

FACT SHEET – Pennsylvania Generation Supply Auctions

Background

In July 2008, the Pennsylvania Public Utility Commission approved Allegheny Power's plan to procure power for default service customers following the expiration of rate caps on January 1, 2011.

The plan directed Allegheny Power to purchase power through a series of 12, 17, and 29-month contracts, as well as through spot market purchases. On October 16, 2009, the PUC approved the results of Allegheny Power's third auction to purchase power for residential customers for 2011 and beyond. Five additional auctions are scheduled in 2010 and two in 2012. The multiple auctions are designed to shield customers against overexposure to market conditions at any single point in time.

If the average price determined in the remaining auctions were to be the same as the first three, the typical Pennsylvania residential customers' bill would increase \$8.74, or 9.6 percent over 2010 levels, assuming monthly customer usage of 1,000 kWh. Actual prices will not be available until all supply purchases have been completed and averaged together.

Rate Mitigation

Allegheny Power has a Commission-approved plan in place to protect customers from potential rate spikes.

An approved mitigation plan will cap one-time annual rate increases, and allow customers to spread out additional increases over three years.

Power Procurement Schedule

Contract Auctions	CUSTOMER CLASS			Estimated Load MWh (1,000s)
	Residential	Small and Medium Non-Residential	Large Non- Residential	
April 17, 2009	■			2,300
June 5, 2009	■	■		5,300
October 16, 2009	■	■		1,800
January 18, 2010	■	■		2,500
June 2010	■	■		2,500
October 2010	■	■	■	8,900
January 2012	■	■		3,600
April 2012	■	■		3,300
TOTAL				30,200

Schedule is for all contracts required for the plan period of January 1, 2011 to May 31, 2013. Spot market power purchases are also planned.

Auction Results

Through auctions held to date, Allegheny Power has contracts for more than 60 percent of the electricity supply needed to serve its residential customers in 2011 when rate caps expire.

The percentage of generation supply purchased on behalf of small and medium non-residential customers for 2011 is 24 percent and 22 percent, respectively.

Watt Watchers and Energy Conservation

Allegheny Power's Watt Watchers™ program offers information and programs to help customers manage their electric bill and use energy more efficiently.

As part of this effort, the PUC has approved a five-year customer education program that will:

- Notify customers of the expiration of rate caps.
- Introduce energy conservation and efficiency programs being developed as part of Act 129, the new law mandating reductions in energy consumption by Allegheny Power customers.