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October 13, 2020

VIA ELECTRONIC FILING

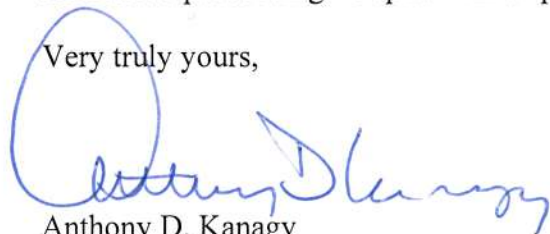
Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of Duquesne Light Company for Approval of Its Default Service Plan for
the Period From June 1, 2021 through May 31, 2025
Docket No. P-2020-3019522**

Dear Secretary Chiavetta:

Attached please find for filing is the Joint Petition for Approval of Settlement in the above-referenced proceeding. Copies will be provided per the Certificate of Service.

Very truly yours,



Anthony D. Kanagy

ADK/cls
Attachment

cc: Honorable Mark A. Hoyer
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL ONLY

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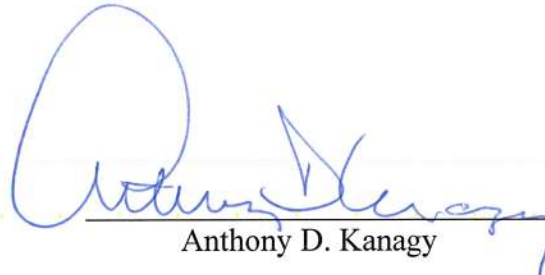
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Date: October 13, 2020



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of Its Default Service Plan for : Docket No. P-2020-3019522
the Period From June 1, 2021 Through :
May 31, 2025 :

**JOINT PETITION FOR APPROVAL OF
UNOPPOSED PARTIAL SETTLEMENT**

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER:

I. INTRODUCTION

Duquesne Light Company (“Duquesne Light” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Service of Pennsylvania’s (“CAUSE-PA”), and the Natural Resources Defense Council (“NRDC”), all Parties to the above-captioned proceeding (hereinafter, collectively the “Joint Petitioners” or the “Parties”),¹ hereby file this “Joint Petition for Approval of Unopposed Partial Settlement” (“Unopposed Partial Settlement”) and respectfully request that presiding Deputy Chief Administrative Law Judge Mark A. Hoyer (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) approve Duquesne Light’s above-captioned Petition for Approval of Its Default Service Plan for the Period From June 1, 2021 through May 31, 2025 (“Petition”) subject to the terms and conditions of the Unopposed Partial Settlement.

This Unopposed Partial Settlement more fully sets forth the agreement in principle reached

¹ In addition to the Joint Petitioners, the Bureau of Investigation and Enforcement (“I&E”); Interstate Gas Supply, Inc., Shipley Choice LLC, NRG Energy, Inc., Vistra Energy Corp., Engie Resources LLC, WGL Energy, and Direct Energy Services, LLC (collectively, the “EGS Parties”); Calpine Retail Holdings LLC (“Calpine”); StateWise Energy Pennsylvania LLC and SFE Energy Pennsylvania (collectively, “StateWise”); MAREC Action (“MAREC”); ChargePoint, Inc. (“ChargePoint”) have indicated that they do not oppose the settlement and will file letters of non-opposition indicating the same.

between Duquesne Light and all of the Parties to this proceeding with respect to many of the issues raised. The Unopposed Partial Settlement specifically sets forth the Parties' agreement that the Petition should be approved as follows: (1) the four-year Program Term will be approved as set forth in paragraph Nos. 5-6 of the Petition; (2) the Procurement Plans and Rates will be approved as set forth in paragraph Nos. 7-46 of the Petition, except that, with respect to the Federal Energy Regulatory Commission ("FERC") Docket No. EL-18-178, Minimum Offer Price Rule ("MOPR"), Duquesne Light will expand the role of its Market Monitor; (3) the Purchase of Receivables Program will be approved as set forth in paragraph No. 67 of the Petition; (4) the Recovery of Net-Metered Excess Generation Costs will be approved as set forth in paragraph Nos. 73-76 of the Petition; (5) Duquesne Light will consider the recommendations of CAUSE-PA's witness Mr. Geller in CAUSE-PA St. 1, page 53, lines 13-21 and page 59, lines 15-21 regarding the Company's ongoing bill redesign initiatives; (6) Duquesne Light's bills for consolidated-billed residential electric generation supply ("EGS") customers taking basic supply service will clearly display the Price-To-Compare ("PTC"), as well as basic supply charges in actual dollars or cents per kWh, average dollars or cents per kWh, and/or flat monthly charge(s); (7) Duquesne Light will revise Rule 12.1.6 of its Supplier Coordination Tariff regarding bill-ready billing; and (8) Duquesne Light will revise Rule 12.1.7 of its Supplier Coordination Tariff, as described in Duquesne Light St. 5-R regarding EGS non-basic service charges.

The Unopposed Partial Settlement does not, however, address the following five issues, which were reserved for litigation by the Parties and the subject of the Parties' Briefs: (1) EGS payment of Network Integration Transmission Service ("NITS") charges; (2) Electric Vehicle Time of Use ("EV-TOU") Pilot Program issues; (3) Solar Power Purchase Agreement ("PPA") issues; (4) Standard Offer Program ("SOP") issues; and (5) Customer Assistance Program

(“CAP”) shopping issues.

Accompanying the Unopposed Partial Settlement are Statements in Support provided by: Duquesne Light Company (“Duquesne Light” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Service of Pennsylvania’s (“CAUSE-PA”), and the Natural Resources Defense Council (“NRDC”). These Statements in Support are included, respectively, as **Appendices D through H** to the Unopposed Partial Settlement. In addition, Duquesne Light notes that I&E indicated that they will separately file letters of non-opposition to the Unopposed Partial Settlement: I&E.

In support of the Unopposed Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. On April 20, 2020, Duquesne Light filed the above-captioned Petition with the Commission requesting approval of a Default Service Plan for the period of June 1, 2021 through May 31, 2025 (“DSP IX,” “Default Service Plan,” or “Plan”).

2. Duquesne Light is a public utility as that term is defined under Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, certificated by the Pennsylvania Public Utility Commission (“Commission”) to provide electric service in the City of Pittsburgh and in Allegheny and Beaver Counties in Pennsylvania. Duquesne Light is also an electric distribution company (“EDC”) and a default service provider (“DSP”) as those terms are defined under Section 2803 of the Public Utility Code. 66 Pa. C.S. § 2803. Duquesne Light provides electric distribution service to approximately 603,500 customers and is currently the default service supplier (“DSP”) for approximately 435,000 of those customers.

3. In the Default Service Plan, Duquesne Light proposed to continue separate default supply procurements for: (1) Residential and Lighting customers, (2) Small Commercial and

Industrial ("C&I") customers, (3) Medium C&I customers with demands under 200 kW ("Medium C&I <200kW"), and (4) Medium C&I customers with demands equal to or greater than 200 kW and Large C&I customers (collectively, "HPS-Eligible"). Duquesne Light proposes to procure supplies for Residential and Lighting and Small C&I customers through the combination of twelve (12) and twenty-four (24) month fixed price, full requirements, laddered contracts. Duquesne Light will continue to supply Medium C&I <200kW default service customers through fixed-price full requirements supply contracts with three-month terms from third-party suppliers with no laddering. Duquesne Light proposes to continue to procure supply for HPS-Eligible default service customers through the day-ahead PJM energy market prices. Duquesne Light proposes to continue the current structure and administration for HPS customers, to conduct an RFP to supply HPS customers, and to preserve the demand threshold for HPS at ≥ 200 kW.

4. In the Default Service Plan, Duquesne Light also proposed to (1) create an EV-TOU default supply rate for Residential, Small C&I and Medium C&I <200kW customers who own or lease an EV or who operate EV charging infrastructure at the service location; (2) allow customers participating in the Company's CAP to purchase supply from EGSs, subject to certain protections ("CAP Shopping"), provided that there are sufficient EGSs that are willing to serve CAP customers; (3) use a third-party vendor to administer the Company's SOP; and (4) enter into a long-term Solar PPA to support a utility-scale solar project in Pennsylvania, preferably in Duquesne Light's service area.

5. Duquesne Light's Default Service Plan was accompanied by the following pieces of written direct testimony and accompanying exhibits:

- Duquesne Light Statement No. 1 – the direct testimony of C. James Davis;
- Duquesne Light Statement No. 2 – the direct testimony of John Peoples;
- Duquesne Light Statement No. 3 – the direct testimony of Scott G. Fisher;
- Duquesne Light Statement No. 4 – the direct testimony of David B. Ogden; and

- Duquesne Light Statement No. 5 – the direct testimony of Katherine M. Scholl.

6. On April 30, 2020, the ALJ issued a Prehearing Conference Order scheduling a Telephonic Initial Prehearing Conference on Friday, June 12, 2020 at 10:00 a.m. The parties filed various prehearing memoranda in advance of the Prehearing Conference.

7. Also on April 30, 2020, Petitions to Intervene were filed by Calpine and CAUSE-PA.

8. On May 1, 2020, the EGS Parties filed a Petition to Intervene.

9. On May 20, 2020, OSBA filed a Notice of Intervention and Answer.

10. On May 22, 2020, OCA filed a Notice of Intervention and Answer.

11. On June 2, Calpine filed a Motion for Admission Pro Hac Vice of James H. Laskey.

12. On June 3, 2020, StateWise filed a Petition to Intervene and Motions for Admission Pro Hac Vice of Thomas F. Pucher and Kevin C. Blake.

13. On June 5, 2020, the following entities filed Petitions to Intervene: MAREC; ChargePoint; NRDC; and Solar United Neighbors of Pennsylvania (“SUN-PA”). NRDC also filed an Answer on June 5, 2020.

14. On June 9, 2020, the Company filed an Answer to the Petition to Intervene of SUN-PA.

15. Also, on June 9, 2020, I&E filed a Notice of Appearance.

16. On June 12, 2020, a telephonic Prehearing Conference was held, consistent with the April 30, 2020 Prehearing Order.

17. On June 23, 2020, the ALJ issued a Prehearing Order, which among other things established a litigation schedule and discovery rules for the proceeding. Notably, SUN-PA was not represented at the conference and no representative entered an appearance on its behalf.

18. On July 7, 2020, the ALJ issued an Initial Decision denying the Petition to Intervene

filed by SUN-PA. Duquesne Light filed a letter indicating that it was not filing exceptions to the Initial Decision on July 27, 2020. The Initial Decision became final without further Commission action by operation of law on August 28, 2020.

19. On July 10, 2020, Duquesne Light filed a Petition for Protective Order. A Protective Order was subsequently issued on August 3, 2020.

20. On July 17, 2020, OCA, CAUSE-PA, NRDC, the EGS Parties, and MAREC each served direct testimony, as follows:

(a) OCA:

- (i) OCA Statement No. 1 – direct testimony of Serhan Ogur; and
- (ii) OCA Statement No. 2 – direct testimony of Barbara R. Alexander.

(b) CAUSE-PA:

- (i) CAUSE-PA Statement No. 1 – direct testimony of Harry Geller.

(c) NRDC:

- (i) NRDC Statement No. 1 – direct testimony of Kathleen Harris.

(d) EGS Parties:

- (i) EGS Parties' Statement No. 1 – direct testimony of Christopher H. Kallaher.

(e) MAREC:

- (i) MAREC Statement No. 1 – direct testimony of Elizabeth Stanton.

21. Also on July 17, 2020, I&E and Calpine each filed a letter indicating it was not serving direct testimony in this proceeding. ChargePoint also filed letter comments in support of the EV-TOU Pilot Program proposed in DSP IX.

22. On August 12, 2020, the Commission issued a Telephonic Evidentiary Hearing Notice, scheduling a Telephonic Evidentiary Hearing for September 9, 2020.

23. On August 14, 2020, Duquesne Light, OCA, OSBA, CAUSE-PA, Calpine, the EGS Parties, and NRDC served their respective rebuttal testimony, together with accompanying exhibits, as follows:

(a) Duquesne Light:

- (i) Duquesne Light Statement No. 1R – rebuttal testimony of C. James Davis;
- (ii) Duquesne Light No. 2R – rebuttal testimony of John Peoples;
- (iii) Duquesne Light Statement No. 3R – rebuttal testimony of Scott Fisher;
- (iv) Duquesne Light Statement No. 4R – rebuttal testimony of David Ogden; and
- (v) Duquesne Light Statement No. 5R – rebuttal testimony of Katherine Scholl.

(b) OCA:

- (i) OCA Statement No. 1-R – rebuttal testimony of Serhan Ogur; and
- (ii) OCA Statement No. 2-R – rebuttal testimony of Barbara R. Alexander.

(c) OSBA:

- (i) OSBA Statement No. 1-R – rebuttal testimony of Brian Kalcic.

(d) CAUSE-PA:

- (i) CAUSE-PA Statement No. 1-R – rebuttal testimony of Harry Geller.

(e) Calpine:

- (i) Calpine Statement No. 1-R – rebuttal testimony of Becky Merola.

(f) EGS Parties:

- (i) EGS Parties' Statement No. 1-R – rebuttal testimony of Christopher H. Kallaher.

(g) NRDC:

- (i) NRDC Statement No. 2 – rebuttal testimony of Kathleen Harris.

24. Also on August 14, 2020, I&E filed a letter indicating it was not serving rebuttal

testimony in this proceeding.

25. On August 28, 2020, Duquesne Light, OCA, CAUSE-PA, the EGS Parties, and NRDC each served surrebuttal testimony, as follow:

- (a) Duquesne Light:
 - (i) Duquesne Light Statement No. 5-SR – surrebuttal testimony of Katherine Scholl.
- (b) OCA:
 - (i) OCA Statement No. 1-S – surrebuttal testimony of Serhan Ogur; and
 - (ii) OCA Statement No. 2-S – surrebuttal testimony of Barbara R. Alexander.
- (c) CAUSE-PA:
 - (i) CAUSE-PA Statement No. 1-SR – surrebuttal testimony of Harry Geller.
- (d) EGS Parties:
 - (i) EGS Parties’ Statement No. 1-SR – surrebuttal testimony of Christopher H. Kallaheer.
- (e) NRDC:
 - (i) NRDC Statement No. 3 – surrebuttal testimony of Kathleen Harris.
- (f) MAREC:
 - (i) MAREC Statement No. 1-SR – surrebuttal testimony of Elizabeth Stanton.

26. Also on August 28, 2020, I&E, OSBA and Calpine each filed a letter indicating it was not serving surrebuttal testimony.

27. On September 4, 2020, Duquesne Light served rejoinder testimony and NRDC submitted a rejoinder outline. Duquesne served the following pieces of rejoinder testimony:

- (a) Duquesne Light Statement No. 1RJ – rejoinder testimony of C. James

Davis;

(b) Duquesne Light No. 3RJ – rejoinder testimony of Scott Fisher; and

(c) Duquesne Light No. 5RJ – rejoinder testimony of Katherine Scholl.

28. A Telephonic Evidentiary Hearing was held on September 9, 2020. NRDC provided oral rejoinder. All parties waived cross-examination. At the hearing, parties stipulated to the admission of the previously served testimony and exhibits. At the hearing, the Company and CAUSE-PA also stipulated to the admission of certain updated Company interrogatory responses not included in the testimony.

29. The Parties engaged in extensive discovery throughout the proceeding. Duquesne Light responded to more than 130 interrogatories and requests for production of documents, many of which included multiple subparts.

30. As a result of extensive settlement discussions, the Joint Petitioners were able to reach a settlement in principle of certain of the issues.

31. In addition, on September 30, 2020, Duquesne Light filed: (1) the *Joint Stipulation of Duquesne Light Company, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and the Office of Consumer Advocate*, addressing issues related to the Company's Customer Assistance Program and Standard Offer Program proposals; and (2) the *Joint Stipulation of Duquesne Light Company, Natural Resources Defense Council, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Office of Consumer Advocate and the Office of Small Business Advocate*, addressing issues related to the Company's Electric Vehicle Time of Use rate proposal.

32. On October 6, 2020, the ALJ issued a First Interim Order Addressing Two Joint Stipulations Filed on September 30, 2020. Therein, the ALJ admitted the above-described joint

stipulations into the record and directed the Parties to address each of them in their respective Reply Briefs to be filed in this proceeding.

33. As a result of the efforts described above, the Joint Petitioners were able to substantially narrow the issues reserved for litigation in this proceeding, and also achieve the Unopposed Partial Settlement that fully resolves a number of issues among all parties. The Joint Petitioners are in full agreement that the Unopposed Partial Settlement is in the public interest as a reasonable resolution of several issues raised in this proceeding and should be approved. The Unopposed Partial Settlement agreed to by the Joint Petitioners is set forth in the following Section III.

III. SETTLEMENT

A. GENERAL

34. The following terms of this Unopposed Parties Settlement reflect a balanced compromise of the interests of the Parties in this proceeding, with respect to several issues. The Joint Petitioners agree that the Unopposed Partial Settlement is in the public interest.

35. The Joint Petitioners agree that Duquesne Light's Petition should be approved, subject to the terms and conditions set forth below regarding the following issues: (1) the Program Term; (2) Procurement Plans and Rates; (3) Purchase of Receivables; (4) Recovery of Net-Metered Excess Generation Costs; (5) Bill Redesign; (6) Bill Presentment of Residential Bill-Ready EGS Charges; and (7) Non-Basic Service Charges in Residential Bill-Ready EGS Charges.

36. The Joint Petitioners further agree that the following five issues are reserved for litigation: (1) Payment of NITS; (2) EV-TOU Pilot Program Issues; (3) Solar PPA Issues; (4) SOP Issues; and (5) CAP Issues. The Joint Petitioners agree that the Unopposed Partial Settlement is entered into without prejudice to any Party's position regarding the issues reserved for litigation.

B. DSP IX PROGRAM TERM

37. The Program Term for Duquesne Light's DSP IX shall be for a four-year period commencing on June 1, 2021, and ending on May 31, 2025.

C. DSP IX PROCUREMENT PLANS AND RATES

38. The procurement plans described in paragraphs 7-11 and 13-46 of Duquesne Light's Petition are approved as proposed without modification. The DSP IX Plan includes a portfolio of four (4) separate supply plans tailored to meet the specific needs of major customer groups, as described in paragraph 7 of the Petition, which are: (1) Residential and Lighting, (2) Small C&I, (3) Medium C&I <200kW, and (4) HPS-Eligible. Each of these separate supply plans is approved as follows:

- (a) The supply plan applicable to Residential & Lighting Customers set forth in paragraphs 8-11 and paragraphs 13-15 of the Petition is approved without modification. The residential reconciliation period described in paragraph 12 of the Petition is also approved without modification.
- (b) The supply plan applicable to Small C&I Customers set forth in paragraphs 16-21 of the Petition is approved without modification.
- (c) The supply plan applicable to Medium C&I <200kW Customers set forth in paragraphs 22-28 of the Petition is approved without modification.
- (d) The supply plan applicable to HPS-Eligible Customers set forth in paragraphs 29-33 of the Petition is approved without modification.
- (e) Relatedly, the Supply Master Agreement ("SMA") described in paragraphs 15, 21 and 28 and of the Petition and identified as Duquesne Light Exhibit JP-3 is approved without modification for Residential and Lighting, Small

C&I and Medium C&I procurements.²

39. Duquesne Light's Petition also described Competitive Procurement Guidelines applicable to (1) Residential and Lighting, (2) Small C&I, (3) Medium C&I <200kW, and (4) HPS-Eligible customers. Duquesne Light's Competitive Procurement Guidelines set forth in paragraphs 34-37 of the Petition are approved without modification.

40. As described in paragraphs 38-44 of the Petition, Duquesne Light's DSP IX Plan, as modified by the Unopposed Parties Settlement, meets the standards set forth in Act 129, and enables the Commission to make the necessary findings per Section 2807(e)(3.7). Specifically, the Parties agree that the DSP IX Plan, as modified by the Unopposed Parties Settlement, includes prudent steps necessary to negotiate favorable generation supply contracts, and to obtain least cost generation supply contracts on a long-term, short-term and spot market basis.³ The Parties further agree that under the DSP IX Plan, as modified by the Unopposed Parties Settlement, neither Duquesne Light nor its affiliated interest has withheld or will withhold from the market any generation supply in a manner that violates Federal law.

41. Duquesne Light's proposal to continue to fully recover the costs incurred from supply solicitations for Residential & Lighting, Small C&I, Medium C&I customers with demands less than 200 kW, and HPS-Eligible customers, gross receipts taxes, along with the costs of hiring the independent monitor, through fully reconcilable Section 1307(e), 66 Pa. C.S. § 1307(e), cost recovery mechanisms for each class, set forth in paragraph 45 of the Petition, is approved without modification.

42. Duquesne Light's proposal to continue to recover its administrative costs for HPS

² A true and correct copy of the SMA is attached to the Unopposed Partial Settlement as Appendix C.

³ The Joint Petitioners agree that this provision of the Unopposed Partial Settlement is agreed upon without prejudice to the Solar PPA issue reserved for litigation by the Parties.

service through a Fixed Retail Administrative Charge, set forth in paragraph 46 of the Petition, is approved without modification.

43. With respect to the MOPR established by FERC at FERC Docket No. EL18-178, Duquesne Light agrees that it will expand the role of its Market Monitor, currently Charles River Associates, to include certifying that Duquesne Light's Default Service Supply solicitations are conducted through a resource-neutral, non-discriminatory and competitive bidding process.

D. PURCHASE OF RECEIVABLES ("POR")

44. Duquesne Light's proposal to continue its POR program for Residential, Small C&I, and Medium C&I customers set forth in paragraph 67 of the Petition is approved.

E. RECOVERY OF NET-METERED EXCESS GENERATION COSTS

45. Duquesne Light's proposal for the Recovery of Net-Metered Excess Generation Costs set forth in paragraphs 73-76 of the Petition is approved without modification.

46. Duquesne Light will be permitted to recover these payments for generation as an expense in the respective default service class over/under collection calculation within the Company's Rider No. 8 – DSS and Appendix A – Transmission Service Charge 1307(e) reconciliations.

F. BILL REDESIGN

47. With respect to the recommendations made by CAUSE-PA witness Mr. Geller on page 53, lines 13-21 and page 59, lines 15-21 of CAUSE-PA Statement No. 1, Duquesne Light will consider these recommendations as a part of Duquesne Light's ongoing bill redesign initiatives.

G. BILL PRESENTMENT OF RESIDENTIAL BILL-READY EGS CHARGES

48. Duquesne Light's bills for consolidated-billed residential EGS customers taking basic supply service will clearly display the PTC, as well as basic supply charges in actual dollars

or cents per kWh, average dollars or cents per kWh, and/or flat monthly charge(s).

49. Rule 12.1.6 of Duquesne Light's Supplier Coordination Tariff shall be revised to state as follows, reflecting the addition of the bolded and underlined language:

12.1.6 EGS BILLING DATA

The EGS shall provide all necessary data in its possession for the timely computation of bills. **Where the EGS uses bill-ready billing for residential customers taking basic electric supply service, the EGS shall provide electric supply charges in actual dollars or cents per kWh, average dollars or cents per kWh, and/or flat monthly charge(s).** A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

50. Revised Rule 12.1.6 of Duquesne Light's Supplier Coordination Tariff is included in Appendices A-B to the Unopposed Partial Settlement.

H. NON-BASIC SERVICE CHARGES IN RESIDENTIAL BILL-READY EGS CHARGES

51. Duquesne Light's proposed revision to Rule 12.1.7 of its Supplier Coordination Tariff, as described at Duquesne Light Statement No. 5-R and set forth in bolded and underlined text below, is approved:

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM

Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, comprised of generation and transmission services, to residential customers and commercial and industrial ("C&I") customers with monthly metered demand less than 300 kW within Duquesne's service territory. Eligible customers are those customers taking delivery service under the Company's retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. **Upon request, an EGS shall provide a written certification to Duquesne that the EGS is providing only basic electric supply to residential customers billed through consolidated billing with the Company.**

52. Revised Rule 12.1.7 of Duquesne Light's Supplier Coordination Tariff is included in Appendices A-B to the Unopposed Partial Settlement.

IV. THE UNOPPOSED SETTLEMENT IS IN THE PUBLIC INTEREST

50. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense the Parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

51. This Unopposed Partial Settlement was achieved by the Joint Petitioners after an extensive investigation of Duquesne Light's filing, including extensive informal and formal discovery and the filing of substantial testimony by the active Parties.

52. Approval of the Unopposed Partial Settlement will lessen the time and expenses that the active Parties and the Commission must expend on the proceedings.

53. The Joint Petitioners will further supplement the reasons that the Unopposed Partial Settlement is in the public interest in their Statements in Support. The Statements in Support are attached to this Unopposed Partial Settlement. In their respective Statements in Support, each Joint Petitioner explains why, in its view, the Unopposed Partial Settlement is fair, just, and reasonable and reflects a reasonable compromise of the disputed issues in this proceeding.⁴

V. SETTLEMENT CONDITIONS

54. The Unopposed Partial Settlement is conditioned upon the Commission's approval

⁴ It is noted that, because certain Joint Petitioners only participated with regard to certain issues in this proceeding, some of the Statements in Support may be limited in the scope of issues addressed.

of the terms and conditions contained in this Unopposed Partial Settlement without modification. If the Commission modifies the Unopposed Partial Settlement, any Joint Petitioner may elect to withdraw from the Unopposed Settlement and may proceed with litigation and, in such event, the Unopposed Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Unopposed Partial Settlement.

55. This Unopposed Partial Settlement is proposed by the Joint Petitioners to the above-identified issues in this proceeding. If the Commission does not approve the Unopposed Partial Settlement and the issues resolved by it continue, the Joint Petitioners reserve their respective procedural rights to additional evidentiary hearings, submission of additional testimony and exhibits, cross-examination of witnesses, briefing, and argument of their respective positions. The Unopposed Partial Settlement is made without any admission against, or prejudice to, any position that any Joint Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

56. The Joint Petitioners acknowledge that the Unopposed Partial Settlement reflects a compromise of competing positions and does not necessarily reflect any Joint Petitioner's position with respect to any issues raised in this proceeding. The terms and conditions of the Unopposed Partial Settlement are limited to the facts of this specific case and are the product of compromise for the sole purpose of settling the above-identified issues raised in this case. This Unopposed Partial Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Parties may advance on the merits of the issues in future proceedings, or on the merits of any of the issues reserved for litigation by the parties in this case. This Unopposed Partial Settlement does not preclude the Joint

Petitioners from taking other positions in proceedings of other public utilities.

57. If the ALJ adopts the Unopposed Partial Settlement without modification, the Joint Petitioners waive their right to file Exceptions.

VI. CONCLUSION

WHEREFORE, the Joint Petitioners respectfully request that the Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer recommend approval of, and the Pennsylvania Public Utility Commission approve, this Joint Petition for Approval of Unopposed Partial Settlement.

Respectfully submitted,

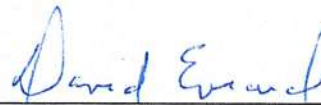


Date: October 13, 2020

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APPENDIX A

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

Issued: XXXXXXXX xx, XXXX

Effective: XXXXXXXX xx, XXXX

Issued pursuant to the Commission's Order
entered XXXXXXXX XX, XXXX, at Docket No. P-2020-3019522.

NOTICE

**THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS,
ADDS AND REMOVES PAGES FROM TARIFF NO. 3S AND UPDATES LANGUAGE
IN EXISTING RULES AND EXISTING RIDERS**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Table of Contents

**Twelfth Revised Page No. 3
Cancelling Eleventh Revised Page No. 3**

Page numbers 2A – 2F have been added to Tariff No. 3S.

The List of Modifications page numbers have been revised in the Table of Contents to reflect the addition of page numbers 2A through 2F.

Explanation of Terms and Explanation of Abbreviations

**Fourth Revised Page No. 5
Cancelling Third Revised Page No. 5**

Creditworthy
Customer(s)
Dual Billing

**First Revised Page No. 5A
Cancelling Original Page No. 5A**

EGS Tariff
Electric Distribution Company (“EDC”)
Electric Generation Supplier (“EGS”)

**Fifth Revised Page No. 6
Cancelling Fourth Revised Page No. 6**

PowerMeter
InSchedules

**Fifth Revised Page No. 6A
Cancelling Fourth Revised Page No. 6A**

Scheduling Coordinator

**Second Revised Page No. 6B
Cancelling First Revised Page No. 6B**

Wholesale Supplier

Definitions have been updated to reflect housekeeping/administerial revisions as well as current business practice.

Rules and Regulations

**Second Revised Page No. 7
Cancelling First Revised Page No. 7**

1. The Tariff

1.1 Filing and Posting

Language has been revised to remove “duquesnelight” and insert “customer-choice.”

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations

3. Commencement of EDC/EGS Coordination

3.1 Registration for Coordination Services

**First Revised Page No. 9
Cancelling Original Page No. 9**

Language has been revised to remove "consisting of" and replace it with "including."

Language has been revised and/or added to Item C through Item G to reflect current business practice.

Rules and Regulations

3. Commencement of EDC/EGS Coordination

3.9 Identification Numbers

**Second Revised Page No.10
Cancelling First Revised Page No. 10**

Language has been added to reflect current business practice.

Rules and Regulations

4. Coordination Obligations

4.11.2 Electronic Mail

**Third Revised Page No.12
Cancelling Second Revised Page No. 12
and First Revised Page Nos. 13A and 13B**

Language has been added to correct a typographical error.

Rules and Regulations

4. Coordination Obligations

4.12 Payment Obligation

**Third Revised Page No.12
Cancelling Second Revised Page No. 12
and First Revised Page Nos. 13A and 13B**

Language has been revised to add the word "EGS." Administerial revision, capitalizing the "T" in tariff.

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**First Revised Page No. 13A
Cancelling Original Page No. 13A**

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**First Revised Page No. 13B
Cancelling Original Page No. 13B**

First Revised Page No. 13A and First Revised Page No.13B have been removed from Tariff No. 3S as they are no longer necessary. Both pages are cancelling out with Third Revised Page No. 12.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations Third Revised Page No. 14
5. Direct Access Procedures Cancelling Second Revised Page No. 14
5.1.2 B. - No. 1) Network Transmission Service Peak Load Contribution (1 CP)

Rules and Regulations Fifth Revised Page No. 15
5. Direct Access Procedures Cancelling Fourth Revised Page No. 15 and Second Revised Page No. 15A
5.1.2 B. - No. 2) Peak Load Contribution (5 CP)

Language has been added to reflect current business practice.

This Page Intentionally Left Blank Second Revised Page No. 15A
Cancelling First Revised Page No. 15A

Second Revised Page No. 15A has been removed from Tariff No. 3S as it is no longer necessary.

Rules and Regulations Sixth Revised Page No. 17
5. Direct Access Procedures Cancelling Fifth Revised Page No. 17
5.2 Switching Among EGSs and The Company
5.2.1
5.2.3
5.2.5

Rules and Regulations Sixth Revised Page No. 18
5. Direct Access Procedures Cancelling Fifth Revised Page No. 18
5.2 Switching Among EGSs and The Company
5.2.5 – (Continued)

Rules and Regulations Sixth Revised Page No. 19
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19
5.2 Switching Among EGSs and The Company
5.2.8

Rules and Regulations Fifth Revised Page No. 19A
5. Direct Access Procedures Cancelling Fourth Revised Page No. 19A
5.2 Switching Among EGSs and The Company
5.2.9

Language has been revised for clarity and to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 19B
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19B
5.2 Switching Among EGSs and The Company
5.2.11

Rule No. 5.2.11 has been reorganized and renumbered to Rule 5.4.4 for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations

- 5. Direct Access Procedures**
- 5.4 Provisions Relating To An EGS's Customers**
- 5.4.4**

**Fourth Revised Page No. 20
Cancelling Third Revised Page No. 20**

Rule No. 5.4.4 has been renumbered from Rule 5.2.11.

Rules and Regulations

- 6. Load Forecasting**
- 6.2.1 Forecasts for Monthly or Daily Metered and Unmetered – (Such As Streetlights) Customers**
- 6.2.3 Historical Load Profile Data**

**Second Revised Page No. 21
Cancelling First Revised Page No. 21**

Rules and Regulations

- 6. Load Forecasting**
- 6.4 Forecasting Process**
- 6.4.1 Daily Forecasts**

**Second Revised Page No. 22
Cancelling First Revised Page No. 22**

Language has been revised and/or added for clarity.

Rules and Regulations

- 7. Day After Load Estimates and Supply Schedules**
- 7.1 Total Day After Load Estimates**
- 7.2 Daily Load Scheduling Process (Day After Load Obligations)**
- 7.2.1 Uploading Schedules**
- 7.2.2 Load Schedule Changes**

**Third Revised Page No. 24
Cancelling Second Revised Page No. 24**

Language has been added and/or revised to reflect current business practice.

Rules and Regulations

- 8. Reconciliation**
- 8.1 General Description**

**Third Revised Page No. 25
Cancelling Second Revised Page No. 25**

The word "at" has been removed and replaced with the word "of."

Rules and Regulations

- 11. Confidentiality of Information**
- 11. Generally**

**First Revised Page No. 29
Cancelling Original Page No. 29**

Language has been added and/or removed for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.5 Company Reimbursement to EGS for Customer Payments

Seventh Revised Page No. 30
Cancelling Sixth Revised Page No. 30

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.6 EGS Billing Data

Seventh Revised Page No. 30
Cancelling Sixth Revised Page No. 30

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

Fifth Revised Page No. 30A
Cancelling Fourth Revised Page No. 30A

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.1 Eligibility Requirements
12.1.7.2 Purchase Price Discount

Fifth Revised Page No. 30A
Cancelling Fourth Revised Page No. 30A

Rules and Regulations
12. Payment and Billing
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.2.2 Purchase Price Discount Adjustment for Individual EGS
12.1.7.4 Other Payment Provisions

Sixth Revised Page No. 30B
Cancelling Fifth Revised Page No. 30B

Rules and Regulations
12. Payment and Billing
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.5 Transfer of Collection Responsibilities and Rights

Fourth Revised Page No. 30C
Cancelling Third Revised Page No. 30C

Rules and Regulations
12. Payment and Billing
12.2.2 Billing Corrections and Estimated Billings
12.2.5.1 EGS Offset

First Revised Page No. 31
Cancelling Original Page No. 31

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to reflect current business practice.

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

Fifth Revised Page No. 30A
Cancelling Fourth Revised Page No. 30A

The dates of the Purchase of Receivables Program ("POR") have been updated to reflect the term of DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations

12. Payment and Billing

12.2.2 Billing Corrections and Estimated Billings

**First Revised Page No. 31
Cancelling Original Page No. 31**

Language has been revised to align the period during which bills are subject to correction with the time period applicable to previously unbilled utility service, 52 Pa. Code § 56.14.

Rules and Regulations

13. Withdrawal By EGS From Retail Service

13.2 Notice to Customers

**First Revised Page No. 33
Cancelling Original Page No. 33**

Language has been added to reflect current business practice.

Rules and Regulations

14. Discontinuance of EGS Service to Particular Customers

14.4.1 Customer Must Initiate The Switch to Default Service

**Sixth Revised Page No. 34
Cancelling Fifth Revised Page No. 34**

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to implement, in part, the Company's proposed Customer Assistance Shopping Program.

Rules and Regulations

15. Liability

15.4 Tax Indemnification

**First Revised Page No. 36
Cancelling Original Page No. 36**

Language has been updated for housekeeping/administerial revisions.

Rules and Regulations

Load Data Supply Charge

-Method of Payment

**Fourth Revised Page No. 42A
Cancelling Third Revised Page No. 42A**

Language has been revised in the "Method of Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Method of Payment" section.

The Company's banking information has been removed from the bottom of the "Method of Payment" section.

Rules and Regulations

Standard Offer Program Cost Recovery

-Background

-Supplier Charges

**Fourth Revised Page No. 42B
Cancelling Third Revised Page No. 42B**

Language has been revised to reflect DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

**Rules and Regulations
Standard Offer Program Cost Recovery
-Customer Acquisition Fee**

**Fourth Revised Page No. 42B
Cancelling Third Revised Page No. 42B**

The Customer Acquisition fee has increased from \$10.28 to \$30.00 in DSP IX.

**Rules and Regulations
Standard Offer Program Cost Recovery
-Billing and Payment**

**Fourth Revised Page No. 42B
Cancelling Third Revised Page No. 42B**

Language has been revised in the "Billing and Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Billing and Payment" section.

The Company's banking information has been removed from the bottom of the "Billing and Payment" section.

**Table 1
Real Power Distribution Losses**

**Third Revised Page No. 49
Cancelling Second Revised Page No. 49**

Table 1 was modified to remove the < 138 kV language from Rate L – Large Power Service and to remove the line item for Rate L – Large Power Service ≥ 138 kV to make the loss provisions consistent with rate design changes approved and reflected in the Company's retail electric tariff as per the Company's 2018 base rate case at Docket No. R-2018-3000124, Order Entered December 20, 2018.

The MTS – Municipal Traffic Signals line item has been revised to UMS – Unmetered Service, consistent with the current designation of that customer class in the Company's retail electric tariff.

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(C)

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 Real Power Distribution Losses Table 49

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Coordination Services Charges - All charges stated in the charges section of this tariff, that are billed by the Company for Coordination Services performed hereunder.

Coordinated Supplier - An Electric Generation Supplier that has appointed a Scheduling Coordinator as its designated agent for the purpose of submitting energy schedules to the PJM OI.

Creditworthy - A creditworthy EGS pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this tariff and the Pennsylvania Public Utility Commission. To determine whether an EGS is creditworthy, the Company will evaluate the EGS's record of paying Company charges, and may also take into consideration the EGS's credit history. (C)

Customer(s) - Any person, partnership, association, corporation, municipality, government agency, or other legal entity receiving, or eligible to receive, Competitive Generation Service from an EGS in accordance with the Competition Act. (C)

Customer Choice Internet Site - A Company Internet site with a Uniform Resource Locator (URL) of <http://www.customer-choice.com>.

Default Service - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of the Company's retail tariff.

Deliver - To "deliver" a document or other item under this tariff shall mean to tender by certified mail, hand delivery, or overnight express package delivery service.

Delivery - The actual delivery of energy with respect to an energy schedule.

Demand Response - The process for arranging to have firm load become interruptible in accordance with criteria established by the PJM OI.

Direct Access - "Direct Access" shall have the meaning set forth in the Competition Act.

DLCO Zone - The PJM defined area encompassing the franchised service territories of the Duquesne Light Company.

DLCO Residual Zone - The PJM defined area encompassing the aggregate of all load buses within the franchised service territories of the Duquesne Light Company minus all load that has been designated to be priced at a specific nodal location.

Dual Billing - A billing service option where the Company and the EGS separately send their bills directly to the Customer. (C)

EDC Tariff - The Company's current Pennsylvania Public Utility Commission approved Electric Service Tariff.

EGS Representative - Any officer, director, employee, consultant, contractor, or other agent or representative of an EGS in connection with the EGS's activity as an EGS. To the extent an EGS is a division or group of a company, the term EGS Representative does not include any person in that company who is not part of the EGS division.

EGS Tariff - This Electric Generation Supplier Coordination Tariff, Electric-Pa. P.U.C. No. 3S. (C)

Electric Distribution Company (EDC) - A public utility providing facilities for the distribution of electricity to retail Customers. (C)

(C) - Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electric Generation Supplier (EGS) - A supplier of electric generation that has been certified or licensed by the Pennsylvania Public Utility Commission to sell electricity to retail customers within the Commonwealth of Pennsylvania in accordance with the Competition Act. Duquesne Light Company does not constitute an EGS for the purposes of this tariff.

(C)

Electronic Data Exchange Working Group (EDEWG) - The Pennsylvania Public Utility Commission authorized working group established under the Proposed Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015.

Electronic Data Interchange (EDI) - The computer application to computer application exchange of business information in a standard format, as more fully described in Pennsylvania Public Utility Commission Docket No. M-00960890F.0015.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electronic Exchange - Approved methods of data exchange (either through a VAN mailbox or a method to be defined by the EDEWG and approved by the Pennsylvania Public Utility Commission).

Electricity Provider - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

PowerMeter System - Software program administered by the PJM OI that retrieves revenue meter data for PJM transmission and generation interconnection points and calculates Electric Distribution Companies' and Generation Owners' metered interchange energy amounts used for real-time energy market settlements. (C)

InSchedules – Software program administered by the PJM OI through which energy schedules may be submitted. (C)

FERC - The Federal Energy Regulatory Commission.

Final Forecast – The day ahead hourly forecast for energy to be supplied the next day.

Individual Coordination Agreement (ICA) – The agreement between the Company and the EGS to conduct business in the DLCO Zone. The ICA is attached as a Rider to this tariff.

Interest Index - An annual interest rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year.

Interval Metering Data - Data from electrical metering equipment that supplies hourly or sub-hourly readings of customer consumption.

Kilowatt or kW – Unit of measurement of useful power equivalent to 1000 watts.

Meter Read Date - The date on which the Company reads a meter for purposes of switching for an off-cycle switch or producing a customer bill in accordance with the regularly scheduled billing cycles of the Company.

Month - A month, as defined under 52 PA Code § 56.2.

Load Bus – As used in this tariff, shall have the same meaning ascribed to the term in the PJM Tariff.

Load Serving Entity (LSE) – An entity that has been granted the authority or has an obligation pursuant to State or local law, regulation or franchise to sell electric energy to end-users located within the PJM Control Area as that term is defined by the PJM Tariff.

Locational Marginal Price (LMP) – The hourly-integrated marginal price to serve load at individual locations throughout PJM, calculated by the PJM OI as specified in the PJM Tariff.

Megawatt or MW – One thousand kilowatts.

NERC - The North American Electric Reliability Corporation. The agency given the authority by FERC to enforce reliability standards in the United States.

Network Integration Transmission Service Reservation – A reservation under the PJM Tariff of Network Integration Transmission Service, which allows a transmission customer to integrate and economically dispatch generation resources located at one or more points in the PJM Control Area to serve its Network load as that term is defined by the PJM Tariff.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Peak Load Contributions (PLCs) - A customer's contribution to the DLCO Zone's normalized summer peak load as calculated by the zone's Electric Distribution Company and used in determining a Load Serving Entity's Peak Load obligation.

Pennsylvania Public Utility Commission or Commission - The Pennsylvania Public Utility Commission.

PJM - PJM Interconnection, L.L.C.

PJM Control Area - The area encompassing electric systems recognized by the North American Electric Reliability Council as the "PJM Control Area."

PJM Miscellaneous Charges - PJM miscellaneous energy related allocations or charges or credits billed to the EDC and not to the LSE.

PJM OI - The PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM Tariff or OATT - The PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Preliminary Forecast - The forecast per hour per LSE posted on the customer choice website based on business day-ahead.

Rate Ready – A form of consolidated billing where Duquesne Light calculates the charge to be presented on the supplier portion of the bill based upon the rates previously supplied by the electric generation supplier ("EGS").

Retail Load Responsibility (RLR) - For non-metered and monthly metered load, the sum total of the estimated hourly load plus transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers. For hourly metered customers, the sum total of the hourly consumed load of all of an EGS' s customers, adjusted for transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC , for which the EGS must provide energy to its customers.

Scheduling Coordinator - Entity that performs, and had been duly certified or licensed by the Pennsylvania Public Utility Commission to perform, one or more of an EGS's Coordination Obligations, including the submission of energy schedules to the PJM OI, and that either is (1) a member of the PJM Interconnection, L.L.C. or (2) is the agent, for scheduling purposes, of one or more Electric Generation Suppliers that are members of the PJM Interconnection, L.L.C.

Tariff - This Electric Generation Supplier Coordination Tariff.

Transmission Losses - Real Power Transmission Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Transmission Loss factor is defined in Rule No. 4.7.

(C) – Indicates Change

(C)

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Unaccounted for Energy (UFE) - Is the difference between the actual DLCO Zone's total hourly system load and the total hourly consumed power grossed up for transmission and distribution losses plus any PJM miscellaneous energy or energy related allocations to the EDC.

Value Added Network (VAN) - A method of data transfer that allows information to be sent and received electronically using an electronic mailbox. This method meets minimum criteria in the following areas:

- Security and/or encryption of transactions and customer information;
- Proof of transmission and receipt;
- Positive identity of sender and recipient (non-repudiation);
- Reliability;
- Data and file integrity;
- Network performance and availability; and
- Recoverability and archiving of data.

Wholesale Load Responsibility (WLR) – For non-metered and monthly metered load, the sum total of the estimated hourly load for all of the Company's default service customers plus transmission losses, distribution losses, and the wholesale supplier's pro rata share of UFE, within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff. For hourly metered customers, the sum total of the hourly consumed load of all the Company's default service customers plus transmission losses, distribution losses and the wholesale supplier's pro rata share of UFE within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff.

Wholesale Supplier – The Company's supplier of generation resources necessary to meet the Company's default service obligations.

(C)

(C) – Indicates Change

RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING A copy of this tariff, comprising of the Definitions, Rules and Regulations, Charges and Riders, under which the Company will provide Coordination Services to Electric Generation Suppliers, is filed with the Pennsylvania Public Utility Commission ("PaPUC"). A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed at www.customer-choice.com and is posted and open to inspection at the offices of the Company where payments are made by customers.

1.2 REVISIONS This tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the Pennsylvania Public Utility Code, and such changes, when effective, shall have the same force as the present tariff.

1.3 APPLICATION The tariff provisions apply to all EGSs providing Competitive Energy Supply to customers located in the Company's service territory, including an affiliate or division of the Company that provides Competitive Energy Supply, and with whom the Company has executed an Individual Coordination Agreement as required herein. In addition, the charges herein shall apply to anyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.4 RULES AND REGULATIONS The Rules and Regulations, filed as part of this tariff, are a part of every Individual Coordination Agreement entered into by the Company pursuant to this tariff and govern all Coordination Activities, unless specifically modified by a charge or rider provision. The obligations imposed on EGSs in the Rules and Regulations apply as well to everyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.5 USE OF RIDERS The terms governing the supply of Coordination Services under this tariff or a charge therein may be modified or amended only by the application of those standard riders, filed as part of this tariff.

1.6 STATEMENT BY AGENTS No Company representative has authority to modify a tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

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RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION

3.1 REGISTRATION FOR COORDINATION SERVICES An EGS seeking to obtain Coordination Services hereunder must deliver to the Company a completed registration, including the following:

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- A. An Individual Coordination Agreement, as contained in a rider hereto, fully executed in triplicate by a duly authorized representative of the EGS;
- B. A copy of the EGS's operating license or Pennsylvania Public Utility Commission order licensing the EGS to operate;
- C. The EGS's completed IRS Form W-9;
- D. The EGS's completed EGS Onboarding Form, including:
 - (i) The Dun & Bradstreet number(s) assigned to the EGS;
 - (ii) The EGS's banking information (account number, routing number, etc.), provided on EGS letterhead and signed by two authorized EGS representatives;
- E. The EGS's Pennsylvania sales tax identification number;
- F. EGS proof of PJM membership; and
- G. Any other completed documents as necessary to comply with PaPUC or PJM requirements.

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3.2 INCOMPLETE REGISTRATIONS In the event the EGS submits an incomplete registration, the Company shall provide written notice to the EGS of the registration's deficiencies within ten (10) business days after the date of service, as determined under 52 Pa. Code § 1.56. The Company will not process an incomplete registration until the EGS corrects the deficiencies and the EGS delivers the registration to the Company.

3.3 CREDIT CHECK A registration for Coordination Services shall constitute authorization to the Company to conduct a background credit check on the EGS.

3.4 PROCESSING OF REGISTRATIONS The Company shall complete the processing of each registration for Coordination Services within ten (10) business days after the date of service of the registration, as determined under 52 Pa. Code § 1.56. The Company shall approve all completed registrations unless grounds for rejecting the registration, as defined below, exist.

3.5 GROUNDS FOR REJECTING REGISTRATION The Company may reject any registration for Coordination Services on any of the following grounds:

- A. The EGS has undisputed outstanding debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff;
- B. The EGS has failed to comply with credit requirements specified in Rule No. 12 of this tariff;
- C. The EDC has provided written notice to the EGS that a registration is deficient, pursuant to 52 Pa. Code § 1.56, and the EGS has failed to submit a completed registration within thirty (30) calendar days after the date of service of the registration.

The Company may also petition the Pennsylvania Public Utility Commission to reject the registration of an EGS with bad credit. The Company need not provide Coordination Services to the EGS pending the Pennsylvania Public Utility Commission's review of said petition unless the EGS has provided security to the Company as provided for in Rule No. 12.4.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION - (Continued)

3.6 OFFER OF CONDITIONAL ACCEPTANCE OF REGISTRATION Where grounds for rejection of a registration exist due to an EGS's outstanding and undisputed debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff, the Company may offer the affected EGS a conditional acceptance if the EGS pays such debts before it receives Coordination Services. If the EGS rejects the Company's offer of conditional acceptance under this Rule, then its registration for Coordination Services will be deemed rejected.

3.7 REJECTION OF REGISTRATION Upon rejection of any registration, the Company shall provide the affected EGS with written notice of rejection within the time periods set forth in Section 3.4, and shall state the basis for its rejection.

3.8 APPROVAL OF REGISTRATION Upon its approval of a registration for Coordination Services, or pursuant to an Order of the Commission approving a registration, the Company shall execute the Individual Coordination Agreement tendered by the registrant, and shall provide one to the EGS by delivering such within the period set forth in Section 3.4 and shall maintain a copy for its own records.

3.9 IDENTIFICATION NUMBERS Upon its approval of a registration for Coordination Services, the Company will use the Dun & Bradstreet number assigned to each EGS to be used in subsequent electronic information exchange between the EGS and the Company. In addition, the Company may also assign to the EGS identification numbers that may be required by PJM in connection with the submission and/or confirmation of load schedules for serving load in the Company's service territory.

3.10 COMMENCEMENT OF COORDINATION SERVICES Coordination Services shall commence within fifteen (15) days after the Company's acceptance of an EGS's registration for Coordination Services provided that all of the information necessary for the Company to provide Coordination Services has been provided to the Company and any conditions required under Rule No. 3.6 have been satisfied by the EGS.

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RULES AND REGULATIONS - (Continued)

4. COORDINATION OBLIGATIONS - (Continued)

4.10 SUPPLY OF DATA An EGS and the Company shall supply to the other all data, materials or other information specified in this tariff, or otherwise reasonably required by the EGS or Company in connection with the provision of Coordination Services, in a thorough and timely manner.

4.11 COMMUNICATION REQUIREMENTS An EGS shall implement a VAN and a single Internet file transfer protocol, as determined by the EDEWG and Pennsylvania Public Utility Commission Docket No. M-00960890.F0015. Both data transfer methods must meet the minimum criteria of, and be endorsed by, the EDEWG.

4.11.1 CUSTOMER CHOICE INTERNET ACCESS An EGS shall have appropriate software for access to the Customer Choice Internet Site and file uploads and downloads.

4.11.2 ELECTRONIC MAIL An EGS shall have appropriate software to communicate regularly by electronic mail (e-mail), including the capability to receive ASCII file attachments. (C)

4.12 PAYMENT OBLIGATION The Company's provision of Coordination Services to an EGS is contingent upon the EGS's payment of all charges provided for in this EGS Tariff. (C)

4.13 RECORD RETENTION An EGS and the Company shall comply with all applicable laws and Pennsylvania Public Utility Commission rules and regulations for record retention, including but not limited to those Rules of Chapter 56 of the Pennsylvania Public Utility Commission's regulations.

4.14 DATA EXCHANGE

- A. Subject to Rule 4.14(B), below, the Company shall make available to an EGS, on a daily basis, customer, billing and financial transaction information regarding that EGS's customers in electronic files available via electronic exchange. These files will be consistent with standards developed by the EDEWG.
- B. An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule 4.14(A). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company account number and rate class.
- C. The Company will maintain on the Customer Choice Internet Site copies of the standard file formats it will provide to EGSs containing the data listed in this Rule of this tariff. The Company will not change the file formats without first providing at least seven days notice of any such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.
- D. Nothing in this Rule 4.14 shall prohibit the Company from making available to EGSs other electronic data, in formats chosen by the Company consistent with the recommendations of the EDEWG. The Company will not change the file formats of the electronic data made available under this Rule 4.14(D) without first providing at least seven days notice of such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES

5.0 GENERALLY The procedures for the selection of customers' EGS selection, switching among EGSs and other direct access procedures for obtaining Competitive Energy Supply shall occur in accordance with the direct access procedures set forth in the Enrollment Procedures Applicable to EDCs and EGSs, Docket No. M-00960890F.0014, Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015, Standards for Changing a Customer's Electric Supplier, Docket No. L-00970121 and the Commission's *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383, and applicable Commission regulations, as set forth in this tariff.

5.1 DATA REQUIREMENTS

5.1.1 ENROLLMENT EGSs are encouraged to permit customers to enroll by telephone or by e-mail, but must send customer enrollments to the Company via properly formatted electronic files (customer name, customer address, Duquesne Light supplier agreement identification number, and authorization to release telephone number and authorization to release historical usage information) via EDI. EGSs shall forward the electronic files on a daily basis to the Company. The Company will acknowledge receipt of the enrollment file via electronic confirmation. The Company shall provide confirmation within one (1) business day of all electronic files received. Such confirmation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such confirmation shall also include information an EGS can use to identify rejected records.

5.1.2 A. ELIGIBLE CUSTOMER LIST In addition to the EDEWG Standard Eligibility List, the Company agrees to provide to EGSs, for all customers who have authorized the release of their information, the most recent available twelve (12) individual months of historical monthly electric usage and billed demand and Network Transmission Service Peak Load Contribution and Peak Load Contribution, per customer account. This information will be provided on the Company's web site in a downloadable format compatible for use with spreadsheet and database applications and will be updated monthly.

B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions Beginning January 1, 2005, until instructed otherwise by PJM, the Company will calculate the Peak Load Contributions and the Network Transmission Service Peak Load Contribution as follows:

1) Network Transmission Service Peak Load Contribution (1 CP)

To determine the customer's share of the Network Transmission Service Peak Load, the Company will first calculate the customer's transmission peak load contribution. The transmission peak load contribution is based on the customer's load coincident with Duquesne's transmission system zonal load during the one peak hour of the previous year. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Network Transmission Service Peak Load Contribution. Second, the customer's load, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy (as provided by Rule No. 8 of this tariff), will be the customer's Network Transmission Service Peak Load Contribution.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.1 DATA REQUIREMENTS - (Continued)

5.1.2 B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions – (Continued)

2) Peak Load Contribution (5 CP)

The Company's capacity obligation will be calculated by PJM based on the Company's peak load contribution and will be the basis for the capacity obligation for the following calendar year.

In determining the customer's share of the capacity obligation, the Company will first calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with PJM's system load during the peak hour of the five peak days for the appropriate PJM Region as provided for in the PJM Manuals/Tariffs. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Peak Load Contribution. The customer's load in each of these five (5) hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy in the applicable hours (as provided by Rule No. 8 of this Tariff), will be averaged and the customer's percentage (%) share of the average DLCO system load will then be calculated. The PJM approved forecasted peak for the year will then be multiplied by the customer's percentage (%) share of the average DLCO system load to derive the customer's peak load contribution. When appropriate, zonal loads and customer peak load obligations will be adjusted to account for Demand Response and significant loss of load events.

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This information will be sent to PJM who will calculate each EGS's capacity obligation.

5.1.3 Data Exchange

- A.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain information about customers that have consented to the release of customer information in a format to be consistent with that determined by the EDEWG.
- B.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain the following information about customers that have not consented to the release of customer information in a format to be consistent with that determined by the EDEWG:
 - (i) Duquesne Light Company supplier agreement identification number,
 - (ii) Rate class,
 - (iii) Customer's name, and
 - (iv) Customer's service address.

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RULES AND REGULATIONS - (Continued)

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5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY Rule No. 5.2 delineates the process of customer selection for Competitive Energy Supply or Default Service.

5.2.1 An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule No. 4.14 (a). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company supplier agreement identification number, Duquesne Light meter number, and rate class.

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5.2.2 If an enrolled customer or person authorized to act on the customer's behalf contacts the Company to inform the Company that it wishes to obtain Competitive Energy Supply from a particular EGS, the Company will inform the customer of the need to contact the EGS to select the EGS as supplier. The EGS will verify its desire to serve the customer and follow the process outlined in Rule No. 5.2.1.

5.2.3 The EGS will obtain appropriate authorization from the customer, or from the person authorized to act on the customer's behalf, indicating the customer's choice of EGS. The authorization shall include the customer's acknowledgment that the customer has received the notice required by Rule No. 5.2.1. It is the EGS's responsibility to maintain records of the customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The EGS shall provide such authorization upon request by the Company.

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5.2.4 The EGS shall provide an electronic file to the Company via electronic exchange file format designated by the Company that complies with the Commission's electronic requirements. The required electronic files shall include, at a minimum, EGS ID, Duquesne Light Company supplier agreement identification number, rate code, billing option, price plan (if single bill option is selected), transaction date and transaction time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via electronic exchange. Within one (1) business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such validation shall also include information an EGS can use to identify rejected records.

5.2.5 On a pending switch to an EGS, the Company will send the customer a confirmation letter within one (1) business day notifying the customer of the pending switch. The selection will be effective three (3) business days after receipt of the request and billing with the selected EGS will begin on the fourth business day. The subsequent EGS will become the EGS of record for delivery further provided that: (1.) all customer information provided to the Company is accurate and complete and (2.) the customer has not contacted the Company to dispute the EGS. In such circumstances, the Company will send the new EGS an electronic file, via electronic exchange, containing information for the new customers of record for that particular EGS, in accordance with Rule 4.14(a). The Company will process any EDI transactions for a switch from an EGS and will assume any rescission period with the EGS has ended.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY - (Continued)

5.2.5 - (Continued)

If, during the pending switch request, the customer elects to reject its new EGS selection, the customer will notify the rejected EGS and the EGS shall notify the Company. Upon notice from the EGS, the Company will process a drop for that EGS. In the event the customer rejects its EGS selection after the three day (3) day switching period, the customer will be referred to the EGS per Rule No. 5.2.6.

Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS.

5.2.6 If a customer contacts the Company to request a change of EGS, the Company will direct the customer to contact that EGS and will provide the telephone number of the EGS to the customer, if requested.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY

5.2.7 In accordance with the Secretarial Letter issued August 20, 2010, at Docket No. M-2009-2082042, when requested by an EGS, the Company will provide confidential customer-specific information about a customer with whom the EGS is discussing the possibility of providing Competitive Energy Supply without receiving written authorization from the customer or from the EGS. It is the EGS's responsibility to convey to the customer via its authorization process that the Company will release the confidential customer-specific information only to the EGS to whom authorization was given and that the EGS will not release the information to others, unless the EGS is a licensed broker who is obtaining the confidential customer-specific information for purposes of sharing it with other licensed EGSs and makes that intent clear in communications with the customer. It is the EGS's responsibility to retain the records of the requisite authorization for a minimum of two (2) years to produce for a Commission or Company audit. If an EGS fails an audit conducted either by the Commission or the Company, the Company is then permitted to require that EGS to provide signed documentation indicating that a customer has authorized the release of customer-specific information before it may have access to the restricted customer data.

5.2.8 Subject to Rule No. 14.4 and Rule No. 14.5, if a customer contacts the Company to request a change from an EGS to default service under the EDC Retail Tariff, the Company will process the request as follows. The Company will send the customer a confirmation letter within one (1) business day after the customer contacts the Company. The Company will process the selection within three (3) business days of receipt of the request and billing with the Company for default service will begin on the fourth business day. If the customer does not contact the Company to rescind the switch during the pending switch, then the Company will process the request. Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS. When an EGS discontinues a customer's service and no other EGS has contracted with the customer to provide such service, then that customer will be provided with Default Service.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.9 Shopping customers may retain their current EGS when moving from one location to a new location within the Company's service territory subject to meeting the eligibility requirements and conditions set forth in Rule No. 45.3 of the Company's retail tariff. Eligible customers include all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the retail Tariff.

The EDC shall notify the EGS via an electronic data interchange (EDI) 814 Move transaction to move the customer's service from the current location to the new location. (C)

The EGS must submit a drop request via EDI if it does not wish to continue service to the customer at the new service location. The EGS will maintain supply service to this customer until a three-business day switch can occur at the new address. (C)

An EDI transaction will also be sent for other reasons related to the transaction. Customers requesting to change the start date of their new service would require an EDI 814 Change request to be sent to the existing EGS detailing the new start date, and an EDI 814 Drop request would be sent if the customer decided to cancel the new move.

In the move transaction, the Company will send the EGS information that is similar to what is currently provided in a reinstate-request transaction, including the customer name, service address and rate class. The Company will also provide the EGS with: (i) the current supply agreement identification number; (ii) the new supply agreement identification number; and (iii) the service start date. Once the move transaction has been sent to the EGS, the EGS will serve the new account as of the service start date.

If a shopping customer contacts the Company to discontinue electric service at the customer's then-current location, and initiates a request for service at a new location in the Company's service territory and wishes to return to default service, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's then-current location. Final bill(s) will be issued to the date of discontinuance of service. (C)

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.10 Customers starting new service with the Company will be permitted to begin supply service with an EGS on their start date subject to meeting the eligibility requirements in Rule No. 45.4 of the retail tariff.

The Company will accept inbound enrollment requests on accounts that are not yet active. However, the EGS is still responsible for submitting the enrollment request. The final component of this transaction will be to establish an estimated start date. The Company will establish the estimated start date for new service in its communication via the enrollment response sent back to the EGS.

The EGS must submit a drop request via EDI if it does not wish to supply service to the customer. However, the supplier must maintain supply service to this customer until a three-business day switch can occur under the Company's switching rules.

5.3 PROVISIONS FOR CONTRACTING WITH AN EGS TO PROVIDE TOU SERVICE

5.3.1 The Company may contract with an EGS to provide Time-of-Use ("TOU") service, with on-peak and off-peak rates in effect from June through September. The contracted EGS must submit an EDI transaction to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.4 PROVISIONS RELATING TO AN EGS'S CUSTOMERS

5.4.1 ARRANGEMENTS WITH EGS CUSTOMERS EGSs shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement direct access consistent with all applicable laws, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

5.4.2 TRANSFER OF COST OBLIGATIONS BETWEEN EGSS AND CUSTOMERS Nothing in this tariff is intended to prevent an EGS and a customer from agreeing to reallocate between them any charges that this tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

5.4.3 CUSTOMER OBLIGATIONS Customers of an EGS remain bound by the rules and requirements of the applicable EDC Tariff under which they receive service from the Company.

5.4.4 If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.

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RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING

6.1 CUSTOMER LOAD FORECASTING The EGS is responsible for forecasting its Customer Load Obligations. The Company will provide a forecast respective to each LSE as support information. The company forecasts will be provided in accordance with the following load forecasting procedures.

6.2 FORECASTING METHODOLOGY Most EDC customers utilize monthly (or daily) metering equipment. However, any EDC customer may choose to have the EDC install equipment or otherwise provide for (at the customer's expense at Pennsylvania Public Utility Commission approved rates) interval (hourly or sub-hourly) metering. The forecasting methodology for customers utilizing hourly metering data is slightly different than the methodology for customers utilizing monthly or daily metering equipment.

6.2.1 FORECASTS FOR MONTHLY OR DAILY METERED AND UNMETERED – (SUCH AS STREETLIGHTS) CUSTOMERS For each EGS, the EDC will provide hourly load forecasts for the aggregate of customers who have chosen the EGS. The EDC has developed and will maintain, based on load survey data, historical load profiles corresponding to the EDC's current rate classes identified in the EDC Tariff. These base profiles will be adjusted for day type (e.g., weekday, weekend, or holiday) and temperature. The EDC will use these rate class load profiles, adjusted for differences between the historical load profile day and the forecast day. The adjusted profiles will be applied to the summation by rate class of the EGS's customer's historical consumption to arrive at the aggregate hourly load forecasts.

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6.2.2 FORECASTS FOR CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA The EDC will provide hourly load forecasts for each EGS customer that has elected to utilize hourly metering data. The EDC will use each customer's same day hourly loads from a previous week and adjust those hourly loads by the temperature factor for that EGS customer's rate class to determine that customer's hourly load forecast. The summation of these forecasts will establish the hourly supply obligation schedule of the EGS for serving these customers.

6.2.3 HISTORICAL LOAD PROFILE DATA The EDC will make available to EGSs the aggregated historical load profiles (including historical temperature data) and any related data which the EDC uses to calculate the hourly forecasts. This information will be available for download from the Customer Choice Internet Site.

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6.2.3.1 UPDATES TO HISTORICAL LOAD PROFILE DATA The EDC shall review from time to time its historical load profile data by rate class and any related data and shall update the data as appropriate.

6.3 ADJUSTMENT FOR LOSSES The forecast/supply obligation will be adjusted to cover transmission and distribution losses.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING - (Continued)

6.4 FORECASTING PROCESS

6.4.1 DAILY FORECASTS The EDC shall prepare a forecast for each day:

- (1) A Final hourly Forecast for the next day, which will be used to establish the EDC operational forecast
- (2) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit above the temperature used in the Final hourly Forecast.
- (3) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit below the temperature used in the Final hourly Forecast.

6.4.2 PROCEDURE FOR FORECASTING The following procedure will be followed each day to determine the Final Forecast.

6.4.2.1 BUSINESS DAYS AND SCHEDULING WINDOW The daily forecasting process shall be performed on each business day. A business day is a weekday excepting PJM holidays. The daily forecasting process shall be performed on each business day for a scheduling window consisting of all following days through the next business day.

For example, the daily forecasting process shall be performed Monday through Thursday (except holidays) for a scheduling window that covers the following day (midnight to midnight). If the following day is a holiday, then the scheduling window shall include the holiday and be extended to include the first business day following the holiday. Similarly, the daily forecasting process shall be performed on Friday for a scheduling window consisting of the following Saturday, Sunday, and Monday. If the Monday is a holiday, then the scheduling window shall include the holiday and extend through the first business day following the holiday.

In addition to the forecasts required of EGSs hereunder, the EGS may provide advance-hourly forecasts for each of its Customers with Hourly or Sub-Hourly Metering Equipment. Forecasts are not final until the business day before those forecasts are to apply.

Step 1 EDC Determines Hourly Load Forecast By EGS By Rate Class

(A) For Monthly or Daily Metered and Unmetered Customers:

For each rate class, sum each EGS's customer's loads for that rate class, apply the appropriate rate class load profile for the day, and adjust the hourly loads by the temperature factor for the rate class.

Load forecasts will be adjusted for losses as appropriate.

For each EGS, combine all of the rate class hourly load forecasts into a total hourly load forecast.

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RULES AND REGULATIONS - (Continued)

7. DAY AFTER LOAD ESTIMATES AND SUPPLY SCHEDULES

7.1 TOTAL DAY AFTER LOAD ESTIMATES The total load estimate for an EGS is expected to be equal to the aggregate hourly load estimates for all of the monthly, hourly, and sub-hourly metered and unmetered customers' usage plus load estimates for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. Load estimates, including distribution losses, transmission losses, and UFE are utilized for the day after InSchedules. (C)

7.2 DAILY LOAD SCHEDULING PROCESS (DAY AFTER LOAD OBLIGATIONS)

7.2.1 UPLOADING SCHEDULES The Company will submit load estimates into InSchedules in the form of RLR (or WLR contracts) with view only privileges for the EGS (or municipalities or wholesale suppliers, as appropriate). The RLR (or WLR) contracts submitted by the Company in InSchedules will be auto-confirmed by the EGS (or municipalities or wholesale suppliers, as appropriate). The Company will upload the load estimates on each business day using the PJM InSchedules System according to PJM requirements. In accordance with the PJM InSchedules manual (m09), the PJM InSchedules application will accept scheduling and delivery of energy for up to three decimal places or one-thousandth (0.001) MWh. The schedule uploaded by the Company shall be binding on that EGS. The Company will provide these same load estimates on the Website by 10:00 AM Eastern Prevailing Time to assist the EGS. (C)

7.2.2 LOAD SCHEDULE CHANGES If the EGS has a dispute, they may notify the Company by telephone. The Company will make reasonable efforts to review and, if the reason for the changes are determined by the Company to be operationally valid, confirm the load schedule changes using the PJM InSchedules System, prior to the PJM designated deadline. In the absence of confirmation by the Company, the prior supply schedule value will remain in effect. In light of deadlines imposed by the PJM OI for the submission of load schedule changes, an EGS should initiate any necessary changes and notify the Company well before the cut-off time to increase the likelihood that the changes will be accepted. (C)

7.2.3 SUPPLY SCHEDULES The EGS is responsible for supplying generation to meet its load estimates uploaded by the Company in accordance with Rule No. 7.2.1.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

8. RECONCILIATION

8.1 GENERAL DESCRIPTION Reconciliation service accounts for mismatches between an EGS's load estimate as determined in Rule No. 7 for serving its Customers and the energy that was actually used by those Customers. This service differs from Energy Imbalance Service – a related service performed exclusively by the PJM OI under the PJM Tariff – because the latter accounts for differences between an EGS's actual load and the quantity of energy actually delivered by the EGS. Because of the absence of universal real-time metering, the calculation of reconciliation quantities typically must occur after the monthly reading of Customer's meters.

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8.1.1 THE COMPANY'S ROLE The Company will assist PJM in accounting for Reconciliation quantities by (1) collecting all Customer usage data; (2) determining hourly reconciliation quantities for each EGS or Scheduling Coordinator; (3) calculating monthly reconciliation quantities for each EGS or Scheduling Coordinator; and (4) submitting the reconciliation quantities to the PJM OI.

8.2 METER DATA COLLECTION Meter data collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's customers for a particular reconciliation period.

8.2.1 MONTHLY OR DAILY METERED AND UNMETERED CUSTOMERS The EDC collects daily customer reads for the majority of its customer base. The rate class profile is used to convert the actual daily consumption to equivalent hourly consumption.

If a customer does not have daily reads available, the EDC collects monthly meter data, in subsets corresponding to customer billing cycles, which close on different days of the month. The EDC converts customer's actual monthly consumption to equivalent hourly consumption using the rate class load profiles.

8.2.2 CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA Data from customers utilizing hourly or sub-hourly metering data is collected by the EDC on a daily or monthly basis.

8.3 HOURLY CONSUMPTION Hourly consumption for the customers of each EGS is determined by summing the consumption as described in Rules No. 8.2.1 and 8.2.2.

8.4 CONSUMPTION AND LOSSES Transmission and distribution losses are calculated based upon customer consumption consistent with Rule No. 8.4.1. These losses are added to the hourly energy consumed by customers and are included in the Consumption calculation.

8.4.1 CONSUMPTION CALCULATION The Company will calculate default service load in the same manner in which EGS load is calculated. After meters are read, load profiles will be applied to all customers, including those on default service. When interval meter reading data for a specific customer is available for use, the Company shall use this information in determining load obligation.

8.4.2 UNACCOUNTED FOR ENERGY To determine the proper allocation of losses, average losses by class will be applied to both EGS and default service loads, and unaccounted for energy) will be allocated pro rata among all suppliers, including the default service suppliers.

8.5 BILLING The Company and the EGS will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit EGSs and the Company for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. PJM Miscellaneous Charges will be allocated pro rata among all suppliers, including the default service suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

11. CONFIDENTIALITY OF INFORMATION

11 GENERALLY All confidential or proprietary Company information made available by the Company to an EGS in connection with the provision of Coordination Services, including but not limited to load data, and information regarding the business processes of the Company and the computer and communication systems owned or leased by the Company, shall be used only for purposes of receiving Coordination Services and/or providing Competitive Generation Service to Customers in the Company's service territory. Other than disclosures to EGS representatives for the purpose of enabling an EGS to fulfill its obligations under the EGS Tariff or provide Competitive Generation Service to Customers in the Company's service territory, an EGS may not disclose confidential or proprietary Company information without the Company's prior authorization or consent.

11.1 CUSTOMER INFORMATION The EGS shall keep all customer-specific information supplied by the Company confidential unless the EGS has the customer's authorization to do otherwise.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING

12.1 CUSTOMER BILLING BY THE COMPANY All EGS charges to customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 COMPANY BILLING FOR EGS The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default service. Nothing in this rule shall require the Company to manually bill customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's customers based on the customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the Pennsylvania Public Utility Commission. However in no case shall the Company require the EGS to provide separate customer lists or perform unique scheduling and reconciliation services for customers billed directly by the Company.

12.1.2 BILLING FILES Where the EGS has requested the Company to act as the EGS's billing agent, the Company shall electronically transmit files of billing detail daily to the EGS. Such files shall include the Company supplier agreement identification number, rate codes, usage information, demand and energy charges, sales tax, and other EGS charges. Billing files transmitted shall have control totals to assure all data was received by the EGS. Control totals include the number of records on the file and significant totals (e.g. total kWh billed, total amount billed, total tax). All billing files will be in a format consistent with standards developed by the EDEWG.

12.1.3 BUDGET BILLING The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges for rate ready billing only.

12.1.4 EGS TAX RESPONSIBILITY The Company is not responsible for paying or remitting on behalf of an EGS taxes including, but not limited to, Pennsylvania Gross Receipts Tax, Pennsylvania Public Utility Realty Tax, Pennsylvania Capital Stock Tax and Pennsylvania Corporate Net Income Tax.

12.1.4.1 SALES TAX EXEMPTION With respect to customers receiving one bill from the Company, the EGS for whom the Company is billing must provide to the Company the applicable sales tax exemption percentage for each customer. The Company will use the sales tax exemption percentage provided by the EGS for billing the EGS's charges. The EGS is responsible for holding appropriate exemption certificates and is liable for the collection and remittance of sales tax on the EGS's charges. The Company will use a zero exemption percentage if no percentage is provided by an EGS.

12.1.5 COMPANY REIMBURSEMENT TO EGS FOR CUSTOMER PAYMENTS For EGSs electing consolidated billing and serving residential and small and medium C&I customers, defined as those eligible for Rider No. 8 – Default Service Supply of the Company's Retail Tariff, the Company shall forward payment in accordance with the provisions of Rule No. 12.1.7 below. For receivables associated with EGS sales to all other customers, the Company shall reimburse the EGS within 14 days of receipt of payment for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS from the customer consistent with Section 2807 (c) (3) of the Competition Act. For eligible Day-Ahead Hourly Price Service customers defined in Rule No. 5.2.8 that have an off-cycle switch, the Company will allocate any customer underpayment with respect to supply charges attributable to multiple Electricity Providers based on the percentage owed to each.

12.1.6 EGS BILLING DATA The EGS shall provide all necessary data in its possession for the timely computation of bills. Where the EGS uses bill-ready billing for residential customers taking basic electric supply service, the EGS shall provide electric supply charges in actual dollars or cents per kWh, average dollars or cents per kWh, and/or flat monthly charge(s). A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, composed of generation and transmission services, to residential customers and commercial and industrial (“C&I”) customers with monthly metered demand less than 300 kW within Duquesne’s service territory. Eligible customers are those customers taking delivery service under the Company’s retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. Upon request, an EGS shall provide a written certification to Duquesne that the EGS is providing only basic electric supply to residential customers billed through consolidated billing with the Company. Commercial and industrial customers will be separated into two categories for purposes of the Purchase Price Discount discussed in Section 12.1.7.2. Small C&I customers will be those customers with monthly metered demand less than 25 kW and Medium C&I customers will be those customers with monthly metered demand equal to or greater than 25 kW. The classification of customers as less than or equal to or greater than 25 kW is discussed in detail in the Company’s retail tariff Rate GS/GM and Rate GMH. Under the POR program, Duquesne will reimburse EGSs for their customer billings regardless of whether Duquesne receives payment from the customer, subject to the limitations set forth below. Duquesne will seek to recover the EGS receivables from EGS customers consistent with Duquesne’s existing collection procedures for recovery of billings to default service customers, and incur any uncollectible costs related to billings for EGSs. The term of the POR program defined herein will become effective June 1, 2021, and will remain in effect as described and will terminate on May 31, 2025. (C)

12.1.7.1 ELIGIBILITY REQUIREMENTS EGSs that choose Duquesne’s consolidated billing option for all or a portion of their eligible customer accounts will be required to sell their accounts receivable to Duquesne for those customers for whom Duquesne issues a consolidated bill. (EGSs may continue to issue their own bills through Dual Billing for commodity service, for all or a portion of their customers, but will not be eligible to participate in the POR program for those customers that receive Dual Billing.) EGSs may choose to participate in the POR program with consolidated billing at any time during the term of the POR program as long as the EGS does not remove customer accounts from consolidated billing. A customer whose service is terminated or who voluntarily switches from the EGS’ service to another generation provider is not considered to have been removed by the EGS from consolidated billing and the POR program. (C)

EGSs participating in this POR program will agree not to reject for enrollment a new customer covered by the program based on credit-related issues. Any customer who wishes to be served by an EGS participating in the POR program will be accepted by the EGS if that EGS is actively serving the rate class to which that customer belongs. (C)

12.1.7.2 PURCHASE PRICE DISCOUNT Participating EGSs’ applicable electric commodity receivables will be purchased at a discount. The discount rate will be 0.10% for incremental, ongoing operating and administrative expenses associated with the POR Program related to these customers. (C)

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in a practice that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

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12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; thirty-five (35) days after consolidated bills are issued, and will continue throughout the billing cycle. If the thirty-fifth (35th) day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on consolidated rate ready billing or consolidated rate ready billing and Duquesne's budget payment plan, Duquesne shall purchase the actual amount owed each month by the customer and payments to EGSs shall be made based on the actual amount owed. If the EGS customer is on consolidated bill ready billing, Duquesne shall purchase the amount sent in the bill ready 810 EDI transaction and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

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12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables. Any such termination of service shall be in accordance with the

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program may be reconnected to service upon the payment of the arrears that were subject to the termination. The required payment may include both delivery and EGS commodity charges.

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service or a payment arrangement at the Company's sole discretion or as required by applicable law. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record.

12.1.7.6 DISPUTE RESOLUTION To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING - (Continued)

12.2 EGS PAYMENT OF OBLIGATIONS TO THE COMPANY An EGS shall pay all Coordination Services Charges or any other charge it incurs hereunder in accordance with the following provisions:

12.2.1 BILLING PROCEDURE Each month, the Company shall submit an invoice to the EGS for all Coordination Services Charges provided under this tariff. The invoice may be transmitted to the EGS by any reasonable method requested by the EGS. An EGS shall make payment for charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2.2 BILLING CORRECTIONS AND ESTIMATED BILLINGS Notwithstanding anything stated herein: (1) bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for four (4) years from the date of such original monthly billing and (2) the Company shall be entitled to submit estimated bills (subject to correction) in the event the EGS fails to supply necessary information in a timely fashion or other circumstances limit the timely availability of necessary data.

12.2.3 MANNER OF PAYMENT The EGS may make payments of funds payable to the Company by wire transfer to a bank designated by the Company. The Company may require that an EGS that is not creditworthy tender payment by means of a certified or cashier's check, or by wire transfer, or other immediately available funds. If disputes arise regarding an EGS bill, the EGS must pay the undisputed portion of disputed bills under investigation. All payments shall be in United States dollars.

12.2.4 LATE FEE FOR UNPAID BALANCES If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 1.5% per month on the unpaid balance.

12.2.5 EGS DEFAULT In the event the EGS fails to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, the EGS shall be deemed to be delinquent. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

12.2.5.1 EGS OFFSET In the event an EGS is deemed to be delinquent under 12.2.5, the Company may, at its sole discretion, reduce the reimbursement to the EGS for amounts collected by the Company by the amount owed to the Company.

12.3 BILLING FOR SUPPLIER OBLIGATIONS TO OTHER PARTIES The Company will assume no responsibility for billing between an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

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RULES AND REGULATIONS - (Continued)

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 NOTICE OF WITHDRAWAL TO THE COMPANY An EGS shall provide electronic notice to the Company of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013, and any subsequent applicable Pennsylvania Public Utility Commission rulings.

13.2 NOTICE TO CUSTOMERS An EGS shall provide notice to its customers of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The EGS shall provide a copy of the form of such notice to the Company.

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13.3 COSTS FOR NONCOMPLIANCE An EGS that withdraws from retail service and fails to provide at least ninety (90) days written notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- A. Mailings by the Company to the EGS's customers to inform them of the withdrawal and their options;
- B. Non-standard/manual bill calculation and production performed by the Company;
- C. EGS data transfer responsibilities that must be performed by the Company; and
- D. Charges or penalties imposed on the Company by third parties resulting from EGS non-performance.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

14. DISCONTINUANCE OF EGS SERVICE TO PARTICULAR CUSTOMERS

14.1 NOTICE OF DISCONTINUANCE TO THE COMPANY An EGS shall provide electronic notice to the Company of all intended discontinuances of service to customers in accordance with applicable Pennsylvania Public Utility Commission rules.

14.2 NOTICE TO CUSTOMERS An EGS shall provide a minimum of ninety (90) days advance notice to any customer it intends to stop serving of such intended discontinuance in a manner consistent with the Pennsylvania Public Utility Commission's rulings in Docket Nos. L-00970126 and M-00960890 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The application of this Rule No. 14.2 will, however, be limited to the classes of customers to which the referenced Pennsylvania Public Utility Commission rulings will apply. With respect to all other classes of customers, it will be the EGS's responsibility to provide notice to a customer of its intention to discontinue service in accordance with the EGS's contractual obligations with the customer.

14.3 INTENTIONALLY LEFT BLANK

14.4 CUSTOMERS RETURNING TO DEFAULT SERVICE An EGS shall give the customer and Duquesne at least (ninety) 90 days notice prior to the meter read date on which the EGS has a reasonable expectation that it will no longer be serving the customer, whether due to termination of a contract or pursuant to the terms of its contract. EGSs shall not utilize the flexibility afforded by these rules to propose price changes that are designed to economically force customers to return to default service during the Summer period. If an EGS has a reasonable expectation that it will no longer be serving a customer as of a meter read date, the EGS shall issue the notice required by the previous sentence within five (5) business days of determination, and such customers shall have a minimum of sixty (60) days in which to make the choices outlined in Section 45.2 of Duquesne's retail tariff, as appropriate. For Duquesne's purposes, this ninety (90) day notice to Duquesne is for informational and planning purposes only.

14.4.1 CUSTOMER MUST INITIATE THE SWITCH TO DEFAULT SERVICE The Company will accommodate requests by customers to switch EGSs in accordance with 52 Pa. Code Chapter 57, Subchapter M "Standards for Changing a Customer's Electricity Generation Supplier." Customers who elect to return to default service from an EGS will return at the charges of the applicable tariff rate schedule and a customer may return to default service in accordance with the switching protocols contained in the Retail Tariff by requesting the same from the Company. Switching by customers shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this tariff and the Company's retail tariff. No customer will be returned to default service for any reason without authorization by that customer, except as follows: the Company will permit a customer to return to default service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the complete abandonment of service in the Company's service territory by the customer's EGS;(2) to remedy a case of slamming of the customer; (3) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around default service rates by returning the customer to default service when wholesale energy prices have increased and EGS service to the customer has become uneconomic; or (4) as required under the Company's shopping program, if any, for customers participating in the Company's Customer Assistance Program.

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RULES AND REGULATIONS - (Continued)

15. LIABILITY

15.1 GENERAL LIMITATION ON LIABILITY The Company shall have no duty or liability with respect to electric energy before it is delivered by an EGS to a point of delivery on the Company's distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

15.2 LIMITATION ON LIABILITY FOR SERVICE INTERRUPTIONS AND VARIATIONS The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

15.3 ADDITIONAL LIMITATIONS ON LIABILITY IN CONNECTION WITH DIRECT ACCESS Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to an EGS providing Competitive Energy Supply arising out of or related to a contract or other relationship between an EGS and a customer of the EGS.

The Company shall implement customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to an EGS providing Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch a customer.

15.4 TAX INDEMNIFICATION If Duquesne Light Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 Pa. C.S. §§ 2806(g) and 2809(c), for Pennsylvania state taxes not paid by an EGS, the non-compliant EGS shall indemnify Duquesne for the amount of additional state tax liability imposed upon Duquesne by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 as noted above.

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LOAD DATA SUPPLY CHARGE

AVAILABILITY/APPLICABILITY

The Company will fulfill a customer's or its authorized representative's request for customer load information available on its information system. The Company will provide customer load information, with customer consent, only to EGSs or other customer-authorized representatives, for up to five (5) requests for the same account in a calendar year at no charge after which subsequent requests will be charged according to the Table of Charges. The Company will provide customer load information on a 15 or 60-minute interval basis as specified by the customer, EGS or other customer-authorized representative.

TABLE OF CHARGES

An EGS or other customer-authorized representative must pay the charges stated below:

If the Company has already provided load data to a customer or its authorized representative five (5) times for the same account in a calendar year, the customer will be charged for subsequent requests in that year at \$60 per request.

CONDITIONS

No customer-specific information will be supplied to an EGS or other representative of the customer before the Company's receipt of a customer's written authorization to release such data to such EGS or other representative. EGSs who qualify as creditworthy as those terms are defined in this tariff will be billed for each request pursuant to the procedure identified in Rule No. 12.2.1 of this tariff. Payment by an EGS who does not qualify as creditworthy or has bad credit as those terms are defined in this tariff must be made before release of information.

METHOD OF PAYMENT

There are two (2) methods of payment:

A check made payable to Duquesne Light Company and sent to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
14th Floor, MD 14-1Pittsburgh, PA 15219

or through a wire/ACH transfer per Company instructions.

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STANDARD OFFER PROGRAM COST RECOVERY

BACKGROUND

The Company's Standard Offer Program ("SOP") is implemented pursuant to Commission Order dated XXXXXXXX XX, XXXX, at Docket No. P-2020-3019522. Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period.

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SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. P-2020-3019522, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

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CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted will be \$30.00.

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BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
14th Floor, MD 14-1
Pittsburgh, PA 15219

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per Company instructions.

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or through

If an SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable ("POR") payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

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TABLE 1
Real Power Distribution Losses

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.1%
GL - General Service Large	2.9%
GLH - General Service Large Heating	2.9%
GMH - General Service Medium Heating	5.3%
GS/GM - General Service Small and Medium	5.3%
HVPS - High Voltage Power Service	0
L - Large Power Service	2.9%
RA - Residential Service Add On Heat Pump	6.1%
RH - Residential Service Heating	6.1%
RS - Residential Service	6.1%
SE - Street Lighting Energy	6.1%
SH - Street Lighting Highway	6.1%
SM - Street Light Municipal	6.1%
UMS – Unmetered Service	5.3%
PAL - Private Area Lighting	6.1%

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(C) – Indicates Change

APPENDIX B

SUPPLEMENT NO. 26XX
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

Issued: Xxxxxxxx xx, XXXX

Effective: Xxxxxxxx xx, XXXX

Issued pursuant to the Commission's Order
entered Xxxxxxxx XX, XXXX, at Docket No. P-2020-3019522.

NOTICE

THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS,
ADDS AND REMOVES PAGES FROM TARIFF NO. 3S AND UPDATES LANGUAGE
IN EXISTING RULES AND EXISTING RIDERS

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Table of Contents Twelfth Revised Page No. 3
Cancelling Eleventh Revised Page No. 3

Page numbers 2A – 2F have been added to Tariff No. 3S.

The List of Modifications page numbers have been revised in the Table of Contents to reflect the addition of page numbers 2A through 2F.

Explanation of Terms and Explanation of Abbreviations Fourth Revised Page No. 5
Cancelling Third Revised Page No. 5

Creditworthy
Customer(s)
Dual Billing

First Revised Page No. 5A
Cancelling Original Page No. 5A

EGS Tariff
Electric Distribution Company (“EDC”)
Electric Generation Supplier (“EGS”)

Fifth Revised Page No. 6
Cancelling Fourth Revised Page No. 6

PowerMeter
InSchedules

Fifth Revised Page No. 6A
Cancelling Fourth Revised Page No. 6A

Scheduling Coordinator

Second Revised Page No. 6B
Cancelling First Revised Page No. 6B

Wholesale Supplier

Definitions have been updated to reflect housekeeping/administerial revisions as well as current business practice.

Rules and Regulations Second Revised Page No. 7
Cancelling First Revised Page No. 7

1. The Tariff
1.1 Filing and Posting

Language has been revised to remove “duquesnelight” and insert “customer-choice.”

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **First Revised Page No. 9**
3. Commencement of EDC/EGS Coordination **Cancelling Original Page No. 9**
3.1 Registration for Coordination Services

Language has been revised to remove "consisting of" and replace it with "including."

Language has been revised and/or added to Item C through Item G to reflect current business practice.

Rules and Regulations **Second Revised Page No.10**
3. Commencement of EDC/EGS Coordination **Cancelling First Revised Page No. 10**
3.9 Identification Numbers

Language has been added to reflect current business practice.

Rules and Regulations **Third Revised Page No.12**
4. Coordination Obligations **Cancelling Second Revised Page No. 12**
and First Revised Page Nos. 13A and 13B

4.11.2 Electronic Mail

Language has been added to correct a typographical error.

Rules and Regulations **Third Revised Page No.12**
4. Coordination Obligations **Cancelling Second Revised Page No. 12**
and First Revised Page Nos. 13A and 13B

4.12 Payment Obligation

Language has been revised to add the word "EGS." Administerial revision, capitalizing the "T" in tariff.

This Page Intentionally Left Blank **First Revised Page No. 13A**
Cancelling Original Page No. 13A

This Page Intentionally Left Blank **First Revised Page No. 13B**
Cancelling Original Page No. 13B

First Revised Page No. 13A and First Revised Page No.13B have been removed from Tariff No. 3S as they are no longer necessary. Both pages are cancelling out with Third Revised Page No. 12.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations Third Revised Page No. 14
5. Direct Access Procedures Cancelling Second Revised Page No. 14
5.1.2 B. - No. 1) Network Transmission Service Peak Load Contribution (1 CP)

Rules and Regulations Fifth Revised Page No. 15
5. Direct Access Procedures Cancelling Fourth Revised Page No. 15 and Second Revised Page No. 15A
5.1.2 B. - No. 2) Peak Load Contribution (5 CP)

Language has been added to reflect current business practice.

This Page Intentionally Left Blank Second Revised Page No. 15A
Cancelling First Revised Page No. 15A

Second Revised Page No. 15A has been removed from Tariff No. 3S as it is no longer necessary.

Rules and Regulations Sixth Revised Page No. 17
5. Direct Access Procedures Cancelling Fifth Revised Page No. 17
5.2 Switching Among EGSs and The Company
5.2.1
5.2.3
5.2.5

Rules and Regulations Sixth Revised Page No. 18
5. Direct Access Procedures Cancelling Fifth Revised Page No. 18
5.2 Switching Among EGSs and The Company
5.2.5 – (Continued)

Rules and Regulations Sixth Revised Page No. 19
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19
5.2 Switching Among EGSs and The Company
5.2.8

Rules and Regulations Fifth Revised Page No. 19A
5. Direct Access Procedures Cancelling Fourth Revised Page No. 19A
5.2 Switching Among EGSs and The Company
5.2.9

Language has been revised for clarity and to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 19B
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19B
5.2 Switching Among EGSs and The Company
5.2.11

Rule No. 5.2.11 has been reorganized and renumbered to Rule 5.4.4 for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Fourth Revised Page No. 20**
5. Direct Access Procedures **Cancelling Third Revised Page No. 20**
5.4 Provisions Relating To An EGS's Customers
5.4.4

Rule No. 5.4.4 has been renumbered from Rule 5.2.11.

Rules and Regulations **Second Revised Page No. 21**
6. Load Forecasting **Cancelling First Revised Page No. 21**
6.2.1 Forecasts for Monthly or Daily Metered and Unmetered – (Such As Streetlights) Customers
6.2.3 Historical Load Profile Data

Rules and Regulations **Second Revised Page No. 22**
6. Load Forecasting **Cancelling First Revised Page No. 22**
6.4 Forecasting Process
6.4.1 Daily Forecasts

Language has been revised and/or added for clarity.

Rules and Regulations **Third Revised Page No. 24**
7. Day After Load Estimates and Supply Schedules **Cancelling Second Revised Page No. 24**
7.1 Total Day After Load Estimates

7.2 Daily Load Scheduling Process (Day After Load Obligations)
7.2.1 Uploading Schedules
7.2.2 Load Schedule Changes

Language has been added and/or revised to reflect current business practice.

Rules and Regulations **Third Revised Page No. 25**
8. Reconciliation **Cancelling Second Revised Page No. 25**
8.1 General Description

The word "at" has been removed and replaced with the word "of."

Rules and Regulations **First Revised Page No. 29**
11. Confidentiality of Information **Cancelling Original Page No. 29**
11. Generally

Language has been added and/or removed for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations Seventh Revised Page No. 30
12. Payment and Billing Cancelling Sixth Revised Page No. 30
12.1 Customer Billing By The Company
12.1.5 Company Reimbursement to EGS for Customer Payments

Rules and Regulations Seventh Revised Page No. 30
12. Payment and Billing Cancelling Sixth Revised Page No. 30
12.1 Customer Billing By The Company
12.1.6 EGS Billing Data

Rules and Regulations Fifth Revised Page No. 30A
12. Payment and Billing Cancelling Fourth Revised Page No. 30A
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

Rules and Regulations Fifth Revised Page No. 30A
12. Payment and Billing Cancelling Fourth Revised Page No. 30A
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.1 Eligibility Requirements
12.1.7.2 Purchase Price Discount

Rules and Regulations Sixth Revised Page No. 30B
12. Payment and Billing Cancelling Fifth Revised Page No. 30B
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.2.2 Purchase Price Discount Adjustment for Individual EGS
12.1.7.4 Other Payment Provisions

Rules and Regulations Fourth Revised Page No. 30C
12. Payment and Billing Cancelling Third Revised Page No. 30C
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.5 Transfer of Collection Responsibilities and Rights

Rules and Regulations First Revised Page No. 31
12. Payment and Billing Cancelling Original Page No. 31
12.2.2 Billing Corrections and Estimated Billings
12.2.5.1 EGS Offset

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to reflect current business practice.

Rules and Regulations Fifth Revised Page No. 30A
12. Payment and Billing Cancelling Fourth Revised Page No. 30A
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

The dates of the Purchase of Receivables Program ("POR") have been updated to reflect the term of DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **First Revised Page No. 31**
12. Payment and Billing **Cancelling Original Page No. 31**
12.2.2 Billing Corrections and Estimated Billings

Language has been revised to align the period during which bills are subject to correction with the time period applicable to previously unbilled utility service, 52 Pa. Code § 56.14.

Rules and Regulations **First Revised Page No. 33**
13. Withdrawal By EGS From Retail Service **Cancelling Original Page No. 33**
13.2 Notice to Customers

Language has been added to reflect current business practice.

Rules and Regulations **Sixth Revised Page No. 34**
14. Discontinuance of EGS Service to Particular Customers **Cancelling Fifth Revised Page No. 34**
14.4.1 Customer Must Initiate The Switch to Default Service

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to implement, in part, the Company's proposed Customer Assistance Shopping Program.

Rules and Regulations **First Revised Page No. 36**
15. Liability **Cancelling Original Page No. 36**
15.4 Tax Indemnification

Language has been updated for housekeeping/administerial revisions.

Rules and Regulations **Fourth Revised Page No. 42A**
Load Data Supply Charge **Cancelling Third Revised Page No. 42A**
-Method of Payment

Language has been revised in the "Method of Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Method of Payment" section.

The Company's banking information has been removed from the bottom of the "Method of Payment" section.

Rules and Regulations **Fourth Revised Page No. 42B**
Standard Offer Program Cost Recovery **Cancelling Third Revised Page No. 42B**
-Background
-Supplier Charges

Language has been revised to reflect DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Fourth Revised Page No. 42B**
Standard Offer Program Cost Recovery **Cancelling Third Revised Page No. 42B**
-Customer Acquisition Fee

The Customer Acquisition fee has increased from \$10.28 to \$30.00 in DSP IX.

Rules and Regulations **Fourth Revised Page No. 42B**
Standard Offer Program Cost Recovery **Cancelling Third Revised Page No. 42B**
-Billing and Payment

Language has been revised in the "Billing and Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Billing and Payment" section.

The Company's banking information has been removed from the bottom of the "Billing and Payment" section.

Table 1 **Third Revised Page No. 49**
Real Power Distribution Losses **Cancelling Second Revised Page No. 49**

Table 1 was modified to remove the < 138 kV language from Rate L – Large Power Service and to remove the line item for Rate L – Large Power Service ≥ 138 kV to make the loss provisions consistent with rate design changes approved and reflected in the Company's retail electric tariff as per the Company's 2018 base rate case at Docket No. R-2018-3000124, Order Entered December 20, 2018.

The MTS – Municipal Traffic Signals line item has been revised to UMS – Unmetered Service, consistent with the current designation of that customer class in the Company's retail electric tariff.

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(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Coordination Services Charges - All charges stated in the charges section of this tariff, that are billed by the Company for Coordination Services performed hereunder.

Coordinated Supplier - An Electric Generation Supplier that has appointed a Scheduling Coordinator as its designated agent for the purpose of submitting energy schedules to the PJM OI.

Creditworthy - A creditworthy EGS pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this tariff ~~or~~and the Pennsylvania Public Utility Commission. To determine whether an EGS is creditworthy, the Company will evaluate the EGS's record of paying Company charges, and may also take into consideration the EGS's credit history. (C)

Customer(s) - ~~Any person, partnership, association, corporation, municipality, government agency, or other legal entity receiving, or eligible to receive, Competitive Generation Service from an EGS in accordance with the Competition Act. Any person, municipality, partnership, association, or corporation receiving Competitive Energy Supply from an Electric Generation Supplier in accordance with the Competition Act.~~ (C)

Customer Choice Internet Site - A Company Internet site with a Uniform Resource Locator (URL) of <http://www.customer-choice.com>.

Default Service - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of the Company's retail tariff.

Deliver - To "deliver" a document or other item under this tariff shall mean to tender by certified mail, hand delivery, or overnight express package delivery service.

Delivery - The actual delivery of energy with respect to an energy schedule.

Demand Response - The process for arranging to have firm load become interruptible in accordance with criteria established by the PJM OI.

Direct Access - "Direct Access" shall have the meaning set forth in the Competition Act.

DLCO Zone - The PJM defined area encompassing the franchised service territories of the Duquesne Light Company.

DLCO Residual Zone - The PJM defined area encompassing the aggregate of all load buses within the franchised service territories of the Duquesne Light Company minus all load that has been designated to be priced at a specific nodal location.

Dual Billing - ~~A billing service option where the Company and the EGS separately send their bills directly to the Customer.~~ (C)

EDC Tariff - The Company's currently Pennsylvania Public Utility Commission approved Electric Service Tariff.

EGS Representative - Any officer, director, employee, consultant, contractor, or other agent or representative of an EGS in connection with the EGS's activity ~~solely~~ as an EGS. To the extent an EGS is a division or group of a company, the term EGS Representative does not include any person in that company who is not part of the EGS division.

EGS Tariff - ~~This Electric Generation Supplier Coordination Tariff, Electric-Pa. P.U.C. No. 3S.~~ (C)

Electric Distribution Company (EDC) - A public utility providing facilities for the distribution of electricity to retail Customers~~that owns electric distribution facilities.~~ At times, this term is used to refer to the role of the Company as a deliverer of Competitive Energy Supply in a direct access environment as contemplated in the Competition Act.

(C) – Indicates Change

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electric Generation Supplier (EGS) - A supplier of electric generation that has been certified or licensed by the Pennsylvania Public Utility Commission to sell electricity to retail customers within the Commonwealth of Pennsylvania in accordance with the Competition Act. Duquesne Light Company does not constitute an EGS for the purposes of this tariff.

(C)

Electronic Data Exchange Working Group (EDEWG) - The Pennsylvania Public Utility Commission authorized working group established under the Proposed Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015.

Electronic Data Interchange (EDI) - The computer application to computer application exchange of business information in a standard format, as more fully described in Pennsylvania Public Utility Commission Docket No. M-00960890F.0015.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electronic Exchange - Approved methods of data exchange (either through a VAN mailbox or a method to be defined by the EDEWG and approved by the Pennsylvania Public Utility Commission).

Electricity Provider - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

eMtr PowerMeter System - Software program administered by the PJM OI that retrieves revenue meter data for PJM transmission and generation interconnection points and calculates Electric Distribution Companies' and Generation Owners' metered interchange energy amounts used for real-time energy market settlements. (C)

IneSchedules - Software program administered by the PJM OI through which energy schedules may be submitted. (C)

FERC - The Federal Energy Regulatory Commission.

Final Forecast - The day ahead hourly forecast for energy to be supplied the next day.

Individual Coordination Agreement (ICA) - The agreement between the Company and the EGS to conduct business in the DLCO Zone. The ICA is attached as a Rider to this tariff.

Interest Index - An annual interest rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year.

Interval Metering Data - Data from electrical metering equipment that supplies hourly or sub-hourly readings of customer consumption.

Kilowatt or kW - Unit of measurement of useful power equivalent to 1000 watts.

Meter Read Date - The date on which the Company reads a meter for purposes of switching for an off-cycle switch or producing a customer bill in accordance with the regularly scheduled billing cycles of the Company.

Month - A month, as defined under 52 PA Code § 56.2.

Load Bus - As used in this tariff, shall have the same meaning ascribed to the term in the PJM Tariff.

Load Serving Entity (LSE) - An entity that has been granted the authority or has an obligation pursuant to State or local law, regulation or franchise to sell electric energy to end-users located within the PJM Control Area as that term is defined by the PJM Tariff.

Locational Marginal Price (LMP) - The hourly-integrated marginal price to serve load at individual locations throughout PJM, calculated by the PJM OI as specified in the PJM Tariff.

Megawatt or MW - One thousand kilowatts.

NERC - The North American Electric Reliability Corporation. The agency given the authority by FERC to enforce reliability standards in the United States.

Network Integration Transmission Service Reservation - A reservation under the PJM Tariff of Network Integration Transmission Service, which allows a transmission customer to integrate and economically dispatch generation resources located at one or more points in the PJM Control Area to serve its Network load as that term is defined by the PJM Tariff.

(C) - Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Peak Load Contributions (PLCs) - A customer's contribution to the DLCO Zone's normalized summer peak load as calculated by the zone's Electric Distribution Company and used in determining a Load Serving Entity's Peak Load obligation.

Pennsylvania Public Utility Commission or Commission - The Pennsylvania Public Utility Commission.

PJM - PJM Interconnection, L.L.C.

PJM Control Area - The area encompassing electric systems recognized by the North American Electric Reliability Council as the "PJM Control Area."

PJM Miscellaneous Charges - PJM miscellaneous energy related allocations or charges or credits billed to the EDC and not to the LSE.

PJM OI - The PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM Tariff or OATT - The PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Preliminary Forecast - The forecast per hour per LSE posted on the customer choice website based on business day-ahead.

Rate Ready – A form of consolidated billing where Duquesne Light calculates the charge to be presented on the supplier portion of the bill based upon the rates previously supplied by the electric generation supplier ("EGS").

Retail Load Responsibility (RLR) - For non-metered and monthly metered load, the sum total of the estimated hourly load plus transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers. For hourly metered customers, the sum total of the hourly consumed load of all of an EGS' s customers, adjusted for transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC , for which the EGS must provide energy to its customers.

Scheduling Coordinator - Entity that performs, and had been duly certified or licensed by the Pennsylvania Public Utility Commission to perform, one or more of an EGS's Coordination Obligations, including the submission of energy schedules to the PJM OI, and that either is (1) a member of the PJM Interconnection, L.L.C. or (2) is the agent, for scheduling purposes, of one or more Electric Generation Suppliers that are members of the PJM Interconnection, L.L.C.

Tariff - This Electric Generation Supplier Coordination Tariff.

Transmission Losses - Real Power Transmission Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Transmission Loss factor is defined in Rule No. 4.7.

(C) – Indicates Change

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Unaccounted for Energy (UFE) - Is the difference between the actual DLCO Zone's total hourly system load and the total hourly consumed power grossed up for transmission and distribution losses plus any PJM miscellaneous energy or energy related allocations to the EDC.

Value Added Network (VAN) - A method of data transfer that allows information to be sent and received electronically using an electronic mailbox. This method meets minimum criteria in the following areas:

- Security and/or encryption of transactions and customer information;
- Proof of transmission and receipt;
- Positive identity of sender and recipient (non-repudiation);
- Reliability;
- Data and file integrity;
- Network performance and availability; and
- Recoverability and archiving of data.

Wholesale Load Responsibility (WLR) – For non-metered and monthly metered load, the sum total of the estimated hourly load for all of the Company's default service customers plus transmission losses, distribution losses, and the wholesale supplier's pro rata share of UFE, within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff. For hourly metered customers, the sum total of the hourly consumed load of all the Company's default service customers plus transmission losses, distribution losses and the wholesale supplier's pro rata share of UFE within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff.

Wholesale Supplier – The Company's supplier of ~~all~~ generation resources necessary to meet the Company's default service obligations.

(C)

(C) – Indicates Change

RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING A copy of this tariff, comprising of the Definitions, Rules and Regulations, Charges and Riders, under which the Company will provide Coordination Services to Electric Generation Suppliers, is filed with the Pennsylvania Public Utility Commission ("PaPUC"). A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed at www.duquesnelightcustomer-choice.com and is posted and open to inspection at the offices of the Company where payments are made by customers. (C)

1.2 REVISIONS This tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the Pennsylvania Public Utility Code, and such changes, when effective, shall have the same force as the present tariff.

1.3 APPLICATION The tariff provisions apply to all EGSs providing Competitive Energy Supply to customers located in the Company's service territory, including an affiliate or division of the Company that provides Competitive Energy Supply, and with whom the Company has executed an Individual Coordination Agreement as required herein. In addition, the charges herein shall apply to anyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.4 RULES AND REGULATIONS The Rules and Regulations, filed as part of this tariff, are a part of every Individual Coordination Agreement entered into by the Company pursuant to this tariff and govern all Coordination Activities, unless specifically modified by a charge or rider provision. The obligations imposed on EGSs in the Rules and Regulations apply as well to everyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.5 USE OF RIDERS The terms governing the supply of Coordination Services under this tariff or a charge therein may be modified or amended only by the application of those standard riders, filed as part of this tariff.

1.6 STATEMENT BY AGENTS No Company representative has authority to modify a tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION

3.1 REGISTRATION FOR COORDINATION SERVICES An EGS seeking to obtain Coordination Services hereunder must deliver to the Company a completed registration, ~~consisting of~~including the following:

A. An Individual Coordination Agreement, as contained in a rider hereto, fully executed in triplicate by a duly authorized representative of the EGS;

B. A copy of the EGS's operating license or Pennsylvania Public Utility Commission order licensing the EGS to operate;

C. The EGS's completed IRS Form W-9;

D. The EGS's completed EGS Onboarding Form, including:

(i) The Dun & Bradstreet number(s) assigned to the EGS;

(ii) The EGS's banking information (account number, routing number, etc.), provided on EGS letterhead and signed by two authorized EGS representatives;

E. The EGS's Pennsylvania sales tax identification number; and

F. EGS proof of PJM membership; and

G. Any other completed documents as necessary to comply with PaPUC or PJM requirements.-

3.2 INCOMPLETE REGISTRATIONS In the event the EGS submits an incomplete registration, the Company shall provide written notice to the EGS of the registration's deficiencies within ten (10) business days after the date of service, as determined under 52 Pa. Code § 1.56. The Company will not process an incomplete registration until the EGS corrects the deficiencies and the EGS delivers the registration to the Company.

3.3 CREDIT CHECK A registration for Coordination Services shall constitute authorization to the Company to conduct a background credit check on the EGS.

3.4 PROCESSING OF REGISTRATIONS The Company shall complete the processing of each registration for Coordination Services within ten (10) business days after the date of service of the registration, as determined under 52 Pa. Code § 1.56. The Company shall approve all completed registrations unless grounds for rejecting the registration, as defined below, exist.

3.5 GROUNDS FOR REJECTING REGISTRATION The Company may reject any registration for Coordination Services on any of the following grounds:

A. The EGS has undisputed outstanding debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff;

B. The EGS has failed to comply with credit requirements specified in Rule No. 12 of this tariff;

C. The EDC has provided written notice to the EGS that a registration is deficient, pursuant to 52 Pa. Code § 1.56, and the EGS has failed to submit a completed registration within thirty (30) calendar days after the date of service of the registration.

The Company may also petition the Pennsylvania Public Utility Commission to reject the registration of an EGS with bad credit. The Company need not provide Coordination Services to the EGS pending the Pennsylvania Public Utility Commission's review of said petition unless the EGS has provided security to the Company as provided for in Rule No. 12.4.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION - (Continued)

3.6 OFFER OF CONDITIONAL ACCEPTANCE OF REGISTRATION Where grounds for rejection of a registration exist due to an EGS's outstanding and undisputed debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff, the Company may offer the affected EGS a conditional acceptance if the EGS pays such debts before it receives Coordination Services. If the EGS rejects the Company's offer of conditional acceptance under this Rule, then its registration for Coordination Services will be deemed rejected.

3.7 REJECTION OF REGISTRATION Upon rejection of any registration, the Company shall provide the affected EGS with written notice of rejection within the time periods set forth in Section 3.4, and shall state the basis for its rejection.

3.8 APPROVAL OF REGISTRATION Upon its approval of a registration for Coordination Services, or pursuant to an Order of the Commission approving a registration, the Company shall execute the Individual Coordination Agreement tendered by the registrant, and shall provide one to the EGS by delivering such within the period set forth in Section 3.4 and shall maintain a copy for its own records.

3.9 IDENTIFICATION NUMBERS Upon its approval of a registration for Coordination Services, the Company will use the Dun & Bradstreet number assigned to each EGS to be used in subsequent electronic information exchange between the EGS and the Company. In addition, the Company may also assign to the EGS identification numbers that may be required by PJM in connection with the submission and/or confirmation of load schedules for serving load in the Company's service territory.

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3.10 COMMENCEMENT OF COORDINATION SERVICES Coordination Services shall commence within fifteen (15) days after the Company's acceptance of an EGS's registration for Coordination Services provided that all of the information necessary for the Company to provide Coordination Services has been provided to the Company and any conditions required under Rule No. 3.6 have been satisfied by the EGS.

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RULES AND REGULATIONS - (Continued)

4. COORDINATION OBLIGATIONS - (Continued)

4.10 SUPPLY OF DATA An EGS and the Company shall supply to the other all data, materials or other information specified in this tariff, or otherwise reasonably required by the EGS or Company in connection with the provision of Coordination Services, in a thorough and timely manner.

4.11 COMMUNICATION REQUIREMENTS An EGS shall implement a VAN and a single Internet file transfer protocol, as determined by the EDEWG and Pennsylvania Public Utility Commission Docket No. M-00960890.F0015. Both data transfer methods must meet the minimum criteria of, and be endorsed by, the EDEWG.

4.11.1 CUSTOMER CHOICE INTERNET ACCESS An EGS shall have appropriate software for access to the Customer Choice Internet Site and file uploads and downloads.

4.11.2 ELECTRONIC MAIL An EGS shall have appropriate software to communicate regularly by electronic mail (e-mail), including the capability to receive ASCII file attachments. (C)

4.12 PAYMENT OBLIGATION The Company's provision of Coordination Services to an EGS is contingent upon the EGS's payment of all charges provided for in this EGS†Tariff. (C)

4.13 RECORD RETENTION An EGS and the Company shall comply with all applicable laws and Pennsylvania Public Utility Commission rules and regulations for record retention, including but not limited to those Rules of Chapter 56 of the Pennsylvania Public Utility Commission's regulations.

4.14 DATA EXCHANGE

- A. Subject to Rule 4.14(B), below, the Company shall make available to an EGS, on a daily basis, customer, billing and financial transaction information regarding that EGS's customers in electronic files available via electronic exchange. These files will be consistent with standards developed by the EDEWG.
- B. An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule 4.14(A). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company account number and rate class.
- C. The Company will maintain on the Customer Choice Internet Site copies of the standard file formats it will provide to EGSs containing the data listed in this Rule of this tariff. The Company will not change the file formats without first providing at least seven days notice of any such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.
- D. Nothing in this Rule 4.14 shall prohibit the Company from making available to EGSs other electronic data, in formats chosen by the Company consistent with the recommendations of the EDEWG. The Company will not change the file formats of the electronic data made available under this Rule 4.14(D) without first providing at least seven days notice of such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES

5.0 GENERALLY The procedures for the selection of customers' EGS selection, switching among EGSs and other direct access procedures for obtaining Competitive Energy Supply shall occur in accordance with the direct access procedures set forth in the Enrollment Procedures Applicable to EDCs and EGSs, Docket No. M-00960890F.0014, Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015, Standards for Changing a Customer's Electric Supplier, Docket No. L-00970121 and the Commission's *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383, and applicable Commission regulations, as set forth in this tariff.

5.1 DATA REQUIREMENTS

5.1.1 ENROLLMENT EGSs are encouraged to permit customers to enroll by telephone or by e-mail, but must send customer enrollments to the Company via properly formatted electronic files (customer name, customer address, Duquesne Light supplier agreement identification number, and authorization to release telephone number and authorization to release historical usage information) via EDI. EGSs shall forward the electronic files on a daily basis to the Company. The Company will acknowledge receipt of the enrollment file via electronic confirmation. The Company shall provide confirmation within one (1) business day of all electronic files received. Such confirmation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such confirmation shall also include information an EGS can use to identify rejected records.

5.1.2 A. ELIGIBLE CUSTOMER LIST In addition to the EDEWG Standard Eligibility List, the Company agrees to provide to EGSs, for all customers who have authorized the release of their information, the most recent available twelve (12) individual months of historical monthly electric usage and billed demand and Network Transmission Service Peak Load Contribution and Peak Load Contribution, per customer account. This information will be provided on the Company's web site in a downloadable format compatible for use with spreadsheet and database applications and will be updated monthly.

B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions Beginning January 1, 2005, until instructed otherwise by PJM, the Company will calculate the Peak Load Contributions and the Network Transmission Service Peak Load Contribution as follows:

1) Network Transmission Service Peak Load Contribution (1 CP)

To determine the customer's share of the Network Transmission Service Peak Load, the Company will first calculate the customer's transmission peak load contribution. The transmission peak load contribution is based on the customer's load coincident with Duquesne's transmission system zonal load during the one peak hour of the previous year. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Network Transmission Service Peak Load Contribution. Second, the customer's load, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy (as provided by Rule No. 8 of this tariff), will be the customer's Network Transmission Service Peak Load Contribution.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.1 DATA REQUIREMENTS - (Continued)

5.1.2 B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions – (Continued)

2) Peak Load Contribution (5 CP)

The Company's capacity obligation will be calculated by PJM based on the Company's peak load contribution and will be the basis for the capacity obligation for the following calendar year.

In determining the customer's share of the capacity obligation, the Company will first calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with PJM's system load during the peak hour of the five peak days for the appropriate PJM Region as provided for in the PJM Manuals/Tariffs. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Peak Load Contribution. The customer's load in each of these five (5) hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy in the applicable hours (as provided by Rule No. 8 of this Tariff), will be averaged and the customer's percentage (%) share of the average DLCO system load will then be calculated. The PJM approved forecasted peak for the year will then be multiplied by the customer's percentage (%) share of the average DLCO system load to derive the customer's peak load contribution. When appropriate, zonal loads and customer peak load obligations will be adjusted to account for Demand Response and significant loss of load events.

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This information will be sent to PJM who will calculate each EGS's capacity obligation.

5.1.3 Data Exchange

- A.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain information about customers that have consented to the release of customer information in a format to be consistent with that determined by the EDEWG.
- B.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain the following information about customers that have not consented to the release of customer information in a format to be consistent with that determined by the EDEWG:
 - (i) Duquesne Light Company supplier agreement identification number,
 - (ii) Rate class,
 - (iii) Customer's name, and
 - (iv) Customer's service address.

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RULES AND REGULATIONS - (Continued)

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RULES AND REGULATIONS - (Continued)

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5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY Rule No. 5.2 delineates the process of customer selection for Competitive Energy Supply or Default Service.

5.2.1 An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule No. 4.14 (a). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company supplier agreement identification number, Duquesne Light meter number, and rate class.

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5.2.2 If an enrolled customer or person authorized to act on the customer's behalf contacts the Company to inform the Company that it wishes to obtain Competitive Energy Supply from a particular EGS, the Company will inform the customer of the need to contact the EGS to select the EGS as supplier. The EGS will verify its desire to serve the customer and follow the process outlined in Rule No. 5.2.1.

5.2.3 The EGS will obtain appropriate authorization from the customer, or from the person authorized to act on the customer's behalf, indicating the customer's choice of EGS. The authorization shall include the customer's acknowledgment that the customer has received the notice required by Rule No. 5.2.1. It is the EGS's responsibility to maintain records of the customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The EGS shall provide such authorization upon request by the Company.

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5.2.4 The EGS shall provide an electronic file to the Company via electronic exchange file format designated by the Company that complies with the Commission's electronic requirements. The required electronic files shall include, at a minimum, EGS ID, Duquesne Light Company supplier agreement identification number, rate code, billing option, price plan (if single bill option is selected), transaction date and transaction time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via electronic exchange. Within one (1) business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such validation shall also include information an EGS can use to identify rejected records.

5.2.5 On a pending switch to an EGS, the Company will send the customer a confirmation letter within one (1) business day notifying the customer of the pending switch. The selection will be effective three (3) business days ef-after receipt of the request and billing with the selected EGS will begin on the fourth business day. The subsequent EGS will become the EGS of record for delivery further provided that: (1.) all customer information provided to the Company is accurate and complete and (2.) the customer has not contacted the Company to dispute the EGS. In such circumstances, the Company will send the new EGS an electronic file, via electronic exchange, containing information for the new customers of record for that particular EGS, in accordance with Rule 4.14(a). The Company will process any EDI transactions for a switch from an EGS and will assume any rescission period with the EGS has ended.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY - (Continued)

5.2.5 - (Continued)

If, during the pending switch request, the customer elects to reject its new EGS selection, the customer will notify the rejected EGS and ~~the EGS shall notify the Company.~~ ^(C) Upon notice from the EGS, the Company will process a drop for that EGS. In the event the customer rejects its EGS selection after the three day (3) day switching period, the customer will be referred to the EGS per Rule No. 5.2.6.

Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS.

5.2.6 If a customer contacts the Company to request a change of EGS, the Company will direct the customer to contact that EGS and will provide the telephone number of the EGS to the customer, if requested.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY

5.2.7 In accordance with the Secretarial Letter issued August 20, 2010, at Docket No. M-2009-2082042, when requested by an EGS, the Company will provide confidential customer-specific information about a customer with whom the EGS is discussing the possibility of providing Competitive Energy Supply without receiving written authorization from the customer or from the EGS. It is the EGS's responsibility to convey to the customer via its authorization process that the Company will release the confidential customer-specific information only to the EGS to whom authorization was given and that the EGS will not release the information to others, unless the EGS is a licensed broker who is obtaining the confidential customer-specific information for purposes of sharing it with other licensed EGSs and makes that intent clear in communications with the customer. It is the EGS's responsibility to retain the records of the requisite authorization for a minimum of two (2) years to produce for a Commission or Company audit. If an EGS fails an audit conducted either by the Commission or the Company, the Company is then permitted to require that EGS to provide signed documentation indicating that a customer has authorized the release of customer-specific information before it may have access to the restricted customer data.

5.2.8 Subject to Rule No. 14.4 and Rule No. 14.5, if a customer contacts the Company to request a change from an EGS to ~~the Company's tariffed Energy and Capacity Charges for~~ default service under the EDC Retail Tariff, the Company will process the request as follows. The Company will send the customer a confirmation letter within one (1) business day after the customer contacts the Company. The Company will process the selection within three (3) business days of receipt of the request and billing with the Company for default service will begin on the fourth business day. If the customer does not contact the Company to rescind the switch during the pending switch, then the Company will process the request. Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS. When an EGS discontinues a customer's service ~~or~~ and no other EGS has ~~agreed~~ contracted with the customer to provide such service, then that customer will be provided with Default Service.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.9 Shopping customers may retain their current EGS when moving from one location to a new location within the Company's service territory subject to meeting the eligibility requirements and conditions set forth in Rule No. 45.3 of the Company's retail tariff. Eligible customers include all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the retail Tariff.

~~The EDC shall notify the EGS via an electronic data interchange (EDI) 814 Move transaction. A new EDI transaction must be created to facilitate the move the customer's service from the current location to the new location. The new EDI transaction is to be reviewed and approved by the Electronic Data Exchange Working Group (EDEWG) consistent with its current procedures. This EDI transaction will include all the pertinent customer information that an EGS needs, such as customer contact information; new address; name; rate class and load profile; bill option; rate code; tax exemption percentage; billing and meter read cycles; and meter information.~~ (C)

The EGS must submit a drop request via ~~electronic data interchange (EDI)~~ if it does not wish to continue service to the customer at the new service location. The EGS will maintain supply service to this customer until a three-business day switch can occur at the new address. (C)

An EDI transaction will also be sent for other reasons related to the transaction. Customers requesting to change the start date of their new service would require an EDI 814 Change request to be sent to the existing EGS detailing the new start date, and an EDI 814 Drop request would be sent if the customer decided to cancel the new move.

In the move transaction, the Company will send the EGS information that is similar to what is currently provided in a reinstate-request transaction, including the customer name, service address and rate class. The Company will also provide the EGS with: (i) the current supply agreement identification number; (ii) the new supply agreement identification number; and (iii) the service start date. Once the move transaction has been sent to the EGS, the EGS will serve the new account as of the service start date.

If a shopping customer contacts the Company to discontinue electric service at the customer's then-current location, and initiates a request for service at a new location in the Company's service territory and wishes to return to default service, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's ~~prior-then-current~~ location. Final bill(s) will be issued to the date of discontinuance of service. (C)

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.10 Customers starting new service with the Company will be permitted to begin supply service with an EGS on their start date subject to meeting the eligibility requirements in Rule No. 45.4 of the retail tariff.

The Company will accept inbound enrollment requests on accounts that are not yet active. However, the EGS is still responsible for submitting the enrollment request. The final component of this transaction will be to establish an estimated start date. The Company will establish the estimated start date for new service in its communication via the enrollment response sent back to the EGS.

The EGS must submit a drop request via EDI if it does not wish to supply service to the customer. However, the supplier must maintain supply service to this customer until a three-business day switch can occur under the Company's switching rules.

~~**5.2.11** If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.~~

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5.3 PROVISIONS FOR CONTRACTING WITH AN EGS TO PROVIDE TOU SERVICE

5.3.1 The Company may contract with an EGS to provide Time-of-Use ("TOU") service, with on-peak and off-peak rates in effect from June through September. The contracted EGS must submit an EDI transaction to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.4 PROVISIONS RELATING TO AN EGS'S CUSTOMERS

5.4.1 ARRANGEMENTS WITH EGS CUSTOMERS EGSs shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement direct access consistent with all applicable laws, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

5.4.2 TRANSFER OF COST OBLIGATIONS BETWEEN EGSS AND CUSTOMERS Nothing in this tariff is intended to prevent an EGS and a customer from agreeing to reallocate between them any charges that this tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

5.4.3 CUSTOMER OBLIGATIONS Customers of an EGS remain bound by the rules and requirements of the applicable EDC Tariff under which they receive service from the Company.

5.4.4 If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.

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RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING

6.1 CUSTOMER LOAD FORECASTING The EGS is responsible for forecasting its Customer Load Obligations. The Company will provide a forecast respective to each LSE as support information. The company forecasts will be provided in accordance with the following load forecasting procedures.

6.2 FORECASTING METHODOLOGY Most EDC customers utilize monthly (or daily) metering equipment. However, any EDC customer may choose to have the EDC install equipment or otherwise provide for (at the customer's expense at Pennsylvania Public Utility Commission approved rates) interval (hourly or sub-hourly) metering. The forecasting methodology for customers utilizing hourly metering data is slightly different than the methodology for customers utilizing monthly or daily metering equipment.

6.2.1 FORECASTS FOR MONTHLY OR DAILY METERED AND UNMETERED – (SUCH AS STREETLIGHTS) CUSTOMERS For each EGS, ~~the~~ EDC will provide hourly load forecasts for the aggregate of customers who have chosen ~~the~~ EGS. The EDC has developed and will maintain, based on load survey data, historical load profiles corresponding to the EDC's current rate classes identified in the EDC Tariff. These base profiles will be adjusted for day type (e.g., weekday, weekend, or holiday) and temperature. The EDC will use these rate class load profiles, adjusted for differences between the historical load profile day and the forecast day. The adjusted profiles will be applied to the summation by rate class of the EGS's customer's historical consumption to arrive at the aggregate hourly load forecasts.

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6.2.2 FORECASTS FOR CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA The EDC will provide hourly load forecasts for each EGS customer that has elected to utilize hourly metering data. The EDC will use each customer's same day hourly loads from a previous week and adjust those hourly loads by the temperature factor for that EGS customer's rate class to determine that customer's hourly load forecast. The summation of these forecasts will establish the hourly supply obligation schedule of the EGS for serving these customers.

6.2.3 HISTORICAL LOAD PROFILE DATA The EDC will make available to EGSs the aggregated historical load profiles (including historical temperature data) and any related data which the EDC uses to calculate the hourly forecasts. This information will be available for download from the Customer Choice Internet Site.

(C)

6.2.3.1 UPDATES TO HISTORICAL LOAD PROFILE DATA The EDC shall review from time to time its historical load profile data by rate class and any related data and shall update the data as appropriate.

6.3 ADJUSTMENT FOR LOSSES The forecast/supply obligation will be adjusted to cover transmission and distribution losses.

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RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING - (Continued)

6.4 FORECASTING PROCESS

6.4.1 DAILY FORECASTS ~~Each day-t~~The EDC shall prepare a forecast for each day:

- (1) A Final hourly Forecast for the next day, which will be used to establish the EDC operational forecast
- (2) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit above the temperature used in the Final hourly Forecast.
- (3) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit below the temperature used in the Final hourly Forecast.

6.4.2 PROCEDURE FOR FORECASTING The following procedure will be followed each day to determine the Final Forecast.

6.4.2.1 BUSINESS DAYS AND SCHEDULING WINDOW The daily forecasting process shall be performed on each business day. A business day is a weekday excepting PJM holidays. The daily forecasting process shall be performed on each business day for a scheduling window consisting of all following days through the next business day.

For example, the daily forecasting process shall be performed Monday through Thursday (except holidays) for a scheduling window that covers the following day (midnight to midnight). If the following day is a holiday, then the scheduling window shall include the holiday and be extended to include the first business day following the holiday. Similarly, the daily forecasting process shall be performed on Friday for a scheduling window consisting of the following Saturday, Sunday, and Monday. If the Monday is a holiday, then the scheduling window shall include the holiday and extend through the first business day following the holiday.

In addition to the forecasts required of EGSs hereunder, the EGS may provide advance-hourly forecasts for each of its Customers with Hourly or Sub-Hourly Metering Equipment. Forecasts are not final until the business day before those forecasts are to apply.

Step 1 EDC Determines Hourly Load Forecast By EGS By Rate Class

(A) For Monthly or Daily Metered and Unmetered Customers:

For each rate class, sum each EGS's customer's loads for that rate class, apply the appropriate rate class load profile for the day, and adjust the hourly loads by the temperature factor for the rate class.

Load forecasts will be adjusted for losses as appropriate.

For each EGS, combine all of the rate class hourly load forecasts into a total hourly load forecast.

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RULES AND REGULATIONS - (Continued)

7. DAY AFTER LOAD ESTIMATES AND SUPPLY SCHEDULES

7.1 TOTAL DAY AFTER LOAD ESTIMATES The total load estimate for an EGS is expected to be equal to the aggregate hourly load estimates for all of the monthly, hourly, and sub-hourly metered and unmetered customer-s' usage plus load estimates for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. Load estimates, including distribution losses, transmission losses, and UFE are utilized for the day after IneSchedules. (C)

7.2 DAILY LOAD SCHEDULING PROCESS (DAY AFTER LOAD OBLIGATIONS)

7.2.1 UPLOADING SCHEDULES The Company will submit load estimates into IneSchedules in the form of RLR (or WLR contracts) with view only privileges for the EGS (or municipalities or wholesale suppliers, as appropriate). The RLR (or WLR) contracts submitted by the Company in IneSchedules will be auto-confirmed by the EGS (or municipalities or wholesale suppliers, as appropriate). The Company will upload the load estimates on each business day using the PJM IneSchedules System according to PJM requirements. In accordance with the PJM IneSchedules manual (m09), the PJM IneSchedules application will accept scheduling and delivery of energy for up to three decimal places or one-thousandth (0.001) MWh. The schedule uploaded by the Company shall be binding on that EGS. The Company will provide these same load estimates on the Website by 10:00 AM Eastern Prevailing Time to assist the EGS. (C)

7.2.2 LOAD SCHEDULE CHANGES If the EGS has a dispute, they may notify the Company by telephone. The Company will make reasonable efforts to review and, if the reason for the changes are determined by the Company to be operationally valid, confirm the load schedule changes using the PJM IneSchedules System, prior to the PJM designated deadline. In the absence of confirmation by the Company, the prior supply schedule value will remain in effect. In light of deadlines imposed by the PJM OI for the submission of load schedule changes, an EGS should initiate any necessary changes and notify the Company well before the cut-off time to increase the likelihood that the changes will be accepted. (C)

7.2.3 SUPPLY SCHEDULES The EGS is responsible for supplying generation to meet its load estimates uploaded by the Company in accordance with Rule No. 7.2.1.

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RULES AND REGULATIONS - (Continued)

8. RECONCILIATION

8.1 GENERAL DESCRIPTION Reconciliation service accounts for mismatches between an EGS's load estimate as determined in Rule No. 7 for serving its Customers and the energy that was actually used by those Customers. This service differs from Energy Imbalance Service – a related service performed exclusively by the PJM OI under the PJM Tariff – because the latter accounts for differences between an EGS's actual load and the quantity of energy actually delivered by the EGS. Because ~~of~~ the absence of universal real-time metering, the calculation of reconciliation quantities typically must occur after the monthly reading of Customer's meters. (C)

8.1.1 THE COMPANY'S ROLE The Company will assist PJM in accounting for Reconciliation quantities by (1) collecting all Customer usage data; (2) determining hourly reconciliation quantities for each EGS or Scheduling Coordinator; (3) calculating monthly reconciliation quantities for each EGS or Scheduling Coordinator; and (4) submitting the reconciliation quantities to the PJM OI.

8.2 METER DATA COLLECTION Meter data collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's customers for a particular reconciliation period.

8.2.1 MONTHLY OR DAILY METERED AND UNMETERED CUSTOMERS The EDC collects daily customer reads for the majority of its customer base. The rate class profile is used to convert the actual daily consumption to equivalent hourly consumption.

If a customer does not have daily reads available, the EDC collects monthly meter data, in subsets corresponding to customer billing cycles, which close on different days of the month. The EDC converts customer's actual monthly consumption to equivalent hourly consumption using the rate class load profiles.

8.2.2 CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA Data from customers utilizing hourly or sub-hourly metering data is collected by the EDC on a daily or monthly basis.

8.3 HOURLY CONSUMPTION Hourly consumption for the customers of each EGS is determined by summing the consumption as described in Rules No. 8.2.1 and 8.2.2.

8.4 CONSUMPTION AND LOSSES Transmission and distribution losses are calculated based upon customer consumption consistent with Rule No. 8.4.1. These losses are added to the hourly energy consumed by customers and are included in the Consumption calculation.

8.4.1 CONSUMPTION CALCULATION The Company will calculate default service load in the same manner in which EGS load is calculated. After meters are read, load profiles will be applied to all customers, including those on default service. When interval meter reading data for a specific customer is available for use, the Company shall use this information in determining load obligation.

8.4.2 UNACCOUNTED FOR ENERGY To determine the proper allocation of losses, average losses by class will be applied to both EGS and default service loads, and unaccounted for energy) will be allocated pro rata among all suppliers, including the default service suppliers.

8.5 BILLING The Company and the EGS will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit EGSs and the Company for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. PJM Miscellaneous Charges will be allocated pro rata among all suppliers, including the default service suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

11. CONFIDENTIALITY OF INFORMATION

11 GENERALLY All confidential or proprietary Company information made available by the Company to an EGS in connection with the provision of Coordination Services, including but not limited to load data, and information regarding the business processes of the Company and the computer and communication systems owned or leased by the Company, shall be used only for purposes of receiving Coordination Services and/or providing Competitive Generation Service to Customers in the Company's service territory. Other than disclosures to EGS representatives for the purpose of enabling an EGS to fulfill its obligations under the EGS Tariff or provide Competitive Generation Service to Customers in the Company's service territory, an EGS may not disclose confidential or proprietary Company information without the Company's prior authorization or consent. All Company information made available to an EGS in connection with the provision of Coordination Services, including but not limited to load curve data, and information regarding the Company, computer and communication systems shall not be disclosed to third parties without appropriate authorization and/or consent.

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11.1 CUSTOMER INFORMATION The EGS shall keep all customer-specific information supplied by the Company confidential unless the EGS has the customer's authorization to do otherwise.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING

12.1 CUSTOMER BILLING BY THE COMPANY All EGS charges to customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 COMPANY BILLING FOR EGS The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default service. Nothing in this rule shall require the Company to manually bill customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's customers based on the customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the Pennsylvania Public Utility Commission. However in no case shall the Company require the EGS to provide separate customer lists or perform unique scheduling and reconciliation services for customers billed directly by the Company.

12.1.2 BILLING FILES Where the EGS has requested the Company to act as the EGS's billing agent, the Company shall electronically transmit files of billing detail daily to the EGS. Such files shall include the Company supplier agreement identification number, rate codes, usage information, demand and energy charges, sales tax, and other EGS charges. Billing files transmitted shall have control totals to assure all data was received by the EGS. Control totals include the number of records on the file and significant totals (e.g. total kWh billed, total amount billed, total tax). All billing files will be in a format consistent with standards developed by the EDEWG.

12.1.3 BUDGET BILLING The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges for rate ready billing only.

12.1.4 EGS TAX RESPONSIBILITY The Company is not responsible for paying or remitting on behalf of an EGS taxes including, but not limited to, Pennsylvania Gross Receipts Tax, Pennsylvania Public Utility Realty Tax, Pennsylvania Capital Stock Tax and Pennsylvania Corporate Net Income Tax.

12.1.4.1 SALES TAX EXEMPTION With respect to customers receiving one bill from the Company, the EGS for whom the Company is billing must provide to the Company the applicable sales tax exemption percentage for each customer. The Company will use the sales tax exemption percentage provided by the EGS for billing the EGS's charges. The EGS is responsible for holding appropriate exemption certificates and is liable for the collection and remittance of sales tax on the EGS's charges. The Company will use a zero exemption percentage if no percentage is provided by an EGS.

12.1.5 COMPANY REIMBURSEMENT TO EGS FOR CUSTOMER PAYMENTS For EGSs electing consolidated billing and serving residential and small and medium C&I customers, defined as those ~~on Rate Schedules RS, RH, RA, GS/GM and GM~~ eligible for Rider No. 8 – Default Service Supply of the Company's Retail Tariff, the Company shall forward payment in accordance with the provisions of Rule No. 12.1.7 below. For receivables associated with EGS sales to all other customers, the Company shall reimburse the EGS within 14 days of receipt of payment for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS from the customer consistent with Section 2807 (c) (3) of the Competition Act. For eligible Day-Ahead Hourly Price Service customers defined in Rule No. 5.2.8 that have an off-cycle switch, the Company will allocate any customer underpayment with respect to supply charges attributable to multiple Electricity Providers based on the percentage owed to each.

12.1.6 EGS BILLING DATA The EGS shall provide all necessary data in its possession for the timely computation of bills. Where the EGS uses bill-ready billing for residential customers taking basic electric supply service, the EGS shall provide electric supply charges in actual dollars or cents per kWh, average dollars or cents per kWh, and/or flat monthly charge(s). A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, comprised of generation and transmission services, to residential customers and commercial and industrial (“C&I”) customers with monthly metered demand less than 300 kW within Duquesne’s service territory. Eligible customers are those customers taking delivery service under the Company’s retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. Upon request, an EGS shall provide a written certification to Duquesne that the EGS is providing only basic electric supply to residential customers billed through consolidated billing with the Company. Commercial and industrial customers will be separated into two categories for purposes of the Purchase Price Discount discussed in Section 12.1.7.2. Small C&I customers will be those customers with monthly metered demand less than 25 kW and Medium C&I customers will be those customers with monthly metered demand equal to or greater than 25 kW. The classification of customers as less than or equal to or greater than 25 kW is discussed in detail in the Company’s retail tariff Rate GS/GM and Rate GMH. Under the POR program, Duquesne will reimburse EGSs for their customer billings regardless of whether Duquesne receives payment from the customer, subject to the limitations set forth below. Duquesne will seek to recover the EGS receivables from EGS customers consistent with Duquesne’s existing collection procedures for recovery of billings to default service customers, and incur any uncollectible costs related to billings for EGSs. The term of the POR program defined herein will become effective June 1, 2017~~21~~, and will remain in effect as described and will terminate on May 31, 2024~~5~~.

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12.1.7.1 ELIGIBILITY REQUIREMENTS EGSs that choose Duquesne’s consolidated billing option for all or a portion of their eligible customer accounts will be required to sell their accounts receivable to Duquesne for those customers for whom Duquesne issues a consolidated bill. (EGSs may continue to issue their own bills through ~~d~~Dual ~~b~~Billing) for commodity service, for all or a portion of their customers, but will not be eligible to participate in the POR program for those customers that receive ~~d~~Dual ~~b~~Billing.) EGSs may choose to participate in the POR program with consolidated billing at any time during the term of the POR program as long as the EGS does not remove customer accounts from consolidated billing. A customer whose service is terminated or who voluntarily switches from the EGS’ service to another generation provider is not considered to have been removed by the EGS from consolidated billing and the POR program.

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EGSs participating in this POR program will agree not to reject for enrollment a new customer covered by the program based on credit-related issues. Any customer who wishes to be served by an EGS participating in the POR program will be accepted by the EGS if that EGS is actively serving the rate class to which that customer belongs.

12.1.7.2 PURCHASE PRICE DISCOUNT Participating EGSs’ applicable electric commodity receivables will be purchased at a discount. The discount rate will be 0.10% for incremental, ongoing operating and administrative expenses associated with the POR Program related to these customers.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in Unusual Business Behaviora practice that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

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12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; thirty-five (35) days after consolidated bills are issued, and will continue throughout the billing cycle. If the thirty-fifth (35th) day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on consolidated rate ready billing or consolidated rate ready billing and Duquesne's budget payment plan, Duquesne shall purchase the actual amount owed each month by the customer and payments to EGSs shall be made based on the actual amount owed. If the EGS customer is on consolidated bill ready billing ~~or consolidated bill ready billing and Duquesne's budget payment plan~~, Duquesne shall purchase the amount sent in the bill ready 810 EDI transaction and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

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12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables. Any such termination of service shall be in accordance with the

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program may be reconnected to service upon the payment of the arrears that were subject to the termination. The required payment may include both delivery and EGS commodity charges.

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service or a payment arrangement at the Company's sole discretion or as required by applicable law. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record.

12.1.7.6 DISPUTE RESOLUTION To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING - (Continued)

12.2 EGS PAYMENT OF OBLIGATIONS TO THE COMPANY An EGS shall pay all Coordination Services Charges or any other charge it incurs hereunder in accordance with the following provisions:

12.2.1 BILLING PROCEDURE Each month, the Company shall submit an invoice to the EGS for all Coordination Services Charges provided under this tariff. The invoice may be transmitted to the EGS by any reasonable method requested by the EGS. An EGS shall make payment for charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2.2 BILLING CORRECTIONS AND ESTIMATED BILLINGS Notwithstanding anything stated herein: (1) bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for ~~six-four~~ **(64)** ~~months~~**years** from the date of such original monthly billing and (2) the Company shall be entitled to submit estimated bills (subject to correction) in the event the EGS fails to supply necessary information in a timely fashion or other circumstances limit the timely availability of necessary data. (C)

12.2.3 MANNER OF PAYMENT The EGS may make payments of funds payable to the Company by wire transfer to a bank designated by the Company. The Company may require that an EGS that is not creditworthy tender payment by means of a certified or cashier's check, or by wire transfer, or other immediately available funds. If disputes arise regarding an EGS bill, the EGS must pay the undisputed portion of disputed bills under investigation. All payments shall be in United States dollars.

12.2.4 LATE FEE FOR UNPAID BALANCES If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 1.5% per month on the unpaid balance.

12.2.5 EGS DEFAULT In the event the EGS fails to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, the EGS shall be deemed to be delinquent. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

12.2.5.1 EGS OFFSET In the event an EGS is deemed to be delinquent under 12.2.5, the Company₇ may₂ at its sole discretion, reduce the reimbursement to the EGS for amounts collected by the Company by the amount owed to the Company. (C)

12.3 BILLING FOR SUPPLIER OBLIGATIONS TO OTHER PARTIES The Company will assume no responsibility for billing between an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 NOTICE OF WITHDRAWAL TO THE COMPANY An EGS shall provide electronic notice to the Company of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013, and any subsequent applicable Pennsylvania Public Utility Commission rulings.

13.2 NOTICE TO CUSTOMERS An EGS shall provide notice to its customers of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The EGS shall provide a copy of the form of such notice to the Company.

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13.3 COSTS FOR NONCOMPLIANCE An EGS that withdraws from retail service and fails to provide at least ninety (90) days written notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- A. Mailings by the Company to the EGS's customers to inform them of the withdrawal and their options;
- B. Non-standard/manual bill calculation and production performed by the Company;
- C. EGS data transfer responsibilities that must be performed by the Company; and
- D. Charges or penalties imposed on the Company by third parties resulting from EGS non-performance.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

14. DISCONTINUANCE OF EGS SERVICE TO PARTICULAR CUSTOMERS

14.1 NOTICE OF DISCONTINUANCE TO THE COMPANY An EGS shall provide electronic notice to the Company of all intended discontinuances of service to customers in accordance with applicable Pennsylvania Public Utility Commission rules.

14.2 NOTICE TO CUSTOMERS An EGS shall provide a minimum of ninety (90) days advance notice to any customer it intends to stop serving of such intended discontinuance in a manner consistent with the Pennsylvania Public Utility Commission's rulings in Docket Nos. L-00970126 and M-00960890 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The application of this Rule No. 14.2 will, however, be limited to the classes of customers to which the referenced Pennsylvania Public Utility Commission rulings will apply. With respect to all other classes of customers, it will be the EGS's responsibility to provide notice to a customer of its intention to discontinue service in accordance with the EGS's contractual obligations with the customer.

14.3 INTENTIONALLY LEFT BLANK

14.4 CUSTOMERS RETURNING TO DEFAULT SERVICE An EGS shall give the customer and Duquesne at least (ninety) 90 days notice prior to the meter read date on which the EGS has a reasonable expectation that it will no longer be serving the customer, whether due to termination of a contract or pursuant to the terms of its contract. EGSs shall not utilize the flexibility afforded by these rules to propose price changes that are designed to economically force customers to return to default service during the Summer period. If an EGS has a reasonable expectation that it will no longer be serving a customer as of a meter read date, the EGS shall issue the notice required by the previous sentence within five (5) business days of determination, and such customers shall have a minimum of sixty (60) days in which to make the choices outlined in Section 45.2 of Duquesne's retail tariff, as appropriate. For Duquesne's purposes, this ninety (90) day notice to Duquesne is for informational and planning purposes only.

14.4.1 CUSTOMER MUST INITIATE THE SWITCH TO DEFAULT SERVICE The Company will accommodate requests by customers to switch EGSs in accordance with 52 Pa. Code Chapter 57, Subchapter M "Standards for Changing a Customer's Electricity Generation Supplier." Customers who elect to return to default service from an EGS will return at the charges of the applicable tariff rate schedule and a customer may return to default service in accordance with the switching protocols contained in the Retail Tariff by requesting the same from the Company. Switching by customers shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this tariff and the Company's retail tariff. No customer will be returned to default service for any reason without authorization by that customer, except as follows: the Company will permit a customer to return to default service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the complete abandonment of service in the Company's service territory by the customer's EGS; (2) to remedy a case of ~~inadvertent~~ slamming of the customer; ~~and~~ (3) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around default service rates by returning the customer to default service when wholesale energy prices have increased and EGS service to the customer has become uneconomic; or (4) as required under the Company's shopping program, if any, for customers participating in the Company's Customer Assistance Program.

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RULES AND REGULATIONS - (Continued)

15. LIABILITY

15.1 GENERAL LIMITATION ON LIABILITY The Company shall have no duty or liability with respect to electric energy before it is delivered by an EGS to a point of delivery on the Company's distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

15.2 LIMITATION ON LIABILITY FOR SERVICE INTERRUPTIONS AND VARIATIONS The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

15.3 ADDITIONAL LIMITATIONS ON LIABILITY IN CONNECTION WITH DIRECT ACCESS Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to an EGS providing Competitive Energy Supply arising out of or related to a contract or other relationship between an EGS and a customer of the EGS.

The Company shall implement customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to an EGS providing Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch a customer.

15.4 TAX INDEMNIFICATION If Duquesne Light Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, **66** Pa. C.S. §§ 2806(g) and 2809(**cf**), for Pennsylvania state taxes not paid by an EGS, the non-compliant EGS shall indemnify Duquesne for the amount of additional state tax liability imposed upon Duquesne by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 as noted above.

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LOAD DATA SUPPLY CHARGE

AVAILABILITY/APPLICABILITY

The Company will fulfill a customer's or its authorized representative's request for customer load information available on its information system. The Company will provide customer load information, with customer consent, only to EGSs or other customer-authorized representatives, for up to five (5) requests for the same account in a calendar year at no charge after which subsequent requests will be charged according to the Table of Charges. The Company will provide customer load information on a 15 or 60-minute interval basis as specified by the customer, EGS or other customer-authorized representative.

TABLE OF CHARGES

An EGS or other customer-authorized representative must pay the charges stated below:

If the Company has already provided load data to a customer or its authorized representative five (5) times for the same account in a calendar year, the customer will be charged for subsequent requests in that year at \$60 per request.

CONDITIONS

No customer-specific information will be supplied to an EGS or other representative of the customer before the Company's receipt of a customer's written authorization to release such data to such EGS or other representative. EGSs who qualify as creditworthy as those terms are defined in this tariff will be billed for each request pursuant to the procedure identified in Rule No. 12.2.1 of this tariff. Payment by an EGS who does not qualify as creditworthy or has bad credit as those terms are defined in this tariff must be made before release of information.

METHOD OF PAYMENT

There are two (2) methods of payment:

A check made payable to Duquesne Light Company and sent to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
~~14th Floor, MD 14-1(MD: 6-1)~~
Pittsburgh, PA 15219

or through a wire/ACH transfer ~~to per Company instructions.;~~

~~Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company~~

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STANDARD OFFER PROGRAM COST RECOVERY

BACKGROUND

~~In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company's implemented a Standard Offer Program ("SOP") is implemented pursuant to Commission Order dated XXXXXXXX XX, XXXX, at Docket No. P-2020-3019522.~~ Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. ~~Complete SOP rules and documentation may be found at <http://supplier.customer-choice.com>.~~

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SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. ~~P-2020-3019522~~~~P-2012-2301664~~, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

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CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted will be ~~\$40,2830.00~~.

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BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue (MD: 15-1)
~~14th Floor, MD 14-1~~
Pittsburgh, PA 15219

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or through a wire/ACH transfer to:

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~~Bank Name: Mellon Bank, Pittsburgh~~
~~ABA: 043000264~~
~~Account No: 000-8064~~
~~Acct Name: Duquesne Light Company per Company instructions.~~

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If an SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable ("POR") payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

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TABLE 1
 Real Power Distribution Losses

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.1%
GL - General Service Large	2.9%
GLH - General Service Large Heating	2.9%
GMH - General Service Medium Heating	5.3%
GS/GM - General Service Small and Medium	5.3%
HVPS - High Voltage Power Service	0
L - Large Power Service < 138 Kv	2.9%
L - Large Power Service ≥ 138 Kv	0
RA - Residential Service Add On Heat Pump	6.1%
RH - Residential Service Heating	6.1%
RS - Residential Service	6.1%
SE - Street Lighting Energy	6.1%
SH - Street Lighting Highway	6.1%
SM - Street Light Municipal	6.1%
UMS - Unmetered Service MTS - Municipal Traffic Signals	5.3% 6.1%
PAL - Private Area Lighting	6.1%

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APPENDIX C

**PENNSYLVANIA UNIVERSAL
DEFAULT SUPPLIER MASTER AGREEMENT**

by and between

Duquesne Light Company

and

[INSERT]

Dated [Month, Day, Year]

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PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this ____ day of [Month, Day, Year] (the “Agreement”) by and between Duquesne Light Company (the “Company” and “Buyer”), a ~~corporation~~ limited liability company and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania and [INSERT] (“DS Supplier”), the Company and the DS Supplier hereinafter sometimes referred to collectively as the “Parties”, or individually as a “Party”,

WITNESSETH:

WHEREAS, the Company is an electric public utility engaged, inter alia, in providing retail electric service within its service territory located in the Commonwealth of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer’s Pennsylvania franchise service territory; and

WHEREAS, the PaPUC has found that, for periods further identified in Appendix C, it would serve the public interest for the Company to secure Default Service Supply (“DS Supply”) through a competitive procurement process (“DS Solicitation”) and the PaPUC has approved such a process; and

WHEREAS, the Company has conducted and completed a successful DS Solicitation for the provision of DS Supply, and the DS Supplier was one of the winning bidders in the DS Solicitation; and

WHEREAS, pursuant to the competitive bidding procedures of the DS Solicitation, the Company and the DS Supplier desire to enter into this Agreement setting forth their respective rights and obligations concerning the provision of DS Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1: DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article.

Alternative Energy Credit or “AEC” – Shall have the meaning ascribed thereto in the AEPS Act.

AEPS Act – The Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

Affiliate – Means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Allocated AECs – Shall mean the types and amounts of AECs specified on Appendix E.

Alternative Energy Portfolio Standards or “AEPS” – Standards requiring that a certain amount of electric energy sold to retail electric customers in the Commonwealth of Pennsylvania be comprised of electricity generated from alternative energy sources, as measured by AECs, in accordance with the requirements of the AEPS Act and provisions of the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2804, 2812-14, in effect on the Effective Date including, without limitation, any subsequent increases in Tier I requirements under 66 Pa.C.S. § 2814.

Ancillary Services – Shall have the meaning ascribed thereto in the PJM Agreements.

Applicable Legal Authorities – Those federal and Pennsylvania statutes and administrative rules and regulations that govern the electric utility industry in Pennsylvania, as they may be amended from time to time.

Auction Revenue Rights or “ARR” – The current or any successor congestion management mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARRs are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM Agreements.

Bankruptcy Code – Those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled “Bankruptcy” and found at 11 U.S.C. § 101 et seq., as such laws may be amended, modified, replaced or superseded from time to time.

Billing Month – Each calendar month during the term of this Agreement.

Business Day – Any day on which the Company’s and PJM’s corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

Capacity – “Unforced Capacity” as set forth in the PJM Agreements, or any successor, measurement of the capacity obligation of a Load Serving Entity as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

Charge – Any fee, charge or other amount that is billable by the Company to the DS Supplier under this Agreement.

Company – Duquesne Light Company.

Costs – With respect to the Non-Defaulting Party, brokerage fees, commissions and other

similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations and/or entering into new arrangements which replace this Agreement; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

Customer – Any person or entity who enters into a contractual agreement with the Company to receive retail electric service including, without limitation, all persons or entities taking service under a retail tariff, eligible to receive competitive electricity supply from an EGS or DS, respectively, in accordance with the Applicable Legal Authorities.

Damages – Financial compensation from the Defaulting Party to the Non-Defaulting Party associated with the occurrence of an Event of Default or an Early Termination of this Agreement. This compensation shall be assessed pursuant to Article 5 of this Agreement.

Default Allocation Assessment – Shall have the meaning ascribed to it under the PJM Agreements.

Defaulting Party – A Party to this Agreement that has caused or precipitated an Event of Default or an Early Termination of this Agreement.

Default Service or “DS” – Electric generation service that is provided at retail pursuant to the Applicable Legal Authorities under the Company's retail electric tariffs and under

any other agreements or arrangements between the Company and Customers, to any Customer that is not being served by an EGS.

Default Service Supply or “DS Supply” – All necessary Energy, Capacity, AECs for AEPS Act compliance, Ancillary Services, all transmission and distribution losses and congestion and imbalance costs associated with the provision of such services, and such other services or products that the DS Supplier may be required, by PJM or any governmental body having jurisdiction, to provide in order to meet the DS Supplier Responsibility Share for serving DS Load under this Agreement and as detailed in Appendix C. For the avoidance of doubt, any reference in this Agreement to any other agreement for DS Supply shall include any agreement between the Parties for the provision of Energy—a product or service (e.g., Energy) to serve DS Load, even if such other agreement does not require delivery of additional products or services (e.g., Capacity).

Delivery Period – The delivery period specified in Appendix C.

Delivery Point – Means the applicable zone of the Company as designated by PJM.

DS Customer(s) – Retail customers who are provided Default Service pursuant to the terms of this Agreement, the Applicable Legal Authorities and the Company’s retail tariffs.

DS Fixed Percentage – The percentage of DS Supply, as set forth in Appendix C.

DS Fixed Price – The price in dollars per MWh, as set forth in Appendix C hereto, as determined pursuant to the DS Solicitation.

DS Fixed Price Adder For Hourly Price Service – The fixed price adder for Hourly Price Service in dollars per MWh, as set forth in Appendix C hereto, as determined pursuant to the DS Solicitation.

DS Load – Means the total sales at the retail meter, plus any losses and Unaccounted For Energy (as defined by PJM), as reflected in PJM settlement volumes (including adjustments required by PJM for PJM’s derating in conjunction with implementation of marginal losses as appropriate per PJM Agreements), expressed in MWh of retail customers in a particular class of DS Customers being served by Company pursuant to the PUC Orders, as such sales vary from hour to hour, in Company’s Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to the service territory that exists on the Effective Date. The DS Load is net of any reduction in load as a result of energy efficiency and demand side response programs offered by Company, PJM, curtailment service providers, or other third parties, or any retail market programs. For avoidance of doubt, DS Load shall not include (i) the amount of load that would otherwise have been served in the absence of such energy efficiency or demand side response programs or retail market programs; or (ii) sales resulting from changes in the Company’s Pennsylvania service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in

Pennsylvania or a result of a significant franchise territory swap with another entity which has a franchised service territory in Pennsylvania.

DS Solicitation – The competitive bidding processes, procedures and rules employed by the Company to competitively procure DS Supply for purposes of this Agreement.

DS Supplier – An entity that (i) has been selected through the DS Solicitation and has accepted the obligations and associated rights to provide DS Supply to the Company for retail customers in accordance with the Applicable Legal Authorities, (ii) has entered into this Agreement with the Company as a Party, and (iii) is a PJM Member and registered with PJM as a LSE.

DS Supplier Representative – Any officer, director, employee, consultant, contractor, or other agent or representative of the DS Supplier in connection with the DS Supplier's activity under this Agreement. To the extent the DS Supplier is a division or group of a company, the term DS Supplier Representative does not include any person in that company who is not part of the DS Supplier division or group.

DS Supplier Responsibility Share – The fixed percentage share of the Company's DS Load for which the DS Supplier is responsible as set forth in Appendix C.

DS Tariffs – The Company’s existing schedules of rates and services provided to retail customers as currently on file with the Commission and on the Company’s website, as they may be amended from time to time.

DS Variable Payments – The variable supplier payments in dollars based on the Company’s Hourly Price Service formula rate, as set forth in Appendix C hereto, associated with serving the DS Supplier Responsibility Share of the DS Supply.

Early Termination – Termination of this Agreement prior to the end of the term due to the occurrence of an Event of Default as specified in Article 5.2 of this Agreement and the declaration of Early Termination.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Article 5.2 of this Agreement.

Effective Date – The date designated on the cover page of this Agreement upon which the terms of this Agreement were agreed to by the Parties.

Electric Distribution Company or “EDC” – A public utility providing facilities for the transmission and distribution of electricity to retail customers in Pennsylvania.

Electric Generation Supplier or “EGS” – A person or entity that is duly certified by the Commission to offer and provide competitive electric supply to retail customers located in the Commonwealth of Pennsylvania.

Emergency – (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of Emergency Operations Procedures as defined in the PJM Agreements or PJM manuals; or (iii) any other condition or situation that the Company or PJM deems imminently likely to endanger life or property or to affect or impair the Company’s electrical system or the electrical system(s) of other(s) to which the Company’s electrical system is directly or indirectly connected (a “Connected Entity”). Such a condition or situation may include, but shall not be limited to, potential overloading of the Company’s transmission and/or distribution circuits, PJM minimum generation (“light load”) conditions, or unusual operating conditions on either the Company’s or a Connected Entity’s electrical system, or conditions such that the Company is unable to accept Energy from the DS Supplier without jeopardizing the Company’s electrical system or a Connected Entity’s electrical system. Other additional emergencies can only be declared by PJM, FERC, or the PaPUC.

Energy – Three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Event of Default – A Party’s breach of obligations under this Agreement as set forth in Article 5 of this Agreement.

FERC – The Federal Energy Regulatory Commission.

Final Monthly Energy Allocation or “FMEA” – A quantity of Energy which, for any Billing Month, is the PMEA adjusted for any billing or metering data received subsequent to the calculation of PMEA of which PJM is notified within 60 days.

Fixed Price Transaction – A Transaction Confirmation that is not an Hourly Price Transaction.

Force Majeure – Means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, epidemic, terrorist attack, and acts of God, which are not within the reasonable control of, or the results of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of DS Supplier’s supply; (ii) DS Supplier’s ability to sell the DS Supply at a price greater than that received under any Transaction; (iii) curtailment by a utility transmitting DS Supply; (iv) the Company’s ability to purchase the DS Supply

at a price lower than paid under any Transaction; (v) any change in requirements of any governmental authority; or (vi) labor stoppage or lockout.

Forward Market Price – The price for On-peak Energy Forward Price and Off-peak Energy Forward Price as determined by averaging concurrent broker quotes obtained by the Company for the Market Price Hub as available.

Gains – With respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Generator Attribute Tracking System or “GATS” – the system owned and operated by PJM Environmental Services, Inc. to provide reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PaPUC. (As specified in Appendix E)

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached to this DS Supplier Master Agreement or other form approved by the Company.

Guarantor – Any party having the authority and agreeing to guarantee the DS Supplier’s financial obligations under this Agreement, recognizing that such party shall be obligated

to meet the Company's creditworthiness requirements specified in this Agreement for such DS Supplier.

Hourly Price Service – service provided to ~~Large Commercial and Industrial~~ Hourly Price Service (“HPS”)-Eligible Class pursuant to the Company's DS Tariffs, Retail Tariff, Rider No. 9.

Hourly Price Transaction – A Transaction Confirmation for Hourly Price Service, as shown on such confirmation.

Interest Index – The average Federal Funds Effective Rate for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website (<http://www.federalreserve.gov/releases/h15/update/>).

Kilowatt or “kW” – Unit of measurement of useful power equivalent to 1000 watts.

Kilowatt-hour or “kWh” – One kilowatt of electric power used over a period of one hour.

~~Large Commercial and Industrial Class – Group of Rate Schedules itemized in Appendix C that are eligible for Hourly Price Service DS Supply.~~

Load Serving Entity or “LSE” – An entity that has been granted the authority or has an obligation pursuant to state or local law, regulation or franchise to sell electricity to retail

customers located within the PJM Control Area as that term is defined in the PJM Agreements or in successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. The DS Supplier, for purposes of this Agreement, is not a Load Serving Entity and nothing contained herein shall be deemed to cause the DS Supplier to be a Load Serving Entity.

Losses – With respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin – The amount by which the Total Exposure Amount exceeds the DS Supplier’s, or Guarantor’s, credit limit as defined in Section 6.4.

Mark-to-Market (“MtM”) Exposure Amount – Shall have the meaning ascribed to it in Section 6.3 of this Agreement.

Market Price Hub – refers to AEP Dayton Hub, a liquid pricing point located within PJM’s geographic footprint, at pnode #34497127.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable credit limit cap as specified in Section 6.4 of this Agreement.

Medium Commercial and Industrial Class – Group of Rate Schedules that comprise the Medium Commercial and Industrial Class for DS Supply and itemized in Appendix C.

Megawatt or MW – One thousand kilowatts.

Megawatt-hour or MWh – One megawatt of electric power used over a period of one hour.

Merger Event – When a DS Supplier consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such DS Supplier hereunder in the sole discretion of the Company or (ii) the benefits of any credit support provided pursuant to Article 6 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the DS Supplier’s obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement in the sole discretion of the Company.

Minimum Rating – A minimum senior unsecured debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount – \$100,000.

NERC – The North American Electric Reliability Corporation or its successor.

Network Integration Transmission Service or “NITS” – “Network Integration Transmission Service” under the PJM Agreements in effect as of the date of this Agreement, or its successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. In the event the PJM Agreements are modified such that “Network Integration Transmission Service” is no longer offered, Network Integration Transmission Service shall mean the type of transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

Non-Defaulting Party – A Party to this Agreement who, at the time an Event of Default occurs, is not itself in default of this Agreement and has not otherwise caused or precipitated an Event of Default or Early Termination of this Agreement.

Off-Peak Energy Forward Price – Means the price for Off-Peak Hours for each billing month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer available or no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

On-Peak Energy Forward Price – Means the price for On-Peak Hours for each billing month of the delivery period stated in terms of \$/MWh as based on the most recent publicly

available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

PaPUC or Commission – The Pennsylvania Public Utility Commission or its successor.

PJM – PJM Interconnection L.L.C. or its successor.

PJM Agreements – The PJM OATT, PJM RAA, PJM OA and all other PJM agreements, procedures, manuals and documents applicable to the Transactions covered by or relating to this Agreement.

PJM Control Area – That certain Control Area encompassing electric systems in parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Member – A member in good standing of PJM that satisfies the requirements to conduct business with PJM.

PJM OA – The PJM Operating Agreement or the successor, superseding or amended version of the PJM Operating Agreement that may take effect from time to time.

PJM OATT – The PJM Open Access Transmission Tariff or the successor, superseding or amended version of the PJM Open Access Transmission Tariff that may take effect from time to time.

PJM OI – The PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM RAA – The PJM Reliability Assurance Agreement or the successor, superseding or amended version of the PJM Reliability Assurance Agreement that may take effect from time to time.

PMEA/FMEA Adjustment Amount – For any Billing Month, the monetary amount due to the DS Supplier or the Company, as the case may be, in order to reconcile any difference between the PMEA used for the purpose of calculating estimated payments made to DS Supplier for a given month and the FMEA used for calculating the final payments due to the DS Supplier for such month as more fully described in Article 9 hereof.

Preliminary Monthly Energy Allocation or “PMEA” – A quantity of Energy which, for any Billing Month, is the preliminary calculation of the DS Supplier’s DS Supplier Responsibility Share.

Rate Schedule(s) – Shall mean the specified existing, and modified or successor customer rate schedule(s) in the electric service tariff of the Company filed with the Commission.

Reliability First Corporation or “RFC” – The approved regional NERC entity with responsibility for the Commonwealth of Pennsylvania.

Residential Class – Group of Rate Schedules that comprise the Residential Class for the DS Supply and itemized in Appendix C.

Rounding Amount – \$100,000.

Settlement Amount – With respect to a Non-Defaulting Party, the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement if the total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement if the Gains exceed the total of the Losses and Costs.

Small Commercial and Industrial Class – Group of Rate Schedules that comprise the Small Commercial and Industrial Class for DS Supply and itemized in Appendix C.

Statement – A monthly report prepared by the Company for the DS Supplier indicating the amount due to the DS Supplier by the Company as compensation for DS Supply supplied to DS Customers by the DS Supplier during the current Billing Month, in accordance with DS Supplier’s obligations under this Agreement.

Supply Day – Any calendar day during the term of this Agreement on which the DS Supplier is providing, or is obligated by this Agreement to provide, DS Supply to the Company’s ~~DS Customers~~.

Tangible Net Worth or “TNW” – Total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment – A payment resulting from an Early Termination that is calculated in accordance with Article 5.4.

Tier I AEC – Shall mean an AEC ~~generated by a non-solar photovoltaic energy source~~ that will satisfy the non-solar Tier I requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier I (Solar) AEC – Shall mean an AEC generated by a solar photovoltaic energy source that will satisfy the Tier I solar photovoltaic requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier II AEC – Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar Tier II requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Total Exposure Amount – An amount calculated daily for the DS Supplier reflecting the total credit exposure to the Company and consisting of the sum of (i) the Mark-to-Market Exposure Amount arising under this Agreement; (ii) any amount(s) designated as the “Mark-to-Market Exposure Amount” arising under any other DS Supply agreements providing for “DS Supply” or similar default service; and (iii) the amount designated as the “credit exposure” under any other DS Supply agreements providing for DS Supply or similar default service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche – A fixed percentage share of the Company’s DS Load for the Customer Group as indicated in any given Transaction Confirmation, as specified in Appendix C.

Transaction – Means a particular agreement by which the Company purchases and the DS Supplier sells DS Supply pursuant to this Agreement, the details of which are more fully set forth in Exhibit 1 – Transaction Confirmation.

Transaction Confirmation – Shall have the meaning ascribed to it in Appendix C and Exhibit 1 of this Agreement.

ARTICLE 2: GENERAL TERMS AND CONDITIONS**2.1 Capacity in Which Company Is Entering into this Agreement**

The DS Supplier agrees and acknowledges that the Company is contracting for the provision of DS Supply from such DS Supplier for Customers receiving Default Service on the Company's electric system pursuant to the authorizations provided to the Company. The DS Supplier further agrees and acknowledges that the Company will administer and monitor the DS Supplier's performance in providing DS Supply under this Agreement and that the Company shall be entitled to enforce the DS Supplier's obligations related to the provision of DS Supply. The DS Supplier hereby permanently, expressly and irrevocably waives any claim that Company is not entitled to seek enforcement of this Agreement on behalf of Customers. It is the specific intention of the Parties hereto that Customers and Customer groups are not third party beneficiaries of this Agreement and that no Customer or Customer group shall seek enforcement of this Agreement against the DS Supplier on their own behalf, either independently or by joining in any legal proceeding brought by the Company.

The Parties acknowledge that the Agreement is a forward contract and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that the Agreement may be terminated by either Party upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code in accordance with Article 5.2 of this Agreement.

2.2 Parties' Obligations**(a) Obligations of DS Supplier**

The DS Supplier hereby agrees as follows:

- (i) To provide service on a firm and continuous basis such that the supply delivered for the term of the Agreement meets the terms and conditions set forth in Appendix C;
- (ii) To provide sufficient quantities of DS Supply on an instantaneous basis at all times and supplied to the Delivery Point to meet the DS Supplier Responsibility Share;
- (iii) To procure those services provided by the PJM OI and to perform such functions as may be required by the PJM OI that are necessary for the delivery of DS Supply required hereunder;
- (iv) To cooperate with the Company in any regulatory compliance efforts that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of DS Supply, before the PaPUC, FERC or any other regulatory body asserting jurisdiction;
- (v) To pay to the Company the PMEA/FMEA Adjustment Amount for any Billing Month in which the PMEA exceeds the FMEA, as more fully described in Article 9 of this Agreement;
- (vi) To accept assignment of and to fulfill all obligations of a LSE that are assigned to it by this Agreement;
- (vii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and
- (viii) To comply with the AEPS requirements of the Company's Default Service Plan, as detailed in Appendix E.

(b) Obligations of the Company

The Company hereby agrees as follows:

- (i) To pay to each DS Supplier every month an amount due, resulting from the calculations, as detailed in Article 9 of this Agreement, subject to the adjustments as expressed therein;
- (ii) To pay to the DS Supplier the PMEA/FMEA Adjustment Amount for any Billing Month in which the FMEA exceeds the PMEA, as more fully described in Article 9 of this Agreement;
- (iii) To provide to the DS Supplier its estimated aggregate load obligation (capacity MW value) for each Supply Day no less than five (5) calendar days prior to the day of delivery. Further, this information will be posted in the DS Supplier's specific PJM ~~PowerMeter~~^{MTR} account, or successor system or process;
- (iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company;
- (v) To accept the delivery of DS Supply necessary to meet the DS Load;
- (vi) To be responsible (as between the Company and the DS Supplier) for the provision of the Allocated AECs to satisfy AEPS requirements; and
- (vii) To be the Load Serving Entity for supply purchased under this Agreement.

2.3 Congestion and Congestion Management

The DS Supplier is responsible for any congestion costs incurred to meet the DS Supplier Responsibility Share. The Company shall transfer or assign to the DS Supplier the Company's rights to Auction Revenue Rights (ARRs) to which the Company is entitled

as an LSE pursuant to the PJM Agreements, including the rights to ARRs, provided that such rights are related to the service being provided to meet the DS Supplier Responsibility Share and such rights are for the Delivery Period. All rights, liabilities and obligations associated with such ARRs will accrue and be assumed by the DS Supplier through the transfer or assignment from the Company to the DS Supplier including the responsibility and ability of the DS Supplier to request or nominate such ARRs when applicable and feasible. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM planning period and such ARRs will be allocated to the DS Supplier in accordance with the PJM Agreements based upon its DS Supplier Responsibility Share.

2.4 PJM Services

The DS Supplier shall make all necessary arrangements for the delivery of DS Supply through the PJM OI. The Company will advise the PJM OI of the magnitude and location of each DS Supplier's actual DS Supplier Responsibility Share, as required by the PJM OI, for the purpose of calculating such DS Supplier's appropriate DS Supply requirements related to the provision of service under this Agreement by DS Supplier arising under the PJM Agreements. The DS Supplier shall remain responsible to PJM for the performance of its LSE obligations associated with the provision of DS Supply under this Agreement until the effective date of the transfer of such LSE obligations.

The Company shall generate and provide ~~via a Task Letter Attachment~~ in writing to DS Supplier the PJM shortname(s) associated with supplier's unique contract type(s), as necessary. Unique shortname(s) may be generated for each differing contract type. DS Supplier shall complete all required forms and processing to PJM to create shortname(s)

within the PJM system.

For the period of time this Agreement is in effect, both the Company and DS Supplier shall have executed the PJM Declaration of Authority, and shall remain in effect during the Term of this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by the DS Supplier, DS Supplier agrees to execute a revised Declaration of Authority in accordance with PJM requirements.

2.5 PJM Agreement Modifications

(a) If the PJM Agreements are amended or modified so that any schedule or section reference herein to such agreements is changed, such schedule or section reference herein shall be deemed to automatically (and without any further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement, including the DS Supplier's responsibility for changes in PJM products and pricing during the Term. DS Supplier bears the risk and responsibility of all charges resulting from any changes in PJM products and pricing during the term of this Agreement with the exception of (i) future PJM charges related solely to the Company providing network transmission service, and (ii) those charges identified as EDC responsibility in Appendix D, including for transition costs related to the elimination of through-and-out transmission rates.

2.6 PJM Member Default Cost Allocation

In the event PJM imposes a Default Allocation Assessment upon the Company relating to a default during the Term, the Company shall invoice DS Supplier, and DS Supplier shall pay an amount equal to the product of (i) DS Supplier Responsibility Share, and (ii) the Default Allocation Assessment, ~~less the amounts of any types of charges allocated to the Company under this Agreement that are used by PJM in calculating such Default Allocation Assessment.~~

2.7 Other Fines and Penalties

If fees, fines, penalties, or costs are claimed or assessed against the Company by any Applicable Legal Authority or PJM due to noncompliance by the DS Supplier with this Agreement, any other requirements of law, or the PJM Agreements, the DS Supplier shall indemnify and hold the Company harmless against any and all losses, liabilities, damages, and claims suffered or incurred by the Company, including claims for indemnity or contribution made by third parties against the Company, except to the extent the Company recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.8 Communications and Data Exchange

The DS Supplier and the Company shall supply to each other in a thorough and timely manner all data, materials or other information that is specified in this Agreement, or that may otherwise reasonably be required by DS Supplier or by the Company in connection with the provision of DS Supply by the DS Supplier to DS Customers, if required.

The DS Supplier shall be equipped with the communications capabilities necessary

to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by PJM, and shall exclusively bear the costs of installing, maintaining, testing, and operating all required information technology systems that will enable it to send to and receive data from the Company and PJM and to satisfy its obligations under this Agreement, the PJM Agreements and all other relevant agreements.

2.9 Record Retention

The Company shall retain necessary records for the longer of two years or as required under applicable PaPUC requirements so as to permit DS Supplier to confirm the validity of payments due to DS Supplier hereunder; provided that if a DS Supplier has provided notice pursuant to this Agreement that it disputes the validity of any payments, the Company agrees that it shall retain all records related to such dispute until the dispute is finally resolved.

2.10 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, and provided that a mutually acceptable confidentiality agreement is executed by the Parties, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of relevant portions of the books and records of the other Party.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES

3.1 DS Supplier's Representations and Warranties

The DS Supplier hereby represents, warrants and covenants to the Company on the Effective Date and throughout the term of this Agreement as follows:

(a) It is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, under the laws of such jurisdiction and, in such case, is duly registered and authorized to do business in such other jurisdiction and the Commonwealth of Pennsylvania;

(b) It has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC requirements;

(c) The execution and delivery of this Agreement and the performance of such DS Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the DS Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the DS Supplier's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the DS Supplier is a party or by which the DS Supplier or any of its properties is bound or subject;

(d) All necessary and appropriate action that is required on the DS Supplier's part to execute this Agreement has been completed;

(e) This Agreement is the legal, valid and binding obligation of the DS Supplier, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect

that affect creditors' rights in general or by general principles of equity;

(f) There are no actions at law, suits in equity, proceedings or claims pending or, to the DS Supplier's knowledge, threatened against the DS Supplier before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the DS Supplier's performance of its obligations hereunder;

(g) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

(h) It is in good standing as an LSE in PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations, as established and interpreted by the PJM OI, that are applicable to LSEs as defined by the PJM Agreements; provided that the DS Supplier shall not be obligated to become an LSE in PJM until the date it begins providing DS Supply;

(i) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;

(j) It will comply with any and all information and data transfer protocols that may be adopted by the Company or that are set by, and from time to time modified by, the PaPUC; provided that DS Supplier shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum;

(k) It is not Bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt or insolvent;

(l) There are no pending or, to its knowledge, threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any Governmental Authority, that could materially adversely affect its ability to perform its obligations under this Agreement;

(m) No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(n) It is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement; and

(o) It has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DS Supply as required by this Agreement, and it is an “eligible contract participant” as defined in Section 1a(12) of the Commodity Exchange Act.

3.2 Company’s Representations and Warranties

The Company hereby represents, warrants and covenants to the DS Supplier as follows:

(a) The Company is an electric utility ~~corporation~~ duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

(b) The Company has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;

(c) The execution and delivery of this Agreement and the performance of the Company's obligations hereunder have been duly authorized by all necessary action on the part of the Company and do not and will not conflict with, constitute a breach of or default under, any of the terms, conditions, or provisions of the Company's certificate of incorporation or bylaws or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Company is a party or by which the Company or any of its properties is bound or subject;

(d) All necessary and appropriate action that is required on the Company's part to execute this Agreement has been completed;

(e) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity and the Commission's power under section 508 of the Public Utility Code, 66 Pa.C.S. § 508, to amend or modify the contracts of public utilities;

(f) The ability of the Company to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not conditioned upon any governmental or administrative appropriation by the Commission, the Commonwealth of Pennsylvania or any other governmental authority;

(g) There are no actions at law, suits in equity, proceedings or claims pending or, to the Company's knowledge, threatened against the Company before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially

delay, prevent or hinder the Company's performance of its obligations under this Agreement;

(h) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

(i) The Company's performance under this Agreement is not contingent upon the performance of Customers or the ability of Customers to pay rates;

(j) The Company shall have sole responsibility for metering and billing with respect to Customers; and

(k) The Company shall be responsible for electric distribution services, and the DS Supplier shall not be responsible for distribution charges.

3.3 Survival of Obligations

All representations and warranties contained in this Article are of a continuing nature and shall be maintained during the term of this Agreement or until all amounts due hereunder, including all obligations, have been paid or performed in full. If a Party learns that any of the representations, warranties or covenants in this Agreement are no longer true during the term of this Agreement, the Party shall immediately notify the other Party via facsimile, with a hard copy of the notice delivered by overnight mail. Company, may, in its sole discretion, treat any such materially incorrect or misleading representation or warranty as an Event of Default hereunder.

ARTICLE 4: COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement shall commence upon the Effective Date. Unless

otherwise agreed upon by the Company and the DS Supplier, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement, unless the Agreement is terminated prematurely pursuant to the provisions of this Agreement.

4.2 Termination of Right to Supply

The DS Supplier agrees that termination of this Agreement for reason of an Event of Default shall terminate any right of the DS Supplier to provide DS Supply ~~to the DS Customers~~ and nullify any of the entitlements to which the DS Supplier became entitled as a result of being selected as a winning bidder in the DS Solicitation.

4.3 Survival of Obligations

Termination or expiration of this Agreement for any reason shall not relieve the Company or the DS Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for final billings, including, without limitation, Article 4 (Commencement and Termination of Agreement), Article 5 (Breach and Default), Article 11 (Dispute Resolution), Article 13 (Limitation of Remedies, Liability and Damages), Article 14 (Indemnification), and Article 16 (Miscellaneous Provisions).

4.4 Mutual Termination

The Company and the DS Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement acceptable in form and substance to the Company and the DS

Supplier (“Mutual Termination Agreement”); provided that Company agrees that it shall enter into such a Mutual Termination Agreement, which will discharge the terminating DS Supplier (the “Terminating DS Supplier”) with respect to liabilities arising after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating DS Supplier identifies a replacement DS Supplier willing to assume all obligations of the Terminating DS Supplier hereunder for the remaining term of this Agreement (the “Replacement DS Supplier”); (ii) the Replacement DS Supplier demonstrates its compliance with Article 6 of this Agreement, “Creditworthiness,” as of the effective date of the Mutual Termination Agreement, that determination to be made in the sole discretion of Company; (iii) the Replacement DS Supplier executes a counterpart signature page to this Agreement and thereby becomes a Party under this Agreement, effective immediately following the effective date of the Mutual Termination Agreement; and (iv) the Terminating DS Supplier is not, to the belief or knowledge of the Company, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Company believes that the Terminating DS Supplier may be subject to an Event of Default, either (a) the Company has determined that, as of the effective date of the Mutual Termination Agreement, it has not incurred any Damages as a result of the Event of Default or (b) if the Company has determined, as of the effective date of the Mutual Termination Agreement, that it may have incurred Damages as a result of the Event of Default, that the Replacement DS Supplier has agreed in writing to be responsible for the payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Company in its sole discretion.

ARTICLE 5: BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement shall occur if a Party (the “Defaulting Party”):

- (i) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (ii) Makes an assignment for the benefit of its creditors;
- (iii) Applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (iv) Is dissolved (other than pursuant to a consolidation, amalgamation or merger) or is the subject of a Merger Event in the case of the DS Supplier;
- (v) Has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;
- (vi) Has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vii) In the case of a DS Supplier, PJM terminates the DS Supplier’s ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of DS Supply under this Agreement and PJM does not rescind such termination or assignment of responsibility within seven (7) Business Days;
- (viii) Fails to comply with the creditworthiness requirements as set forth in Article 6 of this Agreement, including, without limitation, compliance with the creditworthiness requirements to cover the Margin calculated under Section 6.5 or post any

Margin due under Section 6.5 of this Agreement, within the time frames set forth in this Agreement;

(ix) Is declared by PJM to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;

(x) Fails to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

(xi) Violates any federal, state or local code, regulation or statute applicable to the supply of ~~Energy and/or AECs~~DS Supply (or any constituent thereof such as Energy or AECs) in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the DS Supplier, by way of failure to maintain any other governmental approvals required for participation in the Pennsylvania retail Energy market, or defaults on any obligation or other failure to comply with PJM requirements under the PJM Agreements;

(xii) Is the subject of an involuntary bankruptcy or similar proceeding;

(xiii) Subject to Section 5.3(b) of this Agreement, in the case of the Company, fails to accept DS Supply properly tendered by the DS Supplier under this Agreement;

(xiv) Fails to perform any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;

(xv) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DS Solicitation; or

(xvi) Commits an act or makes an omission that constitutes an “Event of Default” under any other agreement(s) for the provision of DS Supply between the Company and the DS Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the “Non-Defaulting Party”) is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii) above. Termination or modification of this Agreement by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement.

(xvii) With respect to the DS Supplier’s Guarantor, if any:

1. Representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
2. Guarantor fails to make, when due, any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within two (2) Business Days after written notice;

3. Guarantor's guaranty fails to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; or
4. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty.

5.2 Rights upon Default

Upon and during the continuation of an Event of Default, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Article 5.7. In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to implement all of the following remedies:

(i) Declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement shall immediately terminate automatically and without notice in the case of any Event of Default in which a DS Supplier is the Defaulting Party occurring under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii) of Article 5.1 of this Agreement and such date of automatic termination shall be deemed the Early Termination Date of this Agreement with respect to such Supplier; and

- (ii) Receive Damages in accordance with Section 5.3 of this Agreement.

The Non-Defaulting Party shall be entitled to elect or pursue one or more of the above remedies.

5.3 Damages Resulting from an Event of Default

(a) DS Supplier's Failure to Supply DS Supply or Declaration of Early Termination By Company: Damages resulting from (i) the DS Supplier's failure to (A) provide DS Supply in conformance with Article 2.2 hereof or (B) pay PJM for purchases of any products or services from PJM, or other failure to comply with PJM requirements, such that PJM holds the Company responsible for the provision of DS Supply to meet the DS Supplier's DS Supplier Responsibility Share under this Agreement or (ii) the occurrence of any Event of Default attributable to the DS Supplier resulting in Early Termination, shall include all Costs incurred by the Company, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services and/or in obtaining a replacement supplier, which Costs exceed the amounts that would have been payable to the defaulting DS Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

- (i) The cost of DS Supply allocated to the Company by the PJM OI due to the failure of the DS Supplier to meet obligations owing to the PJM OI in connection with its obligations under this Agreement;

- (ii) The costs of DS Supply purchased by the Company to replace DS Supply that a DS Supplier was obligated to supply under this Agreement during the term hereof;

- (iii) Administrative and legal costs associated with procuring replacement DS

Supply; and

(iv) Financial hedging costs incurred by the Company on behalf of DS Customers as a result of having to procure DS Supply not provided by the DS Supplier.

The Parties further recognize and agree that the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be dependent upon the arrangements made by the Company to obtain replacement services or a replacement DS Supplier. The Company and the DS Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Company of the Settlement Amount on behalf of DS Customers in the event of an Early Termination as set forth in Article 5.4 of this Agreement shall be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages have been finally determined under this Article 5.3, the amounts of Damages due and owing will be reconciled with payments already made by the DS Supplier under Section 5.4 of this Agreement.

(b) Failure by Company on Behalf of Customers to Accept DS Supply Properly Tendered by DS Supplier: Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply properly tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement shall consist of the positive difference (if any) between (i) the amounts that would have been payable to the DS Supplier hereunder had the Company accepted the DS Supply properly tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement and (ii) the amount realized by the DS Supplier in disposing, in a commercially reasonable manner, of the DS Supply not accepted by the

Company; provided, however, that the Company shall not be liable for any Damages if this Agreement is terminated, or modified so as to frustrate or effectively preclude Company's acceptance of the DS Supply, by the PaPUC, other regulatory authority or a court of law.

(c) **Damages Resulting from Early Termination Due to an Event of Default Attributable to the Company:** Damages resulting from Early Termination due to an Event of Default attributable to the Company shall be as set forth in Section 5.4 of this Agreement. Damages calculated in accordance with said Article 5.4 shall be the exclusive remedy available to the DS Supplier in the event of Early Termination resulting from an Event of Default attributable to the Company.

(d) **Damages Resulting from DS Supplier's Failure to Continuously Satisfy its Obligations Associated with the AEPS Obligations:** Damages resulting from the DS Supplier's failure to continuously meet and satisfy all or any portion of its obligations under Section 2.2 (a)(viii) of this Agreement shall include, but not be limited to, the amount of all penalties (including Alternative Compliance Payments), costs associated with the procurement of additional AECs, -etc., including, without limitation, interest and other charges, if any, levied against the Company related to AEPS regulations, due to such DS Supplier's conduct or inaction. DS Supplier has a specific obligation to provide the AECs conforming to PaPUC requirements and not money damages in substitution. Therefore, any such attempt to supply money damages instead of AECs may be treated as an event of default in the sole discretion of Company.

(e) **Other Damages:** Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.

(f) **Waiver of Event of Default:** If an Event of Default has occurred and the

Non-Defaulting Party is the Company, then unless the Event of Default was a failure by the DS Supplier to meet any or all of its DS Supply obligations, the Company may elect, at its sole discretion, to offer to waive the default on such terms and conditions as the Company, at its sole discretion, may deem appropriate to propose a special remedy. Any such special remedy can only be offered to the DS Supplier if it first is specifically approved by the PaPUC in accordance with Commission Orders.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

(a) Settlement Amount

If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the Non-Defaulting Party shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as a date for Early Termination (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement, (ii) to withhold any payments due to the Defaulting Party under this Agreement, and (iii) to suspend performance; provided, however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subsections (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) of Article 5.1 of this Agreement. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement.

“ The DS Supplier may, in its sole discretion, add the following subsection 5.4(a)(i) by checking this box. If DS Supplier does not check this box, subsection 5.4(a)(i) will be deemed to be excluded from this Agreement.”

(i) For the purposes of such determination, the DS Supply provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of this Agreement shall be deemed to be those quantity amounts that would have been delivered on an hourly basis, had this Agreement been in effect during the previous calendar year adjusted for such DS Load changes as may have occurred since the previous calendar year.

(b) Net Out of Settlement Amounts

The Non-Defaulting Party shall calculate a Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply into a single amount by netting out (a) all Settlement Amounts that are due or will become due to the Defaulting Party, plus at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply against (b) all Settlement Amounts that are due or will become due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply, so that all such amounts shall be netted out to a single liquidated amount; provided, however, that if the DS Supplier is the Defaulting Party and the Termination Payment is due to the DS Supplier, the Company shall be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for

additional amounts that may be determined to be due and owing by the DS Supplier as Damages and further provided that any previously attached security interest of the Company in such retained amounts shall continue. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been retained by the Company as security for additional amounts that may be determined to be due and owing by the DS Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the DS Supplier, the Company will pay simple interest on the Termination Payment amount being made to the DS Supplier. Simple interest will be calculated at the lower of the Interest Index or six (6) percent per annum.

(c) Notice of Termination Payment

As soon as practicable after calculation of a Termination Payment, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. Subject to Article 5.4(b) above, the Termination Payment shall be made by the Party that owes it within three (3) Business Days after such notice is effective.

(d) Disputes With Respect to Termination Payment

If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within three (3) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis

for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party as specified in the Termination Payment Dispute Notice.

(e) Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the Effective Date of this Agreement or are entered into after the Effective Date of this Agreement, the Company will calculate a single Termination Payment applicable to all such agreements as set forth herein.

5.5 Step-up Provision

The Company may ask other DS Suppliers whether they wish to assume all or part of the delivery obligations on the same terms and price contained herein, but any DS Supplier shall not be obligated to assume any such step-up requests. Any agreement to make additional supply available shall be termed a “Step-Up,” and is subject to compliance with the creditworthiness provisions of Article 6 of this Agreement and the DS Supplier’s load cap as per the Company’s approved default service procurement plan. For the avoidance of doubt, in the event that the DS Supplier does not respond to the Company’s Step-Up request within the relevant timeframe, then the DS Supplier shall be deemed to have rejected the Company’s request in full.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party

pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Articles 5.4 and 5.7 of this Agreement, shall be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

- (a) Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement.

- (b) Return of Auction Revenue Rights. When the DS Supplier is the Defaulting Party, the DS Supplier will make best efforts to facilitate the transfer or reassignment to the entity which is the replacement DS

Supplier on the Early Termination Date, any and all of the replacement DS Supplier's rights to Auction Revenue Rights (ARRs) to which the replacement DS Supplier is entitled as a LSE pursuant to the PJM Agreements, which were transferred or assigned to the DS Supplier under Section 2.3 (Congestion and Congestion Management).

ARTICLE 6: CREDITWORTHINESS

6.1 Applicability

The DS Supplier agrees that it shall meet the creditworthiness requirements of this Article 6 at all times during the term of this Agreement and shall inform the Company immediately of any changes in its credit rating or financial condition. Without limitation of the foregoing, the DS Supplier shall, upon written request, affirmatively demonstrate to the Company, its compliance with the creditworthiness requirements set forth hereunder. The Company may establish less restrictive creditworthiness requirements under this Article 6 in a non-discriminatory manner.

6.2 Creditworthiness Determination

The DS Supplier may submit and maintain a security deposit in accordance with Section 6.4 of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. The DS Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the DS Supplier believes would improve the determination made by the Company of its creditworthiness. The Company's credit re-evaluation must be completed as soon as ~~possible-practicable~~ but no longer than thirty (30) days after receiving a fully documented request. The Company must provide the rationale for its determination of the credit limit

and any resulting security requirement. The Company must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. DS Supplier shall provide the Company and its agent's unrestricted access to ~~current~~most recent audited financial statements; provided that if current audited financial statements are not available, the Company, in its sole discretion, may specify other types of financial statements that will be accepted.

6.3 Mark-to-Market Credit Exposure Methodology

To calculate the daily exposure for each DS Supplier, the MtM credit exposure methodology will be used. The “mark” for each Billing Month will be determined at the time the auction is completed based on the available Forward Market Prices, and for the remaining Billing Months, it will be derived based on historical data. At the time the auction is completed, the MtM credit exposure for each DS Supplier shall be equal to zero. Subsequently, the differences between the available Forward Market Prices on the valuation date and the “mark” prices for the corresponding Billing Months will be used to calculate the daily credit exposures for each DS Supplier. The total MtM credit exposure will be equal to 1.1 times the sum of the MtM credit exposures for each Billing Month. The methodology for calculation of the MtM credit exposure is illustrated in the example (using hypothetical numbers) set forth in Appendix B hereto.

6.4 Credit Limit

The following criteria constitute the Company's creditworthiness requirements for the DS Supplier, to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer rating) will be used.

(i) For a DS Supplier to be granted an unsecured line of credit, the DS Supplier must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch. The methodology for determining the credit rating to use is set forth in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Appendix A of this Agreement.

The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7 (b) of this Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 of this Agreement;

(ii) For a DS Supplier having a Guarantor, in the case of a Guarantor organized under the laws of the United States, the Guarantor (1) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (2) must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Exhibit 5) will be determined based on the credit matrix table for Guarantors in Appendix A. The DS Supplier will be granted a credit limit equal to the lesser of (i) the amount of the Guaranty as provided to the Company at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Company during the term of this Agreement, or (ii) the Supplier's Maximum Credit Limit. The DS Supplier, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable credit limit during the time period after the Company has made a Margin call but before the DS

Supplier has posted the required Margin. Notwithstanding anything herein to the contrary, the DS Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Company and upon the Company's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, the DS Supplier may request a return of Margin in accordance with Section 6.5 of this Agreement. The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 of this Agreement; or

(iii) For a DS Supplier or Guarantor that has not been incorporated or otherwise formed under the laws of the United States and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles ("GAAP") in the United States, the DS Supplier or Guarantory shall meet all requirements of Sections 6.4(i) and (ii) of this Agreement and shall supply the following additional information:

- a. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the DS Supplier or Guarantor is incorporated or otherwise formed that this Agreement is, or upon completion of execution formalities will become, the binding obligation of the DS Supplier or Guarantor in the jurisdiction in which it has been incorporated or otherwise formed;
- b. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the person executing this Agreement on behalf of the DS Supplier has the authority to execute

the Agreement and that the governing board of the DS Supplier or Guarantor has approved the execution of this Agreement;

- c. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the DS Supplier or Guarantor has been authorized by its governing board to enter into agreements of the same type as this Agreement; and
- d. Such other documents and certificates as may be required by the Company in its sole discretion.

(iv) The posting of cash or a letter of credit as defined in Section 6.7 (b) below for the entire Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of this Agreement the Total Exposure Amount, rounded up by the Rounding amount, exceeds the DS Supplier's or the Guarantor's credit limit by the Minimum Transfer Amount (MTA), then the Company, on any Business Day, may request that the DS Supplier provide cash or a letter of credit in an acceptable form as defined in Article 6.7(b) of this Agreement (see standard format in Exhibit 4), in an amount equal to the Margin (less any Margin posted by the DS Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply).

If the DS Supplier receives written notice for Margin from the Company by 1:00 p.m. New York time on a Business Day, then the DS Supplier shall post Margin the next following Business Day, if posting cash, and by the second Business Day following the date of notice, if posting a letter of credit, unless the Company agrees in writing to extend

the period to provide Margin. If the DS Supplier receives notice for Margin from the Company after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then the DS Supplier must post Margin the second Business Day following the date of notice unless the Company agrees in writing to extend the period to provide Margin. The Company will not unreasonably deny a request for a one-day extension of such period. In the event that the DS Supplier fails to post Margin when due in accordance with this Article 6.5, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the Company will be entitled to the remedies set forth in Article 5 of this Agreement.

(b) Surplus Margin being held by the Company that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the DS Supplier upon receipt of a written request by the DS Supplier. Surplus Margin means cash or a letter of credit posted by the DS Supplier as a result of a request by the Company pursuant to Article 6.5(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's credit limit (rounded up by the Rounding Amount). If the resulting Surplus Margin amount is more than the Minimum Transfer Amount, it will be returned to the DS Supplier. If the DS Supplier posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day and if the DS Supplier posted cash and notice is received by the Company after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. If the DS Supplier posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the

amendment to the letter of credit is received from the issuing bank, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. The DS Supplier will not unreasonably deny a request for a one-day extension of such period. In the event that the Company fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the DS Supplier will be entitled to the remedies set forth in Article 5 of this Agreement.

6.6 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the DS Supplier posted Margin/collateral hereunder, the DS Supplier hereby grants to the Company a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, the Company, and the DS Supplier and the Company agree to take such action as is reasonably required to perfect the secured Party's first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of the Company with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the DS Supplier in the possession of the Company, whether held in connection with this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply; (iii) draw on any

outstanding letter of credit issued for its benefit; and (iv) liquidate all security held by or for the benefit of the Company free from any claim or right of any nature whatsoever of the DS Supplier, including any equity or right of purchase or redemption by the DS Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the DS Supplier's obligation under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply (the DS Supplier remaining liable for any amounts owing to the Company after such application), subject to the Company's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related security or deposit transfers shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or ~~facsimile~~electronic mail transmission (with the original transmitted by any of the other aforementioned delivery methods, unless agreed to otherwise by the parties) addressed as follows:

If to a DS Supplier to:

Copy to:

If to the Company to: James H. Milligan, ~~Assistant~~ Treasurer

Duquesne Light Company

Mail Drop 7-3

411 Seventh Avenue, Pittsburgh, PA 15219

jmilligan@duqlight.com

Copy to: ~~Joan Jenkins, Procurement Analyst~~Energy Procurement

Mail Drop 15-1

Duquesne Light Company

411 Seventh Avenue, Pittsburgh, PA 15219

energysupply@duqlight.com

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by ~~facsimile~~ electronic mail transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically, ~~or~~ in writing, or by responding in the same electronic mail conversation chain.

6.7 Security Instruments

At each DS Supplier's choice, the following are deemed to be acceptable methods for posting security, if required:

- (a) Cash; or
- (b) A standby irrevocable letter of credit acceptable to the Company, in its sole discretion, issued by a domestic bank (or a domestic branch of an international bank) or other domestic financial institution (or a domestic branch of an international financial institution) with a minimum "A-" senior unsecured debt rating (or, if unavailable, equivalent corporate issuer rating ~~discounted one notch~~) from S&P or Fitch and "A3" from Moody's (see standard format in Exhibit 4). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If the Company receives notice from the issuing financial institution that the letter of credit is being cancelled, the DS Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the

Company thirty (30) days before the cancellation date of the original letter of credit. If the DS Supplier fails to supply a substitute letter of credit as required, then the Company will have the right to draw on the existing letter of credit and to hold the amount as Margin.

If the credit rating of a bank or other financial institution from which a DS Supplier has obtained a letter of credit falls below the levels specified in Article 6 of this Agreement, the DS Supplier shall have two (2) Business Days following written notice by the Company to obtain a suitable letter of credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by the Company. The Company shall have no obligation under this Agreement or otherwise to make or grant such extension.

6.8 Maintenance of Creditworthiness

(a) Reporting of Changes

The DS Supplier shall promptly notify the Company of any change in its credit rating or financial condition or that of its Guarantor. The DS Supplier or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the request of the Company.

(b) Change in Credit Standing

The Company will re-evaluate the creditworthiness of a DS Supplier whenever it becomes aware of an adverse change, through the provision of notice by the DS Supplier or otherwise, in the DS Supplier's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine the DS Supplier's Maximum Credit Limit or its credit limit adversely changes, the Company will require additional security from the DS Supplier in accordance with Sections 6.4 of this

Agreement. The additional security must be in a form acceptable to the Company in its sole discretion, as specified in Article 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6.9 Calling on Security

The Company may call upon the security posted by the DS Supplier if the DS Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply after all of the following events occur:

- (a) Written Notice of Default is provided to the DS Supplier; and
- (b) Any applicable cure period associated with the written Notice of Default ends.

The foregoing notwithstanding, the security posted by the DS Supplier shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) of Section 5.1 of this Agreement.

6.10 Interest on Cash Held by Company

The Company will pay simple interest calculated at the lower of the Interest Index or six (6) percent per annum on all cash held by the Company pursuant to this Agreement. Each Billing Month, the Company will prepare a statement of interest amounts due to the DS Supplier. The statement will be sent to the DS Supplier within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Company shall make interest payments on the first Business Day after the 5th day of each calendar month.

6.11 No Endorsement of DS Supplier

The Company's determination that a DS Supplier is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the DS Supplier. The Company will treat all DS Suppliers in a non-discriminatory manner and shall provide no preference to any DS Supplier.

6.12 Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the effective date of this Agreement or is entered into after the effective date of this Agreement, the Company will calculate the Margin applicable to all such agreements as set forth in Appendix A of this Agreement; provided, however, that if another agreement has a more stringent credit threshold, then the more stringent credit threshold shall apply. Each DS Supplier that is a party to such other agreements with the Company for the provision of DS Supply hereby agrees that such other agreements are deemed amended by this Agreement for the purpose of calculating the Margin as described herein.

**ARTICLE 7: PROCEDURES FOR ENERGY SCHEDULING,
CAPACITY RESOURCE SUBMISSION AND
TRANSMISSION PROCUREMENT****7.1 Load Obligations**

The Company and the DS Supplier acknowledge and agree that (1) the Company shall determine the DS Load, (2) the Company shall allocate the DS Supply obligation using the DS Supplier Responsibility Share, (3) the Company shall provide the DS

Supplier's DS Supply obligation to PJM, and (4) the DS Supplier shall be responsible for meeting its DS Supply obligations as a LSE under the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for DS Supplier's DS Load shall be as set forth by PJM.

7.3 Energy Scheduling

The Company is not obligated to provide any day ahead scheduling services. If the Company chooses to provide such services, the information provided is not guaranteed by the Company.

ARTICLE 8: THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement by PJM

The settlement process occurs at PJM to reflect the DS Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for each DS Supplier will be determined based on the DS Supplier Responsibility Share of the DS Load. The reconciled total DS Energy obligation will be based on the final total Energy loads for the Customers receiving DS service, including de-rating adjustments for marginal losses.

Any adjustments for billing and metering errors reported subsequent to the calculation of FMEA will be proportionally allocated by the Company to the DS Suppliers based on the respective DS Supplier Responsibility Share.

8.2 Energy Settlement by the Company

In the event that actual DS Customer consumption data is not available until after the PJM deadline for conducting the final settlement, the Company will conduct the

settlement process with the DS Supplier. In the event PJM imposes penalties against the Company as a result of the DS Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company to the DS Supplier as part of this settlement process. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the DS Supplier.

ARTICLE 9: BILLING AND PAYMENT

9.1 The Company Payment of Obligations to the DS Supplier

The Company shall pay all amounts due to the DS Supplier hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier.

- For Fixed Price Transactions, this Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown in Appendix C for each hour of the Billing Month.
- For Hourly Price Transactions, this Statement will show the aggregate amounts due based on the DS Fixed Price Adder For Hourly Price Service multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown in Appendix C for each hour of the Billing Month, plus the DS Variable Payments used to determine the PMEA for each hour of the Billing Month.

(b) The Statement will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(c) The Company shall make payment on the first Business Day after the 19th day of each calendar month.

(d) To the extent that the FMEA differs from the PMEA, the Company shall pay or charge the DS Supplier for the PMEA/FMEA Adjustment Amount within the PJM deadline for conducting the final settlement.

(e) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.

(f) Payments shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(g) The Company shall make payments of funds payable to the DS Supplier by electronic transfer to a bank designated by the DS Supplier.

(h) If a good faith dispute arises between the Company and the DS Supplier regarding a Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Statement in dispute. Statement disputes shall be

addressed promptly and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

(i) If payment is made to the DS Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

(j) If Seller does enter more than one transaction with Buyer, Buyer may provide a single invoice listing the relevant information detailed.

9.2 Billing for DS Supplier’s Obligations to Other Parties

The Company shall have no responsibility for billing between the DS Supplier and PJM; the DS Supplier and any Energy or Capacity source; or the DS Supplier and any other third party. The Company will be solely responsible for billing DS Customers for Default Service.

9.3 The DS Supplier Payment of Obligations to the Company

The DS Supplier shall pay all Charges it incurs hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company shall submit an invoice to the DS

Supplier for all Charges owed by the DS Supplier under this Agreement. The DS Supplier shall make payment for Charges shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(c) The DS Supplier shall make payments of funds payable to the Company by electronic transfer to a bank designated by the Company.

(d) If a good faith dispute arises between the Company and the DS Supplier regarding an invoice, the disputing Party shall pay only the undisputed portion of the invoice, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the due date of the invoice in dispute. Billing disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a billing dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a bill dispute was received by the non-disputing Party.

(e) If payment is made to the Company after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as

may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

ARTICLE 10: SYSTEM OPERATION

The Parties shall adhere to any applicable operational requirements of PJM necessary to protect the integrity of the transmission system within the PJM Control Area and the transmission systems of interconnected control areas, and shall satisfy any and all PJM, RFC and NERC criteria, when applicable. The DS Supplier shall also adhere to any applicable operational requirements of the Company necessary to protect the integrity of the Company’s local distribution system.

10.1 Disconnection and Curtailment by the Company

The Company shall have the right, without incurring any liability to the DS Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the DS Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever the Company determines in the exercise of its good faith discretion, or when the Company is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company’s facilities, or due to any other reason affecting the safe and reliable operation of the Company’s or a Customer’s facilities, including, without limitation, an Emergency, forced outage or potential overloading of the Company’s transmission and/or distribution circuits, potential damage to any Customer’s facilities or any risk of injury to persons or property.

10.2 Inadvertent Loss of Service to DS Customers

The Parties agree and acknowledge that service to DS Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Company affecting the transmission and distribution system of the Company. Neither Party will have any liability to the other Party for the occurrence of such events except for the Company's obligation to pursue steps for the resumption of the disrupted service as set forth in Section 10.3 below. In no event will an inadvertent loss of service affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 Good Faith Efforts

The Company shall use good faith efforts to minimize any curtailment, interruption or reduction in service to DS Customers to the extent reasonably practicable under the circumstances.

10.4 PJM Requirements

The DS Supplier acknowledges and agrees that, as a member of PJM, the Company is bound by all PJM operating instructions, policies and procedures as are currently set forth in the PJM Operating Manual, which are available through the Internet on the PJM Home Page (<http://www.pjm.com>), as may be revised from time to time, which are needed to maintain the integrity of the PJM system. The DS Supplier acknowledges and agrees that it will cooperate with the Company so that the Company will be in compliance with all PJM Emergency Operations Procedures, which include, but are not limited to, those procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full

interruption of Customer load by either manual or automatic means.

10.5 Compliance with Governmental Directives

The DS Supplier also acknowledges and agrees that the Company may need to act in response to governmental or civil authority directives which may affect DS Customer load. The DS Supplier agrees to cooperate with the Company in order to comply with said directives.

ARTICLE 11: DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

Before pursuing resolution of any dispute arising out of this Agreement (other than an Event of Default under Article 5.1(i)-(ix), (xii), or (xvi)), the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Article 11.1 (Informal Resolution of Disputes), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Index from the original due date through the date of payment.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

After the requirements of Article 11.1 (Informal Dispute Resolution) have been satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the appropriate authority. Nothing in this Agreement shall restrict the rights

of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act (“FPA”), with the PaPUC under relevant provisions of the Applicable Legal Authorities, with the Allegheny County Court of Common Pleas or with the Western District of Pennsylvania Federal Court. The Party’s agreement hereunder is without prejudice to any Party’s right to contest the jurisdiction of the agency or court ~~listed above~~ to which a complaint is brought.

The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement freely and in good faith and that the terms of this Agreement have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement should be considered under any standard of review other than the “public interest” standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”).

ARTICLE 12: REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance with Applicable Legal Authorities

The Company and the DS Supplier are subject to, and shall comply with, all existing or future applicable federal, State and local laws, all existing or future duly-promulgated orders or other duly-authorized actions of PJM or of Applicable Legal Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of descriptions of procedures or processes utilized by PJM or otherwise subject to the jurisdiction of FERC is intended solely for informational purposes. If anything stated herein is found by the FERC to conflict with or be inconsistent with any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by PJM are duly modified, the applicable FERC rule, regulation, order, determination or modification shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company and/or the DS Supplier, if applicable, shall use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

12.3 Energy Efficiency, Conservation, and Retail Market Programs

DS Supplier acknowledges that DS Customers may participate in energy efficiency and conservation programs offered by the Company (required by Applicable Legal Authorities or otherwise offered by the Company whether voluntarily or not), by PJM, or

by other third parties and, for the avoidance of doubt, any programs offered or conducted by the Company or other entities relating to or arising from the PaPUC's Investigation of Pennsylvania's Retail Electricity Market, PaPUC Docket No. I-2011-2237952 (including legislation enacted to address the Commission's Final Order in Docket No. I-2011-2237952), and that such participation may reduce or change the amount of DS Supply that DS Supplier is required to provide and the amount of monies it may receive under this Agreement. The Company shall have no obligation whatsoever to DS Supplier with respect to the effect, if any, of such programs. DS Supplier is solely responsible for determining the effect, if any, of such programs on future load requirements.

ARTICLE 13: LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

13.1 Limitations on Liability

Except as set forth in this Agreement, there is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed. The Parties confirm that the express remedies and measures of Damages provided in this Agreement satisfy the essential purposes hereof. For breach of any provision for which an express remedy or measure of Damages is provided, such express remedy or measure of Damages shall be the sole and exclusive remedy, the obligor's liability shall be limited as set forth in such provision and all other remedies or Damages at law or in equity are waived. If no remedy or measure of Damages is expressly provided herein, the obligor's liability shall be limited to direct actual Damages only, such direct actual Damages shall be the sole and exclusive remedy, and all other remedies or Damages at law or in equity are waived. Unless expressly herein provided, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect Damages, lost profits or other business interruption

Damages, by statute, in tort or contract, under any indemnity provision or otherwise. It is the intent of the Parties that the limitations herein imposed on remedies and the measure of Damages be without regard to the cause or causes related thereto, including the negligence or any Party, whether such negligence by sole, joint or concurrent, or active or passive. To the extent any Damages required to be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and the Damages calculated hereunder constitute a reasonable approximation of the harm or loss.

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 of this Agreement, the Company shall be deemed to have custody and control of the electric Energy delivered by the DS Supplier upon receipt thereof ~~into at the point of delivery identified in Appendix C the Company's distribution system~~ and until delivery thereof at the retail electric meter of the Customer, and the DS Supplier shall be deemed to have custody and control of the DS Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of DS Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such DS Supply while in its custody and control and shall indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14: INDEMNIFICATION

14.1 Indemnification

(a) Should the Company become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to

or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the DS Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the DS Supplier has otherwise assumed liability under the terms of this Agreement, the DS Supplier shall defend (at the Company's option), indemnify and hold harmless the Company, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, and shall appoint counsel at DS Supplier's expense, subject to the approval of Company, to defend any such claims or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Company. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(b) Should the DS Supplier (the "Indemnified DS Supplier") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the Company with respect to an obligation arising under or in connection with this Agreement, or for which the Company has otherwise assumed liability under the terms of this Agreement, the Company shall defend (at the option of the Indemnified DS Supplier), indemnify and hold harmless the Indemnified DS Supplier, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part

by the gross negligence or willful misconduct of the Indemnified DS Supplier. The Indemnified DS Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(c) If either Party intends to seek indemnification under Article 14.1(a) or 14.1(b), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld, conditioned or delayed.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article shall survive termination of this Agreement and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any statutory scheme, including any Worker's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

ARTICLE 15: FORCE MAJEURE

15.1 Force Majeure

Notwithstanding anything in this Agreement to the contrary, the Parties shall be

excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform, during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfill the requirements set forth in Article 15.2 (Notification).

15.2 Notification

A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE 16: MISCELLANEOUS PROVISIONS

16.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by overnight express mail or courier service. Notice may also be provided via e-mail or facsimile transmission (with the original transmitted by any of the other delivery methods specified in the previous sentence) addressed per the notification information for the DS Supplier and Company as set forth in Exhibit 2 hereto.

Such notices, demands or requests shall also be provided to such other person at

such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day shall be deemed received on the next Business Day.

16.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of this Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

16.3 Effect of Regulatory or Legislative Actions

- (a) The Parties agree that the Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving the Company's full and current recovery of said costs, the Company may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.
- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfers the Company's obligation to procure or supply DS Supply to a third party(ies), this Agreement may be transferred to such

third party~~(ies)~~ in accordance with the provisions of Section 16.4 below.

The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.

- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 16.3 above, the Parties agree that the Company shall not be liable for any costs or damages incurred or otherwise associated with (i) the transfer of the Company's obligation to obtain or provide DS Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide DS Supply from DS Supplier.

16.4 Assignment

Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained. Any assignment in violation of this Section 16.4 shall be void; provided, however, the Company may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the DS Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Company, or to a third party in accordance with Section 16.3(b), if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. The DS Supplier may, with prior written notice to the Company but without obtaining the approval of the Company, assign the accounts, revenues or proceeds under this Agreement to a third party. The Company agrees that, following receipt of such notice of the

assignment of accounts, revenues or proceeds and such other documentation that the Company may reasonably request, the Company will pay amounts becoming due to the assigning DS Supplier under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to the DS Supplier, and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Company arising under this Agreement.

16.5 Governing Law and Venue

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Pennsylvania State court or Federal court of competent jurisdiction and within reasonably close proximity to the Company. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.6 Regulatory Approvals

DS Supplier agrees to cooperate, to the fullest extent necessary, to obtain any and all required State, Federal or other regulatory approvals of the Agreement and/or Transaction Confirmations hereunder. The commencement of the Delivery Period and the obligations hereto are subject to (i) the receipt or waiver by Company of all Company required regulatory approvals, (ii) the receipt or waiver by DS Supplier of all DS Supplier

required regulatory approvals, and (iii) Pennsylvania PUC approval.

16.7 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

16.8 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto and nothing in this Agreement shall be construed to create any duty or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

16.9 General Miscellaneous Provisions

(a) This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligation or liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

(b) Cancellation, expiration or Early Termination of this Agreement shall not relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.

(c) Should any provision of this Agreement be held invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof unless it materially changes the agreement of the Parties; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any

Transaction in order to give effect to the original intention of the Parties.

(d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all proposals (oral or written), understandings, representations, conditions, warranties, covenants and all other communications between the Parties relating thereto. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement or any Transaction.

16.10 Taxes

As between the Parties: (i) the DS Supplier is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of DS Supply under this Agreement; and (ii) the Company is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on retail sales of DS Supply under this Agreement. Should the DS Supplier be required to remit any Pennsylvania State Sales and Use Taxes directly to the applicable taxing authority, other than taxes previously collected by the DS Supplier on behalf of the Company, the Company will defend and indemnify the DS Supplier for such Sales and Use Taxes and will pay to the DS Supplier all such tax amounts upon demand. If any Transaction is exempt from the

payment of any such taxes, the affected DS Supplier will, if requested, provide the Company with valid tax exemption certificates. Should the Company be required to remit any such taxes directly to any applicable taxing authority, other than taxes previously collected by the Company directly from the DS Supplier, the DS Supplier will defend and indemnify the Company and will pay to the Company all such tax amounts upon demand.

16.11 Audit

Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Article 9 (Billing and Payment) and 9.1(i) (Interest on Unpaid Balances) of this Agreement.

16.12 Rules of Interpretation

The following principles shall be observed in the interpretation and construction of this Agreement:

- (a) Unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
- (b) All titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be

ignored in construing or interpreting the obligations of the parties under this Agreement;

- (c) References to the singular include the plural and vice versa;
- (d) References to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;
- (e) In carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and
- (f) If any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

16.13 Confidentiality

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such

third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation; or (v) such disclosure is made to PJM or PaPUC and is necessary in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.

(b) Notwithstanding any other provision of this Section 16.12, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 16.12, and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(d) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.12. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under this Article 16.12, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.14 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation (“FAR”), 48 Code of Federal Regulations Chapter 1, should be deemed to apply to this Agreement, the DS Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

- 1) Clean Air and Water: § 52.223-2;
- 2) Contract Work Hours and Safety Standards Act-Overtime Compensation: § 52.222-4;
- 3) Equal Opportunity: § 52.222-26;
- 4) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: § 52.222-35 and § 52.222-37;
- 5) Affirmative Action for Handicapped Workers: § 52.222-36; and
- 6) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: § 52.219-8 and § 52-219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR shall prevail.

16.15 Binding Terms

This Agreement and the rates, terms and conditions herein shall remain in effect for the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the FPA, if the FPA is deemed to have jurisdiction over this Agreement, including on the grounds that they are not just and reasonable.

16.16 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties prior to such amendment becoming effective. Except as provided in Appendix C, the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement should be considered under any standard of review other than the “public interest” standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”).

16.17 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

16.18 Successors

This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:

DUQUESNE LIGHT COMPANY

Title: ~~Manager, Procurement & Settlement~~ _____

By: _____
Name: ~~C. James Davis, Jr.~~ _____

Title: _____
~~Director, Rates and Energy Procurement & Federal/RTO Affairs~~

ATTEST:

[INSERT]

Title: _____

By: _____
Name: _____
Title: _____

APPENDIX A- MAXIMUM UNSECURED CREDIT

Credit Rating Matrix Tables for EDC's

EDC: Duquesne Light Company

Credit Rating of the DS Supplier			Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap
A- and above	A3 and above	A- and above	16%	\$60,000,000
BBB +	Baa1	BBB +	10%	\$40,000,000
BBB	Baa2	BBB	7%	\$30,000,000
BBB-	Baa3	BBB-	3%	\$20,000,000
Below BBB-BB+	Below Baa3Ba1	Below BBB-BB+	0%	\$0
BB	Ba2	BB	0%	\$0
BB-	Ba3	BB-	0%	\$0
Below BB-	Below Ba3	Below BB-	0%	\$0

Credit Rating Determination Methodology

The DS Supplier or its Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the DS Supplier or its Guarantor is rated by all three accepted rating agencies (S&P, Moody's and Fitch), and the ratings are split, the lowest rating will be used. **Minimum Rating** – The lowest credit rating for a DS Supplier, as set forth in this Appendix A, that can obtain unsecured credit.

APPENDIX B – METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Parameters

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

1. On-Peak Initial Mark Price
2. Off-Peak Initial Mark Price
3. MW-Measure
4. On-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
5. Off-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
6. Number of awarded ~~Bid Blocks~~ Tranches

In calculating the MtM Exposure for each Transaction, the following parameters are set each Business Day subsequent to the Transaction Date:

- 1) On-Peak Forward Price
- 2) Off-Peak Forward Price
- 3) Current Capacity PLC Per Bid Block
- 4) On-Peak Estimated Energy Quantity
- 5) Off-Peak Estimated Energy Quantity

Determination of On-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub On-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly On-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes.

Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that On-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the On-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the On-Peak Forward Price for the given month may be updated based on the changes in On-Peak Forward Price quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Determination of Off-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub Off-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly Off-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from the average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes. Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that Off-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the Off-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the Off-Peak Forward Price for the given month may be updated based on the changes in Off-Peak Forward Price

quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Example of Disaggregating Aggregate Quotes

The following is an example of the process to be used for disaggregating Aggregate Quotes:

- a. Aggregate Quote only available for January – March: \$60/MWh.
- b. Immediate Prior Calendar year quotes for January, February, and March as follows:

January: \$42/MWh

February: \$45/MWh

March: \$40/MWh

- c. Calculations as follows:

1. Calculate Average price in (b) = \$42.33/MWh

2. Calculate monthly deviation from Average:

January: 99.2% ($\$42/\42.33)

February: 106.3% ($\$45/\42.33)

March: 94.5% ($\$40/\42.33)

3. Disaggregate the Aggregate Quote by applying percentages from c.(2) to the available aggregate quote:

January: \$59.53 ($\$60 \times 99.2\%$)

February: \$63.78 ($\$60 \times 106.3\%$)

March: \$56.69 ($\$60 \times 94.5\%$)

Mark-To-Market Example

Necessary Information from a Transaction Confirmation:		
Delivery Period:	June 1, 2011 - May 31, 2012	
Bid Blocks:	3	(j)
Estimated Energy Quantity Per MW-Measure:		
	On-Peak MWh (k)	Off-Peak MWh (l)
Jan	11800	8300
Feb	13000	9100
Mar	9100	6400
Apr	7200	5000
May	8800	6200
Jun	12900	9000
Jul	15200	10600
Aug	16000	11200
Sep	9500	6700
Oct	8300	5800
Nov	9800	6900
Dec	10900	7600

Business Day on which MtM is Calculated:	June 24, 2011
MW-Measure:	50.0 MW (m)
Current Capacity PLC Per Bid Block:	40.0 MW (n)
Percent of On-Peak Hours Remaining in Current Month:	18.2% (o)
Percent of Off-Peak Hours Remaining in Current Month:	21.7% (p)

MtM Exposure Calculation									
	a	b	c	d	e=c-a	f=d-b	g=k*n/m*j*o	h=l*n/m*j*p	i=(e*g)+(f*h)
	On-Peak Initial Mark Price \$/MWh	Off-Peak Initial Mark Price \$/MWh	On-Peak Forward Price \$/MWh	Off-Peak Forward Price \$/MWh	Change In On-Peak Price \$/MWh	Change In Off-Peak Price \$/MWh	Estimated On-Peak Energy Quantity MWh	Estimated Off-Peak Energy Quantity MWh	MtM Exposure
Jun-11	57.04	27.95	58.48	28.65	1.44	0.70	5,629	4,696	\$ 11,393
Jul-11	72.81	31.31	75.26	32.36	2.45	1.05	36,480	25,440	\$ 116,088
Aug-11	72.81	34.23	74.28	34.91	1.47	0.68	38,400	26,880	\$ 74,726
Sep-11	45.56	24.15	47.31	25.08	1.75	0.93	22,800	16,080	\$ 54,854
Oct-11	43.23	23.34	46.09	24.89	2.86	1.55	19,920	13,920	\$ 78,547
Nov-11	43.23	25.50	46.40	27.38	3.17	1.88	23,520	16,560	\$ 105,691
Dec-11	43.23	26.36	44.86	27.36	1.63	1.00	26,160	18,240	\$ 60,881
Jan-12	50.73	38.55	54.45	41.39	3.72	2.84	28,320	19,920	\$ 161,923
Feb-12	50.73	39.06	53.61	41.29	2.88	2.23	31,200	21,840	\$ 138,559
Mar-12	45.23	30.75	47.64	32.39	2.41	1.64	21,840	15,360	\$ 77,825
Apr-12	45.23	25.78	48.01	27.36	2.78	1.58	17,280	12,000	\$ 66,998
May-12	47.06	24.94	49.06	26.00	2.00	1.06	21,120	14,880	\$ 58,013
									\$ 1,005,499

CALCULATION OF MTM EXPOSURE FOR HOURLY PRICE TRANSACTIONS

The MtM Exposure for an Hourly Price Transaction shall be calculated as follows. During the first month of the term of a Transaction, the MtM Exposure shall be equal to Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche. Thereafter, the MtM Exposure shall be calculated on the first Business Day of each month during the term of a Transaction and shall be deemed equal to the product of: (i) Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche; (ii) the ratio of the Current Capacity PLC Per Tranche to the MW-Measure; (iii) the number of Tranches awarded to the DS Supplier per the Transaction Confirmation; and (iv) the ratio of the calendar days remaining in the Delivery Period to the total calendar days in the Delivery Period. The following definitions shall apply for the purposes of this calculation:

“Capacity Peak Load Contribution” or “Capacity PLC” means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer’s retail load settlement process, and used by PJM in determining the DS Supplier’s capacity obligation for each Transaction.

“Current Capacity PLC Per Tranche” is the Capacity PLC of a Tranche as of the Business Day the MtM Exposure is calculated for the Transaction.

“MW-Measure” means the Current Capacity PLC Per Tranche as of the Transaction Date.

APPENDIX C - DS SUPPLY SPECIFICATIONS

~~a. With respect to a Transaction, DS Supplier shall provide DS Supply on a firm and continuous basis. The terms of the Transaction shall be set forth in a Transaction Confirmation to this SMA, in a form as set forth in Exhibit 1. As used herein and in the Transaction Confirmation, The following DS Supply specifications will be specified in Transaction Confirmations to this Supplier Master Agreement (SMA).~~

~~1)~~

~~2) **Product:**~~

~~3) Full Requirements Service shall mean, meaning all of the following necessary services or products that are required to supply the DS Responsibility Share for the DS Customers associated with the Transaction Confirmation, including:~~

~~1) Energy, Capacity, transmission (except for Network Integration Transmission Service), Ancillary Services, Alternative Energy Credits for compliance with the AEPS Act, transmission and distribution system losses, congestion management costs, and such other products and services that are required except for distribution service.~~

~~2) The Transaction Confirmation shall, *inter alia*, specify the following terms with respect to a Transaction: (i) the Product (typically, Full Requirements Service); (ii) the DS Customer group associated with the applicable DS Load; (iii) the Delivery Point at which the DS Supplier shall deliver the DS Supply; (iv) the Delivery Period during which the DS Supplier shall deliver the DS Supply; (v) the number of Tranches; (vi) the DS Supplier Responsibility Share; (vii) for Fixed Price Transactions, the total number of AECs associated with each Tranche; and (viii) the DS Fixed Price or Fixed Price Adder, as applicable, for each Tranche.~~

4) ~~_____ The Company and DS Supplier shall be responsible for their respective PJM Billing Statement Line Item Credits and Charges associated with a Transaction as described in Appendix D, Responsibilities for PJM Billing Line Items as Defined in Applicable PJM Agreement or Manual. Company and DS Supplier agree to communicate with PJM as may be necessary to ensure that PJM transfers all PJM Billing Statement Line Item Credits and Charges to the appropriate party.~~

5) _____

3) ~~_____ Appendix D describes Company and DS Supplier Responsibilities for PJM Billing Statement Line Item Credits and Charges associated with the Product.~~

4) ~~_____ The DS Supplier shall comply with all applicable requirements described in Appendix E, DS Suppliers' Obligations For AEPS Compliance. associated with the AEPS Act as described in this Supplier Master Agreement and in Appendix E.~~

5) ~~_____ Except as provided in Paragraph 1 above, DS Supplier bears the risk of any other changes in PJM products and pricing during the term of all Transactions under this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Paragraph 1 above or other new PJM charges and costs, charged to network transmission customers, that DS Supplier believes the Company should recover through retail rates because they are directly related to the Company's obligations, then Company may file with the PaPUC a request for approval to recover such new costs. DS Supplier is required to intervene in any such proceeding before the PaPUC. Such new costs can only be charged to the Company to the extent that the PaPUC approves the Company's recovery of those costs. DS Supplier agrees to be bound by the decision of the PaPUC (subject to the normal rules for appeal of the~~

decision of the PaPUC) and waives all claims concerning this issue before the FERC.

Notwithstanding the foregoing, nothing in the Agreement shall preclude DS Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

~~6) — The Transaction Confirmation shall, *inter alia*, specify the following terms with respect to a Transaction: (i) the Product; (ii) the DS Customer group associated with the applicable DS Load; (iii) the Delivery Point at which the DS Supplier shall deliver the DS Supply; (iv) the Delivery Period during which the DS Supplier shall deliver the DS Supply; (v) the number of Tranches; (vi) the DS Supplier Responsibility Share; (vii) the total number of AECs associated with the Transaction~~

~~Appendix E further describes DS Supplier responsibilities for compliance with the AEPS Act in the product specification.~~

DS Customer Group:

Each Transaction Confirmation shall be associated with DS Supply to one of the following

DS Customer categories, or their successors, as defined in the DS Tariff:

<u>Customer Group</u>	<u>Rate Schedule</u>	<u>Description</u>
<u>Residential & Lighting</u>	<u>RS</u>	<u>Residential Service</u>
	<u>RH</u>	<u>Residential Service Heating</u>
	<u>RA</u>	<u>Residential Service Add-On Heat Pump</u>
	<u>AL</u>	<u>Architectural Lighting Service</u>
	<u>SE</u>	<u>Street Lighting Energy</u>
	<u>SM</u>	<u>Street Lighting Municipal</u>
	<u>SH</u>	<u>Street Lighting Highway</u>
	<u>PAL</u>	<u>Private Area Lighting</u>
<u>Small Commercial & Industrial</u>	<u>GS</u>	<u>General Service Small</u>
	<u>GM < 25kW</u>	<u>General Service Medium – Demand less than 25kW</u>
	<u>GMH < 25kW</u>	<u>General Service Medium Heating – Demand less than 25kW</u>
	<u>UMS</u>	<u>Unmetered Service</u>
<u>Medium Commercial & Industrial</u>	<u>GM ≥ 25kW and < 200kW</u>	<u>General Service Medium – Demand equal to or greater than 25kW and less than 200kW</u>
	<u>GMH ≥ 25kW and < 200kW</u>	<u>General Service Medium Heating – Demand equal to or greater than 25kW and less than 200kW</u>
<u>Large Commercial & Industrial HPS-Eligible</u>	<u>GM ≥ 200kW</u>	<u>General Service Medium – Demand equal to or greater than 200kW</u>
	<u>GMH ≥ 200kW</u>	<u>General Service Medium – Demand equal to or greater than 200kW</u>
	<u>GL</u>	<u>General Service Large</u>
	<u>GLH</u>	<u>General Service Heating</u>
	<u>L</u>	<u>Large Power Service</u>
	<u>HVPS</u>	<u>High Voltage Power Service</u>

Residential & Lighting;

Small Commercial and Industrial (annual peak demands less than 25kW);

~~Medium Commercial and Industrial (annual peak demands greater than or equal to 25kW and less than 2300kW);~~

~~Large Commercial and Industrial (annual peak demands greater than or equal to 2300kW)~~

~~**Service Type:**~~

~~Residential & Lighting : RA, RS, RH, AL, SE, SM, SH, PAL~~

~~Small Commercial and Industrial : GS, GM < 25 kW, GMH < 25 kW, MTS/UMS, UMS~~

~~Medium Commercial and Industrial : GM > 25 kW, GMH > 25 kW~~

~~Large Commercial and Industrial : GL, GLH, L, HVPS~~

~~**Delivery Point:**~~

~~Duquesne Residual Aggregate Zone in PJM Pnode 116472943~~

~~**Delivery Period:**~~

~~Will be specified in Transaction Confirmations to this SMA.~~

~~**Number of Tranches and Percentage for Each Tranche:**~~

~~Will be specified in Transaction Confirmations to this SMA.~~

~~**DS Supplier Responsibility Share:**~~

~~Fixed percentage share of DS Load for DS Customer Group associated with Transaction Confirmation. Typically, number of tranches won x Tranches Percentage for the DS Customer Group. Will be specified in Transaction Confirmations to this SMA.~~

~~**Seasonal Billing Factor:**~~

~~None used.~~

APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL

ID #	PJM Billing Statement Line Items	Responsible Party	
		EDC	DS Supplier
ID#	CHARGES		
1000	Amount Due for Interest on Past Charges		DS Supplier
1100	Network Integration Transmission Service	EDC	
1101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
1102	Network Integration Transmission Service (exempt)	EDC	
<u>1103</u>	<u>Underground Transmission Service</u>	<u>EDC</u>	
1104	Network Integration Transmission Service Offset	EDC	
1108	Transmission Enhancement	EDC	
1109	MTEP Project Cost Recovery		DS Supplier
1110	Direct Assignment Facilities		DS Supplier
<u>1115</u>	<u>Transmission Enhancement Settlement (EL05-121-009)</u>	<u>EDC</u>	
1120	Other Supporting Facilities		DS Supplier
1130	Firm Point-to-Point Transmission Service		DS Supplier
1133	Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier

1136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
1138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
1140	Non-Firm Point-to-Point Transmission Service		DS Supplier
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
1147	Neptune Unscheduled Usage Billing Allocation		DS Supplier
1155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
1157	Linden Unscheduled Usage Billing Allocation		DS Supplier
1165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
1167	Hudson Unscheduled Usage Billing Allocation		DS Supplier
1200	Day-ahead Spot Market Energy		DS Supplier
1205	Balancing Spot Market Energy		DS Supplier
1210	Day-ahead Transmission Congestion		DS Supplier
1215	Balancing Transmission Congestion		DS Supplier
<u>1216</u>	<u>Pseudo-Tie Balancing Congestion Refund</u>		<u>DS Supplier</u>
1218	Planning Period Congestion Uplift		DS Supplier
1220	Day-ahead Transmission Losses		DS Supplier
1225	Balancing Transmission Losses		DS Supplier
1230	Inadvertent Interchange		DS Supplier
1240	Day-ahead Economic Load Response		DS Supplier

1241	Real-time Economic Load Response		DS Supplier
1242	Day-ahead Load Response Charge Allocation		DS Supplier
1243	Real-time Load Response Charge Allocation		DS Supplier
1245	Emergency Load Response		DS Supplier
1250	Meter Error Correction		DS Supplier
1260	Emergency Energy		DS Supplier
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		DS Supplier
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		DS Supplier
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		DS Supplier
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		DS Supplier
1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		DS Supplier
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		DS Supplier
1307	PJM Scheduling, System Control and Dispatch Service – Market Support Offset		DS Supplier
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		DS Supplier
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		DS Supplier
1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		DS Supplier
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		DS Supplier
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		DS Supplier
1313	PJM Settlement, Inc.		DS Supplier

1314	Market Monitoring Unit (MMU) Funding		DS Supplier
1315	FERC Annual Charge Recovery		DS Supplier
1316	Organization of PJM States, Inc. (OPSI) Funding		DS Supplier
1317	North American Electric Reliability Corporation (NERC)		DS Supplier
1318	Reliability First Corporation (RFC)		DS Supplier
1320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
1340	Regulation and Frequency Response Service		DS Supplier
1350	Energy Imbalance Service		DS Supplier
1360	Synchronized Reserve		DS Supplier
1362	Non-Synchronized Reserve		DS Supplier
1365	Day-ahead Scheduling Reserve		DS Supplier
1370	Day-ahead Operating Reserve		DS Supplier
1371	Day-ahead Operating Reserve for Load Response		DS Supplier
1375	Balancing Operating Reserve		DS Supplier
1376	Balancing Operating Reserve for Load Response		DS Supplier
1377	Synchronous Condensing		DS Supplier
1378	Reactive Services		DS Supplier
1380	Black Start Service		DS Supplier
<u>1390</u>	<u>Fuel Cost Policy Penalty</u>		<u>DS Supplier</u>
1400	Load Reconciliation for Spot Market Energy		DS Supplier
1410	Load Reconciliation for Transmission Congestion		DS Supplier
1420	Load Reconciliation for Transmission Losses		DS Supplier

1430	Load Reconciliation for Inadvertent Interchange		DS Supplier
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		DS Supplier
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		DS Supplier
1442	Load Reconciliation for Schedule 9-6 – Advanced Second Control Center		DS Supplier
1444	Load Reconciliation for Market Monitoring Unit Funding		DS Supplier
1445	Load Reconciliation for FERC Annual Charge Recovery		DS Supplier
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		DS Supplier
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		DS Supplier
1448	Load Reconciliation for Reliability First Corporation (RFC)		DS Supplier
<u>1449</u>	<u>Load Reconciliation for Consumer Advocates of PJM States, Inc. (CAPS) Funding</u>		<u>DS Supplier</u>
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1460	Load Reconciliation for Regulation and Frequency Response Service		DS Supplier
1470	Load Reconciliation for Synchronized Reserve		DS Supplier
1472	Load Reconciliation for Non-Synchronized Reserve		DS Supplier
1475	DASR Load Reconciliation		DS Supplier
1478	Load Reconciliation for Operating Reserve		DS Supplier
1480	Load Reconciliation for Synchronous Condensing		DS Supplier
1490	Load Reconciliation for Reactive Services		DS Supplier
1500	Financial Transmission Rights Auction		DS Supplier
1600	RPM Auction		DS Supplier
1610	Locational Reliability		DS Supplier

1611	CP Transitional Locational Reliability		DS Supplier
1650	Non-Unit Specific Capacity Transaction		DS Supplier
1660	Demand Resource and ILR Compliance Penalty		DS Supplier
1661	Capacity Resource Deficiency		DS Supplier
1662	Generation Resource Rating Test Failure		DS Supplier
1663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1664	Peak Season Maintenance Compliance Penalty		DS Supplier
1665	Peak-Hour Period Availability		DS Supplier
1666	Load Management Test Failure		DS Supplier
1670	FRR LSE Reliability		DS Supplier
1680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
1681	FRR LSE Capacity Resource Deficiency		DS Supplier
1682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
1683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
1685	FRR LSE Peak-Hour Period Availability		DS Supplier
1686	FRR LSE Load Management Test Failure		DS Supplier
1687	FRR LSE Schedule 9-5		DS Supplier
1688	FRR LSE Schedule 9-6		DS Supplier
1710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
1712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
1720	RTO Start-up Cost Recovery		DS Supplier
1730	Expansion Cost Recovery	EDC	

1900	Unscheduled Transmission Service		DS Supplier
1910	Ramapo Phase Angle Regulators		DS Supplier
1911	Michigan – Ontario Interface Phase Angle Regulators		DS Supplier
1920	Station Power		DS Supplier
1930	Generation Deactivation	EDC	
1932	Generation Deactivation Refund	EDC	
1950	Virginia Retail Administrative Fee		DS Supplier
1952	Deferred Tax Adjustment	EDC	
1955	Deferral Recovery		DS Supplier
1980	Miscellaneous Bilateral		DS Supplier
1995	PJM Annual Membership Fee		DS Supplier
1999	PJM Customer Payment Default		DS Supplier
ID#	CREDITS		
2100	Network Integration Transmission Service	EDC	
2101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
2102	Network Integration Transmission Service (exempt)	EDC	
<u>2103</u>	<u>Underground Transmission Service</u>	<u>EDC</u>	
2104	Network Integration Transmission Service Offset	EDC	
2106	Non-Zone Network Integration Transmission Service	EDC	
2108	Transmission Enhancement	EDC	
2109	MTEP Project Cost Recovery		DS Supplier
2110	Direct Assignment Facilities		DS Supplier
2120	Other Supporting Facilities		DS Supplier

2130	Firm Point-to-Point Transmission Service		DS Supplier
2132	Internal Firm Point-to-Point Transmission Service		DS Supplier
2133	Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier
2136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
2138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
2140	Non-Firm Point-to-Point Transmission Service		DS Supplier
2142	Internal Non-Firm Point-to-Point Transmission Service		DS Supplier
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
2155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
2165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
2210	Transmission Congestion		DS Supplier
<u>2211</u>	<u>Day-ahead Transmission Congestion</u>		<u>DS Supplier</u>
<u>2215</u>	<u>Balancing Transmission Congestion</u>		<u>DS Supplier</u>
2217	Planning Period Excess Congestion		DS Supplier
2218	Planning Period Congestion Uplift		DS Supplier
2220	Transmission Losses		DS Supplier
2240	Day-ahead Economic Load Response		DS Supplier
2241	Real-time Economic Load Response		DS Supplier

2245	Emergency Load Response		DS Supplier
2260	Emergency Energy		DS Supplier
2320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
2340	Regulation and Frequency Response Service		DS Supplier
2350	Energy Imbalance Service		DS Supplier
2360	Synchronized Reserve		DS Supplier
2362	Non-Synchronized Reserve		DS Supplier
2365	Day-ahead Scheduling Reserve		DS Supplier
2370	Day-ahead Operating Reserve		DS Supplier
2371	Day-ahead Operating Reserve for Load Response		DS Supplier
2375	Balancing Operating Reserve		DS Supplier
2376	Balancing Operating Reserve for Load Response		DS Supplier
2377	Synchronous Condensing		DS Supplier
2378	Reactive Services		DS Supplier
2380	Black Start Service		DS Supplier
<u>2415</u>	<u>Balancing Transmission Congestion Load Reconciliation</u>		<u>DS Supplier</u>
2420	Load Reconciliation for Transmission Losses		DS Supplier
2500	Financial Transmission Rights Auction		DS Supplier
2510	Auction Revenue Rights		DS Supplier
2600	RPM Auction		DS Supplier
2620	Interruptible Load for Reliability		DS Supplier
2630	Capacity Transfer Rights		DS Supplier

2640	Incremental Capacity Transfer Rights		DS Supplier
2650	Non-Unit Specific Capacity Transaction		DS Supplier
2660	Demand Resource and ILR Compliance Penalty		DS Supplier
2661	Capacity Deficiency Resource		DS Supplier
2662	Generation Resource Rating Test Failure		DS Supplier
2663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2664	Peak Season Maintenance Compliance Penalty		DS Supplier
2665	Peak-Hour Period Availability		DS Supplier
2666	Load Management Test Failure		DS Supplier
2670	FRR LSE Reliability Credit		DS Supplier
2680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
2681	FRR LSE Capacity Resource Deficiency		DS Supplier
2682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
2683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
2685	FRR LSE Peak-Hour Period Availability		DS Supplier
2686	FRR LSE Load Management Test Failure		DS Supplier
2687	FRR LSE Schedule 9-5		DS Supplier
2688	FRR LSE Schedule 9-6		DS Supplier
2710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
2712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
2720	RTO Start-up Cost Recovery		DS Supplier
2730	Expansion Cost Recovery	EDC	

2910	Ramapo Phase Angle Regulators		DS Supplier
2912	CT Lost Opportunity Cost Allocation		DS Supplier
2930	Generation Deactivation	EDC	
2932	Generation Deactivation Refund	EDC	
2950	Virginia Retail Administrative Fee		DS Supplier
2952	Deferred Tax Adjustment	EDC	
2955	Deferral Recovery		DS Supplier
2980	Miscellaneous Bilateral		DS Supplier
2996	Annual PJM Cell Tower		DS Supplier
2997	Annual PJM Building Rent		DS Supplier

APPENDIX E – DS SUPPLIER’S OBLIGATIONS FOR AEPS COMPLIANCE

~~To satisfy AEPS w~~With respect to the DS Supplier’s Responsibility Share, DS Supplier shall ~~fulfill the following obligations:~~

~~(1) Providing~~Provide sufficient AECs for each ~~Tranche~~, in accordance with the schedule provided below ~~awarded via the DS Solicitation. It is DS Supplier’s obligation to supply actual AECs. Failure to do so may in the discretion of Company constitute an Event of Default under this Agreement.~~

~~(2) Provide actual AECs that conform to all applicable PaPUC or other legal requirements in effect as of the date that the AECs are provided to the Company. If such requirements change by law or any other reason, DS Supplier shall be responsible for any incremental costs associated with ensuring that the AECs it provides to the Company conform to such requirements then in effect.~~

Provide

~~(1)~~(3) AECs ~~shall be provided~~ on a six (6) month basis or at the end of any Delivery Period, if the Delivery Period is less than six (6) months, and shall be transferred to the Company within 30 days from the final day of any such six month period or Delivery Period; provided; however, that if the term of any Delivery Period includes two different AEPS reporting years, then DS Supplier shall provide the AECs required for the first AEPS reporting year by June 30th of each year.

~~(2)~~(4) ~~Paying~~ any ~~AEPS~~ penalties, costs, charges, ~~etc.~~ damages, or other fees assessed against the DS Supplier and/or the Company associated with the DS Supplier’s non-performance with this Agreement or any other applicable requirements related to AEPS requirements.

~~(3)(5)~~ Submitting to the Company proof of ~~AEPS~~ compliance under this Agreement in such form and manner as may be required by the Company.

~~(4)(6)~~ Providee to the Company all information the Company may require to comply with the AEPS Act and its implementing regulations and other ~~r~~Requirements of ~~l~~Law, including, but not limited to the price paid per AEC required by 73 Pa. C.S. § 1648.3(e)(8).

This Appendix E shall confirm the Alternative Energy Portfolio Standards Obligation of the Transaction agreed to on [Month, Day, Year] ("Bid Proposal Due Date").

With respect to Transactions for Full Requirements Service, the DS Supplier shall deliver AECs conforming to all applicable requirements ~~Alternative Energy Portfolio Standards Obligations~~ for the period beginning [Month, Day, Year] based on a percentage of the total MWh supplied by DS Supplier, in accordance with the following schedule:

<u>Compliance Period</u>	<u>Tier 1</u>	<u>PV</u>	<u>Tier 2</u>
6/1/2017 – 5/31/2018	6.5%	0.3400%	8.2%
6/1/2018 – 5/31/2019	7.0%	0.3900%	8.2%
6/1/2019 – 5/31/2020	7.5%	0.4433%	8.2%
6/1/2020₁ – 5/31/2022₁	8.07.5%	0.05000%	—
—10.0%			

The percentages set forth above are those applicable for the first ~~DS RFP auction in DSP IX~~ and may be revised for future ~~RFPs-DS Auctions~~ to reflect changes in law or other applicable ~~regulatory~~ requirements. Unless the PaPUC or other authority with jurisdiction implements ~~re~~ ~~are~~ changes related to ~~to PA-AEPS~~, compliance obligations for periods beyond 6/1/2021 to 5/31/2022, obligations will remain at the 6/1/2021 to 5/31/2022 percentages. These are subject to revision if there are changes from the Pennsylvania AEPS Administrator.

For each compliance period during the Delivery Period, the number of AECs that a DS Supplier is obligated to provide may be reduced by a pre-determined number of AECs allocated to the

DS Supplier (“Allocated AECs”). The number of Allocated AECs will be defined prior to the Transaction Date. Any Allocated AECs will not be transferred to the DS Supplier; but instead, ~~the DS Supplier’s AEPSC obligations will be reduced by a pro rata share of the Allocated AECs, will be credited to that DS Supplier’s AEPSC obligation and~~ the Allocated AECs will remain the property of the Company.

The above amounts are estimates and will vary based on actual load served. DS Supplier will need to true-up, higher or lower, actual credits needed based on ~~Monthly Settlement Amount~~ final reconciled settlement data from PJM.

~~DS Supplier shall be responsible to deliver AECs that conform to all applicable PaPUC or other legal requirements in effect as of the date that the AECs are provided to the Company. If Alternative Energy Portfolio Requirements such requirements change by law or any other reason, DS Supplier shall be responsible for any incremental costs associated with ensuring that the AECs it provides to the Company conform to such requirements then in effect providing the credits at its expense in order to comply with its obligations under Full Requirements Service.~~

| *& Federal/RTO Affairs*

TRANSACTION CONFIRMATION FOR HOURLY PRICE TRANSACTIONS

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated [Month, Day, Year] (**Date of the Contract/RFP/DS Auction**) between Duquesne Light Company (“Company”) and [INSERT] (“DS Supplier”). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on [Month, Day, Year] (**Date of the current RFP-DS Auction for the tranches the won and will be serving**) (“Transaction Date”).

Product: Full Requirements Service

DS Customer Group: ~~Large Commercial and Industrial~~HPS-Eligible Class

Delivery Point: Duquesne Residual Aggregate Zone in PJM Pnode 116472943

Delivery Period: [Month, Day, Year] through [Month, Day, Year]

Number of Tranches: [INSERT]

DS Fixed Percentage: [INSERT] % of DEFAULT SERVICE Load (for applicable customer class)

DS Fixed Price Adder
For Hourly Price Service: [INSERT AVERAGE PRICE] per MWh
Tranche 1 at [INSERT] per MWh
Tranche 2 at [INSERT] per MWh

In addition to the DS Fixed Price Adder For Hourly Price Service above, the Statement prepared in accordance with Section 9.1(a) also will include DS Variable Payments based on the Company’s billed Hourly Price Service formula rate designed to recover the costs of energy, capacity, ancillary services, and PJM administrative costs found in Rider No. 9 of the DS Tariff. The DS Variable Payments associated with serving the DS Supplier Responsibility Share of the DS Supply for ~~Large Commercial and Industrial~~HPS-Eligible Class are based on a) hourly energy charges provided at the day-ahead PJM locational marginal prices based on the customer’s real time metered hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, and b) capacity charges equal to the full PJM Reliability Pricing Model capacity price for the Duquesne Zone, and shall recover the charges associated with the customer’s share of the Company’s capacity obligation assigned by PJM, plus the charges for capacity based ancillary services. The PMEA/FMEA Adjustment Amount calculated in accordance with Section 9.1 (d) will include: any adjustments to account for changes in the hourly energy or capacity volumes used to calculate the energy, ancillary services, capacity and other charges. The DS Variable Payments to Hourly Price Service suppliers will not include Pennsylvania gross receipts taxes or the fixed retail administrative charge (other than the DS Fixed Price Adder For Hourly Price Service) included in the DS Tariff.

<u>Alternative Energy Portfolio Standards - Reporting Period</u>	<u>AEC Allocation per Tranche, (AECs)</u>	<u>Total AEC Allocation (AECs)</u>
<u>2021-22</u>		
<u>2022-23</u>		

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation by email to the Company at energysupplyjenkins@duqlight.com. The signatories to this Transaction must have the authority to enter into this Transaction.

Duquesne Light Company [INSERT]

By: _____ By: _____

Name: _____ ~~C. James Davis, Jr.~~ _____

Name: _____

Title: _____ ~~Director, Rates and Energy Procurement~~

Title:

_____ ~~& Federal/RTO Affairs~~ _____

|

EXHIBIT 2
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

Buyer: Duquesne Light Company
DS Supplier: [INSERT]

All Notices:

Street: 411 Seventh Ave.
City/State/Zip: Pittsburgh, PA 15219
Attn: Chief Financial Officer
Facsimile: (412) 393-1190
Duns: 007915606
Federal Tax ID Number: 25-0451600

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: Supply Procurement – ~~Joan Jenkins~~ John Peoples
Phone: (412) 393-~~1077~~6385
~~Facsimile: (412) 393-5659~~ Email: jpeoples@duqlight.com

Facsimile:

Invoices:

Attn:

Phone:

Scheduling:

Attn: Scheduling – John Peoples
Phone: (412) 393-6385
Email: jpeoples@duqlight.com ~~Facsimile: (412) 393-5659~~

Facsimile:

Scheduling:

Attn:

Phone:

Payments:

Attn: Accounting – Jaime Bachota
Phone: (412) 393-1122
Email: jbachota@duqlight.com ~~Facsimile: (412) 393-6760~~

Facsimile:

Payments:

Attn:

Phone:

Wire Transfer:

BNK: ~~Mellon Bank, N.A.~~
ABA: ~~043000261~~
ACCT: ~~0008061~~

Wire Transfer

BNK:

ABA:

ACCT:

Credit and Collections:

Attn: ~~Assistant~~ Treasurer – James Milligan
Phone: (412) 393-1216
Email: jmilligan@duqlight.com ~~Facsimile: (412) 393-6760~~

Facsimile:

Credit and Collections:

Attn:
Phone:

With additional Notices of an

Event of Default to:

Attn: Legal Department – Tishekia Williams
Phone: (412) 393-1541
Email: twilliams@duqlight.com ~~Facsimile: (412) 393-5757~~

Facsimile:

With Additional Notices of an

Event of Default to:

Attn:
Phone: _____

EXHIBIT 3
PJM DECLARATION OF AUTHORITY

~~_____~~ This Declaration of Authority (“Declaration”) is made this ~~_____~~ day of ~~_____~~ Month, ~~_____~~ Year by the following:

~~PARTY A: DUQUESNE LIGHT COMPANY (“Party A”)~~

~~PARTY B: _____ (“Party B”).~~

RECITALS

~~_____~~ WHEREAS, PJM is a Regional Transmission Organization (“RTO”) subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”);

~~_____~~ WHEREAS, PJM Settlement, Inc. (“PJM Settlement”) is a Pennsylvania Non-Profit Corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM. References to “PJM” in this Declaration are intended to apply to PJM and/or PJM Settlement, as appropriate, with regard to their respective functions.

~~_____~~ WHEREAS, PJM and PJM Settlement administer centralized markets that clear various electric energy and energy related products among multiple buyers and sellers;

~~_____~~ WHEREAS, PJM additionally exercises operational control over its members’ transmission facilities whereby PJM provides open access transmission service and control area functions, including economic dispatch and emergency response to ensure reliability;

~~_____~~ WHEREAS, Party A is a PJM Member and seeks to obtain, or is obtaining, services provided or administered by PJM, seeks to participate, or is participating in, markets administered by PJM, or seeks to engage in, or is engaging in, operations that use or affect the integrated transmission system operated by PJM;

~~_____~~ WHEREAS, such activities or contemplated activities by Party A and Party B are governed by rights and obligations established by or under the PJM Open Access Transmission Tariff (“Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), the Reliability Assurance Agreement Among Load-serving Entities in the MAAC Control Zone (“RAA”), and other agreements, manuals, and practices of PJM (the Tariff, the Operating Agreement, the RAA, and such other agreements manuals, and practices of PJM, the “PJM Agreements”); and

~~WHEREAS, Party A and Party B desire to declare to PJM their respective authorities concerning such rights and obligations, intend that PJM rely upon such declaration, and acknowledge that PJM may rely upon such declaration to its detriment.~~

DECLARATION

~~NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy and completeness of the declarations made below, Party A and Party B, as identified below, make the following declarations:~~

~~1. Exclusivity of Party B's Authority.~~

~~Pursuant to a binding, legally enforceable agreement, Party A has authorized Party B to act for Party A with respect to certain rights and responsibilities as specified in Section 2 of this Declaration ("the Authorized Rights and Responsibilities"). With respect to the Authorized Rights and Responsibilities, Party B is authorized to communicate and transact with PJM as Party A's sole and exclusive Party B, and PJM is authorized to communicate and transact directly and exclusively with Party B as Party A's Party B. With respect to Authorized Rights and Responsibilities, Party A will abide by any direction issued by PJM to Party B.~~

~~2. Specification of Authorized Rights and Responsibilities.~~

~~In the following parts (a) through (h), Party A and Party B specify the rights and responsibilities with respect to which Party B is authorized to act for Party A. Specification shall be effective only if both Party A and Party B have placed the initials of their authorized representatives in the space provided for each applicable right or responsibility from among the options provided below:~~

~~(a) Load Server Responsibilities.~~

~~Party B is authorized to satisfy Party A's obligations as a Load Serving Entity under the RAA, including, without limitation, its obligations to provide Unforced Capacity, submit capacity plans, provide or arrange for Capacity Resources, satisfy Accounted for Obligations and Peak Season Maintenance Obligations, comply with any capacity audits, make payment of all deficiency, data submission, and emergency procedure charges incurred, coordinate planning and operation of Capacity Resources with other parties; and develop and submit planned outage schedules.~~

~~Party B is authorized to satisfy Party A's obligations under the Tariff, RAA and to provide or arrange for transmission service to its loads; provide or arrange for sufficient reactive capability, voltage control facilities, and black start capability for service to its loads; submit firm transmission service schedules, and designate Network Resources and other points of receipt and delivery for transmission service. Party B is authorized to~~

~~request changes to the transmission service required for service to Party A's loads, and to enter into, on Party A's behalf, any feasibility, system impact, facilities study, or other agreements required to process such request for a change in service.~~

~~Party B is authorized to satisfy Party A's rights and obligations under the Tariff and Operating Agreement to submit bids on, obtain, administer, and receive payments or credits for Financial Transmission Rights and Auction Revenue Rights with respect to service to Party A's loads.~~

~~Party B is authorized to provide data required by PJM with respect to service to Party A's loads, including, but not limited to, data required for coordination of operations, accounting for all interchange transactions, preparation of required reports and maintenance schedules, and analysis of system disturbances.~~

~~Party B is authorized to provide the facilities and personnel required to coordinate operations with PJM and other PJM Members.~~

~~(b) Electric Distributor Responsibilities:~~

~~Party B is authorized to satisfy Party A's rights and obligations as an Electric Distributor under the Operating Agreement, including, but not limited to, assuring the continued compatibility of its local energy management, monitoring, and telecommunications systems with PJM's technical requirements; providing or arranging for the services of a 24-hour local control center to coordinate with PJM; providing to PJM all system, accounting, customer tracking, load forecasting, and other data necessary or appropriate to implement or administer the Operating Agreement, RAA; shedding connected load, initiating active load management programs, and taking such other coordination actions as may be necessary in accordance with PJM's directions in Emergencies; maintaining or arranging for a portion of its connected load to be subject to control by automatic underfrequency, under voltage, or other load shedding devices; and complying with the underfrequency relay obligations and charges specified in the Operating Agreement.~~

~~(c) Generator Responsibilities:~~

~~Party B is authorized to operate the Party A's generation resources in all events, including, but not limited to, in the event of Emergencies, and shall operate such resources in a manner that is consistent with the standards, requirements or directions of PJM and that will permit PJM to perform its obligations under the Operating Agreement, Tariff, RAA, and other applicable agreements, manuals, and practices.~~

~~_____ Party B is authorized to ensure that the required portion of Party A's Capacity Resources have the ability to go from a shutdown condition to an operating condition and start delivering power without assistance from the power system.~~

~~_____ Or _____~~

~~_____ Party B is authorized to direct the operation of Party A's generation resources by relaying PJM's instructions to the resource in all events, including, but not limited to, in the event of Emergencies, and shall direct such resources in a manner that is consistent with the standards, requirements or directions of PJM and that will permit PJM to perform its obligations under the Operating Agreement, Tariff, RAA, and other applicable agreements, manuals, and practices.~~

~~_____ Party B is authorized to communicate with PJM in all matters concerning the provision of capacity, energy, or ancillary services from Party A's generation resources, including, without limitation, information required in connection with Capacity Resources, dispatch of any unit, provision of reactive power, regulation, synchronous condensing, spinning or other reserves, establishment or maintenance of a unit as a Black Start Unit, satisfaction of must run obligations, and costs or revenue requirements for any product or service offered by any such unit.~~

~~_____ Party B is authorized to provide information on outages of Party A's generation facilities, whether planned, forced, or for maintenance, and to coordinate such outages with PJM~~

~~_____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Feasibility Study, System Impact Study, or Facilities Study Agreements.~~

~~_____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Construction Service Agreements.~~

~~_____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Interconnection Service Agreements.~~

~~_____ Party B is authorized to receive from PJM historic and real time data collected by PJM from, or provided to PJM by, Party A with respect to Party A's generation resources.~~

~~_____ Party B is authorized to act on behalf of Party A for the following specific unit(s) in Party A primary and subaccounts:~~

~~Resource Name: _____ Resource ID: _____~~

~~(d) Market Buyer/Market Seller Responsibilities.~~

~~Party B is authorized to satisfy Party A's rights and obligations as a Market Buyer or Market Seller under the Operating Agreement, including, but not limited to, arranging for a Market Operations Center capable of real time communication with PJM during normal and Emergency conditions; reporting to PJM sources of energy available for operation; providing to PJM scheduling and other information, including, but not limited to, maintenance and other anticipated outages of generation or transmission facilities, scheduling and related information on bilateral transactions and self-scheduled resources, and implementation of active load management, interruption of load, and other load reduction measures; obtaining Spot Market Backup for bilateral transactions; submitting to PJM binding offers to purchase or sell energy and ancillary services in compliance with all applicable Offer Data specifications; responding to PJM's directives to start, shut down or change output levels of generation units, or change scheduled voltages or reactive output levels; responding to PJM's directives to schedule delivery or change delivery schedules for external resources; and following PJM's directions to take actions to prevent, manage, alleviate or end an Emergency.~~

~~(e) Billing and Payment Responsibilities.~~

~~In connection with all rights and responsibilities specified by Party A and Party B in any of subparts (a) through (d) of this Section, Party B shall be billed for, and shall make payment to PJM for, all charges, penalties, costs and fees. (If this option is not specified, PJM will issue billings to, and collect amounts due from, Party A.)~~

~~In connection with all rights and responsibilities specified by Party A and Party B above, Party B is entitled to receive from PJM in Party B's account all credits, revenues, distributions, and disbursements. (If this option is not specified, PJM will pay such amounts to Party A.)~~

~~(f) General Membership Responsibilities.~~

~~Party B is authorized to participate and vote in all PJM committees, working groups, and other stakeholder bodies on Party A's behalf.~~

~~Party B is authorized to participate on Party A's behalf in the regional transmission expansion planning process.~~

~~Party B is authorized to provide information or otherwise cooperate on Party A's behalf in connection with any investigation or request for information~~

~~by PJM or the PJM Market Monitoring Unit in accordance with the Operating Agreement and Attachment M to the Tariff. (If this option is specified, PJM and the PJM Market Monitoring Unit shall have the right to request and obtain such information from Party B and/or Party A.)~~

~~Party B shall be billed for, and shall make payment of, Party A's costs of membership in PJM, including payment of the Membership fee, and payment of any other general assessments on the PJM members, including, but not limited to, amounts assessed as a consequence of defaults by other Members.~~

~~(g) Additional Responsibilities.~~

~~Party B has been Authorized other rights and responsibilities of Party A as specified on Attachment "A" to this Declaration.~~

~~(h) Limitation on Responsibilities.~~

~~The rights and responsibilities specified in parts (a) through (f) above apply to a limited portion of Party A's facilities or loads located in the PJM Region, as specified on Attachment "B" to this Declaration, and to no other facilities or loads of Party A.~~

~~**3. Continuing Responsibilities and Liabilities of Party A.**~~

~~3.1 The Authorized Rights and Responsibilities are the only rights and responsibilities under the PJM Agreements for which Party B is authorized to act for Party A, and Party A retains all rights and responsibilities under the PJM Agreements not specified by Party A and Party B in Section 2.~~

~~3.2 With respect to the Authorized Rights and Responsibilities, and notwithstanding any other provision of this Agreement, Party A shall remain liable to PJM for all amounts due or to become due to PJM under the PJM Agreements, and Party B's authorization to make payment of any such amounts hereunder (if specified in Section 2) shall not release Party A from liability for any financial obligations to PJM not satisfied by Party B.~~

~~**4. Reliance and Indemnity, Duty to Inform, Liability Waiver, and Rules of Construction.**~~

~~4.1 Party A and Party B each recognizes, accepts and intends that PJM will rely, upon on the truth, accuracy and completeness of the declarations herein in matters including but not limited to creditworthiness and in assuring compliance with the PJM Agreements. Party A and Party B each recognizes and accepts that PJM or its members may suffer losses and damages if any~~

~~declaration is or becomes untrue, inaccurate or incomplete, and each agrees to indemnify PJM for any such losses and damages.~~

~~4.2 Party A and Party B each has a continuing duty to notify PJM if and when any declaration herein ceases to be truthful, accurate or complete. Until such time as PJM receives written notification of any change to any declaration, in accordance with the terms contained herein, PJM shall be entitled to rely perpetually on this Declaration as governing its relationship with Party A and Party B as to the subject matter of this Declaration. Written notice of changes to the declarations contained herein must be provided by Party A (PJM Member) to PJM at least thirty days in advance of their effectiveness. If Party B is also a PJM Member, then both parties will be required to provide thirty days prior written notification in order for such changes to be effective. Such notification is required for changes to the declarations and responsibilities contained herein and/or termination of this Declaration. Upon such termination, all rights, responsibilities and accounts will revert back to the original status quo prevailing before the Declaration became effective. Should less than thirty days notice be provided, PJM shall use its best efforts to accommodate and process the declarations herein, but all attempts should be made to provide such notice.~~

~~4.3 Nothing in this Declaration shall be construed to create or give rise to any liability on the part of PJM and Party A and Party B expressly waive any claims that may arise against PJM under this Declaration. This Declaration shall not be construed to modify any of the PJM Agreements and in the event of conflict between this Declaration and a PJM Agreement, the applicable PJM Agreement shall control.~~

~~4.4 Capitalized terms used herein that are not defined herein have the meanings given in the PJM Agreements, as applicable.~~

~~4.5 The Recitals are hereby incorporated into the body of this Declaration.~~

~~IN WITNESS WHEREOF, Party A and Party B execute this Declaration to be effective as of the date written above or upon receipt of a fully executed original by PJM, whichever date is later.~~

PARTY A:	_____	PARTY B:	_____
Signature:	_____	Signature:	_____
Name: C. James Davis, Jr.	_____	Name:	_____
Title: Director, Rates and Energy Procurement & Federal/RTO Affairs	_____	Title:	_____
Company: Duquesne Light Company	_____	Company:	_____

DECLARATION OF AUTHORITY

Attachment A – Addendum

PRINCIPAL: Duquesne Light Company

AGENT: [INSERT]

Effective Starting Date: [INSERT]

Note: Principal and Agent are required to provide PJM Settlement thirty days written notice prior to the date of expiration. Upon expiration all accounts will revert back to their original status.

PJM Billing Line Items – Transfer

Principal and Agent agree that PJM settlement shall transfer all of the following charges directly related to the Principal's share of serving the retail load obligations from the Principal's account(s) to the Agent's account beginning the effective date specified above:

<u>Billing Line Item Number</u>	<u>Billing Line Item</u>
1330 (Charge)	Reactive Supply and Voltage Control from Generation and Other Sources Service
1380 (Charge)	Black Start Service
1611 (Charge)	CP Transitional Locational Reliability
1980 (Charge)	Miscellaneous Bilateral
2140 (Credit)	Non-Firm Point-to-Point Transmission Service
2510 (Credit)	Auction Revenue Rights
2640 (Credit)	Incremental Capacity Transfer Rights

PJM Accounts/Subaccounts

<u>Role</u>	<u>Account Long Name</u>	<u>Account Short Name</u>	<u>PJM Org ID</u>
Principal			
Agent			

EXHIBIT 34

PERFORMANCE ASSURANCE LETTER OF CREDIT

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY
USD

AMOUNT
*****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO:
_____ FOR THE ACCOUNT OF _____ ("APPLICANT") FOR AN
AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS
_____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE
BANK OF _____ ("ISSUER") _____ {ADDRESS},
EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS AT
_____ ON OR BEFORE _____ OR ANY
AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF
CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT
SET FORTH HEREIN.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND
DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF
CREDIT WILL BE HONORED UPON PRESENTATION TO ISSUER OF THE FOLLOWING
STATEMENT:

"I HEREBY CERTIFY THAT BENEFICIARY, DUQUESNE LIGHT COMPANY,
IS ENTITLED TO DRAW THE AMOUNT OF THE ACCOMPANYING DRAFT
UNDER LETTER OF CREDIT NO. _____, ISSUED BY
_____ {ISSUER'S NAME} AND THAT SUCH DRAFT
REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM
_____ {APPLICANT'S NAME} FOR PERFORMANCE
ASSURANCE RELATED TO THE DEFAULT SUPPLY MASTER
AGREEMENT(S) DATED _____ BETWEEN BENEFICIARY
AND APPLICANT."

THE AMOUNT WHICH MAY BE DRAWN BY BENEFICIARY UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY DRAWINGS PAID THROUGH ISSUER REFERENCING THIS LETTER OF CREDIT NO. _____.

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

THIS LETTER OF CREDIT MAY BE TERMINATED UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM BENEFICIARY RELEASING ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL ALWAYS REMAIN LIABLE TO BENEFICIARY FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS TO BENEFICIARY AS SET FORTH HEREIN NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY APPLICANT.
2. THIS LETTER OF CREDIT MAY BE TRANSFERRED OR ASSIGNED.
3. THIS LETTER OF CREDIT IS IRREVOCABLE.
4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") OR SUCH LATER REVISIONS(S) OF THE ISP AS MAY BE HEREAFTER ADOPTED. AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH

ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF BENEFICIARY AND ISSUER.

5. BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS BENEFICIARY OR AN AUTHORIZED AGENT OF BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

EXHIBIT 54FORM OF GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty”) is made and entered into as of this day of _____, by _____ (“Guarantor”), with an address at _____, in favor of Duquesne Light Company (“Creditor”), with an address at 411 Seventh Avenue, Pittsburgh, PA 15219, in consideration of the Default Supply Master Agreement(s) (the “DSMA(s)”) between Creditor and _____ (“Seller”) dated _____, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

WHEREAS, Guarantor is an _____ of Seller, and will therefore benefit by Seller entering into the DSMA with Creditor and Guarantor desires Creditor to enter into the DSMA with Seller and to extend credit to Seller thereunder.

WHEREAS, without this Guaranty, Creditor would not execute and deliver the DSMA or consummate the transactions contemplated thereby. Therefore, in consideration of the execution and delivery by Creditor of the DSMA and consummation of the transactions contemplated thereby, Guarantor has agreed to execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty of Obligations.

(a) Guarantor hereby irrevocably and unconditionally guarantees, as primary obligor and not a surety with effect from date hereof, the prompt and complete payment when due of all of Seller’s payment obligations under the DSMA, whether on scheduled payment dates, when due upon demand, upon declaration of termination or otherwise, in accordance with the terms of the DSMA and giving effect to any applicable grace period, and all reasonable out-of-pocket costs and expenses incurred by Creditor in the enforcement of Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”).

(b) The limitations on liabilities of Seller set forth in Article 13 of the DSMA shall also apply to the liabilities of Guarantor hereunder.

2. Nature of Guaranty; Waivers.

(a) This is a guaranty of payment and not of collection and Creditor shall not be required, as a condition of Guarantor’s liability, to pursue any rights which may be available to it with respect to any other person who may be liable for the payment of the Obligations. This is not a performance guaranty and Guarantor is not obligated to provide power under the DSMA or this Guaranty.

(b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, or until the DSMA has been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by Creditor of any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of Creditor to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations (other than any irregularity, unenforceability or invalidity of any of the obligations under the DSMA resulting from the conduct of Creditor) or any part thereof.

(c) Except as to any claims, defenses, rights of set-off or to reductions of Seller in respect of its obligations under the DSMA (all of which are expressly reserved under this Guaranty), Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim Guarantor may have against Seller or Creditor, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the DSMA; or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the DSMA (other than any law or regulation that eliminates or nullifies the obligations under the DSMA).

(d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Seller or their assets or any other guarantor or person; provided, however, that any failure of Creditor to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. Guarantor waives all defenses based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims or defenses of Seller in respect of its obligations under the DSMA.

(e) Creditor at any time and from time to time, without notice to or the consent of Guarantor, and without impairing or releasing, discharging or modifying Guarantor's liabilities hereunder, may (i) to the extent permitted by the DSMA, change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the DSMA, renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as Creditor deems appropriate at its sole discretion; (iv) substitute, exchange or release any guaranty; or (v) take such actions and exercise such remedies hereunder as Creditor deems appropriate.

3. Representations and Warranties. Guarantor hereby represents and warrants that:

(a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on Guarantor or this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or of Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Guarantor, threatened by or against Guarantor that would have a material adverse effect on this Guaranty.

4. Repayments or Recovery from Creditor. If any demand is made at any time upon Creditor for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy, insolvency, dissolution or reorganization of Seller and if Creditor repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, Guarantor (subject to Sections 2 (c) and (d) of this Guaranty) will be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by Creditor. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to Creditor's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable.

5. Enforceability of Obligations. No modification, limitation or discharge of the Obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief

of debtors under federal or state law will affect, modify, limit or discharge Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.

6. Postponement of Subrogation. Only to the extent that, at the relevant time, there are Obligations, or other amounts hereunder, that are then due and payable but unpaid, Guarantor postpones and subordinates in favor of Creditor any and all rights which Guarantor may have to (a) assert any claim against Seller based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of Seller, including participation in any marshalling of Seller's assets. Upon payment of such due and unpaid Obligations, Creditor agrees that Guarantor shall be subrogated to the rights of Creditor against Seller to the extent of Guarantor's payment to Creditor.

7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by ~~facsimile~~-email transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for Creditor and Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Creditor shall be directed to:

Attn:

Phone:

~~Fax:~~ Email:

With a copy to:

Phone:

~~Fax:~~ Email:

or such other address as Creditor shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

Attn:

Phone:

~~Fax:~~ Email:

or such other address as Guarantor shall from time to time specify to Creditor.

8. Preservation of Rights. Except as provided by any applicable statute of limitations, no delay or omission on Creditor's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Creditor's action or inaction impair any such right or power. Creditor's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Creditor may have under other agreements with Guarantor, at law or in equity.

9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, will be effective unless made in a writing signed by Creditor, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case will entitle Guarantor to any other or further notice or demand in the same, similar or other circumstance.

11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between Guarantor and Creditor with respect to the subject matter hereof.

12. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of Guarantor and Creditor and their respective successors and permitted assigns. Neither party may assign this Guaranty in whole or in part without the other's prior written consent, which consent will not be unreasonably withheld or delayed, except that Creditor may at any time assign this Guaranty without Guarantor's consent, in the same manner, on the same terms and to the same persons as Creditor assigns the DSMA in accordance with Section 163 of the DSMA, and except that this Section 12 shall not limit Guarantor's right to assign this Guaranty, along with substantially all of Guarantor's assets and business to a successor entity or Affiliate that assumes all obligations thereunder and (i) where the successor Guarantor's Lowest Credit Rating is equal to or greater than Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BBB₋, as rated by S&P or Fitch, or Baa₃₂, as rated by Moody's, and (ii) Seller is in compliance the DSMA. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings determined by Moody's Investor Services, Inc. (or its successor) ("Moody's"), the Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., (or its successor) ("S&P"), or Fitch Investor Service, Inc. (or its successor) ("Fitch") immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.

13. Interpretation. In this Guaranty, unless Creditor and Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or

exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

14. Governing Law.

(a) This Guaranty has been delivered to and accepted by the Creditor. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF CREDITOR AND GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES.

(b) Guarantor hereby irrevocably consents to the jurisdiction of the federal district court for the Western District of Pennsylvania or to the county court jurisdiction of the Allegheny County Court of Common Pleas; provided that nothing contained in this Guaranty will prevent Creditor from bringing any action, enforcing any award or judgment or exercising any rights against Guarantor individually, against any security or against any property of Guarantor within any other county, state or other foreign or domestic jurisdiction. Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both Creditor and Guarantor. Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

15. WAIVER OF JURY TRIAL. GUARANTOR AND CREDITOR IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. GUARANTOR AND CREDITOR ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

16. Term. This Guaranty shall survive termination of the DSMA and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid or performed in full.

17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the DSMA is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the DSMA shall nonetheless be payable by Guarantor hereunder on written demand by Creditor.

Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

ATTEST:

[Guarantor]

By: _____

Name: _____

Title: _____

**PENNSYLVANIA UNIVERSAL
DEFAULT SUPPLIER MASTER AGREEMENT**

by and between

Duquesne Light Company

and

[INSERT]

Dated [Month, Day, Year]

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PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this ____ day of [Month, Day, Year] (the “Agreement”) by and between Duquesne Light Company (the “Company” and “Buyer”), a limited liability company and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania and [INSERT] (“DS Supplier”), the Company and the DS Supplier hereinafter sometimes referred to collectively as the “Parties”, or individually as a “Party”,

WITNESSETH:

WHEREAS, the Company is an electric public utility engaged, inter alia, in providing retail electric service within its service territory located in the Commonwealth of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer’s Pennsylvania franchise service territory; and

WHEREAS, the PaPUC has found that, for periods further identified in Appendix C, it would serve the public interest for the Company to secure Default Service Supply (“DS Supply”) through a competitive procurement process (“DS Solicitation”) and the PaPUC has approved such a process; and

WHEREAS, the Company has conducted and completed a successful DS Solicitation for the provision of DS Supply, and the DS Supplier was one of the winning bidders in the DS Solicitation; and

WHEREAS, pursuant to the competitive bidding procedures of the DS Solicitation, the Company and the DS Supplier desire to enter into this Agreement setting forth their respective rights and obligations concerning the provision of DS Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1: DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article.

Alternative Energy Credit or “AEC” – Shall have the meaning ascribed thereto in the AEPS Act.

AEPS Act – The Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

Affiliate – Means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Allocated AECs – Shall mean the types and amounts of AECs specified on Appendix E.

Alternative Energy Portfolio Standards or “AEPS” – Standards requiring that a certain amount of electric energy sold to retail electric customers in the Commonwealth of Pennsylvania be composed of electricity generated from alternative energy sources, as measured by AECs, in accordance with the requirements of the AEPS Act and provisions of the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2804, 2812-14, in effect on the Effective Date including, without limitation, any subsequent increases in Tier I requirements under 66 Pa.C.S. § 2814.

Ancillary Services – Shall have the meaning ascribed thereto in the PJM Agreements.

Applicable Legal Authorities – Those federal and Pennsylvania statutes and administrative rules and regulations that govern the electric utility industry in Pennsylvania, as they may be amended from time to time.

Auction Revenue Rights or “ARR” – The current or any successor congestion management mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARRs are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM Agreements.

Bankruptcy Code – Those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled “Bankruptcy” and found at 11 U.S.C. § 101 et seq., as such laws may be amended, modified, replaced or superseded from time to time.

Billing Month – Each calendar month during the term of this Agreement.

Business Day – Any day on which the Company’s and PJM’s corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

Capacity – “Unforced Capacity” as set forth in the PJM Agreements, or any successor, measurement of the capacity obligation of a Load Serving Entity as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

Charge – Any fee, charge or other amount that is billable by the Company to the DS Supplier under this Agreement.

Company – Duquesne Light Company.

Costs – With respect to the Non-Defaulting Party, brokerage fees, commissions and other

similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations and/or entering into new arrangements which replace this Agreement; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

Customer – Any person or entity who enters into a contractual agreement with the Company to receive retail electric service including, without limitation, all persons or entities taking service under a retail tariff, eligible to receive competitive electricity supply from an EGS or DS, respectively, in accordance with the Applicable Legal Authorities.

Damages – Financial compensation from the Defaulting Party to the Non-Defaulting Party associated with the occurrence of an Event of Default or an Early Termination of this Agreement. This compensation shall be assessed pursuant to Article 5 of this Agreement.

Default Allocation Assessment – Shall have the meaning ascribed to it under the PJM Agreements.

Defaulting Party – A Party to this Agreement that has caused or precipitated an Event of Default or an Early Termination of this Agreement.

Default Service or “DS” – Electric generation service that is provided at retail pursuant to the Applicable Legal Authorities under the Company's retail electric tariffs and under

any other agreements or arrangements between the Company and Customers, to any Customer that is not being served by an EGS.

Default Service Supply or “DS Supply” – All necessary Energy, Capacity, AECs for AEPS Act compliance, Ancillary Services, all transmission and distribution losses and congestion and imbalance costs associated with the provision of such services, and such other services or products that the DS Supplier may be required, by PJM or any governmental body having jurisdiction, to provide in order to meet the DS Supplier Responsibility Share for serving DS Load under this Agreement and as detailed in Appendix C. For the avoidance of doubt, any reference in this Agreement to any other agreement for DS Supply shall include any agreement between the Parties for the provision of a product or service (e.g., Energy) to serve DS Load, even if such other agreement does not require delivery of additional products or services (e.g., Capacity).

Delivery Period – The delivery period specified in Appendix C.

Delivery Point – Means the applicable zone of the Company as designated by PJM.

DS Customer(s) – Retail customers who are provided Default Service pursuant to the terms of this Agreement, the Applicable Legal Authorities and the Company’s retail tariffs.

DS Fixed Percentage – The percentage of DS Supply, as set forth in Appendix C.

DS Fixed Price – The price in dollars per MWh, as set forth in Appendix C hereto, as determined pursuant to the DS Solicitation.

DS Fixed Price Adder For Hourly Price Service – The fixed price adder for Hourly Price Service in dollars per MWh, as set forth in Appendix C hereto, as determined pursuant to the DS Solicitation.

DS Load – Means the total sales at the retail meter, plus any losses and Unaccounted For Energy (as defined by PJM), as reflected in PJM settlement volumes (including adjustments required by PJM for PJM’s derating in conjunction with implementation of marginal losses as appropriate per PJM Agreements), expressed in MWh of retail customers in a particular class of DS Customers being served by Company pursuant to the PUC Orders, as such sales vary from hour to hour, in Company’s Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to the service territory that exists on the Effective Date. The DS Load is net of any reduction in load as a result of energy efficiency and demand side response programs offered by Company, PJM, curtailment service providers, or other third parties, or any retail market programs. For avoidance of doubt, DS Load shall not include (i) the amount of load that would otherwise have been served in the absence of such energy efficiency or demand side response programs or retail market programs; or (ii) sales resulting from changes in the Company’s Pennsylvania service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in

Pennsylvania or a result of a significant franchise territory swap with another entity which has a franchised service territory in Pennsylvania.

DS Solicitation – The competitive bidding processes, procedures and rules employed by the Company to competitively procure DS Supply for purposes of this Agreement.

DS Supplier – An entity that (i) has been selected through the DS Solicitation and has accepted the obligations and associated rights to provide DS Supply to the Company for retail customers in accordance with the Applicable Legal Authorities, (ii) has entered into this Agreement with the Company as a Party, and (iii) is a PJM Member and registered with PJM as a LSE.

DS Supplier Representative – Any officer, director, employee, consultant, contractor, or other agent or representative of the DS Supplier in connection with the DS Supplier's activity under this Agreement. To the extent the DS Supplier is a division or group of a company, the term DS Supplier Representative does not include any person in that company who is not part of the DS Supplier division or group.

DS Supplier Responsibility Share – The fixed percentage share of the Company's DS Load for which the DS Supplier is responsible as set forth in Appendix C.

DS Tariffs – The Company’s existing schedules of rates and services provided to retail customers as currently on file with the Commission and on the Company’s website, as they may be amended from time to time.

DS Variable Payments – The variable supplier payments in dollars based on the Company’s Hourly Price Service formula rate, as set forth in Appendix C hereto, associated with serving the DS Supplier Responsibility Share of the DS Supply.

Early Termination – Termination of this Agreement prior to the end of the term due to the occurrence of an Event of Default as specified in Article 5.2 of this Agreement and the declaration of Early Termination.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Article 5.2 of this Agreement.

Effective Date – The date designated on the cover page of this Agreement upon which the terms of this Agreement were agreed to by the Parties.

Electric Distribution Company or “EDC” – A public utility providing facilities for the transmission and distribution of electricity to retail customers in Pennsylvania.

Electric Generation Supplier or “EGS” – A person or entity that is duly certified by the Commission to offer and provide competitive electric supply to retail customers located in the Commonwealth of Pennsylvania.

Emergency – (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of Emergency Operations Procedures as defined in the PJM Agreements or PJM manuals; or (iii) any other condition or situation that the Company or PJM deems imminently likely to endanger life or property or to affect or impair the Company’s electrical system or the electrical system(s) of other(s) to which the Company’s electrical system is directly or indirectly connected (a “Connected Entity”). Such a condition or situation may include, but shall not be limited to, potential overloading of the Company’s transmission and/or distribution circuits, PJM minimum generation (“light load”) conditions, or unusual operating conditions on either the Company’s or a Connected Entity’s electrical system, or conditions such that the Company is unable to accept Energy from the DS Supplier without jeopardizing the Company’s electrical system or a Connected Entity’s electrical system. Other additional emergencies can only be declared by PJM, FERC, or the PaPUC.

Energy – Three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Event of Default – A Party’s breach of obligations under this Agreement as set forth in Article 5 of this Agreement.

FERC – The Federal Energy Regulatory Commission.

Final Monthly Energy Allocation or “FMEA” – A quantity of Energy which, for any Billing Month, is the PMEA adjusted for any billing or metering data received subsequent to the calculation of PMEA of which PJM is notified within 60 days.

Fixed Price Transaction – A Transaction Confirmation that is not an Hourly Price Transaction.

Force Majeure – Means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, epidemic, terrorist attack, and acts of God, which are not within the reasonable control of, or the results of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of DS Supplier’s supply; (ii) DS Supplier’s ability to sell the DS Supply at a price greater than that received under any Transaction; (iii) curtailment by a utility transmitting DS Supply; (iv) the Company’s ability to purchase the DS Supply

at a price lower than paid under any Transaction; (v) any change in requirements of any governmental authority; or (vi) labor stoppage or lockout.

Forward Market Price – The price for On-peak Energy Forward Price and Off-peak Energy Forward Price as determined by averaging concurrent broker quotes obtained by the Company for the Market Price Hub as available.

Gains – With respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Generator Attribute Tracking System or “GATS” – the system owned and operated by PJM Environmental Services, Inc. to provide reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PaPUC. (As specified in Appendix E)

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached to this DS Supplier Master Agreement or other form approved by the Company.

Guarantor – Any party having the authority and agreeing to guarantee the DS Supplier’s financial obligations under this Agreement, recognizing that such party shall be obligated

to meet the Company's creditworthiness requirements specified in this Agreement for such DS Supplier.

Hourly Price Service – service provided to Hourly Price Service (“HPS”)-Eligible Class pursuant to the Company's DS Tariffs, Retail Tariff, Rider No. 9.

Hourly Price Transaction – A Transaction Confirmation for Hourly Price Service, as shown on such confirmation.

Interest Index – The average Federal Funds Effective Rate for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website (<http://www.federalreserve.gov/releases/h15/update/>).

Kilowatt or “kW” – Unit of measurement of useful power equivalent to 1000 watts.

Kilowatt-hour or “kWh” – One kilowatt of electric power used over a period of one hour.

Load Serving Entity or “LSE” – An entity that has been granted the authority or has an obligation pursuant to state or local law, regulation or franchise to sell electricity to retail customers located within the PJM Control Area as that term is defined in the PJM Agreements or in successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. The DS Supplier, for

purposes of this Agreement, is not a Load Serving Entity and nothing contained herein shall be deemed to cause the DS Supplier to be a Load Serving Entity.

Losses – With respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin – The amount by which the Total Exposure Amount exceeds the DS Supplier’s, or Guarantor’s, credit limit as defined in Section 6.4.

Mark-to-Market (“MtM”) Exposure Amount – Shall have the meaning ascribed to it in Section 6.3 of this Agreement.

Market Price Hub – refers to AEP Dayton Hub, a liquid pricing point located within PJM’s geographic footprint, at pnode #34497127.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable credit limit cap as specified in Section 6.4 of this Agreement.

Medium Commercial and Industrial Class – Group of Rate Schedules that comprise the Medium Commercial and Industrial Class for DS Supply and itemized in Appendix C.

Megawatt or MW – One thousand kilowatts.

Megawatt-hour or MWh – One megawatt of electric power used over a period of one hour.

Merger Event – When a DS Supplier consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such DS Supplier hereunder in the sole discretion of the Company or (ii) the benefits of any credit support provided pursuant to Article 6 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the DS Supplier’s obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement in the sole discretion of the Company.

Minimum Rating – A minimum senior unsecured debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount – \$100,000.

NERC – The North American Electric Reliability Corporation or its successor.

Network Integration Transmission Service or “NITS” – “Network Integration Transmission Service” under the PJM Agreements in effect as of the date of this Agreement, or its successor, superseding or amended versions of the PJM Agreements that

may take effect from time to time over the term of this Agreement. In the event the PJM Agreements are modified such that “Network Integration Transmission Service” is no longer offered, Network Integration Transmission Service shall mean the type of transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

Non-Defaulting Party – A Party to this Agreement who, at the time an Event of Default occurs, is not itself in default of this Agreement and has not otherwise caused or precipitated an Event of Default or Early Termination of this Agreement.

Off-Peak Energy Forward Price – Means the price for Off-Peak Hours for each billing month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer available or no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

On-Peak Energy Forward Price – Means the price for On-Peak Hours for each billing month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

PaPUC or Commission – The Pennsylvania Public Utility Commission or its successor.

PJM – PJM Interconnection L.L.C. or its successor.

PJM Agreements – The PJM OATT, PJM RAA, PJM OA and all other PJM agreements, procedures, manuals and documents applicable to the Transactions covered by or relating to this Agreement.

PJM Control Area – That certain Control Area encompassing electric systems in parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Member – A member in good standing of PJM that satisfies the requirements to conduct business with PJM.

PJM OA – The PJM Operating Agreement or the successor, superseding or amended version of the PJM Operating Agreement that may take effect from time to time.

PJM OATT – The PJM Open Access Transmission Tariff or the successor, superseding or amended version of the PJM Open Access Transmission Tariff that may take effect from time to time.

PJM OI – The PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM RAA – The PJM Reliability Assurance Agreement or the successor, superseding or amended version of the PJM Reliability Assurance Agreement that may take effect from time to time.

PMEA/FMEA Adjustment Amount – For any Billing Month, the monetary amount due to the DS Supplier or the Company, as the case may be, in order to reconcile any difference between the PMEA used for the purpose of calculating estimated payments made to DS Supplier for a given month and the FMEA used for calculating the final payments due to the DS Supplier for such month as more fully described in Article 9 hereof.

Preliminary Monthly Energy Allocation or “PMEA” – A quantity of Energy which, for any Billing Month, is the preliminary calculation of the DS Supplier’s DS Supplier Responsibility Share.

Rate Schedule(s) – Shall mean the specified existing, and modified or successor customer rate schedule(s) in the electric service tariff of the Company filed with the Commission.

Reliability First Corporation or “RFC” – The approved regional NERC entity with responsibility for the Commonwealth of Pennsylvania.

Residential Class – Group of Rate Schedules that comprise the Residential Class for the DS Supply and itemized in Appendix C.

Rounding Amount – \$100,000.

Settlement Amount – With respect to a Non-Defaulting Party, the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement if the total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement if the Gains exceed the total of the Losses and Costs.

Small Commercial and Industrial Class – Group of Rate Schedules that comprise the Small Commercial and Industrial Class for DS Supply and itemized in Appendix C.

Statement – A monthly report prepared by the Company for the DS Supplier indicating the amount due to the DS Supplier by the Company as compensation for DS Supply

supplied to DS Customers by the DS Supplier during the current Billing Month, in accordance with DS Supplier's obligations under this Agreement.

Supply Day – Any calendar day during the term of this Agreement on which the DS Supplier is providing, or is obligated by this Agreement to provide, DS Supply to the Company.

Tangible Net Worth or “TNW” – Total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment – A payment resulting from an Early Termination that is calculated in accordance with Article 5.4.

Tier I AEC – Shall mean an AEC that will satisfy the non-solar Tier I requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier I (Solar) AEC – Shall mean an AEC generated by a solar photovoltaic energy source that will satisfy the Tier I solar photovoltaic requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier II AEC – Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar Tier II requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Total Exposure Amount – An amount calculated daily for the DS Supplier reflecting the total credit exposure to the Company and consisting of the sum of (i) the Mark-to-Market Exposure Amount arising under this Agreement; (ii) any amount(s) designated as the “Mark-to-Market Exposure Amount” arising under any other DS Supply agreements providing for “DS Supply” or similar default service; and (iii) the amount designated as the “credit exposure” under any other DS Supply agreements providing for DS Supply or similar default service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche – A fixed percentage share of the Company’s DS Load for the Customer Group as indicated in any given Transaction Confirmation, as specified in Appendix C.

Transaction – Means a particular agreement by which the Company purchases and the DS Supplier sells DS Supply pursuant to this Agreement, the details of which are more fully set forth in Exhibit 1 – Transaction Confirmation.

Transaction Confirmation – Shall have the meaning ascribed to it in Appendix C and Exhibit 1 of this Agreement.

ARTICLE 2: GENERAL TERMS AND CONDITIONS**2.1 Capacity in Which Company Is Entering into this Agreement**

The DS Supplier agrees and acknowledges that the Company is contracting for the provision of DS Supply from such DS Supplier for Customers receiving Default Service on the Company's electric system pursuant to the authorizations provided to the Company. The DS Supplier further agrees and acknowledges that the Company will administer and monitor the DS Supplier's performance in providing DS Supply under this Agreement and that the Company shall be entitled to enforce the DS Supplier's obligations related to the provision of DS Supply. The DS Supplier hereby permanently, expressly and irrevocably waives any claim that Company is not entitled to seek enforcement of this Agreement on behalf of Customers. It is the specific intention of the Parties hereto that Customers and Customer groups are not third party beneficiaries of this Agreement and that no Customer or Customer group shall seek enforcement of this Agreement against the DS Supplier on their own behalf, either independently or by joining in any legal proceeding brought by the Company.

The Parties acknowledge that the Agreement is a forward contract and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that the Agreement may be terminated by either Party upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code in accordance with Article 5.2 of this Agreement.

2.2 Parties' Obligations**(a) Obligations of DS Supplier**

The DS Supplier hereby agrees as follows:

- (i) To provide service on a firm and continuous basis such that the supply delivered for the term of the Agreement meets the terms and conditions set forth in Appendix C;
- (ii) To provide sufficient quantities of DS Supply on an instantaneous basis at all times and supplied to the Delivery Point to meet the DS Supplier Responsibility Share;
- (iii) To procure those services provided by the PJM OI and to perform such functions as may be required by the PJM OI that are necessary for the delivery of DS Supply required hereunder;
- (iv) To cooperate with the Company in any regulatory compliance efforts that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of DS Supply, before the PaPUC, FERC or any other regulatory body asserting jurisdiction;
- (v) To pay to the Company the PMEA/FMEA Adjustment Amount for any Billing Month in which the PMEA exceeds the FMEA, as more fully described in Article 9 of this Agreement;
- (vi) To accept assignment of and to fulfill all obligations of a LSE that are assigned to it by this Agreement;
- (vii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and
- (viii) To comply with the AEPS requirements of the Company's Default Service Plan, as detailed in Appendix E.

(b) Obligations of the Company

The Company hereby agrees as follows:

- (i) To pay to each DS Supplier every month an amount due, resulting from the calculations, as detailed in Article 9 of this Agreement, subject to the adjustments as expressed therein;
- (ii) To pay to the DS Supplier the PMEA/FMEA Adjustment Amount for any Billing Month in which the FMEA exceeds the PMEA, as more fully described in Article 9 of this Agreement;
- (iii) To provide to the DS Supplier its estimated aggregate load obligation (capacity MW value) for each Supply Day no less than five (5) calendar days prior to the day of delivery. Further, this information will be posted in the DS Supplier's specific PJM PowerMeter account, or successor system or process;
- (iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company;
- (v) To accept the delivery of DS Supply necessary to meet the DS Load;
- (vi) To be responsible (as between the Company and the DS Supplier) for the provision of the Allocated AECs to satisfy AEPS requirements; and
- (vii) To be the Load Serving Entity for supply purchased under this Agreement.

2.3 Congestion and Congestion Management

The DS Supplier is responsible for any congestion costs incurred to meet the DS Supplier Responsibility Share. The Company shall transfer or assign to the DS Supplier the Company's rights to Auction Revenue Rights (ARRs) to which the Company is entitled

as an LSE pursuant to the PJM Agreements, including the rights to ARRs, provided that such rights are related to the service being provided to meet the DS Supplier Responsibility Share and such rights are for the Delivery Period. All rights, liabilities and obligations associated with such ARRs will accrue and be assumed by the DS Supplier through the transfer or assignment from the Company to the DS Supplier including the responsibility and ability of the DS Supplier to request or nominate such ARRs when applicable and feasible. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM planning period and such ARRs will be allocated to the DS Supplier in accordance with the PJM Agreements based upon its DS Supplier Responsibility Share.

2.4 PJM Services

The DS Supplier shall make all necessary arrangements for the delivery of DS Supply through the PJM OI. The Company will advise the PJM OI of the magnitude and location of each DS Supplier's actual DS Supplier Responsibility Share, as required by the PJM OI, for the purpose of calculating such DS Supplier's appropriate DS Supply requirements related to the provision of service under this Agreement by DS Supplier arising under the PJM Agreements. The DS Supplier shall remain responsible to PJM for the performance of its LSE obligations associated with the provision of DS Supply under this Agreement until the effective date of the transfer of such LSE obligations.

The Company shall generate and provide in writing to DS Supplier the PJM shortname(s) associated with supplier's unique contract type(s), as necessary. Unique shortname(s) may be generated for each differing contract type. DS Supplier shall complete all required forms and processing to PJM to create shortname(s) within the PJM

system.

For the period of time this Agreement is in effect, both the Company and DS Supplier shall have executed the PJM Declaration of Authority, and shall remain in effect during the Term of this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by the DS Supplier, DS Supplier agrees to execute a revised Declaration of Authority in accordance with PJM requirements.

2.5 PJM Agreement Modifications

(a) If the PJM Agreements are amended or modified so that any schedule or section reference herein to such agreements is changed, such schedule or section reference herein shall be deemed to automatically (and without any further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement, including the DS Supplier's responsibility for changes in PJM products and pricing during the Term. DS Supplier bears the risk and responsibility of all charges resulting from any changes in PJM products and pricing during the term of this Agreement with the exception of (i) future PJM charges related solely to the Company providing network transmission service, and (ii) those charges identified as EDC responsibility in Appendix D, including for transition costs related to the elimination of through-and-out transmission rates.

2.6 PJM Member Default Cost Allocation

In the event PJM imposes a Default Allocation Assessment upon the Company relating to a default during the Term, the Company shall invoice DS Supplier, and DS Supplier shall pay an amount equal to the product of (i) DS Supplier Responsibility Share, and (ii) the Default Allocation Assessment.

2.7 Other Fines and Penalties

If fees, fines, penalties, or costs are claimed or assessed against the Company by any Applicable Legal Authority or PJM due to noncompliance by the DS Supplier with this Agreement, any other requirements of law, or the PJM Agreements, the DS Supplier shall indemnify and hold the Company harmless against any and all losses, liabilities, damages, and claims suffered or incurred by the Company, including claims for indemnity or contribution made by third parties against the Company, except to the extent the Company recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.8 Communications and Data Exchange

The DS Supplier and the Company shall supply to each other in a thorough and timely manner all data, materials or other information that is specified in this Agreement, or that may otherwise reasonably be required by DS Supplier or by the Company in connection with the provision of DS Supply by the DS Supplier to DS Customers, if required.

The DS Supplier shall be equipped with the communications capabilities necessary to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by PJM, and shall exclusively bear the costs of

installing, maintaining, testing, and operating all required information technology systems that will enable it to send to and receive data from the Company and PJM and to satisfy its obligations under this Agreement, the PJM Agreements and all other relevant agreements.

2.9 Record Retention

The Company shall retain necessary records for the longer of two years or as required under applicable PaPUC requirements so as to permit DS Supplier to confirm the validity of payments due to DS Supplier hereunder; provided that if a DS Supplier has provided notice pursuant to this Agreement that it disputes the validity of any payments, the Company agrees that it shall retain all records related to such dispute until the dispute is finally resolved.

2.10 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, and provided that a mutually acceptable confidentiality agreement is executed by the Parties, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of relevant portions of the books and records of the other Party.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES

3.1 DS Supplier's Representations and Warranties

The DS Supplier hereby represents, warrants and covenants to the Company on the Effective Date and throughout the term of this Agreement as follows:

(a) It is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the

Commonwealth of Pennsylvania or, if another jurisdiction, under the laws of such jurisdiction and, in such case, is duly registered and authorized to do business in such other jurisdiction and the Commonwealth of Pennsylvania;

(b) It has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC requirements;

(c) The execution and delivery of this Agreement and the performance of such DS Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the DS Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the DS Supplier's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the DS Supplier is a party or by which the DS Supplier or any of its properties is bound or subject;

(d) All necessary and appropriate action that is required on the DS Supplier's part to execute this Agreement has been completed;

(e) This Agreement is the legal, valid and binding obligation of the DS Supplier, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity;

(f) There are no actions at law, suits in equity, proceedings or claims pending

or, to the DS Supplier's knowledge, threatened against the DS Supplier before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the DS Supplier's performance of its obligations hereunder;

(g) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

(h) It is in good standing as an LSE in PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations, as established and interpreted by the PJM OI, that are applicable to LSEs as defined by the PJM Agreements; provided that the DS Supplier shall not be obligated to become an LSE in PJM until the date it begins providing DS Supply;

(i) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;

(j) It will comply with any and all information and data transfer protocols that may be adopted by the Company or that are set by, and from time to time modified by, the PaPUC; provided that DS Supplier shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum;

(k) It is not Bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt or insolvent;

(l) There are no pending or, to its knowledge, threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any

Governmental Authority, that could materially adversely affect its ability to perform its obligations under this Agreement;

(m) No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(n) It is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement; and

(o) It has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DS Supply as required by this Agreement, and it is an “eligible contract participant” as defined in Section 1a(12) of the Commodity Exchange Act.

3.2 Company’s Representations and Warranties

The Company hereby represents, warrants and covenants to the DS Supplier as follows:

(a) The Company is an electric utility duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

(b) The Company has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;

(c) The execution and delivery of this Agreement and the performance of the Company’s obligations hereunder have been duly authorized by all necessary action on the

part of the Company and do not and will not conflict with, constitute a breach of or default under, any of the terms, conditions, or provisions of the Company's certificate of incorporation or bylaws or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Company is a party or by which the Company or any of its properties is bound or subject;

(d) All necessary and appropriate action that is required on the Company's part to execute this Agreement has been completed;

(e) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity and the Commission's power under section 508 of the Public Utility Code, 66 Pa.C.S. § 508, to amend or modify the contracts of public utilities;

(f) The ability of the Company to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not conditioned upon any governmental or administrative appropriation by the Commission, the Commonwealth of Pennsylvania or any other governmental authority;

(g) There are no actions at law, suits in equity, proceedings or claims pending or, to the Company's knowledge, threatened against the Company before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the Company's performance of its obligations under this Agreement;

(h) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

(i) The Company's performance under this Agreement is not contingent upon the performance of Customers or the ability of Customers to pay rates;

(j) The Company shall have sole responsibility for metering and billing with respect to Customers; and

(k) The Company shall be responsible for electric distribution services, and the DS Supplier shall not be responsible for distribution charges.

3.3 Survival of Obligations

All representations and warranties contained in this Article are of a continuing nature and shall be maintained during the term of this Agreement or until all amounts due hereunder, including all obligations, have been paid or performed in full. If a Party learns that any of the representations, warranties or covenants in this Agreement are no longer true during the term of this Agreement, the Party shall immediately notify the other Party via facsimile, with a hard copy of the notice delivered by overnight mail. Company, may, in its sole discretion, treat any such materially incorrect or misleading representation or warranty as an Event of Default hereunder.

ARTICLE 4: COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement shall commence upon the Effective Date. Unless otherwise agreed upon by the Company and the DS Supplier, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed

under this Agreement, unless the Agreement is terminated prematurely pursuant to the provisions of this Agreement.

4.2 Termination of Right to Supply

The DS Supplier agrees that termination of this Agreement for reason of an Event of Default shall terminate any right of the DS Supplier to provide DS Supply and nullify any of the entitlements to which the DS Supplier became entitled as a result of being selected as a winning bidder in the DS Solicitation.

4.3 Survival of Obligations

Termination or expiration of this Agreement for any reason shall not relieve the Company or the DS Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for final billings, including, without limitation, Article 4 (Commencement and Termination of Agreement), Article 5 (Breach and Default), Article 11 (Dispute Resolution), Article 13 (Limitation of Remedies, Liability and Damages), Article 14 (Indemnification), and Article 16 (Miscellaneous Provisions).

4.4 Mutual Termination

The Company and the DS Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement acceptable in form and substance to the Company and the DS Supplier (“Mutual Termination Agreement”); provided that Company agrees that it shall enter into such a Mutual Termination Agreement, which will discharge the terminating DS

Supplier (the “Terminating DS Supplier”) with respect to liabilities arising after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating DS Supplier identifies a replacement DS Supplier willing to assume all obligations of the Terminating DS Supplier hereunder for the remaining term of this Agreement (the “Replacement DS Supplier”); (ii) the Replacement DS Supplier demonstrates its compliance with Article 6 of this Agreement, “Creditworthiness,” as of the effective date of the Mutual Termination Agreement, that determination to be made in the sole discretion of Company; (iii) the Replacement DS Supplier executes a counterpart signature page to this Agreement and thereby becomes a Party under this Agreement, effective immediately following the effective date of the Mutual Termination Agreement; and (iv) the Terminating DS Supplier is not, to the belief or knowledge of the Company, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Company believes that the Terminating DS Supplier may be subject to an Event of Default, either (a) the Company has determined that, as of the effective date of the Mutual Termination Agreement, it has not incurred any Damages as a result of the Event of Default or (b) if the Company has determined, as of the effective date of the Mutual Termination Agreement, that it may have incurred Damages as a result of the Event of Default, that the Replacement DS Supplier has agreed in writing to be responsible for the payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Company in its sole discretion.

ARTICLE 5: BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement shall occur if a Party (the “Defaulting

Party”):

- (i) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (ii) Makes an assignment for the benefit of its creditors;
- (iii) Applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (iv) Is dissolved (other than pursuant to a consolidation, amalgamation or merger) or is the subject of a Merger Event in the case of the DS Supplier;
- (v) Has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;
- (vi) Has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vii) In the case of a DS Supplier, PJM terminates the DS Supplier’s ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of DS Supply under this Agreement and PJM does not rescind such termination or assignment of responsibility within seven (7) Business Days;
- (viii) Fails to comply with the creditworthiness requirements as set forth in Article 6 of this Agreement, including, without limitation, compliance with the creditworthiness requirements to cover the Margin calculated under Section 6.5 or post any Margin due under Section 6.5 of this Agreement, within the time frames set forth in this Agreement;
- (ix) Is declared by PJM to be in default of any provision of any PJM Agreement,

which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;

(x) Fails to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

(xi) Violates any federal, state or local code, regulation or statute applicable to the supply of DS Supply (or any constituent thereof such as Energy or AECs) in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the DS Supplier, by way of failure to maintain any other governmental approvals required for participation in the Pennsylvania retail Energy market, or defaults on any obligation or other failure to comply with PJM requirements under the PJM Agreements;

(xii) Is the subject of an involuntary bankruptcy or similar proceeding;

(xiii) Subject to Section 5.3(b) of this Agreement, in the case of the Company, fails to accept DS Supply properly tendered by the DS Supplier under this Agreement;

(xiv) Fails to perform any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;

(xv) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DS Solicitation; or

(xvi) Commits an act or makes an omission that constitutes an "Event of Default" under any other agreement(s) for the provision of DS Supply between the Company and the DS Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the "Non-Defaulting Party") is completely made whole

with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii) above. Termination or modification of this Agreement by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement.

(xvii) With respect to the DS Supplier's Guarantor, if any:

1. Representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
2. Guarantor fails to make, when due, any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within two (2) Business Days after written notice;
3. Guarantor's guaranty fails to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; or

4. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty.

5.2 Rights upon Default

Upon and during the continuation of an Event of Default, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Article 5.7. In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to implement all of the following remedies:

- (i) Declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement shall immediately terminate automatically and without notice in the case of any Event of Default in which a DS Supplier is the Defaulting Party occurring under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii) of Article 5.1 of this Agreement and such date of automatic termination shall be deemed the Early Termination Date of this Agreement with respect to such Supplier; and

- (ii) Receive Damages in accordance with Section 5.3 of this Agreement.

The Non-Defaulting Party shall be entitled to elect or pursue one or more of the above remedies.

5.3 Damages Resulting from an Event of Default

- (a) **DS Supplier's Failure to Supply DS Supply or Declaration of Early**

Termination By Company: Damages resulting from (i) the DS Supplier's failure to (A) provide DS Supply in conformance with Article 2.2 hereof or (B) pay PJM for purchases of any products or services from PJM, or other failure to comply with PJM requirements, such that PJM holds the Company responsible for the provision of DS Supply to meet the DS Supplier's DS Supplier Responsibility Share under this Agreement or (ii) the occurrence of any Event of Default attributable to the DS Supplier resulting in Early Termination, shall include all Costs incurred by the Company, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services and/or in obtaining a replacement supplier, which Costs exceed the amounts that would have been payable to the defaulting DS Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

(i) The cost of DS Supply allocated to the Company by the PJM OI due to the failure of the DS Supplier to meet obligations owing to the PJM OI in connection with its obligations under this Agreement;

(ii) The costs of DS Supply purchased by the Company to replace DS Supply that a DS Supplier was obligated to supply under this Agreement during the term hereof;

(iii) Administrative and legal costs associated with procuring replacement DS Supply; and

(iv) Financial hedging costs incurred by the Company on behalf of DS Customers as a result of having to procure DS Supply not provided by the DS Supplier.

The Parties further recognize and agree that the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be

dependent upon the arrangements made by the Company to obtain replacement services or a replacement DS Supplier. The Company and the DS Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Company of the Settlement Amount on behalf of DS Customers in the event of an Early Termination as set forth in Article 5.4 of this Agreement shall be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages have been finally determined under this Article 5.3, the amounts of Damages due and owing will be reconciled with payments already made by the DS Supplier under Section 5.4 of this Agreement.

(b) Failure by Company on Behalf of Customers to Accept DS Supply Properly Tendered by DS Supplier: Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply properly tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement shall consist of the positive difference (if any) between (i) the amounts that would have been payable to the DS Supplier hereunder had the Company accepted the DS Supply properly tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement and (ii) the amount realized by the DS Supplier in disposing, in a commercially reasonable manner, of the DS Supply not accepted by the Company; provided, however, that the Company shall not be liable for any Damages if this Agreement is terminated, or modified so as to frustrate or effectively preclude Company's acceptance of the DS Supply, by the PaPUC, other regulatory authority or a court of law.

(c) Damages Resulting from Early Termination Due to an Event of Default Attributable to the Company: Damages resulting from Early Termination due to an

Event of Default attributable to the Company shall be as set forth in Section 5.4 of this Agreement. Damages calculated in accordance with said Article 5.4 shall be the exclusive remedy available to the DS Supplier in the event of Early Termination resulting from an Event of Default attributable to the Company.

(d) Damages Resulting from DS Supplier's Failure to Continuously Satisfy its Obligations Associated with the AEPS: Damages resulting from the DS Supplier's failure to continuously meet and satisfy all or any portion of its obligations under Section 2.2 (a)(viii) of this Agreement shall include, but not be limited to, the amount of all penalties (including Alternative Compliance Payments), costs associated with the procurement of additional AECs, etc., including, without limitation, interest and other charges, if any, levied against the Company related to AEPS regulations, due to such DS Supplier's conduct or inaction. DS Supplier has a specific obligation to provide the AECs conforming to PaPUC requirements and not money damages in substitution. Therefore, any such attempt to supply money damages instead of AECs may be treated as an event of default in the sole discretion of Company.

(e) Other Damages: Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.

(f) Waiver of Event of Default: If an Event of Default has occurred and the Non-Defaulting Party is the Company, then unless the Event of Default was a failure by the DS Supplier to meet any or all of its DS Supply obligations, the Company may elect, at its sole discretion, to offer to waive the default on such terms and conditions as the Company, at its sole discretion, may deem appropriate to propose a special remedy. Any such special remedy can only be offered to the DS Supplier if it first is specifically

approved by the PaPUC in accordance with Commission Orders.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

(a) Settlement Amount

If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the Non-Defaulting Party shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as a date for Early Termination (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement, (ii) to withhold any payments due to the Defaulting Party under this Agreement, and (iii) to suspend performance; provided, however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subsections (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) of Article 5.1 of this Agreement. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement.

“ The DS Supplier may, in its sole discretion, add the following subsection 5.4(a)(i) by checking this box. If DS Supplier does not check this box, subsection 5.4(a)(i) will be deemed to be excluded from this Agreement.”

- (i) For the purposes of such determination, the DS Supply provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of this Agreement shall be deemed to be those quantity amounts that would have been delivered on an hourly basis, had this Agreement been in effect during the previous calendar year adjusted for such DS Load changes

as may have occurred since the previous calendar year.

(b) Net Out of Settlement Amounts

The Non-Defaulting Party shall calculate a Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply into a single amount by netting out (a) all Settlement Amounts that are due or will become due to the Defaulting Party, plus at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply against (b) all Settlement Amounts that are due or will become due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply, so that all such amounts shall be netted out to a single liquidated amount; provided, however, that if the DS Supplier is the Defaulting Party and the Termination Payment is due to the DS Supplier, the Company shall be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for additional amounts that may be determined to be due and owing by the DS Supplier as Damages and further provided that any previously attached security interest of the Company in such retained amounts shall continue. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been retained by the Company as security for additional amounts that may be determined

to be due and owing by the DS Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the DS Supplier, the Company will pay simple interest on the Termination Payment amount being made to the DS Supplier. Simple interest will be calculated at the lower of the Interest Index or six (6) percent per annum.

(c) Notice of Termination Payment

As soon as practicable after calculation of a Termination Payment, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. Subject to Article 5.4(b) above, the Termination Payment shall be made by the Party that owes it within three (3) Business Days after such notice is effective.

(d) Disputes With Respect to Termination Payment

If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within three (3) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party as specified in the Termination Payment Dispute Notice.

(e) Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the Effective Date of this Agreement or are entered into after the Effective Date of this Agreement, the Company will calculate a single Termination Payment applicable to all such agreements as set forth herein.

5.5 Step-up Provision

The Company may ask other DS Suppliers whether they wish to assume all or part of the delivery obligations on the same terms and price contained herein, but any DS Supplier shall not be obligated to assume any such step-up requests. Any agreement to make additional supply available shall be termed a “Step-Up,” and is subject to compliance with the creditworthiness provisions of Article 6 of this Agreement and the DS Supplier’s load cap as per the Company’s approved default service procurement plan. For the avoidance of doubt, in the event that the DS Supplier does not respond to the Company’s Step-Up request within the relevant timeframe, then the DS Supplier shall be deemed to have rejected the Company’s request in full.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any

payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Articles 5.4 and 5.7 of this Agreement, shall be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

- (a) Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement.

- (b) Return of Auction Revenue Rights. When the DS Supplier is the Defaulting Party, the DS Supplier will make best efforts to facilitate the transfer or reassignment to the entity which is the replacement DS Supplier on the Early Termination Date, any and all of the replacement DS Supplier's rights to Auction Revenue Rights (ARRs) to which the replacement DS Supplier is entitled as a LSE pursuant to the PJM Agreements, which were transferred or assigned to the DS Supplier under Section 2.3 (Congestion and Congestion Management).

ARTICLE 6: CREDITWORTHINESS**6.1 Applicability**

The DS Supplier agrees that it shall meet the creditworthiness requirements of this Article 6 at all times during the term of this Agreement and shall inform the Company immediately of any changes in its credit rating or financial condition. Without limitation of the foregoing, the DS Supplier shall, upon written request, affirmatively demonstrate to the Company, its compliance with the creditworthiness requirements set forth hereunder. The Company may establish less restrictive creditworthiness requirements under this Article 6 in a non-discriminatory manner.

6.2 Creditworthiness Determination

The DS Supplier may submit and maintain a security deposit in accordance with Section 6.4 of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. The DS Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the DS Supplier believes would improve the determination made by the Company of its creditworthiness. The Company's credit re-evaluation must be completed as soon as practicable but no longer than thirty (30) days after receiving a fully documented request. The Company must provide the rationale for its determination of the credit limit and any resulting security requirement. The Company must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. DS Supplier shall provide the Company and its agents unrestricted access to most recent audited financial statements; provided that if current audited financial statements are not available, the Company, in its sole discretion, may specify other types of financial statements that will be accepted.

6.3 Mark-to-Market Credit Exposure Methodology

To calculate the daily exposure for each DS Supplier, the MtM credit exposure methodology will be used. The “mark” for each Billing Month will be determined at the time the auction is completed based on the available Forward Market Prices, and for the remaining Billing Months, it will be derived based on historical data. At the time the auction is completed, the MtM credit exposure for each DS Supplier shall be equal to zero. Subsequently, the differences between the available Forward Market Prices on the valuation date and the “mark” prices for the corresponding Billing Months will be used to calculate the daily credit exposures for each DS Supplier. The total MtM credit exposure will be equal to 1.1 times the sum of the MtM credit exposures for each Billing Month. The methodology for calculation of the MtM credit exposure is illustrated in the example (using hypothetical numbers) set forth in Appendix B hereto.

6.4 Credit Limit

The following criteria constitute the Company’s creditworthiness requirements for the DS Supplier, to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer rating) will be used.

(i) For a DS Supplier to be granted an unsecured line of credit, the DS Supplier must be rated by at least two of the following rating agencies: S&P, Moody’s, or Fitch. The methodology for determining the credit rating to use is set forth in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Appendix A of this Agreement.

The DS Supplier will be required to post cash or a letter of credit in an acceptable

form as defined in Section 6.7 (b) of this Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 of this Agreement;

(ii) For a DS Supplier having a Guarantor, in the case of a Guarantor organized under the laws of the United States, the Guarantor (1) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (2) must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Exhibit 5) will be determined based on the credit matrix table for Guarantors in Appendix A. The DS Supplier will be granted a credit limit equal to the lesser of (i) the amount of the Guaranty as provided to the Company at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Company during the term of this Agreement, or (ii) the Supplier's Maximum Credit Limit. The DS Supplier, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable credit limit during the time period after the Company has made a Margin call but before the DS Supplier has posted the required Margin. Notwithstanding anything herein to the contrary, the DS Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Company and upon the Company's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, the DS Supplier may request a return of Margin in accordance with Section 6.5 of this Agreement. The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this

Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 of this Agreement; or

(iii) For a DS Supplier or Guarantor that has not been incorporated or otherwise formed under the laws of the United States and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles (“GAAP”) in the United States, the DS Supplier or Guarantor shall meet all requirements of Sections 6.4(i) and (ii) of this Agreement and shall supply the following additional information:

- a. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the DS Supplier or Guarantor is incorporated or otherwise formed that this Agreement is, or upon completion of execution formalities will become, the binding obligation of the DS Supplier or Guarantor in the jurisdiction in which it has been incorporated or otherwise formed;
- b. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the person executing this Agreement on behalf of the DS Supplier has the authority to execute the Agreement and that the governing board of the DS Supplier or Guarantor has approved the execution of this Agreement;
- c. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the DS Supplier or Guarantor has been authorized by its governing board to enter into agreements of the same type as this Agreement; and

d. Such other documents and certificates as may be required by the Company in its sole discretion.

(iv) The posting of cash or a letter of credit as defined in Section 6.7 (b) below for the entire Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of this Agreement the Total Exposure Amount, rounded up by the Rounding amount, exceeds the DS Supplier's or the Guarantor's credit limit by the Minimum Transfer Amount (MTA), then the Company, on any Business Day, may request that the DS Supplier provide cash or a letter of credit in an acceptable form as defined in Article 6.7(b) of this Agreement (see standard format in Exhibit 4), in an amount equal to the Margin (less any Margin posted by the DS Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply).

If the DS Supplier receives written notice for Margin from the Company by 1:00 p.m. New York time on a Business Day, then the DS Supplier shall post Margin the next following Business Day, if posting cash, and by the second Business Day following the date of notice, if posting a letter of credit, unless the Company agrees in writing to extend the period to provide Margin. If the DS Supplier receives notice for Margin from the Company after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then the DS Supplier must post Margin the second Business Day following the date of notice unless the Company agrees in writing to extend the period to provide Margin. The Company will not unreasonably deny a request for a one-day extension of such period. In the event that the DS Supplier fails to post Margin when due in accordance

with this Article 6.5, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the Company will be entitled to the remedies set forth in Article 5 of this Agreement.

(b) Surplus Margin being held by the Company that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the DS Supplier upon receipt of a written request by the DS Supplier. Surplus Margin means cash or a letter of credit posted by the DS Supplier as a result of a request by the Company pursuant to Article 6.5(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's credit limit (rounded up by the Rounding Amount). If the resulting Surplus Margin amount is more than the Minimum Transfer Amount, it will be returned to the DS Supplier. If the DS Supplier posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day and if the DS Supplier posted cash and notice is received by the Company after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. If the DS Supplier posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. The DS Supplier will not unreasonably deny a request for a one-day extension of such period. In the event that the Company fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the DS Supplier will be entitled to the remedies set forth in Article 5 of this Agreement.

6.6 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the DS Supplier posted Margin/collateral hereunder, the DS Supplier hereby grants to the Company a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, the Company, and the DS Supplier and the Company agree to take such action as is reasonably required to perfect the secured Party's first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of the Company with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the DS Supplier in the possession of the Company, whether held in connection with this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply; (iii) draw on any outstanding letter of credit issued for its benefit; and (iv) liquidate all security held by or for the benefit of the Company free from any claim or right of any nature whatsoever of the DS Supplier, including any equity or right of purchase or redemption by the DS Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the DS Supplier's obligation under this Agreement or any other agreement(s) between the Company and the DS Supplier for the

provision of DS Supply (the DS Supplier remaining liable for any amounts owing to the Company after such application), subject to the Company's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related security or deposit transfers shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or electronic mail transmission (with the original transmitted by any of the other aforementioned delivery methods, unless agreed to otherwise by the parties) addressed as follows:

If to a DS Supplier to:

Copy to:

If to the Company to: James H. Milligan, Treasurer

Duquesne Light Company

Mail Drop 7-3

411 Seventh Avenue, Pittsburgh, PA 15219

jmilligan@duqlight.com

Copy to: Energy Procurement

Mail Drop 15-1

Duquesne Light Company

411 Seventh Avenue, Pittsburgh, PA 15219

energysupply@duqlight.com

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by electronic mail transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically, in writing, or by responding in the same electronic mail conversation chain.

6.7 Security Instruments

At each DS Supplier's choice, the following are deemed to be acceptable methods for posting security, if required:

- (a) Cash; or
- (b) A standby irrevocable letter of credit acceptable to the Company, in its sole discretion, issued by a domestic bank (or a domestic branch of an international bank) or other domestic financial institution (or a domestic branch of an international financial institution) with a minimum "A-" senior unsecured debt rating (or, if unavailable, equivalent corporate issuer rating) from S&P or Fitch and "A3" from Moody's (see standard format in Exhibit 4). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If the Company receives notice from the issuing financial institution that the letter of credit is being cancelled, the DS Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the Company thirty (30) days before the cancellation date of the original letter of credit. If the DS Supplier fails to supply a substitute letter of credit as required, then the Company will have the right to draw on the existing letter of credit and to hold the amount as Margin.

If the credit rating of a bank or other financial institution from which a DS Supplier has obtained a letter of credit falls below the levels specified in Article 6 of this Agreement, the DS Supplier shall have two (2) Business Days following written notice by the Company to obtain a suitable letter of credit from another bank or other financial institution that

meets those standards, unless such period is extended in writing by the Company. The Company shall have no obligation under this Agreement or otherwise to make or grant such extension.

6.8 Maintenance of Creditworthiness

(a) Reporting of Changes

The DS Supplier shall promptly notify the Company of any change in its credit rating or financial condition or that of its Guarantor. The DS Supplier or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the request of the Company.

(b) Change in Credit Standing

The Company will re-evaluate the creditworthiness of a DS Supplier whenever it becomes aware of an adverse change, through the provision of notice by the DS Supplier or otherwise, in the DS Supplier's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine the DS Supplier's Maximum Credit Limit or its credit limit adversely changes, the Company will require additional security from the DS Supplier in accordance with Sections 6.4 of this Agreement. The additional security must be in a form acceptable to the Company in its sole discretion, as specified in Article 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6.9 Calling on Security

The Company may call upon the security posted by the DS Supplier if the DS Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply

after all of the following events occur:

- (a) Written Notice of Default is provided to the DS Supplier; and
- (b) Any applicable cure period associated with the written Notice of Default ends.

The foregoing notwithstanding, the security posted by the DS Supplier shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) of Section 5.1 of this Agreement.

6.10 Interest on Cash Held by Company

The Company will pay simple interest calculated at the lower of the Interest Index or six (6) percent per annum on all cash held by the Company pursuant to this Agreement. Each Billing Month, the Company will prepare a statement of interest amounts due to the DS Supplier. The statement will be sent to the DS Supplier within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Company shall make interest payments on the first Business Day after the 5th day of each calendar month.

6.11 No Endorsement of DS Supplier

The Company's determination that a DS Supplier is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the DS Supplier. The Company will treat all DS Suppliers in a non-discriminatory manner and shall provide no preference to any DS Supplier.

6.12 Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the effective date of this Agreement or is entered into after the effective date of this Agreement, the Company will calculate the Margin applicable to all such agreements as set forth in Appendix A of this Agreement; provided, however, that if another agreement has a more stringent credit threshold, then the more stringent credit threshold shall apply. Each DS Supplier that is a party to such other agreements with the Company for the provision of DS Supply hereby agrees that such other agreements are deemed amended by this Agreement for the purpose of calculating the Margin as described herein.

ARTICLE 7: PROCEDURES FOR ENERGY SCHEDULING, CAPACITY RESOURCE SUBMISSION AND TRANSMISSION PROCUREMENT

7.1 Load Obligations

The Company and the DS Supplier acknowledge and agree that (1) the Company shall determine the DS Load, (2) the Company shall allocate the DS Supply obligation using the DS Supplier Responsibility Share, (3) the Company shall provide the DS Supplier's DS Supply obligation to PJM, and (4) the DS Supplier shall be responsible for meeting its DS Supply obligations as a LSE under the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for DS Supplier's DS Load shall be as set forth by PJM.

7.3 Energy Scheduling

The Company is not obligated to provide any day ahead scheduling services. If the Company chooses to provide such services, the information provided is not guaranteed by the Company.

ARTICLE 8: THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement by PJM

The settlement process occurs at PJM to reflect the DS Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for each DS Supplier will be determined based on the DS Supplier Responsibility Share of the DS Load. The reconciled total DS Energy obligation will be based on the final total Energy loads for the Customers receiving DS service, including de-ration adjustments for marginal losses.

Any adjustments for billing and metering errors reported subsequent to the calculation of FMEA will be proportionally allocated by the Company to the DS Suppliers based on the respective DS Supplier Responsibility Share.

8.2 Energy Settlement by the Company

In the event that actual DS Customer consumption data is not available until after the PJM deadline for conducting the final settlement, the Company will conduct the settlement process with the DS Supplier. In the event PJM imposes penalties against the Company as a result of the DS Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company to the DS Supplier as part of this settlement process. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the DS Supplier.

ARTICLE 9: BILLING AND PAYMENT**9.1 The Company Payment of Obligations to the DS Supplier**

The Company shall pay all amounts due to the DS Supplier hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier.

- For Fixed Price Transactions, this Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown in Appendix C for each hour of the Billing Month.
- For Hourly Price Transactions, this Statement will show the aggregate amounts due based on the DS Fixed Price Adder For Hourly Price Service multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown in Appendix C for each hour of the Billing Month, plus the DS Variable Payments used to determine the PMEA for each hour of the Billing Month.

(b) The Statement will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(c) The Company shall make payment on the first Business Day after the 19th day of each calendar month.

(d) To the extent that the FMEA differs from the PMEA, the Company shall pay or charge the DS Supplier for the PMEA/FMEA Adjustment Amount within the PJM deadline for conducting the final settlement.

(e) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.

(f) Payments shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(g) The Company shall make payments of funds payable to the DS Supplier by electronic transfer to a bank designated by the DS Supplier.

(h) If a good faith dispute arises between the Company and the DS Supplier regarding a Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Statement in dispute. Statement disputes shall be addressed promptly and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

(i) If payment is made to the DS Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

(j) If Seller does enter more than one transaction with Buyer, Buyer may provide a single invoice listing the relevant information detailed.

9.2 Billing for DS Supplier’s Obligations to Other Parties

The Company shall have no responsibility for billing between the DS Supplier and PJM; the DS Supplier and any Energy or Capacity source; or the DS Supplier and any other third party. The Company will be solely responsible for billing DS Customers for Default Service.

9.3 The DS Supplier Payment of Obligations to the Company

The DS Supplier shall pay all Charges it incurs hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company shall submit an invoice to the DS Supplier for all Charges owed by the DS Supplier under this Agreement. The DS Supplier shall make payment for Charges shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(c) The DS Supplier shall make payments of funds payable to the Company by electronic transfer to a bank designated by the Company.

(d) If a good faith dispute arises between the Company and the DS Supplier regarding an invoice, the disputing Party shall pay only the undisputed portion of the invoice, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the due date of the invoice in dispute. Billing disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a billing dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a bill dispute was received by the non-disputing Party.

(e) If payment is made to the Company after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

ARTICLE 10: SYSTEM OPERATION

The Parties shall adhere to any applicable operational requirements of PJM necessary to protect the integrity of the transmission system within the PJM Control Area and the transmission systems of interconnected control areas, and shall satisfy any and all PJM, RFC and NERC criteria, when applicable. The DS Supplier shall also adhere to any applicable operational requirements of the Company necessary to protect the integrity of the Company's local distribution system.

10.1 Disconnection and Curtailment by the Company

The Company shall have the right, without incurring any liability to the DS Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the DS Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever the Company determines in the exercise of its good faith discretion, or when the Company is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's facilities, or due to any other reason affecting the safe and reliable operation of the Company's or a Customer's facilities, including, without limitation, an Emergency, forced outage or potential overloading of the Company's transmission and/or distribution circuits, potential damage to any Customer's facilities or any risk of injury to persons or property.

10.2 Inadvertent Loss of Service to DS Customers

The Parties agree and acknowledge that service to DS Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Company affecting the transmission and distribution

system of the Company. Neither Party will have any liability to the other Party for the occurrence of such events except for the Company's obligation to pursue steps for the resumption of the disrupted service as set forth in Section 10.3 below. In no event will an inadvertent loss of service affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 Good Faith Efforts

The Company shall use good faith efforts to minimize any curtailment, interruption or reduction in service to DS Customers to the extent reasonably practicable under the circumstances.

10.4 PJM Requirements

The DS Supplier acknowledges and agrees that, as a member of PJM, the Company is bound by all PJM operating instructions, policies and procedures as are currently set forth in the PJM Operating Manual, which are available through the Internet on the PJM Home Page (<http://www.pjm.com>), as may be revised from time to time, which are needed to maintain the integrity of the PJM system. The DS Supplier acknowledges and agrees that it will cooperate with the Company so that the Company will be in compliance with all PJM Emergency Operations Procedures, which include, but are not limited to, those procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

10.5 Compliance with Governmental Directives

The DS Supplier also acknowledges and agrees that the Company may need to act

in response to governmental or civil authority directives which may affect DS Customer load. The DS Supplier agrees to cooperate with the Company in order to comply with said directives.

ARTICLE 11: DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

Before pursuing resolution of any dispute arising out of this Agreement (other than an Event of Default under Article 5.1(i)-(ix), (xii), or (xvi)), the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Article 11.1 (Informal Resolution of Disputes), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Index from the original due date through the date of payment.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

After the requirements of Article 11.1 (Informal Dispute Resolution) have been satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the appropriate authority. Nothing in this Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act (“FPA”), with the PaPUC under relevant provisions of the Applicable Legal Authorities, with the Allegheny County Court of Common Pleas or with the Western

District of Pennsylvania Federal Court. The Party's agreement hereunder is without prejudice to any Party's right to contest the jurisdiction of the agency or court to which a complaint is brought.

The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement freely and in good faith and that the terms of this Agreement have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement should be considered under any standard of review other than the "public interest" standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the "Mobile-Sierra Doctrine").

ARTICLE 12: REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance with Applicable Legal Authorities

The Company and the DS Supplier are subject to, and shall comply with, all existing or future applicable federal, State and local laws, all existing or future duly-promulgated orders or other duly-authorized actions of PJM or of Applicable Legal

Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of descriptions of procedures or processes utilized by PJM or otherwise subject to the jurisdiction of FERC is intended solely for informational purposes. If anything stated herein is found by the FERC to conflict with or be inconsistent with any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by PJM are duly modified, the applicable FERC rule, regulation, order, determination or modification shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company and/or the DS Supplier, if applicable, shall use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

12.3 Energy Efficiency, Conservation, and Retail Market Programs

DS Supplier acknowledges that DS Customers may participate in energy efficiency and conservation programs offered by the Company (required by Applicable Legal Authorities or otherwise offered by the Company whether voluntarily or not), by PJM, or by other third parties and, for the avoidance of doubt, any programs offered or conducted by the Company or other entities relating to or arising from the PaPUC's Investigation of Pennsylvania's Retail Electricity Market, PaPUC Docket No. I-2011-2237952 (including legislation enacted to address the Commission's Final Order in Docket No. I-2011-2237952), and that such participation may reduce or change the amount of DS Supply that DS Supplier is required to provide and the amount of monies it may receive under this

Agreement. The Company shall have no obligation whatsoever to DS Supplier with respect to the effect, if any, of such programs. DS Supplier is solely responsible for determining the effect, if any, of such programs on future load requirements.

ARTICLE 13: LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

13.1 Limitations on Liability

Except as set forth in this Agreement, there is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed. The Parties confirm that the express remedies and measures of Damages provided in this Agreement satisfy the essential purposes hereof. For breach of any provision for which an express remedy or measure of Damages is provided, such express remedy or measure of Damages shall be the sole and exclusive remedy, the obligor's liability shall be limited as set forth in such provision and all other remedies or Damages at law or in equity are waived. If no remedy or measure of Damages is expressly provided herein, the obligor's liability shall be limited to direct actual Damages only, such direct actual Damages shall be the sole and exclusive remedy, and all other remedies or Damages at law or in equity are waived. Unless expressly herein provided, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect Damages, lost profits or other business interruption Damages, by statute, in tort or contract, under any indemnity provision or otherwise. It is the intent of the Parties that the limitations herein imposed on remedies and the measure of Damages be without regard to the cause or causes related thereto, including the negligence or any Party, whether such negligence by sole, joint or concurrent, or active or passive. To the extent any Damages required to be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise

obtaining an adequate remedy is inconvenient and the Damages calculated hereunder constitute a reasonable approximation of the harm or loss.

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 of this Agreement, the Company shall be deemed to have custody and control of the electric Energy delivered by the DS Supplier upon receipt thereof at the point of delivery identified in Appendix C and until delivery thereof at the retail electric meter of the Customer, and the DS Supplier shall be deemed to have custody and control of the DS Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of DS Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such DS Supply while in its custody and control and shall indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14: INDEMNIFICATION

14.1 Indemnification

(a) Should the Company become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the DS Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the DS Supplier has otherwise assumed liability under the terms of this Agreement, the DS Supplier shall defend (at the Company's option), indemnify and hold harmless the Company, its shareholders, board members, directors, officers and employees, from and against any and

all such third party claims and/or liabilities, and shall appoint counsel at DS Supplier's expense, subject to the approval of Company, to defend any such claims or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Company. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(b) Should the DS Supplier (the "Indemnified DS Supplier") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the Company with respect to an obligation arising under or in connection with this Agreement, or for which the Company has otherwise assumed liability under the terms of this Agreement, the Company shall defend (at the option of the Indemnified DS Supplier), indemnify and hold harmless the Indemnified DS Supplier, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified DS Supplier. The Indemnified DS Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(c) If either Party intends to seek indemnification under Article 14.1(a) or 14.1(b), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) days of the later of the

commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld, conditioned or delayed.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article shall survive termination of this Agreement and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any statutory scheme, including any Worker's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

ARTICLE 15: FORCE MAJEURE

15.1 Force Majeure

Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform, during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit

damages to the other Party; and (iii) fulfill the requirements set forth in Article 15.2 (Notification).

15.2 Notification

A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE 16: MISCELLANEOUS PROVISIONS

16.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by overnight express mail or courier service. Notice may also be provided via e-mail or facsimile transmission (with the original transmitted by any of the other delivery methods specified in the previous sentence) addressed per the notification information for the DS Supplier and Company as set forth in Exhibit 2 hereto.

Such notices, demands or requests shall also be provided to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day shall be deemed received on the next Business Day.

16.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder,

shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of this Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

16.3 Effect of Regulatory or Legislative Actions

- (a) The Parties agree that the Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving the Company's full and current recovery of said costs, the Company may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.
- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfer the Company's obligation to procure or supply DS Supply to a third party(ies), this Agreement may be transferred to such third party(ies) in accordance with the provisions of Section 16.4 below. The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.
- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 16.3 above, the Parties agree that the Company shall not be liable for any costs or damages incurred

or otherwise associated with (i) the transfer of the Company's obligation to obtain or provide DS Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide DS Supply from DS Supplier.

16.4 Assignment

Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained. Any assignment in violation of this Section 16.4 shall be void; provided, however, the Company may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the DS Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Company, or to a third party in accordance with Section 16.3(b), if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. The DS Supplier may, with prior written notice to the Company but without obtaining the approval of the Company, assign the accounts, revenues or proceeds under this Agreement to a third party. The Company agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Company may reasonably request, the Company will pay amounts becoming due to the assigning DS Supplier under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to the DS Supplier, and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Company arising

under this Agreement.

16.5 Governing Law and Venue

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Pennsylvania State court or Federal court of competent jurisdiction and within reasonably close proximity to the Company. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.6 Regulatory Approvals

DS Supplier agrees to cooperate, to the fullest extent necessary, to obtain any and all required State, Federal or other regulatory approvals of the Agreement and/or Transaction Confirmations hereunder. The commencement of the Delivery Period and the obligations hereto are subject to (i) the receipt or waiver by Company of all Company required regulatory approvals, (ii) the receipt or waiver by DS Supplier of all DS Supplier required regulatory approvals, and (iii) Pennsylvania PUC approval.

16.7 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

16.8 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto and nothing in this Agreement shall be construed to create any duty or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

16.9 General Miscellaneous Provisions

(a) This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligation or liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

(b) Cancellation, expiration or Early Termination of this Agreement shall not relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.

(c) Should any provision of this Agreement be held invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof unless it materially changes the agreement of the Parties; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties.

(d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all

proposals (oral or written), understandings, representations, conditions, warranties, covenants and all other communications between the Parties relating thereto. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement or any Transaction.

16.10 Taxes

As between the Parties: (i) the DS Supplier is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of DS Supply under this Agreement; and (ii) the Company is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on retail sales of DS Supply under this Agreement. Should the DS Supplier be required to remit any Pennsylvania State Sales and Use Taxes directly to the applicable taxing authority, other than taxes previously collected by the DS Supplier on behalf of the Company, the Company will defend and indemnify the DS Supplier for such Sales and Use Taxes and will pay to the DS Supplier all such tax amounts upon demand. If any Transaction is exempt from the payment of any such taxes, the affected DS Supplier will, if requested, provide the Company with valid tax exemption certificates. Should the Company be required to remit any such taxes directly to any applicable taxing authority, other than taxes previously collected by the Company directly from the DS Supplier, the DS Supplier will defend and indemnify the Company and will pay to the Company all such tax amounts upon demand.

16.11 Audit

Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Article 9 (Billing and Payment) and 9.1(i) (Interest on Unpaid Balances) of this Agreement.

16.12 Rules of Interpretation

The following principles shall be observed in the interpretation and construction of this Agreement:

- (a) Unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
- (b) All titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;
- (c) References to the singular include the plural and vice versa;
- (d) References to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;

- (e) In carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and
- (f) If any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

16.13 Confidentiality

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation; or (v) such disclosure is made to PJM or PaPUC and is necessary in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.

(b) Notwithstanding any other provision of this Section 16.12, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions

of this Section 16.12, and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(d) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.12. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under this Article 16.12, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.14 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation ("FAR"), 48 Code of Federal Regulations Chapter 1, should be deemed to apply to this Agreement, the DS Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

- 1) Clean Air and Water: § 52.223-2;

- 2) Contract Work Hours and Safety Standards Act-Overtime Compensation: § 52.222-4;
- 3) Equal Opportunity: § 52.222-26;
- 4) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: § 52.222-35 and § 52.222-37;
- 5) Affirmative Action for Handicapped Workers: § 52.222-36; and
- 6) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: § 52.219-8 and § 52-219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR shall prevail.

16.15 Binding Terms

This Agreement and the rates, terms and conditions herein shall remain in effect for the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the FPA, if the FPA is deemed to have jurisdiction over this Agreement, including on the grounds that they are not just and reasonable.

16.16 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties prior to such amendment becoming effective. Except as provided in Appendix C, the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and

irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement should be considered under any standard of review other than the “public interest” standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”).

16.17 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

16.18 Successors

This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:

DUQUESNE LIGHT COMPANY

By: _____

Title: _____

Name: _____

Title: _____

ATTEST:

[INSERT]

By: _____

Title: _____

Name: _____

Title: _____

APPENDIX A- MAXIMUM UNSECURED CREDIT

Credit Rating Matrix Tables for EDC's

EDC: Duquesne Light Company

Credit Rating of the DS Supplier			Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap
A- and above	A3 and above	A- and above	16%	\$60,000,000
BBB +	Baa1	BBB +	10%	\$40,000,000
BBB	Baa2	BBB	7%	\$30,000,000
BBB-	Baa3	BBB-	3%	\$20,000,000
Below BBB-	Below Baa3	Below BBB-	0%	\$0

Credit Rating Determination Methodology

The DS Supplier or its Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the DS Supplier or its Guarantor is rated by all three accepted rating agencies (S&P, Moody's and Fitch), and the ratings are split, the lowest rating will be used. **Minimum Rating** – The lowest credit rating for a DS Supplier, as set forth in this Appendix A, that can obtain unsecured credit.

APPENDIX B – METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Parameters

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

1. On-Peak Initial Mark Price
2. Off-Peak Initial Mark Price
3. MW-Measure
4. On-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
5. Off-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
6. Number of awarded Tranches

In calculating the MtM Exposure for each Transaction, the following parameters are set each Business Day subsequent to the Transaction Date:

- 1) On-Peak Forward Price
- 2) Off-Peak Forward Price
- 3) Current Capacity PLC Per Bid Block
- 4) On-Peak Estimated Energy Quantity
- 5) Off-Peak Estimated Energy Quantity

Determination of On-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub On-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly On-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes.

Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that On-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the On-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the On-Peak Forward Price for the given month may be updated based on the changes in On-Peak Forward Price quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Determination of Off-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub Off-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly Off-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from the average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes. Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that Off-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the Off-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the Off-Peak Forward Price for the given month may be updated based on the changes in Off-Peak Forward Price

quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Example of Disaggregating Aggregate Quotes

The following is an example of the process to be used for disaggregating Aggregate Quotes:

- a. Aggregate Quote only available for January – March: \$60/MWh.
- b. Immediate Prior Calendar year quotes for January, February, and March as follows:

January: \$42/MWh

February: \$45/MWh

March: \$40/MWh

- c. Calculations as follows:

1. Calculate Average price in (b) = \$42.33/MWh

2. Calculate monthly deviation from Average:

January: 99.2% ($\$42/\42.33)

February: 106.3% ($\$45/\42.33)

March: 94.5% ($\$40/\42.33)

3. Disaggregate the Aggregate Quote by applying percentages from c.(2) to the available aggregate quote:

January: \$59.53 ($\$60 \times 99.2\%$)

February: \$63.78 ($\$60 \times 106.3\%$)

March: \$56.69 ($\$60 \times 94.5\%$)

Mark-To-Market Example

Necessary Information from a Transaction Confirmation:		
Delivery Period:	June 1, 2011 - May 31, 2012	
Bid Blocks:	3	(j)
Estimated Energy Quantity Per MW-Measure:		
	On-Peak MWh (k)	Off-Peak MWh (l)
Jan	11800	8300
Feb	13000	9100
Mar	9100	6400
Apr	7200	5000
May	8800	6200
Jun	12900	9000
Jul	15200	10600
Aug	16000	11200
Sep	9500	6700
Oct	8300	5800
Nov	9800	6900
Dec	10900	7600

Business Day on which MtM is Calculated:	June 24, 2011
MW-Measure:	50.0 MW (m)
Current Capacity PLC Per Bid Block:	40.0 MW (n)
Percent of On-Peak Hours Remaining in Current Month:	18.2% (o)
Percent of Off-Peak Hours Remaining in Current Month:	21.7% (p)

MtM Exposure Calculation									
	a	b	c	d	e=c-a	f=d-b	g=k*n/m*j*o	h=l*n/m*j*p	i=(e*g)+(f*h)
	On-Peak Initial Mark Price \$/MWh	Off-Peak Initial Mark Price \$/MWh	On-Peak Forward Price \$/MWh	Off-Peak Forward Price \$/MWh	Change In On-Peak Price \$/MWh	Change In Off-Peak Price \$/MWh	Estimated On-Peak Energy Quantity MWh	Estimated Off-Peak Energy Quantity MWh	MtM Exposure
Jun-11	57.04	27.95	58.48	28.65	1.44	0.70	5,629	4,696	\$ 11,393
Jul-11	72.81	31.31	75.26	32.36	2.45	1.05	36,480	25,440	\$ 116,088
Aug-11	72.81	34.23	74.28	34.91	1.47	0.68	38,400	26,880	\$ 74,726
Sep-11	45.56	24.15	47.31	25.08	1.75	0.93	22,800	16,080	\$ 54,854
Oct-11	43.23	23.34	46.09	24.89	2.86	1.55	19,920	13,920	\$ 78,547
Nov-11	43.23	25.50	46.40	27.38	3.17	1.88	23,520	16,560	\$ 105,691
Dec-11	43.23	26.36	44.86	27.36	1.63	1.00	26,160	18,240	\$ 60,881
Jan-12	50.73	38.55	54.45	41.39	3.72	2.84	28,320	19,920	\$ 161,923
Feb-12	50.73	39.06	53.61	41.29	2.88	2.23	31,200	21,840	\$ 138,559
Mar-12	45.23	30.75	47.64	32.39	2.41	1.64	21,840	15,360	\$ 77,825
Apr-12	45.23	25.78	48.01	27.36	2.78	1.58	17,280	12,000	\$ 66,998
May-12	47.06	24.94	49.06	26.00	2.00	1.06	21,120	14,880	\$ 58,013
									\$ 1,005,499

CALCULATION OF MTM EXPOSURE FOR HOURLY PRICE TRANSACTIONS

The MtM Exposure for an Hourly Price Transaction shall be calculated as follows. During the first month of the term of a Transaction, the MtM Exposure shall be equal to Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche. Thereafter, the MtM Exposure shall be calculated on the first Business Day of each month during the term of a Transaction and shall be deemed equal to the product of: (i) Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche; (ii) the ratio of the Current Capacity PLC Per Tranche to the MW-Measure; (iii) the number of Tranches awarded to the DS Supplier per the Transaction Confirmation; and (iv) the ratio of the calendar days remaining in the Delivery Period to the total calendar days in the Delivery Period. The following definitions shall apply for the purposes of this calculation:

“Capacity Peak Load Contribution” or “Capacity PLC” means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer’s retail load settlement process, and used by PJM in determining the DS Supplier’s capacity obligation for each Transaction.

“Current Capacity PLC Per Tranche” is the Capacity PLC of a Tranche as of the Business Day the MtM Exposure is calculated for the Transaction.

“MW-Measure” means the Current Capacity PLC Per Tranche as of the Transaction Date.

APPENDIX C - DS SUPPLY SPECIFICATIONS

1) With respect to a Transaction, DS Supplier shall provide DS Supply on a firm and continuous basis. The terms of the Transaction shall be set forth in a Transaction Confirmation to this SMA, in a form as set forth in Exhibit 1. As used herein and in the Transaction Confirmation, Full Requirements Service shall mean all of the following necessary services or products that are required to supply the DS Responsibility Share for the DS Customers associated with the Transaction Confirmation, including: Energy, Capacity, transmission (except for Network Integration Transmission Service), Ancillary Services, Alternative Energy Credits for compliance with the AEPS Act, transmission and distribution system losses, congestion management costs, and such other products and services that are required except for distribution service.

2) The Transaction Confirmation shall, *inter alia*, specify the following terms with respect to a Transaction: (i) the Product (typically, Full Requirements Service); (ii) the DS Customer group associated with the applicable DS Load; (iii) the Delivery Point at which the DS Supplier shall deliver the DS Supply; (iv) the Delivery Period during which the DS Supplier shall deliver the DS Supply; (v) the number of Tranches; (vi) the DS Supplier Responsibility Share; (vii) for Fixed Price Transactions, the total number of AECs associated with each Tranche; and (viii) the DS Fixed Price or Fixed Price Adder, as applicable, for each Tranche.

3) The Company and DS Supplier shall be responsible for their respective PJM Billing Statement Line Item Credits and Charges associated with a Transaction as described in Appendix D, *Responsibilities for PJM Billing Line Items as Defined in Applicable PJM Agreement or Manual*. Company and DS Supplier agree to communicate

with PJM as may be necessary to ensure that PJM transfers all PJM Billing Statement Line Item Credits and Charges to the appropriate party.

4) The DS Supplier shall comply with all applicable requirements described in Appendix E, *DS Suppliers' Obligations For AEPS Compliance*.

5) Except as provided in Paragraph 1 above, DS Supplier bears the risk of any other changes in PJM products and pricing during the term of all Transactions under this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Paragraph 1 above or other new PJM charges and costs, charged to network transmission customers, that DS Supplier believes the Company should recover through retail rates because they are directly related to the Company's obligations, then Company may file with the PaPUC a request for approval to recover such new costs. DS Supplier is required to intervene in any such proceeding before the PaPUC. Such new costs can only be charged to the Company to the extent that the PaPUC approves the Company's recovery of those costs. DS Supplier agrees to be bound by the decision of the PaPUC (subject to the normal rules for appeal of the decision of the PaPUC) and waives all claims concerning this issue before the FERC. Notwithstanding the foregoing, nothing in the Agreement shall preclude DS Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

DS Customer Group:

Each Transaction Confirmation shall be associated with DS Supply to one of the following

DS Customer categories, or their successors, as defined in the DS Tariff:

Customer Group	Rate Schedule	Description
Residential & Lighting	RS	Residential Service
	RH	Residential Service Heating
	RA	Residential Service Add-On Heat Pump
	AL	Architectural Lighting Service
	SE	Street Lighting Energy
	SM	Street Lighting Municipal
	SH	Street Lighting Highway
	PAL	Private Area Lighting
Small Commercial & Industrial	GS	General Service Small
	GM < 25kW	General Service Medium – Demand less than 25kW
	GMH < 25kW	General Service Medium Heating – Demand less than 25kW
	UMS	Unmetered Service
Medium Commercial & Industrial	GM ≥ 25kW and < 200kW	General Service Medium – Demand equal to or greater than 25kW and less than 200kW
	GMH ≥ 25kW and < 200kW	General Service Medium Heating – Demand equal to or greater than 25kW and less than 200kW
HPS-Eligible	GM ≥ 200kW	General Service Medium – Demand equal to or greater than 200kW
	GMH ≥ 200kW	General Service Medium – Demand equal to or greater than 200kW
	GL	General Service Large
	GLH	General Service Heating
	L	Large Power Service
	HVPS	High Voltage Power Service

APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL

ID #	PJM Billing Statement Line Items	Responsible Party	
		EDC	DS Supplier
ID#	CHARGES		
1000	Amount Due for Interest on Past Charges		DS Supplier
1100	Network Integration Transmission Service	EDC	
1101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
1102	Network Integration Transmission Service (exempt)	EDC	
1103	Underground Transmission Service	EDC	
1104	Network Integration Transmission Service Offset	EDC	
1108	Transmission Enhancement	EDC	
1109	MTEP Project Cost Recovery		DS Supplier
1110	Direct Assignment Facilities		DS Supplier
1115	Transmission Enhancement Settlement (EL05-121-009)	EDC	
1120	Other Supporting Facilities		DS Supplier
1130	Firm Point-to-Point Transmission Service		DS Supplier
1133	Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier
1136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
1138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
1140	Non-Firm Point-to-Point Transmission Service		DS Supplier

1143	Non-Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
1147	Neptune Unscheduled Usage Billing Allocation		DS Supplier
1155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
1157	Linden Unscheduled Usage Billing Allocation		DS Supplier
1165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
1167	Hudson Unscheduled Usage Billing Allocation		DS Supplier
1200	Day-ahead Spot Market Energy		DS Supplier
1205	Balancing Spot Market Energy		DS Supplier
1210	Day-ahead Transmission Congestion		DS Supplier
1215	Balancing Transmission Congestion		DS Supplier
1216	Pseudo-Tie Balancing Congestion Refund		DS Supplier
1218	Planning Period Congestion Uplift		DS Supplier
1220	Day-ahead Transmission Losses		DS Supplier
1225	Balancing Transmission Losses		DS Supplier
1230	Inadvertent Interchange		DS Supplier
1240	Day-ahead Economic Load Response		DS Supplier
1241	Real-time Economic Load Response		DS Supplier
1242	Day-ahead Load Response Charge Allocation		DS Supplier
1243	Real-time Load Response Charge Allocation		DS Supplier

1245	Emergency Load Response		DS Supplier
1250	Meter Error Correction		DS Supplier
1260	Emergency Energy		DS Supplier
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		DS Supplier
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		DS Supplier
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		DS Supplier
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		DS Supplier
1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		DS Supplier
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		DS Supplier
1307	PJM Scheduling, System Control and Dispatch Service – Market Support Offset		DS Supplier
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		DS Supplier
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		DS Supplier
1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		DS Supplier
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		DS Supplier
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		DS Supplier
1313	PJM Settlement, Inc.		DS Supplier
1314	Market Monitoring Unit (MMU) Funding		DS Supplier
1315	FERC Annual Charge Recovery		DS Supplier
1316	Organization of PJM States, Inc. (OPSI) Funding		DS Supplier

1317	North American Electric Reliability Corporation (NERC)		DS Supplier
1318	Reliability First Corporation (RFC)		DS Supplier
1320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
1340	Regulation and Frequency Response Service		DS Supplier
1350	Energy Imbalance Service		DS Supplier
1360	Synchronized Reserve		DS Supplier
1362	Non-Synchronized Reserve		DS Supplier
1365	Day-ahead Scheduling Reserve		DS Supplier
1370	Day-ahead Operating Reserve		DS Supplier
1371	Day-ahead Operating Reserve for Load Response		DS Supplier
1375	Balancing Operating Reserve		DS Supplier
1376	Balancing Operating Reserve for Load Response		DS Supplier
1377	Synchronous Condensing		DS Supplier
1378	Reactive Services		DS Supplier
1380	Black Start Service		DS Supplier
1390	Fuel Cost Policy Penalty		DS Supplier
1400	Load Reconciliation for Spot Market Energy		DS Supplier
1410	Load Reconciliation for Transmission Congestion		DS Supplier
1420	Load Reconciliation for Transmission Losses		DS Supplier
1430	Load Reconciliation for Inadvertent Interchange		DS Supplier
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		DS Supplier

1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		DS Supplier
1442	Load Reconciliation for Schedule 9-6 – Advanced Second Control Center		DS Supplier
1444	Load Reconciliation for Market Monitoring Unit Funding		DS Supplier
1445	Load Reconciliation for FERC Annual Charge Recovery		DS Supplier
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		DS Supplier
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		DS Supplier
1448	Load Reconciliation for Reliability First Corporation (RFC)		DS Supplier
1449	Load Reconciliation for Consumer Advocates of PJM States, Inc. (CAPS) Funding		DS Supplier
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1460	Load Reconciliation for Regulation and Frequency Response Service		DS Supplier
1470	Load Reconciliation for Synchronized Reserve		DS Supplier
1472	Load Reconciliation for Non-Synchronized Reserve		DS Supplier
1475	DASR Load Reconciliation		DS Supplier
1478	Load Reconciliation for Operating Reserve		DS Supplier
1480	Load Reconciliation for Synchronous Condensing		DS Supplier
1490	Load Reconciliation for Reactive Services		DS Supplier
1500	Financial Transmission Rights Auction		DS Supplier
1600	RPM Auction		DS Supplier
1610	Locational Reliability		DS Supplier
1611	CP Transitional Locational Reliability		DS Supplier
1650	Non-Unit Specific Capacity Transaction		DS Supplier

1660	Demand Resource and ILR Compliance Penalty		DS Supplier
1661	Capacity Resource Deficiency		DS Supplier
1662	Generation Resource Rating Test Failure		DS Supplier
1663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1664	Peak Season Maintenance Compliance Penalty		DS Supplier
1665	Peak-Hour Period Availability		DS Supplier
1666	Load Management Test Failure		DS Supplier
1670	FRR LSE Reliability		DS Supplier
1680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
1681	FRR LSE Capacity Resource Deficiency		DS Supplier
1682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
1683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
1685	FRR LSE Peak-Hour Period Availability		DS Supplier
1686	FRR LSE Load Management Test Failure		DS Supplier
1687	FRR LSE Schedule 9-5		DS Supplier
1688	FRR LSE Schedule 9-6		DS Supplier
1710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
1712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
1720	RTO Start-up Cost Recovery		DS Supplier
1730	Expansion Cost Recovery	EDC	
1900	Unscheduled Transmission Service		DS Supplier
1910	Ramapo Phase Angle Regulators		DS Supplier

1911	Michigan – Ontario Interface Phase Angle Regulators		DS Supplier
1920	Station Power		DS Supplier
1930	Generation Deactivation	EDC	
1932	Generation Deactivation Refund	EDC	
1950	Virginia Retail Administrative Fee		DS Supplier
1952	Deferred Tax Adjustment	EDC	
1955	Deferral Recovery		DS Supplier
1980	Miscellaneous Bilateral		DS Supplier
1995	PJM Annual Membership Fee		DS Supplier
1999	PJM Customer Payment Default		DS Supplier
ID#	CREDITS		
2100	Network Integration Transmission Service	EDC	
2101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
2102	Network Integration Transmission Service (exempt)	EDC	
2103	Underground Transmission Service	EDC	
2104	Network Integration Transmission Service Offset	EDC	
2106	Non-Zone Network Integration Transmission Service	EDC	
2108	Transmission Enhancement	EDC	
2109	MTEP Project Cost Recovery		DS Supplier
2110	Direct Assignment Facilities		DS Supplier
2120	Other Supporting Facilities		DS Supplier
2130	Firm Point-to-Point Transmission Service		DS Supplier
2132	Internal Firm Point-to-Point Transmission Service		DS Supplier

2133	Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier
2136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
2138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
2140	Non-Firm Point-to-Point Transmission Service		DS Supplier
2142	Internal Non-Firm Point-to-Point Transmission Service		DS Supplier
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
2155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
2165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
2210	Transmission Congestion		DS Supplier
2211	Day-ahead Transmission Congestion		DS Supplier
2215	Balancing Transmission Congestion		DS Supplier
2217	Planning Period Excess Congestion		DS Supplier
2218	Planning Period Congestion Uplift		DS Supplier
2220	Transmission Losses		DS Supplier
2240	Day-ahead Economic Load Response		DS Supplier
2241	Real-time Economic Load Response		DS Supplier
2245	Emergency Load Response		DS Supplier
2260	Emergency Energy		DS Supplier

2320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
2340	Regulation and Frequency Response Service		DS Supplier
2350	Energy Imbalance Service		DS Supplier
2360	Synchronized Reserve		DS Supplier
2362	Non-Synchronized Reserve		DS Supplier
2365	Day-ahead Scheduling Reserve		DS Supplier
2370	Day-ahead Operating Reserve		DS Supplier
2371	Day-ahead Operating Reserve for Load Response		DS Supplier
2375	Balancing Operating Reserve		DS Supplier
2376	Balancing Operating Reserve for Load Response		DS Supplier
2377	Synchronous Condensing		DS Supplier
2378	Reactive Services		DS Supplier
2380	Black Start Service		DS Supplier
2415	Balancing Transmission Congestion Load Reconciliation		DS Supplier
2420	Load Reconciliation for Transmission Losses		DS Supplier
2500	Financial Transmission Rights Auction		DS Supplier
2510	Auction Revenue Rights		DS Supplier
2600	RPM Auction		DS Supplier
2620	Interruptible Load for Reliability		DS Supplier
2630	Capacity Transfer Rights		DS Supplier
2640	Incremental Capacity Transfer Rights		DS Supplier
2650	Non-Unit Specific Capacity Transaction		DS Supplier

2660	Demand Resource and ILR Compliance Penalty		DS Supplier
2661	Capacity Deficiency Resource		DS Supplier
2662	Generation Resource Rating Test Failure		DS Supplier
2663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2664	Peak Season Maintenance Compliance Penalty		DS Supplier
2665	Peak-Hour Period Availability		DS Supplier
2666	Load Management Test Failure		DS Supplier
2670	FRR LSE Reliability Credit		DS Supplier
2680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
2681	FRR LSE Capacity Resource Deficiency		DS Supplier
2682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
2683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
2685	FRR LSE Peak-Hour Period Availability		DS Supplier
2686	FRR LSE Load Management Test Failure		DS Supplier
2687	FRR LSE Schedule 9-5		DS Supplier
2688	FRR LSE Schedule 9-6		DS Supplier
2710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
2712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
2720	RTO Start-up Cost Recovery		DS Supplier
2730	Expansion Cost Recovery	EDC	
2910	Ramapo Phase Angle Regulators		DS Supplier
2912	CT Lost Opportunity Cost Allocation		DS Supplier

2930	Generation Deactivation	EDC	
2932	Generation Deactivation Refund	EDC	
2950	Virginia Retail Administrative Fee		DS Supplier
2952	Deferred Tax Adjustment	EDC	
2955	Deferral Recovery		DS Supplier
2980	Miscellaneous Bilateral		DS Supplier
2996	Annual PJM Cell Tower		DS Supplier
2997	Annual PJM Building Rent		DS Supplier

APPENDIX E – DS SUPPLIER’S OBLIGATIONS FOR AEPS COMPLIANCE

With respect to the DS Supplier Responsibility Share, DS Supplier shall:

- (1) Provide sufficient AECs for each Tranche, in accordance with the schedule provided below.
- (2) Provide actual AECs that conform to all applicable PaPUC or other legal requirements in effect as of the date that the AECs are provided to the Company. DS Supplier shall be responsible for any incremental costs associated with ensuring that the AECs it provides to the Company conform to such requirements then in effect.
- (3) Provide AECs on a six (6) month basis or at the end of any Delivery Period, if the Delivery Period is less than six (6) months, and shall be transferred to the Company within 30 days from the final day of any such six month period or Delivery Period; provided; however, that if the term of any Delivery Period includes two different AEPS reporting years, then DS Supplier shall provide the AECs required for the first AEPS reporting year by June 30th of each year.
- (4) Pay any penalties, costs, charges, damages, or other fees assessed against the DS Supplier and/or the Company associated with the DS Supplier’s non-performance with this Agreement or any other applicable requirements related to AEPS.
- (5) Submit to the Company proof of compliance under this Agreement in such form and manner as may be required by the Company.
- (6) Provide to the Company all information the Company may require to comply with the AEPS Act and its implementing regulations and other

requirements of law, including, but not limited to the price paid per AEC required by 73 Pa. C.S. § 1648.3(e)(8).

This Appendix E shall confirm the Alternative Energy Portfolio Standards Obligation of the Transaction agreed to on [Month, Day, Year] ("Bid Proposal Due Date").

With respect to Transactions for Full Requirements Service, the DS Supplier shall deliver AECs conforming to all applicable requirements for the period beginning [Month, Day, Year] based on a percentage of the total MWh supplied by DS Supplier, in accordance with the following schedule:

<u>Compliance Period</u>	<u>Tier 1</u>	<u>PV</u>	<u>Tier 2</u>
6/1/2021 – 5/31/2022	7.5%	0.50%	10.0%

The percentages set forth above are those applicable for the first DS auction in DSP IX and may be revised for future DS Auctions to reflect changes in law or other applicable requirements. Unless the PaPUC or other authority with jurisdiction implements changes related to AEPS, compliance obligations for periods beyond 6/1/2021 to 5/31/2022 will remain at the 6/1/2021 to 5/31/2022 percentages. These are subject to revision if there are changes from the Pennsylvania AEPS Administrator.

For each compliance period during the Delivery Period, the number of AECs that a DS Supplier is obligated to provide may be reduced by a pre-determined number of AECs allocated to the DS Supplier ("Allocated AECs"). The number of Allocated AECs will be defined prior to the Transaction Date. Any Allocated AECs will not be transferred to the DS Supplier; but instead, the DS Supplier's AEC obligations will be reduced by a pro rata share of the Allocated AECs, and the Allocated AECs will remain the property of the Company.

The above amounts are estimates and will vary based on actual load served. DS Supplier will need to true-up, higher or lower, actual credits needed based on final reconciled settlement data from PJM.

EXHIBIT 1

TRANSACTION CONFIRMATION FOR FIXED PRICE TRANSACTIONS

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated [Month, Day, Year] (**Date of the Contract/DS Auction**) between Duquesne Light Company (“Company”) and [INSERT] (“DS Supplier”). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on [Month, Day, Year] (**Date of the current DS Auction for the tranches the won and will be serving**) (“Transaction Date”).

Product: Full Requirements Service

DS Customer Group: [INSERT CUSTOMER CLASS]

Delivery Point: Duquesne Residual Aggregate Zone in PJM Pnode 116472943

Delivery Period: [Month, Day, Year] through [Month, Day, Year]

Number of Tranches: [INSERT]

DS Fixed Percentage: [INSERT] % of DEFAULT SERVICE Load (for applicable customer class)

DS Fixed Price: [INSERT AVERAGE PRICE] per MWh

Tranche 1 at [INSERT] per MWH

Tranche 2 at [INSERT] per MWH

Tranche 3 at [INSERT] per MWH

⋮

Tranche [X] at [INSERT] per MWH

Alternative Energy Credit (AEC) Allocation (if any):

Alternative Energy Portfolio Standards - Reporting Period	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)
2021-22		

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation by email to the Company at energysupply@duqlight.com. The signatories to this Transaction must have the authority to enter into this Transaction.

Duquesne Light Company_

By: _____

Name: _____

Title: _____

[INSERT]

By: _____

Name: _____

Title: _____

EXHIBIT 2
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

Buyer:

Duquesne Light Company

DS Supplier:

[INSERT]

All Notices:

Street: 411 Seventh Ave.
City/State/Zip: Pittsburgh, PA 15219
Attn: Chief Financial Officer
Facsimile: (412) 393-1190
Duns: 007915606
Federal Tax ID Number: 25-0451600

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: Supply Procurement – John Peoples
Phone: (412) 393-6385
Email: jpeoples@duqlight.com

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn: Scheduling – John Peoples
Phone: (412) 393-6385
Email: jpeoples@duqlight.com

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn: Accounting – Jaime Bachota
Phone: (412) 393-1122
Email: jbachota@duqlight.com

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK:
ABA:
ACCT:

Wire Transfer

BNK:
ABA:
ACCT:

Credit and Collections:

Attn: Treasurer – James Milligan
Phone: (412) 393-1216
Email: jmilligan@duqlight.com

With additional Notices of an

Event of Default to:

Attn: Legal Department – Tishekia Williams
Phone: (412) 393-1541
Email: twilliams@duqlight.com

Credit and Collections:

Attn:
Phone:
Facsimile:

With Additional Notices of an

Event of Default to:

Attn:
Phone:
Facsimile:

EXHIBIT 3

PERFORMANCE ASSURANCE LETTER OF CREDIT

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY
USD

AMOUNT
*****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO:
_____ FOR THE ACCOUNT OF _____ ("APPLICANT") FOR AN
AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS
_____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE
BANK OF _____ ("ISSUER") _____ {ADDRESS},
EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS AT
_____ ON OR BEFORE _____ OR ANY
AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF
CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT
SET FORTH HEREIN.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND
DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF
CREDIT WILL BE HONORED UPON PRESENTATION TO ISSUER OF THE FOLLOWING
STATEMENT:

"I HEREBY CERTIFY THAT BENEFICIARY, DUQUESNE LIGHT COMPANY,
IS ENTITLED TO DRAW THE AMOUNT OF THE ACCOMPANYING DRAFT
UNDER LETTER OF CREDIT NO. _____, ISSUED BY
_____ {ISSUER'S NAME} AND THAT SUCH DRAFT
REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM
_____ {APPLICANT'S NAME} FOR PERFORMANCE
ASSURANCE RELATED TO THE DEFAULT SUPPLY MASTER
AGREEMENT(S) DATED _____ BETWEEN BENEFICIARY
AND APPLICANT."

THE AMOUNT WHICH MAY BE DRAWN BY BENEFICIARY UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY DRAWINGS PAID THROUGH ISSUER REFERENCING THIS LETTER OF CREDIT NO. _____.

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

THIS LETTER OF CREDIT MAY BE TERMINATED UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM BENEFICIARY RELEASING ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL ALWAYS REMAIN LIABLE TO BENEFICIARY FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS TO BENEFICIARY AS SET FORTH HEREIN NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY APPLICANT.
2. THIS LETTER OF CREDIT MAY BE TRANSFERRED OR ASSIGNED.
3. THIS LETTER OF CREDIT IS IRREVOCABLE.
4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") OR SUCH LATER REVISIONS(S) OF THE ISP AS MAY BE HEREAFTER ADOPTED. AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH

ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF BENEFICIARY AND ISSUER.

5. BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS BENEFICIARY OR AN AUTHORIZED AGENT OF BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

EXHIBIT 4FORM OF GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty”) is made and entered into as of this day of _____, by _____ (“Guarantor”), with an address at _____, in favor of Duquesne Light Company (“Creditor”), with an address at 411 Seventh Avenue, Pittsburgh, PA 15219, in consideration of the Default Supply Master Agreement(s) (the “DSMA(s)”) between Creditor and _____ (“Seller”) dated _____, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

WHEREAS, Guarantor is an _____ of Seller, and will therefore benefit by Seller entering into the DSMA with Creditor and Guarantor desires Creditor to enter into the DSMA with Seller and to extend credit to Seller thereunder.

WHEREAS, without this Guaranty, Creditor would not execute and deliver the DSMA or consummate the transactions contemplated thereby. Therefore, in consideration of the execution and delivery by Creditor of the DSMA and consummation of the transactions contemplated thereby, Guarantor has agreed to execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty of Obligations.

(a) Guarantor hereby irrevocably and unconditionally guarantees, as primary obligor and not a surety with effect from date hereof, the prompt and complete payment when due of all of Seller’s payment obligations under the DSMA, whether on scheduled payment dates, when due upon demand, upon declaration of termination or otherwise, in accordance with the terms of the DSMA and giving effect to any applicable grace period, and all reasonable out-of-pocket costs and expenses incurred by Creditor in the enforcement of Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”).

(b) The limitations on liabilities of Seller set forth in Article 13 of the DSMA shall also apply to the liabilities of Guarantor hereunder.

2. Nature of Guaranty; Waivers.

(a) This is a guaranty of payment and not of collection and Creditor shall not be required, as a condition of Guarantor’s liability, to pursue any rights which may be available to it with respect to any other person who may be liable for the payment of the Obligations. This is not a performance guaranty and Guarantor is not obligated to provide power under the DSMA or this Guaranty.

(b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, or until the DSMA has been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by Creditor of any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of Creditor to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations (other than any irregularity, unenforceability or invalidity of any of the obligations under the DSMA resulting from the conduct of Creditor) or any part thereof.

(c) Except as to any claims, defenses, rights of set-off or to reductions of Seller in respect of its obligations under the DSMA (all of which are expressly reserved under this Guaranty), Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim Guarantor may have against Seller or Creditor, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the DSMA; or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the DSMA (other than any law or regulation that eliminates or nullifies the obligations under the DSMA).

(d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Seller or their assets or any other guarantor or person; provided, however, that any failure of Creditor to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. Guarantor waives all defenses based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims or defenses of Seller in respect of its obligations under the DSMA.

(e) Creditor at any time and from time to time, without notice to or the consent of Guarantor, and without impairing or releasing, discharging or modifying Guarantor's liabilities hereunder, may (i) to the extent permitted by the DSMA, change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the DSMA, renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as Creditor deems appropriate at its sole discretion; (iv) substitute, exchange or release any guaranty; or (v) take such actions and exercise such remedies hereunder as Creditor deems appropriate.

3. Representations and Warranties. Guarantor hereby represents and warrants that:

(a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on Guarantor or this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or of Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Guarantor, threatened by or against Guarantor that would have a material adverse effect on this Guaranty.

4. Repayments or Recovery from Creditor. If any demand is made at any time upon Creditor for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy, insolvency, dissolution or reorganization of Seller and if Creditor repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, Guarantor (subject to Sections 2 (c) and (d) of this Guaranty) will be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by Creditor. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to Creditor's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable.

5. Enforceability of Obligations. No modification, limitation or discharge of the Obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief

of debtors under federal or state law will affect, modify, limit or discharge Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.

6. Postponement of Subrogation. Only to the extent that, at the relevant time, there are Obligations, or other amounts hereunder, that are then due and payable but unpaid, Guarantor postpones and subordinates in favor of Creditor any and all rights which Guarantor may have to (a) assert any claim against Seller based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of Seller, including participation in any marshalling of Seller's assets. Upon payment of such due and unpaid Obligations, Creditor agrees that Guarantor shall be subrogated to the rights of Creditor against Seller to the extent of Guarantor's payment to Creditor.

7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by email transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for Creditor and Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Creditor shall be directed to:

Attn:
Phone:
Email:
With a copy to:

Phone:
Email:

or such other address as Creditor shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

Attn:
Phone:
Email:

or such other address as Guarantor shall from time to time specify to Creditor.

8. Preservation of Rights. Except as provided by any applicable statute of limitations, no delay or omission on Creditor's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Creditor's action or inaction impair any such right or power. Creditor's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Creditor may have under other agreements with Guarantor, at law or in equity.

9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, will be effective unless made in a writing signed by Creditor, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case will entitle Guarantor to any other or further notice or demand in the same, similar or other circumstance.

11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between Guarantor and Creditor with respect to the subject matter hereof.

12. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of Guarantor and Creditor and their respective successors and permitted assigns. Neither party may assign this Guaranty in whole or in part without the other's prior written consent, which consent will not be unreasonably withheld or delayed, except that Creditor may at any time assign this Guaranty without Guarantor's consent, in the same manner, on the same terms and to the same persons as Creditor assigns the DSMA in accordance with Section 163 of the DSMA, and except that this Section 12 shall not limit Guarantor's right to assign this Guaranty, along with substantially all of Guarantor's assets and business to a successor entity or Affiliate that assumes all obligations thereunder and (i) where the successor Guarantor's Lowest Credit Rating is equal to or greater than Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BBB-, as rated by S&P or Fitch, or Baa3, as rated by Moody's, and (ii) Seller is in compliance the DSMA. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings determined by Moody's Investor Services, Inc. (or its successor) ("Moody's"), the Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., (or its successor) ("S&P"), or Fitch Investor Service, Inc. (or its successor) ("Fitch") immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.

13. Interpretation. In this Guaranty, unless Creditor and Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or

exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

14. Governing Law.

(a) This Guaranty has been delivered to and accepted by the Creditor. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF CREDITOR AND GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES.

(b) Guarantor hereby irrevocably consents to the jurisdiction of the federal district court for the Western District of Pennsylvania or to the county court jurisdiction of the Allegheny County Court of Common Pleas; provided that nothing contained in this Guaranty will prevent Creditor from bringing any action, enforcing any award or judgment or exercising any rights against Guarantor individually, against any security or against any property of Guarantor within any other county, state or other foreign or domestic jurisdiction. Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both Creditor and Guarantor. Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

15. WAIVER OF JURY TRIAL. GUARANTOR AND CREDITOR IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. GUARANTOR AND CREDITOR ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

16. Term. This Guaranty shall survive termination of the DSMA and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid or performed in full.

17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the DSMA is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the DSMA shall nonetheless be payable by Guarantor hereunder on written demand by Creditor.

Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

ATTEST:

[Guarantor]

By: _____

Name: _____

Title: _____

APPENDIX D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of Its Default Service Plan for : Docket No. P-2020-3019522
the Period From June 1, 2021 Through :
May 31, 2025 :

**DUQUESNE LIGHT COMPANY STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF UNOPPOSED PARTIAL SETTLEMENT**

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER:

I. INTRODUCTION

Duquesne Light Company (“Duquesne Light” or the “Company”) hereby files this Statement in Support of the Joint Petition for Approval of Unopposed Partial Settlement (“Unopposed Partial Settlement”) entered into by the Company, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Service of Pennsylvania’s (“CAUSE-PA”), and the Natural Resources Defense Council (“NRDC”) (hereinafter, collectively the “Joint Petitioners” or the “Parties”).¹ Duquesne Light respectfully requests that presiding Deputy Chief Administrative Law Judge Mark A. Hoyer (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) approve the above-captioned Petition for Approval of Its Default Service Plan for the Period From June 1, 2021 through May 31, 2025 (“Petition”) subject to the terms and conditions of the Unopposed Partial Settlement.

¹ In addition to the Joint Petitioners, the Bureau of Investigation and Enforcement (“I&E”); Interstate Gas Supply, Inc., Shipley Choice LLC, NRG Energy, Inc., Vistra Energy Corp., Engie Resources LLC, WGL Energy, and Direct Energy Services, LLC (collectively, the “EGS Parties”); Calpine Retail Holdings LLC (“Calpine”); StateWise Energy Pennsylvania LLC and SFE Energy Pennsylvania (collectively, “StateWise”); MAREC Action (“MAREC”); ChargePoint, Inc. (“ChargePoint”) have indicated that they do not oppose the settlement and will file letters of non-opposition indicating the same.

The Unopposed Partial Settlement more fully sets forth the agreement in principle reached between Duquesne Light and all of the Parties to this proceeding with respect to many of the issues raised in this proceeding. The Unopposed Partial Settlement does not, however, address the following five issues, which were reserved for litigation by the Parties and the subject of the Parties' Briefs: (1) Recovery of Network Integration Transmission Service ("NITS") charges; (2) Electric Vehicle Time of Use ("EV-TOU") Pilot Program issues; (3) Solar Power Purchase Agreement ("PPA") issues; (4) Standard Offer Program ("SOP") issues; and (5) Customer Assistance Program ("CAP") shopping issues. The Unopposed Partial Settlement more fully sets forth the issues it covers and, below, Duquesne Light explains why the terms and conditions of the Unopposed Partial Settlement are just and reasonable, and should be approved without modification.

The Unopposed Partial Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners, who represent a broad array of interested parties. For the reasons explained herein, the Unopposed Partial Settlement is in the public interest, just and reasonable, and supported by substantial evidence and, therefore, should be approved without modification.

II. STANDARD FOR APPROVAL OF AN UNOPPOSED SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to the results achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401.

The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789, 310 P.U.R.4th

58 (Opinion and Order entered Dec. 5, 2013). In order to approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pennsylvania, LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered July 22, 1991).

As explained in the next section of this Statement in Support, the Unopposed Partial Settlement is just and reasonable and in the public interest and, therefore, should be approved without modification.

III. THE UNOPPOSED PARTIAL SETTLEMENT IS IN THE PUBLIC INTEREST

A. GENERAL

The Joint Petitioners agree that the terms of this Unopposed Partial Settlement reflect a balanced compromise of the interests of the Parties in this proceeding, with respect to several issues. (Settlement ¶ 34). The Joint Petitioners further agree that the Unopposed Partial Settlement is in the public interest. (Settlement ¶ 34). Moreover, the Joint Petitioners agreed that the Unopposed Partial Settlement fully resolves certain issues (Settlement ¶ 35) and reserves others for litigation (Settlement ¶ 36).

In addition to informal discovery, Duquesne Light responded to more than 130 interrogatories and requests for production of documents, many of which included multiple subparts. The active parties filed five rounds of testimony, including Duquesne Light's direct testimony, other parties' direct testimony, rebuttal testimony, surrebuttal testimony, and rejoinder outlines and oral rejoinder. Further, the Parties engaged in numerous settlement discussions and formal negotiations which ultimately led to the Unopposed Partial Settlement. Moreover,

negotiations between Duquesne Light and several of the other parties led to the entry of two additional stipulations,² which further narrowed the issues to be resolved in this proceeding.

The parties faced a unique challenge in this proceeding. On March 6, 2020, pursuant to subsection 7301(c) of the Emergency Management Services Code, 35 Pa. C.S. §§ 7101, *et seq.*, Governor Tom Wolf issued a Proclamation of Disaster Emergency proclaiming the existence of a disaster emergency throughout the Commonwealth for a period of up to ninety (90) days, unless renewed by the Governor. Shortly thereafter, on March 11, 2020, the World Health Organization declared COVID-19, a novel coronavirus, a pandemic (“COVID-19 Pandemic”). Subsequently and in response, on March 13, 2020, the Commission issued an Emergency Order instituting a Public Utility Service Termination Moratorium at Docket No. M-2020-3019244 (“PUC Emergency Order”). Since that time, the Pennsylvania state government and the federal government have been working to address the impacts that COVID-19 is having on the health of Pennsylvanians, and on the state and national economy. The parties have investigated the DSP IX Plan and negotiated a partial settlement under unique and challenging circumstances.

The Unopposed Partial Settlement reflects a carefully balanced compromise of the competing and broad array of interests of the Joint Petitioners in this proceeding. The Parties, their counsel, and their expert consultants have considerable experience in default service proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to attempt to build a consensus in this proceeding. The fact that the Unopposed Partial Settlement is supported by parties representing a

² On September 30, 2020, Duquesne Light filed: (1) the *Joint Stipulation of Duquesne Light Company, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and the Office of Consumer Advocate*, addressing issues related to the Company’s Customer Assistance Program and Standard Offer Program proposals; and (2) the *Joint Stipulation of Duquesne Light Company, Natural Resources Defense Council, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Office of Consumer Advocate and the Office of Small Business Advocate*, addressing issues related to the Company’s Electric Vehicle Time of Use rate proposal.

diversity of constituents and interests, in and of itself, provides strong evidence that the Unopposed Settlement is reasonable and in the public interest, particularly given the active role of the parties in this proceeding, and the several months of negotiations required to achieve a settlement.

For these reasons and the more specific reasons set forth below, the Unopposed Partial Settlement, as a whole, is just, reasonable, and in the public interest. Therefore, the terms and conditions of the Unopposed Partial Settlement should be approved. (Settlement ¶¶ 34-36).

B. DSP IX PROGRAM TERM

The Unopposed Partial Settlement provides that the Program Term for Duquesne Light's DSP IX shall be for a four-year period commencing on June 1, 2021, and ending on May 31, 2025. (Settlement ¶ 37). Duquesne Light's Petition initially proposed this program term. (Petition ¶¶ 5-6). Duquesne Light further explained that a four-year Program Term is the same length of term of Duquesne Light's current DSP VIII program and that the current default service programs for all of the other the major electric distribution companies are for a four year period. (Petition ¶ 5). In addition, the four-year term saves litigation time and cost for Duquesne Light, other parties that participate in DSP proceedings and the Commission, as compared to prior default service plans with two-year term periods. (Petition ¶ 36). Furthermore, none of the parties contested the Program Term for DSP IX.

For these reasons the Program Term for DSP IX set forth in the Unopposed Partial Settlement should be approved. (Settlement ¶ 37).

C. DSP IX PROCUREMENT PLANS AND RATES

The Unopposed Partial Settlement provides for the approval of the procurement plans identified in paragraph numbers 7-11 and 13-46 of the Petition, without modification. (Settlement ¶ 38). The Unopposed Partial Settlement further provides for approval of the Competitive

Procurement Guidelines proposed by the Company in paragraph numbers 34-37 of the Petition. (Settlement ¶ 39).

Duquesne Light fully supported each of the four (4) separate supply plans proposed as a part of DSP IX and the associated Competitive Procurement Guidelines. The plans were tailored to meet the specific needs of major customer groups—i.e., (1) Residential and Lighting, (2) Small C&I, (3) Medium C&I <200kW, and (4) HPS-Eligible—in the Petition and its associated direct testimony. (See Petition ¶¶ 7-11, 13-46; see also Duquesne Light St No. 1 at 9-10 (summarizing each of the supply plans)). Duquesne Light further explained that tailoring separate default service supply portfolios for each class is consistent with Commission guidance regarding the “prudent mix” standard under Act 129 and provide other benefits to customers. (Duquesne Light St. 2 at 6-7, 17-18).

Duquesne Light provided the following overview of supply portfolios by customer class:

Figure 1: Overview of Supply Portfolios by Customer Class

Residential & Lighting	Small C&I (< 25 kW)	Medium C&I <200kW (≥ 25 kW and < 200 kW)*	HPS-Eligible (≥ 200 kW) [†]
<ul style="list-style-type: none"> • Six-month fixed default service supply rates • Continue procurement of 50% of supply from one-year and 50% of supply from two-year full requirements supply products with overlapping delivery periods • Products are procured every six months within three months of start of delivery 	<ul style="list-style-type: none"> • Six-month fixed default service supply rates • Continue procurement of 50% of supply from one-year and 50% of supply from two-year full requirements supply products with overlapping delivery periods • Products are procured every six months within three months of start of delivery 	<ul style="list-style-type: none"> • Three-month fixed default service supply rates • Continue procurement of 100% of supply from three-month full requirements supply products with delivery periods that do not overlap • Products are procured every three months within three months of start of delivery 	<ul style="list-style-type: none"> • Hourly price default service supply rates • Continue to procure supply through an auction every twelve months within three months of start of delivery • Winning suppliers are paid their fixed bid price plus their share of the associated (day-ahead hourly) energy, capacity, and ancillary service charges billed pursuant to Rider No. 9.
<ul style="list-style-type: none"> • Approximately 34% of total system load 	<ul style="list-style-type: none"> • Approximately 7% of total system load 	<ul style="list-style-type: none"> • Approximately 13% of total system load 	<ul style="list-style-type: none"> • Approximately 46% of total system load

(Duquesne Light St. 2 at 6).

More specifically, Duquesne Light explained that Residential and Lighting customers will continue to be offered default service supply rates that adjust every six months based on fixed-price full requirements contracts with twelve-month and twenty-four-month, overlapping delivery periods. (Duquesne Light St. 1 at 10). The contracts will be procured within three months before the commencement of their delivery periods. (Duquesne Light St. 1 at 10). Default supply for Residential and Lighting customers will be obtained through competitive auctions, with winning bidders selected on the basis of lowest price. (Duquesne Light St. 1 at 10).

Duquesne Light further demonstrated that default service supply for Residential and Lighting customers will be split into 48 equal tranches, each representing approximately 2.08333% of the total Residential and Lighting class default service load each hour. (Duquesne Light St. 2 at 8).

No supply portfolio changes to the Residential and Lighting class procurement plan were proposed in DSP IX as compared to DSP VIII. (Duquesne Light St. 2 at 8). As such, the procurement plan for Residential and Lighting customers continues to include “overhang” products, which accounts for the Company’s modification of its DSP VIII procurement schedule with regard to the 2022/2023 PJM planning year, and continues the same supplier load cap approved by the Commission in DSP VIII. (*See* Duquesne Light St. 2 at 8-11).

With respect to Small C&I customers, Duquesne demonstrated that Small C&I customers will continue to be offered default service supply rates that adjust every six months based on fixed-price full requirements contracts with twelve-month and twenty-four-month, overlapping delivery periods. (Duquesne Light St. 1 at 9). The contracts will be procured within three months before the commencement of their periods. (Duquesne Light St. 1 at 9). Default service supply for the

Small C&I customers will be obtained through competitive auctions, with winning bidders selected on the basis of lowest price. (Duquesne Light St. 1 at 9-10).

Duquesne Light further explained that Small C&I default service supply will be split into eight tranches consisting of twelve-month and twenty-four-month products, each representing 12.5% of the total Small C&I default service load in each hour. (Duquesne Light St. 2 at 8). These products' delivery periods will overlap on a semiannual basis. (Duquesne Light St. 2 at 8).

No supply portfolio changes to the Small C&I class procurement plan were proposed in DSP IX as compared to DSP VIII. (Duquesne Light St. 2 at 8). As such, the procurement plan for Small C&I customers continues to include "overhang" products, which accounts for the Company's modification of its DSP VIII procurement schedule with regard to the 2022/2023 PJM planning year, and continues the same supplier load cap approved by the Commission in DSP VIII. (See Duquesne Light St. 2 at 8-11).

Regarding Medium C&I <200kW customers, these customers will continue to be offered default service supply rates that adjust quarterly based on fixed-price full requirements contracts with three-month, non-overlapping delivery periods. (Duquesne Light St. 1 at 9). The contracts will be procured within three months before the commencement of their delivery periods. (Duquesne Light St. 1 at 9). Default service supply for Medium C&I <200kW customers will be obtained through competitive auctions, with winning bidders selected on the basis of lowest price. (Duquesne Light St. 1 at 9).

Duquesne Light further explained that Medium C&I <200kW customers will continue to be composed entirely of three-month products, with 100% of the supply replaced every three months. (Duquesne Light St. 2 at 12). Supply for this class will continue to be split into four equal tranches of 25% of the total Medium C&I <200kW default service load in each hour. (Duquesne

Light St. 2 at 12). As such, default service rates for this class will continue to change quarterly (i.e., on June 1, September 1, December 1 and March 1). (Duquesne Light St. 2 at 12).

No supply portfolio changes to the Medium C&I <200kW class procurement plan were proposed in DSP IX as compared to DSP VIII. (Duquesne Light St. 2 at 13). As such, the procurement plan will continue to not include supplier load caps, consistent with the practice approved by the Commission in DSP VIII. (*See* Duquesne Light St. 2 at 12).

For HPS-Eligible customers, which consists of Large C&I customers and Medium C&I ≥ 200 kW customers, Duquesne Light showed that they will continue to be offered default service supply rates that are based on hourly spot market energy prices. (Duquesne Light St. 1 at 9). Customers also will continue to be charged a pass through of PJM capacity and ancillary services costs as well as the administrative costs of providing hourly price service (“HPS”). (Duquesne Light St. 1 at 9). The Company further proposed to continue to procure the supply for this service through a competitive auction process. (Duquesne Light St. 1 at 9).

Duquesne Light further explained that it was maintaining the DSP VIII procurement plan for the HPS-Eligible service product. (Duquesne Light St. 2 at 13). As such, the procurement plan will continue to not include supplier load caps, consistent with the practice approved by the Commission in DSP VIII. (*See* Duquesne Light St. 2 at 13).

With respect to each of the procurement plans proposed by the Company, Duquesne Light further explained that it would continue to hire an independent Market Monitor to ensure the bid process is fair, and that all information is provided to bidders in a non-discriminatory fashion. (Duquesne Light St. 2 at 14). This Market Monitor will continue to assist in the auction process for all classes in DSP IX. (Duquesne Light St. 2 at 14).

A concern was raised in this proceeding regarding the Federal Energy Regulatory Commission (“FERC”) Docket No. EL-18-178, Minimum Offer Price Rule (“MOPR”). (See OCA St. 1 at 9-10). OCA requested that the Company expand the role of its Market Monitor to include certifying that the solicitations are conducted through a resource-neutral, non-discriminatory and competitive bidding process, and that Duquesne Light’s requests for proposals meet all requirements for an exemption from the definition of state subsidy under the MOPR. OCA St. No. 1, p. 11. Although the Company believed that its procurement process complied with the MOPR, the Company proposed to expand the role of its Market Monitor. (Duquesne Light St. 2-R at 4-5). Beginning with the Company’s September 2020 Default Service Supply procurement and extending through DSP IX, the Company proposed to have its Market Monitor certify that the solicitation was conducted through a resource-neutral, non-discriminatory and competitive bidding process. (Duquesne Light St. 2-R at 5).

Consistent with this proposal, Duquesne Light agreed under the Unopposed Partial Settlement to expand the role of its Market Monitor, currently Charles River Associates, to include certifying that Duquesne Light’s Default Service Supply solicitations are conducted through a resource-neutral, non-discriminatory and competitive bidding process. (Settlement ¶ 43). This provision of the Settlement directly addresses the concerns raised by the OCA and will help ensure that Duquesne Light’s default service supply solicitation process continues to be resource-neutral, non-discriminatory and competitive.

Moreover, Duquesne Light established a contingency plan to obtain supply for each of the classes if the Company receives bids for less than all tranches, the Commission does not approve the results for all tranches, or a supplier defaults. (Duquesne Light St. 2 at 15). In any such event, the Company will provide the balance of the default supply through PJM spot market purchases

and submit to the Commission an emergency plan to handle any default service shortfall within fifteen (15) days of a triggering event. (Duquesne Light St. 2 at 15). The Company further explained that all costs associated with implementing the contingency plan will be included in the DSS. (Duquesne Light St. 2 at 15).

Finally, Duquesne Light witness Mr. Peoples explained the Supply Master Agreement (“SMA”) proposed by the Company. (Duquesne Light St. 2 at 19-20; *see also* Duquesne Light Exhibit JP-3). Although the Company proposed to continue to use the SMA template developed by the Procurement Collaboration Working Group, it proposed three categories of modifications. (Duquesne Light St. 2 at 19). Duquesne Light explained these modifications captured PJM nomenclature changes, expanded assignment provisions, and made housekeeping changes for clarity. (Duquesne Light St. 2 at 19).

None of the parties opposed Duquesne Light’s procurement plans and competitive procurement guidelines. As such, the Unopposed Partial Settlement finds, consistent with paragraph numbers 38-44 of the Petition, that Duquesne Light’s DSP IX Plan, as modified by the Unopposed Parties Settlement, meets the standards set forth in Act 129, and enables the Commission to make the necessary findings per Section 2807(e)(3.7).³ (Settlement ¶ 40). In addition, consistent with Duquesne Light’s un rebutted testimony (*see* Duquesne Light St. 2 at 18), neither Duquesne Light nor its affiliated interest has withheld or will withhold from the market any generation supply in a manner that violates Federal law. (Settlement ¶ 40). As such, Duquesne Light submits that these provisions of the Settlement are reasonable, in the public interest, and should be approved without modification. (Settlement ¶¶ 38-40).

³ Duquesne Light witness Mr. Fisher provided further testimony explaining in detail that (1) the basic model used by the Company is appropriately tailored to provide price stability benefits to customers while supporting the competitive market, and (2) the DSP IX Plan satisfies the requirements of Act 129. (*See generally* Duquesne Light St. 3).

The Unopposed Partial Settlement further provides for the approval of Duquesne Light's proposal to continue to fully recover the costs incurred from supply solicitations for Residential & Lighting, Small C&I, Medium C&I customers with demands less than 200 kW, and HPS-Eligible customers, gross receipts taxes, along with the costs of hiring the independent monitor, through fully reconcilable Section 1307(e), 66 Pa. C.S. § 1307(e), cost recovery mechanisms for each class, set forth in paragraph 45 of the Petition, is approved without modification. (Settlement ¶ 41). Duquesne Light witness Mr. Ogden more fully explained the basis for calculating each class's rates, and provided illustrative exhibits that demonstrated the derivation of the rate for each class and the rate factors used to derive those rates. (*See* Duquesne Light St. 4 at 6-13). In testimony, OCA argued that the Company should revise its reconciliation mechanism to be a 6-month reconciliation mechanism with cost recovery over a 12-month period as opposed to a 6-month reconciliation mechanism with a cost recovery over a 6-month period in order to provide additional rate stability. OCA St. No. 1, p. 17. In Rebuttal, Company witness Mr. Ogden explained that because the Company acquires default supplies through full-requirements contracts, there is very little variability in the over/under collection component of default service rates and changing from a 6-month cost recovery period to a 12-month cost recovery period would not have a meaningful impact on the PTC. Duquesne Light St. No. 4-R, p. 10. The Settlement adopts the Company position on this issue. These provisions of the Unopposed Partial Settlement are reasonable, in the public interest and should be approved without modification. (Settlement ¶¶ 38, 41).

The Unopposed Partial Settlement also provides that the continuation of the Company's proposal to recover its administrative costs for HPS service through a Fixed Retail Administrative Charge, set forth in paragraph 46 of the Petition, is approved without modification. (Settlement ¶ 42). Mr. Ogden fully supported Duquesne Light's proposal to continue to include only the

implementation and ongoing annual costs in the price billed to these customers. (Duquesne Light St. 4 at 13). None of the parties challenged the Company's proposal. As such, this provision of the Unopposed Partial Settlement is reasonable, in the public interest and should be approved without modification. (Settlement ¶ 42).

D. PURCHASE OF RECEIVABLES (“POR”)

The Unopposed Partial Settlement also provides that Duquesne Light's proposal to continue its POR program for Residential, Small C&I, and Medium C&I customers set forth in paragraph 67 of the Petition is approved. (Settlement ¶ 44).

Duquesne Light explained that it currently engages in activities that support retail competition, including the administration of a POR program. (Duquesne Light St. 4 at 25). It explained that, under the POR program, Duquesne Light agrees to purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity services to Residential, Small C&I and Medium C&I customers within Duquesne Light's service territory. (Duquesne Light St. 4 at 25). The POR program proposed in DSP IX continues the Company's current program. (Petition ¶ 67).

None of the parties contested Duquesne Light's proposal to continue its POR program. As such, Duquesne Light has shown that this provision of the Unopposed Partial Settlement is reasonable and in the public interest. For these reasons the POR program for DSP IX set forth in the Unopposed Partial Settlement should be approved without modification. (Settlement ¶ 44).

E. RECOVERY OF NET-METERED EXCESS GENERATION COSTS

The Unopposed Partial Settlement further states that Duquesne Light's proposal for the Recovery of Net-Metered Excess Generation Costs set forth in paragraphs 73-76 of the Petition is approved without modification. (Settlement ¶ 45). It also states that Duquesne Light will be permitted to recover these payments for generation as an expense in the respective default service

class over/under collection calculation within the Company's Rider No. 8 – DSS and Appendix A – Transmission Service Charge 1307(e) reconciliations. (Settlement ¶ 46).

The Company explained that, effective with DSP IX, it is proposing to recover the cash-out payment for net-metering customers. (Duquesne Light St. 4 at 27-28). More specifically, it proposed to recoup the customer class compensation (i.e., excess kilowatt hours multiplied by the Company's PTC on May 31) as an expense in the respective default service class over/under collection calculation. (Duquesne Light St. 4 at 28). The Company fully supported this proposal and, in addition, provided an illustrative example showing the inclusion of the net-metering cost recovery within the Company's Rider No. 8. (See Duquesne Light St. 4 at 29; Duquesne Light Exhibit DBO-6).

None of the parties contested Duquesne Light's proposal for the recovery of net-metered excess generation costs. As such, Duquesne Light has shown that this provision of the Unopposed Partial Settlement is reasonable and in the public interest. For these reasons the Company's proposal to for the recovery of net-metered excess generation costs for DSP IX set forth in the Unopposed Partial Settlement should be approved without modification. (Settlement ¶¶ 45-46).

F. BILL REDESIGN

CAUSE-PA made several recommendations regarding Duquesne Light's bill design. (See CAUSE-PA St. 1 at 53:12-21, 59:15-21). The Unopposed Partial Settlement states that Duquesne Light will consider these recommendations as a part of Duquesne Light's ongoing bill redesign initiatives. (Settlement ¶ 47).

Importantly, Duquesne Light explained in its rebuttal testimony that it was already in the process of redesigning its bill, with a targeted implementation date of November 23, 2020. (Duquesne Light St. 5-R at 37). The bill redesign is intended to simplify the presentation of billing information and to enable next-generation bill messaging and targeting that is not currently

available. (Duquesne Light St. 5-R at 37). As a part of the redesign the Company explained that new bills will clearly display the PTC to facilitate “at-a-glance” customer comparison of the PTC to an EGS’s rates. (Duquesne Light St. 5-R at 37). Duquesne Light further explained why certain of the recommendations advanced by CAUSE-PA may be incompatible with the specific billing type (i.e., bill-ready vs. rate-ready) or why the Company’s existing tariff already addressed CAUSE-PA’s concerns. (See Duquesne Light St. 5-R at 37-41).

Nevertheless, in an effort to resolve certain issues in this proceeding and reach a compromise, Duquesne Light agreed in the Unopposed Partial Settlement to consider CAUSE-PA’s recommendations as a part of its ongoing bill redesign initiatives. (Settlement ¶ 47). This provision reflects a reasonable compromise of competing positions, and ultimately allows for the Company to consider and implement billing design changes that benefit customers. As such, this provision of the Unopposed Partial Settlement is reasonable, in the public interest, and should be approved without modification. (Settlement ¶ 47).

G. BILL PRESENTMENT OF RESIDENTIAL BILL-READY EGS CHARGES

The Unopposed Partial Settlement also provides that Duquesne Light’s bills for consolidated-billed residential EGS customers taking basic supply service will clearly display the PTC, as well as basic supply charges in actual dollars or cents per kWh, average dollars or cents per kWh, and/or flat monthly charge(s). (Settlement ¶ 48). It also provides for a revision to Rule 12.1.6 of Duquesne Light’s Supplier Coordination Tariff, which is reflected in the bolded and underlined language below:

12.1.6 EGS BILLING DATA

The EGS shall provide all necessary data in its possession for the timely computation of bills. **Where the EGS uses bill-ready billing for residential customers taking basic electric supply service, the EGS shall provide electric supply charges in actual dollars or cents per kWh, average dollars or cents per kWh, and/or flat**

monthly charge(s). A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

(Settlement ¶¶ 49-50).

During the course of this proceeding, both OCA and CAUSE-PA raised concerns pertaining to bill-ready billing. Specifically, OCA and CAUSE-PA asserted that customers need to be able to compare their current supply price with the price-to-compare, regardless of whether the customer's supplier delivers bill-ready or rate-ready charges to the Company. (OCA St. 2 at 5:11-14; CAUSE-PA St. 1 at 53:13-17). Although Rule 12.1.1 of the Company's Supplier Coordination Tariff already requires EGSs using consolidated billing to employ pricing plans based on fixed and variable charges similar to those that the Company employs for billing distribution service and default service, the Company proposed to clarify its tariff further to ensure these pricing plans are clearly represented on customers' bills. (Duquesne Light St. 5-SR at 7-8). The proposed revision adds the language bolded and underlined above to Rule 12.1.6 of the Company's Supplier Coordination tariff. (Duquesne Light St. 5-SR at 8). Duquesne Light explained that this proposal maintains EGS flexibility to offer innovative pricing structures through bill-ready billing, while ensuring that the pricing structures are clearly communicated to customers. (Duquesne Line St. 5-SR at 8).

Duquesne Light believes that the above-described revision to its Supplier Coordination tariff balances the needs of the Company, EGSs and electric service customers, and also addresses the concerns raised by OCA and CAUSE-PA. As such, this provision strikes a reasonable compromise between the positions of the Parties and should be adopted without modification.

For these reasons the Company's proposed revision to Rule 12.1.6 of its Supplier Coordination Tariff set forth in the Unopposed Partial Settlement should be approved without modification. (Settlement ¶¶ 48; Settlement Appendices A-B).

H. NON-BASIC SERVICE CHARGES IN RESIDENTIAL BILL-READY EGS CHARGES

Finally, the Unopposed Partial Settlement adopts the following revision to Rule 12.1.7 of Duquesne Light's Supplier Coordination Tariff, which is reflected in the bolded and underlined language below:

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM

Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, comprised of generation and transmission services, to residential customers and commercial and industrial ("C&I") customers with monthly metered demand less than 300 kW within Duquesne's service territory. Eligible customers are those customers taking delivery service under the Company's retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. **Upon request, an EGS shall provide a written certification to Duquesne that the EGS is providing only basic electric supply to residential customers billed through consolidated billing with the Company.**

(Settlement ¶¶ 51-52).

During the course of this proceeding, CAUSE-PA raised certain concerns regarding non-basic charges that may be billed by a bill-ready EGS. (CAUSE-PA St. 1 at 55). Although the Company is not privy to contracts between customers and EGSs, Duquesne Light explained that its tariff already prohibits the inclusion of non-basic charges in consolidated EGS bills to residential customers. (Duquesne Light St. 5-R at 39-40). Nevertheless, the Company proposed to modify Rule 12.1.7 of its Supplier Coordination tariff as a "backstop" to further enhance the enforceability of this requirement. (Duquesne Light St. 5-R at 40; *see also* Duquesne Light

Exhibits DBO-3R and DBO-4R). The Company further explained that this revision is consistent with the requirements found in the supplier coordination tariffs of the FirstEnergy Companies and PECO. (Duquesne Light St. 5-R at 40-41).

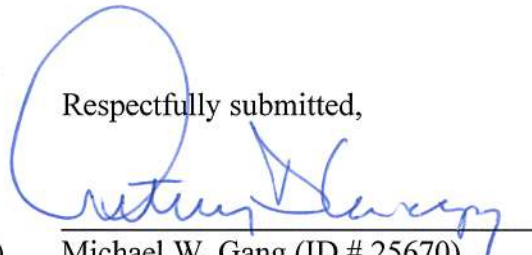
Duquesne Light further submits believes that the above-described revision to its Supplier Coordination tariff balances the needs of the Company, EGSs and electric service customers, and also addresses the concerns raised by CAUSE-PA. As such, this provision strikes a reasonable compromise between the positions of the Parties and should be adopted without modification.

For these reasons the Company's proposed revision to Rule 12.1.7 of its Supplier Coordination Tariff set forth in the Unopposed Partial Settlement should be approved without modification. (Settlement ¶¶ 51-52; Settlement Appendices A-B).

IV. CONCLUSION

This Settlement is the result of detailed examination of Duquesne Light's proposed DSP IX filing, extensive discovery by numerous parties, multiple rounds of testimony and reasonable compromise by knowledgeable Joint Petitioners. Duquesne Light believes that a fair and reasonable compromise regarding the issues resolved by the Unopposed Partial Settlement has been achieved in this case. Duquesne Light fully supports this Unopposed Partial Settlement and respectfully requests that Deputy Chief Administrative Law Judge Mark A. Hoyer recommend, and the Pennsylvania Public Utility Commission approve, the Company's DSP IX filing as modified by the Unopposed Partial Settlement.

Respectfully submitted,



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Date: October 13, 2020

APPENDIX E

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company for :
Approval of Its Default Service Plan for : Docket Nos.: P-2020-3019522
Period from June 1, 2021 Through :
May 31, 2025

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF UNOPPOSED PARTIAL SETTLEMENT

The Office of Consumer Advocate (OCA), a signatory party to the Joint Petition for Approval of Unopposed Partial Settlement (Partial Settlement) in the above-captioned proceeding, respectfully requests that the terms and conditions of the Partial Settlement be approved by Administrative Law Judge Mark A. Hoyer and the Pennsylvania Public Utility Commission (Commission). It is the position of the OCA that the proposed Partial Settlement is in the public interest and in the interests of the residential customers of Duquesne Light Company (Duquesne or Company).

I. INTRODUCTION

On April 20, 2020, Duquesne Light Company (Duquesne or Company) filed with the Public Utility Commission (Commission) its Petition for Approval of Default Service Plan (Petition) for the Period June 1, 2021 Through May 31, 2025. The proposed plan is Duquesne's Ninth Default Service Plan (DSP IX or Plan). In addition to its proposal for procuring and pricing default service supply to serve its non-shopping customers over the four-year course of DSP IX,

Duquesne's Plan also seeks approval of these other elements of its Plan: 1) Electric Vehicle Time-of-Use Pilot Program (EV-TOU), 2) Long-Term Solar Power Purchase Agreement (Solar PPA) Plan, 3) Standard Offer Program (SOP), 4) Customer Assistance Program (CAP) Shopping Program, and 5) proposal to recover cash out payments to customer generators.

Notice of Duquesne's filing was published in the May 9, 2020 issue of the *Pennsylvania Bulletin* with direction that any protests, petitions to intervene or answers were to be filed by June 5, 2020. The case was assigned to Administrative Law Judge Mark A. Hoyer and a prehearing conference was set for June 12, 2020.

The Office of Consumer Advocate (OCA) entered this proceeding with the filing of its Notice of Intervention and Answer on May 22, 2020. The Office of Small Business Advocate filed its Notice of Intervention and Answer on May 20, 2020 and on June 9, 2020, the Commission's Bureau of Investigation and Enforcement filed its Notice of Appearance.

At the June 12 prehearing conference, ALJ Hoyer granted petitions to intervene of the following parties: Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), Calpine Retail Holdings, LLC (Calpine), StateWise Energy Pennsylvania, LLC and SFE Energy Pennsylvania, LLC (together, StateWise), Natural Resources Defense Council (NRDC), ChargePoint, Inc., Mid-Atlantic Renewable Energy Coalition (MAREC), and a coalition of Electric Generation Suppliers (EGSs) styled as "EGS Parties" consisting of Interstate Gas Supply, Inc., Shipley Choice LLC, NRG Energy, Inc., Vistra Energy Corp., Engie Resources LLC, WGL Energy, and Direct Energy Services, LLC.

The OCA retained the services of two experts to assist in its review of the case, Dr. Serhan Ogur,¹ who analyzed issues related to default service procurement and rate-setting as well as Duquesne's proposed EV TOU and Solar PPA plans, and Barbara R. Alexander,² a consumer services and consumer protection expert, who reviewed Duquesne's proposals related to SOP and CAP Shopping. The OCA engaged in five rounds of discovery and each of its witnesses filed Direct, Rebuttal and Surrebuttal testimony.

In keeping with Commission's policy encouraging settlements (52 Pa. Code §5.231), Duquesne entered into settlement discussions with the parties during the course of the proceeding, and has been successful in reaching settlement with parties on a number of issues, including procurement plans and rates, the residential reconciliation period, an expanded role for its procurement process monitor, recovery of net metered excess generation costs, the inclusion of the Price to Compare (PTC) on Duquesne consolidated bills for shopping customers to facilitate comparison with supplier charges, and a change to its Supplier Coordination Tariff which will allow Duquesne to seek certification from suppliers that they are only billing residential customers for basic electric supply through Duquesne's consolidated bill. All of these matters are the subject of the instant Joint Petition for Approval of Unopposed Partial Settlement.

¹ Dr. Serhan Ogur is a Principal with Exeter Associates, Inc., an energy and economics consulting firm specializing in public utility regulation. Dr. Ogur received a B.A. degree in Economics from Bogazici University (Istanbul, Turkey) in 1996 and a Ph.D. in Economics from Northwestern University in 2007. Dr. Ogur has 19 years of experience in the energy industry specializing in organized wholesale and retail electricity markets. He was previously employed as an Economic Analyst at the Illinois Commerce Commission; a Senior Economist at PJM Interconnection LLC; and a Senior System Operator at Fellon-McCord & Associates. Dr. Ogur's qualifications are detailed in OCA St. 1 at 1-2, App. A.

² Ms. Alexander is a Consumer Affairs Consultant who works on consumer protection and customer service issues associated with utility regulation. Ms. Alexander is an attorney and a graduate of the University of Michigan (1968) and the University of Maine Law School (1976). Prior to opening her consulting practice in 1996, she spent nearly ten years as the Director of the Consumer Assistance Division of the Maine Public Utilities Commission. Her current consulting practice is directed to consumer protection, customer service, and low-income issues associated with both regulated and retail competition markets. Ms. Alexander's qualifications are detailed in OCA St. 2 at 1-3, Exh. BA-1.

II. OCA TESTIMONY RE: PARTIAL SETTLEMENT ISSUES

A. Default Service Products, Procurement and Rate-Setting Issues

In his testimony, OCA witness Dr. Serhan Ogur expressed support for the default service products proposed to be procured by Duquesne for residential default service customers – a 50/50 mix of laddered 12-month and 24-month fixed price full requirements (FPFR) contracts. OCA St. 1 at 7. Dr. Ogur also expressed support for the Company’s procurement method and procurement schedule. OCA St. 1 at 8. Dr. Ogur’s lone recommendation for changing Duquesne’s procurement process had to do with an issue that developed as a result of a relatively recent ruling of the Federal Energy Regulatory Commission (FERC) in connection with the wholesale capacity market run by PJM Interconnection (PJM), the regional transmission organization for Pennsylvania and other Mid-Atlantic and Midwestern states. As Dr. Ogur testified, FERC determined “to eliminate the effects of state subsidies to certain resources in PJM’s capacity auctions. [FERC] included payments made to suppliers in connection with state-ordered default service auctions in the definition of ‘state subsidy’.” OCA St. 1 at 9. FERC’s action was taken as part of its review of PJM’s “Minimum Offer Pricing Rule,” (MOPR), a component of PJM’s capacity market construct. On June 1, 2020, PJM made a compliance filing with FERC in which it proposed tariff language to exempt state default service auctions from the definition of “state subsidy” and the application of MOPR³ to resources associated with winning bidders in those auctions if the auctions met certain criteria.

Under PJM’s proposal, a default service auction such as Duquesne’s, would be deemed competitive and resource neutral and thus exempt from the definition of state subsidy if: (1) it is

³ Under the MOPR, capacity resources found to be receiving a state subsidy would have their bid into the capacity market increased to a level that would remove the effect of the subsidy. Once raised, the resource’s bid would be less likely to clear the market, all else being equal.

subject to oversight by a consultant or manager, independent of the market participants, who certifies that the auction was conducted through a competitive and non-discriminatory competitive bidding process; (2) the auction must not place any conditions based on the ownership, location, affiliation, fuel type, technology, or emissions, of any resources or supply; (3) the auction must not result in any contracts between winning wholesale supplier and an Electric Distribution Company (Duquesne) that would impose conditions requiring any upstream bilateral transactions to be sourced from any specific capacity resource or resource type; and (4) retail customers must have the option to choose a competitive retail supplier and, in effect, bypass any supply charges that result from the default service auction awards.⁴

In Dr. Ogur's estimation, the procurement process proposed for DSP IX meets criteria (2), (3) and (4) above, but not (1). As Dr. Ogur observed:

While DLC proposes to engage an independent auction monitor to monitor and conduct the competitive solicitations, the independent auction monitor's role appears to be limited to qualifying bidders, conducting bidder information sessions, receiving and evaluating all bids, determining winning bidders, and reporting to the Commission (DLC Statement No. 2. p. 14). DLC's proposed role for the independent auction monitor does not include certifying that the procurement process is designed and conducted in accordance with a resource-neutral, non-discriminatory and competitive bidding process.

OCA St. 1 at 11. Accordingly, Dr. Ogur recommended that the role of the independent auction monitor be expanded to include certifying that Duquesne's default service solicitations are conducted through a resource-neutral, non-discriminatory and competitive bidding process; and that DLC's RFPs meet all requirements for an exemption from the definition of state subsidy.⁵ Id.

⁴ As Dr. Ogur explains, capacity resource owners, and their subsidiaries and affiliates, would likely choose not to participate in a default supply procurement that was not deemed competitive and resource-neutral. Furthermore, wholesale counterparties associated with capacity resource ownership may also decline to transact with the entities awarded such state default service contracts, making it costly or perhaps outright impossible for bidders in such state default service solicitations to hedge their price risks. Ultimately, auctions that are not deemed resource-neutral and competitive may struggle to attract bidders. OCA St. 1 at 10-11.

⁵ As of this writing, FERC has yet to rule on PJM's compliance filing. Dr. Ogur addressed this in his testimony: "Given the fact that the FERC may or may not rule on PJM's proposal by the time Commission rules on the

With regard to setting rates for DSP IX, Dr. Ogur recommended that Duquesne alter its proposed mechanism for reconciling default service costs with default service revenues for the residential class. Under Duquesne's proposal, costs and revenues would be compared every six months and any over- or undercollection would then be collected over the subsequent six-month period with a lag of four months. As an alternative, Dr. Ogur recommended that costs and revenues continue to be reconciled on a six-month basis, but that any difference (positive or negative) be recovered over twelve months rather than the six months proposed by the Company. As Dr. Ogur explained, "This would provide additional stability in rates for residential default service customers, and also permit the default service rates to be reflective of market prices since the reconciliation adjustment can be expected to be smaller than if amortization of the amounts were made over a six-month period." OCA St. 1 at 17.

Finally, Dr. Ogur addressed Duquesne's proposal to collect from residential default service customers cash-out payments made to residential net-metering customers. These payments would be recovered through the reconciliation mechanism. Dr. Ogur indicated that because these amounts are expected to be relatively small initially, he had no objection to their being recovered through the reconciliation mechanism. He noted, however, that the issue may need to be revisited if and when these payments reach a more significant level, with an eye toward rate stability for residential default service customers and ensuring an equitable allocation of these costs. OCA St. 1 at 16-17.

B. Consumer Protection Issues

Much of OCA witness Barbara Alexander's testimony in this proceeding focused on the functioning of the Company's Standard Offer Program (SOP) and its proposal to allow participants

Company's DSP IX, it is prudent to expand the scope of the independent auction monitor's duties and responsibilities to include certifying DLC's RFP processes as resource-neutral, non-discriminatory and competitive in DSP IX." OCA St. 1 at 12.

in its Customer Assistance Program (CAP) to shop for electric generation service. These matters are the subject of a Joint Stipulation among several parties, including the OCA, and will be addressed in the OCA's briefs. However, several other matters addressed in Ms. Alexander's testimony have been resolved in the instant Partial Settlement. Specifically, Ms. Alexander expressed concern that Duquesne's customer bills do not include an indication of the cents per kWh charge that a shopping customer is paying their Electric Generation Supplier (EGS) for their electric supply service. As a result, these customers have no way to compare the price they are paying with Duquesne's default service Price-to-Compare (PTC). Ms. Alexander recommended that Duquesne take action to ensure that suppliers provide their cents per kWh charge in the billing information they provide to Duquesne. Further, she recommended that the Company create a method to display the cents per kWh price on the customer bill. OCA St. 2-R at 4-5.

Another matter of concern to Ms. Alexander had to do with whether Duquesne was allowing EGSs to include non-basic (other than generation) charges in the total dollar amounts that suppliers were submitting for billing purposes on the Duquesne bill. She noted that no EDC should be permitting suppliers to bill for non-basic charges on the utility bill. She further noted that under the Purchase of Receivables (POR) agreements that many suppliers have with EDCs, EDCs are only allowed to bill and collect for basic charges or, in the case of an EGS, only for generation supply charges. Accordingly, Ms. Alexander recommended that Duquesne inform all suppliers with whom they have a POR agreement that the charges submitted to Duquesne for billing may only include charges for generation supply. *Id.*

III. PARTIAL SETTLEMENT

A. DSP IX Procurement Plans and Rates (Partial Settlement ¶¶ 38-43)

Partial Settlement ¶ 38(a) provides that supply plan proposed by Duquesne for Residential and Lighting customers is to be approved without modification. As noted earlier, the OCA is supportive of the residential default service products, procurement methods and procurement schedule proposed by the Company.

Partial Settlement ¶ 38(a) also provides that the reconciliation period proposed by the Company will be approved without modification. Although this was not the OCA's recommended position, the OCA has taken into account the fact that the exclusive use of FPFR contracts, as Duquesne proposes helps minimize differences between costs and revenues. In addition, other DSP elements that will factor into the reconciliation calculation, such as the EV TOU program, the proposed Solar PPA and the collection of cash-out payments made to net-metering customers, are all new or proposed initiatives for which differences between costs and revenues are likely to be small over the term of DSP IX. For those reasons and, in the spirit of compromise, the OCA accepted Duquesne's proposal to maintain status quo with respect to the reconciliation period.

Partial Settlement ¶ 43 is of importance to the OCA in that it provides that it will expand the role of the firm used to monitor its default service procurements (Charles River Associates) to include certifying that Duquesne's Default Service Supply solicitations are conducted through a resource-neutral, non-discriminatory and competitive bidding process. Regardless of whether FERC acts on PJM's compliance proposal, incorporating this provision in the Partial Settlement will help minimize the possibility that winning bidders in Duquesne's default service procurements or any of the capacity resources they rely upon will be subject to the negative consequences of application of PJM's MOPR rule.

B. Recovery of Net-Metered Excess Generation Costs (Partial Settlement ¶¶ 45-46)

These paragraphs of the Partial Settlement authorize Duquesne's proposal to recover net-metered excess generation costs to be implemented without modification. Recovery will be through the reconciliation mechanism for the respective default service classes. As indicated above, the OCA does not object to this proposal for DSP IX as amounts to be collected are expected to be small. The magnitude of these amounts will need to be monitored going forward.

C. Bill Presentment of Residential Bill-Ready EGS Charges (Partial Settlement ¶¶ 48-50)

Partial Settlement ¶ 48 provides that Duquesne's bills for consolidated-billed EGS customers will clearly display the PTC as well as basic supply charges in actual dollars or cents per kWh. Paragraph 49 sets forth a revision to the applicable provision of the Company's Supplier Coordination Tariff to require EGSs to provide this information. The OCA regards this provision as an important step in providing transparency to customers regarding the price they are paying for electric supply and empowering them to make informed decisions with respect to their shopping choices.

D. Non-Basic Service Charges in Residential Bill-Ready EGS Charges (Partial Settlement ¶¶ 51-52)

Partial Settlement ¶ 51 provides for a revision to Duquesne's Supplier Coordination Tariff provision related to its POR program that states that upon request, an EGS must provide a certification to Duquesne that the EGS is providing only basic electric supply to residential customers who are billed through consolidated billing with the Company. In its Rebuttal Testimony, Duquesne stated that existing provisions of its Supplier Coordination Tariff already prohibit EGSs from including non-basic charges in the bill-ready charges submitted to Duquesne. Duquesne St. 5R at 38-39. However, because it is not privy to EGSs' contracts with their

customers, it is conceivable that some EGSs may include non-basic charges in violation of the Tariff's provisions. *Id.* at 39. As a backstop to those provisions, Duquesne proposed adding the provision proposed in Paragraph 51. *Id.* at 40. OCA witness Alexander expressed support for this provision in her Surrebuttal testimony. OCA St. 2-S at 5. The OCA submits that adding this language to Duquesne's Supplier Coordination Tariff provides an extra layer of protection against customers having charges for non-basic services provided by their EGSs tacked on to their bills for essential electric service.

IV. CONCLUSION

The OCA submits that the Partial Settlement represents a reasonable resolution of the issues addressed therein. Among other things, it provides for using proven and prudent products and methods for procurement of default service supply for Duquesne's residential customers. It enhances those methods by expanding the role of its procurement monitor so as to minimize the possibility of application of the PJM MOPR rule to the successful bidder in its procurements. Finally, it provides for important measures to empower and protect residential consumers as they exercise their right to shop for their electric supply. For these reasons, the OCA finds the Partial Settlement to be in the public interest and in the interest of Duquesne's residential customers and submits that its terms and conditions should be approved by the Commission.

Respectfully Submitted,

/s/ David T. Evrard

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Dated: October 13, 2020
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APPENDIX F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :
For Approval of Default Service Plan : **Docket No. P-2020-3019522**
for the Period June 1, 2021 through :
May 31, 2025 :

**STATEMENT OF THE
OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT**

I. Procedural History

The Office of Small Business Advocate (“OSBA”) is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission (“Commission”).

On April 20, 2020, Duquesne Light Company (“Duquesne” or “Company”) filed a petition for approval of a default service plan (POLR IX) for the period of June 1, 2021, through May 31, 2025 (“Petition”). Specifically, Duquesne sought the Commission’s approval of its plan pursuant to Chapter 28 of the Public Utility Code and 52 Pa Code § 5.41.

Notice of the Petition was published in the May 9, 2020 edition of the *Pennsylvania Bulletin*. The notice required that formal protests, petitions to intervene, and answers be filed with the Secretary of the Commission by or before June 5, 2020. In accordance with said notice, and also with 52 Pa. Code § 5.61, the OSBA timely filed an Answer and Notice of Intervention on May 20, 2020.

Subsequently, the OSBA filed the rebuttal testimony of OSBA witness Brian Kalcic. *See* OSBA Statement No. 1-R. The OSBA also actively participated in the negotiations which led to the execution of the Joint Petition for Approval of an Unopposed Partial Settlement on October 13, 2020 (“Settlement”).

II. Duquesne’s Original Proposal

In its Answer, the OSBA was generally supportive of the Company’s proposal to acquire default service electricity for Small and Medium Commercial and Industrial (“C&I”) customers through fixed price full-requirements, load-following contracts. The OSBA also supported Duquesne’s proposal to impose a cap on the load which can be awarded to a single supplier. However, the OSBA reserved the right to comment on the details of these, and other, provisions of Duquesne’s Petition after the OSBA had the opportunity to engage in discovery.

III. Settlement

A. Small C&I and Medium C&I Procurement

Under the Settlement, Duquesne will procure power to provide default service to Small C&I customers (less than 25 kW maximum peak demand) and Medium C&I customers (less than or equal to 200 kW maximum peak demand) for the period commencing June 1, 2021, and ending May 31, 2025, through full-requirements contracts. (Settlement at 3 and Para. 3).

Default service rates for Small C&I customers will be based on the results of competitive procurements that are a combination of twelve (12) and twenty-four (24)

month full requirements contracts with laddered delivery periods. Default service rates for Medium C&I customers with a monthly metered demand of equal to or greater than 25kW and less than 200 kW will be based on the results of competitive procurements with three-month supply contracts and no laddering.

B. Electric Vehicle Time of Use Pilot Program (“EV-TOU”)

In its DSP IX plan, Duquesne proposed to implement an Electric Vehicle Time-of-Use (“EV-TOU”) Pilot Program that would be available to Residential, Small C&I and Medium C&I customers who own or lease an EV, or who operate EV charging infrastructure. *See* Petition, para. 49. Customers electing the EV-TOU Pilot would be charged Peak, Shoulder and Off-Peak rates, depending on time of use. *See* Petition, para. 50. Duquesne proposes to obtain default service supply for EV-TOU customers through the same procurements used for their respective customer classes. Likewise, any mismatches between EV-TOU revenues and supply costs would be included within Duquesne’s existing reconciliation process, by customer class. The OSBA examined Duquesne’s proposed EV-TOU Pilot to ensure there is no cost shifting between procurement classes.

In direct testimony, CAUSE-PA witness Harry Gellar recommended that Duquesne conduct additional customer outreach concerning universal service programs and, as needed, prepare individualized TOU bill impact assessments for customers that still wanted to choose the EV-TOU rate option.¹

¹ CAUSE-PA Statement No. 1 at 24.

The OSBA took no position regarding whether Mr. Geller's proposals were reasonable or appropriate, as long as all of the incremental customer outreach and assessment costs associated with the proposals were directly assigned to, and recovered from, the residential procurement class.²

The Settlement provides that the costs of outreach and education associated with the EV-TOU Pilot Program shall be allocated and recovered in accordance with the Company's initial proposal.³

C. Standard Offer Program ("SOP")

In its DSP IX plan, Duquesne proposed to continue its current practice of placing new and moving customers on default service, unless a customer elects to take service from an electric generation supplier ("EGS").

In direct testimony EGS witness Mr. Kallaher raised the concern that such practice would put EGS's at a competitive disadvantage, and recommended that all new or moving customers calling to initiate service be automatically enrolled in Duquesne's SOP.⁴ However, as Mr. Kalcic testified, the SOP customer must monitor changes in Duquesne's price to compare and, if necessary, switch back to default service, in order to ensure that the SOP continues to offer the cheaper rate. While customers that *elect* to

² OSBA Statement No. 1-R, p.4.

³ Settlement at 9, Para. 31. *See also, Joint Stipulation of Duquesne Light Company, Natural Resources Defense Council, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Office of Consumer Advocate and the Office of Small Business Advocate*, addressing issues related to the Company's Electric Vehicle Time of Use rate proposal, Para. c.

⁴ EGS Parties' Statement No. 1, p. 15.

participate in Duquesne's SOP may arguably be assumed to understand the risk their choice entails, it would be negligent to presume new customers that are automatically enrolled understand such risks.⁵

Consistent with Mr. Kalcic's testimony, the Settlement rejects the EGS's recommendation and accepts Duquesne's filed proposal.⁶

IV. Conclusion

By resolving the issues of principal concern to the OSBA, the Settlement will enable the OSBA to conserve its resources and avoid the uncertainties inherent in fully litigating the issues addressed by the Settlement.

Therefore, for the reasons set forth above and in the Settlement itself, the OSBA respectfully requests that the Administrative Law Judge and the Commission approve the Joint Petition for Approval of Unopposed Partial Settlement without modification.

Respectfully submitted,

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney I.D. No. 73995

For: John R. Evans
Small Business Advocate

Date: October 13, 2020

⁵ OSBA Statement No. 1-R, p. 2.

⁶ Settlement at 9, Para. 31. *See also the Joint Stipulation of Duquesne Light Company, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and the Office of Consumer Advocate*, addressing issues related to the Company's Customer Assistance Program and Standard Offer Program proposals, Para. b.

APPENDIX G

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of Its Default Service Plan for : Docket No. P-2020-3019522
the Period From June 1, 2021 Through :
May 31, 2025 :

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA IN SUPPORT OF THE JOINT
PETITION FOR APPROVAL OF UNOPPOSED PARTIAL SETTLEMENT**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), a signatory party to the Joint Petition for Partial Settlement (“Joint Petition” or “Partial Settlement”), respectfully requests that the terms and conditions of the Partial Settlement be approved by the Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) without modification. For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Partial Settlement are in the public interest.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to ensure that Duquesne’s Default Service Plan (DSP) is appropriately designed to provide accessible and affordable default service for low income consumers and other vulnerable consumer groups. The Partial Settlement, which was arrived at through good faith negotiation by all parties, is in the public interest in that it addresses issues of concern to CAUSE-PA, balances the interests of the parties, and fairly resolves a number of important issues in the proceeding. If approved, the Settlement will avoid substantial litigation and associated costs and will eliminate the possibility of further Commission litigation and

appeals, along with their attendant costs. As such, we assert that the Partial Settlement should be approved without modification.

II. BACKGROUND

CAUSE-PA adopts the background as set forth in Paragraphs 1-33 of the Joint Petition.

By way of further background, CAUSE-PA submitted the expert testimony of Mr. Harry Geller in this proceeding. Mr. Geller sponsored direct, rebuttal, and surrebuttal testimony, as well as CAUSE-PA Exhibits 1 through 4 and various appendices. In relevant part to the issues resolved in the partial settlement,¹ Mr. Geller's testimony identified troubling data regarding residential competitive market pricing trends in Duquesne's service territory. (CAUSE-PA Sts. 1, 1-R & 1-SR, and Exhibits 1-4). Mr. Geller identified that from January 2017 through May 2020, residential shopping customers paid – on net – over \$102.9 million more than the applicable price to compare. (CAUSE-PA St. 1 at 8: 3, T.1). On a monthly basis, Mr. Geller explained that since January 2017, shopping customers paid between \$7 and \$27 each month over the applicable price to compare. (CAUSE-PA St. 1 at 9:5-7).

Mr. Geller's testimony identified issues with the presentment of charges in Duquesne's residential bill, noting that information about the applicable price to compare is not prominently displayed or easily compared. (CAUSE-PA St. 1 at 53:4-11). Noting evidence of excessive residential charges since January 2017, Mr. Geller argued that it was critical for Duquesne to improve its residential customer bill to more clearly and prominently display shopping information to improve the ability of consumers to actively and timely compare the price they are paying to

¹ Mr. Geller also addressed a number of issues regarding Duquesne's Electric Vehicle Time of Use Rate proposal, its proposal to permit competitive market shopping within its Customer Assistance Program, and its proposal to modify its Standard Offer Program. These are all disputed issues that, to the extent necessary, are addressed through CAUSE-PA's Main and Reply Briefs.

the default service price. (CAUSE-PA St. 1 at 53-54). He suggested the price to compare and the applicable supplier price “appear together in a stand-alone box on the front of the bill in an identical format so that customers can easily compare [their suppliers’ price] to the price to compare.” (CAUSE-PA St. 1 at 53:13-17). Mr. Geller recommended that Duquesne use colors or other indicators on the bill to help consumers quickly identify whether they are paying more than the price to compare, and that it work with stakeholders through its Low Income Eligible Advisory Committee “to provide advice and input on the bill improvements to ensure shopping information is clear, transparent, and easily understandable to consumers.” (CAUSE-PA St 1 at 53:17-21).

Also relevant to the issues resolved in the Partial Settlement, Mr. Geller identified a critical issue with Duquesne’s supplier rules, which currently permit suppliers utilizing bill ready billing to include non-basic service charges on the customer’s utility consolidated bill without delineation. (CAUSE-PA St. 1 at 54-55). As Mr. Geller explained, Duquesne lacks visibility into a suppliers’ bill ready billing charges, and cannot confirm whether such charges also include charges for non-basic products and services. (CAUSE-PA St. 1 at 54:11-24). As such, if a customer fails to pay non-basic service charges passed to consumers through bill ready billing, it may result in the involuntary termination of service – a circumstance strictly prohibited by the Commission’s regulations. (CAUSE-PA St. 1 at 55:3-7).² Mr. Geller likewise pointed out that Duquesne may be in violation of its vendor agreement with the Department of Human Services for receipt of Low Income Home Energy Assistance Program (LIHEAP) grants, which requires LIHEAP vendors to apply LIHEAP grants only to basic distribution and supply costs. (CAUSE-PA St. 1 at Appx D (LIHEAP 2019 Vendor Agreement – Utility)).

² 52 Pa. Code § 56.83(3).

III. CAUSE-PA SUPPORT FOR THE SETTLEMENT

The following terms of the Partial Settlement address issues of concern raised by CAUSE-PA, and reflect a carefully balanced compromise of the varied interests in this proceeding. As such, CAUSE-PA urges ALJ Hoyer and the Commission to approve the Partial Settlement without modification.

Bill Redesign

First, the Partial Settlement provides that Duquesne will consider Mr. Geller's recommendations to improve the clarity of supplier information on its residential bill as part of its ongoing bill redesign initiative. (Joint Petition at 13, section F, para. 47). CAUSE-PA asserts that this provision represents a reasonable compromise that appropriately balances the interests at stake. As noted above, Mr. Geller provided substantial evidence that residential consumers are consistently charged prices for basic service which greatly exceed the applicable price to compare. While some consumers may knowingly choose to pay a premium price for electricity, such as those who wish to purchase renewable energy, many others likely do not realize they are paying a substantially higher price for basic service. The Partial Settlement fairly addresses this concern, in balance with other issues and interests in this proceeding, in that it expressly requires Duquesne to consider ways to improve the presentment of supplier charges and the corresponding ability of consumers to evaluate offers and more closely monitor the price they are paying for electricity.

In balance with the other sections of this Settlement, as well as the various stipulations reached with Duquesne and other parties in this proceeding, CAUSE-PA asserts that the provisions of the Partial Settlement regarding Duquesne's residential bill redesign are in the public interest, and should be approved.

Bill Presentment of Residential Bill-Ready EGS Charges

With regard to bill presentment issues associated with supplier bill-ready billing charges, the Partial Settlement likewise strikes an appropriate balance of the interests, as it proposes to adopt revisions to Duquesne's residential bills and supplier tariff rules to help ensure that non-basic service charges are clearly delineated and presented in a manner that allows for an apples-to-apples comparison of the applicable price for service with the price to compare.

Specifically, paragraph 48 provides that Duquesne will clearly display on the bill the applicable price to compare as well as the basic supply charges assessed by a supplier in actual or average dollars or cents per kWh and/or flat monthly charges. (Joint Petition at 13-14, section G, para. 48). In turn, to facilitate this change in bill presentment for shopping customers subject to bill ready billing, paragraph 49 requires Duquesne to revise its supplier tariff to require suppliers to provide supplier charges in actual or average dollars or cents and/or flat monthly charges for basic service. (Joint Petition at 14, section G, para. 49).

These proposed changes in the presentment of basic service charges for shopping customers with bill ready billing, along with changes to the applicable provisions of Duquesne's supplier tariff, will help to ensure that shopping customers can more easily assess their current supplier charges and act accordingly to protect themselves against high prices. CAUSE-PA believes, in balance and as a whole, that the provisions of the Partial Settlement regarding Duquesne's bill presentment for bill ready billing charges are in the public interest and should be approved without modification.

Non-Basic Service Charges in Residential Bill-Ready EGS Charges

With regard to concerns raised by Mr. Geller about the possible inappropriate inclusion of non-basic service charges as part of a supplier's bill ready billing charges, the Partial

Settlement proposes to amend Duquesne's tariff pertaining to its purchase of receivables program. The revision would permit Duquesne to require a supplier to certify – in writing and upon request – that the suppliers' charges only include basic electric supply charges. (Joint Petition at 14, section H, para. 51). While additional monitoring and compliance may become necessary in the future if suppliers are not compliant with the prohibition on inclusion of non-basic service charges, CAUSE-PA believes that – at this time - the proposed tariff revision represents an important and balanced first step to address the issues identified by Mr. Geller, and should be approved without modification.

IV. CONCLUSION

CAUSE-PA submits that the Partial Settlement, which was achieved by the Joint Petitioners after an extensive investigation of the Company's filing, is in the public interest, and should be approved. Acceptance of the Partial Settlement avoids the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and the Companies' customers. Accordingly, CAUSE-PA respectfully requests that ALJ Hoyer and the Commission approve the Partial Settlement without modification.

Respectfully submitted,
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APPENDIX H

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : Docket No. P-2020-3019522
Period June 1, 2021 Through May 31, 2025 :
:

**STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF THE
NATURAL RESOURCES DEFENSE COUNCIL**

The Natural Resources Defense Council, by and through undersigned counsel, submits that the Joint Petition for Approval of Unopposed Partial (“Joint Petition” or “Partial Settlement”), filed in the above-captioned proceeding with the Commission on October 13, 2020, reflects a settlement among each of the Joint Petitioners with respect to the issues identified therein, as raised by Duquesne Light Company (the “Company” or “DLC”) in its *Petition for Approval of Default Service Plan for the Period June 1, 2021 Through May 31, 2025* (“DSP IX Petition”), filed on April 20, 2020. NRDC submits that the Partial Settlement is in the public interest and should be approved for the following reasons:

1. NRDC is a membership-based environmental organization and not-for-profit corporation with more than 1.4 million members nationwide, including more than 16,000 in the state of Pennsylvania. NRDC’s top institutional priority is building an equitable clean energy future in which the impacts of extracting and combusting fossil fuels are minimized, if not eliminated.¹

¹ NRDC Pet. to Intervene, 1 (June 5, 2020).

2. The Joint Petition comprehensively sets forth the procedural history of the case, the issues that have been resolved, and the issues that have been reserved for litigation. NRDC herein incorporates by reference the procedural history set forth in the Joint Petition.

3. NRDC intervened in this case primarily to address the Company's proposed Electric Vehicle Time-of-Use ("EV-TOU") Pilot Program, which is an issue that was reserved for litigation. NRDC advanced its interests on the EV-TOU issue by filing a Notice of Intervention,² an Answer,³ a Prehearing brief,⁴ conducting discovery, submitting written testimony as well as oral rejoinder,⁵ and filing a Main as well as Reply Brief.⁶

4. NRDC submits this Statement in Support to highlight the Joint Petition's request to approve the Company's proposal to recover net metering compensation paid to customer generators.⁷

5. In its Petition to Intervene, Solar United Neighbors of Pennsylvania ("SUN-PA") SUN-PA expressed questions surrounding the Company's proposal, specifically asking why the Company was planning to recover the costs of net metering compensation when it never had done so previously, how much the Company anticipated year-end payouts to customer generators to grow future years, whether default service customers would see a specific line item on their bills reflective of payouts to customer generators, and to what extent these costs were not *already* recovered in light of the resale of customer generated energy to other customers at the full retail rate.⁸

² NRDC's Pet. to Intervene (June 5, 2020)

³ NRDC's Ans. (June 5, 2020)

⁴ NRDC's *Prehearing* Mem. (June 10, 2020)

⁵ See NRDC Statements 1, 2, and 3. See also Tr. of Sept. 9, 2020 Evidentiary Hearing (transcript forthcoming).

⁶ Br. of NRDC (Sept. 30, 2020); Reply Br. of NRDC (Oct. 13, 2020).

⁷ See DSP IX Pet. ¶¶ 73-76.

⁸ SUN-PA's Pet. to Intervene, ¶¶ 6-9.

6. While SUN-PA's request to intervene was denied for procedural reasons,⁹ NRDC shared several of SUN-PA's substantive concerns. If default service customers were to be led to believe that they are subsidizing customer generators (especially if the costs of excess generation payments are articulated as a specific line item on customer bills), the result could be unwarranted political opposition to rooftop solar and other distributed energy resources.

7. An additional concern was the Company's potential "double recovery" of end-of-year payouts to customer generators; *i.e.*, that the Company would recover costs through the sale of customer generator-purchased energy to other retail customers, and then a second time through default service billing.

8. Based the responses received to discovery and based on further discussions with the Company and other stakeholders, NRDC is comfortable with the Company's proposal, as the costs to be recovered are projected to be minimal, any bill impacts will not be expressed as an individual line item on customer bills, and the Company merely intends to formally allocate the true costs of end-of-year payments, rather than levying any new fee on customers and/or collecting revenue for the same energy twice.

9. Based the responses received to discovery and based on further discussions with the Company and other stakeholders, NRDC believes the Company's proposal to be consistent with 52 Pa. Code § 75.13(e), the Alternative Energy Portfolio Standards (AEPS) Act, and Act 129 of 2008.

10. Accordingly, NRDC submits that the Joint Petition serves the public interest and should be approved without modification.

⁹ See Initial Decision (July 2, 2020); See also Final Order (August 28, 2020).

Respectfully submitted,

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