

Pennsylvania Power Company
PTC Default Service Rider Rate Calculation
Residential Class: Default Service Period Beginning December 1, 2013 - February 28, 2013

Line No.	Residential Class	Number of Tranches	Auction Clearing Price	Summer 1.086	Winter 0.971	Weighted Clearing Price
	<u>Fixed Price Tranche Purchases (\$ per MWh)</u>					
1	January 2013 Auction	3	\$ 52.22	0	3	456.35
2	February 2013 Auction	3	\$ 45.45	0	3	397.19
		6	3	18		
3	Total Average Fixed Price Tranche				\$ 47.42	
4	Times Fixed Portion of Residential Load				90%	Fixed Portion
5	Total Fixed Price Residential Cost				\$ 42.68	dollar Cost
6	Average Variable Hourly Price Tranche				\$ 35.77	
7	Capacity, Anc. Serv. and AEPS Adder (\$19/MWh)				\$ 19.00	
8	Variable Priced Hourly Residential Cost				\$ 54.77	
9	Times Variable Portion of Residential Load				10%	Variable Portion
10	Total Variable Priced Hourly Residential Cost				\$ 5.48	dollar cost
11	Percentage of Total Load				75%	
12	Total Cost Fixed/Variable Price Tranche				\$ 36.12	
	<u>Fixed Price Block & Spot Purchases (\$ per MWh)</u>					
13	Total Fixed Block & Spot Price				\$ 47.20	
14	Times Fixed Portion of Residential Load				67.77%	Fixed Portion
15	Total Fixed Price Residential cost				\$ 31.99	dollar Cost
16	Average Variable Hourly Price Tranche				\$ 36.33	
17	Times Variable Portion of Residential Load				32.23%	Variable Portion
18	Total Variable Priced Hourly Residential Cost				\$ 11.71	dollar cost
19	Capacity Adder				\$ 22.63	
20	AEPS Adder				\$ 0.12	
21	Ancillary Adder				\$ 3.00	
22	Cost of Credit Adder				\$ 0.00	
23	NITS				\$ 2.12	
24	Block & Spot Subtotal				\$ 71.56	
25	Percentage of Total Load				25%	
26	Total Cost - Block and Spot				17.89	
27	Price to Compare Weighted Average Price (line 12 + line 26)				\$ 54.01	per MWh
28	PTC _{Current} Cost Component (line 27 / 1000)				\$ 0.05401	per kWh
29	Times Loss Factor				1.0661	
30	Subtotal (line 28 x line 29)				\$ 0.05758	per kWh
31	Admin Costs including estimated interest @ 6%				\$ 0.00006	per kWh
32	Subtotal (line 30 + line 31)				\$ 0.05764	per kWh
33	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.046025	
34	PTC_{Current} Residential Class (line 32 x line 33)				\$ 0.06029	per kWh
35	E Reconciliation Rate (page 2, line 6)				(0.00071)	per kWh
36	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.046025	
37	E Reconciliation Rate x GRT				\$ (0.00075)	
38	PTC_{Default} Residential Class (line 34 + line 37)				\$ 0.05954	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 December 1, 2013 Through February 28, 2014

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of September 30, 2013	\$ (1,908,995) See Schedule 2, Page 3 for support
2	Projected October 2013 through February 2014 (Over) / Under Collection adjustment	766,758
3	Projected October & November 2013 E Factor revenue adjustment	<u>\$ 913,475</u>
4	Total Cumulative Class (Over) / Under Collection as of September 30, 2013, including adjustment	\$ (228,761)
5	Projected Residential Class kilowatt-hour sales - December 1, 2013 through February 28, 2014 (Line 12)	320,450,570 kWhs
6	Residential Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ (0.00071) per kWh
7	PA Gross Receipt Gross-Up [1/(1-T) with T = 4.4% Gross Receipts Tax]	<u>1.046025</u>
8	Residential Class Reconciliation Factor Rate with PA Gross Receipts Tax (Line 6 X Line 7)	<u>\$ (0.00075) per kWh</u>
Projected Residential Class kilowatt hour sales (December 1, 2013 through February 28, 2014)		
9	Dec-13	94,295,807
10	Jan-14	115,441,457
11	Feb-14	110,713,306
12	Total Projected Residential Class kWh Sales	<u><u>320,450,570</u></u>

Pennsylvania Power Company Default Service Program Reconciliation
Residential Customer Class Deferrals
July 2013 through September 2013

<u>Line No.</u>		<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ (673,339)	\$ (997,767)	\$ (1,765,486)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 6,907,428	\$ 6,479,967	\$ 5,713,807
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)	\$ 6,907,428	\$ 6,479,967	\$ 5,713,807
5	Pa GRT Included in line 4	\$ 303,927	\$ 285,119	\$ 251,407
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 6,603,501	\$ 6,194,848	\$ 5,462,400
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008 / 5/31/2011 starting 6/1/2011[DSexp1]	\$ 7,429	\$ 7,429	\$ 7,429
8	Current Month cost to provide Default Service [DSexp2]	\$ 5,741,088	\$ 5,213,989	\$ 4,711,481
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	\$ 536,108	\$ 214,892	\$ 612,189
11	Total Expenses for Month	\$ 6,284,625	\$ 5,436,310	\$ 5,331,099
12	Monthly (Over)/Under Collections	\$ (318,875)	\$ (758,538)	\$ (131,301)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (992,215)	\$ (1,756,305)	\$ (1,896,787)
14	Interest for Current Month	\$ (5,552)	\$ (9,181)	\$ (12,208)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (997,767)	\$ (1,765,486)	\$ (1,908,995)