

**Pennsylvania Power Company**  
**PTC Default Service Rider Rate Calculation**  
**Residential Class: Default Service Period Beginning September 1, 2013 - November 30, 2013**

Line No.	Residential Class	Number of Tranches	Auction Clearing Price	Summer 1,086	Winter 0,971	Weighted Clearing Price
<b>Fixed Price Tranche Purchases (\$ per MWh)</b>						
1	January 2013 Auction	3	\$ 52.22	1	2	474.37
2	February 2013 Auction	3	\$ 45.45	1	2	412.87
		6	3	18		
3	Total Average Fixed Price Tranche				\$ 49.29	
4	Times Fixed Portion of Residential Load				90%	Fixed Portion
5	Total Fixed Price Residential Cost				\$ 44.36	dollar Cost
6	Average Variable Hourly Price Tranche				\$ 33.27	
7	Capacity, Anc. Serv. and AEPS Adder (\$19/MWh)				\$ 19.00	
8	Variable Priced Hourly Residential Cost				\$ 52.27	
9	Times Variable Portion of Residential Load				10%	Variable Portion
10	Total Variable Priced Hourly Residential Cost				\$ 5.23	dollar cost
11	Percentage of Total Load				75%	
12	<b>Total Cost Fixed/Variable Price Tranche</b>				\$ 37.19	
<b>Fixed Price Block &amp; Spot Purchases (\$ per MWh)</b>						
13	Total Fixed Block & Spot Price				\$ 47.20	
14	Times Fixed Portion of Residential Load				158.00%	Fixed Portion
15	Total Fixed Price Residential cost				\$ 74.58	dollar Cost
16	Average Variable Hourly Price Tranche				\$ 30.72	
17	Times Variable Portion of Residential Load				-58.00%	Variable Portion
18	Total Variable Priced Hourly Residential Cost				\$ (17.82)	dollar cost
19	Capacity Adder				\$ 20.10	
20	AEPS Adder				\$ 0.12	
21	Ancillary Adder				\$ 0.68	
22	Cost of Credit Adder				\$ 0.00	
23	NITS				\$ 2.12	
24	Block & Spot Subtotal				\$ 79.78	
25	Percentage of Total Load				25%	
26	<b>Total Cost - Block and Spot</b>				19.95	
27	<b>Price to Compare Weighted Average Price (line 12 + line 26)</b>				\$ 57.14	per MWh
28	PTC Current Cost Component (line 27 / 1000)				\$ 0.05714	per kWh
29	Times Loss Factor				1.0661	
30	Subtotal (line 28 x line 29)				\$ 0.06091	per kWh
31	Admin Costs including estimated interest @ 6%				\$ 0.00006	per kWh
32	Subtotal (line 30 + line 31)				\$ 0.06098	per kWh
33	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.046025	
34	<b>PTC Current Residential Class (line 32 x line 33)</b>				\$ 0.06378	per kWh
35	E Reconciliation Rate (page 2, line 6)				(0.00603)	per kWh
36	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.046025	
37	E Reconciliation Rate x GRT				\$ (0.00631)	
38	<b>PTC Default Residential Class (line 34 + line 37)</b>				\$ 0.05748	per kWh

Note 1: All Price to Compare rate computations will be pursuant to terms of Company's "Price to Compare Default Service Rate Rider".  
Note 2: All Adders are subject to Quarterly Updates

**Pennsylvania Power Company**  
**Price to Compare Default Service Rider Rate Calculation**  
**Residential Class**  
**Computation of Residential Class Reconciliation Factor**  
**Effective September 1, 2013 Through November 30, 2013**

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of June 30, 2013	\$ (673,339) See Schedule 2, Page 3 for support
2	Projected July 2013 through October 2013 (Over) / Under Collection adjustment	(185,944)
3	Projected July & August 2013 E Factor revenue adjustment	<u>\$ (605,769)</u>
4	Total Cumulative Class (Over) / Under Collection as of June 30, 2013, including adjustment	\$ (1,465,052)
5	Projected Residential Class kilowatt-hour sales - September 1, 2013 through November 30, 2013 (Line 12)	243,028,521 kWhs
6	Residential Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ (0.00603) per kWh
7	PA Gross Receipt Gross-Up [1/(1-T) with T = 4.4% Gross Receipts Tax]	<u>1.046025</u>
8	<b>Residential Class Reconciliation Factor Rate with PA Gross Receipts Tax (Line 6 X Line 7)</b>	<b><u>\$ (0.00631) per kWh</u></b>
<b>Projected Residential Class kilowatt hour sales (September 1, 2013 through November 30, 2013)</b>		
9		91,540,051
10	Sep-13	74,955,036
11	Oct-13	76,533,435
12	Nov-13	<u>243,028,521</u>
	Total Projected Residential Class kWh Sales	<u>243,028,521</u>

**Pennsylvania Power Company Default Service Program Reconciliation  
Residential Customer Class Deferrals  
April 2013 through June 2013**

<u>Line No.</u>		<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ (104,803)	\$ (851,100)	\$ (462,873)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 5,778,024	\$ 4,484,145	\$ 5,176,899
3	Uncollectible Expense Revenues with Pa GRT Included in Line 2	\$ -	\$ -	\$ -
4	POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues (line 2 - line 3)	\$ 5,778,024	\$ 4,484,145	\$ 5,176,899
5	Pa GRT Included in line 4	\$ 254,233	\$ 197,302	\$ 227,784
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 5,523,791	\$ 4,286,843	\$ 4,949,115
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008 / 5/31/2011 starting 6/1/2011[DSexp1]	\$ 10,200	\$ 10,200	\$ 7,429
8	Current Month cost to provide Default Service [DSexp2]	\$ 4,221,805	\$ 4,085,782	\$ 4,860,405
9	Current Monthly Administration Costs [DSexp2]	\$ -	\$ -	\$ -
10	Amortization of POLR I (Over)/Under Collections [DSexp3]	\$ -	\$ -	\$ -
11	Cumulative Costs for month of Network Integration Transmission Service (NITS) cost incurred by the Company	\$ 548,664	\$ 583,455	\$ (125,411)
11	Total Expenses for Month	\$ 4,780,669	\$ 4,679,437	\$ 4,742,423
12	Monthly (Over)/Under Collections	\$ (743,121)	\$ 392,594	\$ (206,692)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (847,924)	\$ (458,507)	\$ (669,564)
14	Interest for Current Month	\$ (3,176)	\$ (4,366)	\$ (3,775)
15	<b>Cumulative (Over) / Under Collections at End of Month Including Interest</b>	<b>\$ (851,100)</b>	<b>\$ (462,873)</b>	<b>\$ (673,339)</b>