

GENERATION SUPPLY CHARGE

(C)

Beginning on January 1, 2010 and continuing until December 31, 2010, the Generation Supply Charge (GSC) shall be applied to each kilowatt-hour supplied to customers taking Basic Utility Supply Service (BUSS) from the Company under this Tariff, except for those customers who are eligible for and take BUSS under the Real Time Price Default Service Rate, or those customers who elect the Time-Of-Use Rate Option, defined in this GSC. The GSC, determined to the nearest one-thousandth of 1 mill per kilowatt-hour, in accordance with the formula set forth below, shall be applied to all kilowatt-hours billed for BUSS service provided during the billing month: **(C)**

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

Where:

GSC = Generation Supply Charge, stated in mills per kilowatt-hour, shall be calculated separately for each of the following three Customer Classes: (1) residential; (2) small commercial and industrial (taking service at secondary voltage levels); and (3) large commercial and industrial (taking service at primary and transmission voltage levels). **(C)**

GS_c = The total estimated direct and indirect costs incurred by the Company to acquire generation supply from any source on behalf of BUSS customers in the applicable Customer Class (excluding those costs applicable to the TOU Rate Option). **(C)**

The computation quarter (c) shall be for each calendar quarter over which the GSC, as computed, will apply. Projections of the Company's costs to acquire generation supply for the computation quarter shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated generation supply-related procurement and administration costs.

E = Experienced net over or undercollection of costs associated with the acquisition of generation supply for BUSS customers (excluding those costs applicable to the TOU Rate Option) as of the end of the 3-month period ending one month prior to the computation quarter, including applicable interest. Interest shall be computed monthly at the rate provided for in Section 1308(d) of the Public Utility Code, from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. **(C)**

S = The Company's total retail KWH sales to BUSS customers in the applicable Customer Class, projected for the computation quarter (c) (excluding those sales applicable to the TOU Rate Option). **(C)**

T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

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GENERATION SUPPLY CHARGE (CONTINUED)

(C)

For customers served under Rate Schedule RTS (R), the GSC, as calculated above, shall be (C) reduced by 1.350 cents per KWH for the period January 1, 2010 through December 31, 2010. For customers served under Rate Schedules RS and RTD (R), the GSC, as calculated above, shall be increased during the period January 1, 2010 through December 31, 2010 by an amount equal to the estimated revenue shortfall resulting from this adjustment to the GSC for Rate Schedule RTS (R).

The GSC shall be filed with the Pennsylvania Public Utility Commission (Commission) by the beginning of the month prior to each calendar quarter. The rate shall become effective for BUSS service rendered on and after the calendar quarter unless otherwise ordered by the Commission, and shall remain in effect for a period of one quarter, unless revised on an interim basis subject to the approval of the Commission. Upon determination that the GSC, if left unchanged, would result in a material over or undercollection of generation supply-related costs incurred or expected to be incurred during the current 3-month period ending one month prior to the computation quarter, the Company may file with the Commission for an interim revision of the GSC to become effective 30 days from the date of filing, unless otherwise ordered by the Commission.

The Company will file with the Commission by the beginning of the month prior to each calendar quarter, a quarterly reconciliation of the GSC revenue recovery during the immediately preceding application period pursuant to 66 Ps. C.S. §1307. The reconciliation shall become effective for service rendered on and after the calendar quarter and shall remain in effect for a period of one quarter, or until new GSC rates are approved by the Commission.

Reconciliation of the GSC will be conducted separately for each of the three Customer Classes. Any over/under collection for a Customer Class will be allocated to each individual Rate Schedule included within that Customer Class based upon the ratio of (1) the cumulative GSC over/under collection applicable to the Customer Class to (2) the projected GSC revenues for the Customer Class for the period during which the GSC reconciliation factor will be applied. The reconciliation will include a calculation of the adjustment to the GSC, in cents per KWH, by Rate Schedule, required to refund or recover previous application period over or under recoveries of the annual GSC. The reconciliation will be the difference between GSC revenue produced by actual usage and GSC revenue estimated on the basis of projected usage for that previous application period. Any over/under collection allocated to an individual Rate Schedule will be reflected in the GSC for that Rate Schedule during the application period. Any amount of under recovery that will not be recovered will be collected in the subsequent application period.

Minimum bills shall not be reduced by reason of the GSC, nor shall GSC charges be a part of (C) the monthly rate schedule minimum. The GSC shall not be subject to any credits or discounts other than the credit to Rate Schedule RTS (R) described above, and shall not be affected by the State Tax Adjustment Surcharge (STAS).

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

Application of the GSC 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 and the costs included therein.

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(C) Change

GENERATION SUPPLY CHARGE (Continued)

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GENERATION SUPPLY CHARGE

Charges under the GSC for the period January 1, 2010 through December 31, 2010, as set forth in the applicable Rate Schedules.

Customer Class	Large I&C – Transmission	Large I&C – Primary	Small I&C	Residential
Rate Schedule / Charge	L5S, LP-5, LP-6, LPEP, and IS-T (R)	LP-4 and IS-P (R)	GS-1, GS-3, IS-1 (R), BL, GH-1 (R), and GH-2 (R)	RS and RTD (R)
	\$0.08953/KWH	\$0.09210/KWH	\$0.10125/KWH	\$0.10133/KWH RTS (R) \$0.08783/KWH

Small I&C – Street Lights									
Rate Schedule/ Charge	SA	SM (R)		SHS		SE	TS (R)	SI-1 (R)	
	\$/Lamp	Nominal Lumens	\$/Lamp	Nominal Lumens	\$/Lamp	\$/KWH	\$/Watt	Lumens	\$/Lamp
6.642		3,350	4.970	5,800	3.012	0.10125	0.07397	600	2.101
		6,650	7.763	9,500	4.320			1,000	3.738
		10,500	10.851	16,000	6.353			4,000	11.863
		20,000	17.196	25,000	11.475				
		34,000	29.312	50,000	18.006				
		51,000	40.508						

GENERATION SUPPLY CHARGE (Continued) REAL TIME PRICE – LARGE COMMERCIAL & INDUSTRIAL

PURPOSE

The Hourly Real Time Price (RTP) Default Service Rate provides for the participation of eligible existing and new customers in the Large Commercial & Industrial Customer Class in a year-round RTP Rate program. Eligible customers must meet the APPLICATION PROVISIONS of this RTP Rate.

APPLICATION PROVISIONS

This RTP Rate provides a real-time pricing rate for those customers who did not select the 2010 Large Power Fixed Price GSC or those customers who return to BUSS after shopping with an Electric Generation Supplier.

Beginning on January 1, 2010 and continuing until December 31, 2010, this RTP Rate is available to existing and new Large Commercial & Industrial customers who are served, or qualify to be served, under Rate Schedules LP-4, IS-P (R), LP-5, LP-6, LPEP, IS-T (R), and standby service for Rate Schedules LP-4 and LP-5.

Customers with Net Metering for Renewable Customer-Generation Rider, Rule 6, Rule 6A, and Rule 11 will not be eligible.

Customers served under this RTP Rate must receive Basic Utility Supply Service (BUSS) as defined in Rule 1 of this Tariff.

PRICING PROVISIONS

The following charges apply to this service.

- GSC Energy Charge per KWH: The product of actual real-time PL Zone Locational Marginal Prices for each hour of the billing month times the customer's actual energy use, adjusted for losses, during each hour of the billing month.
- GSC Capacity Charge: The product of the PJM Reliability Pricing Model ("RPM") price of capacity expressed in dollars per MW-Day, as reported by PJM for the PPL 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 Administrative Charge per KWH: The product of all administrative charges (both the supplier's charges and PPL Electric's charges) 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 charge shall be the monthly amortization of its actual costs of administering its default service program for the Large C&I Customer Class. Beginning on January 1, 2010 and continuing until December 21, 2010, the GSC Administrative Charge shall be \$0.00396/kWh, plus the applicable Gross Receipts Tax. (C)

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GENERATION SUPPLY CHARGE (Continued)
REAL TIME PRICE – LARGE COMMERCIAL & INDUSTRIAL

The above rate components of the GSC shall be filed with the Pennsylvania Public Utility Commission by December 1, 2009. 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 Administrative Charge, and (3) PPL Electric's charges to be included in the GSC 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.

The Pennsylvania gross receipts tax rate in effect during the billing month shall apply to charges under the GSC.

Minimum bills shall not be reduced by reason of the GSC, nor shall GSC 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 shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report regarding GSC 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 for the next computation year.

Application of the GSC 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 and the costs included therein.

GENERATION SUPPLY CHARGE (Continued)
TIME-OF-USE – RESIDENTIAL & SMALL COMMERCIAL/INDUSTRIAL

PURPOSE

Beginning on April 14, 2010 and continuing until December 31, 2010, this Time-of-Use (TOU) Rate Option provides for the voluntary participation of eligible existing and new residential and small commercial & industrial customers in a year-round TOU rate program. Eligible customers must meet the APPLICATION PROVISIONS of this TOU Rate Option. The objective of this TOU Rate Option is to provide eligible residential and small commercial & industrial customers with an opportunity to shift energy usage away from the on-peak periods, when wholesale electricity demand and prices are high, to off-peak periods, when demands and prices are lower.

APPLICATION PROVISIONS

Beginning April 14, 2010, this TOU Rate Option is available to existing and new residential and small commercial & industrial customers who are served, or qualify to be served, under Rate Schedules RS, RTS (R), GS-1, GS-3, GH-1 (R), GH-2 (R), IS-1 (R), and standby service for Rate Schedule GS-3. Customers, who previously enrolled under the Rate Schedule DSR-R pilot program, are eligible for this TOU Rate Option. Customers taking service under the above-referenced rate schedules who also participate in the Company's OnTrack, Net-Metering or Renewable Energy Development Rider programs are eligible for the TOU option.

Customers served under this TOU Rate Option must receive Basic Utility Supply Service (BUSS) as defined in Rule 1 of this Tariff.

Residential customers served under Rate Schedule RTD (R) may participate in this TOU Rate Option by accepting service under Rate Schedule RS. However, if these residential customers terminate participation under this TOU Rate Option at any time, they would remain on Rate Schedule RS and would not be returned to service provided under Rate Schedule RTD (R). Also, small commercial & industrial customers served under Rate Schedules GS-1, GS-3, GH-1 (R), GH-2 (R), IS-1 (R), and standby service for Rate Schedule GS-3 may participate in this TOU Rate Option. This includes Volunteer/Non-Profit organizations (Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services) served under Rate Schedules GS-1 and GS-3.

Customers in the Company's OnTrack program who participate in the TOU Rate Option will continue to receive a billing credit that reflects their payment arrangement under that program. The effect of their participation in the TOU Rate Option will be reflected on their bill after the OnTrack credit has been applied. Customers served under the Company's rider for Net Metering for Renewable Customer- Generators who participate in the TOU Rate Option and who carry excess generation from one billing month to the next billing month will have that excess applied to on-peak and off-peak periods on a pro rata basis consistent with metering that has been installed and the information obtained from that metering. In the event that a Net Metering customer has excess generation at December 31, 2010, the customer will receive a credit calculated at the Company's Price to Compare for the applicable rate schedule.

ON-PEAK HOURS

The on-peak hours will vary by season and will include the following two seasons designated as Summer and Non-Summer Periods.

Summer Period (June 1 through September 30): On-peak hours for billing purposes are shown on the following table and reflect eastern prevailing time, Mondays to Fridays. Off-peak hours are all other weekday hours, weekends, Independence Day and Labor Day.

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**GENERATION SUPPLY CHARGE (Continued)
 TIME-OF-USE – RESIDENTIAL & SMALL COMMERCIAL/INDUSTRIAL**

ON-PEAK HOURS (Continued)

Non-Summer Period (October 1 through May 31): On-peak hours for billing purposes are shown on the following table and reflect eastern prevailing time, Mondays to Fridays. Off-peak hours are all other weekday hours, weekends, New Year’s Day, Memorial Day, Thanksgiving Day, and Christmas Day.

Customers will participate in accordance with their billing cycles and not calendar months. The Summer Period will begin with bills rendered during the period mid-May to mid-June and will end with bills rendered during the period mid-September through mid-October. The Non-Summer Period will begin with bills rendered during the period mid-September through mid-October and will end with bills rendered during the period mid-May to mid-June.

TIME-OF-USE GENERATION SUPPLY CHARGES

The following Generation Supply Charges apply for service under the TOU Rate Options.

Rate Schedule RS	Non-Summer Peak Hours (5:00 PM to 7:00 PM) 4/14/10-5/31/10 and 10/01/10-12/31/10	Summer Peak Hours (1:00 PM to 6:00 PM) 6/01/10-9/30/10
	Generation Supply Charge (cts. per kWh)	
On-Peak Hours	13.934	15.379
Off Peak Hours	9.842	9.039

Rate Schedule RTS (R)	Non-Summer Peak Hours (5:00 PM to 9:00 PM) 4/14/10-5/31/10 and 10/01/10-12/31/10	Summer Peak Hours (1:00 PM to 6:00 PM) 6/01/10-9/30/10
	Generation Supply Charge (cts. per kWh)	
On-Peak Hours	11.733	13.255
Off Peak Hours	8.035	7.869

Rate Schedules GS-1, GS-3, GH-1 (R), GH-2 (R), and IS-1(R)	Non-Summer Peak Hours (7:00 AM to 7:00 PM) 4/14/10-5/31/10 and 10/01/10-12/31/10	Summer Peak Hours (7:00 AM to 7:00 PM) 6/01/10-9/30/10
	Generation Supply Charge (cts. per kWh)	
On-Peak Hours	11.519	12.420
Off Peak Hours	8.975	8.097

Generation supply charges billed, and the associated kWh sales, as well as applicable generation supply costs incurred, under this TOU Rate Option will be excluded from the Generation Supply Charge (GSC) and, as such, will not be subject to application of the annual “E” factor of the GSC.

TERMINATING PARTICIPATION

A customer may leave this TOU Rate Option in any calendar month after providing notice to the Company by the first day of the preceding calendar month. The customer, if still receiving BUSS, will return to the standard GSC. This change will commence at the beginning of the customer’s billing cycle in the next calendar month. The TOU rates set forth herein will expire on December 31, 2010.