

Pennsylvania Power Company
Hourly Pricing Service Charge Calculation
Industrial Class: September - November 2012
Rates Effective December 1, 2012 through February 28, 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>		
		Clearing Price	
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	\$ (0.01257)	per kWh
		<hr/>	
11	Hourly Pricing Service Charge (Line 6 + 7 + 8 + 9 + 10)	\$ 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 December 1, 2012 Through February 28, 2013**

Line No.	Description	Amounts
1	Cumulative HPS Class (Over) / Under Collection as of October 31, 2012	\$ (335,091) Page 3, line 15
2	Projected HPS kilowatt-hour sales - December 1, 2012 through February 28, 2013	6,665,787 kWhs
3	HPS Classes Reconciliation Rate before PA Gross Receipts Tax (Line 1 / Line 2)	\$ (0.05027) 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)	\$ (0.01257) 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>\$ (0.01315) per kWh</u>

Penn Power Default Service Program Reconciliation

Hourly Pricing Service Customer Class Deferrals

August 31, 2012 through October 31, 2012

<u>Line No.</u>		<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>
1	Cumulative (Over) Under Collection at Beginning of Month Including Interest	\$ (340,806)	\$ (316,818)	\$ (357,969)
2	POLR II / IDSSP Revenues With Pa GRT	\$ 72,090	\$ 67,165	\$ 65,066
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)	\$ 72,090	\$ 67,165	\$ 65,066
5	Pa GRT Included in "C"	\$ 3,172	\$ 2,955	\$ 2,863
6	POLR II / IDSSP Revenues Including E Factor Revenues, Excluding Uncollectible Revenues and Pa GRT (line 4 - line 5)	\$ 68,918	\$ 64,210	\$ 62,203
	<u>Expenses</u>			
7	Amortization of Start Up Costs Through 05/31/2008 [DShpsexp1]	\$ 178	\$ 178	\$ 178
8				
9	Current Month cost to provide Default Service [DSexp2]	\$ 87,652	\$ 16,156	\$ 79,578
10	Current Month Administration Costs [DShpsexp2]	\$ -	\$ -	\$ -
	Amortization of POLR I (Over)/Under Collections [DShpsexp3]			
	Cumulative Costs for month of Network Integration Transmission Service (NITS) cost incurred by the Company	\$ 7,261	\$ 8,967	\$ 7,628
11	Total Expenses for Month	\$ 95,091	\$ 25,301	\$ 87,384
12	Monthly (Over)/Under Collections	\$ 26,173	\$ (38,909)	\$ 25,181
13				
	Cumulative (Over)/Under Collections and Prior Months' Interest Before Current Month Interest Calculation	\$ (314,633)	\$ (355,727)	\$ (332,788)
14	Interest for Current Month	<u>\$ (2,185)</u>	<u>\$ (2,242)</u>	<u>\$ (2,303)</u>
15	Cumulative (Over) / Under Collections at End of Month Including Interest	<u>\$ (316,818)</u>	<u>\$ (357,969)</u>	<u>\$ (335,091)</u>