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File #: 2507/140059

April 15, 2010

BY HAND

James J. McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

RE: PPL Electric Utilities Corporation Supplement No. 85 to Tariff Electric - Pa. P.U.C. No. 201

Dear Secretary McNulty:

Enclosed please find eight (8) copies of PPL Electric Utilities Corporation's Supplement No. 85 to Tariff Electric - Pa. P.U.C. No. 201. Supplement No. 85 is filed with an issue date of April 15, 2010 and an effective date of June 14, 2010.

Respectfully Submitted,

Michael W. Hassell

MWH/skr
Enclosures
cc: Certificate of Service

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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).

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PPL Electric Utilities Corporation

**Supplement No. 85 to
Tariff Electric – Pa. P.U.C. No. 201**

STATEMENT OF REASONS

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby submits this Statement of Reasons in support of Supplement No. 85 to Tariff Electric – Pa. P.U.C. No. 201. In Supplement No. 85, PPL Electric proposes to establish an Optional Monthly Pricing Service for Large Commercial and Industrial (“Large C&I”) Customers. As explained below, PPL Electric committed to file an optional monthly or quarterly-priced service as part of the Joint Petition for Settlement of PPL Electric’s Default Service Plan (“DSP Settlement”), which was approved by the Pennsylvania Public Utility Commission (“Commission”) by Order entered on June 30, 2009, at Docket No. P-2008-2060309.

PPL Electric is requesting that the Commission permit Supplement No. 85 to become effective on June 14, 2010, sixty (60) days after the Company’s filing. Appendix A to this Statement of Reasons is a copy of Supplement No. 85. Appendix B to this Statement of Reasons contains supplemental information required by the Commission’s regulations at 52 Pa. Code § 53.52(a) and (b). Appendix C to this Statement of Reasons contains the form of Request for Proposals Process and Rules (“RFP”) and Large C&I Optional Monthly Pricing Service Supply Master Agreement (“Large C&I SMA”) that PPL Electric proposes to use for solicitation of suppliers for the Optional Monthly Pricing Service. The Company notes that the RFP and Large C&I SMA are patterned after the Default Service RFP and SMA documents that previously were approved by the Commission as part of the DSP Settlement.

1. Background

On August 28, 2008, PPL Electric filed a Petition for Approval of a Default Service Program and Procurement Plan for the Period January 1, 2011 through May 31, 2013 to establish the terms and conditions under which PPL Electric would provide Provider of Last Resort (“POLR” or “default”) service and obtain generation supply for that service beginning January 1, 2011.¹ On March 11, 2009, the Parties to that proceeding entered into the DSP Settlement, establishing terms and conditions for providing POLR service for the period January 1, 2011 through May 31, 2013, and resolving other issues.

For purposes relevant to this tariff filing, the DSP Settlement established the Large C&I class as a separate POLR procurement and POLR customer class. The Large C&I class includes the following rate schedules (with two exceptions noted below) receiving 60 hertz service: Rate Schedules LP-4, IS-P(R), LP-5, LP-6, LPEP,² and IS-T(R), and standby service for these rate schedules. The two exceptions under the DSP Settlement are: (1) to exclude Rate Schedule LP-4 customers with less than 500 kW of peak demand from the Large C&I class;³ and (2) to include Rate Schedule GS-3 customers with 500 kW or greater peak demand in the Large C&I class.⁴

The DSP Settlement established that the default service procurement for the Large C&I class would be a real-time hourly-priced service.⁵ PPL Electric will pay winning bidders in the default procurement for Large C&I customers a price equal to the sum of the PPL Zonal real-

¹ The terms for acquiring and providing POLR supply for the period January 1, 2010 through December 31, 2010 were established by Commission Order, entered on May 17, 2007 at Docket No. P-00062227, under PPL Electric’s Competitive Bridge Plan (“CBP”).

² The only customer on this rate schedule currently receives non-standard service at 25 hertz.

³ Rate Schedule LP-4 customers with less than 500 kW of peak demand are to be included in the Small Commercial and Industrial class (“Small C&I”) for default service purposes.

⁴ Other Rate Schedule GS-3 customers continue to be included in the Small C&I class.

⁵ PPL Electric’s initial filing proposed that the Large C&I class receive a real-time hourly priced service.

time hourly spot-market prices, the PPL Zonal capacity charge and their winning bid price. In exchange, the winning bidders are required to provide all components of default supply necessary for PPL Electric to satisfy its POLR obligations to Large C&I customers.

The DSP Settlement also provided for the Company to file an optional monthly or quarterly fixed-price, load-following service for Large C&I customers. The PP&L Industrial Customer Alliance (“PPLICA”) had proposed a fixed-price service option for Large C&I customers in the proceeding. Specifically, the Settlement provides as follows:

40. PPL Electric’s hourly default service proposal is accepted as filed. PPL Electric will convene a separate collaborative with interested parties to develop and file an optional monthly or quarterly load following service for Large C&I customers. As part of the collaborative, the parties will in good faith consider, among other things, designs for the monthly or quarterly option that avoid any impediments to or restrictions on switching and that achieve resulting rates for Large C&I customers that are reasonable, while ensuring that PPL Electric will recover, on a full and current basis, the reasonable cost incurred to provide the product. PPL Electric will consider input from interested parties, but will file a proposal that is acceptable to PPL Electric. Such filing will be made with the Commission on or before June 1, 2009. All parties reserve their rights to object to the terms of such proposal and to propose alternate provisions. The parties agree that the only issue to be resolved in that proceeding will be the provision of optional monthly or quarterly default service to Large C&I customers.

In accordance with the foregoing provisions, PPL Electric held a series of meetings and discussions with interested parties, including representatives of Large C&I customers’ interests, such as PPLICA, marketer interests, including, but not limited to, the Retail Energy Supply Association (“RESA”) and Richards Energy Group, Inc. (“Richards”), and various wholesale suppliers. During these meetings and discussions, a number of alternative proposals for the design of this optional service were considered and discussed. PPL Electric believes that these meetings were very useful in refining the terms of the proposal, and that the proposal set forth

herein reflects a general concurrence of the participants to the discussions as a reasonable design of the optional service. Nevertheless, PPL Electric notes that no parties were asked to join in this filing, and all parties retain their rights, as provided in the Settlement, to object to the proposal.

2. Summary of Provisions of Proposed Optional Monthly Pricing Service.

The following is a summary of the provisions of PPL Electric's proposed Large C&I Customer Optional Monthly Pricing Service:

a. *Eligibility* – All Large C&I Customers, as that term is defined above and in the Settlement, taking 60 hertz service effective January 1, 2011, will be eligible for the Optional Monthly Pricing Service. Eligible customers must affirmatively elect the Optional Monthly Pricing Service as discussed below. If a customer does not elect the Optional Monthly Pricing Service or does not shop with an EGS, the customer will receive the Hourly Default Service.

b. *Price* – The price will change on the first of every month. The monthly price will be set on a cents per kWh basis. The monthly prices will be determined by a competitive solicitation held quarterly, plus an adder for recovery of costs incurred to undertake the solicitations. Due to the transition from a calendar year to a PJM year for solicitation and pricing purposes, the first solicitation will establish monthly prices for a five-month period (January – May, 2011). Participating customers also will be responsible for all other charges contained in their applicable rate schedule.

c. *Product* – The product to be solicited will be a load-following, full-requirements service, including, without limitation, energy, capacity, transmission (excluding Network Integration Transmission Service), ancillary services, transmission and distribution losses, congestion management costs, Alternative Energy Portfolio Standard requirements and such other services or products that are required by PPL Electric to supply the Optional Monthly Pricing Service to customers electing the service.

d. Solicitation Process – Each solicitation will be conducted quarterly, to be carried out at the same time as solicitations for the full-requirements products for Residential and Small C&I classes as provided by the Settlement. The initial solicitation will be undertaken in October 2010. In each solicitation, bidders will be required to provide separate prices for each month in the upcoming quarter. For each RFP Bidder, the Company will calculate a single average bid price, based upon a simple average of the monthly offer prices, for each number of tranches up to the total tranches offered. The winning bids will be selected based upon the combination of individually averaged bids with the lowest combination price. Service will be solicited in 100 MW tranches using the same approach for soliciting full-requirements, load-following service for other default service groups. Winning bidders will be paid their original, unaveraged prices for each month of the solicitation period. If tranches are not fully subscribed in any solicitation, the service will not be made available for that quarter.

e. Time to Elect Service and Switching Provisions – A customer may elect the service, effective with the next billing cycle beginning 15 days or later from the date of election. Following election of the Optional Monthly Pricing Service, the customer will remain on the Optional Monthly Pricing Service, unless that service becomes unavailable, or until another service option is elected and goes into effect. Customers may switch from the Optional Monthly Pricing Service to service from an Electric Generation Supplier (“EGS”) at any time in accordance with the Commission’s switching regulations and PPL Electric’s tariff provisions related to changing service options. An eligible customer served by an EGS or served on Hourly Default Service may elect the Optional Monthly Pricing Service, in accordance with switching rules. A customer on the Optional Monthly Pricing Service will not be permitted to switch to the Hourly Default Service until first shopping with an EGS for at least one month; provided,

however, that if the *Optional Monthly Pricing Service* is unavailable because tranches were not fully subscribed, customers on the *Optional Monthly Pricing Service*, who do not elect an EGS, will be switched to the *Hourly Default Service*. Thereafter, when the *Optional Monthly Pricing Service* again becomes available, customers will be required to affirmatively select the service.

f. **Recovery of Solicitation Costs** – The costs incurred by PPL Electric to solicit and procure the *Optional Monthly Pricing Service* and the *Hourly Default Service* will be fully recovered from all customers in the Large C&I class who take the *Optional Monthly Pricing Service* or the *Hourly Default Service* through a pro rata charge per kWh. PPL Electric's cost recovery for the *Optional Monthly Pricing Service* is fully reconcilable.

3. Further Explanation of Proposal.

As noted above, the *Optional Monthly Pricing Service* proposal was developed following consultation with stakeholders and in compliance with the terms of the DSP Settlement. The proposed service meets Large C&I customers' desire for an optional fixed-price service from PPL Electric as an alternative to the hourly-priced default service. The monthly price provides an option for customers who do not want the volatility of hourly default service rates, or who may have lost or are unable to procure fixed service from an EGS. In addition, customers indicated a desire for a service that is simple to elect, does not require nomination of service quantities and that does not restrict ability to select other energy supply products. The latter point also is important to EGSs, who do not want customers committed to long-term service arrangements with the Company. It is to be noted that the Company's CBP, which establishes the terms for provision of default service for the period from January 1, 2010 through December 31, 2010, provides for a one-year fixed-price option, which customers were required to elect within 30 days after the October 2009 solicitation. Customers who elected that service may later

shop, subject to payment of a Generation Rate Adjustment (“GRA”). The Company noted that 204 eligible customers initially elected the one-year fixed-price option under the CBP.

In considering the design of the optional service, the Company also took into account the DSP Settlement condition that the service be a load-following, full-requirements product, and potential bidders’ concerns about risks inherent in that product. A load-following, full-requirements product simplifies pricing, and substantially eliminates the risk of over/undercollections that would arise if block and spot products were acquired to serve an undefined load. This is particularly a concern for the Large C&I customer market, where substantial shopping is expected, but load swings from a small number of customers could result in actual usage substantially different from projections. At the same time, monthly pricing and solicitation in multiple tranches somewhat moderates and spreads the risk of such swings among multiple bidders, as compared to a price that is fixed for a full quarter and a solicitation that chooses only a single winning bidder.

The provisions for switching between the Hourly Default Service and the Optional Monthly Pricing Service reflect a compromise of competing concerns. On the one hand, Large C&I customers proposed that they be able to switch from the Hourly Default Service to the Optional Monthly Pricing Service. Those customers were concerned that they may find themselves placed on the Hourly Default Service as a “default” from an EGS after the 15-day monthly window to elect the Optional Monthly Pricing Service, or because they failed to consider the optional service initially. On the other hand, however, it would not be fair to bidders providing supply to either the Hourly Default Service or the Optional Monthly Pricing Service for customers to be able to freely switch between the two products. Therefore, once a customer elects the Optional Monthly Pricing Service, it may only switch to the Hourly Default

Service if it first shops with an EGS for at least one month, unless the customer is switched to Hourly Default Service in the event the Optional Monthly Pricing Service is unavailable in any quarter.

Finally, PPL Electric will incur costs to undertake the solicitations for both the Hourly Default Service and the Optional Monthly Pricing Service. It is unknown to what extent customers will elect these two services, and within the limits of switching provisions described above, customers may move between the two services. To avoid the potential for customers making a service choice based upon the relative effect upon rates resulting from solicitation costs, and to provide for full recovery of costs as provided by law and the DSP Settlement, PPL Electric will recover the costs of solicitations for both Hourly Default Service and Optional Monthly Pricing Service through a pro rata component of both services' rates.

4. Conclusion

The Optional Monthly Pricing Service proposed in this filing is in full compliance with the requirements of the DSP Settlement, reflects a general consensus of the meetings held with stakeholders and provides PPL Electric's large commercial and industrial customers with another option for purchasing generation supply in 2011. For all of these reasons, PPL Electric requests that the Commission approve the Company's proposal and permit it to become effective on June 14, 2010, as proposed.

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Appendix A



PPL Electric Utilities Corporation

GENERAL TARIFF

**RULES AND RATE SCHEDULES
FOR ELECTRIC SERVICE**

In the territory listed on pages 4, 4A, and 4B
and in the adjacent territory served.

ISSUED: April 15, 2010

EFFECTIVE: June 14, 2010

Issued by
DAVID G. DeCAMPLI, PRESIDENT
Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

THIS TARIFF MAKES (CHANGES) IN EXISTING RATES. SEE PAGE TWO.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGES:

Generation Supply Charge-2

Page Nos. 19Z.6, 19Z.7, 19Z.7A, and
19Z.3B

This revised GSC-2 implements an Optional
Monthly Pricing Service for Large Commercial and
Industrial customers.

TABLE OF CONTENTS

	<u>Page</u>	<u>Revision</u>
Table of Contents -----	3	Seventy-Fourth
	3A	Forty-Fifth
	3B	Thirty-Seventh
	3C	Twenty-Seventh
Territory Covered by This Tariff -----	4	Fourth
	4A	Second
	4B	Second
RULES FOR ELECTRIC SERVICE		
1 - Electric Service Tariff -----	5	Fourth
	5A	Fourth
2 - Requirements for Service -----	6	Second
	6A	Sixth
	6B	Fifth
3 - Extension of Service -----	7	Sixth
	7A	Fourth
	7B	Seventh
4 - Supply of Service -----	8	Sixth
	8A	Sixth
	8B	Fourth
	8C	Fourth
	8D	Fourth
	8E	Third
5 - Use of Service -----	9	Fourth
	9A	Fourth
6 - Auxiliary Service For Non-Qualifying Facilities -----	10	Third
	10A	Second
	10A.1	First
6A - Standby Service for Qualifying Facilities -----	10B	Fifth
	10C	Second
	10D	Nineteenth
	10E	Seventeenth
	10F	Thirteenth
	10G	Twelfth
7 - Temporary Service -----	11	Sixth
8 - Measurement of Service -----	12	Fourth
9 - Billing and Payment for Service -----	13	Second
	13A	Fifth
	13B	Second
10 - Disconnection and Reconnection of Service -----	14	Second
	14A	Sixth
11 - Net Service for Generation Facilities -----	14B	Original
	14C	Original
GENERATION RATE ADJUSTMENT SURCHARGE -----	15	Fifth
	15A	Fourth
STATE TAX ADJUSTMENT SURCHARGE -----	16	Twenty-Fifth
EMERGENCY ENERGY CONSERVATION RIDER -----	17	Third
	17A	First
UNIVERSAL SERVICE RIDER -----	18	Sixth
REMAND-1 -----	18B	Third
REMAND-2 -----	18C	Second
	18D	Second
RATE STABILIZATION PLAN RIDER -----	18E	Original
	18F	First
	18G	First
RATE MITIGATION PLAN RIDER -----	18H	Original
	18I	Original
ECONOMIC DEVELOPMENT INITIATIVES RIDER -----	19	Fourth
	19A	Seventh
	19A.1	Fourth
INTERRUPTIBLE SERVICE BY AGREEMENT (R) -----	19B	Fourth

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>	<u>Revision</u>
INDUSTRIAL DEVELOPMENT INITIATIVES RIDER -----	19D	Fourth
	19D.1	Seventh
	19D.2	Fourth
COMPETITIVE RATE RIDER (R)-----	19E	Fourth
	19E.1	Fourth
COMPETITIVE TRANSITION CHARGE RECONCILIATION RIDER -----	19J	Third
	19J.1	Original
RENEWABLE ENERGY DEVELOPMENT RIDER -----	19L	Fourth
	19L.1	First
NET METERING FOR RENEWABLE CUSTOMER-GENERATORS -----	19L.2	First
	19L.3	First
	19L.4	First
GREEN POWER OPTION -----	19L.5	Original
	19L.6	Original
METERING AND BILLING CREDIT RIDER -----	19M	Sixth
INTANGIBLE TRANSITION CHARGE RECONCILIATION RIDER -----	19Q	Original
	19R	Original
	19S	Original
DEMAND SIDE INITIATIVE RIDER (EXPERIMENTAL) -----	19T	Fourth
	19U	Original
	19V	First
DEMAND SIDE RESPONSE RIDER – RESIDENTIAL (EXPERIMENTAL) -----	19W	Sixth
	19X	Fifth
	19Y	Third
TRANSMISSION SERVICE CHARGE -----	19Z	Third
	19Z.1	Second
GENERATION SUPPLY CHARGE -----	19Z.2	Third
	19Z.3	First
	19Z.3A	First
	19Z.3C	First
	19Z.3D	Original
	19Z.3E	Original
	19Z.3F	Original
GENERATION SUPPLY CHARGE – 1 -----	19Z.4	Original
GENERATION SUPPLY CHARGE – 2 -----	19Z.5	Original
	19Z.6	First
	19Z.7	First
	19Z.7A	Original
	19Z.7B	Original
ACT 129 COMPLIANCE RIDER -----	19Z.8	Original
	19Z.9	Original
	19Z.10	Original
MERCHANT FUNCTION CHARGE RIDER -----	19Z.11	Original
RATE SCHEDULES - GENERAL		
RS - Residential Service -----	20	Twentieth
	20A	Fifteenth
	20B	Fourteenth
	20C	Tenth
	20D	Thirteenth
	20E	Eighth
RTS(R) - Residential Service - Thermal Storage -----	21	Twenty-First
	21A	Seventeenth
	21B	Tenth
	21C	Eighth
RTD(R) - Residential Service - Time of Day -----	22	Twenty-First
	22A	Nineteenth
	22B	Ninth
	22C	Eighth
DSR-R - Demand-Side Response – Residential -----	23	Third
	23A	Original
	23B	Original
GS-1- Small General Service - Sec. Voltage -----	24	Twenty-First
	24A	Seventeenth
	24B	Fourteenth
	24C	Fourteenth
	24D	Fourteenth
	24E	Fifteenth
GS-3- Large General Service - Sec. Voltage -----	25	Twentieth
	25A	Thirteenth
	25B	Sixteenth
	25C	Twelfth
	25D	Eleventh
	25E	Fifteenth

(Continued)

GENERATION SUPPLY CHARGE-2

(C)

Beginning on January 1, 2011, the Generation Supply Charge-2 (GSC-2) shall be charged to each customer in the Large Commercial & Industrial Customer Class who takes Basic Utility Supply Service ("BUSS") from the Company under Rate Schedules LP-4, IS-P (R), LP-5, LP-6, LPEP, IS-T (R), and standby service for the foregoing rate schedules. The GSC-2 will not apply to those Rate Schedule LP-4 customers who have a peak demand of less than 500 kW, but the GSC-2 will apply to those Rate Schedule GS-3 customers who have a peak demand of 500 kW or greater. This peak demand will be based on the customer's peak load contribution to PJM peak load in the 2008-2009 PJM Planning Year.

The GSC-2 shall have two service provisions: Hourly Default Service and Optional Monthly Pricing Service.

HOURLY DEFAULT SERVICE

PURPOSE

(C)

The Hourly Default Service Rate Option provides default electric generation service to eligible customers in the Commercial & Industrial Customer Class who have not selected the Optional Monthly Pricing Service or an alternative generation supplier.

PRICING PROVISIONS

All of the following charges apply to this service.

- GSC-2 Energy Charge per KWH: The product of actual real-time PL Zone Locational Marginal Prices for each hour of the billing month expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month. **(C)**
- GSC-2 Capacity Charge: The product of the PJM Reliability Pricing Model ("RPM") price of capacity expressed in dollars per KW-Day, as reported by PJM for the PL Zone, for the applicable billing month times the customer's fixed peak load capacity obligation, as determined by the Company in accordance with the applicable PJM Agreements, times the number of days in the billing month.
- GSC-2 Administrative Charge per KWH: The product of all administrative charges (both the supplier's charges and PPL Electric's charges) expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month. The supplier's charges shall be the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than Network Integration Transmission Service), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits. PPL Electric's charges shall be a monthly pro rata amortization of the actual costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent 12-month period ended March 31 (as determined by amortizing such costs ratably over a 12-month period) plus the monthly amortization of the cost of administering that program prior to January 1, 2011 (as determined by amortizing such costs **(C)**

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

(C)

ratably over the 29-month period January 1, 2011 through May 31, 2013). In addition, the initial computation quarter will include any applicable over or under collection related to the 2010 Generation Supply Charge (GSC) for the Large Commercial and Industrial Customer Class.

The following rate components of the GSC-2 shall be filed with the Pennsylvania Public Utility Commission (Commission) 30 days prior to each application year (June 1 through May 31), except that the initial rate components shall be filed 30 days prior to the initial application year (January 1, 2011 through May 31, 2012). The rate components subject to this annual filing requirement are: (1) the price for capacity resulting from PJM's applicable RPM auction, (2) the supplier's charges to be included in the GSC-2 Administrative Charge and (3) PPL Electric's charges to be included in the GSC-2 Administrative Charge. The rate components shall become effective for BUSS service rendered during the application year, and shall remain in effect for a period of one year. **(C)**

The Pennsylvania gross receipts tax rate in effect during the billing month shall apply to charges under the GSC-2.

Minimum bills shall not be reduced by reason of the GSC-2, nor shall GSC-2 charges be a part of the monthly rate schedule minimum. The GSC-2 shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report regarding GSC-2 collections within thirty (30) days following the conclusion of each computation year. These reports shall be in a form prescribed by the Commission. The report shall be accompanied by a tentative estimate of the GSC-2 for the next computation year.

Application of the GSC-2 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-2 and the costs included therein.

OPTIONAL MONTHLY PRICING SERVICE

PURPOSE

The Optional Monthly Pricing Service (OMPS) Rate Option provides for the voluntary participation of eligible customers in the Large Commercial & Industrial Customer Class. Eligible customers must affirmatively elect OMPS. If a customer does not elect OMPS or does not shop with an EGS, the customer will receive Hourly Default Service.

PRICING PROVISIONS

The price, stated in cents per kilowatt hour, will change on the first day of every month. The monthly price will be determined by a competitive selection held quarterly, plus an adder for recovery of costs incurred to undertake the solicitations.

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

The GSC-2 for OMPS, determined in accordance with the formula set forth below, shall be applied to all kilowatt-hours billed for OMPS provided during the billing month:

$$GSC-2_{OMPS} = \left[\frac{GSc - E}{S} \right] \times \frac{1}{(1-T)}$$

Where:

GSC-2_{OMPS} = The Generation Supply Charge-2, stated in cents per kilowatt hour, shall be calculated for the customers electing OMPS as designated above.

GSc = The total of estimated costs incurred by the Company to acquire generation supply from any source on behalf of OMPS customers.

Projections of the Company's costs to acquire generation supply, adjusted for losses and including Alternative Energy Credits, for each month of the computation quarter shall include all costs of generation supply to be acquired by the Company from any source to provide OMPS plus a pro rata portion of all generation supply-related procurement and administration costs for the Large Commercial and Industrial Class, calculated on a monthly basis. Any costs incurred prior to January 1, 2011 shall be amortized ratably over the 29-month period January 1, 2011 through May 31, 2013, and the monthly amortization amount shall be included in the computation of the GSC-2_{OMPS}. In addition, the initial computation quarter will include a pro rata portion of any applicable over or undercollection related to the Generation Supply Charge (GSC) for the Large Commercial and Industrial Customer Class, calculated on a monthly basis.

E = Experienced net over or undercollection of costs associated with the acquisition of generation supply for OMPS customers as of the end of the calendar quarter ended two months prior to the computation quarter, including applicable interest, to be recovered or recouped over each of the months of the computation quarter. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of undercollections shall be calculated at the legal rate of interest; interest on refunds of overcollections shall be calculated at the legal rate of interest plus 2 percent annual interest.

S = The Company's total retail KWH sales to OMPS customers in the Large Commercial & Industrial Customer Class, projected for each separate month of the computation quarter (c).

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

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

The GSC-2_{OMPS} shall be filed with the Pennsylvania Public Utility Commission (Commission) by the beginning of the month prior to each computation quarter, and such filing shall provide separate monthly rates for each month of the computation quarter. Each monthly rate shall become effective for OMPS service rendered beginning with the first of the month for each month in the computation quarter, unless otherwise ordered by the Commission.

The Company will file with the Commission by the beginning of the month prior to each computation quarter, a quarterly reconciliation of the GSC-2_{OMPS} for the most recently available actual calendar quarter, pursuant to 66 Ps. C.S. §1307. The reconciliation shall become effective for service rendered during the computation quarter and shall remain in effect for a period of one quarter, or until new GSC-2_{OMPS} rates are approved by the Commission.

Reconciliation will include a calculation of the adjustment to the GSC-2_{OMPS}, in cents per kWh, required to refund or recover previous application period over or under recoveries of the quarterly GSC-2_{OMPS}. Any over/under collection will be reflected in the GSC-2_{OMPS} during the computation quarter. Any amount of over/under recovery that will not be recovered will be reflected in the subsequent application period.

Minimum bills shall not be reduced by reason of the GSC-2_{OMPS}, nor shall GSC-2_{OMPS} charges be a part of the monthly rate schedule minimum. Participating customers will be responsible for all other charges contained in their applicable rate schedules. The GSC-2_{OMPS} shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report regarding GSC-2_{OMPS} collections within thirty (30) days following the conclusion of each computation quarter. These reports shall be in a form prescribed by the Commission. The report shall be accompanied by a tentative estimate of the GSC-2_{OMPS} for the next computation quarter.

Application of the GSC-2_{OMPS} shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-2_{OMPS} and the costs included therein.

CUSTOMER PARTICIPATION

An eligible customer served by an EGS or receiving Hourly Default Service may elect OMPS, effective with the next billing cycle beginning 15 days or more from the date of election. However, if solicitations are not fully subscribed, OMPS will not be available for that quarter and customers who have selected OMPS will be assigned to the Hourly Default Service Rate Option. If OMPS becomes available again in the future, eligible customers who wish to receive OMPS will have to elect that option pursuant to these Customer Participation provisions.

Following election of the OMPS, the customer will remain on OMPS, unless OMPS becomes unavailable, or until another service option is selected and becomes effective. Customers may leave OMPS in any calendar month effective with the next billing cycle beginning 15 days or more from the date of election, but a customer on OMPS will not be permitted to switch to Hourly Default Service until first shopping with an EGS for at least one month. However, if the OMPS is unavailable because solicitations were not fully subscribed, customers on the OMPS, who do not elect an EGS, will be switched to Hourly Default Service.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)
(Millions of Dollars)

	Twelve Months Ended December 31, 2009
Operating Revenues	
Retail electric	\$ 3,222
Wholesale electric to affiliate	70
Total Operating Revenues.....	<u>3,292</u>
Operating Expenses	
Operation	
Energy purchases	114
Energy purchases from affiliate	1,806
Other operation and maintenance.....	417
Amortization of recoverable transition costs.....	304
Depreciation.....	128
Taxes, other than income	194
Total Operating Expenses.....	<u>2,963</u>
Operating Income	329
Other Income – net	6
Interest Income from Affiliate	4
Interest Expense.....	116
Interest Expense with Affiliate	<u>2</u>
Income Before Income Taxes	221
Income Taxes.....	<u>79</u>
Net Income	142
Dividends on Preferred Securities	<u>18</u>
Net Income Available to PPL Corporation	<u>\$ 124</u>

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Appendix B

Appendix B

**PPL ELECTRIC UTILITIES CORPORATION
SUPPLEMENT NO. 85 TO TARIFF-ELECTRIC PA. P.U.C. NO. 201
SUPPLEMENTAL INFORMATION REQUIRED BY 52 PA. CODE § 53.52(a) and (b).**

PPL Electric Utilities Corporation ("PPL Electric") hereby submits the following information in support of Supplement No. 85 to Tariff-Electric Pa. P.U.C. No. 201. This tariff supplement proposes an Optional Monthly Pricing Service for Large Commercial and Industrial ("Large C&I") customers, as provided for in the terms of the Settlement of PPL Electric's Default Service Plan ("DSP") proceeding. In response to each of the applicable subsections of 52 Pa. Code § 53.52(a) and (b), PPL Electric states the following:

52 Pa. Code § 53.52(a)(1)

- Q. The specific reasons for each change.
- A. See PPL Electric's Statement of Reasons.

52 Pa. Code § 53.52(a)(2)

- Q. The total number of customers served by the utility.
- A. As of December 31, 2009, PPL Electric provided electric distribution service to a total of 1,398,461 customers.

52 Pa. Code § 53.52(a)(3)

Q. A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

A. There currently are approximately 8,529 accounts that may qualify as Large C&I customers eligible to elect the Optional Monthly Pricing Service, estimated as follows:

GS-3 ¹	6,393
LP-4 ²	693
ISP	26
LP-5	138
LP-6	5
LPEP ³	1
IST	30

52 Pa. Code § 53.52(a)(4)

Q. The effect of the change on the utility's customers.

A. As explained in the Statement of Reasons, Supplement No. 85 provides an Optional Monthly Pricing Service for eligible Large C&I customers.

¹ Only those Rate Schedule GS-3 customers with 500 kW or greater peak demand are included in the Large C&I class.

² Rate Schedule LP-4 customers with less than 500 kW of peak demand are excluded from the Large C&I class, and will be included in the Small C&I class.

³ Currently, the single Rate Schedule LPEP customer does not take 60 hertz service.

52 Pa. Code § 53.52(a)(5)

- Q. The effect, whether direct or indirect, of the proposed change on the utility's revenues and expenses.
- A. It is not possible to estimate the number of customers who may elect the Optional Monthly Pricing Service. Any additional revenues will be matched by equal additional expenses, resulting in no net change to Company income.

52 Pa. Code § 53.52(a)(6)

- Q. The effect of the change on the service rendered by the utility.
- A. There will be no effect on the service rendered by PPL Electric.

52 Pa. Code § 53.52(a)(7)

- Q. *A list of factors considered by the utility in its determination to make the change.*
The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. Code § 1308 (relating to voluntary changes in rates).
- A. The reasons for offering the Optional Monthly Pricing Service are explained in PPL Electric's Statement of Reasons.

52 Pa. Code § 53.52(a)(8)

- Q. Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply a portion of a tariff change seeking a general rate increase as defined in 66 Pa. Code § 1308.
- A. See PPL Electric's Statement of Reasons.

52 Pa. Code § 53.52(a)(9)

- Q. Customer polls taken and other documentation which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible opposition, an explanation of why the change is in the public interest shall be provided.
- A. PPL Electric has not conducted any formal polls. However, as explained in PPL Electric's Statement of Reasons, the filing of the proposed Optional Monthly Pricing Service is made in response to a condition of PPL Electric's DSP Settlement, and the addition of such optional service was requested by a representative group of Large C&I customers.

52 Pa. Code § 53.52(a)(10)

- Q. Plans the utility has for introducing or implementing the changes with respect to its ratepayers.
- A. PPL Electric plans to notify all eligible Large C&I customers of this proposal in individual letters and customer meetings during the late summer or early fall of 2010.

52 Pa. Code § 53.52(a)(11)

Q. FCC, FERC or Commission orders or rulings applicable to the filing.

A. There are no FCC or FERC orders or rulings applicable to this filing. The Settlement of PPL Electric's DSP proceeding, which was approved by the Commission in its Order entered on June 30, 2009 at Docket No. R-00062227, contains a condition that requires PPL Electric to file an Optional Monthly or Quarterly Load Following Service proposal.

52 Pa. Code § 53.52(b)(1)

Q. The specific reasons for each increase or decrease.

A. See PPL Electric's Statement of Reasons.

52 Pa. Code § 53.52(b)(2)

Q. The operating income statement for the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and sewer utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.

A. See the attached income statement for the 12 months ended December 31, 2009.

52 Pa. Code § 53.52(b)(3)

Q. A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

A. Because the proposed service is optional and the applicable pricing cannot be determined at this time, the number of customers whose bills will be increased or decreased is unknown.

52 Pa. Code § 53.52(b)(4)

Q. A calculation of total increases, in dollars, by tariff subdivision, projected to an annual basis.

A. See the response to (b)(3).

52 Pa. Code § 53.52(b)(5)

Q. A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

A. See the response to (b)(3).

52 Pa. Code § 53.52(b)(6)

Q. A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

A. See the response to (b)(3).

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Appendix C

PPL Electric Utilities Corporation

**Request for Proposals (RFP) Process and Rules
Optional Monthly Pricing Service
Large Commercial and Industrial**

April 2010

RFP PROCESS AND RULES:
OPTIONAL MONTHLY PRICING SERVICE
TABLE OF CONTENTS

ARTICLE 1 INTRODUCTION	4
1.1 OVERVIEW.....	4
1.2 SUMMARY OF RFP DOCUMENTS.....	8
1.3 OMPS LOAD AND SUPPLIER OBLIGATIONS.....	8
ARTICLE 2 INFORMATION AND SCHEDULE	10
2.1 INFORMATION PROVIDED TO POTENTIAL BIDDERS.....	10
2.2 RFP SCHEDULE.....	11
2.3 AVAILABLE TRANCHES AND SOLICITATION LOAD CAP.....	11
ARTICLE 3 GENERAL REQUIREMENTS FOR PROPOSALS	12
3.1 RFP GENERAL REQUIREMENTS.....	12
ARTICLE 4 BIDDER QUALIFICATION	14
4.1 OVERVIEW OF BIDDER QUALIFICATION PROCESS.....	14
4.2 EXPRESSION OF INTEREST.....	15
4.3 CONFIDENTIALITY AGREEMENT.....	15
4.4 APPLICANT'S PJM QUALIFICATION AND FERC AUTHORIZATION CERTIFICATIONS.....	16
4.5 CREDIT APPLICATION AND FINANCIAL INFORMATION.....	16
4.6 BINDING BID AGREEMENT.....	17
4.7 CURE TIME FOR DEFICIENCIES IN QUALIFICATION REQUIREMENTS.....	17
4.8 BID ASSURANCE COLLATERAL AND ALTERNATIVE LETTER OF CREDIT FORM.....	17
4.9 ALTERNATIVE FORMS OF PERFORMANCE ASSURANCE.....	18
ARTICLE 5 BID PROPOSAL REQUIREMENTS	19
5.1 BID PROPOSAL FORMAT.....	19
5.2 SUBMITTAL OF BID PROPOSALS.....	21
5.3 CONFIRMATION AND PROPOSAL TAGGING PROCESS.....	21
5.4 BID ASSURANCE COLLATERAL.....	21
5.5 SUBMITTAL OF OMPS SMA.....	22
5.6 CONFORMING BID PROPOSALS.....	22
5.7 EXPIRATION OF BID PROPOSALS.....	22
5.8 ADDITIONAL REQUIREMENTS.....	22
ARTICLE 6 INSTRUCTIONS FOR PREPARATION OF BIDDER QUALIFICATIONS AND BID PROPOSALS	24
6.1 GENERAL.....	24
6.2 PACKAGING.....	25
ARTICLE 7 EVALUATION OF PROPOSALS	26
7.1 BIDDER QUALIFICATIONS PROCESSING.....	26
7.2 BIDDER QUALIFICATIONS EVALUATION.....	26
7.3 BID PROPOSALS PROCESSING.....	27
7.4 BID PROPOSAL EVALUATION.....	28
7.5 COMMISSION APPROVAL AND REVIEW.....	30
ARTICLE 8 RESERVED RIGHTS	31
8.1 NON-BINDING RFP.....	31
8.2 PROPOSALS BECOME PPL ELECTRIC'S PROPERTY.....	31

TABLE OF CONTENTS

APPENDIX 1 OPTIONAL MONTHLY PRICING SERVICE SUPPLY MASTER AGREEMENT	32
APPENDIX 2 EXPRESSION OF INTEREST FORM	33
APPENDIX 3 CONFIDENTIALITY AGREEMENT	34
APPENDIX 4 PJM QUALIFICATION CERTIFICATION FORM.....	39
APPENDIX 5 FERC AUTHORIZATION CERTIFICATION FORM	40
APPENDIX 6 CREDIT APPLICATION	41
APPENDIX 7 BID ASSURANCE LETTER OF CREDIT.....	46
APPENDIX 8 EXAMPLE BID PROPOSAL SPREADSHEET—OPTIONAL MONTHLY PRICING SERVICE SUPPLY	51
APPENDIX 9 BINDING BID AGREEMENT.....	52
APPENDIX 10 BINDING BID WITHDRAWAL AGREEMENT	53

ARTICLE 1 INTRODUCTION

1.1 Overview

- 1.1.1 Capitalized terms in this document, which are not defined explicitly herein, are defined in the PPL Electric Utilities Corporation Optional Monthly Pricing Service Supply Master Agreement (“OMPS SMA”) incorporated hereto as Appendix 1.
- 1.1.2 PPL Electric Utilities Corporation (“Company” or “PPL Electric”) has proposed a competitive bidding process to obtain electric supply sufficient for the Company to supply the Optional Monthly Pricing Service for Large Commercial and Industrial Customers, pursuant to the Joint Petition for Settlement of PPL Electric’s Default Service Plan at Docket No. P-2008-2060309 which was approved by the Pennsylvania Public Utility Commission. This Request for Proposals (“RFP”) is being issued to select electricity suppliers and to determine retail service rates for Optional Monthly Pricing Service beginning on January 1, 2011.
- 1.1.3 PPL Electric is issuing this RFP to procure 60-cycle alternating current full requirements electricity service for the period beginning January 1, 2011, under the terms described below, for Optional Monthly Pricing Service Customers (“OMPS Customers”) in the Large Commercial and Industrial Customer Group. The Large Commercial and Industrial Group is defined on the basis of the Company’s existing specific large commercial and industrial rate schedules as shown in the following table. To the extent an existing rate schedule is modified, or replaced by successor rate schedules, PPL Electric, at its sole discretion, will place that rate schedule in the Customer Group as appropriate.

Customer Group	Rate Schedule	Description
Large Commercial and Industrial ¹	GS-3	GS-3 – Large General Service – Customers with 500 KW or higher peak demand
	LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with 500 KW or higher peak demand
	ISP	IS-P(R)–Interruptible Large General Service–12 KV or Higher
	LP-5	LP-5 – Large General Service (69 KV or Higher)
	LP-6	LP-6 – Large General Service (69 KV or Higher)
	LPEP	Power Service to Electric Propulsion ²
	IST	IS-T(R) – Interruptible Large General Service (69 KV or Higher)
	ISM	Interruptible Service by Agreement (R)
	Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

Notes:

- 1) Excludes those large commercial and industrial customers that have not opted to receive PPL Electric’s Optional Monthly Pricing Service.
- 2) Currently consisting of one customer taking service at a frequency of 25-cycles. However, this RFP will obtain service at a frequency of 60-cycles. LPEP will only be included in the large Customer Group if Amtrak

requests 60 Hz electricity supply.

3) Rate schedules may also be subject to riders. Any such riders are reported in the PPL Electric Utilities Corporation General Tariff, Rules and Rate Schedules for Electric Service.

- 1.1.4 The Optional Monthly Pricing Load (“OMPS Load”) for the OMPS Customers for purposes of this Optional Monthly Pricing Service RFP is the full requirements electricity service as recorded by PPL Electric and reported to the PJM Interconnection, LLC (“PJM”) for PPL Electric’s retail customers defined as OMPS Customers. An OMPS Customer for the purposes of these RFP Rules is a PPL Electric retail customer in the Large Commercial and Industrial Customer Group that is not taking service from an Electric Generation Supplier (“EGS”), and has affirmatively elected to receive PPL Electric’s Optional Monthly Pricing Service available beginning on January 1, 2011. For the purposes of this RFP, the OMPS Load will be reduced by PPL Electric’s fractional percentage of committed capacity and energy obtained under long-term contracts. Appropriate contract and performance data will be provided on PPL Electric’s RFP Web site.
- 1.1.5 Once a customer has affirmatively elected OMPS, that customer will remain on the OMPS until electing an alternative supply option (provided OMPS is available). OMPS Customers may not switch to Default Service (i.e., the Company’s existing hourly priced service for Large Commercial and Industrial customers) until shopping with an EGS for at least one month (see PPL Electric’s Optional Monthly Pricing Tariff for Large Commercial and Industrial Customers for additional details). An OMPS customer may leave OMPS in any calendar month after providing notice to the Company by the first day of the preceding month. Any shopping customer (i.e., a customer served by an EGS) may return to OMPS on any meter reading date in accordance with the Company’s standard switching requirements.
- 1.1.6 An electricity supplier selected through this RFP is to provide Optional Monthly Pricing Service supply for a portion of OMPS Load, and once approved by the Pennsylvania Public Utility Commission (“PUC” or “Commission”), becomes an Optional Monthly Pricing Service Supplier (“OMPS Supplier”). OMPS Suppliers will be responsible for supplying the full requirements service including, without limitation, energy, capacity, transmission (excluding Network Integration Transmission Service), ancillary services, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply Optional Monthly Pricing Service to PPL Electric. In addition, OMPS Suppliers will also be responsible for providing supply necessary for PPL Electric to meet its obligations under the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, (“AEPS Act”), during the Delivery Period of an OMPS SMA. PPL Electric will be responsible for complying with all PJM Active Load Management program operating rules.
- 1.1.7 The Optional Monthly Pricing Service “Product” is: (i) for OMPS Customers; (ii) for a given period of time (“Delivery Period”); and (iii) under the terms of the OMPS SMA, in which case supply is provided at an all-in fixed price for full requirements service. Products under the terms of the OMPS SMA will be referred to as Optional Monthly

Pricing Service Products (“OMPS Products”). An OMPS Supplier selected to supply a fixed price full requirements load following OMPS Product shall be paid under a firm price contract in which it will receive the price it bid. OMPS Customers will receive electric service from all OMPS Suppliers supplying OMPS Products and shall pay for retail service based on the bid prices for these OMPS Products.

- 1.1.8 OMPS Suppliers will be initially selected to supply the OMPS Products for the first 5 months of 2011, and quarterly thereafter for 3-month Delivery Periods. The following table shows the commencement and expirations dates for the OMPS Product.

Optional Monthly Pricing Service Products		
Product Type	Commencement Date and Time	Expiration Date and Time
5-month	12:00:00 a.m. EPT, January 1, 2011	11:59:59 p.m. EPT, May 31, 2011
3-month	12:00:00 a.m. EPT, June 1, 2011	11:59:59 p.m. EPT, August 31, 2011
3-month	12:00:00 a.m. EPT, September 1, 2011	11:59:59 p.m. EPT, November 30, 2011
3-month	12:00:00 a.m. EPT, December 1, 2011	11:59:59 p.m. EPT, February 29, 2012
3-month	12:00:00 a.m. EPT, March 1, 2012	11:59:59 p.m. EPT, May 31, 2012
3-month	12:00:00 a.m. EPT, June 1, 2012	11:59:59 p.m. EPT, August 31, 2012
3-month	12:00:00 a.m. EPT, September 1, 2012	11:59:59 p.m. EPT, November 30, 2012
3-month	12:00:00 a.m. EPT, December 1, 2012	11:59:59 p.m. EPT, February 28, 2013
3-month	12:00:00 a.m. EPT, March 1, 2013	11:59:59 p.m. EPT, May 31, 2013

- 1.1.9 OMPS Load will be divided into tranches. A tranche represents a fixed percentage of the OMPS Load of OMPS Customers. The nominal size of a tranche will be based on the OMPS Customers’ 2011 Projected Peak Load Contribution (“PLC”) on the PPL Electric system in accordance with PJM (currently approximately 2,000 Megawatts (“MW”)). An OMPS Supplier serving one tranche is responsible for serving a fixed percentage of the

OMPS Customers' OMPS Load. The following table shows an estimate of the total number of tranches, the tranche size, and the PLC for the OMPS Customers assuming all PPL Electric large commercial and industrial customers were to affirmatively elect Optional Monthly Pricing Service.

Tranches and Tranche Size for OMPS Products¹

Customer Group	Product Delivery Period	Product Size (% of OMPS Load)	Total Tranches	Tranche Size (% of Load)	PLC (MW)
Optional Monthly Pricing Customers	Quarterly ²	100.00	20	5.000	~100
<p>1) The total number of tranches, tranche size, and PLC of OMPS Customers represent an estimate assuming all PPL Electric large commercial and industrial customers were to affirmatively elect Optional Monthly Pricing Service. These values will be updated one week prior to the bid proposal due date.</p> <p>2) The first OMPS solicitation will be for the period January 1, 2011, to May 31, 2011. Thereafter solicitations will be quarterly.</p>					

- 1.1.10 The actual OMPS Load for the OMPS Customers will depend upon many factors including, but not limited to, customers that have not affirmatively elected to receive Optional Monthly Pricing Service, customer migration to EGSs, and weather conditions. Respondents to this RFP ("RFP Bidders") are responsible for evaluating the uncertainties associated with the OMPS Load.
- 1.1.11 Any prospective supplier, including PPL Electric's unregulated generation supply affiliate PPL EnergyPlus, that believes it can meet the Bidder Qualification requirements established in Article 4, and is willing to provide prices at which it will serve tranches of OMPS Load, may respond to this RFP.
- 1.1.12 Any prospective respondent to this RFP must meet the Bidder Qualification requirements provided in Article 4, and submit Bid Proposal(s) as described in Articles 5 and 6. The Bidder Qualification requirements generally require the prospective RFP Bidder to provide certain evidence of being a recognized electricity supplier and to submit documents establishing the RFP Bidder's credit. A Bid Proposal must include the RFP Bidder's Bid(s), and must be accompanied by the executed OMPS SMA, as appropriate, and sufficient Bid Assurance Collateral. A Bid is a set of monthly prices, in U.S. Dollars per megawatt-hour ("MWh"), at which the RFP Bidder is willing to serve a tranche of OMPS Load under the terms and conditions of the OMPS SMA.
- 1.1.13 All elements of this RFP will be carried out pursuant to the RFP Schedule shown in Article 2.2. In general, there will be a pre-specified time period prior to the submission of Bid Proposals wherein RFP Bidders can: 1) express interest in offering supplies; 2) obtain

data on supply obligations; 3) attend a Bidder Information Session; and 4) submit and receive answers to questions regarding the solicitation.

- 1.1.14 An RFP Bidder may only submit Bids for a whole numbers of tranches. The number of tranches for which an RFP Bidder submits a Bid cannot exceed the multiplicative product of the Solicitation Load Cap for OMPS Customers and the Available Tranches in the solicitation. The Solicitation Load Cap is provided in Article 2.3.1. An RFP Bidder must submit a price at which that RFP Bidder is willing to serve each number of tranches up to and including that number of tranches. Instructions for preparation of Bid Proposal(s) are addressed in Articles 5 and 6.
- 1.1.15 The Bid Proposal Evaluation Team will present the results of that solicitation to the PUC within one (1) business day of the Bid Proposal Due Date of that solicitation. At that time, the PUC will have two (2) business days to consider the report of the Bid Proposal Evaluation Team and to render a final decision on the results of that solicitation. The PUC may either accept or reject all of the Bid Proposals presented for the OMPS Product in their entirety. If the PUC rejects the Bid Proposals presented for the OMPS Product, OMPS will not be available in that particular quarter.
- 1.1.16 In the event that all tranches offered in a solicitation are not filled, OMPS will not be available in that particular quarter and the process described in 7.5.2 will be followed.

1.2 Summary of RFP Documents

- 1.2.1 The following documents are appended to, and shall be considered an integral part of, this RFP:

- Appendix 1: PPL Electric Utilities Corporation OMPS SMA
- Appendix 2: Expression of Interest Form
- Appendix 3: Confidentiality Agreement
- Appendix 4: PJM Qualification Certification Form
- Appendix 5: FERC Authorization Certification Form
- Appendix 6: Credit Application
- Appendix 7: Bid Assurance Letter of Credit
- Appendix 8: Bid Proposal Spreadsheets
- Appendix 9: Binding Bid Agreement
- Appendix 10: Binding Bid Withdrawal Agreement

1.3 OMPS Load and Supplier Obligations

- 1.3.1 This section contains a general description of the OMPS Load, and an OMPS Supplier's obligations. It is only a summary and is subject to and qualified in its entirety by the OMPS SMA, incorporated hereto as Appendix 1.

- 1.3.2 OMPS Suppliers of full-requirements load-following products for OMPS Customers shall provide supply for the OMPS Load. OMPS Load for the OMPS Customers is the Company's full-requirements electricity service including, without limitation, energy, capacity, transmission (excluding Network Integration Transmission Service), ancillary services, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the OMPS Load. In addition, as a requirement of any Bid Proposal, each RFP Bidder submitting a Bid must accept the obligations and associated rights to provide Optional Monthly Pricing Service defined in the OMPS SMA, as appropriate.
- 1.3.3 OMPS Suppliers are also responsible for providing supply necessary for PPL Electric to meet its obligations under the AEPS Act during the Delivery Period as specified in a Transaction Confirmation to the OMPS SMA. In order to comply with the AEPS Act, Electricity Distribution Companies ("EDCs") must supply a portion of their customers' load consistent with the requirements set forth in the AEPS Act and the PUC's Orders. OMPS Suppliers will be required to participate exclusively in the PJM-Environmental Information System ("EIS") Generation Attribute Tracking System ("GATS") to demonstrate proof of performance and will be responsible for any costs incurred by PPL Electric associated with non-performance.
- 1.3.4 Each OMPS Supplier will be paid a supplier-specific price for each MWh of electric load served as specified in a Transaction Confirmation to the OMPS SMA. The supplier-specific price will be the OMPS Supplier's winning monthly prices for tranche(s) that the OMPS Supplier has been awarded. The price(s) will be expressed in U.S. Dollars per MWh and will each be reported in a Transaction Confirmation.

ARTICLE 2 INFORMATION AND SCHEDULE

2.1 Information Provided to Potential Bidders

2.1.1 PPL Electric and its RFP Manager have established a Web site that will be the main source of information for this RFP. Prospective RFP Bidders are requested to use this Web site for current data and information about all aspects of this RFP and to access all essential RFP-related documents. Certain data may be password-protected at PPL Electric's sole discretion, in which case passwords would be provided upon execution of the Confidentiality Agreement as described in Article 4.3.

2.1.2 The information on the Web site will contain at a minimum the following sections:

Home: This section welcomes prospective RFP Bidders and other interested parties and provides crucial announcements regarding the RFP process.

PUC Order Page: This section provides the Orders from the PUC in the proceeding.

PPL Electric Rate Categories and Load Data: This section provides data pertinent to prospective RFP Bidders, such as retail and hourly load data, switching data, retail tariffs, load profiles by rate class, etc.

Supplier Documents: This section provides RFP-related documents including all the RFP Rules and the OMPS SMA. It also provides all credit instruments necessary for prospective RFP Bidders and for OMPS Suppliers, including the standard form for the Bid Assurance LOC, the standard form for the LOC for the Delivery Period of the OMPS SMA, and the standard Guaranty for the Delivery Period of the OMPS SMA.

Ask a Question: In this section, all stakeholders, including prospective RFP Bidders, will be able to ask questions via a web form. The RFP Manager will post the question and an answer on the Web site so that all stakeholders and prospective RFP Bidders have access to the same information. The RFP Manager will also email the answer to the questioner.

FAQs: In this section, the RFP Manager posts the questions and answers received through the Web site and their answers.

Register Page: In this section, all stakeholders, including prospective RFP Bidders, will be able to register to receive announcements directly from the RFP Manager via email.

RFP Schedule Page: This section provides prospective RFP Bidders with all crucial dates in the RFP process.

2.2 RFP Schedule

2.2.1 RFP schedules will be established by PPL Electric and its RFP Manager. PPL Electric will publish advertisements in daily and weekly energy publications and the RFP Manager will notify potential bidders to inform them of the upcoming solicitation. Beginning May 2011, OMPS solicitations will take place on a quarterly basis. The Bid Proposal Due Dates will occur on the following dates:

- October 19, 2010
- April 18, 2011
- July 19, 2011
- October 18, 2011
- January 9, 2012
- April 3, 2012
- July 17, 2012
- October 16, 2012
- January 22, 2013

2.2.2 Optional Monthly Pricing Service solicitations will generally span a six-week to seven-week time period. Solicitation activities are shown below. The expected completion date of each of the activities shown is expressed in the approximate number of weeks prior to the expected execution of default service contracts.

- Six weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
- Four and one-half weeks: Bidder Information Session;
- Three weeks: Bidder Qualifications Due;
- Two weeks: Cure Deficiency Deadline;
- One and one-half weeks: Qualified Bidders Notified;
- Final week: Bid Proposals Due, PUC Decision Issued, Transaction Confirmations Issued.

2.2.3 The RFP Schedule for each solicitation will be provided in the RFP Addendum issued for that solicitation.

2.3 Available Tranches and Solicitation Load Cap

2.3.1 The Available Tranches for OMPS Customers in this solicitation is the number of tranches the Company seeks to procure and will be determined prior to the initial Optional Monthly Pricing Service solicitation. In any Optional Monthly Pricing Service solicitation, an RFP Bidder's maximum number of tranches offered must be a whole number that does not exceed the multiplicative product of the Solicitation Load Cap (85%) for the Available Tranches for OMPS Customers.

ARTICLE 3

GENERAL REQUIREMENTS FOR PROPOSALS

3.1 RFP General Requirements

3.1.1 A Proposal consists of Bidder Qualifications (a response to the Bidder Qualification requirements in Article 4 of this RFP) and one or several Bid Proposal(s) for a given solicitation with its accompanying documents (as described in Article 5). A respondent to this RFP is an RFP Bidder. An RFP Bidder that fulfills the Bidder Qualification requirements can submit a maximum of one Bid Proposal for the OMPS Product on each Bid Proposal Due Date in response to this RFP.

3.1.2 Bidder Qualifications and Bid Proposals must: (i) adhere to this RFP's terms and conditions; and (ii) fulfill all requirements in Articles 3 through 6 of this RFP.

Bidder Qualifications and Bid Proposals that do not adhere to the terms and conditions of this RFP and/or do not fulfill all requirements set forth in Articles 3 through 6 of this RFP, will not be considered.

3.1.3 It is the intention, but not the obligation, of the Company to enter into an OMPS SMA with two or more winning RFP Bidders.

3.1.4 The RFP Bidder, at its own cost and expense, shall defend PPL Electric, its parent company, and its subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PPL Electric, its parent company, subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, costs or expenses which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any warranty by the RFP Bidder as set forth herein.

3.1.5 The submission of any portion of a Proposal to the Company constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of this RFP or the ultimate fate of such Proposal.

- 3.1.6 An Officer of the RFP Bidder is an individual empowered to undertake contracts and bind the RFP Bidder. All Representations in this RFP must be made by an Officer of the RFP Bidder.
- 3.1.7 Each RFP Bidder must comply with all the Bidder Qualification requirements described in Article 4.
- 3.1.8 All information provided and certifications made in the Bidder Qualifications must remain valid and remain in full force until five (5) business days after the applicable Bid Proposal Due Date. Regardless of the reason, if any information provided in the Bidder Qualifications for a given solicitation changes or any certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Bidder Qualification Evaluation Team of such change at least three (3) business days before the submission of any Bid Proposal on a Bid Proposal Due Date. Failing to do so may result in disqualification of the RFP Bidder and the Bid Proposal for that solicitation. The Bidder Qualification Evaluation Team reserves the right to vary the assessment of Bidder Qualifications based on the revised information provided by the RFP Bidder.

ARTICLE 4 BIDDER QUALIFICATION

4.1 Overview of Bidder Qualification Process

- 4.1.1 The purpose of the Bidder Qualification process is to determine the applicant's eligibility to bid. An applicant is qualified to bid in a given solicitation if, by the Cure Deficiency Deadline of that solicitation, it satisfactorily completes or updates the following: 1) submits an Expression of Interest Form; 2) executes the Confidentiality Agreement; 3) certifies that it meets the PJM membership and Federal Energy Regulatory Commission ("FERC") authorization requirements stated in Article 4.4 (Applicant's PJM Qualification and FERC Authorization Certifications); 4) demonstrates that its, or its guarantor's, unsecured senior long-term debt rating (or issuer rating, if the unsecured senior long-term debt rating is unavailable) is currently available from Standard & Poor's, Fitch Ratings, or Moody's Investor Services; 5) submits the Credit Application and associated financial information requested in Article 4.5 (Credit Application and Financial Information); and, 6) submits an executed copy of the Binding Bid Agreement provided as Appendix 9. With the submission of a Bid Proposal, qualified RFP Bidders will be required to post Bid Assurance Collateral in an amount directly proportional to the amount of load bid upon. The Bid Assurance Collateral will be returned to the RFP Bidder subsequent to contract execution or the rejection of its bid(s), as described in Article 5.4 (Bid Assurance Collateral).
- 4.1.2 Applicants are urged to provide the materials necessary to establish eligibility as soon as practicable. PPL Electric will endeavor, on a best efforts basis, to notify applicants of any deficiencies in their submittals in accordance with Article 7.2 no later than forty-eight hours before the Cure Deficiency Deadline for the appropriate solicitation as indicated in an RFP Schedule developed subject to Article 2.2. However, PPL Electric does not bear any responsibility for failure to notify applicants of deficiencies prior to the Cure Deficiency Deadline as indicated in an RFP Schedule developed subject to Article 2.2, and PPL Electric assumes no liability or obligation for a defective submission or for notifying any RFP Bidder of a defective submission. Early submittal of materials will provide the greatest flexibility to correct deficiencies prior to the Cure Deficiency Deadline and applicants are encouraged to submit Bidder Qualifications as soon as possible following the issuance of the RFP, or RFP Addendum. PPL Electric will notify applicants whether or not they have qualified by noon of the Qualified Bidders Notified Date.
- 4.1.3 After an RFP Bidder has qualified for a solicitation in the RFP, that RFP Bidder can qualify again for a subsequent solicitation by: a) verifying, in writing, that the previously submitted credit and financial information is up-to-date and accurate; and b) providing two (2) originals of the Binding Bid Agreement for that solicitation. These documents must be provided by the Bidder Qualifications Due Date for that solicitation. Once qualified, the RFP Bidder will be required to submit the appropriate Bid Assurance

Collateral for that solicitation and to fulfill all requirements of the Bid Proposal(s) as specified in Article 5. It is the sole responsibility of the RFP Bidder to notify PPL Electric of any changes to the RFP Bidder's previously submitted Bidder Qualification materials.

4.2 Expression of Interest

- 4.2.1 Applicants will be required to express their non-binding interest to bid by completing and submitting the Expression of Interest Form (Appendix 2). An electronic copy of the Expression of Interest Form can be found on PPL Electric's RFP Web site. The applicant will not be eligible to submit a Bid Proposal until the completed Expression of Interest Form has been provided to PPL Electric. Applicants are required to submit this document no later than the Bidder Qualifications Due Date. The applicant can express its non-binding interest to bid by: a) completing the electronic Expression of Interest Form on PPL Electric's RFP Web site; or b) sending one (1) completed Expression of Interest Form found as Appendix 2 of these RFP Rules by mail to the address below; or c) sending the completed Expression of Interest Form found as Appendix 2 of these RFP Rules by fax to the number below:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager
Fax: 215-568-9364

- 4.2.2 The Bidder Qualification Evaluation Team will not provide a deficiency notice to an applicant that submits an Expression of Interest Form but that submits none of the other documents required as part of the Bidder Qualification requirements.

4.3 Confidentiality Agreement

- 4.3.1 An applicant and PPL Electric will be required to execute the Confidentiality Agreement (Appendix 3). The applicant will not be eligible to submit a Bid Proposal until such agreement has been executed. An electronic copy of the Confidentiality Agreement can be found on PPL Electric's RFP Web site. The applicant must provide as part of its Bidder Qualifications two (2) originals of the executed agreement as directed in Article 6.1.2. Applicants are required to submit this Agreement no later than the Bidder Qualifications Due Date.
- 4.3.2 If PPL Electric is providing data or information on a confidential basis, upon submission of the executed Confidentiality Agreement, an applicant will be issued a password to access such data and information from the RFP Web site. Once the Confidentiality Agreement is received from the applicant, PPL Electric will complete the execution of

the agreement and send a copy of the fully executed agreement to the applicant by mail or courier service.

4.4 Applicant's PJM Qualification and FERC Authorization Certifications

4.4.1 An applicant must certify that it is a member of PJM and qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with all applicable requirements of PJM to fulfill a full requirements obligation. In addition, an applicant must certify that it has been authorized by the FERC to make sales of energy, capacity and ancillary services at market-based rates. The PJM Qualification Certification Form (Appendix 4) and the FERC Authorization Certification Form (Appendix 5) can be found on PPL Electric's RFP Web site. Such certifications must be signed by a signatory with the authority to act on behalf of the applicant. Applicants are required to submit such certifications no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications two (2) originals of such certifications as directed in Article 6.1.2. The applicant will not be eligible to submit bids until such certifications have been provided to PPL Electric.

4.5 Credit Application and Financial Information

4.5.1 Applicants are required to submit the Credit Application (Appendix 6) and associated financial information to PPL Electric. An electronic copy of the Credit Application can be found on PPL Electric's RFP Web site. Applicants are required to submit the Credit Application no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications two (2) originals of the completed Credit Application and one (1) copy of any supporting documents to this Credit Application including the associated financial information as directed in Article 6.1.2.

4.5.2 All submitted information must be in the English language. Financial data must be denominated in U.S. Dollars and conform to Generally Accepted Accounting Principles ("GAAP") in the United States. If the applicant's financial information is consolidated with other entities, then it is the applicant's responsibility to extract and submit as separate documents all data and information related solely to the applicant. This must include all financial information, associated notes, and all other information that would comprise a full financial report conforming to GAAP.

4.5.3 PPL Electric may, at its sole discretion, consider financial information of foreign applicants or foreign guarantors that are not denominated in U.S. Dollars or do not conform to GAAP in the United States. Such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. Any guarantor will be required to execute the Unconditional Guaranty as it appears in the OMPS SMA (Exhibit F) as appropriate, and as such the guarantor must be able to make all representations and warranties therein.

4.6 Binding Bid Agreement

- 4.6.1 An applicant must certify that as an RFP Bidder it agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet(s) submitted by the RFP Bidder, which shall constitute a firm offer to supply service in accordance with the OMPS SMA. The signatory to the Binding Bid Agreement must certify that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions of the OMPS SMA as appropriate at the prices and for the load amounts specified in its Bid Proposal(s). In addition, by submitting the Binding Bid Agreement, the RFP Bidder certifies that it has met the conditions stipulated in Article 5.8 of this RFP. An electronic copy of the Binding Bid Agreement can be found on PPL Electric's RFP Web site. Applicants are required to submit two (2) originals of such certification, in the form of Appendix 9, no later than the Bidder Qualifications Due Date for that solicitation. The applicant should send such certification as directed in Article 6.1.2.

4.7 Cure Time for Deficiencies in Qualification Requirements

- 4.7.1 In the event that an RFP Bidder has not met all of the Bidder Qualification requirements under Article 4 (Bidder Qualification), PPL Electric will endeavor, on a best efforts basis, to notify the RFP Bidder no later than forty-eight hours before the Cure Deficiency Deadline. It is understood and agreed that PPL Electric has no liability for any failure to notify an RFP Bidder of a deficiency. If the RFP Bidder fails to remedy any deficiencies by the Cure Deficiency Deadline for a solicitation so as to not be qualified to submit Bid Proposals in that solicitation, such applicant will be allowed to cure any such deficiency and participate in subsequent solicitations, if the deficiency is cured no later than the Cure Deficiency Deadline for the next solicitation.

4.8 Bid Assurance Collateral and Alternative Letter of Credit Form

- 4.8.1 No later than two (2) business days before the Bid Proposal Due Date, each RFP Bidder must provide liquid Bid Assurance Collateral in an amount of \$500,000 per tranche bid. The purpose of this collateral is to assure commitment of the RFP Bidder to execute the Transaction Confirmations for the tranches awarded to the RFP Bidder. The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 7; an electronic copy can be found on PPL Electric's RFP Web site. If the RFP Bidder is providing Bid Assurance Collateral in the form of a Bid Assurance LOC, the RFP Bidder may provide one Bid Assurance LOC for all Products under this RFP. If the RFP Bidder is participating in more than one RFP issued by the Company, the RFP Bidder must provide separate Bid Assurance LOC for each RFP. If the RFP Bidder is providing Bid Assurance Collateral in the form of cash, and if the RFP Bidder is also participating in other RFP(s) issued by the Company, the RFP Bidder must

advise the Bid Proposal Evaluation Team as to the amount allocated as Bid Assurance Collateral for purposes of each RFP.

- 4.8.2 As part of the Bidder Qualifications, an applicant may propose modifications to the Bid Assurance LOC that are non-substantive or clarifying in nature. The applicant proposing modifications to the Bid Assurance LOC must provide an electronic copy at pplpolr@pplweb.com in MS Word with all proposed modifications clearly marked. The acceptability of such proposed modifications will be at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to the Bid Assurance LOC will be posted to PPL Electric's RFP Web site no later than seven (7) business days before the Bid Proposal Due Date.

4.9 Alternative Forms of Performance Assurance

- 4.9.1 Subsequent to the return of a supplier's Bid Assurance Collateral, another instrument of performance assurance to secure PPL Electric's exposure during the Delivery Period of a Transaction Confirmation to the OMPS SMA may be required, as set forth in the OMPS SMA. Any performance assurance required of the supplier determined in accordance with the OMPS SMA may be in the form of cash, LOC, or other security acceptable to PPL Electric. An acceptable Performance Assurance LOC form is provided as Exhibit C in the OMPS SMA. An acceptable Unconditional Guaranty form is provided as Exhibit E in the OMPS SMA. As part of its Bidder Qualifications, an applicant may propose modifications to the Performance Assurance LOC or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Performance Assurance LOC or the Unconditional Guaranty must provide an electronic copy at pplpolr@pplweb.com in MS Word with all proposed modifications clearly marked. If an applicant intends to use security other than cash or LOC, PPL Electric requests that the applicant describe such other security at the time it submits its Credit Application and financial information. The acceptability of such proposed modifications to the Performance Assurance LOC or the Unconditional Guaranty form or such other form of security will be at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to the Performance Assurance LOC or the Unconditional Guaranty form will be posted to PPL Electric's RFP Web site.

ARTICLE 5 BID PROPOSAL REQUIREMENTS

5.1 Bid Proposal Format

- 5.1.1 RFP Bidders shall submit their Bid Proposal(s) using only the Bid Proposal Spreadsheets attached to this RFP as Appendix 8; an electronic copy is available on PPL Electric's RFP Web site. There is a separate Bid Proposal Spreadsheet for each solicitation, as indicated in the title area of each Bid Proposal Spreadsheet. The Bid Proposal Spreadsheets contain sections of information labeled Bid Information, Tranche Information, and Bid Information. The Bid Proposal Spreadsheets contain shaded cells in which RFP Bidders provide information and their Bids. **In order to prevent any misunderstanding of an RFP Bidder's Bid Proposal, all shaded cells within a Bid Proposal Spreadsheet must be completed by the RFP Bidder. A Bid Proposal Spreadsheet submitted by an RFP Bidder that contains blank shaded cells will be deemed a non-conforming Bid Proposal, and will be eliminated from further consideration. An RFP Bidder must provide a price for each month associated with the number of tranches that the RFP Bidder intends to supply for the duration of the Delivery Period. Therefore, if it is the intent of an RFP Bidder to offer to supply a particular total number of tranches, the RFP Bidder must enter a price quote in each month's price cell associated with each of the tranches for which offers are being made up to and including that particular total number of tranches. An RFP Bidder must enter an "X" in price cells associated with each month for each tranche of the total number of tranches beyond that particular total number of tranches for which offers are being provided.** The non-shaded cells are read-only cells containing either fixed or computed amounts.
- 5.1.2 No Bid Proposal can be conditioned in any manner. PPL Electric reserves the right to accept or reject any RFP Bidder's Bid Proposal(s) in accordance with the proposal evaluation criteria set forth in Article 7 (Evaluation of Proposals).
- 5.1.3 Bidder Information – These cells are **RFP bidder input cells** and include Company Name, Contact Name, Phone Number, and Fax Number and must be provided by the RFP Bidder. As set forth in Article 5.3 (Confirmation and Proposal Tagging Process), such information will be used to confirm receipt of the RFP Bidder's Bid Proposal Spreadsheet(s).
- 5.1.4 Tranche Information – The contents of these cells are provided by PPL Electric and include Solicitation Load Cap, Total Tranches in Solicitation, Tranche Size (% of Total OMPS Load), and MW-Measure (based on Projected 2011 PLC). The Total Tranches in Solicitation represents an initial target. However, as discussed in Article 1.1.10, such target is subject to change. In the event that the initial target changes, PPL Electric will, prior to the solicitation, revise such targets in the Bid Proposal Spreadsheets accordingly. The Solicitation Load Cap for OMPS Customers is the maximal percent of the sum of the

Total Tranches in Solicitation for OMPS Products that each RFP Bidder can bid and win in that solicitation. The Tranche Size (% of Total OMPS Load) represents the share of OMPS Customers' load measured by one tranche. The Tranche Size (% of Total OMPS Load) is applicable to each OMPS Customer. For example, if there are three individual OMPS Customers being bid in aggregate within OMPS Load, and the Tranche Size is 2%, an RFP Bidder awarded one tranche will supply 2% of each of the three individual OMPS Customers.

- 5.1.5 Total Tranches Supplied – These cells show the number of total tranches the RFP Bidder offers to supply for the duration of the Delivery Period.
- 5.1.6 Bid Assurance Collateral Amount – The contents of these cells are computed as the product of the Total Tranches Supplied and \$500,000.
- 5.1.7 Price (US\$/MWh) – These cells are **RFP Bidder input cells** for the RFP Bidder's price quote corresponding to each month of the Total Tranches Supplied. The price quotes shall be in terms of US\$/MWh for the time period of the product's delivery. As set forth in the OMPS SMA, the MWh of energy shall be equivalent to the amount of energy reported as the supplier's obligation by PPL Electric to PJM adjusted for losses in accordance with PPL Electric's initial and subsequent retail load settlement process. All price quotes are limited to two decimal places. An RFP Bidder that wishes to offer to supply a particular Total Tranches Supplied must: 1) provide a price quote in the Price (US\$/MWh) cell corresponding to each month of the Total Tranches Supplied up to and including that particular Total Tranches Supplied; and 2) mark an "X" in the Price (US\$/MWh) cell corresponding to each month of the Total Tranches Supplied beyond that particular Total Tranches Supplied. For example, if an RFP Bidder wishes to offer to supply six Total Tranches Supplied, then the RFP Bidder must provide a price quote for each month of Total Tranches Supplied from one to six and mark an "X" for all months for Total Tranches Supplied greater than six.
- 5.1.8 Complete/Incomplete Flag – The content of this cell is computed and indicates whether or not the Bid Proposal Spreadsheet has been fully completed in accordance with Article 5.1 (Bid Proposal Format). An incomplete Bid Proposal Spreadsheet will be deemed non-conforming, as set forth in Article 5.6 (Conforming Bid Proposals).
- 5.1.9 Tag Number – The content of this cell will be provided by PPL Electric and will represent a unique identification for each Bid Proposal Spreadsheet submitted by the RFP Bidder. This identification will be communicated to the RFP Bidder at the time PPL Electric confirms receipt of the RFP Bidder's Bid Proposal, as described in Article 5.3 (Confirmation and Proposal Tagging Process).
- 5.1.10 On the Bid Proposal Due Date, the number of tranches for which an RFP Bidder submits a Bid Proposal must be a whole number and cannot exceed the multiplicative product of the Solicitation Load Cap and the number of Available Tranches for this solicitation. The Solicitation Load Cap is provided in Article 2.3.

5.2 Submittal of Bid Proposals

- 5.2.1 Each RFP Bidder shall only submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Article 5.1 by secure electronic file transfer to the PPL secure server between 12:00:00 p.m. EPT and 2:00:00 p.m. EPT, on the Bid Proposal Due Date for each solicitation as indicated in Article 2.2 (RFP Schedule). An RFP Bidder may only withdraw one or more of its Bid Proposal(s) before 2:00:00 p.m. EPT on the Bid Proposal Due Date by submitting the Binding Bid Withdrawal Agreement, provided as Appendix 10, to the fax number provided in Article 6.1.2. The signatory to the Binding Bid Withdrawal Agreement must certify that he/she has the authority to act on behalf of the RFP Bidder in such a manner. Upon receipt of a Binding Bid Withdrawal Agreement, PPL Electric will provide the RFP Bidder with a notice by phone of receipt of such withdrawal.

5.3 Confirmation and Proposal Tagging Process

- 5.3.1 PPL Electric will confirm receipt of an RFP Bidder's Bid Proposal(s) and communicate the RFP Bidder's tag number by phone within thirty (30) minutes of receipt of a Bid Proposal Spreadsheet. As indicated on each Bid Proposal Spreadsheet, the RFP Bidder will provide a contact name and phone number, which will be used for the receipt confirmation.

5.4 Bid Assurance Collateral

- 5.4.1 Each RFP Bidder must provide liquid Bid Assurance Collateral to support its Bid Proposal(s). The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 7; an electronic copy can be found on PPL Electric's RFP Web site. PPL Electric will consider modifications to the Bid Assurance LOC in accordance with the process provided in Article 4.
- 5.4.2 The RFP Bidder must provide, no later than two (2) business days before the Bid Proposal Due Date, Bid Assurance Collateral in an amount equal to the sum of \$500,000 times the total number of tranches bid in all its Bid Proposal(s). PPL Electric will hold the Bid Assurance Collateral until either the RFP Bidder is notified that it has not been awarded tranches for a solicitation or until the RFP Bidder executes the Transaction Confirmation forms upon being awarded tranches. Upon either of the above two conditions, Bid Assurance Collateral in the form of cash will be returned within one (1) business day, and Bid Assurance Collateral in the form of an LOC will be returned within two (2) business days. The RFP Bidder may request that the Bid Assurance Collateral reside with PPL Electric through the entire multi-solicitation period. An RFP Bidder that is awarded tranche(s) and does not timely execute the Transaction Confirmation forms associated with such tranches shall forfeit its Bid Assurance Collateral.

- 5.4.3 Wire transfer instructions for RFP Bidders who intend to provide Bid Assurance Collateral in the form of cash is available upon request from the RFP Manager.

5.5 Submittal of OMPS SMA

- 5.5.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit two (2) executed originals of the OMPS SMA as appropriate and instructed in Article 6.1.5, including the completed signature page of the OMPS SMA, Exhibit F of the OMPS SMA filled in with the appropriate contact information for the RFP Bidder, and Exhibit G of the OMPS SMA duly executed. Other exhibits of the OMPS SMA either are samples or are documents that do not need to be completed until execution of the Transaction Confirmation form.

5.6 Conforming Bid Proposals

- 5.6.1 In order for a Bid Proposal to be conforming, the Bid Proposal must be: (i) submitted using the Bid Proposal Spreadsheet, completed in full and without modification; (ii) submitted by the Bid Proposal Due Date; (iii) submitted by a qualified RFP Bidder as defined in Article 6.1.1; (iv) submitted by an RFP Bidder that has also submitted sufficient Bid Assurance Collateral; (v) submitted by an RFP Bidder that has also submitted two (2) executed originals of the OMPS SMA as instructed in Article 5.5.1.

Bid Proposals deviating from the above criteria will be deemed non-conforming and eliminated from further consideration. Any such elimination of Bid Proposals will be communicated by PPL Electric to the relevant RFP Bidder(s) as soon as practicable.

5.7 Expiration of Bid Proposals

- 5.7.1 An RFP Bidder's Bid Proposal shall expire the earlier of the time PPL Electric notifies the RFP Bidder that its Bid Proposal has been rejected or at midnight EPT two (2) business days after the scheduled day of awarding bids within each solicitation.

5.8 Additional Requirements

- 5.8.1 The RFP Bidder certifies, by its submission of a Binding Bid Agreement in its Bidder Qualifications, that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP.
- 5.8.2 The RFP Bidder certifies by its submission of a Binding Bid Agreement that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance Letter of Credit, the RFP Bidder has not disclosed and will not disclose

publicly or to any other party before the PUC has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids; the RFP Bidder's number of tranches bid; the RFP Bidder's estimation of the value of a tranche; the RFP Bidder's estimation of the risks associated with serving OMPS Load; and the RFP Bidder's contractual arrangements for power with a party to serve the OMPS Load were the RFP Bidder to become an OMPS Supplier.

ARTICLE 6
INSTRUCTIONS FOR PREPARATION OF BIDDER QUALIFICATIONS
AND BID PROPOSALS

6.1 General

- 6.1.1 An RFP Bidder must submit its Bidder Qualifications and Bid Proposal(s) separately. The RFP Bidder will first submit its Bidder Qualifications (responses to Bidder Qualification requirements) as required in Article 4 of this RFP. RFP Bidders that are notified that they are qualified RFP Bidders for a solicitation may submit a Bid Proposal for each product, along with all other required documents as described in Article 5.6, by the Bid Proposal Due Date as indicated in Article 2.2 (RFP Schedule).
- 6.1.2 For each solicitation, each RFP Bidder must deliver its Bidder Qualifications described in Article 4 by certified mail, registered mail, hand delivery, or courier service to PPL Electric at the following address:
- PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager
Fax: 215-568-9364
- 6.1.3 Bidder Qualifications must be delivered to the address designated in Article 6.1.2 above by the Bidder Qualifications Due Date for the appropriate solicitation as specified in Article 2.2 (RFP Schedule). Bidder Qualifications received after the due date specified in Article 2.2 will be considered for the next solicitation if there are remaining solicitations; otherwise Bidder Qualifications will be returned to the RFP Bidder unopened, the Bidder Qualifications will be rejected, and the RFP Bidder will have failed to qualify for submitting a Bid Proposal. Each RFP Bidder assumes full responsibility for timely delivery to the location specified in Article 6.1.2 above.
- 6.1.4 Bid Assurance Collateral for a solicitation, if submitted in the form of a LOC, must be sent by certified mail, registered mail, hand delivery, or courier service to the address specified in Article 6.1.2. All Bid Assurance Collateral, in the form of LOC or cash, must be received no later than two (2) business days prior to the Bid Proposal Due Date for that solicitation. Bid Assurance Collateral received after the second business day prior to the Bid Proposal Due Date will result in the rejection of the corresponding Bid Proposal(s). Each RFP Bidder assumes full responsibility for timely delivery to the address specified in Article 6.1.2 above.

- 6.1.5 For the first solicitation in which an RFP Bidder is qualified and submits a Bid Proposal, the RFP Bidder must have signed two (2) originals of the OMPS SMA as appropriate and instructed in Article 5.5.1 and sent these by certified mail, registered mail, hand delivery, or courier service to the address specified in Article 6.1.2 by noon on the second business day prior to the Bid Proposal Due Date. If the RFP Bidder is awarded any tranches in any solicitation in this RFP, the signed OMPS SMAs that were initially submitted will be executed by PPL Electric and one original will be returned to the RFP Bidder together with the partially executed Transaction Confirmation forms. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein a RFP Bidder that has previously executed the OMPS SMA in a satisfactory manner is awarded additional tranches. If the RFP Bidder was not awarded tranches in the solicitation for which an OMPS SMA was provided, PPL Electric will retain the OMPS SMA for any future solicitation in which the RFP Bidder may again submit a Bid Proposal.
- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the OMPS SMA with the Company should the party be a winning RFP Bidder and should the PUC approve the RFP results. Each RFP Bidder shall submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Article 5.1 by secure electronic file transfer to the PPL secure server between 12:00:00 p.m. EPT and 2:00:00 p.m. EPT, on the Bid Proposal Due Date.

6.2 Packaging

- 6.2.1 In response to this RFP, each RFP Bidder must provide to the RFP Manager two (2) originals of its Bidder Qualifications on the Bidder Qualifications Due Date (except for the Expression of Interest, for which one (1) original is sufficient, and any supporting documents to the Credit Application including the associated financial information, for which one (1) original is sufficient).
- 6.2.2 The qualified RFP Bidder must provide Bid Assurance Collateral supporting its Bid Proposal(s). The RFP Bidder must provide two (2) originals of the OMPS SMA no later than two (2) business days prior to the Bid Proposal Due Date. Each original must bear original signatures.
- 6.2.3 Only Bid Proposals using the Bid Proposal Spreadsheet submitted by secure electronic file transfer to the PPL secure server or through an alternate method if so directed by the RFP Manager will receive consideration.
- 6.2.4 Each package must be sent by certified mail, registered mail, hand delivery, or courier service to the address as specified in Article 6.1.2 in a manner that allows immediate and unambiguous identification of the RFP Bidder.

ARTICLE 7 EVALUATION OF PROPOSALS

7.1 Bidder Qualifications Processing

- 7.1.1 As determined by the RFP Manager, the Bidder Qualification Evaluation Team will consist of representatives of the RFP Manager, a credit representative from PPL Electric, and representatives on behalf of PPL Electric (including PPL Electric's OMPS RFP Manager).
- 7.1.2 All packages containing Bidder Qualifications will be opened privately by the Bidder Qualification Evaluation Team. A representative from the PUC may be present. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline.
- 7.1.3 Bidder Qualifications of an RFP Bidder that do not comply with the packaging instructions will be returned to the RFP Bidder.
- 7.1.4 Bidder Qualifications must include all documents and information required to satisfy the Bidder Qualification requirements as set out in Article 4.
- 7.1.5 The Bidder Qualification Evaluation Team will review Bidder Qualifications until the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will assess the Bidder Qualifications for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Article 7.2.

7.2 Bidder Qualifications Evaluation

- 7.2.1 The Bidder Qualification Evaluation Team will deem a response to the Bidder Qualifications to be complete and compliant if: (i) all information specified in Article 4.1 has been fully and satisfactorily provided; and (ii) all certifications and documents have been signed by an Officer of the RFP Bidder.
- 7.2.2 The Bidder Qualification Evaluation Team will review Bidder Qualifications upon receipt but no earlier than ten (10) business days prior to the Bidder Qualifications Due Date. If the Bidder Qualification Evaluation Team determines that some portion of the RFP Bidder's response to the Bidder Qualifications is deficient because the response is incomplete or is not compliant with the terms of this RFP, the Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to issue a deficiency notice requesting that the RFP Bidder cure the deficiency with respect to that particular aspect of its Bidder Qualifications. The Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to notify RFP Bidders of any deficiencies in their Bidder Qualifications, and to provide a decision on the acceptability of proposed modifications

to the Bid Assurance LOC or other instruments for Performance Assurance, no later than forty-eight hours before the Cure Deficiency Deadline. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will review all responses to deficiencies submitted by the specified Cure Deficiency Deadline. If a response to a deficiency is provided by an RFP Bidder before the Cure Deficiency Deadline and the response is not sufficient to cure the deficiency, the RFP Bidder may continue to provide the required clarification or additional information to cure the deficiency until the Cure Deficiency Deadline for that solicitation.

- 7.2.3 If a deficiency notice is sent and the RFP Bidder does not respond by the Cure Deficiency Deadline established by the Bidder Qualification Evaluation Team, or does not address the deficiency in a manner that is deemed satisfactory at the Bidder Qualification Evaluation Team's sole discretion, the RFP Bidder will not be qualified for that solicitation.
- 7.2.4 When the evaluation of the responses to the Bidder Qualifications is completed for all RFP Bidders, RFP Bidders will be either qualified or disqualified. RFP Bidders whose responses to the Bidder Qualifications, as may be supplemented or amended in response to a deficiency notice by the Bidder Qualification Evaluation Team, are found to be complete and compliant will be deemed qualified for that solicitation; all other RFP Bidders will be disqualified for that solicitation.
- 7.2.5 Bidders will be notified on the Qualified Bidders Notified Date in the RFP Schedule if they qualify to submit Bid Proposal(s) on the Bid Proposal Due Date. (i) Only those RFP Bidders whose response to the Bidder Qualification requirements is complete and compliant with the terms of this RFP will be invited to submit Bid Proposal(s). (ii) An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company in its sole and exclusive discretion at any point in the process.

7.3 Bid Proposals Processing

- 7.3.1 Bid Proposals will only be considered for those RFP Bidders that qualify as a result of the prior submission of a response to the Bidder Qualification requirements.
- 7.3.2 The Bid Proposal Evaluation Team will consist of representatives of the RFP Manager and representatives on behalf of the Company.
- 7.3.3 All Bid Proposals will be electronically and privately opened by the Bid Proposal Evaluation Team and will be evaluated at the same time. A representative of the PUC may be present to attend the opening and evaluation of the Bid Proposals. Information regarding the content or status of any Bid Proposal will not be publicly released during the evaluation process.

- 7.3.4 The Bid Proposal Evaluation Team will assess the Bid Proposal(s) and all accompanying documents for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Article 7.4.
- 7.3.5 The Bid Proposal Evaluation Team may issue a deficiency notice with respect to any aspect of the Bid Proposal(s) and accompanying documents as described in Article 5.6.1 if practicable to do so before the Bid Proposal Deadline. The Bid Proposal Evaluation Team is under no obligation to issue such a deficiency notice. Should the Bid Proposal Evaluation Team issue such a deficiency notice, the RFP Bidder will have until the bid Proposal Due Date to cure any such deficiency. All non-conforming Bid Proposals will be removed from consideration.

7.4 Bid Proposal Evaluation

- 7.4.1 Bid Proposals received from RFP Bidders may be eliminated from further consideration at any point, at the Bid Proposal Evaluation Team's sole and exclusive discretion, for any of the following reasons including (but not limited to): (i) failure to provide clarification of, or additional information relating to, a Bid Proposal as requested by the Bid Proposal Evaluation Team subsequent to the submission of a Bid Proposal; (ii) illegal conduct, attempts or the appearance of attempts to improperly influence the consideration or ranking of the Bids; and (iii) failure to honor representations made in a Proposal.
- 7.4.2 The Bid Proposal Evaluation Team will assess that all information required with the Bid Proposal(s), as specified in Article 5, have been submitted. If they have not been submitted by the Bid Proposal Due Date, the Bid Proposal(s) will be rejected.
- 7.4.3 Any Bid Proposal will be removed from consideration if: (i) it is not submitted electronically using the Bid Proposal Spreadsheet that the RFP Bidder was instructed to use in Article 5.1; or (ii) it is on a Bid Proposal Spreadsheet that includes extraneous information; or (iii) it is not supported by a Bid Assurance LOC acceptable to the Company; or (iv) the RFP Bidder has not submitted two (2) signed originals of the OMPS SMA, as appropriate.
- 7.4.4 The Bid Proposal Evaluation Team will ensure that sufficient financial guarantees are provided to support the Bids. Financial guarantees will be sufficient if the amount of Bid Assurance Collateral is sufficient given the sum of the maximum number of tranches offered by the RFP Bidder as specified in Article 4.8.
- 7.4.5 If a qualified RFP Bidder's Bid Assurance Collateral is insufficient to support the sum of the maximum number of tranches offered by the RFP Bidder, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets. The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that its amount of Bid Assurance Collateral is sufficient to support. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for

any Total Tranches Supplied that is not supported by the amount of Bid Assurance Collateral. If the sum of the maximum number of tranches offered exceeds the Solicitation Load Cap, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets. The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that the RFP Bidder will be allowed to offer without violating the Solicitation Load Cap. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied that exceeds the greatest number of whole tranches that the RFP Bidder will be allowed to offer without violating the Solicitation Load Cap. By submitting a Bid Proposal in response to this RFP, each RFP Bidder is authorizing the Bid Proposal Evaluation Team to modify the RFP Bidder's Bid Proposal documents as specified in and as required by this article.

- 7.4.6 The remaining Bid Proposals will be evaluated on a price-only basis as follows. For each RFP Bidder, the Bid Proposal Evaluation Team will first calculate the simple average price of the monthly offer prices associated with each number of tranches up to the Total Tranches Supplied offered by that bidder. The result of this calculation is one single average price for each number of tranches up to the Total Tranches Supplied offered by each RFP Bidder. The Bid Proposal Evaluation Team will then consider all combinations of these average Bid(s) (across RFP Bidders) whose sum of Total Tranches Supplied is equal to the Available Tranches. The Bid Proposal Evaluation team will calculate the Combination Average Price ("CAP") which is equal to the average Price (US\$/MWh) of these averaged Bids in the combination. The winning Bid(s) will be the Bid(s) contained in the combination with the lowest CAP. An RFP Bidder that is awarded tranches shall receive the Price (US\$/MWh) corresponding to the winning Bid as stated in its Bid Proposal Spreadsheet under the Bid Information section (i.e., the original unaveraged prices in the Bid Proposal Spreadsheet for each month).
- 7.4.7 In the event that two or more combinations have the lowest CAP for OMPS Product, the winning Bid(s) will be the Bid(s) contained in the combination that is drawn randomly from the set of combinations with the lowest CAP.
- 7.4.8 After sufficient financial guarantees are determined, all combinations of Bid(s) are ranked from lowest to highest for each of the products, and the tied combinations, if any, are resolved, the Bid Proposal Evaluation Team will communicate with each RFP Bidder that has submitted at least one of the Bid(s) in the winning combination for each product and present the winning Bid(s) to the Commission. For each such RFP Bidder for a product, the Bid Proposal Evaluation Team will: (i) communicate the CAP of the winning combination for that product being presented to the PUC; and (ii) identify the Bid(s) submitted by such RFP Bidder that will be presented to the PUC for that product.

The Bid Proposal Evaluation Team will also communicate to the Company the CAP of the winning combination and the number of Bids presented to the PUC.

7.4.9 An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company at its sole and exclusive discretion.

7.5 Commission Approval and Review

7.5.1 The Bid Proposal Evaluation Team will prepare a report that presents the results of a solicitation to the PUC for approval. The Bid Proposal Evaluation Team's report will summarize the Bidder Qualification process and the Bid Proposals that were considered on the Bid Proposal Due Date. The PUC will have one (1) business day to decide whether to approve the results. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved. The winning RFP Bidders will then receive a Transaction Confirmation from PPL Electric on the date of the PUC's approval, or in the event the PUC does not act no later than the next business day following the date when the PUC was expected to act. The winning RFP Bidders must follow the Transaction Confirmation directions in the OMPS SMA, as appropriate. If a winning RFP Bidder fails to execute the Transaction Confirmation as required under Article 2.8 of the OMPS SMA, the winning RFP Bidder may forfeit its Bid Assurance Collateral.

7.5.2 In the event that results for any solicitation are rejected by the PUC, OMPS will not be available in that particular quarter. In the event that all tranches offered in a solicitation are not filled, the Bid Proposal Evaluation Team will report the results and advise the PUC that the solicitation has failed. In the event the OMPS solicitation fails, OMPS will not be available in that particular quarter. In the event that an OMPS Supplier for a product defaults, PPL Electric will offer full requirements supply assignment to other winning RFP Bidders for the same product consistent with the Step-Up process described in the OMPS SMA, as appropriate. This assignment will be offered at the original bid price in the event of default(s).

ARTICLE 8 RESERVED RIGHTS

8.1 Non-Binding RFP

- 8.1.1 Prior to the submission of any Bid Proposals and with PUC approval, PPL Electric has the right to withdraw and terminate this RFP without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause, including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.2 Subject to PUC approval, the Company reserves the right to accept or reject, in whole or in part, any and all Proposals, without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.3 PPL Electric will not be liable to any RFP Bidder or any other party for failure to execute an OMPS SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each OMPS SMA with an RFP Bidder has been executed and is effective. Once effective, the OMPS SMA will govern the relationship between and the responsibilities of the parties to that agreement and not the RFP or any documents relating thereto.
- 8.1.4 Pursuant to these RFP rules, PPL Electric or the Bid Proposal Evaluation Team shall reject Bid Proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of this RFP, or are submitted beyond the deadline for submission.

8.2 Proposals Become PPL Electric's Property

- 8.2.1 All Proposals submitted by RFP Bidders in response to this RFP will become the exclusive property of PPL Electric upon the receipt of such document(s).

Appendix 1
Optional Monthly Pricing Service Supply Master Agreement

Appendix 2

Expression of Interest Form Optional Monthly Pricing Service Supply

FAX TO: 215-568-9364

Note that completion of all information is required.

This response is an indication of our interest in PPL Electric Utilities Corporation's Request for Proposals to provide full requirements load following service.

Date:

Company:

Contact Name:

Contact Title:

Address:

City:

State:

Zip:

Phone Number

Fax Number:

Email Address:

Appendix 3

Confidentiality Agreement

[Name and Address of Bidder]

[Date]

Ladies and Gentlemen,

This letter is a Confidentiality Agreement between PPL Electric Utilities Corporation (“PPL Electric”) and _____ (“RFP Bidder”) in connection with the RFP Bidder’s intent to participate in the Request for Proposals (“RFP”) to provide full requirements electricity service to serve a portion of Optional Monthly Pricing Service Load. This Confidentiality Agreement also pertains to the rights and obligations of PPL Electric and the RFP Bidder in the event the RFP Bidder ultimately is selected as a winner in the RFP and provides service pursuant to the PPL Electric Optional Monthly Pricing Service Supply Master Agreement (“OMPS SMA”). PPL Electric and the RFP Bidder hereby agree to accept, and to be bound by the terms of this Agreement.

DEFINITIONS:

(a) The following terms have the following meanings:

- 1 “Agreement” is this Confidentiality Agreement.
- 2 “Pennsylvania PUC” has the meaning set forth in Section 3(b).
- 3 “Confidential Information” has the meaning set forth in Section 5.
- 4 “Party” means PPL Electric or the RFP Bidder.
- 5 “Parties” means PPL Electric and the RFP Bidder collectively.
- 6 “Representatives” means the officers, directors, employees, advisors, lenders, and other persons, including but not limited to any affiliates who are actively and directly participating in evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP. A person or entity is not a “Representative” unless that person or entity agrees to preserve the confidentiality of the Confidential Information in accordance with the terms of this Agreement.

7 “Third Parties” means a party or parties other than PPL Electric, the RFP Bidder or their respective Representatives.

(b) Other capitalized terms used in this Agreement have the meaning set forth in this Agreement and/or the applicable Request for Proposals, and/or the OMPS SMA.

TERMS:

1. Condition Precedent. PPL Electric and the RFP Bidder shall execute this Agreement as a condition precedent to PPL Electric’s furnishing to the RFP Bidder or the RFP Bidder furnishing to PPL Electric a copy of any Confidential Information.

2. Purpose. The purpose of this Agreement is to protect the confidentiality of the Confidential Information and to restrict the use and disclosure of that information in the manner set forth below.

3. Limitations on Use and Disclosure.

(a) A Party shall use the other Party’s Confidential Information only for the purpose of evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP, and/or consummating the OMPS SMA as appropriate, and not for any other purpose. Neither Party shall disclose to Third Parties any information about PPL Electric’s or RFP Bidder’s participation in the RFP or execution of a OMPS SMA as appropriate, or the terms or conditions or any other facts relating thereto, including the fact that discussions are taking place with respect thereto, the status of those discussions, or the fact that Confidential Information has been made available by or to PPL Electric or RFP Bidder or their Representatives. Provided, however, that the identity of all (but no fewer than all) bidders who were awarded any load in the state may be released on a statewide basis on or after the first day of the service year, and that no winning bidder's name is to be associated with a particular PPL Electric Optional Monthly Pricing Service Load.

(b) Notwithstanding the foregoing or any other provision of this Agreement, PPL Electric may share any Confidential Information with the Pennsylvania Public Utility Commission, or its Staff (collectively “Pennsylvania PUC”) as requested by the Pennsylvania PUC. Any such information shared will be designated as confidential, and PPL Electric will ask the Pennsylvania PUC to hold and use it on a confidential basis.

4. Disclosure upon Default. Notwithstanding the foregoing or any other provision of the Agreement, PPL Electric may disclose Confidential Information in the event of a Supplier Default, as provided for in the OMPS SMA, as appropriate. PPL Electric may disclose to any RFP Bidder with whom it has executed the OMPS SMA as appropriate, and who is not a Defaulting Supplier, the contract price of the Defaulting Supplier for the purpose of allowing the Bidder to make the election provided for in Section 4.11 of the OMPS SMA as appropriate.

5. Definition of Confidential Information. Confidential Information shall consist of oral, electronic and written information that is confidential, proprietary, or generally not available to the public. Whenever possible, such Confidential Information shall be marked prior to or at the time of disclosure as being "Confidential Information". Confidential Information in the case of information provided by PPL Electric to the RFP Bidder shall include, without limitation, all data, reports, interpretations, forecasts or records relating to PPL Electric and/or its customers, and any other document created by PPL Electric or others which directly or indirectly relates to all or any portion of the bid evaluation information provided to the RFP Bidder by PPL Electric. Confidential Information in the case of information provided by the RFP Bidder to PPL Electric shall include, without limitation, all data, reports, interpretations, forecasts, bids, credit information, credit collateral amounts, bidder identity, and shall also include information prepared by the RFP Bidder that includes directly or indirectly Confidential Information furnished by PPL Electric.

6. Non-Confidential Information. Notwithstanding the provisions of Section 5, information shall not be deemed confidential that: (i) becomes generally available to the public; (ii) is already known to the receiving Party at the time of receipt by the receiving Party; or (iii) is acquired after such receipt from a Third Party not known to the receiving Party to be prohibited from making disclosures. The receiving Party shall give prompt notice to the other Party in the event it believes that any of the other Party's information in its possession is not Confidential Information as a result of the provisions of this Section 6.

7. Property of PPL Electric or the RFP Bidder. Confidential Information belonging to PPL Electric shall consist of Confidential Information supplied by PPL Electric to the RFP Bidder and shall also include the portion of Confidential Information furnished by the RFP Bidder to PPL Electric that incorporates Confidential Information furnished to the RFP Bidder by PPL Electric. Confidential Information belonging to the RFP Bidder consists of all other Confidential Information supplied by the RFP Bidder to PPL Electric. PPL Electric and the RFP Bidder acknowledge that each Party's Confidential Information is and at all times remains the sole and exclusive property of that Party, who, it is agreed, has the exclusive right, title, and interest to its Confidential Information. Neither Party grants any right or license, by implication or otherwise, as a result of the provision of Confidential Information to the receiving Party.

8. Disclosure Prohibited Except Where Explicitly Permitted. Neither Party shall disclose or use the other Party's Confidential Information without the other Party's prior written consent except as explicitly stated in Sections 3, 4, 9 and 10 of this Agreement.

9. Disclosure For Bid Evaluation Purposes. A Party may disclose the other Party's Confidential Information to its Representatives for the purposes set forth in Section 3. The obligations and restrictions under this Agreement that apply to a Party also apply to a Party's Representatives.

10. Disclosure to Governmental Authorities.

(a) A Party (the “disclosing Party”) may also disclose the other Party’s Confidential Information to any governmental, judicial, or regulatory authority (“Authority”) requiring such Confidential Information; provided that, the disclosing Party a) promptly informs the other Party of the substance of any inquiries, requests or requirements in order to afford the other Party an opportunity to attempt to prevent or limit the disclosure of the Confidential Information; b) makes a good faith effort to persuade the Authority (i) that submission of the Confidential Information should not be required, or, if that effort fails, (ii) that submission of the Confidential Information on a non-public basis should be permitted; and c) endeavors in good faith to protect the Confidential Information provided to an Authority from disclosure to Third Parties. If an Authority orders the disclosing Party to disclose any documents containing the other Party’s Confidential Information, the disclosing Party shall a) attempt to obtain from the other Party, if the Authority allows the time, a “Public Disclosure Copy”, or b) if the Authority does not allow such time, shall prepare itself a “Public Disclosure Copy” in which the Confidential Information has been redacted to the extent that such redaction is permitted by the Authority requiring disclosure. Confidential Information disclosed pursuant to this Section 10 on a non-public basis shall not lose its status as Confidential Information by virtue of such non-public disclosure.

(b) Notwithstanding the foregoing, the Parties agree that either party may be required to provide Confidential Information to FERC in order to comply with FERC Form 1 or FERC transaction reporting requirements. Each Party agrees that to the extent it is required to provide FERC any such information, the Party required to provide such information will provide only the information that is reasonably necessary to comply with such reporting requirements and shall not be required to comply with the provisions of Section 10(a) of this Agreement unless there have been substantive changes to the information required for FERC reporting purposes.

11. Termination of RFP Participation. If the RFP Bidder determines that it does not wish to proceed with the RFP, or if PPL Electric excludes the RFP Bidder from the RFP for any of the reasons set forth in the RFP, it will immediately notify the other Party of that decision. In such case, or if the RFP is not consummated, upon the written request of the Party (the “requesting Party”), the other Party (the “receiving Party”) shall not retain and shall promptly return to the requesting Party all the requesting Party’s written Confidential Information in the possession of the receiving Party or its Representatives, except for the portion (“said portion”) of the requesting Party’s Confidential Information that may be found in analyses, compilations, or other documents prepared by, or for, the receiving Party and its Representatives. The said portion and any oral Confidential Information furnished by the requesting Party and not so requested or returned will be held by the receiving Party and kept subject to the terms of this Agreement, or destroyed.

12. Liability and Relief. A Party or any of its Representatives shall be liable for any breach of this Agreement. In the event a non-breaching Party or its Representatives shall have knowledge of any breach of the confidentiality of, or the misappropriation of, any of the Confidential Information, the non-breaching Party shall promptly give notice thereof to the breaching Party. The Parties agree that breach of this confidentiality agreement may cause damages to which a dollar amount may be difficult or impossible to ascribe, however, that such a breach would be irremediable by damages alone and specifically agree to equitable relief as

appropriate. The non-breaching Party shall be entitled to specific performance or other equitable relief by way of injunction or otherwise, if the other Party or any of its Representatives breach or threaten to breach any of the provisions of this Agreement. Such remedy shall not be deemed to be the exclusive remedy available to the non-breaching Party, but shall be in addition to all other available remedies. Neither failure nor delay by the non-breaching Party, in exercising any of its rights or privileges herein, shall operate as a waiver nor shall any single or partial exercise preclude any other or further exercise of any right, power or privilege.

13. Representatives, Successors and Assigns. This Agreement shall be binding upon and for the benefit of the Parties, and their respective Representatives, successors, and permitted assigns. Neither Party may assign its rights or obligations hereunder without prior written consent of the other Party.

14. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws rules or principles

15. Full Compliance Required. The failure in any instance to insist on full compliance with the terms of this Agreement shall not be deemed to be a waiver of the right to insist upon full compliance with these terms thereafter.

16. Signatures. The signatures below establish each Party's agreement to the terms hereof.

17. Termination. This Agreement shall terminate three years from the date hereof.

RFP BIDDER

PPL ELECTRIC UTILITIES CORPORATION

By _____

By _____

Title _____

Title _____

As part of your Bidder Qualifications, please send two (2) originals of this Confidentiality Agreement to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager

Appendix 4

PJM Qualification Certification Form

I, _____ (“Agent”) am an authorized signatory for
_____ (“Company”) and hereby certify that Company is a member of
the PJM Interconnection, LLC (“PJM”) and is qualified as a market buyer and market seller in
good standing able to secure generation or otherwise obtain and deliver electricity in PJM
through compliance with all applicable requirements of PJM to fulfill a full requirements
obligation.

Signed:

Date:

Type or Print Name:

Title:

Company:

As part of your Bidder Qualifications, please send two (2) originals of this form to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager

Appendix 5
FERC Authorization Certification Form

I, _____ (“Agent”) am an authorized signatory for _____ (“Company”) and hereby certify that Company has been authorized by the Federal Energy Regulatory Commission (“FERC”) to make sales of energy, capacity and ancillary services at market-based rates, pursuant to the Federal Power Act and the provisions of FERC’s regulations promulgated thereunder. The Company’s authorization to make such sales at market-based rates was granted in Docket No(s).
_____.

Signed:

Date:

Type or Print Name:

Title:

Company:

As part of your Bidder Qualifications, please send two (2) originals of this form to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager

Appendix 6

Credit Application

1 Company Information

Type of Business

- Corporation
 Limited Liability Company
 Joint Venture
 Other (describe)

Applicant Organization

Legal Corporate Name:
Street Address:
City, State, Zip Code:
DUNS Number:
Federal Tax ID Number:

Applicant Credit Contact Name

Name:
Title:
Street Address:
City, State, Zip Code:
Phone Number:
Fax Number:
Email Address:

For Corporation/Limited Liability Companies (please enter “n/a”, if this does not apply to you)

Date and State of Incorporation/Registration:

For Limited Partnerships (please enter “n/a”, if this does not apply to you)

Name of General Partner:
Address of General partner:
City, State, Zip Code:

2 Application for Credit

This application for credit is to be based on the creditworthiness of the **Applicant indicated below.**

- The Applicant listed under Section 1.

The parent/guarantor company listed below.

Parent/Guarantor Company

Legal Corporate Name:

Street Address:

City, State, Zip Code:

DUNS Number:

Federal Tax ID Number:

3 Credit Information

The Applicant indicated in Section 2 is required to submit the most recent 2 years of financial statements audited by a firm of certified public accountants of national standing. Please provide one (1) copy of financial statements with your Credit Application. Indicate below what statements are being submitted.

Annual Report

10K

Other (describe)

In the event the above information is inadequate to appropriately assess the Applicant's creditworthiness, the Applicant must provide evidence of its capability to provide collateral instruments, its capability to borrow and other sources of liquidity.

Subject to Article 4.5.2, submitted information must be in the English language, and financial data denominated in United States currency, and conform to generally accepted accounting principles ("GAAP") in the United States. If the Applicant's financial information is consolidated with other entities, then it is the Applicant's responsibility to extract and submit as separate documents all data and information related solely to the Applicant. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP.

Has the Applicant or predecessor company declared bankruptcy in the last 5 years?

Yes

No

Are there any pending bankruptcies or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of the Applicant?

Yes

No

If the answer is "Yes" to either of the above questions, please provide an addendum to this application describing the situation and how it affects the Applicant's ability to meet or not to meet its credit obligations.

4 Bank Reference Information

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit Facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit Facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit Facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

5 Applicant's Credit Ratings (please enter "n/a" when the information requested in this item is unavailable)

Standard & Poor's

Current Rating: _____

Indicate whether this rating is:

Senior Unsecured Long-Term Debt Rating

Issuer Rating

Moody's Investor Services

Current Rating: _____

Indicate whether this rating is:

Senior Unsecured Long-Term Debt Rating

Issuer Rating

Fitch Ratings

Current Rating: _____

Indicate whether this rating is:

Senior Unsecured Long-Term Debt Rating

Issuer Rating

Along with the above information, attach the latest review from each of the agencies. Documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant is acceptable.

6 Authorization

Applicant hereby represents and warrants that all statements and representations made herein, including any supporting documents, are true to the best of Applicant's knowledge and belief. The undersigned authorized official of the Applicant warrants that the Applicant agrees to be bound by these representations. The Applicant authorizes the above listed entities to release data requested by PPL Electric Utilities Corporation necessary to perform a credit check in connection with Applicant's interest to bid on this RFP.

Applicant's Company Name: _____

Signature of Authorized Official: _____

Name of Authorized Official (print): _____

Title of Authorized Official (print): _____

Date Signed: _____

As part of your Bidder Qualifications, please send two (2) originals of this form to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager

APPENDIX 7

BID ASSURANCE LETTER OF CREDIT
Optional Monthly Pricing Service Supply

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE _____
APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY AMOUNT
USD *****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS
AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED
EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR
OTHERWISE EXTENDED BY AMENDMENT.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS
AND WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN
COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE HONORED
ON PRESENTATION IF ACCOMPANIED BY THE REQUIRED DOCUMENTS
PURSUANT TO THE TERMS OF THIS LETTER OF CREDIT.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN
NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

- 1. THE APPLICANT'S BID PROPOSAL IN THE PPL ELECTRIC OPTIONAL MONTHLY
PRICING SERVICE RFP SOLICITATION ON [INSERT DATE] (THE "SOLICITATION
DATE") HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN
NOTIFIED OF SUCH REJECTION; OR
2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC OPTIONAL
MONTHLY PRICING SERVICE RFP SOLICITATION ON THE SOLICITATION DATE

AND HAS EXECUTED THE OPTIONAL MONTHLY PRICING SERVICE SUPPLY MASTER AGREEMENT AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM THE APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM THE BENEFICIARY RELEASING THE ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL OPTIONAL MONTHLY PRICING SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OF THIS LETTER OF CREDIT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1 YOUR SIGNED AND DATED STATEMENT, READING AS FOLLOWS:

"THE AMOUNT FOR THIS DRAWING, USD _____
(INSERT AMOUNT), BEING MADE UNDER THE BANK OF
_____ (INSERT NAME OF BANK) LETTER OF CREDIT
NUMBER (INSERT LETTER OF CREDIT REFERENCE NUMBER),
REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY
PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT."

2 THIS ORIGINAL LETTER OF CREDIT AND ANY AMENDMENT(S).

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 SHALL 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.

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 REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRATION DATE OF THIS LETTER OF CREDIT FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS HEREIN TO BENEFICIARY 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 THE APPLICANT.
- 2 THIS LETTER OF CREDIT MAY NOT 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"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
- 5 THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE 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]

APPENDIX 8

PPL Electric Utilities	
Optional Monthly Pricing Service RFP Process and Rules	
APPENDIX 8	
Notes	
<u>Instructions:</u>	
The RFP Bidder must complete the Bid Proposal Spreadsheet as directed in Article 5.	
All required information must be entered in the shaded cells. The absence of <u>any</u> required information will be deemed a non-conforming bid and will be eliminated from further consideration.	
<u>Optional Monthly Pricing Service Customers are Large Commercial and Industrial customers that have affirmatively elected Optional Monthly Pricing Service under the following rate schedules¹:</u>	
GS-3	GS-3 – Large General Service – Customers with 500 KW and higher peak demand
LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with 500 KW and higher peak demand
ISP	IS-P(R) – Interruptible Large General Service (12 KV or Higher)
LP-5	LP-5 – Large General Service (69 KV or Higher)
LP-6	LP-6 – Large General Service (69 KV or Higher)
LPEP	Power Service to Electric Propulsion ²
IST	IS-T(R) – Interruptible Large General Service (69 KV or Higher)
ISM	Interruptible Service by Agreement (R)
Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

- (1) Excludes those large commercial and industrial customers that have not opted to receive PPL Electric’s Optional Monthly Pricing Service.
- (2) Currently consisting of one customer taking service at a frequency of 25-cycles. However, this RFP will obtain service at a frequency of 60-cycles. LPEP will only be included in the Large Customer Group if Amtrak requests 60 Hz electricity supply.

**PPL Electric Utilities
Optional Monthly Pricing Service RFP Process and Rules**

APPENDIX 8

Example Bid Proposal Spreadsheet—Optional Monthly Pricing Service Supply

Optional Monthly Pricing Service Solicitation # <number>

Fixed Price Full Requirements Load Following Service

Bid Proposal Due Date: <month>, <day>, <year>

Optional Monthly Pricing Service Customers

<number>-Month Delivery Period: <commencement date> - <expiration date>

Bidder Information:

Company Name		* Required Field
Contact Name		* Required Field
Phone Number		* Required Field
Fax Number		* Required Field

Tranche Information:

Aggregate Load Cap	85%
Solicitation Load Cap	85%
Total Tranches in Solicitation	TBD
Tranche Size (% of Total Large Commercial and Industrial Load)	<percentage>%
Number of months in Tranche	3

Tag Number:

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Prices (US\$/MWh)			
			Month 1	Month 2	Month 3	
Bids	1	\$500,000				* Required Field
	2	\$1,000,000				* Required Field
	3	\$1,500,000				* Required Field
	4	\$2,000,000				* Required Field
	5	\$2,500,000				* Required Field

Complete/Incomplete:

Appendix 9

Binding Bid Agreement

Bid Proposal Due Date: <month> <day><year>

In consideration for the privilege of submitting bids as part of the Optional Monthly Pricing Service Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet(s), up to the expiration time of its proposal, as set forth in Article 5.7 (Expiration of Bid Proposals) of this Request For Proposals (“RFP”), submitted to PPL Electric Utilities Corporation (“PPL Electric”), in response to this solicitation, which shall constitute a firm offer to supply service in accordance with the Optional Monthly Pricing Service Supply Master Agreement (“OMPS SMA”) as appropriate, and applicable Pennsylvania Law and regulations. Any bid is not subject to any contingencies or conditions precedent and, if accepted by PPL Electric, the RFP Bidder agrees to execute the Transaction Confirmation in a timely manner as set forth in Article 2.8 (Transaction Confirmation) of the OMPS SMA as appropriate.

The submission of any binding offer to PPL Electric shall constitute the Bidder’s acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.

The undersigned represents and warrants that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions and otherwise comply with all obligations stated herein.

Signature of Authorized Official: _____

Name of Authorized Official (*print*): _____

Title of Authorized Official (*print*): _____

Date Signed: _____

As part of your Bidder Qualifications, please send two (2) originals of this certification to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric OMPS RFP Manager

Appendix 10

Binding Bid Withdrawal Agreement

_____ (“RFP Bidder”) hereby freely and irrevocably withdraws the price quotes entered on the Bid Proposal Spreadsheet(s) previously submitted to PPL Electric Utilities Corporation (“PPL Electric”), and listed next to “Tag Number / Bid Proposal Filename”. This withdrawal of bid(s) is not subject to any contingencies or conditions precedent, and constitutes a final cancellation of the subject bid(s). RFP Bidder expressly acknowledges and agrees that the withdrawn bid(s) will not be considered by PPL Electric, and will not be accepted by PPL Electric under any circumstances.

The submission of this binding bid withdrawal to PPL Electric constitutes RFP Bidder’s continuing acknowledgement and acceptance of all the terms, conditions and requirements of this Request For Proposals.

The person submitting this bid withdrawal represents and warrants that he/she has the authority to act on behalf of, and to bind, the Bidder with respect to all actions and obligations stated herein.

Signature of Authorized Official: _____

Name of Authorized Official (*print*): _____

Title of Authorized Official (*print*): _____

Date Signed: _____

Tag Number / Bid Proposal Filename: _____

NOTE:

Please fax your completed form to PPL Electric OMPS RFP Manager at the following number: **215-568-9364**.

Please also send an e-mail alert to pplpolr@pplweb.com.

Please note that all bid withdrawals must be received by PPL Electric between 12:00:00 p.m. EPT and 2:00:00 p.m. EPT on the Bid Proposal Due Date.

2009

PPL ELECTRIC UTILITIES CORPORATION

OPTIONAL MONTHLY PRICING SERVICE

SUPPLY MASTER AGREEMENT

BETWEEN

PPL ELECTRIC UTILITIES CORPORATION

AND

[SELLER NAME]

DATED [DATE]

(April 2010)

OPTIONAL MONTHLY PRICING SERVICE SUPPLY MASTER AGREEMENT

Articles and Provisions

Table of Contents

ARTICLE 1 DEFINITIONS	5
ARTICLE 2 TERMS AND CONDITIONS OF FULL REQUIREMENTS SERVICE	16
2.1 SELLER'S OBLIGATION TO PROVIDE SERVICE	16
2.2 BUYER'S OBLIGATION TO TAKE SERVICE	16
2.3 NETWORK INTEGRATION TRANSMISSION SERVICE AND DISTRIBUTION SERVICE	16
2.4 OTHER CHANGES IN PJM CHARGES	16
2.5 STATUS OF SELLER	17
2.6 SALES FOR RESALE	17
2.7 GOVERNING TERMS	17
2.8 TRANSACTION CONFIRMATION	17
ARTICLE 3 SCHEDULING, FORECASTING, AND INFORMATION SHARING	17
3.1 SCHEDULING	17
3.2 LOAD FORECASTING	18
3.3 INFORMATION SHARING	18
ARTICLE 4 SPECIAL TERMS AND CONDITIONS	18
4.1 CONGESTION AND CONGESTION MANAGEMENT	18
4.2 LOAD RESPONSE PROGRAMS	18
4.3 PJM E-ACCOUNTS	18
4.4 ALTERNATIVE ENERGY PORTFOLIO STANDARDS OBLIGATION	18
4.5 TITLE TRANSFER	19
4.6 RELIABILITY GUIDELINES	20
4.7 PJM MEMBERSHIP	20
4.8 DECLARATION OF AUTHORITY	20
4.9 FERC AUTHORIZATION	20
4.10 DISCLOSURE IN THE EVENT OF SELLER DEFAULT	20
4.11 SELLER STEP-UP RIGHTS	20
ARTICLE 5 TERM AND SURVIVAL	21
5.1 TERM	21
5.2 SURVIVAL	21
ARTICLE 6 DETERMINATION OF DELIVERED QUANTITIES	21
6.1 MONTHLY SETTLEMENT LOAD	21
ARTICLE 7 BILLING AND SETTLEMENT	22
7.1 BILLING	22
7.2 PJM BILLING	22
7.3 PAYMENTS OF THE INVOICE	22
7.4 BILLING DISPUTES AND ADJUSTMENTS OF INVOICES	22
7.5 INTEREST ON UNPAID BALANCES	23
7.6 NETTING OF PAYMENTS	23
ARTICLE 8 TAXES	23
8.1 COOPERATION	23
8.2 TAXES	23

8.3	DISCLOSURE OF TAX TREATMENT.....	24
ARTICLE 9 INDEMNIFICATION.....		24
9.1	SELLER'S INDEMNIFICATION FOR THIRD-PARTY CLAIMS	24
9.2	BUYER'S INDEMNIFICATION FOR THIRD-PARTY CLAIMS.....	24
9.3	INDEMNIFICATION PROCEDURES.....	25
ARTICLE 10 LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES.....		25
ARTICLE 11 FORCE MAJEURE		26
11.1	FORCE MAJEURE.....	26
11.2	NOTIFICATION.....	26
ARTICLE 12 EVENTS OF DEFAULT; REMEDIES.....		26
12.1	EVENTS OF DEFAULT	26
12.2	REMEDIES.....	28
12.3	CALCULATION AND NET OUT OF SETTLEMENT AMOUNTS.....	29
12.4	NOTICE OF TERMINATION PAYMENT.....	30
12.5	DISPUTES WITH RESPECT TO TERMINATION PAYMENT.....	30
12.6	DUTY TO MITIGATE.....	30
ARTICLE 13 DISPUTE RESOLUTION		30
13.1	INFORMAL DISPUTE RESOLUTION.....	30
13.2	FORMAL DISPUTE RESOLUTION.....	30
ARTICLE 14 PERFORMANCE ASSURANCE		31
14.1	REQUIREMENT FOR PERFORMANCE ASSURANCE	31
14.2	PERFORMANCE ASSURANCE TRANSFERS/RETURNS	31
14.3	UNSECURED CREDIT	32
14.4	CREDIT RATING	33
14.5	TANGIBLE NET WORTH.....	33
14.6	AGGREGATE BUYER'S EXPOSURE.....	33
14.7	ACCELERATED PAYMENTS.....	34
ARTICLE 15 REPRESENTATIONS AND WARRANTIES.....		35
15.1	REPRESENTATIONS AND WARRANTIES.....	35
15.2	ADDITIONAL UNDERSTANDINGS	36
ARTICLE 16 MISCELLANEOUS.....		36
16.1	NOTICES.....	36
16.2	GENERAL	36
16.3	RULES OF INTERPRETATION.....	37
16.4	AUDIT.....	37
16.5	CONFIDENTIALITY.....	37
16.6	SUCCESSORS.....	38
16.7	ASSIGNMENT/ CHANGE IN CORPORATE IDENTITY	38
16.8	GOVERNING LAW.....	39
16.9	JURISDICTION AND VENUE.....	39
16.10	AMENDMENTS	39
16.11	PJM AGREEMENT MODIFICATIONS.....	39
16.12	DELAY AND WAIVER.....	39
16.13	REGULATORY APPROVALS.....	40
EXHIBIT B ALTERNATIVE ENERGY PORTFOLIO STANDARDS OBLIGATION.....		43
EXHIBIT C PERFORMANCE ASSURANCE EVERGREEN LETTER OF CREDIT		44
EXHIBIT D SAMPLE PJM INVOICE.....		47
EXHIBIT E METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE ...		50
EXHIBIT F UNCONDITIONAL GUARANTY		54
EXHIBIT G FORM OF NOTICE		61
EXHIBIT H PJM DECLARATION OF AUTHORITY.....		63

OPTIONAL MONTHLY PRICING SERVICE SUPPLY MASTER AGREEMENT

THIS OPTIONAL MONTHLY PRICING SERVICE SUPPLY MASTER AGREEMENT (“Agreement” or “OMPS SMA”), is made and entered into as of ___ (“Effective Date”), by and between ___, hereinafter referred to as “Seller” and PPL Electric Utilities Corporation, hereinafter referred to as “Buyer” (each hereinafter referred to individually as “Party” and collectively as “Parties”).

WITNESSETH:

WHEREAS, the Pennsylvania Public Utility Commission Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, as amended by Act 129 of 2008, direct Buyer to supply electric service to Provider of Last Resort or Default Service (“Default Service”) within Buyer's Pennsylvania franchise service territory; and

WHEREAS, the Pennsylvania legislature has enacted a law establishing an Alternative Energy Portfolio Standard applicable to retail electricity suppliers serving customers in the Commonwealth of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission has approved the Joint Petition for Settlement of PPL Electric’s Default Service Plan at Docket No. P-2008-2060309 which calls for an Optional Monthly Pricing Service (“OMPS”) for Large Commercial and Industrial Customers; and

WHEREAS, Buyer has solicited offers for obtaining all or a portion of the supply it requires to meet its OMPS obligation pursuant to a Request for Proposal (“RFP”) and the Seller is a winning bidder in that solicitation; and

WHEREAS, Seller desires to sell Full Requirements Service and Buyer desires to purchase such Full Requirements Service to supply a Specified Percentage in Buyer’s Pennsylvania franchised service territory on a firm and continuous basis; and

NOW, THEREFORE, and in consideration of the foregoing, and of the mutual promises, covenants, and conditions set forth herein, and other good and valuable consideration, the Parties hereto, intending to be legally bound by the terms and conditions set forth in this Agreement, hereby agree as follows:

ARTICLE 1 DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following definitions shall

apply hereunder:

“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.

“Aggregate Buyer’s Exposure” means all Buyer’s Exposure for Aggregate Transactions.

“Aggregate Transactions” means all Transactions under this Agreement and all other transactions for Default Service under Supply Master Agreements executed between the Parties pursuant to the PUC Orders, including but not limited to agreements under the Competitive Bridge Plan.

“Agreement” means this Optional Monthly Pricing Service SMA

“Alternative Energy Credit (“AEC”)” means a tradable instrument that is used to establish, verify, and monitor compliance with the AEPS Obligation. One AEC equals one megawatt hour of electricity from an alternative energy source.

“Alternative Energy Portfolio Standards (“AEPS”) Obligation” shall have the meaning ascribed to it in Section 4.4 (Alternative Energy Portfolio Standards Obligation).

“Alternative Energy Portfolio Standards (“AEPS”)” shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

“Ancillary Services” shall have the meaning ascribed thereto in the PJM Agreements.

“Bankrupt” means, with respect to any entity, such entity: (i) voluntarily files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it by its creditors and such petition is not dismissed within sixty (60) calendar days of the filing or commencement; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes insolvent, however evidenced; (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due.

“Business Day” means any day except a Saturday, Sunday or a day that PJM declares to be a holiday, as posted on the PJM website. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time (“EPT”).

“Buyer Downgrade Event” means that Buyer’s (or Buyer’s Guarantor’s) Credit Rating is less than BBB- by S&P, BBB- by Fitch or Baa3 by Moody’s.

“Buyer’s Exposure” during the term of a Transaction shall be deemed equal to the positive

difference between: (i) the MtM Exposure pursuant to a Transaction under this Agreement; less (ii) the sum of any unpaid or unbilled amounts owed by Buyer to Seller pursuant to a Transaction under this Agreement. With respect to the preceding sentence, “unbilled amounts owed by Buyer” shall consist of a good faith estimate by Buyer as to any amounts which will be owed by Buyer for service already rendered by Seller under a Transaction.

“Capacity” means “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).

“Capacity Forward Price” means the price, as reported by PJM, for Capacity stated in terms of \$/MWD associated with each month remaining in a Delivery Period.

“Capacity Initial Mark Price” means the Capacity Forward Price as of the Transaction Date.

“Capacity Obligation” means the product of the Current PLC Per Tranche, adjusted as appropriate to account for the reserve margin and scaling factors, consistent with PJM unforced capacity accounting, and the number of Tranches awarded to the Seller for Optional Monthly Pricing Service Load.

“Congestion Revenue Rights” or “CRR” means the current or any successor congestion management mechanism or mechanisms as may be employed by PJM (whether set forth in the PJM Tariff or elsewhere) for the purpose of allocating financial congestion hedges.

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions, PJM charges, and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its OMPS Load obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction or any other default pursuant to this Agreement or pursuant to transactions for Default Load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders, including but not limited to the AEPS obligation.

“Credit Rating” means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody’s or Fitch.

“Current PLC Per Tranche” means, on any given Business Day, for each Transaction, the product of: (i) the aggregate PLC associated with a Service Type; and (ii) the quotient of (x) the Specified Percentage and (y) the number of Tranches.

“Customer Group” means a customer category, consisting of all customers in the Service Type as specified in a Transaction Confirmation.

“Declaration of Authority” shall have the meaning ascribed to it in Section 4.8 (Declaration of Authority).

“Default Damages” means, for the period of time specified in Section 12.2(b)(ii) (Remedies) any direct damages and Costs, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs with respect to the Specified Percentage as a result of an Event of Default. Direct damages may include, but are not limited to: (i) the positive difference (if any) between the price of Full Requirements Service hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) Full Requirements Service (or any components of Full Requirements Service it is able to purchase or sell) from or to third parties, including PJM; (ii) Emergency Energy charges; and (iii) additional transmission or congestion costs incurred to purchase or sell Full Requirements Service.

“Delivery Period” means the period of delivery for a Transaction as specified in a Transaction Confirmation.

“Delivery Point” means the PPL Electric Utilities Transmission Zone as defined by the PJM Agreements.

“Eastern Prevailing Time” or “EPT” means Eastern Standard Time or Eastern Daylight Savings Time, whichever is in effect on any particular date.

“Emergency Energy” shall have the meaning ascribed to it in the PJM Agreements.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in units of megawatt-hours.

“Equitable Defenses” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

“Estimated Capacity Quantity” means, for each month in each Transaction, the product of: (i) the relevant month Estimated Capacity Quantity Per MW-Day; (ii) the quotient of the Current PLC Per Tranche divided by the MW-Measure; (iii) the number of Tranches awarded to the Seller per the Transaction Confirmation; and (iv) the percentage of calendar days remaining (excluding the current day) in each month.

“Estimated Capacity Quantity Per MW-Day” means the estimation of Capacity Obligation for each of the calendar months in the Delivery Period, as set forth in the Transaction Confirmation.

“FERC” means the Federal Energy Regulatory Commission or its successor.

“Fitch” means Fitch Ratings (a subsidiary of Fimalac, S.A.) or its successor.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, such as riot or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, acts of God which are not within the reasonable control of, or the result 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 Seller's supply; (ii) Seller's ability to sell the Full Requirements Service at a price greater than that received under any Transaction; (iii) curtailment by a Transmitting Utility; (iv) Buyer's ability to purchase the Full Requirements Service at a price lower than the price to be paid under any Transaction; or (v) labor stoppage or lockout.

"Full Requirements Service" means all necessary Energy, Capacity, Transmission other than Network Integration Transmission Service, Ancillary Services, Pennsylvania Alternative Energy Portfolio Standard ("AEPS") requirement, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the Specified Percentage.

"Gains" means, 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 a Terminated Transaction under this Agreement or a transaction for Default Load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders, determined in a commercially reasonable manner.

"Generator Attribute Tracking System" or "GATS" means the system owned and operated by PJM Environmental Information Services, Inc. to provide environmental and emissions attributes reporting and tracking services to its subscribers, *inter alia*, in support of Pennsylvania Alternative Energy Portfolio Standard (AEPS) Act.

"Governmental Authority" means any federal, state, local, municipal or other governmental entity, authority or agency, department, board, court, tribunal, regulatory commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over a Party or this Agreement.

"Guarantor" means any party who agrees to guaranty Seller's financial obligations under this Agreement pursuant to the Guaranty Agreement recognizing that such a party will be obligated to meet or exceed Buyer's credit requirements for Seller and that the acceptability of such guaranty will be determined at Buyer's sole discretion.

"Guaranty Agreement" means the guaranty agreement entered into by a Guarantor in the form attached hereto as Exhibit F.

"Guaranty Amount" means the maximum aggregate liability of the Guarantor under the Guaranty Agreement, if specified in the Guaranty Agreement.

"Hourly Full Requirements Service" means Full Requirements Service for one hour.

"Interest Rate" means, for any date, the lesser of: (i) 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%); and (ii) the maximum rate permitted by applicable law.

"Letter(s) of Credit" means one or more irrevocable, transferable standby letters of credit issued

by a U.S. commercial bank or a foreign bank with a U.S. branch, with such bank having a Credit Rating of at least A- from S&P or A3 from Moody's and a minimum of \$10 billion in assets, in a form acceptable to the Party in whose favor the letter of credit is issued (for clarification, the form of Letter of Credit attached as Exhibit C hereto shall be considered an acceptable form). Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit. The Party to whom the Letter of Credit is in favor reserves the right to monitor the financial position of the issuing bank and, if the issuing bank's Credit Rating is downgraded by any increment or if its assets fall below \$10 billion; or if the issuing bank's Current, Quick, Return on Assets, or Price/Earnings ratios diminish (reflecting the financial stability of the bank); or if the Party determines, for any reason, at its sole discretion that the issuing bank's position has deteriorated, then the Party has the right to demand and receive, from the applicant for the Letter of Credit, that the Letter of Credit be reissued from a bank that meets or exceeds the Credit Ratings and asset valuation listed above.

"Load Serving Entity" or "LSE" shall have the meaning ascribed to it in the PJM Agreements.

"Locational Marginal Price" shall have the meaning ascribed to it in the PJM Agreements.

"Losses" means, 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 the termination of a Transaction under this Agreement or a transaction for Default Load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders, determined in a commercially reasonable manner.

"Mark to Market Exposure" or "MtM Exposure" means, with respect to each month remaining in each Delivery Period, the sum of: (i) the relevant month On-Peak Forward Price minus the relevant month On-Peak Initial Mark Price, multiplied by the relevant month On-Peak Estimated Energy Quantity; (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the relevant month Off-Peak Estimated Energy Quantity; and (iii) the relevant month Capacity Forward Price minus the relevant month Capacity Initial Mark Price, multiplied by the relevant month Estimated Capacity Quantity.

The methodology for calculating the MtM Exposure and an example are included in Exhibit E.

"Monthly Settlement Amount" means with respect to any calendar month during the Delivery Period, the sum of: (i) the product of the applicable Monthly Settlement Price and Monthly Settlement Load; and (ii) any other adjustments as set forth in this Agreement.

"Monthly Settlement Price" means the price for Monthly Settlement Load for the applicable month of the Delivery Period as set forth in a Transaction Confirmation.

"Monthly Settlement Date" means, with respect to any calendar month of a Delivery Period, the date(s) determined to be the PJM Settlement Date(s) pursuant to the PJM Agreements. In the event that PJM institutes multiple Settlement Dates pursuant to the PJM Agreements, the Monthly Settlement Date will be last PJM Settlement Date in the month.

"Monthly Settlement Load" shall have the meaning ascribed to it in Section 6.1 (Monthly Settlement Load).

“Moody’s” means Moody’s Investors Service, Inc. or its successor.

“MWD” means one megawatt of electric power available over a period of one day which shall be rounded in a manner consistent with the standards in the PJM Agreements.

“MWh” means one megawatt of electric power used over a period of one hour which shall be rounded in a manner consistent with standards in the PJM Agreements. The current rounding standards are to the nearest one-thousandth of a megawatt hour.

“MW-Measure” means the estimated megawatt measure of PLC corresponding to a single Tranche identified in the Transaction Confirmation.

“NERC” means the North American Electric Reliability Council or any successor organization thereto.

“Network Integration Transmission Service” shall have the meaning ascribed to it in the PJM Agreements.

“Non-Defaulting Party” means the Party not responsible for an Event of Default, as set forth in Article 12.

“Off-Peak Estimated Energy Quantity” means, for each month in each Transaction, the product of: (i) the relevant month Off-Peak Estimated Energy Quantity Per MW-Measure; (ii) the quotient of the Current PLC Per Tranche divided by the MW-Measure; (iii) the number of Tranches awarded to the Seller per the Transaction Confirmation; and (iv) the percentage of Off-Peak Hours remaining (excluding current day) in each month.

“Off-Peak Estimated Energy Quantity Per MW-Measure” means the estimation of Energy, inclusive of electrical line losses, in the Off-Peak Hours for each of the calendar months in the Delivery Period, as set forth in the Transaction Confirmation.

“Off-Peak Forward Price” means the price, as provided by the Pricing Agent, for Off-Peak Hours, stated in terms of \$/MWh, associated with each month remaining in a Transaction Delivery Period, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western HUB (as discussed in Exhibit E). If the publicly available information is not available from the Reference Market-Makers then the price shall equal the product of: (i) the relevant month Off-Peak Forward Price; and (ii) the relevant month Off-Peak Price Ratio.

“Off-Peak Hours” means those hours which are not On-Peak Hours.

“Off-Peak Initial Mark Price” means the Off-Peak Forward Price as of the Transaction Date.

“Off-Peak Price Ratio” means the ratio of the relevant month’s average off-peak price to the annual average off-peak price calculated using PJM’s reported day-ahead hourly prices as set forth by Buyer each month based on the previous 36-month rolling period. The historical off-peak prices used to calculate the ratio will be the PJM Western Hub day-ahead

hourly prices for the Off-Peak Hours. The relevant month's average off-peak price will be calculated as the sum of all the off-peak hourly prices in all such months divided by the total amount of off-peak hours in all such months (e.g., for the month of January, there would be three such months). The annual average off-peak price will be calculated as the sum of all the off-peak hourly prices in the 36-month rolling period divided by the total amount of off-peak hours in the 36-month rolling period.

"On-Peak Estimated Energy Quantity" means, for each month in each Transaction, the product of: (i) the relevant month On-Peak Estimated Energy Quantity Per MW-Measure; (ii) the quotient of the Current PLC Per Tranche divided by the MW-Measure; (iii) the number of Tranches awarded to the Seller per the Transaction Confirmation; and (iv) the percentage of On-Peak Hours remaining (excluding current day) in each month.

"On-Peak Estimated Energy Quantity Per MW-Measure" means the estimation of Energy, inclusive of electrical line losses, in the On-Peak Hours for each of the calendar months in the Delivery Period, as set forth in the Transaction Confirmation.

"On-Peak Forward Price" means the price, as provided by the Pricing Agent, for On-Peak Hours, stated in terms of \$/MWh, associated with each month remaining in a Transaction Delivery Period, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western HUB (as discussed in Exhibit E). If the publicly available information is not available from the Reference Market-Makers then the price shall equal the product of: (i) the relevant month On-Peak Forward Price; and (ii) the relevant month On-Peak Price Ratio.

"On-Peak Hours" means Hour Ending ("HE") 0800 through HE 2300 EPT, Monday through Friday, excluding Saturday, Sunday and PJM holidays.

"On-Peak Initial Mark Price" means the On-Peak Forward Price as of the Transaction Date.

"On-Peak Price Ratio" means the ratio of the relevant month's average on-peak price to the annual average on-peak price calculated using PJM's reported day-ahead hourly prices as set forth by Buyer each month based on the previous 36-month rolling period. The historical on-peak prices used to calculate the ratio will be the PJM Western Hub day-ahead hourly prices for the On-Peak Hours. The relevant month's average on-peak price will be calculated as the sum of all the on-peak hourly prices in all such months divided by the total amount of on-peak hours in all such months (e.g., for the month of January, there would be three such months). The annual average on-peak price will be calculated as the sum of all the on-peak hourly prices in the 36-month rolling period divided by the total amount of on-peak hours in the 36-month rolling period.

"Optional Monthly Pricing Service Customer" or "OMPS Customer" means a PPL Electric retail customer in the Large Commercial and Industrial Customer Group (i.e., Rate Schedules GS-3 with 500 KW and higher peak demand, LP-4 with 500 KW and higher peak demand, ISP, LP-5, LP-6, LPEP, IST, ISM, L5S) that is not taking service from an Electric Generation Supplier ("EGS"), and has affirmatively elected to receive PPL Electric's Optional Monthly Pricing Service available beginning on January 1, 2011. This service is provided at a frequency of 60

cycles/second.

“Optional Monthly Pricing Service Load” or “OMPS Load” means the total sales at the retail meter, plus any transmission and distribution losses and Unaccounted For Energy, adjusted for PJM's derating in conjunction with marginal loss implementation as appropriate, expressed in MWh or MW, as appropriate, for Optional Monthly Service Customers being served by Buyer pursuant to the PUC Orders, as such sales vary from hour to hour, in Buyer'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. For purposes of clarification, OMPS Load shall not include sales resulting from changes in the Buyer'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.

“Optional Monthly Pricing Service Supplier” or “OMPS Supplier” means an entity that has been selected through a PPL Electric solicitation to serve the OMPS Load of PPL Electric retail customers.

“Peak Load Contribution” or “PLC” means the aggregation of retail customer peak load contributions for OMPS Load, 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 Seller's Capacity Obligation for each Transaction.

“Performance Assurance” means collateral in the form of cash, Letter(s) of Credit, or other security acceptable to Buyer.

“Photo-voltaic (“PV”)” shall have the meaning ascribed in Tier 1 Alternative Energy Sources in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

“PJM” means the PJM Interconnection, LLC or any successor organization thereto.

“PJM Agreements” means the PJM OATT, PJM Operating Agreement, PJM RAA, and any other applicable PJM manuals or documents, or any successor, superseding or amended versions that may take effect from time to time.

“PJM Control Area” shall have the meaning ascribed to it in the PJM Agreements.

“PJM Final Zonal Capacity Price” shall have the meaning ascribed to it in the PJM Agreements.

“PJM OATT” or “PJM Tariff” means the Open Access Transmission Tariff of PJM or the successor, superseding or amended versions of the Open Access Transmission Tariff that may take effect from time to time.

“PJM Operating Agreement” or “PJM OA” means the Operating Agreement of PJM or its successor.

“PJM Planning Period” shall have the meaning ascribed to it in the PJM Agreements. Currently, the PJM Planning Period is the twelve (12) months beginning June 1 and extending through May 31 of the following year.

“PJM RAA” means the PJM Reliability Assurance Agreement or any successor, superseding or amended versions of the PJM Reliability Assurance Agreement that may take effect from time to time.

“PJM Settlement Date” means the date on which payments are due to PJM for services provided by PJM in accordance with the PJM Agreements. In the event that PJM institutes multiple Settlement Dates pursuant to the PJM Agreements, the relevant PJM Settlement Date will be last PJM Settlement Date in the month.

“PJM Western Hub” means the aggregated Locational Marginal Price (“LMP”) nodes defined by PJM.

“POLR” or “Default Service” shall have the meaning ascribed to it in the Electricity Generation Customer Choice and Competition Act and PUC Orders enacted thereunder.

“Pricing Agent” shall be the person or entity described in Article 14.6.

“PUC” means the Pennsylvania Public Utility Commission and any successor thereto.

“PUC Orders” means the orders issued by the PUC pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, as amended by Act 129 of 2008, including the order authorizing the parties to enter into this Agreement.

“Rate Schedules” means the existing, and modified or successor, customer rate schedule designations in PPL Electric Utilities Corporation’s General Tariff.

“Reference Market-Maker” means any broker in energy products.

“Request for Proposal” or “RFP” means the request for proposals issued from time to time by Buyer pursuant to the PUC Orders.

“S&P” means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc. and any successor thereto.

“Service Type” means the grouping of individual retail customers as set forth in a Transaction Confirmation.

“Settlement Amount” means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 12 (Events of Default; Remedies). The calculation of a Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 12.2(b)(ii) for the same Terminated Transaction. 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 and all other transactions for

Default Load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders if total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement and all other transactions for Default Load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders if the Gains exceed the total of the Losses and Costs.

“Specified Percentage” means the percentage of OMPS Load for the Service Type as set forth in a Transaction Confirmation pursuant to this Agreement.

“Tangible Net Worth” or “TNW” means an entity’s total assets (exclusive of intangible assets), minus that entity’s total liabilities, each as would be reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and as of the relevant date of determination most recently filed with the United States Securities and Exchange Commission.

“Termination Payment Date” shall have the meaning set forth in Section 12.4 (Notice of Termination Payment).

“Terminated Transaction(s)” means any Transaction which has been terminated in accordance with Section 12.2 (b) (Remedies).

“TNW Amount” shall equal the product of the applicable TNW Percentage and an entity’s Tangible Net Worth.

“TNW Percentage” means the percentage determined pursuant to Section 14.3 (Unsecured Credit) that is multiplied by an entity’s Tangible Net Worth to determine that entity’s TNW Amount.

“Tier 1 Alternative Energy Sources” shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

“Tier 2 Alternative Energy Sources” shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

“Tranche” means a fixed percentage share of the Service Type that is awarded to Seller in accordance with Buyer’s RFP as set forth in a Transaction Confirmation. The fixed percentage defines the Tranche size for the Service Type.

“Transaction” means a particular agreement by which Buyer purchases and Seller sells Full Requirements Service pursuant to this Agreement, the details of which are more fully set forth in a Transaction Confirmation.

“Transaction Confirmation” shall have the meaning ascribed to it in Section 2.8 (Transaction Confirmation).

“Transaction Date” means the date that a Transaction is executed as set forth in the Transaction

Confirmation.

“Transmitting Utility” means the utility or utilities and their respective control area operators and their successors, transmitting Full Requirements Service.

“Unaccounted For Energy” means an energy accounting adjustment for settlement purposes among retail energy suppliers in the PPL Zone. Unaccounted for Energy is distributed among all retail energy suppliers in the PPL Zone on an hourly basis.

“Unsecured Credit” means an amount that is the lower of: (i) the relevant Unsecured Credit Limit as determined pursuant to Section 14.3 (Unsecured Credit); (ii) the relevant TNW Amount, as determined pursuant to Section 14.3 (Unsecured Credit); or (iii) the Guaranty Amount from Seller’s Guarantor as set forth in the Guaranty Agreement.

“Unsecured Credit Limit” shall have the meaning ascribed to it in Section 14.3 (Unsecured Credit).

ARTICLE 2 TERMS AND CONDITIONS OF FULL REQUIREMENTS SERVICE

- 2.1 Seller’s Obligation To Provide Service. With respect to a Transaction, Seller shall provide Full Requirements Service on a firm and continuous basis such that the Specified Percentage is supplied during the Delivery Period.
- 2.2 Buyer’s Obligation to Take Service. With respect to a Transaction, Buyer shall accept Full Requirements Service as provided by Seller pursuant to Section 2.1 (Seller’s Obligation to Provide Service), and shall pay Seller the Monthly Settlement Amounts for such Full Requirements Service on the applicable Monthly Settlement Date in accordance with Section 7.3 (Payments of the Invoice).
- 2.3 Network Integration Transmission Service and Distribution Service. With respect to a Transaction, Buyer shall be responsible, at its sole cost and expense, for the provision of Network Integration Transmission Service for PPL Electric customers and distribution service necessary to serve the Specified Percentage. Buyer is responsible, at its sole cost and expense for future PJM charges assessed to network transmission customers for PJM-required transmission system enhancements pursuant to the PJM Regional Transmission Expansion Plan.
- 2.4 Other Changes in PJM Charges. Except as provided in Section 2.3 (Network Integration Transmission Service and Distribution Service), Seller bears the risk of any other changes in PJM products and pricing during the term of this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Section 2.3 or other new PJM charges and costs, charged to network transmission customers, that Seller believes the Buyer should recover through retail rates because they are directly related to the Buyer’s obligations, then Buyer will file with the

PUC, a request for approval to recover such new costs. Seller is required to intervene in any such proceeding before the PUC. Such new costs can only be charged by Seller to Buyer to the extent that the PUC approves Buyer's recovery of those costs. Seller agrees to be bound by the decision of the PUC (subject to the normal rules for appeal of the decision of the PUC) and waives all claims concerning this issue before FERC. Notwithstanding the foregoing, nothing in the Agreement shall preclude Seller from taking any position before FERC regarding the creation and allocation of any such PJM charges.

- 2.5 Status of Seller. Seller, for purposes of this Agreement and any Transaction, is a Load Serving Entity.
- 2.6 Sales for Resale. All Full Requirements Service provided by Seller to Buyer shall be sales for resale, with Buyer reselling such Full Requirements Service to OMPS Customers.
- 2.7 Governing Terms. Each Transaction for OMPS Load shall be governed by this Agreement. This Agreement, including all exhibits hereto, any designated collateral, credit support, margin agreement or similar arrangements and all Transaction Confirmations for OMPS Load shall form a single integrated agreement between Buyer and Seller. Any inconsistency between terms in this Agreement and terms in a Transaction Confirmation for OMPS Load shall be resolved in favor of the terms of this Agreement.
- 2.8 Transaction Confirmation. A Transaction for OMPS Load shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A. On the Business Day on which Seller is selected and approved by the PUC as a provider of Full Requirements Service, Buyer will forward by facsimile or other immediate means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s) (Exhibit A) and Seller's Alternative Energy Portfolio Standards Obligation (Exhibit B) and shall send by overnight delivery two (2) originals. Except as otherwise provided in the RFP, by 2:00 p.m. EPT on the next Business Day following Seller's receipt of such facsimile of partially executed Transaction Confirmation(s), Seller shall return by facsimile, or other immediate means acceptable to both Parties, to Buyer one (1) fully executed Transaction Confirmation(s), and shall send by overnight delivery one (1) original. In addition, if such Transaction(s) is the initial Transaction(s) with the Seller under the current RFP solicitation, then Buyer will forward to Seller one (1) fully executed Agreement by overnight delivery service.

ARTICLE 3

SCHEDULING, FORECASTING, AND INFORMATION SHARING

- 3.1 Scheduling. Seller shall schedule Full Requirements Service pursuant to the PJM Agreements. Buyer will provide to seller and PJM all information required by PJM, for

the purpose of calculating Seller's Full Requirements Service obligations.

- 3.2 Load Forecasting. Buyer shall not be required to provide to the Seller any load forecasting services for any Transaction.
- 3.3 Information Sharing. On each Business Day beginning 7 days prior to the beginning of the Delivery Period and continuing throughout the Delivery Period, Buyer shall provide to the Seller on a reasonable efforts basis, Buyer's estimation of the PLC for the seventh (7th) following day, representing the Seller's Specified Percentage. Buyer does not warrant the accuracy of such information.

ARTICLE 4 SPECIAL TERMS AND CONDITIONS

- 4.1 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply the Specified Percentage.
- 4.2 Load Response Programs. Buyer will manage its load response programs in accordance with PJM Agreements as amended from time to time and the provisions of its applicable riders and retail electric service tariffs, as amended and approved by the PUC from time to time, or Buyer customer contracts, as amended by the Buyer from time to time. Buyer will retain all of the benefits associated with its load response programs, including but not limited to all associated wholesale revenues from PJM for Capacity, Energy and Ancillary Services. Unless specifically prohibited by its retail electric service tariffs, OMPS Customers may, at their election, participate in demand response programs offered under the PJM Agreements.
- 4.3 PJM E-Accounts. Buyer and Seller shall work with PJM to establish any PJM E-Accounts necessary for Seller to provide Full Requirements Service. In a timely manner, Buyer shall establish PJM E-Account contract(s) for the entire duration of the Transaction(s) and Seller shall confirm the PJM E-Account contract(s) for the entire duration of the Transaction(s).
- 4.4 Alternative Energy Portfolio Standards Obligation.
- (a) Seller shall enable the Buyer to comply with the Alternative Energy Portfolio Standards, including regulations adopted thereunder, (together the AEPS Obligation) and shall provide its proportional share of AECs to fulfill the Buyer's AEPS Obligation as set forth in the AEPS Act and PUC rules and Orders that may be promulgated to implement the AEPS Act.
 - (b) Seller and Buyer shall work together to establish the proper accounts within the GATS. Seller shall be a subscriber to GATS and is responsible for paying its annual subscription fee. Seller shall transfer AECs into the Buyer's account(s) in the amount necessary to fulfill Seller's AEPS Obligation under this Agreement.

Seller shall be responsible for paying the volumetric fees associated with LSE GATS fee requirements in proportion to Seller's Full Requirements Service.

- (c) Within 20 days after the end of each calendar month during the Delivery Period the Seller shall transfer AECs into the Buyer's GATS account(s) in an amount commensurate with the AECs applicable to the requirements service provided by the Seller during said calendar month in the amount necessary to fulfill the Seller's AEPS Obligation under this Agreement.
- (d) At the conclusion of the Delivery Period, Seller shall complete its transfer of any AECs, not transferred in accordance with subsection (c) of this Section 4.4, into the Buyer's GATS account(s) in the amount necessary to fulfill the Seller's AEPS Obligation under this Agreement no later than 30 calendar days following the completion of the Delivery Period.
- (e) In addition to the Remedies stated in Article 9.1 and Article 12 of this Agreement, Buyer shall have the right, in its sole discretion, to withhold any and all payments pursuant to Article 7 of this Agreement in the event that the Seller does not satisfy its obligations under this Section 4.4, and to pursue any other remedies at law or in equity which may be available including, but not limited to those enumerated in Article 9.1. Moreover, the Seller will be liable for any costs directly or indirectly related to the procurement of AECs by the Buyer or related to any penalties associated with non-compliance of the AEPS Act in the event that the Seller defaults on its obligations under this Section 4.4.
- (f) Seller shall provide to the Buyer all information regarding its share of the AEPS Obligation that may be required by the PUC rules governing reporting and auditing of Buyer's compliance with the AEPS Obligation.

The Buyer will provide the Seller with a version of Exhibit B to this Agreement at the same time that it provides the Transaction Confirmation. Exhibit B at that time will incorporate the AEPS percentage obligations for the Delivery Period in effect on the day the bid was submitted. Exhibit B as provided with the Transaction Confirmation will apply during the term of the Agreement and will be used to determine the Seller's AEPS Obligation.

4.5 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point. Seller warrants that it has good title to the Full Requirements Service sold and delivered hereunder and that it has the right to sell such Full Requirements Service. The word "loss" in this Section 4.5 (Title Transfer) does not encompass electrical transmission and distribution losses. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Full Requirements Service scheduled and received or delivered

hereunder at the Delivery Point. Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, that would otherwise exist under the PJM Agreements or under applicable law if Buyer had not taken title.

- 4.6 Reliability Guidelines. Each Party agrees to adhere to the applicable operating policies, criteria and/or guidelines of the ReliabilityFirst Corporation, NERC, PJM, their successors, and any regional or sub regional requirements.
- 4.7 PJM Membership. For the period of time that this Agreement is in effect, Seller shall be: (i) a member in good standing of PJM; (ii) qualified as a PJM “Market Buyer” and “Market Seller” pursuant to the PJM Agreements; and (iii) qualified as a PJM “Load Serving Entity.” For the period of time that this Agreement is in effect, Buyer shall be a member in good standing of PJM.
- 4.8 Declaration of Authority. For the period of time that this Agreement is in effect, both Buyer and Seller shall have executed the Declaration of Authority in the form attached hereto as Exhibit H.
- 4.9 FERC Authorization. For the period of time that this Agreement is in effect, Seller shall have FERC authorization to make sales of Energy, Capacity, and Ancillary Services at market based rates within PJM.
- 4.10 Disclosure in the Event of Seller Default. If Seller defaults and this Agreement is terminated pursuant to Article 12 (Events of Default; Remedies), Buyer may disclose the terms of this Agreement and any Transaction Confirmation to all other non-defaulting wholesale suppliers providing service to Buyer pursuant to the PUC Orders. Such disclosure by Buyer shall be made for the purpose of allowing each non-defaulting wholesale supplier to make its Step-Up elections described in Section 4.11 (Seller Step-Up Rights) below.
- 4.11 Seller Step-Up Rights. In the event of an early termination of a OMPS SMA between Buyer and an entity other than the Seller, Buyer shall send a written notification to Seller which: (i) describes the individual supply obligations associated with the Terminated Transaction(s) for the remaining term(s) of such transaction(s); and (ii) requests Seller to agree to supply its full or partial amount of the supply obligation associated with each Terminated Transaction for the remaining term(s) of the Terminated Transaction(s), without change to the pricing, terms and conditions of the terminated Full Requirements Service agreement and transaction(s). Such agreement to make additional supply available shall be termed a “Step-Up”.

In the event that Seller wishes to exercise its option to Step-Up when such an opportunity arises, Seller shall respond to Buyer of such within five (5) Business Days from the date of Buyer’s notification. In Seller’s response, Seller shall indicate: (i) the maximum amount of the increased obligation that Seller wishes to take on given the additional supply obligation available from the Terminated Transactions (which need not be all); and (ii) that it is willing to meet any additional collateral requirements related to the Step-

Up. Seller's response shall take place no later than two (2) Business Days of its receipt of Buyer's notification. The amount of supply obligation assigned to Seller following Seller's Step-Up response will be Seller's pro-rata share of the total of such Step-Up responses from all sellers and will be from zero up to and including the maximum amount that the Seller indicates. Seller's pro-rata share, as described in this paragraph, shall be the ratio of Seller's amount indicated in Seller's Step-Up response, stated on a PLC basis, to the total of amounts indicated in all sellers' Step-Up responses. Once Buyer has determined Seller's pro-rata share, the Seller is obligated to execute a Transaction Confirmation in the amount of the pro-rata share within one (1) business day.

For the avoidance of doubt, in the event that Seller does not respond to Buyer's Step-Up request within the relevant timeframe, Seller shall be deemed to have rejected the Buyer's request in full.

ARTICLE 5 TERM AND SURVIVAL

- 5.1 *Term.* Unless otherwise agreed upon by Buyer and Seller, 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 this Agreement is terminated prematurely pursuant to Article 12 of this Agreement.
- 5.2 *Survival.* All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Articles 9, 10, 12, and 13.

ARTICLE 6 DETERMINATION OF DELIVERED QUANTITIES

- 6.1 *Monthly Settlement Load.* The amount of Monthly Settlement Load with respect to any calendar month during the Delivery Period shall be determined in terms of megawatt-hours ("MWh") of Energy. The MWh of Energy shall be equivalent to the amount of Energy equal to the Seller's Specified Percentage multiplied by OMPS Load as measured by PJM and adjusted by Buyer as appropriate. The MWh of Energy shall also be adjusted for any subsequent meter corrections reported to PJM, or as a result of any subsequent retail load settlement process. The MWh of Energy as reported includes any reduction in load as a result of the Buyer's and PJM's operation of its load response programs.

ARTICLE 7 BILLING AND SETTLEMENT

7.1 Billing. Unless otherwise agreed to by the Parties, on or before the sixth (6th) Business Day of each month, Buyer shall deliver to Seller, via electronic transmission or other means agreed to by the Parties, an invoice (“Invoice”) that sets forth the total amount due for the previous calendar month for all Transactions. The Invoice shall detail for each Transaction the following:

- (a) Monthly Settlement Load
- (b) Monthly Settlement Price
- (c) Monthly Settlement Amount
- (d) PJM billing adjustments
- (e) Any other adjustments set forth in this Agreement

7.2 PJM Billing.

- (a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller’s and Buyer’s rights and obligations under this Agreement as set forth in Exhibit D attached hereto and made a part hereof. If PJM is unable to invoice charges or credits in accordance with Exhibit D, Buyer shall rectify such PJM invoice discrepancy in the Invoice sent pursuant to Section 7.1 (Billing).
- (b) The Parties agree that the PJM bill may change from time to time. Allocation of any charges that are reflected in a PJM bill that are not included on or are inconsistent with Exhibit D will be determined pursuant to Sections 2.3 (Network Integration Transmission Service and Distribution Service), 2.4 (Other Changes in PJM Charges), and 16.11 (PJM Agreement Modifications) of this Agreement.

7.3 Payments of the Invoice. On the Monthly Settlement Date, Buyer will pay to Seller, or Seller will pay to the Buyer, as the case may be, the total amount due in the applicable Invoice, subject to Section 7.6 (Netting of Payments). All payments shall be made by “Electronic Funds Transfer” (“EFT”) via “Automated Clearing House” (“ACH”), unless otherwise agreed to by the Parties, to a bank designated in writing by such Party, by 12:00 p.m. EPT on the Monthly Settlement Date. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

7.4 Billing Disputes and Adjustments of Invoices.

- (a) Within twelve (12) months of the date on which an Invoice is issued, Buyer may, in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation of the basis for

the adjustment.

- (b) Within twelve (12) months of the date on which an Invoice is issued or an Invoice is adjusted pursuant to Section 7.4(a) (Billing Disputes and Adjustment of Invoices), Seller may, in good faith, dispute the correctness of such Invoice or adjustment, pursuant to the provisions of Article 13 (Dispute Resolution), and provided that Seller has paid by the Monthly Settlement Date any portion of an Invoice that is not disputed.
- (c) Within twelve (12) months of the date on which a PJM bill is issued, Buyer or Seller may, in good faith, dispute the correctness of any such PJM bill, pursuant to the provisions of Article 13 (Dispute Resolution), and provided that the disputing Party has paid by the Monthly Settlement Date any portion of an Invoice that is not disputed.

7.5 Interest on Unpaid Balances. Interest on delinquent amounts, other than amounts in dispute as described in Section 7.4 (Billing Disputes and Adjustment of Invoices), shall be calculated at the Interest Rate from the original due date to the date of payment.

7.6 Netting of Payments. Buyer and Seller shall discharge mutual debts and payment obligations due and owing to each other under this Agreement, as of the Monthly Settlement Date, such that all amounts owed by each Party to the other Party shall be reflected in a single amount due to be paid by the Party who owes it and received by the other Party, provided that the calculation of the net amount shall not include any disputed amounts being withheld pursuant to Section 7.4 (Billing Disputes and Adjustments of Invoices)

ARTICLE 8 TAXES

8.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize taxes, so long as neither Party is materially adversely affected by such efforts.

8.2 Taxes.

- (a) As between the Parties: (i) Seller is responsible for the payment of all taxes imposed by any Governmental Authority on the wholesale sales of Full Requirements Service under this Agreement; and (ii) Buyer is responsible for the payment of all taxes imposed by any Governmental Authority on retail sales of Full Requirements Service under this Agreement.

- (b) Any Party paying taxes that should have been paid by the other Party pursuant to Section 8.2(a) (Taxes), shall be reimbursed by such other Party in the next Invoice issued pursuant to Section 7.1 (Billing).

8.3 Disclosure of Tax Treatment. Notwithstanding anything to the contrary in this Agreement or in the RFP and appendices thereto, Seller and Buyer agree that: (i) any obligation of confidentiality with respect to the Parties' Transactions hereunder does not apply, and has not applied from the commencement of discussions between the Parties, to the tax treatment and tax structure of the Agreement and all Transactions thereunder, and (ii) Seller and Buyer (and each of their respective employees, representatives, or agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Agreement and the Transactions thereunder, as well as any materials of any kind (including opinions or other tax analyses) that have been provided to the disclosing Party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4; provided, however, that the foregoing is not intended to affect any privileges that each Party is entitled, at its sole discretion, to maintain, including with respect to any confidential communications with its attorney or any confidential communications with a federally authorized tax practitioner under Section 7525 of the Internal Revenue Code.

ARTICLE 9 INDEMNIFICATION

9.1 Seller's Indemnification for Third-Party Claims. Seller shall indemnify, hold harmless, and defend Buyer and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Buyer's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, punitive damages and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Buyer and a third party or Seller for damage to property of unaffiliated third parties, injury to or death of any person, including Buyer's employees or any third parties, to the extent directly caused by the negligence, gross negligence or willful misconduct of Seller and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Seller's performance under this Agreement, Seller's exercise of rights under this Agreement, or Seller's breach of this Agreement. Buyer shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.

9.2 Buyer's Indemnification for Third-Party Claims. Buyer shall indemnify, hold harmless, and defend Seller and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Seller's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by

Government Authorities in any action or proceeding between Seller and a third party or Buyer for damage to property of unaffiliated third parties, injury to or death of any person, including Seller's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Buyer and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Buyer's performance under this Agreement, Buyer's exercise of rights under this Agreement, or Buyer's breach of this Agreement. Seller shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.

9.3 Indemnification Procedures. If either Party intends to seek indemnification under Sections 9.1 (Seller's Indemnification for Third-Party Claims) or 9.2 (Buyers Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) calendar 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 or delayed.

ARTICLE 10

LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

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 COSTS AND DEFAULT DAMAGES AS DEFINED IN THIS AGREEMENT, SUCH COSTS AND DEFAULT 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 OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE 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.

ARTICLE 11 FORCE MAJEURE

11.1 Force Majeure means an event or circumstance as defined in Article 1.

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 Section 11.2 (Notification).

11.2 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 12 EVENTS OF DEFAULT; REMEDIES

12.1 Events of Default. An "Event of Default" shall mean, with respect to a Party ("Defaulting Party"), the occurrence of any of the following:

- (a) the failure 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;
- (b) any representation or warranty made by such Party herein or in response to the RFP is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated;

- (c) the failure of a Party to comply with the requirements of Section 4.4 (Alternative Energy Portfolio Standards Obligation), such failure is not remedied within three (3) business days after written notice.
- (d) the failure of a Party to comply with the requirements of Section 4.7 (PJM Membership) and 4.9 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;
- (e) PJM has declared a Party 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;
- (f) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;
- (g) such Party becomes Bankrupt;
- (h) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
- (i) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than five percent (5%) of such Party's TNW, which results in such indebtedness becoming immediately due and payable or; (ii) a default by such Party in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than five percent (5%) of such Party's TNW.
- (j) the failure of a Party to comply with its obligations pursuant to Article 14 (Performance Assurance) if such failure is not remedied within three (3) Business Days after written notice.
- (k) with respect to Seller's Guarantor if any: (i) if any representation or warranty made by the Guarantor in connection with this Agreement is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated; (ii) the failure of the Guarantor 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 three (3) Business Days after written notice; (iii) the failure of the Guarantor's guaranty 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; (iv) the Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty; or (v) conditions described with respect to a Party in subparagraph (f) of this Section 12.1 (Events of Default) occurs with respect to its Guarantor.

12.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the "Non-Defaulting Party"), shall provide written notice to the Defaulting Party and shall have the right to temporarily suspend performance pursuant to Section 12.2(a) or implement all remedies pursuant to Section 12.2(b):

- (a) If an Event of Default has occurred and is continuing, 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 Section 12.2(b). If, by the end of the ten (10) Business Day period of suspension, the Non-Defaulting Party has not commenced the implementation of the remedies pursuant to Section 12.2(b), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.
- (b) If an Event of Default has occurred under this Agreement or pursuant to a transaction for default load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders and is continuing, the Non-Defaulting Party shall have the right to implement the following remedies:
 - i. designate a day, in such notice, no earlier than the day such notice is effective and no later than twenty (20) calendar days after such notice is effective, as an early termination date ("Early Termination Date") for the purposes of determining the Settlement Amount;
 - ii. calculate and receive from the Defaulting Party, payment for any Default Damages and Costs, as defined this Agreement, the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (i) the Early Termination Date (if applicable); or (ii) the Event of Default has been cured by the Defaulting Party; or (iii) the Non-Defaulting Party waives such Event of Default;
 - iii. withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages and Costs, as defined in this Agreement, or Termination Payment, as defined in Section 12.3 (Calculation and Net Out of Settlement Amounts); and
 - iv. permanently suspend performance.
- (c) If an Event of Default has occurred and the Non-Defaulting Party is the Buyer,

then:

- i. unless the Event of Default was a failure by Seller to meet any or all of its Full Requirements Service obligations, Buyer may offer to waive the default on such terms and conditions as Buyer, at its sole discretion, may deem appropriate to propose (“Special Remedy”); provided however that;
- ii. any such Special Remedy can only be offered to Seller if it first is specifically approved by the PUC in accordance with PUC Orders.

12.3 Calculation and Net Out of Settlement Amounts.

- (a) The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. For purposes of calculating the Settlement Amount, the Non-Defaulting Party shall reflect the net impact of the exercise of the option on the part of other wholesale suppliers as described in Section 4.11 (Seller Step-Up Rights) of this Agreement. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single liquidated amount (the “Termination Payment”) by netting out: (i) all Settlement Amounts that are 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 pursuant to Article 14 (Performance Assurance), plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement, as well as, pursuant to any transactions for Default Load under Supply Master Agreements executed between the Parties pursuant to the PUC Orders. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.

Seller may, in its sole discretion, add the following subsection 12.3(b) by checking this box. If Seller does not check this box, subsection 12.3(b) will not be deemed to be included as part of this Agreement.

- (b) In order to avoid doubt regarding a commercially reasonable calculation for the purposes of calculating the Settlement Amount by the Non-Defaulting Party, the quantity of amounts of Energy, Capacity and other services to have been provided under a Transaction for the period following the Early Termination Date (the “Termination Quantity”) shall be deemed those quantity amounts that would have been delivered on an hourly basis had the Transaction been in effect during the previous calendar year, adjusted for such Default Load changes as have occurred since the previous calendar year. Nothing in this section shall limit the right of the Buyer when Seller is the Defaulting Party to replace Seller’s Full Requirements Service obligation and the result of any Commission-approved procedure will be

deemed to be commercially reasonable for purposes of calculating the Settlement Amount(s) and will be deemed to have been determined by reference to the Termination Quantity.

- 12.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written notice to the Defaulting Party of the amount of the Termination Payment. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The owing Party shall make the Termination Payment within five (5) Business Days after such notice is effective (the "Termination Payment Date").
- 12.5 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 five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 13 (Dispute Resolution), and 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 by the Termination Payment Date.
- 12.6 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.

ARTICLE 13 DISPUTE RESOLUTION

- 13.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, 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 Section 13.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Rate from the original due date through the date of payment.
- 13.2 Formal Dispute Resolution. After the requirements of Section 13.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority.

ARTICLE 14 PERFORMANCE ASSURANCE

- 14.1 Requirement for Performance Assurance. With respect to Aggregate Transactions, if at any time and from time to time during the term of this Agreement, Aggregate Buyer's Exposure exceeds the Unsecured Credit on any Business Day, then Buyer shall request that Seller post Performance Assurance in an amount equal to the amount by which Aggregate Buyer's Exposure exceeds the Unsecured Credit (rounding upwards to the nearest \$100,000), less any Performance Assurance already posted with Buyer. Notwithstanding the above, Seller shall only be required to post the required Performance Assurance to the extent the amount of required Performance Assurance is equal to or greater than \$500,000. Subsequent and incremental requests for Performance Assurance shall be in \$100,000 increments. Buyer's request for Performance Assurance shall not be disputed by Seller.
- 14.2 Performance Assurance Transfers/Returns. If the request for Performance Assurance is made by Buyer before 1:00 p.m. EPT on a Business Day, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the second Business Day following the date of such request. If a request for Performance Assurance is made by Buyer at or after 1:00 p.m. EPT, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the second Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the third Business Day following the date of such request. Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. If Seller provides its Performance Assurance collateral in cash, in whole or in part, Seller will also simultaneously grant Buyer a first-priority security interest in that cash, in a form mutually acceptable to Buyer and Seller. Buyer shall not be entitled to hold Performance Assurance in the form of cash; rather, Performance Assurance in the form of cash shall be held in any major U.S. commercial bank, or a foreign bank with a U. S. branch office, (which is not the Buyer or an Affiliate of the Buyer), and has assets of at least \$10 billion and a Credit Rating of at least "A" by Standard and Poor's, or "A2" by Moody's Investor Services ("Qualified Institution"). The Buyer will pay to Seller on the first Business Day of each calendar quarter the amount of interest it receives based upon the applicable overnight repurchase interest rate from the Qualified Institution on any Performance Assurance in the form of cash posted by Seller. The interest amount or portion thereof not returned to Seller pursuant to this Section 14.2 will constitute Performance Assurance and will be subject to the provisions of Article 14 of this Agreement.

On any Business Day (but no more frequently than weekly with respect to Letters of Credit or other security acceptable to Buyer, and daily with respect to cash), Seller, at its sole cost, may request that the Performance Assurance be reduced correspondingly to reflect the decrease in Buyer Exposure or an increase in Seller's Unsecured Credit, if any (rounding upwards for any fractional amount to the nearest \$100,000). Buyer shall be required to return the amount of Performance Assurance due in accordance with the timeframes set forth in the preceding paragraph. A written means is suitable for the Seller to make requests for return of Performance Assurance.

In the event that Seller fails to provide Performance Assurance or Buyer fails to return Performance Assurance pursuant to the terms of this Article 14 (Performance Assurance) within the applicable timeframes, then an Event of Default pursuant to Section 12.1(i) shall be deemed to have occurred with respect to the non-performing Party and the other Party will be entitled to the remedies set forth therein.

In instances caused by the timing of the requests for both the return of Performance Assurance and placement of Performance Assurance, a situation may arise where the Parties are both sending and receiving transactions on the same day. In these instances, the Parties may net the requested amounts and proceed with only one transaction. Netting is only permitted for Performance Assurance purposes if it is mutually agreed to by both Parties in advance and confirmed in advance.

14.3 Unsecured Credit. During the term of this Agreement, Buyer shall extend, solely with respect to the Performance Assurance set forth in Section 14.1 (Requirement for Performance Assurance), Unsecured Credit, as defined in Article 1 of this Agreement, to Seller in an amount initially determined on the Effective Date and redetermined each Business Day thereafter pursuant to this Section 14.3.

For purposes of determining Unsecured Credit, the relevant Unsecured Credit Limit for Aggregate Transactions shall not exceed the Unsecured Credit Limit listed in the following table that corresponds to Seller's (or Seller's Guarantor's) lowest Credit Rating most recently published by S&P, Fitch and/or Moody's. The relevant TNW Amount shall be calculated using the TNW Percentage listed in the following table that corresponds to Seller's (or Seller's Guarantor's) lowest Credit Rating most recently published by S&P, Fitch and/or Moody's.

CREDIT RATING			TNW Percentage	Unsecured Credit Limit
S&P	Fitch	Moody's		
A- or above	A- or above	A3 or above	5%	\$75,000,000
BBB+	BBB+	Baa1	5%	\$50,000,000
BBB	BBB	Baa2	5%	\$35,000,000
BBB-	BBB-	Baa3	5%	\$20,000,000
Below BBB-	Below BBB-	Below Baa3	5%	\$0

Pursuant to this Article 14 and Article 1, the analysis of Unsecured Credit will also include consideration of the Guaranty Agreement, if any, submitted by Seller in connection with this contract.

14.4 Credit Rating. If during the term of the Agreement, Seller's or Seller's Guarantor's, if applicable, Credit Rating changes, by either being upgraded or downgraded by any of the rating agencies referenced in Section 14.3 (Unsecured Credit) of the Agreement, the Seller shall be required to provide written notice to Buyer of such Credit Rating change no later than two (2) Business Days after the date of such change. However, if Seller's, or Seller's Guarantor's, if applicable, equity is publicly traded on the New York Stock Exchange, NASDAQ National Market, or American Stock Exchange, the Buyer will waive the requirement to provide written notice.

14.5 Tangible Net Worth. During the term of the Agreement, Seller, or Seller's Guarantor, if applicable, shall be required to provide Buyer written financial information to determine the Seller's, or Seller's Guarantor's Tangible Net Worth. Financial information shall include an audited Annual Report, containing, but not limited to, a balance sheet prepared in accordance with generally accepted accounting principles, a schedule of long term debt including maturity dates, and all notes to the financial statement that apply to long term debt, short term borrowing, and liquidity and capital resources. The Seller, or Seller's Guarantor, shall also provide the Buyer written financial information on a quarterly basis containing a balance sheet prepared in accordance with generally accepted accounting principles. However, if Seller's, or Seller's Guarantor's, if applicable, equity is publicly traded on the New York Stock Exchange, NASDAQ National Market, or American Stock Exchange, the Buyer will waive the requirement to provide written financial information.

14.6 Aggregate Buyer's Exposure. In order to determine the amount of Performance Assurance during the term of this Agreement, Buyer shall calculate the Aggregate Buyer's Exposure under Aggregate Transactions once per Business Day. On a Transaction Date, the Buyer's Exposure for that Transaction shall be deemed equal to zero.

To the extent that the calculations of the Aggregate Buyer's Exposure for a given date result in a negative number, the Aggregate Buyer's Exposure for such date shall be deemed equal to zero.

- (a) Pricing Agent. Buyer shall contract with and pay for the services of a single independent consultant to provide pricing services ("Pricing Agent") with respect to the Transactions under this Agreement. The Pricing Agent shall provide to the Buyer the On-Peak Initial Mark Price and the Off-Peak Initial Mark Price. In addition, on each Business Day, the Pricing Agent shall provide to the Buyer the On-Peak Forward Price and the Off-Peak Forward Price. To the extent that information and/or quotes are not available to determine an On-Peak Forward Price or Off-Peak Forward Price for a given month the Pricing Agent shall be permitted to use information and/or quotes relevant to such month for which information/and quotes are available in order to provide the Buyer the required On-Peak Forward Price and Off-Peak Forward Price for such month. Exhibit E presents in more detail the methodology to be used by the Pricing Agent in determining the Off-Peak Initial Mark Price, On-Peak Initial Mark Price, Capacity Forward Price, Capacity Initial Mark Price, the On-Peak Forward Price, and the Off-Peak Forward Price.
- (b) Buyer shall use reasonable efforts to provide Seller with Aggregate Buyer's Exposure on each Business Day subject to the confidentiality provisions of this Agreement.
- (c) Pursuant to Section 14.1 above, Seller shall not dispute any request by Buyer for Performance Assurance. Notwithstanding such provision, Seller may dispute the Pricing Agent's determinations of the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, Capacity Forward Price, Capacity Initial Mark Price, On-Peak Forward Price, and Off-Peak Forward Price if Seller can demonstrate that the Pricing Agent has been grossly negligent or has exhibited willful misconduct in such determinations, or that the Pricing Agent is making such determinations in a manner that is arbitrary, capricious or erroneous on its face. Such dispute of the Pricing Agent's determinations by the Seller shall not be cause for any delay by the Seller in posting any Performance Assurance requested by the Buyer.

14.7 Accelerated Payments. If at any time and from time to time during the term of this Agreement, a Buyer Downgrade Event occurs, or notwithstanding the provisions of Article 7 (Billing and Settlement), Seller shall have the right to require Buyer to divide the Monthly Settlement Amount into weekly amounts and pay such amounts on a weekly basis for so long as the Buyer Downgrade Event continues. A "weekly basis" as referred to in the preceding sentence means a given Monday through Sunday period in a Delivery Period. Seller shall notify Buyer who shall be required to make payment for such period no later than the first Wednesday following such period (or if such day is not a Business Day, on the next Business Day). Buyer's failure to make such accelerated payments shall be deemed an Event of Default under Section 12.1 (Events of Default) of the Agreement.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES

15.1 Representations and Warranties. On the Effective Date and throughout the term of this Agreement, each Party represents and warrants to the other Party that:

- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and each Transaction;
- (c) the execution, delivery and performance of this Agreement and each Transaction are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) this Agreement and each Transaction constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses;
- (e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it becoming Bankrupt ;
- (f) 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 and each Transaction;
- (g) 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 and each Transaction;
- (h) with respect to Buyer, it is acting to fulfill its obligations under and in accordance with PUC Orders to enter into this Agreement;
- (i) 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 each Transaction, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;
- (j) it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code; and

- (k) it has entered into this Agreement and each Transaction in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of the Full Requirements Service; and it is an “eligible contract participant” as defined in Section 1a(12) of the Commodity Exchange Act.

15.2 *Additional Understandings.* This Agreement is for the purchase and sale of Full Requirements Service that will be delivered in quantities expected to be used or sold over a defined period(s) in the normal course of business, and it is the intention at the inception and throughout the term of this Agreement and each Transaction hereunder that the Agreement will result in physical delivery and not financial settlement, and the quantity of Full Requirements Service that Seller must deliver and Buyer must receive will be determined by the requirements of the OMPS Load served by Buyer, and, as such, the Agreement does not provide for an option by either Party with respect to the quantity of Full Requirements Service to be delivered or received during performance of the Agreement. This Agreement has been drafted to effectuate Buyer's and Seller's specific intent so that in accordance with Financial Accounting Standards Board Statement No. 133 (“FAS 133”), as amended, Buyer would be able to elect to use accrual accounting for its purchases under this Agreement, while Seller would be able to elect to use either accrual or mark-to-market accounting for its sales under the Agreement. If either Buyer or Seller determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of FAS 133, as amended, or otherwise, then Buyer and Seller agree to meet and use their best efforts to reform the Agreement so that, with the minimum changes possible, the Agreement again qualifies for the intended accounting treatments.

ARTICLE 16 MISCELLANEOUS

16.1 *Notices.* Unless otherwise specified herein, all notices shall be in writing and delivered by hand, overnight or facsimile (provided a copy is also sent by overnight mail). Notice shall be effective on the next Business Day after it is sent. A Party may change its address by providing notice of the same in accordance with this Section 16.1. Notice information for Buyer and Seller is shown on Exhibit G.

16.2 *General.* 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. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement or any Transaction. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement or any Transaction; 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.

16.3 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; and
- (e) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.
- (f) in the event of an apparent or actual inconsistency between this Agreement and the PPL Electric Utilities Corporation Request for Proposals (RFP) Process and Rules: Optional Monthly Pricing Service, the provisions of this Agreement shall control. This Agreement supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, and there are no oral representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

16.4 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 Sections 7.1 (Billing) and 7.5 (Interest on Unpaid Balances).

16.5 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 provision 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; or (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.

(b) Notwithstanding any other provision of this Section 16.5, 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 16.5, 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) Any independent auditor performing an audit on behalf of a Party pursuant to Section 16.4 shall be required to execute a confidentiality agreement with the Party being audited. Such audit information shall be treated as confidential pursuant to this Section 16.5,

(e) 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 16.5. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 16.5, 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.

16.6 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.

16.7 Assignment/Change in Corporate Identity. Neither Party shall assign this Agreement, its rights or obligations hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder),

- (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements;
- (b) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets whose: (i) creditworthiness is equal to or higher than that of such Party; or (ii) in such event, the transferee should assume all obligations pursuant to this Agreement and shall provide appropriate Performance Assurances as required by this Agreement; and

- (c) provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

16.8 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTITUTED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

16.9 Jurisdiction and Venue. 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 Federal or State courts of Pennsylvania and each Party hereby irrevocably submits to the *in personam* jurisdiction of such courts. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.10 Amendments. Except as provided in Section 16.11 (PJM Agreement Modifications), this Agreement or any Transaction shall not be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties. Except as provided in Section 16.11 (PJM Agreement Modifications), the rates, terms and conditions contained in this Agreement or any Transaction are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. Absent the agreement of all parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” standard of review 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) (the “*Mobile-Sierra*” doctrine).

16.11 PJM Agreement Modifications.

- (a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references 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.

16.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties

hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

16.13 Regulatory Approvals. The commencement of the Delivery Period is subject to the receipt or waiver by Buyer of all Buyer required regulatory approvals. In the event such required regulatory approvals are not received or waived, the Step-Up provisions of Section 4.11 (Seller Step-Up Rights) shall apply.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement to be effective as of the day and year first written above.

ATTEST:

PPL ELECTRIC UTILITIES CORPORATION

By: _____

Title: _____

Name: _____

Title: _____

ATTEST:

By: _____

Title: _____

Name: _____

Title: _____

EXHIBIT A

TRANSACTION CONFIRMATION EXAMPLE

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Optional Monthly Pricing Service Supply Master Agreement (“OMPS SMA”) dated ___ between PPL Electric Utilities Corporation (“Company” or “PPL Electric”) and ___ (“Seller”). Terms used but not defined herein shall have the meanings ascribed to them in the OMPS SMA. This Transaction Confirmation shall confirm the following terms of the transaction (“Transaction”) agreed to on ___ (“Bid Proposal Due Date”).

Product: Full Requirements Electric Service
 Customer Group: Large Commercial and Industrial
 Service Type: Optional Monthly Pricing Service Customers
 Delivery Location: PPL Zone
 Delivery Period: -----

The Seller’s Specified Percentage is ___. Seller will supply ___ tranches at the following Monthly Settlement Prices: \$ ___ per MWh in the month of ___; \$ ___ per MWh in the month of ___; and \$ ___ per MWh in the month of ___.

Service Type	Total Tranches	% Size of a Tranche	PLC (MW)	MW-Measure
Optional Monthly Pricing Service Customers				

	Delivery Period Quantities		
	Jun	Jul	Aug
Off-Peak Estimated Energy Quantity Per MW-Measure (MWh)			
On-Peak Estimated Energy Quantity Per MW-Measure (MWh)			
Estimated Capacity Quantity Per MW-Day (MW-Day)			

Please confirm that the terms stated herein accurately reflect the Transaction reached on the Bid Proposal Due Date above between Seller and PPL Electric by returning an executed copy of this Transaction Confirmation by facsimile to PPL Electric at [Fax number to be provided] in accordance with Section 2.8 – Transaction Confirmation of the OMPS SMA. The signatories to this Transaction Confirmation must have the authority to enter into this Transaction.

SELLER

By: ___

Name: ___

Title: ___

PPL ELECTRIC UTILITIES CORPORATION

By: ___

Name: ___

Title: ___

EXHIBIT B

ALTERNATIVE ENERGY PORTFOLIO STANDARDS OBLIGATION

This Exhibit B shall confirm the Alternative Energy Portfolio Standards Obligation of the transaction ("Transaction") agreed to on__ ("Bid Proposal Due Date").

Alternative Energy Portfolio Standards Obligations for the period beginning January 1, 2011 based on the retail MWh that the Buyer sells to others as supplied by Seller during those months in which the Seller is providing supply:

<u>Compliance Period</u>	<u>Tier I</u>	<u>PV(included in Tier I Obligation)</u>	<u>Tier II</u>
1/1/11 to 5/31/11	3.0%	0.0203%	6.2%
6/1/11 to 5/31/12	3.5%	0.0325%	6.2%
6/1/12 to 5/31/13	4.0%	0.0510%	6.2%
6/1/13 to 5/31/14	4.5%	0.0840%	6.2%
6/1/14 to 5/31/15	5.0%	0.1440%	6.2%

EXHIBIT C

PERFORMANCE ASSURANCE EVERGREEN LETTER OF CREDIT

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

ISSUE DATE ___

EXPIRY DATE: ___

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

[NAME]

[ADDRESS]

CURRENCY AMOUNT USD

*****§

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 ON ___ AT 5:00 PM NEW YORK, NEW YORK TIME 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 WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE HONORED ON PRESENTATION IF ACCOMPANIED BY THE REQUIRED DOCUMENTS PURSUANT TO THE TERMS OF THIS LETTER OF CREDIT.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED AND DATED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD (INSERT AMOUNT), BEING MADE UNDER THE BANK OF ___ (INSERT NAME OF BANK) LETTER OF CREDIT NUMBER (INSERT LETTER OF CREDIT REFERENCE NUMBER), REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT FOR PERFORMANCE ASSURANCE RELATED TO THE PPL OPTIONAL MONTHLY PRICING SERVICE SUPPLY MASTER AGREEMENT DATED ___ BETWEEN ___ AND ___.”

2. THIS ORIGINAL LETTER OF CREDIT AND ANY AMENDMENT(S).

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 SHALL 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 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 PRIOR TO THE STATED EXPIRY DATE UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM THE APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM THE BENEFICIARY RELEASING THE 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 REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRATION DATE OF THIS LETTER OF CREDIT FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS HEREIN TO BENEFICIARY 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

THE APPLICANT.

2. THIS LETTER OF CREDIT MAY NOT 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"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
5. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE 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 D

SAMPLE PJM INVOICE

FINAL BILLING STATEMENT ISSUED ON: MM/DD/YYYY **FOR PERIOD:**
MM/DD/YYYY **TO** MM/DD/YYYY

OPERATING AGREEMENT OF PJM INTERCONNECTION, L.L.C.			
	Day-Ahead	Balancing	Total
Charges:			
Spot Market Energy	Seller	Seller	Seller
Transmission Congestion	Seller	Seller	Seller
Transmission Losses	Seller	Seller	Seller
Regulation			Seller
Inadvertent Interchange			Seller
Synchronized Reserve			Seller
Operating Reserves	Seller	Seller	Seller
Synchronous Condensing			Seller
PJM Customer Payment Defaults			Seller
Reconciliation for Spot Market			Seller
Reconciliation for Regulation			Seller
Reconciliation for Transmission Congestion			Seller
Reconciliation for Transmission Losses			Seller
Reconciliation for Synchronized Reserves			Seller
Financial Transmission Rights Auction			Seller
Meter Error Correction			Seller
Load Response Program			Seller
Credits:			
Transmission Losses			Seller
Reconciliation for Transmission Losses			Seller
Emergency Energy			Seller
Auction Revenue Rights			Buyer

EXHIBIT D (Continued)

SAMPLE PJM INVOICE

**FINAL BILLING STATEMENT ISSUED On: MM/DD/YYYY FOR PERIOD:
MM/DD/YYYY TO MM/DD/YYYY**

PJM OPEN ACCESS TRANSMISSION TARIFF:	
	Total
Charges:	
PJM Scheduling, System Control and Dispatch Service	Seller
Transmission Owner Scheduling, System Control and Dispatch Service	Seller
Reactive Supply and Voltage Control from Generation Sources Service	Seller
Black Start Service	Seller
Network Integration Transmission Service	Buyer
Network Transmission Service Offset Charges	Buyer
Firm Point-to-Point Transmission Service	Seller
North American Electric Reliability Corporation (NERC)	Seller
Non-Firm Point-to-Point Transmission Service	Seller
Expansion Cost Recovery	Buyer
Transmission Enhancement	Buyer
Reconciliation for PJM Scheduling, System Control and Dispatch Service	Seller
Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service	Seller
Locational Reliability	Seller
Credits:	
Non-Firm Point-to-Point Transmission Service	Buyer
Other Supporting Facilities	Buyer
Reliability Assurance Agreement Among Load Serving Entities in the PJM Control Ares:	
	Total
Charges:	

EXHIBIT D (Continued)

SAMPLE PJM INVOICE

Capacity Deficiency	Seller
Credits:	
Capacity Excess	Seller

EXHIBIT E

METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Parameters

In calculating the Mark to Market (MtM) Exposure for each Transaction, the following parameters are set on the Transaction Date:

1. On-Peak Initial Mark Price
2. Off-Peak Price Ratio/On-Peak Price Ratio
3. Off-Peak Initial Mark Price
4. On-Peak Estimated Energy Quantity Per MW-Measure for each of the calendar months in the Delivery Period
5. Off-Peak Estimated Energy Quantity Per MW-Measure for each of the calendar months in the Delivery Period
6. Capacity Initial Mark Price
7. Estimated Capacity Quantity Per MW-Day for each of the calendar months in the Delivery Period
8. MW-Measure
9. 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. Capacity Forward Price
4. On-Peak Estimated Energy Quantity
5. Off-Peak Estimated Energy Quantity
6. Capacity Obligation
7. Current PLC Per Tranche
8. Estimated Capacity Quantity

Calculation of the MtM Exposure

On each Business Day subsequent to the Transaction Date, the MtM Exposure will be calculated, with respect to each month remaining in the Transaction Delivery Period, as the sum of the following:

- (i) the relevant month On-Peak Forward Price minus the relevant month On-Peak Initial Mark Price, multiplied by the relevant month On-Peak Estimated Energy Quantity;
- (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the relevant month Off-Peak Estimated Energy Quantity;

- (iii) the relevant month Capacity Forward Price minus the relevant month Capacity Initial Mark Price, multiplied by the relevant month Estimated Capacity Quantity.

Determination of On-Peak Forward Prices

On each Business Day subsequent to the Transaction date, the Pricing Agent will follow the steps outlined below to determine the on-peak forward prices.

1. The Pricing Agent will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for PJM Western Hub On-Peak Hours for each month of the Delivery Period. Both bid and ask Energy price quotes must be available to be considered a valid quote.
2. If a minimum of two quotes in a particular month are available, the Pricing Agent will determine the On-Peak Forward Price by averaging the bid and ask Energy prices.
3. If a minimum of two quotes in a particular month are not available, then the Pricing Agent will determine the On-Peak Forward Price using an annual quote, obtain in the same manner above. In this case, the On-Peak Forward Price will be calculated as the product of the On-Peak Price Ratio and the annual price quote.

Determination of Off-Peak Forward Prices

On each Business Day subsequent to the Transaction date, the Pricing Agent will follow the steps outlined below to determine the off-peak forward prices.

1. The Pricing Agent will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for PJM Western Hub Off-Peak Hours for each month of the Delivery Period. Both bid and ask Energy price quotes must be available to be considered a valid quote.
2. If a minimum of two quotes in a particular month are available, the Pricing Agent will determine the Off-Peak Forward Price by averaging the bid and ask Energy prices.
3. If a minimum of two quotes in a particular month are not available, then the Pricing Agent will determine the Off-Peak Forward Price using an annual quote, obtained in the same manner above. In this case, the Off-Peak Forward Price will be calculated as the product of the Off-Peak Price Ratio and the annual price quote.

Determination of Capacity Forward Prices

The Pricing Agent will obtain Capacity Forward Prices for the PPL Zone, or capacity pricing region within which the PPL Zone is included, as reported by PJM. To the extent that actual Capacity Forward Prices are unavailable through PJM, the Pricing Agent will obtain applicable Capacity Forward Prices as estimated by PJM.

EXHIBIT E (Continued)

MFM EXAMPLE CALCULATION FOR A TRANSACTION

Information from a Transaction Confirmation:	
Delivery Period: June, 1, 2011, through August 31, 2011	
Total Tranches (p):	4
MW-Measure (q):	50

Month	Estimated Quantity Per MW-Measure		Estimated Capacity Quantity Per MW-Day (u)
	On-Peak MWh (n)	Off-Peak MWh (o)	
Jun-2011	13500	10100	1500
Jul-2011	16300	11400	1550
Aug-2011	17000	12100	1550

MIM Exposure Calculation	
Business Day on which MIM is calculated:	24-Jun-11
Current PLC Per Tranche (j):	51.3
Percentage of On-Peak Hours Remaining in Current Month (s):	19.5%
Percentage of Off-Peak Hours Remaining in Current Month (t):	20.4%
Percentage of Days Remaining in Current Month (v):	20.0%

Month	On-Peak				Off-Peak				Capacity			MIM Exposure (\$) (m) = (c)* (d) + (g)* (h) + (k)* (l)	
	Forward Price (a)	Initial Mark Price (b)	Change in Price (c) = (a) - (b)	Estimated Energy Quantity (MWh) (d) = (n)* (v)/(q)* (p)* (s)	Forward Price (e)	Initial Mark Price (f)	Change in Price (g) = (e) - (f)	Estimated Energy Quantity (MWh) (h) = (o)* (v)/(q)* (p)* (t)	Forward Price (i)	Initial Mark Price (j)	Change in Price (k) = (i) - (j)		Estimated Capacity Quantity (MW-Day) (l) = (u)* (v)/(q)* (p)* (v)
Jun-2011	\$75.00	\$85.00	-\$10.00	10811	\$60.00	\$65.00	-\$5.00	8459	\$50.00	\$20.00	\$30.00	1231	-\$113,465.69
Jul-2011	\$125.00	\$135.00	-\$10.00	66895	\$65.00	\$70.00	-\$5.00	46786	\$50.00	\$20.00	\$30.00	6361	-\$712,044.00
Aug-2011	\$125.00	\$135.00	-\$10.00	69768	\$65.00	\$70.00	-\$5.00	49658	\$50.00	\$20.00	\$30.00	6361	-\$755,136.00

EXHIBIT F

UNCONDITIONAL GUARANTY

THIS GUARANTY AGREEMENT (this "Guaranty") is made and entered into as of this ___ day of ___, by ___ (the "Guarantor"), with an address at ___, in favor of PPL Electric Utilities Corporation (the "Buyer"), with an address at ___, in consideration of all Transactions for Default Service, Optional Monthly Pricing Service and Alternative Energy Credit under Supply Master Agreement(s) ("SMA(s)") between PPL Electric Utilities Corporation and ___ (the "Seller"), including but not limited to Transactions under the Competitive Bridge Plan and the Default Service Plan, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Guarantor is the ___ of Seller.

Whereas, Seller ___ is an affiliate of ___, ___ will therefore benefit by Seller entering into SMA(s) with Buyer and ___ desires Buyer to enter into SMA(s) with Seller and to extend credit to Seller thereunder. (May be revised if guarantor is not a parent or affiliate of Seller.)

1. Guaranty of Obligations.

- (a) The Guarantor hereby irrevocably and unconditionally guarantees, with effect from date hereof, the prompt and complete payment when due of all of Seller's payment obligations under the SMA(s) (to the extent such payment obligations exceed the amount of any Performance Assurance provided to the Buyer by Seller as defined in and in accordance with the SMA(s)), including, but not limited to AEPS obligations, whether on scheduled payment dates, when due upon demand, upon declaration of termination or otherwise, in accordance with the terms of the SMA(s) and giving effect to any applicable grace period, and, provided only that the Buyer is the prevailing party in any judicial suit, action or proceeding arising out of, resulting from, or in any way relating to this Guaranty, or if by mutual agreement by Guarantor and Buyer, all reasonable out-of-pocket costs and expenses incurred by Buyer in the enforcement of the Guarantor's obligations or collection under this Guaranty, including reasonable attorney's fees and expenses (collectively, the "Obligations"). [Optional provision: Notwithstanding anything to the contrary herein, the liability of the Guarantor under this Guaranty and Buyer's right of recovery hereunder for all Obligations is limited to a total aggregate amount of \$___ ("Guaranty Amount"), where Guaranty Amount shall be no less than Five Hundred Thousand US Dollars (\$500,000).]
- (b) The limitations on liabilities of the Seller set forth in Article 10 of the SMA(s) shall also apply to the liabilities of the Guarantor hereunder.

2. Nature of Guaranty; Waivers

- (a) This is a guaranty of payment and not of collection and the Buyer shall not be required, as a condition of the 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 the Guarantor is not obligated to provide power under the SMA(s) 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 SMA(s) has been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Buyer or any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of the Buyer 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 SMA(s) resulting from the conduct of the Buyer) 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 SMA(s), (all of which are expressly reserved under this Guaranty), the Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim the Guarantor may have against Seller or the Buyer, 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 the 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 SMA(s); or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the SMA(s) (other than any law or regulation that eliminates or nullifies the obligations under the SMA(s)).
- (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 Buyer to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The 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 SMA(s).
- (e) The Buyer at any time and from time to time, without notice to or the consent of the Guarantor, and without impairing or releasing, discharging or modifying the Guarantor's liabilities hereunder, may (i) to the extent permitted by the SMA(s), 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 SMA(s), 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 the Buyer deems appropriate at its sole discretion; (iv) substitute, exchange or release any guaranty; or (v) take such actions and exercise such remedies hereunder as Buyer deems appropriate.

3. Representations and Warranties. The 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 the 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 Buyers' 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 the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the 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 creditor of the 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 the Guarantor, threatened by or against the Guarantor that would have a material adverse effect on this Guaranty.

4. Repayments or Recovery from the Buyer. If any demand is made at any time upon the Buyer 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 the Seller and if the Buyer 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, the 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 the Buyer. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by the Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to the Buyer'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 the Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. The 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, the Guarantor postpones and subordinates in favor of the Buyer any and all rights which the Guarantor may have to (a) assert any claim against the Seller based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Seller, including participation in any marshalling of the Seller's assets. Upon payment of such due and unpaid Obligations, Buyer agrees that Guarantor shall be subrogated to the rights of Buyer against Seller to the extent of Guarantor's payment to Buyer.
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 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 the Buyer and the Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Buyer shall be directed to:

Attn: Doug Stinner
Phone: 610-774-5568
Fax: 610-774-5694

or such other address as the Buyer shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

Attn: ____
Phone: ____
Fax: ____

or such other address as the Guarantor shall from time to time specify to Buyer.

8. Preservation of Rights. Except as provided by any applicable statute of limitations, no delay or omission on the Buyer'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 the Buyer's action or inaction impair any such right or power. The Buyer's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Buyer may have under other agreements with the 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 the Guarantor therefrom, will be effective unless made in a writing signed by the Buyer, 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 the Guarantor in any case will entitle the 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 the Guarantor and the Buyer with respect to the subject matter hereof.
12. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of

the Guarantor and the Buyer 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 Buyer 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 Buyer assigns the SMA(s) in accordance with Section 16.7(b) of the SMA(s), and except that this Section 12 shall not limit the Guarantor's right to assign this Guaranty, along with substantially all of the 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 the 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 Baa2, as rated by Moody's, and (ii) the Seller is in compliance with Article 14 of the SMA(s). 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, the 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 the Buyer and the 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 Buyer. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE BUYER AND THE GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES.
 - (b) The Guarantor hereby irrevocably consents to the non-exclusive jurisdiction of any federal court in the Commonwealth of Pennsylvania, but in the event that the Guarantor and the Buyer determine in good faith that jurisdiction does not lay with such court or that such court refuses to exercise jurisdiction or venue over the Guarantor and the Buyer or any claims made pursuant to this Guaranty, then the Guarantor and the Buyer agree to submit to the non-exclusive jurisdiction of the Pennsylvania state courts; provided that nothing contained in this Guaranty will prevent the Buyer from bringing any action, enforcing any award or

judgment or exercising any rights against the Guarantor individually, against any security or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction. The Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both the Buyer and the Guarantor. The 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. THE GUARANTOR AND BUYER 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. THE GUARANTOR AND BUYER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.
16. Term. This Guaranty shall survive termination of the SMA(s) 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 SMA(s) 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 SMA(s) shall nonetheless be payable by the Guarantor hereunder on written demand by Buyer.

The Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

[Guarantor]

By: _____

Name: ____

Title: ____

EXHIBIT G

FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

BUYER: PPL Electric Utilities Corporation

SELLER:

All Notices:

Street: **Two North Ninth Street**
City/State/Zip: **Allentown, PA 18101**
Attn: **Douglas R. Stinner**
Facsimile: **610-774-5694**
Duns: **00-790-9427**
Federal Tax ID Number: **23-0959590**

All Notices:

Street:
City/State/Zip
Attn:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: **Douglas R. Stinner**
Phone: **610-774-5568**
Facsimile: **610-774-5694**

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn: **N/A**
Phone: **N/A**
Facsimile: **N/A**

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn: **Douglas R. Stinner**
Phone: **610-774-5568**
Facsimile: **610-774-5694**

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK: **Mellon Bank**
ABA:
ACCT:

Wire Transfer

BNK:
ABA:
ACCT:

Credit and Collections:

Attn: **Douglas R. Stinner**
Phone: **610-774-5568**
Facsimile: **610-774-5694**

Credit and Collections:

Attn:
Phone:
Facsimile:

**With additional Notices of an
Event of Default to:**

Attn: **Douglas R. Stinner**

Phone: **610-774-5568**

Facsimile: **610-774-5694**

**With Additional Notices of an
Event of Default to:**

Attn:

Phone:

Facsimile:

EXHIBIT H

PJM DECLARATION OF AUTHORITY

This Declaration of Authority (“Declaration”) is a statement and certification made this ___ day of __, __ by PPL Electric Utilities Corporation, (“PARTY A”) and [Seller] (“PARTY B”) for the benefit of PJM Interconnection, LLC.

RECITALS:

WHEREAS, PJM is a Regional Transmission Organization (“RTO”) subject to the jurisdiction of the Federal Energy Regulatory Commission, (“FERC”);

WHEREAS, PJM administers 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 control area functions, including economic dispatch, the scheduling of transmission service and emergency response to ensure reliability across an integrated transmission system; and

WHEREAS, in capacities more fully described below, PARTY A and PARTY B seek to participate either directly or indirectly in the markets administered by PJM or engage in operations that use or affect the integrated transmission system operated by PJM.

DECLARATION:

NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy and completeness of the statements made below, PARTY A and PARTY B, as indicated below, provide the following certifications:

1. Certification.

- (a) PARTY B hereby certifies that in all activities with PJM regarding PARTY B’s provision of Energy, Capacity, Ancillary services, scheduling and procurement of transmission service, congestion management and all other required products and services necessary to serve the load obligation assumed by PARTY B, PARTY B shall be billed and be primarily liable to PJM for all costs associated in its procurement of such products and services; provided, however, that charges, for PPL Electric customers, for Network Integration Transmission Service, Transitional Market Expansion assessed to Network Integration Transmission Service customers, Expansion Integration assessed to Network Integration

Transmission Service customers, and any Transmission Congestion credits remaining at the end of a planning period for such load shall be billed to PARTY A and remain the sole and primary responsibility of PARTY A.

2. Reliance By PJM On Certifications.

- (a) Each of PARTY A and PARTY B recognizes and accepts that PJM is relying on the truth, accuracy and completeness of the certifications herein made in making its assessments as to creditworthiness and in assuring PJM's own compliance with its tariff, operating agreement, reliability agreement and business practices.
- (b) Each of PARTY A and PARTY B recognizes and accepts that each has a continuing duty to notify PJM if and when the certifications herein made cease to be accurate or complete. Until such time as PJM receives written notification of any changes to such certifications, signed by both PARTY A and PARTY B, 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. Any written notice of changes to the certifications herein made must be provided to PJM at least thirty (30) calendar days in advance of their effectiveness.
- (c) Each of PARTY A and PARTY B recognize and acknowledge that PJM will receive and rely on individually modeled Optional Monthly Pricing Service Seller accounts that contain only zonal-specific Optional Monthly Pricing Load to manually adjust the accounts to move the applicable billing line items' amounts in their entirety from the applicable Optional Monthly Pricing Service Seller's account to the applicable EDC's account.
- (d) PARTY A and PARTY B recognize and acknowledge that they have entered into a Optional Monthly Pricing Service Supply Master Agreement ("OMPS SMA") and that this Certification is not intended in any way to change, revise or redistribute the rights and obligations of PARTY A or PARTY B under the OMPS SMA. If this Certification is determined to be inconsistent with any provision of the OMPS SMA, with respect to the rights and obligations of PARTY A and PARTY B under the OMPS SMA, the provisions of the OMPS SMA shall be controlling on PARTY A and PARTY B.

3. Duration. Each of PARTY A and PARTY B acknowledge and agree that this Declaration shall terminate upon the termination of the OMPS SMA in accordance with its terms. To this end, within thirty (30) calendar days prior to the termination of the OMPS SMA in accordance with its terms or as soon thereafter as is practicable, each of PARTY A and PARTY B will provide written notice to PJM of the termination of this Declaration.

IN WITNESS WHEREOF, PARTY A and PARTY B execute this Declaration to be effective as of the date written above.

PARTY A
PPL Electric Utilities Corporation

PARTY B _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____