

Pennsylvania Power Company
Price to Compare Default Service Rider Rate Calculation¹
Commercial Class: December 2012 - February 2013

Line No.	Commercial Class	Number of	Auction Clearing Price	Summer 1.06	Winter 0.97	Weighting	
	Fixed Price Tranche Purchases (\$ per M Tranches)						
1	Jan 2012 Auction	3	41.97	0	3	366.40	
2	Mar 2012 Auction	4	42.07	0	3	489.69	
3		7		3	21	856.09	
4	Total Average Fixed Price Tranche				\$ 40.77		
5	Times Fixed portion of Commercial Load				90%	<i>Fixed Portion</i>	
6	Total Fixed Price Commercial Cost				\$ 36.69	<i>dollar cost</i>	
7	Average Variable Hourly Price Tranche including fixed Anc. Serv. adder (\$9/MWh)				\$ 41.63		
8	Times Variable portion of Commercial Load				10%	<i>Variable Portion</i>	
9	Total Variable Priced Hourly Commercial Cost				\$ 4.16	<i>dollar cost</i>	
10	Price to Compare Weighted Average Price				\$ 40.85	<i>per MWh</i>	
11	PTC _{Current Cost Component} (line 10 / 1000)				\$ 0.04085	<i>per kWh</i>	
12	Times Loss Factor				1.0661		
13	Subtotal (line 11 x line 12)				\$ 0.04355	<i>per kWh</i>	
14	Admin Costs including estimated interest @ 6%				\$ 0.00031	<i>per kWh</i>	
15	NITS charge				\$ 0.00200	<i>per kWh</i>	
16	Subtotal (line 13 + line 14 + line 15)				\$ 0.04586	<i>per kWh</i>	
17	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.046025		
18	PTC_{Current} Commercial Class (line 16 x line 17)				\$ 0.04797	<i>per kWh</i>	
19	E Reconciliation Rate				(0.00285)	<i>per kWh</i>	
20	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.046025		
21	E Reconciliation Rate x GRT				\$ (0.00298)		
22	PTC_{Default} Commercial Class (line 18 + line 21)				\$ 0.04499	<i>per kWh</i>	0.0444

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

Pennsylvania Power Company
Price to Compare Default Service Rider Rate Calculation
Commercial Class
Computation of Commercial Class Reconciliation Factor
Effective December 1, 2012 Through February 28, 2013

<u>Line No.</u>	<u>Description</u>	<u>Amounts</u>
1	Cumulative Commercial Class (Over) / Under Collection as of October 31, 2012	\$ (1,422,953) See Schedule 1, Page 3 for support
2	Projected November 2012 through January 2013 (Over) / Under Collection adjustment	277,663
3	Projected Commercial Class kilowatt-hour sales - December 1, 2012 through February 28, 2013	100,514,106 kWhs
4	Commercial Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.01139) per kWh
5	Commercial Class Reconciliation Rate Adjustment Factor	<u>25.00%</u>
6	Commercial Class Reconciliation Rate with Adjustment before PA Gross Receipts Tax (Line 3 X Line 4)	\$ (0.00285) per kWh
7	PA Gross Receipt Gross-Up [1/(1-T) with T = 4.4% Gross Receipts Tax]	<u>1.046025</u>
8	Commercial Class Reconciliation Factor Rate with PA Gross Receipts Tax (Line 3 X Line 4)	<u>\$ (0.00298) per kWh</u>

**Pennsylvania Power Company Default Service Program Reconciliation
Commercial Customer Class Deferral
August 2012 through October 2012**

<u>Line No.</u>		<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ (1,667,545)	\$ (1,731,109)	\$ (1,716,255)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 1,598,726	\$ 1,484,945	\$ 1,296,041
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)	\$ 1,598,726	\$ 1,484,945	\$ 1,296,041
5	Pa GRT Included in Line 4	\$ 70,344	\$ 65,338	\$ 57,026
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (Line 4 - Line 5)	\$ 1,528,382	\$ 1,419,607	\$ 1,239,015
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008/ Through 5/31/2011 starting 6/1/2011 [DSexp1]	\$ 4,054	\$ 4,054	\$ 4,054
8	Current Month cost to provide Default Service [DSexp2]	\$ 1,324,689	\$ 1,291,669	\$ 1,370,725
9	Current Month Administration Costs [DSexp2]			
10	Amortization of POLR I (Over)/Under Collections [DSexp3]			
11	Integration Transmission Service (NITS) cost incurred by the Company	\$ 147,367	\$ 150,192	\$ 167,968
12	Total Expenses for Month	\$ 1,476,110	\$ 1,445,915	\$ 1,542,747
13	Monthly (Over)/Under Collections	\$ (52,272)	\$ 26,308	\$ 303,732
14	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (1,719,817)	\$ (1,704,801)	\$ (1,412,523)
15	Interest for Current Month	\$ (11,292)	\$ (11,454)	\$ (10,430)
16	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (1,731,109)	\$ (1,716,255)	\$ (1,422,953)