

Pennsylvania Power Company
PTC Default Rate Sample Calculation¹
Residential Class: March 2012 - May 2012
Rates Effective March 1, 2012 through May 31, 2012

Line No.

Residential Class

	Number of Tranches	Auction Clearing Price	Summer 1.06	Winter 0.97	Weighting
1	2	60.29	0	3	350.89
2	2	55.39	0	3	322.37
3	1	55.85	0	3	162.52
4	2	56.49	0	3	328.77
5	7	3	21		1,164.55
6	Total Average Fixed Price Tranche			\$ 55.45	
7	Times Fixed portion of Residential Load			100%	<i>Fixed Portion</i>
8	Total Fixed Price Residential Cost			\$ 55.45	<i>dollar cost</i>
9	Percentage of Total Load			75%	
10	Total Cost Fixed Price Tranche			\$ 41.59	
			MWhs	Auction Clearing Price	Load Weighted Clearing Price
11	48 Month Block Price			55,200	\$47.20
12					47.20
13					
14			55,200		47.20
15	Total Average Fixed Price Block & Spot			\$ 47.20	
16	Times Fixed portion of Residential Load			57%	<i>Fixed Portion</i>
17	Total Fixed Price Residential Cost			\$ 26.76	<i>dollar cost</i>
18	Average Variable Hourly Price Tranche			\$ 38.14	<i>Estimate</i>
19	Times Variable portion of Residential Load			43%	<i>Variable Portion</i>
20	Total Variable Priced Hourly Residential Cost			\$ 16.52	<i>dollar cost</i>
21	Capacity Adder			\$ 13.16	<i>Estimate</i>
22	AEPS Adder			\$ 0.09	<i>Estimate</i>
23	Ancillary Service Adder			\$ 1.68	<i>Estimate</i>
24	Block & Spot Subtotal			\$ 58.21	
25	Percentage of Total Load			25%	
26	Total Cost - Block and Spot			\$ 14.55	
27	Price to Compare Weighted Average Price			\$ 56.14	<i>per MWh</i>
28	PTC Current Cost Component (line 27 / 1000)			\$ 0.05614	<i>per kWh</i>
29	Times Loss Factor			1.0515	
30	Subtotal (line 28 x line 29)			\$ 0.05903	<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)			\$ 0.06141	<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)			\$ 0.06424	<i>per kWh</i>
36	E Reconciliation Rate			\$ (0.00251)	<i>per kWh</i>
37	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)			1.046025	
38	E Reconciliation Rate x GRT			(0.00263)	
39	PTC Default Residential Class (line 35 + line 38)			\$ 0.06161	<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".

Note 2: All Adders are subject to Quarterly Updates

Note 3: Line 43 represents the rate that is incorporated into the PTC Default Service Rate Rider. The Rate including STAS is 0.67% **\$ 0.06202** per kWh