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December 2, 2010

BY HAND

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
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RE: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period January 1, 2011 Through May 3, 2013 - Docket No. P-2008-2060309

Dear Secretary Chiavetta:

Enclosed, for filing, is the Petition of PPL Electric Utilities Corporation for Expedited Approval to Procure a Long-Term 50 MW Block of Default Supply for Residential Customers Pursuant to the Settlement of the Default Service Procurement Plan in the above-referenced proceeding.

Copies have been provided to the persons in the manner indicated on the Certificate of Service.

Respectfully Submitted,

Andrew S. Tubbs

AST/jl

Enclosures

cc: Honorable Susan D. Colwell
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :
for Approval of a Default Service Program : Docket No. P-2008-2060309
and Procurement Plan for the Period January :
1, 2011 Through May 31, 2013 :

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**PETITION OF PPL ELECTRIC UTILITIES CORPORATION
FOR EXPEDITED APPROVAL TO PROCURE A LONG-TERM,
50 MW BLOCK OF DEFAULT SUPPLY FOR RESIDENTIAL
CUSTOMERS PURSUANT TO THE SETTLEMENT OF
THE DEFAULT SERVICE PROCUREMENT PLAN**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), by and through its attorneys, hereby files this Petition to request that the Pennsylvania Public Utility Commission (“Commission”) approve the procurement of a 50 MW block of fixed price default supply for residential customers through a 10-year unit contingent procurement (“Long-Term Product”), pursuant to the terms of the settlement of the Company’s Default Service Procurement Plan (“DSP Plan”). In order to have the Long-Term Product available by June 1, 2011, the Company proposes to include this solicitation in its next DSP Plan solicitation, which is scheduled for April 18, 2011. PPL Electric therefore requests that the Commission act upon this Petition at or before its Public Meeting scheduled for February 10, 2011. In support thereof, PPL Electric states as follows:

II. BACKGROUND

1. PPL Electric is a “public utility” and an “electric distribution company” as those terms are defined under the Public Utility Code, 66 Pa.C.S. §§ 102 and 2803, subject to the regulatory jurisdiction of the Commission. PPL Electric’s address is Two North Ninth Street, Allentown, Pennsylvania 18101.

2. PPL Electric’s attorneys are:

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PPL Electric’s attorneys are authorized to receive all notices and communications regarding this Petition.

3. PPL Electric furnishes electric distribution, transmission, and provider of last resort electric supply services to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

4. On August 28, 2008, PPL Electric filed the above-captioned DSP Plan to establish the terms and conditions under which PPL Electric would provide default service and obtain generation supply for that service for the period of January 1, 2011 through May 31, 2013.

5. On October 15, 2008, Governor Rendell signed House Bill No. 2200, subsequently identified as Act No. 129, which established, among other things, certain new requirements for the acquisition of default supply by electric distribution companies. Among other provisions, the law amended the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801 *et seq.*, to require EDCs, in their role as default suppliers, to procure Alternative Energy Credits (“AECs”) through competitive processes utilizing a “prudent mix” of contracts. *See* 66 Pa.C.S. § 2807(e)(3.5).

6. Because Act 129 was passed after PPL Electric filed its DSP Plan, the Company, without objection of the parties, requested and was granted the right to file revisions to the DSP Plan. On November 3, 2008, PPL Electric filed its amended DSP Plan.

7. On March 11, 2009, a Joint Petition for Settlement (“Settlement”) was submitted to Administrative Law Judge Susan D. Colwell, along with multiple statements in support of the Settlement. The Settlement contained a full description of the DSP Plan, as revised and agreed to by the parties, pursuant to which PPL Electric would provide default service and obtain generation supply for that service for the period of January 1, 2011 through May 31, 2013.

8. Under the terms of the Settlement, PPL Electric agreed to undertake a series of competitive bid processes to obtain full requirements default service supply, spot market default service supply, block energy default service supply, and AECs. Pursuant to the Settlement, PPL Electric is to procure a portion of its default service supply for the residential customer class through a mix of block procurements consisting of 200 MW of one-year blocks of power, 100 MW of five-year blocks of power, and 50 MW of 10-year Long-Term Product. All blocks are for “around the clock” 24/7 energy only service. The seller bears all costs of transmission, transmission losses, congestion management costs, and other services that are required to supply and deliver the block service to the PPL Electric zone in PJM.

9. With respect to the details of the 50 MW of 10-year Long-Term Product, the Settlement provided, in pertinent part, as follows:

The details of the ten-year unit entitlement RFP will be deferred to a collaborative and filed separately for Commission approval at a later date. As part of the collaborative process to develop the unit entitlement RFP, the Joint Petitioners agree that among the issues to be considered are whether a renewable product should be procured and whether the RFP should request firm service.

See Settlement, ¶ 26.

10. On June 30, 2009, the Commission entered a Final Order approving the Settlement and ruling upon two issues not resolved by the Settlement.¹ Therein, the Commission approved the proposed DSP Plan and directed PPL Electric to submit the DSP Plan Request for Proposals Rules (“DSP Plan RFP”) and Supply Master Agreement (“DSP Plan SMA”) for all default supplies in a subsequent compliance filing.² On July 1, 2009, PPL Electric submitted the DSP Plan RFP and SMA in accordance with the Commission’s June 30, 2009 Final Order approving the Settlement.

11. Consistent with its commitment under the Settlement, PPL Electric hosted an initial collaborative meeting regarding the Long-Term Product with interested parties on April 15, 2010. All participants to the DSP Plan proceeding were invited to participate. Participants included representatives from the Office of Consumer Advocate (“OCA”), the Sustainable Energy Fund (“SEF”), ConEdison Competitive Energy Businesses (“ConEdison”), Constellation Energy (“Constellation”), and Mr. Eric Epstein (hereinafter, collectively the “Interested Parties”). During this initial collaborative meeting, PPL Electric and the Interested Parties

¹ Main and Reply Briefs were filed by the parties affected by the remaining two issues not resolved by the Settlement. The reserved issues are not relevant to the subject of this Petition.

² See *Petition of PPL Utilities Corp. for Approval of a Default Service Program and Procurement Plan for the Period January 1, 2011 Through May 31, 2014*, Docket No. P-2008-2060309, Slip Op. at p. 10 (Order Entered June 30, 2009).

discussed a number of issues associated with implementing a Long-Term Product procurement plan.

12. Following the April 15, 2010 collaborative meeting, PPL Electric requested that the Interested Parties provide comments on a number of issues that were identified during the initial collaborative meeting. The list of topics included: Whether the Long-Term Product should be “unit entitlement” or “unit contingent”; whether the RFP should be for renewable energy facilities or open to all generation resources; whether the procurement should be energy only or include alternative energy credits (“AECs”); whether the RFP should request firm service; whether the procurement should be for a single 50 MW block or split into smaller block procurements; and other issues identified by the Interested Parties.

13. Based upon the comments received from the Interested Parties, and its own independent analysis, PPL Electric prepared a preliminary proposal for a Long-Term Product procurement. This preliminary proposal was then sent to all parties to the DSP Plan proceeding.

14. Subsequently, PPL Electric held a second collaborative meeting to discuss the Company’s Long-Term Product procurement proposal. The Interested Parties provided limited additional feedback on PPL Electric’s proposal.

15. Based on the above-mentioned collaborative process, and consistent with its commitment under the DSP Plan Settlement, PPL Electric herein submits a Long-Term Product procurement proposal under which it will purchase 50 MW of long-term, default supply through a competitive 10-year long-term supply procurement process. By this Petition, PPL Electric requests Commission approval of a new Long-Term Product Request for Proposals Process and Rules (“Long-Term Product RFP”) and a Long-Term Product Supply Master Agreement (“Long-Term Product SMA”).

16. By this Petition, PPL Electric does not seek to alter or set aside any of the contracts it has previously entered into under its DSP Plan but, instead, seeks to implement the 10-year unit contingent solicitation and procurement process for 50 MW of default supply service that was established under the DSP Plan Settlement, to be undertaken as part of the Company's next scheduled solicitation on April 18, 2011, for deliveries beginning in June 1, 2011.

17. PPL Electric believes that the collaborative process was very useful in refining the details of the Long-Term Product procurement proposal, and that the proposal set forth herein reflects the comments and input of the participants in the collaborative process. Nevertheless, PPL Electric notes that no parties were asked to join in this filing, and acknowledges that all parties retain their rights to propose modifications to the procurement design.

III. PROPOSED TERMS OF THE LONG-TERM PRODUCT PROCUREMENT

18. The Company requests Commission approval to competitively procure 50 MW of block default service supply in a solicitation occurring on April 18, 2011. In order to implement the proposed Long-Term Product procurement plan, PPL Electric is herein requesting that the Commission approve the proposed Long-Term Product RFP, as set forth in the *pro forma* Long-Term Product RFP attached hereto as "Appendix A," and the Long-Term Product SMA, as set forth in the *pro forma* Long-Term Product SMA attached hereto as Appendix "B." Notably, both the Long-Term Product RFP and Long-Term Product SMA are based substantially on the RFP and SMA documents previously approved by the Commission for the Company's DSP Plan. As explained herein, the addition of the Long-Term Product RFP and Long-Term Product SMA to the DSP Plan is consistent with the Company's obligation under the DSP Plan Settlement.

19. PPL Electric's proposed Long-Term Product RFP establishes the rules and procedures for suppliers to bid in the solicitation for the Long-Term Product. The Long-Term Product RFP provides information to potential bidders and establishes an RFP schedule. The Long-Term Product RFP sets forth the minimum basic requirements for suppliers to be pre-qualified to bid, which are intended to provide reasonable assurance that potential bidders have sufficient financial capability to perform if they are successful bidders in the RFP. The Long-Term Product RFP also provides the minimum bid proposal requirements and instructions for the preparation of bidder qualifications and proposals. Finally, the Long-Term Product RFP explains the process to evaluate qualified proposals.

20. Any prospective supplier, including PPL Electric's unregulated generation supply affiliate PPL EnergyPlus, that believes it can meet the bidder qualification requirements established in the Long-Term Product RFP, and is willing to provide prices at which it will sell the Long-Term Product, may respond to any solicitation of the Long-Term Product RFP.

21. Qualified bid proposals will be evaluated for compliance with the bidder qualification and proposal requirements, and for sufficient financial guarantees and bid collateral assurance. Qualified winning suppliers will be selected on a price-only basis as more fully explained in the Long-Term Product RFP.

22. In the solicitation, PPL Electric will seek to procure a 50 MW block of default supply for a ten-year delivery period to meet the terms and conditions set forth in the DSP Plan Settlement. Specifically, electric suppliers selected through the Long-Term Product RFP process will provide PPL Electric with electric supply based upon a total maximum hourly delivery quantity of 50 MW, to be used to meet a portion of the default service requirements for residential customers.

23. Based on comments and discussions during the collaborative process, the Company proposes to acquire the Long-Term Product in 5 MW blocks. As a result, PPL Electric will issue a single solicitation on April 18, 2011 to competitively procure 50 MW of default supply through 10 tranches, each tranche providing for a maximum delivery of 5 MW per hour.

24. Winning suppliers under the Long-Term Product RFP will provide PPL Electric with electric supply at a single specified firm price for each 5 MW tranche, which includes all necessary energy, transmission other than Network Integration Service, transmission losses, congestion management costs, and such other services or products (but excluding capacity, ancillary services, and AECs that are required to meet the Delivery Obligation under the Long-Term Product SMA).

25. Prior to a Delivery Month, a winning supplier must submit to PPL Electric for approval a Delivery Schedule associated with each 5 MW tranche. In particular, winning suppliers' must provide a Delivery Schedule with an hourly quantity from zero MW to the amount awarded to the winning supplier in the Long-Term Product RFP, for each hour of the upcoming month, provided that the Delivery Schedule satisfies the Minimum Delivery Obligations described immediately below.

26. A Delivery Schedule satisfies the Minimum Delivery Obligation for a given month if the sum of MW hours scheduled for the relevant On-Peak or Off-Peak period divided by the *Maximum MW hours that could be scheduled during this same period*³ is greater than or equal to the relevant On-Peak or Off-Peak Capacity Factor set forth in the following table.

³ The maximum MW hours that could be scheduled is equal to the total number of MW to be supplied (5 MW times the number of tranches) multiplied by the number of hours in the relevant On-Peak or Off-Peak period.

Minimum Delivery Obligation		
Month	On-Peak Capacity Factor	Off-Peak Capacity Factor
January	99%	97%
February	95%	93%
March	80%	46%
April	80%	48%
May	80%	49%
June	95%	93%
July	99%	97%
August	99%	97%
September	95%	93%
October	80%	49%
November	95%	93%
December	99%	97%
Annual Average:	85%	

Therefore, the Long-Term Product RFP provides that winning suppliers have a Minimum Delivery Obligation for each month for both on-peak and off-peak periods. It is noted that, on average, the Minimum Delivery Obligations equates to an overall annual capacity factor of 85%.

27. A winning supplier must schedule its Minimum Delivery Obligation and may schedule up to its particular total quantity supplied in each hour of the Delivery Schedule, and PPL Electric will purchase up to the total amount scheduled. For example, a winning supplier serving one tranche can schedule from 0 MW to 5 MW in a given hour of the Delivery Schedule so long as its total scheduled deliveries in each month meet or exceed the minimum On-Peak and Off-Peak Capacity Factors set forth above.

28. PPL Electric will submit the approved Delivery Schedule to PJM in the Day-Ahead Market. The winning supplier will be paid the sum of the product of its bid price and scheduled amount for each hour of the Delivery Month. If the winning supplier fails to deliver the scheduled amounts to PJM, the winning supplier will be responsible for all PJM charges associated with failure to deliver the scheduled amounts.

29. Over the Delivery Period, the Minimum Delivery Obligation annually amounts to 85% of the On-Peak and Off-Peak Capacity. PPL Electric will separately purchase from the spot market the amount of default supply necessary to make up for the difference between the supply delivered by the winning supplier pursuant to the approved Delivery Schedule and 50 MW of supply delivered at 100% capacity factor each month (*i.e.*, a 24/7 50 MW block supply). Such spot market purchases will be separate from, and in addition to, the Company's purchases pursuant to Spot Market Contracts under the DSP Plan.

30. In the event that PPL Electric is unable to initially procure the full 50 MW block of default supply through the Long-Term Product RFP, PPL Electric will obtain the balance through spot market purchases until such time as it is able to complete procurement of a total of 50 MW through subsequent solicitations, or until relieved of the 50 MW solicitation requirement by the Commission.⁴

31. In the event that a winning supplier fails to timely submit the required Delivery Schedule or otherwise defaults under the Long-Term SMA, the other non-defaulting winning suppliers will first be provided with the opportunity to make-up the defaulted balance of the Long-Term Product through the "step-up" provisions of the SMA. If the non-defaulting suppliers are unable or unwilling to make-up for the defaulted balance of the Long-Term Product, PPL Electric will obtain the balance for the applicable year through independent spot market purchases, as explained above. PPL Electric will then re-bid the defaulted balance of the Long-Term Product in its next solicitation under the DSP Plan, as described above.

32. PPL Electric's residential rates for default service supply will reflect the prices of the procurement of the Long-Term Product.

⁴ All 10 tranches will expire on May 31, 2021. Therefore, to the extent a tranche or tranches initially are unfilled, and are filled through a later solicitation, the contract term will be shorter than 10 years.

33. Based on the foregoing, the proposed addition of the Long-Term Product to PPL Electric's DSP Plan is consistent with the terms of the Commission-approved DSP Plan Settlement and the requirement under Act 129 that electric distribution companies obtain a "prudent mix" of supply contracts in order to ensure that default service is adequate, reliable, and results in the least cost to customers over time. 66 Pa.C.S. § 2807(e)(3.4).

IV. REQUEST FOR EXPEDITED TREATMENT

34. In order to have the 50 MW block of long-term, fixed price default supply available by June 1, 2011, the Company proposes to include the solicitation for the Long-Term Product in its next DSP Plan solicitation, which is scheduled for April 18, 2011. In order for the Long-Term Product to be effective for bidders qualifying for the next solicitation, PPL Electric requests that the Commission act upon this Petition at its Public Meeting scheduled for February 10, 2011.

35. As stated above, consistent with the Settlement, PPL Electric engaged all interested parties from its DSP Plan proceeding in a collaborative to discuss the 10 year long term supply procurement process detailed in this Petition. Due to the stakeholder input received prior to the filing of this Petition, PPL Electric respectfully requests that the Commission direct that answers, protests, or interventions to this Petition be filed within 15 days of the date of filing, or by December 17, 2011 to support expedited treatment of this Petition.

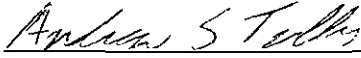
V. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission: (1) approve the proposed Long-Term Product Request for Proposals Process and Rules, as set forth in the *pro forma* Long-Term Product RFP attached hereto as "Appendix A"; (2) approve the proposed Long-Term Product Supply Master

Agreement, as set forth in the *pro forma* Long-Term Product SMA attached hereto as Appendix “B”; and (3) consider this Petition on an expedited basis and act upon this Petition at its Public Meeting scheduled for February 10, 2011.

Respectfully submitted,

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Dated: December 2, 2010

Attorneys for PPL Electric Utilities Corporation

VERIFICATION

I, Dennis A. Urban, Jr. being the Senior Director – Rates & Regulatory Affairs at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect that PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 12/1/2010

Dennis A. Urban, Jr.
Dennis A. Urban, Jr.

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APPENDIX A

Long-Term Product Request for Proposals Process and Rules

PPL Electric Utilities Corporation

Default Service
Long-Term Product
Request for Proposals (RFP) Process and Rules

[insert date], 2011

DEFAULT SERVICE LONG-TERM PRODUCT RFP PROCESS AND RULES

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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 Default Service Long-Term Product Supply Master Agreement (“DSLTP 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 meet its default service obligations, pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812, as amended by Act 129 of 2008. This Request for Proposals (“RFP”) is being issued to select electricity suppliers and to determine the price of the Long-Term Product which contributes to default service supply beginning on June 1, 2011.
- 1.1.3 PPL Electric is issuing this RFP to procure electricity service for the period beginning June 1, 2011, to May 31, 2021, under the terms described in the DSLTP SMA. Specifically, an electricity supplier selected through this RFP (i.e., Long-Term Product Supplier) will supply PPL Electric with electricity service in the form of a Long-Term Product. Being selected as a Long-Term Product Supplier is subject to the approval by the Pennsylvania Public Utility Commission (“PUC” or “Commission”).
- 1.1.4 A “Long-Term Product” is electricity service with a total maximum hourly delivery quantity of 50 MW, for a given time period (“Delivery Period”), which includes all necessary energy, transmission (other than Network Integration Transmission Service), transmission losses, congestion management costs, and such other services or products (but excluding capacity, ancillary services, and Alternative Energy Credits (“AECs”) to meet Pennsylvania’s Alternative Energy Portfolio Standards Act) that are required with that long-term supply. The Long-Term Product must be provided under the terms of the DSLTP SMA, in which supply is provided at a single specified firm price (in \$/MWh) for delivery to the PPL Zone. PPL Electric’s residential retail rates for default service supply will reflect the prices of the Long-Term Product.
- 1.1.5 The Long-Term product will be procured in tranches of 5 MW each. Long-Term Product Suppliers will provide energy to the PPL Zone (see above) associated with each 5 MW tranche subject to a monthly scheduling process. In particular, Long-Term Product Suppliers will be required to schedule pre-specified hourly quantities for each month of the Delivery Period wherein each hour’s scheduled quantity per tranche may not exceed 5 MW.

1.1.6 Prior to a Delivery Month, a Long-Term Product Supplier must submit a Delivery Schedule to PPL Electric for approval. The Delivery Schedule must provide for each hour of the upcoming month an hourly quantity from zero MW to the amount awarded to the Long-Term Product Supplier in this RFP, provided that the Delivery Schedule satisfy the Minimum Delivery Obligations set forth in the table below. A Delivery Schedule satisfies the Minimum Delivery Obligation for a given month if the sum of MW Hours Scheduled for the relevant On-Peak or Off-Peak period divided by the Maximum MW Hours that could be scheduled during this same period¹ is greater than or equal to the relevant On-Peak or Off-Peak Capacity Factor. The Minimum Delivery Obligation must be met for both On-Peak and Off-Peak periods. The overall annual average capacity factor is 85%.

Minimum Delivery Obligations		
Month	On-Peak Capacity Factor	Off-Peak Capacity Factor
January	99%	97%
February	95%	93%
March	80%	46%
April	80%	48%
May	80%	49%
June	95%	93%
July	99%	97%
August	99%	97%
September	95%	93%
October	80%	49%
November	95%	93%
December	99%	97%

1.1.7 A Long-Term Product Supplier may schedule up to its particular total quantity supplied in each hour of the Delivery Schedule and PPL Electric will purchase up to that total amount. For example, a Long-Term Product Supplier serving one tranche can schedule up to 5 MW in every hour of the Delivery Schedule such that the capacity factors would equal 100%.

1.1.8 PPL Electric will submit the approved Delivery Schedule to PJM in the Day-Ahead Market. The Long-Term Product Supplier will be paid the sum of the product of its bid price and scheduled amount for each hour of the Delivery Month. If the Long-Term Product Supplier fails to deliver the scheduled amounts to PJM, the Long-Term Product Supplier will be responsible for all PJM charges associated with the failure to deliver the scheduled amounts.

¹ The maximum MW Hours that could be scheduled is determined by multiplying the particular Long-Term Product Supplier's total number of tranches supplied by the product of 5 MW multiplied by the number of hours in the relevant On-Peak or Off-Peak period.

- 1.1.9 PPL Electric will submit a separate schedule to PJM in the Day-Ahead Market for each hour to purchase spot market supply to make up the difference between 50 MW of supply delivered at 100% capacity factor and the total supply arising from Long-Term Product Suppliers. The schedules of the Long-Term Product Suppliers and PPL Electric will result in a total of 50 MW of supply delivered in each hour.
- 1.1.10 PPL Electric will issue a single solicitation on [insert date] to competitively procure the Long-Term Product through 10 tranches, each measuring a maximum delivery of 5 MW per hour.
- 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 sell the Long-Term Product may respond to any solicitation in this RFP.
- 1.1.12 Any prospective respondent to this RFP must meet the Bidder Qualification requirements provided in Article 4, and submit a Bid Proposal 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) for the Long-Term Product, and must be accompanied by the executed DSLTP SMA and sufficient Bid Assurance Collateral. A Bid is a price or prices, in U.S. Dollars per megawatt-hour ("MWh") at which the RFP Bidder is willing to supply a tranche or tranches of the Long-Term Product. For the purposes of this RFP, a tranche is 5 MW of the Long-Term Product. PPL Electric may purchase up to 10 tranches in total from all RFP Bidders.
- 1.1.13 All elements of this RFP will be carried out pursuant to the RFP Schedule developed pursuant to Article 2.2. In general, for the solicitation to be conducted under this RFP, 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) attend the Bidder Information Session; and 3) submit and receive answers to questions regarding the solicitation.
- 1.1.14 On the Bid Proposal Due Date of the solicitation, a qualified RFP Bidder may submit Bid Proposals for the Long-Term Product being procured, subject to the restrictions of this article. In the solicitation, the RFP Bidder may only submit Bids for whole numbers of tranches. The number of tranches of Long-Term Product for which an RFP Bidder submits a Bid cannot exceed the Available Tranches. In the solicitation, when an RFP Bidder submits a Bid to supply a number of tranches of the Long-Term Product, the 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. No Bid for any number of tranches may be made contingent upon winning or losing another Bid for some number of tranches. Instructions for preparation of the Bid Proposal are addressed in Articles 5 and 6.

- 1.1.15 The Bid Proposal Evaluation Team will present the results of the solicitation to the PUC within one (1) business day of the Bid Proposal Due Date of the solicitation. At that time, the PUC will have one (1) business day 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 Long-Term Product in their entirety. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.
- 1.1.16 If the PUC rejects all Bids in the solicitation, or if some tranches do not receive bids, the Company will offer the unfilled tranches of the Long-Term Product in the next solicitation with the supply period ending on May 31, 2021; in the interim, the Company will obtain supply from the spot market. If a Long-Term Product Supplier defaults, PPL Electric will offer supply assignment as specified in Article 7.5.

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 DSLTP 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: Example Bid Proposal Spreadsheets
- Appendix 9: Binding Bid Agreement
- Appendix 10: Binding Bid Withdrawal Agreement

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 the following sections:

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

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

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

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

2.2 RFP Schedule

2.2.1 The RFP Schedule for the solicitation will be provided in an RFP Addendum. The RFP schedule 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 solicitation.

2.2.2 The Long-Term Product solicitation will span an approximately 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 Long-Term Product 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.

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 Bid Proposal for the 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 on the 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 a DSLTP SMA, with one 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 this solicitation if, by the Cure Deficiency Deadline of this 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 this solicitation as indicated in the 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 the 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 Once qualified, the RFP Bidder will be required to submit the appropriate Bid Assurance Collateral for the solicitation and to fulfill all requirements of the Bid Proposal 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 3 of these RFP Rules by mail to the address below; or c) sending the completed Expression of Interest Form found as Appendix 3 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 Default Service 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 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 (Exhibit D) as it appears in the DSLTP SMA 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 the Bid Proposal Spreadsheet submitted by the RFP Bidder, which

shall constitute a firm offer to supply service in accordance with the DSLTP 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 DSLTP SMA at the prices and for the load amounts specified in its Bid Proposal. 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. For each solicitation, 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, that RFP Bidder will not be qualified to submit Bid Proposals in the 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 \$50,000 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 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 DSLTP SMA may be required, as set forth in the DSLTP SMA. Any performance assurance required of the supplier determined in accordance with the DSLTP 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 B in the DSLTP SMA. An acceptable Unconditional Guaranty form is provided as Exhibit D in the DSLTP 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 using only the Bid Proposal Spreadsheet attached to this RFP as Appendix 8; an electronic copy is available on PPL Electric's RFP Web site. There is a single Bid Proposal Spreadsheet for the solicitation, as indicated in the title area of the Bid Proposal Spreadsheet. The Bid Proposal Spreadsheet contains sections of information labeled Bidder Information, Tranche Information, and Bid Information. The Bid Proposal Spreadsheet contains 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. 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 the price cells associated with each of the total number of tranches up to and including that particular total number of tranches and must enter an "X" in price cells associated with each of the total number of tranches beyond that particular total number of tranches.** 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 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.
- 5.1.4 Tranche Information – The contents of these cells are provided by PPL Electric and include the Total Tranches in Solicitation. The Total Tranches in Solicitation represents the number of tranches that the Company is seeking to procure in this solicitation.
- 5.1.5 Total Tranches Supplied – These cells show the number of total tranches the RFP Bidder can offer to supply.
- 5.1.6 Bid Assurance Collateral Amount – The contents of these cells are computed as the product of the Total Tranches Supplied and \$50,000.
- 5.1.7 Price (US\$/MWh) – These cells are **RFP Bidder input cells** for the RFP Bidder's price quote corresponding to each 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 DSLTP SMA, the MWh of energy for one tranche shall be the quantity scheduled in the Delivery Schedule for a given hour (up to 5 MW) delivered to the PPL Zone subject to the Minimum Delivery Obligations. 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 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 of the Total Tranches Supplied beyond that particular Total Tranches Supplied. For example, if an RFP Bidder wishes to offer to supply two Total Tranches Supplied, then the RFP Bidder must provide a price quote for each Total Tranches Supplied from one to two.

- 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 any 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 number of Available Tranches for the Long-Term Product in the solicitation. The number of Available Tranches for the Long-Term Product is provided in Article 1.1.5.

5.2 Submittal of Bid Proposals

- 5.2.1 Each RFP Bidder shall only submit its Bid Proposal using the Bid Proposal Spreadsheet described in Article 5.1 by secure electronic file transfer to the PPL secure server between 9:00:00 a.m. EPT and 11:00:00 a.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 its Bid Proposal before 11:00:00 a.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 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. 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 \$50,000 times the total number of tranches bid in its Bid Proposal. 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. 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 DSLTP 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 DSLTP SMA as instructed in Article 6.1.5, including the completed signature page of the DSLTP SMA, and Exhibit E filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the DSLTP 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 DSLTP 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 the Long-Term Product; the RFP Bidder's preference for bidding on the Long-Term Product; and the RFP Bidder's contractual arrangements for power with a party to serve the supply associated with a Long-Term Product were the RFP Bidder to become a Long-Term Product 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 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 the solicitation may submit a Bid Proposal, 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 Default Service 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 solicitation as specified in Article 2.2 (RFP Schedule). Bidder Qualifications received after the due date specified in Article 2.2 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. Each RFP Bidder assumes full responsibility for timely delivery to the address specified in Article 6.1.2 above.
- 6.1.5 An RFP Bidder, who is qualified and submits a Bid Proposal, must have signed two (2) originals of the DSLTP SMA as 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 the solicitation in this RFP, the signed DSLTP SMA 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 DSLTP SMA in a satisfactory manner is awarded additional tranches.

- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the DSLTP 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 using the Bid Proposal Spreadsheet described in Article 5.1 by secure electronic file transfer to the PPL secure server between 9:00:00 a.m. EPT and 11:00:00 a.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. The RFP Bidder must provide two (2) originals of the DSLTP 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 Default Service 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.

- 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.
- 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; all other RFP Bidders will be disqualified.
- 7.2.5 Bidders will be notified on the Qualified Bidders Notified Date in the RFP Schedule if they qualify to submit Bid Proposal 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. (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 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 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, as specified in Article 5, have been submitted. If they have not been submitted by the Bid Proposal Due Date, the Bid Proposal 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 DSLTP SMA.

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 for each product 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 Spreadsheet. 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. 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. The Bid Proposal Evaluation Team will consider all combinations of Bid(s) (across RFP Bidders) whose sum of Total Tranches Supplied is equal to the Available Tranches for the Long-Term Product. In the event that the greatest sum of Total Tranches Supplied for any combination for that product is less than the Available Tranches for that product, the Bid Proposal Evaluation Team will consider all combinations of Bids for that product whose sum of Total Tranches Supplied equal the most obtainable given those Bids. For each combination, the Bid Proposal Evaluation Team will calculate the Combination Average Price ("CAP") equal to the average Price (US\$/MWh) of the Bids in the combination weighted by their corresponding Total Tranches Supplied. 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.
- 7.4.7 In the event that two or more combinations have the lowest CAP for a given Customer Group, 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 one of the Bid(s) in the winning combination for the Long-Term Product and present the winning Bid(s) to the Commission. For each such RFP Bidder, the Bid Proposal Evaluation Team will: (i) communicate the CAP of the winning combination being presented to the PUC; and (ii) identify the Bid(s) submitted by such RFP Bidder that will be presented to the PUC.

The Bid Proposal Evaluation Team will also communicate to the Company the CAP of the winning combination for the Long-Term Product 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 DSLTP SMA. If a winning RFP Bidder fails to execute the Transaction Confirmation as required under Article 2.7 of the DSLTP SMA, the winning RFP Bidder may forfeit its Bid Assurance Collateral.

- 7.5.2 In the event that a Long-Term Product Supplier defaults, PPL Electric will offer Long-Term Product assignment to other winning RFP Bidders consistent with the Step-Up process described in the DSLTP SMA. These assignments 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 a DSLTP SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each DSLTP SMA with an RFP Bidder has been executed and is effective. Once effective, the DSLTP 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

Default Service Long-Term Product Supply Master Agreement

Appendix 2

Expression of Interest Form Default Service Long-Term Product

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 the Long-Term Product.

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 electricity service through the Long-Term Product. 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 PPL Electric’s Default Service Long-Term Product Supply Master Agreement (“DSLTP 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 applicable DSLTP 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 DSLTP SMA 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 DSLTP SMA 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 supply 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 Default 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 DSLTP SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the DSLTP SMA 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 DSLTP SMA .

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 Default Service 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 provide the Long-Term Product.

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 Default Service 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 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 Default Service 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 Default Service RFP Manager

APPENDIX 7

**BID ASSURANCE LETTER OF CREDIT
DEFAULT SERVICE LONG-TERM PRODUCT**

**{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 DEFAULT SERVICE LONG-TERM PRODUCT SUPPLY 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 DEFAULT SERVICE LONG-TERM PRODUCT SUPPLY RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE LONG-

TERM PRODUCT SUPPLY MASTER AGREEMENT (“SMA”) 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. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE LONG-TERM PRODUCT RFP.

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 DEFAULT SERVICE LONG-TERM PRODUCT 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

EXAMPLE BID PROPOSAL SPREADSHEET

**PPL Electric Utilities
Default Service Long-Term Product
RFP Process and Rules**

APPENDIX 8

Notes

Instructions:

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 any required information will be deemed a non-conforming bid and will be eliminated from further consideration.

PPL Electric Utilities
 Default Service Long-Term Product RFP Process and Rules

Appendix 8
Bid Proposal Spreadsheet

Long-Term Product Solicitation

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

<number of months> Delivery Period: <date> - <date>

Bidder Information:

Company Name	<Company Name>	* Required Field
Contact Name	<Contact Name>	* Required Field
Phone Number	(555) 555-5555	* Required Field
Fax Number	(555) 555-5555	* Required Field

Tranche Information:

Total Tranches in Solicitation 10

Tag Number:

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)	
Bids	1	\$50,000		* Required Field
	2	\$100,000		* Required Field
	3	\$150,000		* Required Field
	4	\$200,000		* Required Field
	5	\$250,000		* Required Field
	6	\$300,000		* Required Field
	7	\$350,000		* Required Field
	8	\$400,000		* Required Field
	9	\$450,000		* Required Field
	10	\$500,000		* Required Field

Complete/Incomplete:

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 Default Service Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered on the Bid Proposal Spreadsheet, 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 multi-solicitation process, which shall constitute a firm offer to supply service in accordance with the Default Service Long-Term Product Supply Master Agreement (“Default Service Long-Term Product SMA” or “DSLTP SMA”) 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 2.7 (Transaction Confirmation) of the Default Service Long-Term Product SMA.

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 Default Service RFP Manager

Appendix 10

Binding Bid Withdrawal Agreement

_____ (“RFP Bidder”) hereby freely and irrevocably withdraws the price quotes entered on the Bid Proposal Spreadsheet 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 Default Service 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 before 11:00:00 a.m. EPT on the Bid Proposal Due Date.

RECEIVED

2010 DEC -2 PM 3:59

**PA PUC
SECRETARY'S BUREAU**

APPENDIX B

Long-Term Product Supply Master Agreement

2011

**PPL ELECTRIC UTILITIES CORPORATION
DEFAULT SERVICE LONG-TERM PRODUCT
SUPPLY MASTER AGREEMENT**

BETWEEN

PPL ELECTRIC UTILITIES CORPORATION

AND

[SELLER NAME]

DATED [DATE]

(insert date, 2011)

DEFAULT SERVICE LONG-TERM PRODUCT SUPPLY MASTER AGREEMENT

THIS DEFAULT SERVICE LONG-TERM PRODUCT SUPPLY MASTER AGREEMENT (“Agreement” or “DSLTP 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, 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, Buyer has solicited offers for obtaining the Long-Term Product to fulfill a portion of the supply it requires to meet its Default Service obligation pursuant to a Request for Proposal (“RFP”) and the Seller is a winning bidder in that solicitation; and

WHEREAS, Seller desires to sell a Long-Term Product Service and Buyer desires to purchase such Long-Term Product Service to supply a Specified Amount 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 Default Service Long-Term Product 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 4.3 (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.

“Block Supply” means 300 MW of around-the-clock Energy, Capacity, Transmission other than Network Integration Service, and associated AECs, delivered to the PPL zone. The entirety of this Block Supply will be allocated to the Residential Customer Group.

“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 an amount designated as the Credit Exposure under this Agreement.

“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).

“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 Long-Term Product Service 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.

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

“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 Amount 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 Long-Term Product Service hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) Long-Term Product Service (or any components of Long-Term Product 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 Long-Term Product Service.

“Default Service Load” or “Default 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 a particular class(es) of retail 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, less Block Supply and Unit Entitlement Supply. For purposes of clarification, Default 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.

“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.

“Delivery Schedule” means, for each hour in a given calendar month in the Delivery Period, the quantity of Long-Term Product Supply that the Seller submits to Buyer for approval.

“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 Off-Peak Energy Quantity” means, for each calendar month in each Transaction, the product of: (i) the Specified Percentage; (ii) 50 MW; (iii) the number of Off-Peak Hours remaining in each month (excluding the current day); and (iv) the off-peak capacity factor for the calendar month in Exhibit F.

“Estimated On-Peak Energy Quantity” means, for each calendar month in each Transaction, the product of: (i) the Specified Percentage; (ii) 50 MW; (iii) the number of On-Peak Hours remaining in each month (excluding the current day); and (iv) the on-peak capacity factor for the calendar month in Exhibit F.

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

“Fitch” means Fitch Investor Service, Inc. 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 Long-Term Product Service at a price greater than that received under any Transaction; (iii) curtailment by a Transmitting Utility; (iv) Buyer’s ability to purchase the Long-Term Product Service at a price lower than paid under any Transaction; or (v) Labor stoppage or lockout.

“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.

“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 D.

“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 B 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.

“Long-Term Product” means 50 MW of Energy and Transmission other than Network Integration Service delivered to the PPL zone.

“Long-Term Product Supply” means up to 50 MW (which may vary hourly between 0 and 50 MW) of Energy and Transmission other than Network Integration Service delivered to the PPL zone which satisfies the Minimum Delivery Obligation. The entirety of this Long-Term Product

Supply will be allocated to the Unit Entitlement Supply which serves the Residential Customer Group.

“Long-Term Product Service” means all necessary Energy, Transmission other than Network Integration Service, transmission losses, congestion management costs, and such other services or products (but excluding Capacity, Ancillary Services, and Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) obligation) that are required to supply the Specified Percentage delivered to the PPL zone.

“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.

“Minimum Delivery Obligation” shall have the mean ascribed to it in Section 3.3 (Minimum Delivery Obligation).

“Maximum Off-Peak MW Hours” means, for a given calendar month in the Delivery Period, the product of 50 MW, the number of Off-Peak Hours in the month, and Specified Percentage.

“Maximum On-Peak MW Hours” means, for a given calendar month in the Delivery Period, the product of 50 MW, the number of On-Peak Hours in the month, and Specified Percentage.

“Monthly Settlement Amount” means, with respect to any calendar month during the Delivery Period, the product of: (i) the Monthly Settlement Quantity; and (ii) the Monthly Settlement Price as set forth in the 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 relevant PJM Settlement Date will be last PJM Settlement Date in the month.

“Monthly Settlement Quantity” shall have the meaning ascribed to it in Section 6.1 (Monthly Settlement Quantity).

“Monthly Settlement Price” means the price in \$/MWh as set forth in the Transaction Confirmation pursuant to this Agreement.

“Moody’s” means Moody’s Investors Services, 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.

“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 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 C). 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 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 C). 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.

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

"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 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.

"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, 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 Service, a division of McGraw Hill, Inc. and any successor thereto.

“Scheduled Off-Peak MW Hours” means, for the Off-Peak Hours in a given calendar month in the Delivery Period, the sum of all Long-Term Product Supply in the Delivery Schedule.

“Scheduled On-Peak MW Hours” means, for the On-Peak Hours in a given calendar month in the Delivery Period, the sum of all Long-Term Product Supply in the Delivery Schedule.

“Service Type” means the customer class, partial customer class and/or group of customer classes, 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 the Long-Term Product 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.

“Transaction” means a particular agreement by which Buyer purchases and Seller sells Long-Term Product 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 2.7 (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 Long-Term Product 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.

“Unit Entitlement Supply” means up to 50 MW (which may vary hourly between 0 and 50 MW) of Energy, Capacity, Transmission other than Network Integration Service, and associated AECs, delivered to the PPL zone from June 1, 2011, through May 31, 2021. The entirety of this Unit Entitlement Supply will be allocated to the Residential Customer Group. The entirety of the Long-Term Product Supply will be allocated to the Unit Entitlement Supply.

“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 LONG-TERM PRODUCT SERVICE

- 2.1 Seller's Obligation To Provide Service. With respect to a Transaction, Seller shall provide Long-Term Product Service such that the Minimum Delivery Obligation as set forth in Section 3.3 (Minimum Delivery Obligation) is satisfied during each calendar month of the Delivery Period.
- 2.2 Buyer's Obligation to Take Service. With respect to a Transaction, Buyer shall accept Long-Term Product 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 Long-Term Product Service on the applicable Monthly Settlement Date in accordance with Section 7.3 (Payments of the Invoice) provided the Seller's Delivery Schedule satisfies the Minimum Delivery Obligation as set forth in Section 3.3 (Minimum Delivery Obligation).
- 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 Amount. 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 Sales for Resale. All Long-Term Product Service provided by Seller to Buyer shall be sales for resale, with Buyer reselling such Long-Term Product Service to Default Service customers.
- 2.6 Governing Terms. Each Transaction 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 shall form a single integrated agreement between Buyer and Seller. Any inconsistency between terms in this Agreement and terms in a Transaction Confirmation shall be resolved in favor of the terms of this Agreement.

- 2.7 Transaction Confirmation. A Transaction 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 Long-Term Product 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 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 submit Delivery Schedule to Buyer no less than five (5) Business Days prior to the first day of each calendar month in the Delivery Period. Provided Delivery Schedule satisfies the Minimum Delivery Obligation as set forth in Section 3.3, Buyer shall schedule Long-Term Product Service pursuant to the PJM Agreements and in accordance with Delivery Schedule. Buyer will provide to Seller and PJM all information required by PJM, for the purpose of calculating Seller's Long-Term Product 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 Minimum Delivery Obligation. A Delivery Schedule satisfies the Minimum Delivery Obligation if: (1) the Scheduled Off-Peak MW Hours as a percentage of the Maximum Off-Peak MW Hours is less than or equal to 100% and greater than or equal to the off-peak capacity factor in Exhibit F; and (2) the Scheduled On-Peak MW Hours as a percentage of the Maximum On-Peak MW Hours is less than or equal to 100% and greater than or equal to the on-peak capacity factor in Exhibit F.

ARTICLE 4 SPECIAL TERMS AND CONDITIONS

- 4.1 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply the Specified Amount.
- 4.2 PJM E-Accounts. Buyer and Seller shall work with PJM to establish any PJM E-Accounts necessary for Seller to provide Long-Term Product 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).
- 4.3 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 Long-Term Product Service scheduled and received or delivered hereunder at the Delivery Point(s). Seller warrants that it has good title to the Long-Term Product Service sold and delivered hereunder and that it has the right to sell such Long-Term Product Service. The word "loss" in this Section 4.3 (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 Long-Term Product Service scheduled and received or delivered hereunder at the Delivery Point(s). 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.
- 4.4 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.
- 4.5 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.
- 4.6 FERC Authorization. For the period of time that this Agreement is in effect, Seller shall have FERC authorization to make sales of Energy at market based rates within PJM.
- 4.7 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 currently 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 4.8 (Seller Step-Up Rights) below.

- 4.8 *Seller Step-Up Rights*. In the event of an early termination of a Default Service Long-Term Product 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 Long-Term Product 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 MW 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

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.

7.4 Interest on Unpaid Balances. Interest on delinquent amounts, other than amounts in dispute as described in Section 7.3 (Billing Disputes and Adjustment of Invoices), shall be calculated at the Interest Rate from the original due date to the date of payment.

7.5 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 7.3 (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 Long-Term Product Service under this Agreement; and (ii) Buyer is responsible for the payment of all taxes imposed by any Governmental Authority on retail sales of Long-Term Product 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

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 4.5 (PJM Membership) and 4.6 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;
 - (d) 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;

- (e) 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;
- (f) such Party becomes Bankrupt;
- (g) 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;
- (h) 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;
- (i) 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; and
- (j) 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.
- (k) the failure of Seller to submit a Delivery Schedule that satisfies its obligations

- 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 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 for the Transaction. Nothing in this section shall limit the right of the Buyer when Seller is the Defaulting Party to replace Seller's Long-Term Product 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				
S&P	Fitch	Moody's	TNW Percentage	Unsecured Credit Limit
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.

15.2 Additional Understandings. This Agreement is for the purchase and sale of Long-Term Product 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 Long-Term Product Service that Seller must deliver and Buyer must receive will be determined by the requirements of the Specified Amount purchased by Buyer, and, as such, the Agreement does not provide for an option by either Party with respect to the quantity of Long-Term Product 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 E.

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:

(b) Notwithstanding any other provision of this Section 16.5, a Party may disclose it 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 UTILITES 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 Default Service Long-Term Product Supply Master Agreement (“DSLTP 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 DSLTP SMA. This Transaction Confirmation shall confirm the following terms of the transaction (“Transaction”) agreed to on ___ (“Bid Proposal Due Date”).

Product: Long-Term Product Service
Delivery Location: PPL Zone
Delivery Period: _____

The Seller’s Specified Percentage is ___%. The Monthly Settlement Price is \$ ___ per MWh for the duration of the Delivery Period.

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 2.7 – Transaction Confirmation of the DSLTP 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

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 DSLTP 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 DEBTORRELIEF 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 C

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. Specified Percentage;
5. Off-Peak Capacity Factor (in Exhibit F); and
6. On-Peak Capacity Factor (in Exhibit F).

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. Estimated On-Peak Energy Quantity
4. Estimated Off-Peak Energy 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 Estimated On-Peak Energy Quantity; and
- (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the Estimated Off-Peak Energy 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. If an annual quote is not available then the last available prices are carried forward to the end of the delivery period.

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. If an annual quote is not available then the last available prices are carried forward to the end of the delivery period.

EXHIBIT D

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 and Alternative Energy Credit under Supply Master Agreement(s) (the "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 the SMA(s) with Buyer and ___ desires Buyer to enter into the 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 of 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 E

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 F

CAPACITY FACTORS FOR MINIMUM DELIVERY OBLIGATIONS

<u>Minimum Delivery Obligations</u>		
<u>Month</u>	<u>On-Peak Capacity Factor</u>	<u>Off-Peak Capacity Factor</u>
January	99%	97%
February	95%	93%
March	80%	46%
April	80%	48%
May	80%	49%
June	95%	93%
July	99%	97%
August	99%	97%
September	95%	93%
October	80%	49%
November	95%	93%
December	99%	97%

CERTIFICATE OF SERVICE

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

VIA E-MAIL AND FIRST CLASS MAIL

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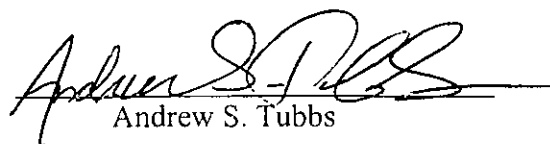
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Date: December 2, 2010


Andrew S. Tubbs