

PPL Electric Utilities Corporation
Estimated Price-to-Compare Sample Calculation
For Illustrative Purposes Only

Introduction:

The purpose of this document is to provide suppliers with an understanding of how the Price-to-Compare (“PTC”) is calculated for all customer classes, pursuant to the Pennsylvania Public Utility Commission’s (“PA PUC”) Secretarial Letter issued on October 12, 2010. The data contained herein provides estimates of the PTC and reflects only a snap-shot in time.

The calculations of the PTC estimates are based on actual and estimated values. The Average Full Requirements and Average Block Prices are based on the results from the DSPP solicitations completed through August 2012. The Estimated Average Spot Price is based on the forward energy prices as of November 13, 2012. The E Factor Rate is based on actual over/under collection balances for August 2012 through October 2012. The Transmission Service Charge (“TSC”) did not change from the final rate posted for the June 1, 2012 through August 31, 2013 period.

Disclaimer:

It should be noted that any and all data within this document are estimates, and actual charges will vary depending on customer demand, seasonal variations, or other factors. Forecast data is subject to change due to migration, customers leaving PPL Electric Utilities’ service territory, or other events. In addition, all possible combinations of rates and surcharges have not been included in this document. Prices used in the PTC calculation are best-known values and will be updated pursuant to PPL Electric Utilities’ tariff on file with the PA PUC. PPL Electric Utilities is not liable for any losses which may result from using the information contained in this document.

PPL Electric Utilities Corporation
Estimated Price-to-Compare Calculation
For Illustrative Purposes Only
Residential Class
December 1, 2012 - February 28, 2013

| | |
|---|------------------------------------|
| 1 Average Block Price | \$ 0.05233 ⁽¹⁾ |
| 2 Times portion of Residential Load | 31.21% |
| 3 Total Weighted Block Price | <u>\$ 0.01633</u> |
| 4 Average Full Requirements Price | \$ 0.06921 ⁽²⁾ |
| 5 Times portion of Residential Load | 62.30% ⁽³⁾ |
| 6 Total Weighted Full Requirements Price | <u>\$ 0.04312</u> |
| 7 Estimated Average Spot Price | \$ 0.06206 ⁽⁴⁾ |
| 8 Times Spot Price portion of Residential Load | 6.49% ⁽³⁾ |
| 9 Total Weighted Spot Price | <u>\$ 0.00403</u> |
| 10 Subtotal (Line 3 + Line 6 + Line 9) | \$ 0.06348 |
| 11 Multiplied by (1/(1-GRT)) <i>GRT = 5.9%</i> | 1.06270 |
| 12 Block, Full Requirements and Spot Price adjusted for GRT | <u>\$ 0.06746</u> |
| 13 E Factor Rate | \$ (0.00140) ⁽⁵⁾ |
| 14 Administrative Charges Rate | 0.00148 |
| 15 Merchant Function Charge (MFC) Rate | 0.00117 |
| 16 Subtotal (Line 13 + Line 14 + Line 15) | <u>\$ 0.00124</u> |
| 17 Multiplied by (1/(1-GRT)) | 1.06270 |
| 18 (E Factor + Admin Charges + MFC) x GRT | <u>\$ 0.00132</u> |
| 19 Generation Supply Charge (Line 12 + Line 18) | \$ 0.06878 |
| 20 Transmission Service Charge (TSC) | \$ 0.00687 ⁽⁶⁾ |
| 21 State Tax Adjustment Surcharge (STAS) @ -0.284% [(Line 19 + Line 20) x -0.00284] | <u>\$ (0.00021) ⁽⁷⁾</u> |
| 22 PTC Estimate - Residential Class (Line 19 + Line 20 + Line 21) | <u><u>\$ 0.07544</u></u> |

Note: Data may not total due to rounding.

- ⁽¹⁾ The average Block price is adjusted for the Loss Factor and PJM deration factor and includes the estimated Capacity, Ancillary Services and AEPS compliance costs.
- ⁽²⁾ The average Full Requirements price is adjusted for the Loss Factor and PJM deration factor.
- ⁽³⁾ After the Block load has been subtracted from total load, Full Requirements represents 90% of the load and Spot represents 10% of the load.
- ⁽⁴⁾ The estimated Spot price is adjusted for the Loss Factor and PJM deration factor and includes Energy, Capacity and a \$2.41/MWh adder for ancillaries and AEPS compliance costs.
- ⁽⁵⁾ Represents the overcollection from August 1 to October 31, 2012 that will be refunded during December 1, 2012 through February 28, 2013.
- ⁽⁶⁾ The TSC is the rate as set forth in PPL Electric's tariff for 2012 and reflects the statutory PA Gross Receipts Tax (GRT) of 5.9%.
- ⁽⁷⁾ The State Tax Adjustment Surcharge reflects any incremental GRT pursuant to 72 P.S. § 8111-A(d) less any applicable refunds.

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Residential Class

Line Item Explanations for the Residential Class:

Line 1 – An estimate of the average Block price for the applicable PTC period based on the solicitations completed, plus the capacity cost based on PJM Reliability Pricing Model (“RPM”) delivery year clearing prices and estimated ancillary and AEPS compliance costs.

Line 2 – Percentage represents the portion of total forecasted Residential load that is estimated to be supplied by the Block product for the applicable PTC period.

Line 3 – The weighted price of the Block product.

Line 4 – An estimate of the average Full Requirements price for the applicable PTC period based on the solicitations completed. Price includes all necessary energy, capacity, transmission other than Network Integration Transmission Service Charge (“NITS”), ancillary services, Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) requirement, transmission and distribution losses and congestion management costs, and such other services or products that are required to supply the specified percentage of a supplier’s default load for a customer group set forth in a transaction confirmation pursuant to the Default Service Supply Master Agreement.

Line 5 - Percentage represents the portion of total forecasted Residential load that is estimated to be supplied by the Full Requirements product after deducting the Block product load, or 90% of the remaining Residential load.

Line 6 – The weighted price of the Full Requirements product.

Line 7 – An estimate of the average Spot Price for the applicable PTC period. The Spot Price includes energy, capacity and a \$2.41/MWh adder for ancillaries and AEPS compliance costs.

Line 8 - Percentage represents the portion of total forecasted Residential load that is estimated to be supplied by the Spot product after deducting the Block product load, or 10% of the remaining Residential load.

Line 9 – The weighted price of the Spot product.

Line 10 – The sum of the weighted prices for the Block, Full Requirements and Spot products.

Line 11 – Represents the gross-up effect of the statutory PA Gross Receipts Tax (“GRT”) of 5.9%:
 $(1/1-5.9\%) = 1.06270$

Line 12 – An estimate of the Block, Full Requirements and Spot weighted price adjusted for the GRT.

Line 13 – The E factor rate represents the estimated over/under collection from the prior rate period that will be recovered during the current rate period.

Line 14 – The administrative charges rate for the Residential class.

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Residential Class

Line 15 – Represents the Merchant Function Charge (“MFC”) rate which is the provision for uncollectible accounts expense.

Line 16 – Sum of the estimate of the E factor, administrative charges and MFC.

Line 17 – Represents the gross-up effect of the statutory PA GRT of 5.9%:
 $(1/1-5.9\%) = 1.06270$

Line 18 – Sum of the estimate of the E factor, administrative charges and MFC adjusted for the GRT.

Line 19 – Represents the GSC by adding the Block, Full Requirements and Spot weighted price, including the E factor rate, administrative charges and the MFC. All components reflect the statutory PA GRT of 5.9%.

Line 20 – The Transmission Service Charge (“TSC”) as filed with the PA PUC on May 18, 2012. This is the rate set forth in PPL Electric’s tariff for 2012 and reflects the statutory PA GRT of 5.9%.

Line 21 – The State Tax Adjustment Surcharge (“STAS”) at -0.284% multiplied by the subtotal of the GSC and TSC. All components reflect the statutory PA GRT of 5.9%.

Line 22 – The total PTC estimate for the Residential Class in \$/kWh.

PPL Electric Utilities Corporation
Estimated Price-to-Compare Calculation
For Illustrative Purposes Only
Small Commercial & Industrial ("SC&I")
December 1, 2012 - February 28, 2013

| | |
|---|------------------------------------|
| 1 Average Full Requirements Price | \$ 0.06672 ⁽¹⁾ |
| 2 Times portion of Fixed Load | 90% |
| 3 Total Weighted Full Requirements Price | <u>\$ 0.06008</u> |
| 4 Estimated Average Spot Price | \$ 0.06535 ⁽²⁾ |
| 5 Times Spot Price portion of Total Load | 10% |
| 6 Total Weighted Spot Price | <u>\$ 0.00651</u> |
| 7 Subtotal (Line 3 + Line 6) | \$ 0.06659 |
| 8 Multiplied by (1/(1-GRT)) <i>GRT = 5.9%</i> | 1.06270 |
| 9 Full Requirements and Spot Price adjusted for GRT | <u>\$ 0.07076</u> |
| 10 E Factor Rate | \$ 0.01726 ⁽³⁾ |
| 11 Administrative Charges Rate | 0.00020 |
| 12 Merchant Function Charge (MFC) Rate | 0.00008 |
| 13 Subtotal (Line 10 + Line 11 + Line 12) | <u>\$ 0.01755</u> |
| 14 Multiplied by (1/(1-GRT)) | 1.06270 |
| 15 (E Factor + Admin Charges + MFC) x GRT | <u>\$ 0.01865</u> |
| 16 Generation Supply Charge (Line 9 + Line 15) | \$ 0.08941 |
| 17 Transmission Service Charge (TSC) | \$ 0.01294 ^{(4) (5)} |
| 18 State Tax Adjustment Surcharge (STAS) @ -0.284% [(Line 16 + Line 17) x -0.00284] | <u>\$ (0.00029) ⁽⁶⁾</u> |
| 19 PTC Estimate - SC&I Class (Line 16 + Line 17 + Line 18) | <u><u>\$ 0.10206</u></u> |

Note: Data may not total due to rounding.

- ⁽¹⁾ The average Full Requirements price is adjusted for the Loss Factor and PJM deration factor.
- ⁽²⁾ The estimated Spot price is adjusted for the Loss Factor and PJM deration factor and includes Energy, Capacity and \$2.65/MWh adder for Ancillary Services and AEPS compliance costs.
- ⁽³⁾ Represents the undercollection from August 1 to October 31, 2012 that will be charged during December 1, 2012 through February 28, 2013.
- ⁽⁴⁾ The TSC is the rate as set forth in PPL Electric's tariff for 2012 and reflects the statutory PA Gross Receipts Tax (GRT) of 5.9%.
- ⁽⁵⁾ The TSC is related to the following rate classes: BL, GS-1, GH-1, GH-2, SA, SE, SHS, SM, TS, SI-1, GS-3 < 500 kW, IS-1. The TSC for the LP4 < 500 kW rate class is \$0.00036/kWh for energy and \$1.70932/kW for demand, both rates include GRT.
- ⁽⁶⁾ The State Tax Adjustment Surcharge reflects any incremental GRT pursuant to 72 P.S. § 8111-A(d) less any applicable refunds.