

Pennsylvania Power Company
PTC Default Rate Sample Calculation¹
Residential Class: June - August 2011
Estimated Rate
Updated Last: 02/01/2011

Line No.	Residential Class	Number of Tranches	Auction Clearing Price	Summer 1.06	Winter 0.97	Weighting
Fixed Price Tranche Purchases (\$ per MWh)						
1	Jan 2011 Auction	2	60.29	3	0	383.44
2	Jan 2011 Auction	2	55.39	3	0	352.28
3	Mar 2011 Auction - Based on Jan 2011 Auction	1	57.84	3	0	183.93
4	Mar 2011 Auction - Based on Jan 2011 Auction	1	57.84	3	0	183.93
5		6		3	18	1,103.59
6	Total Average Fixed Price Tranche				\$ 61.31	
7	Times Fixed portion of Residential Load				100%	<i>Fixed Portion</i>
8	Total Fixed Price Residential Cost				\$ 61.31	<i>dollar cost</i>
9	Percentage of Total Load				75%	
10	Total Cost Fixed Price Tranche				\$ 45.98	
Fixed Price Block & Spot Purchases (\$ per MWh)						
			MWhs	Auction Clearing Price		Load Weighted Clearing Price
11	Mar 2011 On-Peak Average Price		59,600	\$49.10		14.08
12	Mar 2011 Off-Peak Average Price		19,800	\$38.10		3.63
13	48 Month Block Price		128,400	\$47.20		29.16
14			207,800			46.88
15	Total Average Fixed Price Block & Spot			\$ 46.88		
16	Times Fixed portion of Residential Load			80%		<i>Fixed Portion</i>
17	Total Fixed Price Residential Cost			\$ 37.50		<i>dollar cost</i>
18	Average Variable Hourly Price Tranche			\$ 45.04		<i>Estimate</i>
19	Times Variable portion of Residential Load			20%		<i>Variable Portion</i>
20	Total Variable Priced Hourly Residential Cost			\$ 9.01		<i>dollar cost</i>
21	Capacity Adder			\$ 10.61		<i>Estimate</i>
22	AEPS Adder			\$ 0.07		<i>Estimate</i>
23	Ancillary Service Adder			\$ 2.02		<i>Estimate</i>
24	Block & Spot Subtotal			\$ 59.21		
25	Percentage of Total Load				25%	
26	Total Cost - Block and Spot			\$ 14.80		
27	Price to Compare Weighted Average Price			\$ 60.79		<i>per MWh</i>
28	PTC _{Current} Cost Component (line 27 / 1000)			\$ 0.06079		<i>per kWh</i>
29	Times Loss Factor			1.0515		
30	Subtotal (line 28 x line 29)			\$ 0.06392		<i>per kWh</i>
31	Admin Costs including estimated interest @ 6%			\$ -		<i>per kWh</i>
32	NITS charge			\$ 0.00339		<i>per kWh</i>
33	Subtotal (line 30 + line 31 + line 32)			\$ 0.06730		<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)			\$ 0.07040		<i>per kWh</i>
36	E Reconciliation Rate			0.000000		<i>per kWh</i>
37	Multiplied by [1/(1-T)] (4.4% Gross Receipts Tax)			1.046025		
38	E Reconciliation Rate x GRT			-		
39	PTC _{Default} Residential Class (line 35 + line 38)			\$ 0.07040		<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