

### TJF-3: Costs-to-Achieve Elements

| Costs-to-Achieve (1)                            | Three-Year Total    |                     |                    | Year 1              | Year 2             | Year 3             |
|---|---------------------|---------------------|--------------------|---------------------|--------------------|--------------------|
|   | 2011                | 2012                | 2013               | 2011                | 2012               | 2013               |
| Employee Costs (Non-Fossil)                     | \$ 33,494.7         | \$ 17,971.7         | \$ 9,865.9         | \$ 17,971.7         | \$ 9,865.9         | \$ 5,657.0         |
| Systems Integration                             | \$ 62,398.0         | \$ 36,034.4         | \$ 19,972.4        | \$ 36,034.4         | \$ 19,972.4        | \$ 6,391.2         |
| Transaction Costs                               | \$ 35,517.3         | \$ 35,517.3         | \$ -               | \$ 35,517.3         | \$ -               | \$ -               |
| Regulatory Process & Compliance Costs           | \$ 13,899.8         | \$ 13,899.8         | \$ -               | \$ 13,899.8         | \$ -               | \$ -               |
| Directors and Officers' Liability Tail Coverage | \$ 1,143.8          | \$ 1,143.8          | \$ -               | \$ 1,143.8          | \$ -               | \$ -               |
| Internal / External Communications              | \$ 3,050.0          | \$ 3,050.0          | \$ -               | \$ 3,050.0          | \$ -               | \$ -               |
| Transition Costs                                | \$ 3,660.0          | \$ 3,660.0          | \$ -               | \$ 3,660.0          | \$ -               | \$ -               |
| Facilities Integration                          | \$ 1,525.0          | \$ 1,525.0          | \$ -               | \$ 1,525.0          | \$ -               | \$ -               |
| <b>Total</b>                                    | <b>\$ 154,688.5</b> | <b>\$ 112,801.9</b> | <b>\$ 29,838.4</b> | <b>\$ 112,801.9</b> | <b>\$ 29,838.4</b> | <b>\$ 12,048.2</b> |

**(\$000's)**

#### Pennsylvania Regulated Costs-to-Achieve Allocation

|                       | Total (\$M)        | Allocation(2) (%) | Regulated          |
|-----------------------|--------------------|-------------------|--------------------|
| Metropolitan Edison   | \$ 23,088.8        | 14.9%             | \$ 23,088.8        |
| Pennsylvania Electric | \$ 17,661.9        | 11.4%             | \$ 17,661.9        |
| Penn Power            | \$ 3,044.4         | 2.0%              | \$ 3,044.4         |
| West Penn Power       | \$ 12,940.9        | 8.4%              | \$ 12,940.9        |
| <b>Total</b>          | <b>\$ 56,736.1</b> | <b>36.7%</b>      | <b>\$ 56,736.1</b> |

#### Non-Pennsylvania Regulated Costs-to-Achieve

|                         |                    |              |                    |
|-------------------------|--------------------|--------------|--------------------|
| <b>Non-Pennsylvania</b> | <b>\$ 97,952.5</b> | <b>63.3%</b> | <b>\$ 97,952.5</b> |
|-------------------------|--------------------|--------------|--------------------|

#### Note:

- 1) Regulated Costs determined using a 3-Factor Allocation: Blend of Regulated and Non-Regulated Gross Plant; Non-fuel, Non-purchased power Revenues; O&M Expense
- 2) 3-Factor Allocation to Operating Companies: Blend of Regulated Gross Plant; Non-fuel, Non-purchased power Revenues; O&M for Regulated Entities