

Pennsylvania Power Company
Hourly Pricing Service Charge Calculation
Industrial Class: September - November 2012
Rates Effective March 1, 2013 through May 31, 2013

<u>Line No.</u>	<u>Industrial Class</u>			
	<u>HP Energy Charge</u>			
1		$\sum (\text{kWh}_t \times$		kWh for each hour in billing period
2		$(\text{LMP}_t + \text{HPAnc})$		LMP = Real Time PJM Load Weighted average LMP for ME Zone for each ho
3				HPAnc = \$.002 per kWh for Ancillary Services
4		<hr/> HP Energy Charge (Line 1 x Line (2+3)		t = An hour in the Billing Period
5		x Loss Adjustment Factor		Up to, but not including, 23 kV = 3.0%
				23 kV up to, but not including, 69 kV = 0.1%
				69 kV or greater = 0%
6		<hr/> HP Energy Charge Line 4 x Line 5		
	PLUS			
	<u>HP Cap-AEPS-Other Purchases (\$/MWh)</u>			
7	Estimate	\$ 6.76		\$/MWh
		\$ 0.00676		per kWh
		x Loss Adjustment Factor		Up to, but not including, 23 kV = 3.0%
	Grossed up for Line Losses			23 kV up to, but not including, 69 kV = 0.1%
				69 kV or greater = 0%
	PLUS			
8	HP Administrative Charge	\$ 0.00007		per kWh
	PLUS			
9	HP NITS	\$ 0.00186		per kWh
	PLUS			
10	HP Reconciliation Charge	\$ (0.00484)		per kWh
11	Hourly Pricing Service Charge (Line 6 + 7 + 8 + 9 + 10)	<hr/> \$ 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 March 1, 2013 Through May 31, 2013**

Line No.	Description	Amounts
1	Cumulative HPS Class (Over) / Under Collection as of January 31, 2013	\$ (128,800) Page 3, line 15
2	Projected HPS kilowatt-hour sales - March 1, 2013 through May 31, 2013	6,653,445 kWhs
3	HPS Classes Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.01936) 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)	\$ (0.00484) 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>\$ (0.00506) per kWh</u>

Penn Power Default Service Program Reconciliation

**Hourly Pricing Service Customer Class Deferrals
November 30, 2012 through January 31, 2013**

<u>Line No.</u>		<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>
1	Cumulative (Over) Under Collection at Beginning of Month Including Interest	\$ (335,091)	\$ (270,023)	\$ (175,546)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 103,386	\$ 114,775	\$ 30,474
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)	\$ 103,386	\$ 114,775	\$ 30,474
5	Pa GRT Included in "C"	\$ 4,549	\$ 5,050	\$ 1,341
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 98,837	\$ 109,725	\$ 29,133
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008 [DShpsexp1]	\$ 178	\$ 178	\$ 178
8	Current Month cost to provide Default Service [DSexp2]	\$ 161,933	\$ 190,636	\$ 67,016
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	\$ 3,805	\$ 14,868	\$ 8,685
11	Total Expenses for Month	\$ 165,916	\$ 205,682	\$ 75,879
12	Monthly (Over)/Under Collections	\$ 67,079	\$ 95,957	\$ 46,746
13				
	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (268,013)	\$ (174,066)	\$ (128,800)
14	Interest for Current Month	\$ (2,010)	\$ (1,480)	\$ -
15	Cumulative (Over) / Under Collections at End of Month Including Interest	\$ (270,023)	\$ (175,546)	\$ (128,800)