

GENERATION SUPPLY CHARGE-2

(C)

Beginning on January 1, 2011, the Generation Supply Charge-2 (GSC-2) shall be charged to each customer in the Large Commercial & Industrial Customer Class who takes Basic Utility Supply Service ("BUSS") from the Company under Rate Schedules LP-4, IS-P (R), LP-5, LP-6, LPEP, IS-T (R), and standby service for the foregoing rate schedules. The GSC-2 will not apply to those Rate Schedule LP-4 customers who have a peak demand of less than 500 kW, but the GSC-2 will apply to those Rate Schedule GS-3 customers who have a peak demand of 500 kW or greater. This peak demand will be based on the customer's peak load contribution to PJM peak load in the 2008-2009 PJM Planning Year.

The GSC-2 shall have two service provisions: Hourly Default Service and Optional Monthly Pricing Service.

HOURLY DEFAULT SERVICE

PURPOSE

(C)

The Hourly Default Service Rate Option provides default electric generation service to eligible customers in the Commercial & Industrial Customer Class who have not selected the Optional Monthly Pricing Service or an alternative generation supplier.

PRICING PROVISIONS

All of the following charges apply to this service.

- GSC-2 Energy Charge per KWH: The product of actual real-time PL Zone Locational Marginal Prices for each hour of the billing month expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month. (C)
- GSC-2 Capacity Charge: The product of the PJM Reliability Pricing Model ("RPM") price of capacity expressed in dollars per KW-Day, as reported by PJM for the PL Zone, for the applicable billing month times the customer's fixed peak load capacity obligation, as determined by the Company in accordance with the applicable PJM Agreements, times the number of days in the billing month.
- GSC-2 Administrative Charge per KWH: The product of all administrative charges (both the supplier's charges and PPL Electric's charges) expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month. The supplier's charges shall be the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than Network Integration Transmission Service), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits. PPL Electric's charges shall be a monthly pro rata amortization of the actual costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent 12-month period ended March 31 (as determined by amortizing such costs ratably over a 12-month period) plus the monthly amortization of the cost of administering that program prior to January 1, 2011 (as determined by amortizing such costs (C)

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

(C)

ratably over the 29-month period January 1, 2011 through May 31, 2013). In addition, the initial computation quarter, which shall cover the 5-month period January 1, 2011 through May 31, 2011, will include any applicable over or under collection related to the 2010 Generation Supply Charge (GSC) for the Large Commercial and Industrial Customer Class.

The following rate components of the GSC-2 shall be filed with the Pennsylvania Public Utility Commission (Commission) thirty (30) days prior to each application year (June 1 through May 31), except that the initial rate components shall be filed thirty (30) days prior to the initial computation period (January 1, 2011 through May 31, 2011). Any over or under collection for the period January 1, 2011 through May 31, 2011, will be included in the recalculation of GSC-2 to be effective June 1, 2011. The rate components subject to this filing requirement are: (1) the price for capacity resulting from PJM's applicable RPM auction, (2) the supplier's charges to be included in the GSC-2 Administrative Charge and (3) PPL Electric's charges to be included in the GSC-2 Administrative Charge. The rate components shall become effective for BUSS service rendered during the application year, and shall remain in effect for a period of one year. **(C)**

The Pennsylvania gross receipts tax rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) within the tariff) in effect during the billing month shall apply to charges under the GSC-2.

Minimum bills shall not be reduced by reason of the GSC-2, nor shall GSC-2 charges be a part of the monthly rate schedule minimum. The GSC-2 shall not be subject to any credits or discounts, but Part 2 of the STAS shall apply. **(C)**

The Company shall file a report regarding GSC-2 collections within thirty (30) days following the conclusion of each computation year. These reports shall be in a form prescribed by the Commission. The report shall be accompanied by a tentative estimate of the GSC-2 for the next computation year.

Application of the GSC-2 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-2 and the costs included therein.

OPTIONAL MONTHLY PRICING SERVICE

PURPOSE

The Optional Monthly Pricing Service (OMPS) Rate Option provides for the voluntary participation of eligible customers in the Large Commercial & Industrial Customer Class. Eligible customers must affirmatively elect OMPS. If a customer does not elect OMPS or does not shop with an EGS, the customer will receive Hourly Default Service.

PRICING PROVISIONS

The price, stated in cents per kilowatt hour, will change on the first day of every month. The monthly price will be determined by a competitive selection held quarterly, plus an adder for recovery of costs incurred to undertake the solicitations.

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

(C)

The GSC-2 for OMPS, determined in accordance with the formula set forth below, shall be applied to all kilowatt-hours billed for OMPS provided during the billing month:

$$GSC-2_{OMPS} = \left[\frac{GS_c - E}{S} \right] \times \frac{1}{(1-T)}$$

Where:

GSC-2_{OMPS}= The Generation Supply Charge-2, stated in cents per kilowatt hour, shall be calculated for the customers electing OMPS as designated above.

GS_c = The total of estimated costs incurred by the Company to acquire generation supply from any source on behalf of OMPS customers.

Projections of the Company's costs to acquire generation supply, adjusted for losses and including Alternative Energy Credits, for each month of the computation quarter shall include all costs of generation supply to be acquired by the Company from any source to provide OMPS plus a pro rata portion of all generation supply-related procurement and administration costs for the Large Commercial and Industrial Class, calculated on a monthly basis. Any costs incurred prior to January 1, 2011 shall be amortized ratably over the 29-month period January 1, 2011 through May 31, 2013, and the monthly amortization amount shall be included in the computation of the GSC-2_{OMPS}. In addition, the initial computation quarter, which shall cover the 5-month period January 1, 2011 through May 31, 2011, will include a pro rata portion of any applicable over or undercollection related to the Generation Supply Charge (GSC) for the Large Commercial and Industrial Customer Class, calculated on a monthly basis.

(C)

E = Experienced net over or undercollection of costs associated with the acquisition of generation supply for OMPS customers as of the end of the calendar month ended one month prior to the computation quarter, including applicable interest, to be recovered or recouped over each of the months of the computation quarter. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of undercollections shall be calculated at the legal rate of interest. Interest on refunds of overcollections shall be calculated at the legal rate of interest plus 2 percent annual interest.

(C)

S = The Company's total retail KWH sales to OMPS customers in the Large Commercial & Industrial Customer Class, projected for each separate month of the computation quarter (c).

T = The Pennsylvania gross receipts tax rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) under this tariff) in effect during the billing month, expressed in decimal form.

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

(C)

The GSC-2_{OMPS} shall be filed with the Pennsylvania Public Utility Commission (Commission) ten (10) days prior to each computation quarter, and such filing shall provide separate monthly rates for each month of the computation quarter. Each monthly rate shall become effective for OMPS service rendered beginning with the first of the month for each month in the computation quarter, unless otherwise ordered by the Commission.

(C)

The Company will file with the Commission ten (10) days prior to each computation quarter a quarterly reconciliation of the GSC-2_{OMPS} for the most recently available actual computation quarter, pursuant to 66 Ps. C.S. §1307. The reconciliation shall become effective for service rendered during the computation quarter and shall remain in effect for a period of one quarter, or until new GSC-2_{OMPS} rates are approved by the Commission.

(C)

Reconciliation will include a calculation of the adjustment to the GSC-2_{OMPS}, in cents per kWh, required to refund or recover previous application period over or under recoveries of the quarterly GSC-2_{OMPS}. Any over/under collection will be reflected in the GSC-2_{OMPS} during the computation quarter. Any amount of over/under recovery that will not be recovered will be reflected in the subsequent application period.

(C)

Minimum bills shall not be reduced by reason of the GSC-2_{OMPS}, nor shall GSC-2_{OMPS} charges be a part of the monthly rate schedule minimum. Participating customers will be responsible for all other charges contained in their applicable rate schedules. The GSC-2_{OMPS} shall not be subject to any credits or discounts, but Part 2 of the STAS shall apply.

(C)

Application of the GSC-2_{OMPS} shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-2_{OMPS} and the costs included therein.

(C)

CUSTOMER PARTICIPATION

An eligible customer served by an EGS or receiving Hourly Default Service may elect OMPS, effective with the next billing cycle beginning fifteen (15) days or more from the date of election. However, if solicitations are not fully subscribed, OMPS will not be available for that quarter and customers who have selected OMPS will be assigned to the Hourly Default Service Rate Option. If OMPS becomes available again in the future, eligible customers who wish to receive OMPS will have to elect that option pursuant to these Customer Participation provisions.

Following election of the OMPS, the customer will remain on OMPS, unless OMPS becomes unavailable, or until another service option is selected and becomes effective. Customers may leave OMPS in any calendar month effective with the next billing cycle beginning fifteen (15) days or more from the date of election, but a customer on OMPS will not be permitted to switch to Hourly Default Service until first shopping with an EGS for at least one month. However, if the OMPS is unavailable because solicitations were not fully subscribed, customers on the OMPS, who do not elect an EGS, will be switched to Hourly Default Service.