

Pennsylvania Power Company
PTC Default Rate Sample Calculation¹
Residential Class: June 1, 2012 - August 31, 2012

**Line
No.**

Residential Class

	Number of Tranches	Auction Clearing Price	Summer 1.06	Winter 0.97	Weighting
<u>Fixed Price Tranche Purchases (\$ per MWh)</u>					
1	2	60.29	3	0	383.44
2	2	56.49	3	0	359.28
3	2	41.25	3	0	262.35
4	1	40.84	3	0	129.87
5	7	3	21		1,134.94
6	Total Average Fixed Price Tranche			\$ 54.04	
7	Times Fixed portion of Residential Load			100%	<i>Fixed Portion</i>
8	Total Fixed Price Residential Cost			\$ 54.04	<i>dollar cost</i>
9	Percentage of Total Load			75%	
10	<u>Total Cost Fixed Price Tranche</u>			\$ 40.53	
				Auction Clearing Price	Load Weighted Clearing Price
<u>Fixed Price Block & Spot Purchases (\$ per MWh)</u>		MWbs			
11	Mar 2011 On-Peak Average Price		-	\$45.48	-
12	Mar 2011 Off-Peak Average Price		-	\$35.62	-
13	48 Month Block Price		55,200	\$47.20	47.20
14			55,200		47.20
15	Total Average Fixed Price Block & Spot			\$ 47.20	
16	Times Fixed portion of Residential Load			50%	<i>Fixed Portion</i>
17	Total Fixed Price Residential Cost			\$ 23.84	<i>dollar cost</i>
18	Average Variable Hourly Price Tranche			\$ 35.50	<i>Estimate</i>
19	Times Variable portion of Residential Load			49.50%	<i>Variable Portion</i>
20	Total Variable Priced Hourly Residential Cost			\$ 17.57	<i>dollar cost</i>
21	Capacity Adder			\$ 7.14	<i>Estimate</i>
22	AEPS Adder			\$ 0.09	<i>Estimate</i>
23	Ancillary Service Adder			\$ 2.22	<i>Estimate</i>
24	Block & Spot Subtotal			\$ 50.86	
25	Percentage of Total Load			25%	
26	<u>Total Cost - Block and Spot</u>			\$ 12.72	
27	Price to Compare Weighted Average Price			\$ 53.25	<i>per MWh</i>
28	PTC _{Current} Cost Component (line 27 / 1000)			\$ 0.05325	<i>per kWh</i>
29	Times Loss Factor			1.0515	
30	Subtotal (line 28 x line 29)			\$ 0.05599	<i>per kWh</i>
31	Admin Costs including estimated interest @ 6%			\$ 0.00025	<i>per kWh</i>
32	NITS charge			\$ 0.00212	<i>per kWh</i>
33	Subtotal (line 30 + line 31 + line 32)			\$ 0.05837	<i>per kWh</i>
34	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)			1.046025	
35	PTC_{Current} Residential Class (line 33 x line 34)			\$ 0.06105	<i>per kWh</i>
36	E Reconciliation Rate			\$ (0.00312)	<i>per kWh</i>
37	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)			1.046025	
38	E Reconciliation Rate x GRT			(0.00326)	
39	PTC_{Default} Residential Class (line 35 + line 38)			\$ 0.05779	<i>per kWh</i>

Note 1: All Price to Compare rate computations will be pursuant to terms of Company's "Price to Compare Default Service Rate Rider".