

PPL Electric Utilities Corporation
Estimated Price-to-Compare (“PTC”) Sample Calculation
For Illustrative Purposes Only

Introduction:

The purpose of this document is to provide suppliers with an understanding of how the PTC is calculated for all customer classes, as directed by the Pennsylvania Public Utility Commission (“PA PUC”) on October 12, 2010. This data is an estimate of the PTC and is only a snap-shot in time.

The calculations of the Price-to-Compare estimates are based on actual and estimated values. The solicitation prices (generation component) are based on actual results through April 2011. The Full-Requirement Price and Block Price are based on a weighted average of the results from all solicitations through April 2011. The Spot Price is estimated based on forward energy prices. The Administrative Charges and the Merchant Function Charges have been updated for the period June 1 to August 31, 2011. The E Factor Rate is based on the actual over/under collection balances at April 30, 2011 and the estimated collections for the period May 1 through May 31, 2011. The Transmission Service Charge (TSC) for all classes of customers are the rates as filed on May 13, 2011, except that the TSC for Large C&I customers also reflects the PA PUC’s Order at Docket No. M-2011-2239805.

Disclaimer:

Please note 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’ 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 in tariffs filed 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 PTC Calculation
For Illustrative Purposes Only
Residential Class
June 1, 2011 - August 31, 2011

| | Full Requirements (\$/MWh) | | Block (\$/MWh) | |
|---|-----------------------------------|----------------------|-----------------------|--------------------------|
| | Number of Tranches | Average Bid Price | Number of Tranches | Average Bid Price |
| 1 Solicitation #2 - Oct 2009 | 12 | 85.43 | 2 | 57.70 |
| 2 Solicitation #3 - Jan 2010 | 12 | 78.93 | 2 | 50.85 |
| 3 Solicitation #4 - Apr 2010 | 12 | 66.62 | 2 | 46.59 |
| 4 Solicitation #5 - July 2010 | 8 | 68.79 | 2 | 54.68 |
| 5 Solicitation #6 - Oct 2010 | 8 | 64.77 | 2 | 50.54 |
| 6 Solicitation #7 - Apr 2011 | 12 | 68.09 | 4 | 54.02 |
| 7 Weighted Average Price | | 72.77 | | 52.63 |
| 8 Average Block Price | | | \$ | 58.35 ⁽¹⁾ |
| 9 Times portion of Residential Load | | | | 41% |
| 10 Total Weighted Block Price | | | \$ | 23.92 |
| 11 Average Full Requirements Price | | | \$ | 72.77 |
| 12 Times portion of Residential Load | | | | 53% ⁽²⁾ |
| 13 Total Weighted Full Requirements Price | | | \$ | 38.57 |
| 14 Estimated Spot Price | | | \$ | 72.83 ⁽³⁾ |
| 15 Times Spot Price portion of Residential Load | | | | 6% ⁽²⁾ |
| 16 Total Weighted Spot Price | | | \$ | 4.37 |
| 17 Block, Full Requirements & Spot Weighted Price (line 10 + line 13 + line 16) | | | \$ | 66.86 |
| 18 Block, Full Requirements & Spot Weighted Price in \$/kWh (line 17/1000) | | | \$ | 0.06686 |
| 19 Loss Factor | | | | 1.05465 ⁽⁴⁾ |
| 20 Subtotal - Block, Full Requirements & Spot Weighted Price including Losses (line 18 x line 19) | | | \$ | 0.07051 |
| 21 Multiplied by (1/(1-GRT)) <i>GRT = 5.9%</i> | | | | 1.06270 |
| 22 Block, Full Requirements & Spot Weighted Price including Losses and GRT (line 20 x line 21) | | | \$ | 0.07493 |
| 23 E Factor Rate | | | \$ | 0.00121 ⁽⁵⁾ |
| 24 Administrative Charges | | | | 0.00255 |
| 25 Merchant Function Charge (MFC) @ 1.805% | | | | 0.00144 |
| 26 Subtotal (line 23 + line 24 + line 25) | | | \$ | 0.00520 |
| 27 Multiplied by (1/(1-GRT)) | | | | 1.06270 |
| 28 (E Factor + Admin Charges + MFC) x GRT | | | \$ | 0.00553 |
| 29 Generation Supply Charge (line 22 + line 28) | | | \$ | 0.08047 |
| 30 Transmission Service Charge (TSC) | | | \$ | 0.00752 ⁽⁶⁾ |
| 31 State Tax Adjustment Surcharge -0.286% [(line 29 + line 30) x -0.00286] | | | \$ | (0.00025) ⁽⁷⁾ |
| 32 PTC Estimate - Residential Class (line 29 + line 30 + line 31) | | | \$ | 0.08774 |

- ⁽¹⁾ The average Block price includes the weighted average price plus estimated Capacity, Ancillaries, and AEPS compliance costs.
- ⁽²⁾ After the Block Procurements have been subtracted from total load, Full Requirements represent 90% of the load and Spot represents 10% of the load.
- ⁽³⁾ The estimated Spot Price includes Energy, Capacity and a \$3.01/MWh adder for ancillaries and AEPS compliance costs.
- ⁽⁴⁾ The Loss Factor includes a deduction of the PJM deration factor.
- ⁽⁵⁾ The estimated over/under collection from January 1 to May 31, 2011 that will be recovered during June 1 to August 31, 2011.
- ⁽⁶⁾ The TSC is the rate as set forth in PPL Electric's tariff for 2011 and reflects the statutory PA Gross Receipts Tax (GRT) of 5.9%.
- ⁽⁷⁾ The State Tax Adjustment Surcharge reflects the incremental GRT pursuant to 72 P.S. § 8111-A(d) less any applicable refunds.

PPL Electric Utilities Corporation
Estimated Price-to-Compare (“PTC”) Sample Calculation
For Illustrative Purposes Only
Residential Class

Line Item Explanations for the Residential Class:

Line 1 through line 6 – Lists the average bid price for the Full Requirements and Block contracts per the solicitation noted. Prices are in \$/MWh.

Line 7 – Weighted average price of all solicitations conducted as of the date of the estimate. Prices are in \$/MWh.

Line 8 – 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 9 – 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 10 – The weighted price of the Block product.

Line 11 – 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 12 - 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 13 – The weighted price of the Full Requirements product.

Line 14 – An estimate of the average Spot Price for the applicable PTC period. The Spot Price includes energy, capacity and a \$3.01/MWh adder for ancillaries and AEPS compliance costs.

Line 15 - 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 16 – The weighted price of the Spot product.

Line 17 – The sum of the weighted prices for the Block, Full Requirements and Spot products.

Line 18 – The weighted price for all products divided by 1,000 to convert from \$/MWh to \$/kWh.

PPL Electric Utilities Corporation
Estimated Price-to-Compare (“PTC”) Sample Calculation
For Illustrative Purposes Only
Residential Class

Line 19 – Loss Factor for the Residential customer class as found on the PPL Electric Utilities POLR website http://www.pplelectric.com/NR/rdonlyres/57081ECA-B349-4FA5-ABA3-AD5CAE3766F7/0/2011_PPLelectricLossFactors.pdf. The Loss Factor includes the deduction of the PJM deration factor.

Line 20 – Represents the subtotal of the Block, Full Requirements and Spot weighted price adjusted for the Loss Factor.

Line 21 – Represents the gross-up effect of the statutory PA Gross Receipts Tax (“GRT”) of 5.9%:
 $(1/1-5.9\%) = 1.06270$

Line 22 – An estimate of the Block, Full Requirements and Spot weighted price adjusted for the Loss Factor and the GRT.

Line 23 – The E factor represents the estimated over/under collection from January 1, 2011 to May 31, 2011 that will be recovered from June 1 – August 31, 2011.

Line 24 – The administrative charges for the Residential class.

Line 25 – Represents the Merchant Function Charge (“MFC”) which is the provision for potential non-collectible accounts.

Line 26 – Represents the subtotal of the estimated E factor, administrative charges and MFC.

Line 27 – Represents the gross-up effect of the statutory PA GRT of 5.9%:
 $(1/1-5.9\%) = 1.06270$

Line 28 – An estimate of the E factor, administrative charges and MFC adjusted for the GRT.

Line 29 – Represents the GSC by adding the Block, Full Requirements and Spot weighted price including losses, the E factor rate, administrative charges and the MFC. All components reflect the statutory PA GRT of 5.9%.

Line 30 – The Transmission Service Charge (“TSC”) as filed with the PA PUC on May 13, 2011. This is the rate set forth in PPL Electric’s tariff for 2011 and reflects the statutory PA GRT of 5.9%.

Line 31 – The State Tax Adjustment Surcharge (“STAS”) at -0.286% multiplied by the subtotal of the GSC and TSC. All components reflect the statutory PA GRT of 5.9%.

Line 32 – The total PTC estimate for the Residential Class in \$/kWh.

**PPL Electric Utilities Corporation
Estimated PTC Calculation
For Illustrative Purposes Only
Small Commercial & Industrial ("SC&I")
June 1, 2011 - August 31, 2011**

| | <u>Full Requirements (\$/MWh)</u> | |
|--|-----------------------------------|------------------------------------|
| | Number of Tranches | Average Price |
| 1 Solicitation #2 - Oct 2009 | 9 | 87.36 |
| 2 Solicitation #3 - Jan 2010 | 9 | 77.29 |
| 3 Solicitation #4 - Apr 2010 | 9 | 68.55 |
| 4 Solicitation #5 - July 2010 | 6 | 68.02 |
| 5 Solicitation #6 - Oct 2010 | 6 | 64.19 |
| 6 Solicitation #7 - Apr 2011 | 9 | 62.78 |
| 7 Weighted Average Price | | <u>72.02</u> |
| 8 Average Full Requirements Price | | \$ 72.02 |
| 9 Times portion of Fixed Load | | 90.00% |
| 10 Total Weighted Full Requirements Price | | <u>\$ 64.82</u> |
| 11 Estimated Spot Price | | \$ 77.62 ⁽¹⁾ |
| 12 Times Spot Price portion of Total Load | | 10.00% |
| 13 Total Weighted Spot Price | | <u>\$ 7.76</u> |
| 14 Full Requirements & Spot Weighted Price (line 10 + line 13) | | \$ 72.58 |
| 15 Full Requirements & Spot Weighted Price in \$/kWh (divide by 1000) | | \$ 0.07258 |
| 16 Loss Factor | | 1.05465 ⁽²⁾ |
| 17 Subtotal - Full Requirements & Spot Weighted Price including Losses (line 15 x line 16) | | <u>\$ 0.07655</u> |
| 18 Multiplied by (1/(1-GRT)) <i>GRT = 5.9%</i> | | <u>1.06270</u> |
| 19 Full Requirements & Spot Weighted Price including Losses and GRT (line 17 x line 18) | | <u>\$ 0.08135</u> |
| 20 E Factor Rate | | \$ 0.03732 ⁽³⁾ |
| 21 Administrative Charges | | 0.00054 |
| 22 Merchant Function Charge (MFC) @ 0.1% | | 0.00012 |
| 23 Subtotal (line 20 + line 21 + line 22) | | <u>\$ 0.03798</u> |
| 24 Multiplied by (1/(1-GRT)) | | 1.06270 |
| 25 (E Factor + Admin Charges + MFC) x GRT | | <u>\$ 0.04037</u> |
| 26 Generation Supply Charge (line 19 + line 25) | | \$ 0.12171 |
| 27 Transmission Service Charge (TSC) | | \$ 0.00894 ⁽⁴⁾⁽⁵⁾ |
| 28 State Tax Adjustment Surcharge -0.286% [(line 26 + line 27) x -0.00286] | | <u>\$ (0.00037) ⁽⁶⁾</u> |
| 29 PTC Estimate - SC&I Class (line 26 + line 27 + line 28) | | <u>\$ 0.13028</u> |

⁽¹⁾ The estimated Spot Price includes Energy, Capacity and \$2.94/MWh adder for ancillaries and AEPS compliance costs.

⁽²⁾ The Loss Factor includes a deduction of the PJM deration factor.

⁽³⁾ The estimated over/under collection from January 1 to May 31, 2011 that will be recovered during June 1 to August 31, 2011.

⁽⁴⁾ The TSC is the rate as set forth in PPL Electric's tariff for 2011 and reflects the statutory PA Gross Receipts Tax of 5.9%.

⁽⁵⁾ The TSC is related to the following rate classes: BL, GS1 G1D, G1C, GH1, GH2, SA, SE, SHS, SM, TS, SI 1, GS3 Small, G3C, IS1. The TSC for the LP4 Small rate class is \$0.00039/kWh for energy and \$0.89775/kW for demand.

⁽⁶⁾ The State Tax Adjustment Surcharge reflects the incremental GRT pursuant to 72 P.S. § 8111-A(d) less any applicable refunds.

PPL Electric Utilities Corporation
Estimated Hourly Pricing Service Charge Calculation
For Illustrative Purposes Only
Large Commercial & Industrial ("LC&I") - Primary
June 1, 2011 - May 31, 2012

Industrial Class Hourly Price (HP) Energy Charge

| | | | |
|---|--|---------|----------|
| 1 kWh _t | kWh for each hour in the billing period | | |
| 2 LMP _t | LMP = Real-time PJM Load Weighted average LMP for the PPL Zone for each hour | | |
| 3 HP adder | HP adder = \$0.00376 / kWh | | |
| 4 \sum HP Energy Charge [Line 1 x (Line 2 + Line 3)] | | x.xxxx | |
| 5 Loss Factor ⁽¹⁾ | | 1.02847 | |
| 6 HP Energy Charge (line 3 x line 4) | | x.xxxx | (\$/kWh) |

Plus

| | | | |
|---|--|---------|----------|
| 7 Capacity ⁽²⁾ | \$116.15/MW day * PLC * # of days in Month | | |
| | \sum (kWh _t) | | |
| Plus | | | |
| 8 Transmission Service Charge (TSC) - Energy ^{(3) (4)} | | 0.00039 | (\$/kWh) |
| Plus | | | |
| 9 Transmission Service Charge (TSC) - Demand ⁽⁵⁾ | | 0.89775 | (\$/kW) |
| Plus | | | |
| 10 E Factor | | 0.02630 | (\$/kWh) |
| 11 Administrative Charges | | 0.00025 | (\$/kWh) |
| 12 Hourly Pricing Service Charge (Line 6 + Line 7 + Line 8 + Line 9 + Line 10 + Line 11) | | x.xxxx | (\$/kWh) |
| 13 Multiplied by (1/(1-GRT)) _{GRT = 5.9%} | | 1.0627 | |
| 14 Hourly Pricing Service Charge (Line 12 x Line 13) | | x.xxxx | (\$/kWh) |
| 15 State Tax Adjustment Surcharge -0.286% (line 14 x -0.00286) ⁽⁶⁾ | | x.xxxx | (\$/kWh) |
| 16 Hourly Pricing Service Charge (Line 14 + Line 15) | | x.xxxx | (\$/kWh) |

t An hour in the Billing Period.

⁽¹⁾ The Loss Factor is adjusted for the PJM transmission deration factor.

⁽²⁾ The Capacity Charge is calculated by using PJM Capacity Clearing Price for the PL Zone x the Customer's Peak Load Contribution (PLC) x the # of days in the billing period divided by the sum of the kWh usage for the billing period.

⁽³⁾ The TSC energy charge is calculated by multiplying the customers kWh usage times the stated rate. The rate includes the statutory PA Gross Receipts Tax (GRT) of 5.9%. This rate is for LP4 Large and ISP customers.

⁽⁴⁾ The TSC energy charge for the GS3 Large rate class is \$0.00841/kWh, not including GRT.

⁽⁵⁾ The TSC demand charge is calculated by multiplying the customers PLC times the stated rate. The rate includes the statutory PA Gross Receipts Tax (GRT) of 5.9%. This rate is for LP4 Large and ISP customers.

⁽⁶⁾ The State Tax Adjustment Surcharge reflects the incremental GRT pursuant to 72 P.S. § 8111-A(d) less any applicable refunds.

PPL Electric Utilities Corporation
Estimated Hourly Pricing Service Charge Calculation
For Illustrative Purposes Only
Large Commercial & Industrial ("LC&I") - Transmission
June 1, 2011 - May 31, 2012

Industrial Class Hourly Price (HP) Energy Charge

| | | | |
|---|--|---------|----------|
| 1 kWh _t | kWh for each hour in the billing period | | |
| 2 LMP _t | LMP = Real-time PJM Load Weighted average LMP for the PPL Zone for each hour | | |
| 3 HP adder | HP adder = \$0.00376 / kWh | | |
| 4 \sum HP Energy Charge [Line 1 x (Line 2 + Line 3)] | | x.xxxx | |
| 5 Loss Factor ⁽¹⁾ | | 1.02847 | |
| 6 HP Energy Charge (line 3 x line 4) | | x.xxxx | (\$/kWh) |

Plus

| | | | |
|---------------------------|--|--|--|
| 7 Capacity ⁽²⁾ | \$116.15/MW day * PLC * # of days in Month | | |
| | \sum (kWh _t) | | |

Plus

| | | | |
|---|--|---------|----------|
| 8 Transmission Service Charge (TSC) - Energy ⁽³⁾ | | 0.00039 | (\$/kWh) |
|---|--|---------|----------|

Plus

| | | | |
|---|--|---------|---------|
| 9 Transmission Service Charge (TSC) - Demand ⁽⁴⁾ | | 1.18020 | (\$/kW) |
|---|--|---------|---------|

Plus

| | | | |
|-------------|--|---------|----------|
| 10 E Factor | | 0.02630 | (\$/kWh) |
|-------------|--|---------|----------|

| | | | |
|---------------------------|--|---------|----------|
| 11 Administrative Charges | | 0.00025 | (\$/kWh) |
|---------------------------|--|---------|----------|

| | | | |
|--|--|--------|----------|
| 12 (Line 6 + Line 7 + Line 8 + Line 9 + Line 10 + Line 11) | | x.xxxx | (\$/kWh) |
|--|--|--------|----------|

| | | | |
|--|--|--------|--|
| 13 Multiplied by (1/(1-GRT)) <i>GRT = 5.9%</i> | | 1.0627 | |
|--|--|--------|--|

| | | | |
|--|--|--------|----------|
| 14 Hourly Pricing Service Charge (Line 12 x Line 13) | | x.xxxx | (\$/kWh) |
|--|--|--------|----------|

| | | | |
|---|--|--------|----------|
| 15 State Tax Adjustment Surcharge -0.286% (line 14 x -0.00286) ⁽⁵⁾ | | x.xxxx | (\$/kWh) |
|---|--|--------|----------|

| | | | |
|--|--|--------|----------|
| 15 Hourly Pricing Service Charge (Line 14 + Line 15) | | x.xxxx | (\$/kWh) |
|--|--|--------|----------|

t An hour in the Billing Period.

⁽¹⁾ The Loss Factor is adjusted for the PJM transmission deration factor.

⁽²⁾ The Capacity Charge is calculated by using PJM Capacity Clearing Price for the PL Zone x the Customer's Peak Load Contribution (PLC) x the # of days in the billing period divided by the sum of the kWh usage for the billing period.

⁽³⁾ The TSC energy charge is calculated by multiplying the customers kWh usage times the stated rate. The rate includes the statutory PA Gross Receipts Tax (GRT) of 5.9%. This rate is for LP4 and LP5 customers.

⁽⁴⁾ The TSC demand charge is calculated by multiplying the customers PLC times the stated rate. The rate includes the statutory PA Gross Receipts Tax (GRT) of 5.9%. This rate is for LP4 and LP5 customers.

⁽⁵⁾ The State Tax Adjustment Surcharge reflects the incremental GRT pursuant to 72 P.S. § 8111-A(d) less any applicable refunds.