,291	0.5000%	16	\$ 22,903	\$ 309,194
15	2008	March	\$ 4,779,100	\$ 4,568,820	\$ 5,202,038	\$ 14,181	\$ 5,216,219	\$ 647,399	0.5000%	15	\$ 48,555	\$ 695,954
16	2008	April	\$ 4,335,265	\$ 4,144,513	\$ 4,057,900	\$ 14,181	\$ 4,072,081	\$ (72,432)	0.6667%	14	\$ (6,761)	\$ (79,193)
17	2008	May	\$ 3,838,887	\$ 3,669,976	\$ 3,484,771	\$ 15,015	\$ 3,499,786	\$ (170,190)	0.6667%	13	\$ (14,751)	\$ (184,941)
18	Totals January 1, 2007 through May 31, 2008 - Commercial and Public Street Lighting Classes											
			\$ 87,375,232	\$ 83,530,724	\$ 86,122,511	\$ 231,066	\$ 86,353,577	\$ 2,822,853			\$ 282,090	\$ 3,104,943
19	Commercial and Public Street Lighting Classes Amortization of POLR I deferrals per month Sept 2008 through Feb 2010 (Line 18, Column 12 / 18 months)											
												\$ 172,497

(A) Monthly interest rate based upon the 41 P.S. § 202 statutory annual rate for under collections and based upon the 41 P.S. § 202 statutory annual rate plus two percent for over collections.

**Pennsylvania Power Company
 PTC Default Service Rates Calculations
 Residential Classes**

Residential Classes

PTC Current Cost Component	\$	0.07480	<i>per kWh</i>
Divide by Line Loss (6.2%)		<u>93.80%</u>	
Subtotal	\$	0.07974	<i>per kWh</i>
Multiplied by 1/(1-T) with T = 4.4% Gross Receipts Tax		<u>1.046025</u>	
PTC Current Cost Component	\$	0.08341	<i>per kWh</i>
Admin Costs	\$	0.00021 (A)	<i>per kWh</i>
Uncollectible Account expense	\$	0.00120 (A)	<i>per kWh</i>
Subtotal	\$	0.00141	
Multiplied by 1/(1-T) with T = 4.4% Gross Receipts Tax		<u>1.046025</u>	
Subtotal Admin and Uncollectible costs	\$	0.00147	<i>per kWh</i>
Total PTC Current Cost Component Residential Classes	\$	0.08488	<i>per kWh</i>

Year 2

		Base PTC	Plus Admin &	Total	
		Current	Uncollectible	PTC Current	
PTC Current Cost Component Residential Classes	RF Factor	\$ 0.08341	\$ 0.00147	\$ 0.08488	<i>per kWh</i>
Residential Group 1	1.174	\$ 0.09796	\$ 0.00147	\$ 0.09943	<i>per kWh</i>
Residential Group 2a	1.152	\$ 0.09609	\$ 0.00147	\$ 0.09756	<i>per kWh</i>
Residential Group 2b	0.637	\$ 0.05316	\$ 0.00147	\$ 0.05463	<i>per kWh</i>
Residential Group 3a	0.656	\$ 0.05470	\$ 0.00147	\$ 0.05617	<i>per kWh</i>
Residential Group 3b	0.656	\$ 0.05470	\$ 0.00147	\$ 0.05617	<i>per kWh</i>

PTC Reconciliation Factor Residential Classes (See Schedule 2, Page 2)

Residential Group 1	\$	0.00084	<i>per kWh</i>
Residential Group 2a	\$	0.00084	<i>per kWh</i>
Residential Group 2b	\$	0.00084	<i>per kWh</i>
Residential Group 3a	\$	0.00084	<i>per kWh</i>
Residential Group 3b	\$	0.00084	<i>per kWh</i>

PTC Default Residential Classes

Residential Group 1	\$	0.10027	<i>per kWh</i>
Residential Group 2a	\$	0.09840	<i>per kWh</i>
Residential Group 2b	\$	0.05547	<i>per kWh</i>
Residential Group 3a	\$	0.05701	<i>per kWh</i>
Residential Group 3b	\$	0.05701	<i>per kWh</i>

(A) No change from rates that were in effect June 1, 2008

**Pennsylvania Power Company
 PTC Default Rate Calculation
 Residential Classes**

**Computation of Residential Classes Reconciliation Factor Rate
 Effective September 1, 2009 Through November 30, 2009**

Line No.	Description	Amounts
1	Cumulative Residential Classes (Over) / Under Collection as of July 31, 2009	\$ (1,420,748) See Schedule 2, Page 3 for support
2	Add: Recovery of amortization of Residential Classes POLR I (Over) / Under Collections for September 1, 2009 through November 30, 2009	\$ 1,726,074 See Schedule 2, Page 4 for support
3	Costs to recover through Residential Classes Reconciliation Factor Rate - September 1, 2009 through November 30, 2009 (Line 1 + Line 2)	\$ 305,326
4	Projected Residential Classes kilowatt hour sales - September 1, 2009 through November 30, 2009	383,648,089 kWhs
5	Residential Classes Reconciliation Factor Rate before PA Gross Receipts Tax (Line 3 / Line 4)	\$ 0.00080 per kWh
6	PA Gross Receipt Gross-Up [1/(1-T) with T = 4.4% Gross Receipts Tax]	<u>1.046025</u>
7	Residential Classes Reconciliation Factor Rate with PA Gross Receipts Tax (Line 5 X Line 6)	<u>\$ 0.00084 per kWh</u>

Interest Rate for Net Undercollections Annual Monthly
 6.0000% 0.5000%
 Interest Rate for Net (OverCollection) 8.0000% 0.6667%

**Penn Power Interim Default Service Supply Plan
 Reconciliation
 Residential Customer Classes Deferrals
 Through July 31, 2009**

Line No.		Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ -	\$ 552,843	\$ 306,698	\$ (196,645)	\$ (2,972,434)	\$ (2,973,961)	\$ (2,164,064)	\$ 385,625	\$ 4,000,586	\$ 4,622,706	\$ 4,516,020	\$ 3,159,714	\$ 1,351,006	\$ 121,473
2	A POLR II / IDSSP Revenues With Pa GRT	\$ 11,046,692	\$ 12,892,127	\$ 13,231,805	\$ 12,139,759	\$ 9,682,871	\$ 10,349,835	\$ 12,287,499	\$ 13,385,730	\$ 13,237,084	\$ 12,340,085	\$ 11,372,718	\$ 10,591,684	\$ 11,017,856	\$ 11,532,381
3	B Uncollectible Expense Revenues with Pa GRT Included in "A"	\$ 61,063	\$ 160,627	\$ 166,649	\$ 146,427	\$ 116,847	\$ 138,201	\$ 185,403	\$ 218,765	\$ 220,537	\$ 181,746	\$ 146,014	\$ 121,636	\$ 123,163	\$ 135,435
4	C = A - B POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues	\$ 10,985,629	\$ 12,731,500	\$ 13,065,156	\$ 11,993,332	\$ 9,566,024	\$ 10,211,634	\$ 12,102,096	\$ 13,166,965	\$ 13,016,547	\$ 12,158,339	\$ 11,226,704	\$ 10,470,048	\$ 10,894,693	\$ 11,396,946
5	D Pa GRT Included in "C"	\$ 483,368	\$ 560,186	\$ 574,867	\$ 527,707	\$ 420,905	\$ 449,312	\$ 532,492	\$ 579,346	\$ 572,728	\$ 534,967	\$ 493,975	\$ 460,682	\$ 479,366	\$ 501,466
6	E = C - D POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT	\$ 10,502,261	\$ 12,171,314	\$ 12,490,289	\$ 11,465,625	\$ 9,145,119	\$ 9,762,322	\$ 11,569,604	\$ 12,587,619	\$ 12,443,819	\$ 11,623,372	\$ 10,732,729	\$ 10,009,366	\$ 10,415,327	\$ 10,895,480
Expenses															
7	Amortization of Start Up Costs Through 05/31/2008 [DSexp1]	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594	\$ 4,594
8	Payments to RFP Bidders [DSexp2]	\$ 10,947,400	\$ 11,916,515	\$ 11,908,015	\$ 8,078,877	\$ 8,551,095	\$ 10,008,756	\$ 13,528,366	\$ 15,543,386	\$ 12,463,703	\$ 10,912,085	\$ 8,776,559	\$ 7,608,885	\$ 8,564,364	\$ 8,777,153
9	Current Monthly Administration Costs [DSexp2]	\$ 101,731	\$ 1,917	\$ 74,063	\$ 41,536	\$ 32,301	\$ 582	\$ 16,884	\$ 68,304	\$ 780	\$ 1,859	\$ 771	\$ 572	\$ 37,806	\$ 471
10	Amortization of POLR I (Over)/Under Collections [DSexp3]	\$ -	\$ -	\$ -	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358	\$ 575,358
11	Total Expenses for Month	\$ 11,053,725	\$ 11,923,026	\$ 11,986,672	\$ 8,700,365	\$ 9,163,348	\$ 10,589,290	\$ 14,125,202	\$ 16,191,642	\$ 13,044,435	\$ 11,493,896	\$ 9,357,282	\$ 8,189,409	\$ 9,182,122	\$ 9,357,576
12	Monthly (Over)/Under Collections	\$ 551,464	\$ (248,288)	\$ (503,617)	\$ (2,765,260)	\$ 18,229	\$ 826,968	\$ 2,555,598	\$ 3,604,023	\$ 600,616	\$ (129,476)	\$ (1,375,447)	\$ (1,819,957)	\$ (1,233,205)	\$ (1,537,904)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ 551,464	\$ 304,555	\$ (196,919)	\$ (2,961,905)	\$ (2,954,205)	\$ (2,146,993)	\$ 391,534	\$ 3,989,648	\$ 4,601,202	\$ 4,493,230	\$ 3,140,573	\$ 1,339,757	\$ 117,801	\$ (1,416,431)
14	Interest for Current Month	\$ 1,379	\$ 2,143	\$ 274	\$ (10,529)	\$ (19,756)	\$ (17,071)	\$ (5,909)	\$ 10,938	\$ 21,504	\$ 22,790	\$ 19,141	\$ 11,249	\$ 3,672	\$ (4,317)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ 552,843	\$ 306,698	\$ (196,645)	\$ (2,972,434)	\$ (2,973,961)	\$ (2,164,064)	\$ 385,625	\$ 4,000,586	\$ 4,622,706	\$ 4,516,020	\$ 3,159,714	\$ 1,351,006	\$ 121,473	\$ (1,420,748)

**Penn Power Actual Net (Over) /Under Collections of POLR Revenues Versus POLR Expenses Under Interim POLR Supply Plan
Seventeen Months Ended May 31, 2008
Residential Classes**

Line No.	Year	Month	Residential POLR Revenues	Revenues Excluding PaGRT @ 4.40 %	Payments to Third-Party POLR Providers	Amortization of Interim POLR Administration Cost	Total Expenses by Month	Residential (Over) / Under Collections	Monthly Interest Rate (A)	No. of Months to Mid-Point Recovery Period	Interest on Residential (Over) / Under Collections	Residential (Over) / Under Collections and Interest
1	2007	January	\$ 4,908,461	\$ 4,692,489	\$ 13,632,784	\$ 23,483	\$ 13,656,267	\$ 8,963,778	0.5000%	29	\$ 1,299,748	\$ 10,263,526
2	2007	February	\$ 12,508,399	\$ 11,958,029	\$ 13,834,290	\$ 24,314	\$ 13,858,604	\$ 1,900,575	0.5000%	28	\$ 266,081	\$ 2,166,656
3	2007	March	\$ 12,477,749	\$ 11,928,728	\$ 10,879,351	\$ 22,283	\$ 10,901,634	\$ (1,027,094)	0.6667%	27	\$ (184,886)	\$ (1,211,980)
4	2007	April	\$ 10,726,960	\$ 10,254,974	\$ 10,070,186	\$ 26,836	\$ 10,097,022	\$ (157,952)	0.6667%	26	\$ (27,380)	\$ (185,332)
5	2007	May	\$ 9,940,729	\$ 9,503,337	\$ 8,489,282	\$ 24,855	\$ 8,514,137	\$ (989,200)	0.6667%	25	\$ (164,875)	\$ (1,154,075)
6	2007	June	\$ 10,503,133	\$ 10,040,995	\$ 8,557,214	\$ 24,855	\$ 8,582,069	\$ (1,458,926)	0.6667%	24	\$ (233,440)	\$ (1,692,366)
7	2007	July	\$ 11,304,790	\$ 10,807,379	\$ 9,283,756	\$ 25,811	\$ 9,309,567	\$ (1,497,812)	0.6667%	23	\$ (229,676)	\$ (1,727,488)
8	2007	August	\$ 11,834,040	\$ 11,313,342	\$ 11,890,930	\$ 26,009	\$ 11,916,939	\$ 603,597	0.5000%	22	\$ 66,396	\$ 669,993
9	2007	September	\$ 11,782,306	\$ 11,263,885	\$ 8,752,427	\$ 26,396	\$ 8,778,823	\$ (2,485,062)	0.6667%	21	\$ (347,926)	\$ (2,832,988)
10	2007	October	\$ 9,667,869	\$ 9,242,483	\$ 10,093,303	\$ 26,562	\$ 10,119,865	\$ 877,382	0.5000%	20	\$ 87,738	\$ 965,120
11	2007	November	\$ 9,506,765	\$ 9,088,467	\$ 9,034,998	\$ 26,669	\$ 9,061,667	\$ (26,800)	0.6667%	19	\$ (3,395)	\$ (30,195)
12	2007	December	\$ 10,890,544	\$ 10,411,360	\$ 11,943,530	\$ 26,770	\$ 11,970,300	\$ 1,558,940	0.5000%	18	\$ 140,305	\$ 1,699,245
13	2008	January	\$ 11,843,451	\$ 11,322,339	\$ 12,253,178	\$ 26,914	\$ 12,280,092	\$ 957,753	0.5000%	17	\$ 81,409	\$ 1,039,162
14	2008	February	\$ 11,257,602	\$ 10,762,268	\$ 13,251,378	\$ 27,114	\$ 13,278,492	\$ 2,516,224	0.5000%	16	\$ 201,298	\$ 2,717,522
15	2008	March	\$ 11,022,190	\$ 10,537,214	\$ 12,072,181	\$ 27,114	\$ 12,099,295	\$ 1,562,081	0.5000%	15	\$ 117,156	\$ 1,679,237
16	2008	April	\$ 9,777,343	\$ 9,347,140	\$ 8,792,294	\$ 27,114	\$ 8,819,408	\$ (527,732)	0.6667%	14	\$ (49,257)	\$ (576,989)
17	2008	May	\$ 8,724,349	\$ 8,340,478	\$ 6,993,426	\$ 28,710	\$ 7,022,136	\$ (1,318,342)	0.6667%	13	\$ (114,262)	\$ (1,432,604)

18 Totals January 1, 2007 through May 31, 2008 - Residential Class \$ 178,676,680 \$ 170,814,907 \$ 179,824,508 \$ 441,809 \$ 180,266,317 \$ 9,451,410 \$ 905,034 \$ 10,356,444

19 Residential Classes Amortization of POLR I deferrals per month Sept 2008 through Feb 2010 (Line 18, Column 12 / 18 months) **\$ 575,358**

(A) Monthly interest rate based upon the 41 P.S. § 202 statutory annual rate for under collections and based upon the 41 P.S. § 202 statutory annual rate plus two percent for over collections.

**Pennsylvania Power Company
 Hourly Pricing Service Interim Default Service Rider**

**Computation of Hourly Pricing Service (HPS) Reconciliation Rate Charge
 Effective September 1, 2009 Through November 30, 2009**

Line No.	Description	Amounts
1	Cumulative HPS Classes (Over) / Under Collection as of July 31, 2009	\$ (125,405) See Schedule 3, Page 2 for support
2	Add: Recovery of amortization of POLR I (Over) / Under Collections for September 1, 2009 through November 30, 2009	\$ 83,997 See Schedule 3, Page 3 for support
3	Costs to recover through HPS Reconciliation Rate Charge - September 1, 2009 through November 30, 2009 (Line 1 + Line 2)	\$ (41,408)
4	Projected HPS kilowatt hour sales - September 1, 2009 through November 31, 2009	7,551,012 kWhs
5	HPS Classes Reconciliation Factor Rate before PA Gross Receipts Tax (Line 3 / Line 4)	\$ (0.00548) per kWh
6	PA Gross Receipt Gross-Up [1/(1-T) with T = 4.4% Gross Receipts Tax Rate]	<u>1.046025</u>
7	Hourly Pricing Service Classes Reconciliation Factor Rate with PA Gross Receipts Tax (Line 5 X Line 6)	<u><u>\$ (0.00573) per kWh</u></u>

Interest Rate for Net Undercollections Annual Monthly
 6.0000% 0.5000%
 Interest Rate for Net (OverCollections) 8.0000% 0.6667%

**Penn Power Interim Default Service Supply Plan
 Reconciliation
 Hourly Pricing Service (Industrial) Customer
 Classes Deferrals
 Through July 31, 2009**

Line No.		Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
1	Cumulative (Over) Under Collection at Beginning of Month Including Interest	\$ -	\$ (43,389)	\$ (13,917)	\$ (53,999)	\$ (66,968)	\$ 14,244	\$ 59,202	\$ 52,810	\$ 66,986	\$ 97,109	\$ (24,458)	\$ (95,588)	\$ (136,392)	\$ (92,953)
2	A POLR II / IDSSP Revenues With Pa GRT	\$ 258,335	\$ 191,785	\$ 182,918	\$ 127,979	\$ 102,584	\$ 81,329	\$ 167,569	\$ 151,085	\$ 87,680	\$ 259,204	\$ 199,005	\$ 193,361	\$ 105,507	\$ 180,370
3	B Uncollectible Expense Revenues with Pa GRT Included in "A"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	C = A - B POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues	\$ 258,335	\$ 191,785	\$ 182,918	\$ 127,979	\$ 102,584	\$ 81,329	\$ 167,569	\$ 151,085	\$ 87,680	\$ 259,204	\$ 199,005	\$ 193,361	\$ 105,507	\$ 180,370
5	D Pa GRT Included in "C"	\$ 11,367	\$ 8,439	\$ 8,048	\$ 5,631	\$ 4,514	\$ 3,578	\$ 7,373	\$ 6,648	\$ 3,858	\$ 11,405	\$ 8,756	\$ 8,508	\$ 4,642	\$ 7,936
6	E = C - D POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT	\$ 246,968	\$ 183,346	\$ 174,870	\$ 122,348	\$ 98,070	\$ 77,751	\$ 160,196	\$ 144,437	\$ 83,822	\$ 247,799	\$ 190,249	\$ 184,853	\$ 100,865	\$ 172,434
Expenses															
7	Amortization of Start Up Costs Through 05/31/2008 [DShpsexp1]	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539	\$ 1,539
8	Payments to MISO [DShpsexp2]	\$ 135,728	\$ 210,002	\$ 133,439	\$ 80,207	\$ 148,819	\$ 92,543	\$ 123,555	\$ 128,065	\$ 83,402	\$ 95,819	\$ 89,390	\$ 114,844	\$ 115,116	\$ 110,808
9	Current Month Administration Costs [DShpsexp2]	\$ 66,456	\$ 1,467	\$ 36	\$ 36	\$ 1,100	\$ 445	\$ 432	\$ 711	\$ 596	\$ 694	\$ 590	\$ 438	\$ 412	\$ 361
10	Amortization of POLR I (Over)/Under Collections [DShpsexp3]	\$ -	\$ -	\$ -	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999	\$ 27,999
11	Total Expenses for Month	\$ 203,723	\$ 213,008	\$ 135,014	\$ 109,781	\$ 179,457	\$ 122,526	\$ 153,525	\$ 158,314	\$ 113,536	\$ 126,051	\$ 119,518	\$ 144,820	\$ 145,066	\$ 140,707
12	Monthly (Over)/Under Collections	\$ (43,245)	\$ 29,662	\$ (39,856)	\$ (12,567)	\$ 81,387	\$ 44,775	\$ (6,671)	\$ 13,877	\$ 29,714	\$ (121,748)	\$ (70,731)	\$ (40,033)	\$ 44,201	\$ (31,727)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (43,245)	\$ (13,727)	\$ (53,773)	\$ (66,566)	\$ 14,419	\$ 59,019	\$ 52,531	\$ 66,687	\$ 96,700	\$ (24,639)	\$ (95,189)	\$ (135,621)	\$ (92,191)	\$ (124,680)
14	Interest for Current Month	\$ (144)	\$ (190)	\$ (226)	\$ (402)	\$ (175)	\$ 183	\$ 279	\$ 299	\$ 409	\$ 181	\$ (399)	\$ (771)	\$ (762)	\$ (725)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (43,389)	\$ (13,917)	\$ (53,999)	\$ (66,968)	\$ 14,244	\$ 59,202	\$ 52,810	\$ 66,986	\$ 97,109	\$ (24,458)	\$ (95,588)	\$ (136,392)	\$ (92,953)	\$ (125,405)

**Penn Power Actual Net (Over) /Under Collections of POLR Revenues Versus POLR Expenses Under Interim POLR Supply Plan
 Seventeen Months Ended May 31, 2008
 Industrial and Hourly Pricing Service Classes**

Line No.	Year	Month	Industrial and	Revenues Excluding	Payments to Third-	Amortization of	Total Expenses by	Industrial and	Monthly	No. of	Interest on Industrial	Industrial and Hourly
			Hourly Pricing Service POLR Revenues	PaGRT @ 4.40 %	Party POLR Providers and MISO	Interim POLR Supply Plan Administration Cost	Month	Hourly Pricing Service (Over) / Under Collections	Interest Rate (A)	Mid-Point of Recovery Period	and Hourly Pricing Service (Over) / Under Collections	Pricing Service (Over) / Under Collections and Interest
(1)	(2)	(3)	(4) = (3) X (1 - 0.044)	(5)	(6)	(7) = (5) + (6)	(8) = (7) - (4)	(9)	(10)	(11) = (8) X (9) X (10)	(12) = (8) + (11)	
1	2007	January	\$ 1,143,305	\$ 1,093,000	\$ 2,388,622	\$ 17,960	\$ 2,406,582	\$ 1,313,582	0.5000%	29	\$ 190,469	\$ 1,504,051
2	2007	February	\$ 1,903,419	\$ 1,819,669	\$ 1,974,317	\$ 18,596	\$ 1,992,913	\$ 173,244	0.5000%	28	\$ 24,254	\$ 197,498
3	2007	March	\$ 1,740,701	\$ 1,664,110	\$ 1,540,296	\$ 17,042	\$ 1,557,338	\$ (106,772)	0.6667%	27	\$ (19,220)	\$ (125,992)
4	2007	April	\$ 1,485,728	\$ 1,420,356	\$ 1,208,138	\$ 20,524	\$ 1,228,662	\$ (191,694)	0.6667%	26	\$ (33,229)	\$ (224,923)
5	2007	May	\$ 1,107,642	\$ 1,058,905	\$ 1,070,889	\$ 19,009	\$ 1,089,898	\$ 30,993	0.5000%	25	\$ 3,874	\$ 34,867
6	2007	June	\$ 921,845	\$ 881,284	\$ 564,297	\$ 19,010	\$ 583,307	\$ (297,977)	0.6667%	24	\$ (47,679)	\$ (345,656)
7	2007	July	\$ 726,066	\$ 694,119	\$ 256,061	\$ 19,741	\$ 275,802	\$ (418,317)	0.6667%	23	\$ (64,145)	\$ (482,462)
8	2007	August	\$ 301,618	\$ 288,347	\$ 271,621	\$ 19,892	\$ 291,513	\$ 3,166	0.5000%	22	\$ 348	\$ 3,514
9	2007	September	\$ 304,589	\$ 291,187	\$ 237,182	\$ 20,187	\$ 257,369	\$ (33,818)	0.6667%	21	\$ (4,735)	\$ (38,553)
10	2007	October	\$ 287,134	\$ 274,500	\$ 275,870	\$ 20,315	\$ 296,185	\$ 21,685	0.5000%	20	\$ 2,169	\$ 23,854
11	2007	November	\$ 298,417	\$ 285,287	\$ 226,525	\$ 20,397	\$ 246,922	\$ (38,365)	0.6667%	19	\$ (4,860)	\$ (43,225)
12	2007	December	\$ 289,389	\$ 276,656	\$ 238,843	\$ 20,474	\$ 259,317	\$ (17,339)	0.6667%	18	\$ (2,081)	\$ (19,420)
13	2008	January	\$ 299,130	\$ 285,968	\$ 244,031	\$ 20,584	\$ 264,615	\$ (21,353)	0.6667%	17	\$ (2,420)	\$ (23,773)
14	2008	February	\$ 267,649	\$ 255,872	\$ 204,377	\$ 20,737	\$ 225,114	\$ (30,758)	0.6667%	16	\$ (3,281)	\$ (34,039)
15	2008	March	\$ 295,965	\$ 282,943	\$ 292,347	\$ 20,737	\$ 313,084	\$ 30,141	0.5000%	15	\$ 2,261	\$ 32,402
16	2008	April	\$ 265,024	\$ 253,363	\$ 236,446	\$ 20,738	\$ 257,184	\$ 3,821	0.5000%	14	\$ 267	\$ 4,088
17	2008	May	\$ 231,162	\$ 220,991	\$ 238,240	\$ 21,957	\$ 260,197	\$ 39,206	0.5000%	13	\$ 2,548	\$ 41,754
18	Totals January 1, 2007 through May 31, 2008 - Industrial and Hourly Pricing Service Classes											
			\$ 11,868,783	\$ 11,346,557	\$ 11,468,102	\$ 337,900	\$ 11,806,002	\$ 459,445			\$ 44,540	\$ 503,985
19	Industrial and Hourly Pricing Service Classes Amortization of POLR I deferrals per month Sept 2008 through Feb 2010 (Line 18, Column 12 / 18 months)											
												\$ 27,999

(A) Monthly interest rate based upon the 41 P.S. § 202 statutory annual rate for under collections and based upon the 41 P.S. § 202 statutory annual rate plus two percent for over collections.

Penn Power Hourly Pricing Service Rider

**Estimating Penn Power LSE Expenses - included in MAF adder
 from 9/09 through 11/09
 MISO**

		Annual Projected HPS sales	30,204		
		Peak (MW)	7		
Schedule	1 Capacity - expected annual peak	TO System Control	\$ 0.16 /MWh		\$684.2461 /MW-Year
Schedule	2 Capacity	Reactive Supply	\$ 0.32 /MWh		\$1,368.4896 /MW-Year
Schedule	3 Capacity	Reg & Freq	\$ 0.18 /MWh		\$778.8000 /MW-Year
Schedule	4	Losses		Included in LMP	
Schedule	5 Capacity	Spinning Reserve	\$ 0.28 /MWh		\$1,168.2000 /MW-Year
Schedule	6 Capacity	Op Reserve	\$ 0.14 /MWh		\$585.0000 /MW-Year
Schedule	7	Firm Pt-to-Pt	\$ -	N/A	
Schedule	8	Non-firm Pt-to-Pt	\$ -	N/A	
Schedule	9 Capacity	NITS	\$ 3.32 /MWh		\$14,064.2911 /MW-Year
Schedule	10 per mwh	MISO Admin	\$ 0.19 /MWh		\$0.1929 /MWh
Schedule	11	Wholesale Distrib		N/A	
Schedule	12	GRT Adder		N/A	
Schedule	13	International		N/A	
Schedule	14 Capacity	Reg Through&Out	\$ - /MWh		\$0.0000 /MW-Year
Schedule	15	Power Factor		N/A	
Schedule	16 per mwh	FTR Admin	\$ 0.02 /MWh		day2
Schedule	17 per mwh	Energy Admin	\$ 0.08 /MWh		day2
Schedule	18 day 1	Sub Region Adj		N/A	
Schedule	19 day 1	Zonal Transition		N/A	
Schedule	20 day 1	Station Power		N/A	
Schedule	21 day 1	SECA - PJM		N/A	
Schedule	22 day 1	SECA - MISO		N/A	
Schedule	26	Network Upgrade	\$ 0.02 /MWh		\$76.7380 /MW-Year
		Subtotal	\$ 4.71 /MWh		
Miso Fee	day 2	MISO RSG and Revenue Uplift	\$ 0.52 /MWh		
Est. cost	See page 2 of 3	AEPS Expense	\$ 0.21 /MWh		
Act. cost	See page 3 of 3	Designated Resource Capacity	\$ 1.97 /MWh		
		Total MAF Charges	\$ 4.08 /MWh		
		Miscellaneous administrative fees (MAF)	\$ 0.00408 /kWh		

Penn Power Hourly Pricing Service Rider
AEPS Estimated Costs
 Penn Power LSE Expenses - included in MAF adder

	Obligation		Cost			Cost - Using PJM Default Rates *		
AEPS Costs	(%)		(\$/REC)			(\$/MWh)		
Solar	0.0120%		\$350.00	0.0420		\$700.0	0.0840	/MWh
Tier I	2.49%		\$3.25	0.0809		\$45.0	1.1196	/MWh
Tier II	4.20%		\$0.30	0.0126		\$45.0	1.8900	/MWh
				0.1355	/MWh		3.0936	/MWh
EIS Membership				0.0662	/MWh		0.0031	kwh
AEPS Admin				0.0080	/MWh			
				0.2097	/Mwh			

* Shown for comparative purposes only

Penn Power Hourly Pricing Service Rider
Designated Resource Capacity
 Penn Power LSE Expenses - included in MAF adder
 Based on purchases from Sep 09 - Nov 09

Sep09-Nov09 Projected HPS Sales (MWh)	7,551	
Capacity payments (Sep09-Nov09)	14,850	
Cost per MWh	1.97	\$/MWh

Based on actual purchases from Sep 09 - Nov 09

	<u>Capacity (MW)</u>	<u>Payments</u>	<u>\$/MW</u>
Sep-09	5	4950	990
Oct-09	5	4950	990
Nov-09	5	4950	990
	15	14850	990.00 \$/MW