

Pennsylvania Power Company
Hourly Pricing Service Charge Calculation
Industrial Class: December 2013 - February 2014
Rates Effective December 1, 2013 through February 28, 2014

Line No.	Industrial Class			
	<u>HP Energy Charge</u>			
1		$\sum (kWh_t \times$		kWh for each hour in billing period
2		$(LMP_t + HP_{Anc})$		LMP = Real Time PJM Load Weighted average LMP for ME Zone for each t
3				HPAnc = \$.002 per kWh for Ancillary Services
4		HP _{Energy Charge} (Line 1 x Line (2+3))		t = An hour in the Billing Period
5		x HP _{Loss Multiplier}		GS Small and Medium = 1.0515
				GP = 1.0171
				GT = 1.0007
6		HP Energy Charge Line 4 x Line 5		
	PLUS			
	<u>HP Cap-AEPS-Other Purchases-Cost of Credit (\$/MWh)</u>			
			Clearing Price	
7	Estimate	\$ 10.22		\$/MWh
		\$ 0.01022		per kWh
		x Loss Multiplier		GS Small and Medium = 1.0515
	Grossed up for Line Losses			GP = 1.0171
				GT = 1.0007
	PLUS			
8	HP Administrative Charge	\$ 0.00004		per kWh
	PLUS			
9	HP Reconciliation Charge	\$ (0.00253)		per kWh
10	Hourly Pricing Service Charge (Line 6 + 7 + 8 + 9)		\$ x.xxxxx	

(A) All Hourly Pricing Service Charge computations will be pursuant to the terms of the Company's "Hourly Pricing Default Service Rider".
(B) All Adders are subject to Quarterly Updates

**Pennsylvania Power Company
Hourly Pricing Service Rider**

**Computation of Hourly Pricing Service (HPS) Reconciliation Rate Charge
Effective December 1, 2013 Through February 28, 2014**

Line No.	Description	Amounts
1	Cumulative HPS Class (Over) / Under Collection as of September 30, 2013	\$ (67,724) Page 3, line 15
2	Projected HPS kilowatt-hour sales - December 1, 2013 through February 28, 2014 (Line 11)	7,005,212 kWhs
3	HPS Classes Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.00967) per kWh
4	HPS Classes Reconciliation Rate Adjustment Factor	<u>25.00%</u>
5	HPS Classes Reconciliation Rate with Adjustment before PA Gross Receipts Tax (Line 3 X Line 4)	\$ (0.00242) 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 Rate with PA Gross Receipts Tax (Line 5 X Line 6)	<u><u>\$ (0.00253) per kWh</u></u>

**Penn Power Default Service Program
Reconciliation
Hourly Pricing Service Customer Class
Deferrals
July 1, 2013 through September 30, 2013**

<u>Line No.</u>		<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>
1	Cumulative (Over) Under Collection at Beginning of Month Including Interest	\$ (130,817)	\$ (67,019)	\$ (103,373)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 145,156	\$ 146,841	\$ 168,206
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)	\$ 145,156	\$ 146,841	\$ 168,206
5	Pa GRT Included in "C"	\$ 6,387	\$ 6,461	\$ 7,401
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 138,769	\$ 140,380	\$ 160,805
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2015[DSHpsexp1]	\$ 220	\$ 220	\$ 220
8	Current Month cost to provide Default Service [DSexp2]	\$ 149,205	\$ 81,911	\$ 116,192
9	Current Month Administration Costs [DSHpsexp2]	\$ -	\$ -	\$ -
10	Amortization of POLR I (Over)/Under Collections [DSHpsexp3]			
	Cumulative Costs for month of Network Integration Transmission Service (NITS) cost incurred by the Company	\$ 53,799	\$ 22,461	\$ 80,611
11	Total Expenses for Month	\$ 203,224	\$ 104,592	\$ 197,023
12	Monthly (Over)/Under Collections	\$ 64,455	\$ (35,788)	\$ 36,217
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (66,362)	\$ (102,807)	\$ (67,156)
14	Interest for Current Month	\$ (657)	\$ (566)	\$ (568)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	<u>\$ (67,019)</u>	<u>\$ (103,373)</u>	<u>\$ (67,724)</u>