

Pennsylvania Power Company
PTC Default Service Rider Rate Calculation
Residential Class: Default Service Period Beginning June 1, 2013 - August 31 2013

Line No.	Residential Class	Number of Tranches	Auction Clearing Price	Summer 1.086	Winter 0.971	Weighted Clearing Price
Fixed Price Tranche Purchases (\$ per MWh)						
1	January 2013 Auction	3	\$ 52.22	3	0	510.40
2	February 2013 Auction	3	\$ 45.45	3	0	444.23
		6	3	18		
3	Total Average Fixed Price Tranche				\$ 53.03	
4	Times Fixed Portion of Residential Load				90%	Fixed Portion
5	Total Fixed Price Residential Cost				\$ 47.73	dollar Cost
6	Average Variable Hourly Price Tranche				\$ 38.70	
7	Capacity, Anc. Serv. and AEPS Adder (\$19/MWh)				\$ 19.00	
8	Variable Priced Hourly Residential Cost				\$ 57.70	
9	Times Variable Portion of Residential Load				10%	Variable Portion
10	Total Variable Priced Hourly Residential Cost				\$ 5.77	dollar cost
11	Percentage of Total Load				75%	
12	Total Cost Fixed/Variable Price Tranche				\$ 40.13	
Fixed Price Block & Spot Purchases (\$ per MWh)						
13	Total Fixed Block & Spot Price				\$ 47.20	
14	Times Fixed Portion of Residential Load				137.05%	Fixed Portion
15	Total Fixed Price Residential cost				\$ 64.69	dollar Cost
16	Average Variable Hourly Price Tranche				\$ 28.27	
17	Times Variable Portion of Residential Load				-37.05%	Variable Portion
18	Total Variable Priced Hourly Residential Cost				\$ (10.47)	dollar cost
19	Capacity Adder				\$ 18.18	
20	AEPS Adder				\$ 0.12	
21	Ancillary Adder				\$ 2.45	
22	Cost of Credit Adder				\$ 0.00	
23	NITS				\$ 2.12	
24	Block & Spot Subtotal				\$ 77.09	
25	Percentage of Total Load				25%	
26	Total Cost - Block and Spot				\$ 19.27	
27	Price to Compare Weighted Average Price (line 12 + line 26)				\$ 59.40	per MWh
28	PTC Current Cost Component (line 27 / 1000)				\$ 0.05940	per kWh
29	Times Loss Factor				1.0661	
30	Subtotal (line 28 x line 29)				\$ 0.06333	per kWh
31	Admin Costs including estimated interest @ 6%				\$ 0.00006	per kWh
32	Subtotal (line 30 + line 31)				\$ 0.06339	per kWh
33	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.062699	
34	PTC Current Residential Class (line 32 x line 33)				\$ 0.06736	per kWh
35	E Reconciliation Rate (page 2, line 6)				0.00284	per kWh
36	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)				1.062699	
37	E Reconciliation Rate x GRT				\$ 0.00302	
38	PTC Default Residential Class (line 34 + line 37)				\$ 0.07038	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 June 1, 2013 Through August 31, 2013

Line No.	Description	Amounts
1	Cumulative Residential Class (Over) / Under Collection as of March 31, 2013	\$ 514,461 See Schedule 2, Page 3 for support
2	Projected April 2013 through July 2013 (Over) / Under Collection adjustment	319,745
3	Projected April & May 2013 E Factor revenue adjustment	<u>(62,124)</u>
4	Total Cumulative Class (Over) / Under Collection as of March 31, 2013, including adjustment	\$ 772,082
5	Projected Residential Class kilowatt-hour sales - June 1, 2013 through August 31, 2013 (Line 12)	271,671,205 kWhs
6	Residential Class Reconciliation Factor Rate before PA Gross Receipts Tax (Line 4 / Line 5)	\$ 0.00284 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>\$ 0.00297 per kWh</u>
Projected Residential Class kilowatt hour sales (June 1, 2013 through August 31, 2013)		
9		Jun-13 81,513,051
10		Jul-13 91,881,584
11		Aug-13 <u>98,276,570</u>
12	Total Projected Residential Class kWh Sales	<u>271,671,205</u>

**Pennsylvania Power Company Default Service Program Reconciliation
Residential Customer Class Deferrals
February 2013 through March 2013**

<u>Line No.</u>		<u>Feb-13</u>	<u>Mar-13</u>
1	Cumulative (Over) Under Collections at Beginning of Month Including Interest	\$ 99,445	\$ 23,833
2	POLR II / IDSSP Revenues With Pa GRT	\$ 7,127,751	\$ 6,428,334
3	Uncollectible Expense Revenues with Pa GRT Included in Line 2	<u>\$ -</u>	<u>\$ -</u>
4	POLR II / IDSSP Revenues With Pa GRT excluding Uncollectible Expense Revenues (line 2 - line 3)	\$ 7,127,751	\$ 6,428,334
5	Pa GRT Included in line 4	<u>\$ 313,621</u>	<u>\$ 282,847</u>
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 6,814,130	\$ 6,145,487
	<u>Expenses</u>		
7	Amortization of Start Up Costs Through 05/31/2008 / 5/31/2011 starting 6/1/2011[DSexp1]	\$ 10,200	\$ 10,200
8	Current Month cost to provide Default Service [DSexp2]	\$ 5,574,788	\$ 6,102,847
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	<u>\$ 1,153,223</u>	<u>\$ 521,725</u>
11	Total Expenses for Month	\$ 6,738,211	\$ 6,634,772
12	Monthly (Over)/Under Collections	\$ (75,919)	\$ 489,286
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ 23,526	\$ 513,119
14	Interest for Current Month	<u>\$ 307</u>	<u>\$ 1,342</u>
15	Cumulative (Over) / Under Collections at End of Month Including Interest	<u>\$ 23,833</u>	<u>\$ 514,461</u>