

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 April 17, 2009, the PUC approved the results of Allegheny Power's initial auction to purchase power for residential customers for 2011 and beyond. Additional auctions are scheduled for June and October of this year, with three more 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 auction, the typical Pennsylvania customer's bill would increase about \$7.75, or 8.5 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 2009	■	■		5,300
October 2009	■	■		1,800
January 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.

Initial Auction Results

The contracts awarded in the first auction represent approximately 250 megawatts of generation supply, or about five percent of the contract purchases required to serve customers following the expiration of rate caps.

The contracts have an average weighted retail generation supply price of \$72.80 per megawatt-hour for the three 17-month and two 29-month contracts procured.

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.