

EXHIBIT SRX-1

[DELETE]

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND COSTS

Variable Distribution Service Charge rates for electric service in Rate Schedules R, R-H and RT of this Tariff shall include \$0.0017 per kWh for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below, pursuant to Section 2804(b) of the Competition Act. The USFC rates for electric service may be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, in the manner described below:

COMPUTATION OF USFC.

The USFC per kWh, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$USFC = \frac{(C - E)}{(S)}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedules identified above. The amount of USFC, per kWh, will vary, if appropriate, based upon annual filings by the Company.

In computing the USFC, per kWh, pursuant to the formula above, the following definitions shall apply:

"Universal Service Fund Cost" – \$383 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 90,000.

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R, R-H, and RT, to recover Universal Service Fund Costs.

"C" - Cost in dollars of the Universal Service Fund Cost for the projected period. Such amount will be based on the actual number of CAP customers at the end of the "E" factor period.

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under this calculation.

"S" - projected kWh of electric service to be billed under Rate R, R-H, and RT during the projected period when rates will be in effect, per Appendix A of the Joint Petition for Full Settlement at Docket No. R-00973953.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION: AUDIT: RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective January 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(I) Indicates Increase

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PROVISIONS FOR RECOVERY OF SUPPLEMENTAL UNIVERSAL SERVICE FUND COSTS

Variable Distribution Service Charge rates for electric service in Rate Schedules R, R-H and RT of this Tariff shall include \$.xxxx per kWh for recovery of Supplemental Universal Service Fund Cost ("Supplemental USFC"), calculated in the manner set forth below, pursuant to Section 2804(b) of the Competition Act. The Supplemental USFC rate for electric service shall be designed to recover \$5.5 million annually (pursuant to the Order entered at M-00061945 with a reconciliation mechanism, in the manner set forth below:

COMPUTATION OF SUPPLEMENTAL USFC.

The Supplemental USFC per kWh, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the following formula:

$$\text{SUPPLEMENTAL USFC} = \frac{(C+L-E-I)}{(S)} \quad (C)$$

The Supplemental USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedules identified above. The amount of Supplemental USFC, per kWh, will vary, if appropriate, based upon annual filings by the Company.

In computing the Supplemental USFC, per kWh, pursuant to the formula above, the following definitions shall apply:

"SUPPLEMENTAL USFC" – Supplemental Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R, R-H, and RT, to recover Supplemental Universal Service Fund Costs.

"C" - Cost in dollars of the Supplemental Universal Service Fund Cost for the projected period. Such amount will be \$5.5 million pursuant to the Order entered at M-00061945.

"L" – Incremental LIURP expenditures of \$1million in 2010, \$1.5 million in 2011, \$2.0 Million in 2012, and \$2.5 Million in 2013 as approved in the Joint Petition for Settlement of Docket No. P-2008-2062734. (C)

"E" - the net (overcollection) or undercollection of Supplemental Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Supplemental USFC.

"I" - Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped.

"S" - projected kWh of electric service to be billed under Rate R, R-H, and RT during the projected period when rates will be in effect.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual Supplemental USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective January 1 of each year, or at such time as the Commission may prescribe. The Supplemental USFC mechanism is subject to annual audit review by the Bureau of Audits.

(C) Indicates Change