

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

Line No.	Industrial Class		
	<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 t
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 HP _{Loss} Multiplier	GS Small and Medium = 1.0515
			GP = 1.0171
			GT = 1.0007
6		<hr/> HP Energy Charge Line 4 x Line 5	
	<i>PLUS</i>		
	<u>HP Cap-AEPS-Other Purchases-Cost of Credit (\$/MWh)</u>	Clearing Price	
7	Estimate	\$ 8.35	\$/MWh
		\$ 0.00835	per kWh
		x Loss Multiplier	GS Small and Medium = 1.0515
	Grossed up for Line Losses		GP = 1.0171
			GT = 1.0007
	<i>PLUS</i>		
8	HP Administrative Charge	\$ 0.00004	per kWh
	<i>PLUS</i>		
9	HP Reconciliation Charge	\$ (0.00379)	per kWh
		<hr/>	
10	Hourly Pricing Service Charge (Line 6 + 7 + 8 + 9)	<u>\$ x.xxxxx</u>	

(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 September 1, 2013 Through November 31, 2013**

Line No.	Description	Amounts
1	Cumulative HPS Class (Over) / Under Collection as of June 30, 2013	\$ (130,817) Page 3, line 15
2	Projected HPS kilowatt-hour sales - September 1, 2013 through November 30, 2013 (Line 11)	9,035,247 kWhs
3	HPS Classes Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.01448) 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)	\$ (0.00362) 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>\$ (0.00379) per kWh</u>

**Penn Power Default Service Program
Reconciliation
Hourly Pricing Service Customer Class
Deferrals
April 1, 2013 through June 30, 2013**

<u>Line No.</u>		<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
1	Cumulative (Over) Under Collection at Beginning of Month Including Interest	\$ (98,477)	\$ (98,756)	\$ (90,562)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 131,430	\$ 123,914	\$ 131,026
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)	\$ 131,430	\$ 123,914	\$ 131,026
5	Pa GRT Included in "C"	\$ 5,783	\$ 5,452	\$ 5,765
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 125,647	\$ 118,462	\$ 125,261
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2015[DShpsexp1]	\$ 178	\$ 178	\$ 220
8	Current Month cost to provide Default Service [DSexp2]	\$ 113,977	\$ 111,095	\$ 102,712
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	\$ 11,868	\$ 16,011	\$ (17,190)
11	Total Expenses for Month	\$ 126,023	\$ 127,284	\$ 85,742
12	Monthly (Over)/Under Collections	\$ 376	\$ 8,822	\$ (39,519)
13	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (98,101)	\$ (89,933)	\$ (130,081)
14	Interest for Current Month	\$ (655)	\$ (629)	\$ (736)
15	Cumulative (Over) / Under Collections at End of Month Including Interest	<u>\$ (98,756)</u>	<u>\$ (90,562)</u>	<u>\$ (130,817)</u>