

ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility)
Commission,)
v.)
Duquesne Light Company)
Application to approve)
restructuring plan pursuant)
to 66 Pa. C.S. § 2806(d))

Docket No. R-00974104

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**COMPLIANCE FILING OF DUQUESNE LIGHT COMPANY
REGARDING STAND-ALONE RESTRUCTURING PLAN**

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**COMPLIANCE FILING OF DUQUESNE LIGHT COMPANY
REGARDING STAND-ALONE RESTRUCTURING PLAN**

Pursuant to the Opinion and Order ("Final Order") issued on May 29, 1998, Duquesne Light Company ("Duquesne") hereby submits its compliance filing regarding the stand-alone restructuring plan approved in this proceeding. The stand-alone restructuring plan applies in the event that DQE's merger with Allegheny Energy, Inc. is not consummated. The compliance filing includes all the matters necessary to implement customer choice, including the setting of interim competitive transition charges ("CTCs") prior to completion of the generation auction that will be conducted if the merger is not consummated.

Duquesne also is submitting today a separate compliance filing regarding the joint restructuring plan that applies if the merger is consummated. To avoid repetition, the compliance filing for the joint restructuring plan addresses only additional issues that arise if the merger is consummated. The principal issue that

must be addressed if the merger is consummated is implementation of the Commission's administrative determination of stranded costs. The development of CTCs to implement that stranded cost determination is addressed in the compliance filing for the joint restructuring plan.

I. PHASE-IN OF CUSTOMER CHOICE

A. Requirements of the Order

The Final Order adopted the accelerated phase-in for direct access approved in PECO Energy. Final Order at 29. The Final Order required that customer selection be conducted using a first-come, first-served method for residential customers and a pro-rata subscription method for industrial and large commercial customers. Id. at 28. The Final Order also required Duquesne to subdivide Rate GS/GM into small and large commercial customers, with the small customer segment receiving access on a first-come, first-served basis and the large customer segment receiving access pursuant to pro-rata subscription. Id. at 18.

B. Description of Compliance Filing

Appendix A provides a general description of the compliance plan for implementing the Commission's directives regarding the phase-in of customer choice. Only two issues merit separate attention here. First, given that two-thirds of customers will have the opportunity for direct access on sequential dates (January 1 and January 2, 1999), Duquesne's customer selection process is designed as if all

such customers were phased-in on the same day. This should facilitate a seamless selection process, avoiding complications or unnecessary expense that could occur if two separate selection processes were established for each of the first two-thirds of customers selected. Of course, certain customers will ultimately be eligible for direct access on January 1, 1999 and others will be eligible on January 2, 1999, but that fact will not unnecessarily burden the general selection process. Second, as indicated in Appendix A, Duquesne has reached an agreement with the Office of Small Business Advocate ("OSBA") to segment Rate GS/GM into three separate classes for customer selection purposes, rather than the two segments originally proposed by the OSBA and accepted by the Commission.

II. TRANSMISSION AND DISTRIBUTION RATES – UNBUNDLING ISSUES

A. Requirements of the Order

The Final Order approves Duquesne's 1996 test year cost of service for the purpose of setting transmission and distribution rates. Final Order at 34. The order provides that realized (rather than "required") rates of return should be used in developing rates for each class. *Id.* at 40. The order also finds that (i) alternative suppliers should be permitted to supply distribution losses, with the resulting stranded costs collected in the CTC (*id.* at 43); and (ii) that transmission and ancillary services are FERC-jurisdictional and should be unbundled as required by the

FERC, but that the imbalance and scheduling charges filed by Duquesne were not cost-justified. Id. at 50-51.

B. Description of Compliance Filing

Appendix B provides the system average transmission, distribution and ancillary services charges that result from compliance with the Final Order. To avoid potential confusion, Appendix B also specifies the tariff (PaPUC or FERC) under which each service is provided.

A few additional points regarding the transmission and ancillary service charges are appropriate because they arise under FERC-jurisdictional tariffs. Appendix B reflects transmission rates based on the cost of service approved by the FERC in the settlement of Duquesne's open access transmission tariff case, Docket No. OA96-56-000.¹ Consistent with the Final Order (Final Order at 51), Duquesne is not "filing" these rates with this Commission, but rather is providing them for informational purposes. At a subsequent date, Duquesne will make the necessary filings with the FERC to secure approval for the retail cost allocations and rate design that will recover the FERC-approved transmission cost of service. Appendix B also reflects the same treatment for ancillary service charges. These charges also

¹ This Commission was a party to that case and filed comments stating that it had no objection to the settlement rates.

are FERC jurisdictional and thus, consistent with the Final Order, are being filed for informational purposes, not as Commission-approved retail rates.²

With respect to billing, Duquesne interprets the Final Order as contemplating that transmission and ancillary service rates will be billed to the entity that signs a service agreement under Duquesne's Open Access Tariff. This entity could be the retail customer itself, although in most instances, as recognized by the Commission (Final Order at 51), it likely will be the EGS acting on behalf of the customer. In the latter situation, Duquesne will bill the EGS directly for the transmission and ancillary charges applicable to the class of customer being served.

III. TRANSITION OR STRANDED COSTS

A. Requirements of the Order

The Final Order approved Duquesne's offer to auction its generating assets in the event the merger is not consummated. Final Order at 78. The Final Order permits Duquesne to fully recover the stranded costs associated with those assets that remain after application of the auction proceeds. Id. at 79-80. The

² Duquesne notes that the Commission "disapproved" Duquesne's proposed imbalance and scheduling charges as not supported by "sufficient evidence." Final Order at 51. This finding is now moot because the charges at issue were modified by the FERC. The \$100/MWH imbalance charge is now optional; a supplier can purchase the service at a rate close to marginal costs if it so desires. The scheduling charge is now billed on a per kW basis, rather than the \$100 per schedule charge. Any objection to these modified charges can be made through a complaint filed under Section 206 of the Federal Power Act.

Commission also approved Duquesne's proposal to use the CTC methodology approved in the pilot program for the interim period prior to completion of the auction. Id. at 81.

The Final Order also disallowed certain stranded cost claims. Specifically, the Commission disallowed recovery of the investment in the cold-reserved units at the Brunot Island and Phillips power stations and the recovery of certain regulatory asset claims. See Final Order, Attachment B.

B. Description of Compliance Filing

Appendix B sets forth system average interim CTC and other rates to be charged to shopping and nonshopping customers during the period prior to conclusion of the auction.³ Appendix C describes the annual CTC reconciliation methodology. Appendix J sets forth revised tariff sheets reflecting the rates applicable to each class.

Consistent with the Final Order, the CTC rates were developed using the "residual" methodology adopted in the pilot program and the T&D charges are those approved by the Commission (and described supra) in this proceeding. The class CTCs were calculated as the residual that remains after deducting the pilot credits (participation and market price) and T&D charges from bundled rates. The

³ Consistent with the Final Order, the shopping and nonshopping charges are calculated using a bundled rate that includes the proposed roll-in of the ECR.

CTC revenues collected from shopping and nonshopping customers will be tracked and, at the conclusion of the auction, reconciled to produce a final determination of stranded costs. The remaining stranded costs will then be recovered on a levelized basis, consistent with the method adopted in PECO Energy, over a recovery period to be determined at that time.

IV. TARIFF ISSUES

A. Requirements of the Order

The Final Order requires the unbundling of all contracts and tariffs, including Rule 4 contracts and Tariff Riders 8, 9 and 20. Final Order at 217, 221. The Final Order also requires that customers served under these contracts and tariffs be permitted to shop unless the contract or tariff precludes such a right. Id. The order requires that customers served under these contracts pay their allocated share of stranded costs and, in the case of Riders 8, 9 and 20, that Duquesne calculate discounts on T&D charges if necessary to recover the allocated stranded costs. Id. The order requires that Duquesne offer net metering for renewable energy and fuel cell installations of 10 kW or less and to allow self-generation through reasonable interconnection provisions. Id. at 223-24. Finally, the Commission denied Duquesne's proposed changes to Riders 5 and 7 and Rate HVPS.

B. Description of Compliance Filing

Appendix D describes the methodology by which Duquesne will unbundle Rule 4 contracts and Tariff Riders 8, 9 and 20. The CTCs for Riders 8, 9 and 20 have been calculated assuming discounts to distribution rates where necessary to recover the allocated stranded costs. Duquesne has not, however, reflected discounts to transmission rates, given that these rates are FERC-jurisdictional rates. The Final Order holds that any FERC-jurisdictional charges must be filed with, and approved by, the FERC, not this Commission. If any party believes that discounts are appropriate for transmission or ancillary services, it may intervene in the FERC proceeding established to review Duquesne's retail transmission and ancillary service rates.

With respect to the requirements for processing net metering and interconnection requests, the order is self-implementing and Duquesne will comply with it in processing any future requests that it may receive for such services. Finally, Duquesne has complied with the Final Order's holdings regarding Riders 5 and 7 and Rate HVPS by deleting the proposed language from its compliance tariff sheets.

V. COMPETITIVE SAFEGUARDS

A. Requirements of the Order

The Final Order requires Duquesne to submit a code of conduct based on the interim code of conduct adopted in PECO Energy. Final Order at 237. The interim code of conduct will apply prior to the establishment of a uniform, state-wide code of conduct. Id. The order also requires Duquesne to submit a supplier tariff governing the "rules and procedures" for interaction between Duquesne and Electric Generation Suppliers ("EGS").

B. Description of Compliance Filing

Duquesne is submitting an Interim Code of Conduct (attached as Appendix E) and a Supplier Tariff (Appendix F) that conform to the requirements of the Final Order.

VI. DUTY TO SERVE

A. Requirements of the Order

The order requires Duquesne to be the provider of last resort until further regulations on this issue are promulgated. Id. at 248. The Final Order rejects the proposals of Enron and others regarding unbundling revenue cycle services and "agency." Id. at 255-56. The order requires Duquesne to offer billing "consolidation" for customers with multiple sites, but only for customers that have multiple meters on the same rate tariff. Id. at 256-57. The order requires Duquesne to permit

use of qualified meters. Id. at 267. The order holds that Duquesne cannot terminate service for a customer's failure to pay an alternative supplier's charges. Id. at 270. The order requires that any fee for switching suppliers must be cost-justified. Id. at 273. The order approves Duquesne's proposal for applying partial payments. Id. at 275. Finally, the order denies Duquesne's proposal that a returning customer remaining with Duquesne for a minimum of 12 months. Final Order at 245.

B. Description of Compliance Filing

Most of the foregoing findings are self-implementing and therefore no recitation of the nature of Duquesne's compliance with the findings is required. With respect the fees being proposed for particular services, such fees and the support for them are set forth in the Supplier Tariff and Appendix G, respectively.

VII. UNIVERSAL SERVICE

A. Requirements of the Order

The Final Order requires that Duquesne increase the funding of its universal service programs over the four-year period 1999-2002. Final Order at 291-95. The Final Order adopts Duquesne's proposed cost allocation and rate design for universal service charges and specifies that the universal service fund will be "reconciled" pursuant Section 1307(f). Id. at 296. The order also specifies that universal service be "portable" and requires Duquesne to develop a loan level of \$250,000 to participate in the Million Solar Roof Program. Id. at 297-98.

B. Description of Compliance Filing

Appendix H is a compliance report describing the universal service program that implements the Final Order.

VIII. CUSTOMER EDUCATION

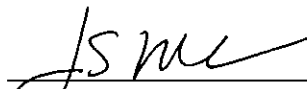
The Final Order states that Duquesne's customer education program and budget will be determined through the generic proceeding on customer education. Final Order at 302-03. The Final Order states that, until a final budget figure is approved through the Consumer Education Board process, the Commission will assume a funding level of \$15.5 million, which will be fully recovered as a transition cost. Id. Duquesne is complying with the order by supporting a budget of \$15.5 million. See Appendix I. That amount will be recovered as a transition cost.

WHEREFORE, Duquesne's compliance filing should be accepted

without modification or condition.

Respectfully submitted,

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Dated: June 18, 1998

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX A

Phase-in of Customer Choice Implementation Plan

Method of Customer Selection ¹	<p>DLCo Compliance</p> <p><u>Residential and Commercial (0 - 300 kW)</u> Combine Phases 1 and 2 for enrollment purposes and use the same selection method for both phases.</p> <ul style="list-style-type: none"> • Accept all volunteers on a 1st come, 1st served basis until 66% volunteer in each rate class. If this occurs before 8/14/98, all additional volunteers are notified that the rate classes are full for 1999 and that the volunteer will be eligible for participation 1/2/00. • If < 66% volunteer by 8/14/98 then accept all volunteers received to date on a 1st come, 1st served basis then continue to accept enrollments until a total of 66% volunteer • If > 66% volunteer <u>on</u> July 1, 1998 then choose all 66% for enrollment via random selection by lottery <p><u>Commercial (≥ 300 kW) and ALL Industrial</u> Combine Phases 1 and 2 for enrollment purposes and use the same selection method for both phases.</p> <ul style="list-style-type: none"> • All eligible volunteers accepted until 8/27/98 • Eligible load (per rate class) pro-rated based on the total amount of load volunteered in each rate class • Minimum eligible load per customer in 1999 is 66% • Pro-rata reductions by rate class will be calculated once for each customer class on 8/28/98 • No new customers will be enrolled after 8/28/98 unless their rate class is not fully subscribed
Treatment of Small Business Accounts for Enrollment and Selection	<p>All commercial customers (0 - 300 kW) will be selected on a 1st come, 1st served basis. DLCo will segment Rate GS/GM into three separate classes for commercial customers²:</p> <p>0 - 5 kW 5 - 20 kW 20 - 300 kW</p>
Timetable for Phase-In	<p>January 1, 1999 — 33%, January 2, 1999 — 66%, January 2, 2000 — 100%</p>

¹ To determine the non-coincidental peak demand (and the individual customer contribution to that load) DLCo will use the February 1998 billing month for all heating rate classes, and the August 1997 billing month for all non-heating rate classes.

² As discussed with and supported by the Office of Small Business Advocate (OSBA)

Phase-in of Customer Choice Implementation Plan

The following implementation steps (pg. 2-3) are not directly addressed by the restructuring order, but are a result of the Commission's Final Order entered May 21, 1998, concerning statewide enrollment procedures during the phase-in of direct access (Docket No. M-00960890F.0014).

<p>Mailing of Customer Enrollment Packages</p>	<p>DLCo Compliance</p> <p>Direct Mail to all customers who are not in the pilot program between 6/22/98 - 6/26/98</p> <ul style="list-style-type: none"> • PUC approved letter, attached enrollment form, postage paid return envelope and brochure mailed to residential and small/medium commercial customers (<300 kW) announcing enrollment beginning 7/1/98. • PUC approved letter, attached enrollment form, postage paid return envelope and brochure mailed to industrial and large commercial customers (≥300 kW) announcing enrollment beginning 7/1/98. • PUC approved letter to all residential and small/medium commercial (<300 kW) pilot customers advising automatic inclusion in Phase 1 at 100% load participation. • PUC approved letter to all large commercial (≥300 kW) and industrial pilot customers advising automatic inclusion in Phase 1 at pro-rated load participation level for the rate/revenue class. <p>All enrollments will be time and date stamped to identify the order in which they are received by Duquesne Light. Enrollments received prior to 7/1/98 will be batched and treated as having been received on 7/1/98.</p>
<p>Methods for Enrollment</p>	<p>Customers will be permitted to enroll by several methods:</p> <ul style="list-style-type: none"> • Returning the PUC-approved enrollment form attached to the direct mailing (described above) back to DLCo • Submitting an EGS-provided enrollment form to the EGS (or to DLCo) • Submitting a written enrollment request (with the appropriate information) via mail, facsimile, electronic mail, or personal delivery to DLCo • Calling the DLCo customer choice hotline after July 1, 1998 and using an interactive voice response (IVR) system or talking to a customer service representative to enroll. • Completing a reproduction of the enrollment form available on the DQE website • Requesting enrollment via a DLCo account representative <p>All enrollment methods will allow the customer to restrict the release of confidential information such as telephone number and historical electrical usage data.</p> <p>Enrollments received by EGSs must be transmitted electronically to DLCo per the methods established by the EDEWG.</p>

Phase-in of Customer Choice Implementation Plan

DLCo Compliance	
Notification of Customers	<p><u>Customer Notification</u></p> <ul style="list-style-type: none"> • All customers selected via the 1st come, 1st served method will be notified of their successful enrollment via direct mail beginning 8/14/98. • All other customers will be notified of their successful enrollment via direct mail beginning no later than 8/28/98. • If any customer class is not over-subscribed at the time of the notification, DLCo will provide notice of successful enrollment to customers as those enrollments are accepted. • DLCo will provide a PUC-approved notification packet via direct mail to all successfully enrolled customers. The packets will advise customers of their ability to register supplier choices between 9/1/98 and 11/1/98 to facilitate taking delivery from their chosen supplier with the first scheduled meter read in January 1999. The packet will also include the shopping credit for the customer's rate class, a list of licensed EGSs compiled by the PUC, consumer education material provided by the PUC and historical electrical usage data for the customer's account.
Notification of Suppliers	<p><u>Supplier Notification</u></p> <ul style="list-style-type: none"> • All licensed EGSs will be provided with a list of successful residential and commercial (>300kW) enrollments beginning 8/14/98. The list of successful industrial and large commercial enrollments will be provided to EGSs beginning 8/28/98. Any additional successful enrollments will be provided on a weekly basis thereafter. • The list of successful enrollees will be provided electronically via procedures established by the EDEWG. The file will contain the name, address, account number and rate class of all successful enrollees. For those customers who have not restricted release of confidential information, the file will also contain telephone numbers and/or 12 months of customer specific historical kWh usage and peak demand data.
Notification to Unsuccessful Enrollees	<p>DLCo will begin notifying unsuccessful volunteers beginning 8/14/98 if their status has already been determined as of that date and shall notify all customers who unsuccessfully enrolled before 8/28/98 by 9/12/98.</p> <p>Customers who unsuccessfully attempt to enroll after 8/28/98 will be notified of their status within fifteen days following receipt of their enrollment form or other attempt to enroll.</p>

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX B

**SUMMARY OF SYSTEM AVERAGE UNBUNDLED RATES
AND CTC CALCULATION PER PILOT METHODOLOGY
FOR TEST YEAR 1996**

INTERIM RATES

<u>CTC CALCULATION</u>		
Bundled Rate		\$0.0893
Less:		
Transmission	\$0.0026	
Ancillary	\$0.0010	
<u>Trans. losses</u>	<u>\$0.0001</u>	
Trans. Total		\$0.0037
Less:		
Distribution	\$0.0205	
<u>Dist. losses</u>	<u>\$0.0009</u>	
Dist. Total		\$0.0214
Less:		
Pilot Market*	\$0.0284	
<u>CPC **</u>	<u>\$0.0071</u>	
SUM (CGC)		\$0.0355
CTC		\$0.0287

* Weighted average of \$.03/kWh for residential/commercial and \$.024/kWh for industrial customers.

** Weighted average based on participation credits of 13% for residential/commercial and 10% for industrial customers.

<u>PAPUC TARIFFS</u>			<u>FERC TARIFFS</u>	
Component:	Retail	EGS	Retail	EGS
CTC	\$0.0287			
Dist.	\$0.0205			
Trans			\$0.0026	\$0.0026
CGC	\$0.0355			
T losses			\$0.0001	\$0.0001
D losses			\$0.0009	\$0.0009
Ancillary			\$0.0010	\$0.0010
Total	\$0.0847		\$0.0046	\$0.0046

<u>CUSTOMER STAYS</u>			<u>CUSTOMER GOES</u>	
Component:	Retail*	EGS	Retail	EGS**
CTC	\$0.0287		\$0.0287	
Dist.	\$0.0205		\$0.0205	
Trans	\$0.0026			\$0.0026
Generation	\$0.0375			
T losses				\$0.0001
D losses				\$0.0009
Ancillary				\$0.0010
Total	\$0.0893		\$0.0492	\$0.0046

* Generation includes T&D losses plus ancillary charges for staying customer.

** EGS charges assumes DLC is sole supplier of ancillary services @ \$.001/kWh Also, assumes that DLC provides T&D loss service. If EGS supplies T&D on its own account, these charges do not apply.

BACK-UP TO INTERIM RATES

Ancillary Services:	COS	MWH	Rate
FERC Reactive	\$4,856,112		
FERC Regulation	\$2,319,781		
FERC Spinning	\$2,319,781		
FERC Supplemental	\$2,820,651		
<u>GRT</u>	<u>\$566,860</u>		
Total Ancillary	\$12,883,185	12,413,634	\$0.0010
Transmission	\$32,290,377	12,413,634	\$0.0026
Distribution	\$254,282,269	12,413,634	\$0.0205
Losses:*			
Transmission	\$1,703,022	12,413,634	\$0.0001
Distribution	\$10,912,339	12,413,634	\$0.0009
Distribution rate:			
Adjusted T&D	\$296,505,359		
(FERC Trans.)	(\$30,869,600)		
(GRT)	(\$1,420,777)		
(FERC Reactive)	(\$4,856,112)		
(FERC Regulation)	(\$2,319,781)		
(FERC Spinning)	(\$2,319,781)		
<u>(GRT)</u>	<u>(\$437,039)</u>		
Equals Distribution	\$254,282,269	12,413,634	\$0.0205

* Includes GRT at 4.4% statutory rate

PILOT METHODOLOGY/STAND-ALONE CASE

- **Modified PAPUC TABLES**
 - Attachment A – T, D, CTC, Shopping Credit Summary Table
 - Attachment E – Buildup of DLC T&D Rates
 - Attachment F – Reconciliation of DLC's T&D Rate to PAPUC Order
 - Description of Adjustments to T&D Allocated Cost Of Service for Class Realized Rates of Return
- **Summary Avg. 1999 Rates**
- **Interim Rates and Revenues Based on 1996 Volumes (Bundled, Transmission, Distribution, CTC, and Shopping Credits)**
- **DLC Sales Forecast By Rate Class**
- **Average Rates By Rate Class – Impact of Changing Composition of Sales**

Duquesne Light Company

CTC, T&D and Shopping Credit in Cents per kwh

Interim CTC Revenue Collections with kwh consumption as indicated (See Notes)

Stranded: NA

Pre-Tax Return: NA

Year	kwh consumed (1)	Interim			Bundled Rate Today (5)	Shopping Credit (6)
		CTC Revenue Collections (2)	CTC Rate With GRT (3)	T&D Rate (4)		
1999	13,177,792,261	\$ 357,427,001	2.84	2.230	8.78	3.71
2000	13,396,867,288	NA	NA	2.220	8.76	NA
2001	13,617,281,321	NA	NA	2.220	8.76	NA
2002	13,845,460,353	NA	NA	2.210	8.75	NA
2003	14,082,528,386	NA	NA	2.200	8.75	NA
2004	14,331,562,413	NA	NA	2.200	8.74	NA
2005	14,587,560,447	NA	NA	2.190	8.74	NA

Notes:

(1) Annual kWh is taken from Duquesne Light Co. Exceptions.

(2) Interim CTC collections calculated as a residual using methodology from pilot.

(3) GRT Gross up is $1/(1-GRT)$, or 1.0460251, to reflect payment of the portion of the GRT on the GRT revenue receipt.

(4) Figures are illustrative beyond June 2001 when the cap on non-generation charges expire.

(5) The ECR roll-in is included in the determination of bundled rates.

While bundled and T&D rates are maintained at 1996 levels for each rate class, system average rates decline over the period since sales growth is forecasted to be higher for customer classes with relatively low average rates.

(6) Interim shopping credits based on pilot methodology.

DEFERRED FUEL ANALYSIS:

Deferred Fuel:	Additional Deferral	Reg. Asset Balance	Additional Taxes	Deferred Tax
Balance @ 07-31-97		\$11,502,995		\$4,772,995
August, 97	\$1,727,554	\$13,230,549	\$716,823	\$5,489,818
Sept., 97	(\$1,168,567)	\$12,061,982	(\$484,879)	\$5,004,939
Oct. 97	\$3,979,422	\$16,041,404	\$1,651,201	\$6,656,140
Nov. 97	\$3,578,436	\$19,619,840	\$1,484,818	\$8,140,958
Dec. 97	\$3,893,957	\$23,513,797	\$1,615,739	\$9,756,697
Jan. 98	\$1,328,343	\$24,842,140	\$551,176	\$10,307,873
Feb. 98	\$1,123,236	\$25,965,376	\$466,070	\$10,773,943
Mar. 98	\$4,818,346	\$30,783,722	\$1,999,300	\$12,773,244
Apr. 98	\$1,825,084	\$32,608,806	\$757,291	\$13,530,535
May 29, 1998	\$10,124,378	\$42,733,184	\$4,200,959	\$17,731,494

Buildup of Duquesne Light's T&D Rate

1	Lahtinen Distribution (see adjustments)	\$ 254,282,269	(1)
	remove: <i>Losses</i>	\$ -	(2)
2	Lahtinen Transmission (see adjustments)		
	without ancillary services included:	\$ 32,290,377	(3)
	<u>Total T&D Revenue Requirement w/out Merger Savings</u>	<u>\$ 286,572,646</u>	
3	Duquesne's retail kwh for 1996	12,413,633,000	(4)
	Total T&D Rate, cents/kwh, w/out Merger Savings	2.309	(5)
4	Merger related Distribution savings in 1/1/2000		
	per OCA witness Kahal:		NA
	Duquesne's retail kwh for 2000	13,396,867,288	
	Adjustment to T&D rate cap for merger savings in 2000 (c/kWh)		NA
	Total T&D Rate, cents/kwh, with Merger Savings	NA	(5)

Notes:

- (1) Adjusted PaPUC figure for realized rates of return and distribution loss error.
- (2) The PaPUC removed distribution losses from a distribution cost figure that did not include losses, thereby removing it twice.
- (3) Ancillary services will be charged to suppliers and have been removed from T&D rates at embedded costs approved by FERC.
Transmission revenue requirement based on recently approved FERC level.
- (4) Duquesne used actual 1996 kWh sales to calculate the December 31, 1996 rate cap consistent with the PaPUC-approved 1996 cost of service.
- (5) Applying the 1996 T&D rates on a class-specific basis to 1999 volumes will result in a lower average T&D rate in 1999 due to the changing composition of sales.

Reconciliation of Duquesne Light's T&D Rate to PaPUC Order

	Original Duquesne Filing	PaPUC Table	Adjustments to PAPUC Table			Removal of	Revised Duquesne Filing
	Source: Exhibit JAL 1(C) p. 3 of 6	Source: Attachment E	Realized Class Returns	Related Income Tax	Related GRT	D Losses Twice	
Lahtinen Transmission Costs with Ancillary Services Included:	\$50,315,742	\$50,315,742	(1,703,255)	(1,202,703)	(133,747)		\$47,276,037
Lahtinen Distribution Costs:	253,687,253	253,687,253	(2,507,794)	(1,753,988)	(196,149)		249,229,322
Loss Demand	18,439,022	0					0
Loss Energy	10,432,197	(10,432,197)				10,432,197 (1)	0
GRT on Losses	<u>795,266</u>	<u>0</u>					0
Total Distribution Costs	<u>283,353,738</u>	<u>243,255,056</u>					249,229,322
Total T&D Costs without Merger Savings (2)	<u>333,669,480</u>	<u>293,570,798</u>	<u>(4,211,049)</u>	<u>(2,956,691)</u>	<u>(329,896)</u>	<u>10,432,197</u>	<u>296,505,359</u>

Removal of OATT Transmission and Ancillary Services:

FERC Transmission Revenue Requirement	\$30,869,600
Related GRT	<u>1,420,777</u>
Total Revised Transmission Revenue Requirement	<u>32,290,377</u>

Ancillary Services:

Reactive Power	4,856,112	(3)
Regulation & Frequency Control	2,319,781	
Operating Spinning Reserve	2,319,781	
Related GRT	<u>437,039</u>	
Total Ancillary Service Costs	<u>9,932,713</u>	

Equals Revised Distribution Revenue Requirement

254,282,269

Revised T&D Revenue Requirement w/out Merger Savings

286,572,646

kWh Sales	12,393,517,000	12,519,000,000	(4)	12,413,633,000	(4)(5)
1996 System Avg. T&D Rate, cents/kWh, Without Merger Savings	2.692	2.345		<u>2.309</u>	(6)

Notes:

- (1) The PaPUC removed distribution losses from a distribution cost figure that did not include losses, thereby removing it twice.
- (2) Distribution rates would be reduced January 1, 2000 to reflect \$15.8 million of merger savings if the merger is consummated.
- (3) Other ancillary services, operating supplemental reserves and scheduling, were not included in T&D costs shown above.
- (4) The PaPUC shows OCA retail kWh for 1999, however, Duquesne has used actual 1996 kWh sales to calculate the December 31, 1996 rate cap consistent with the PaPUC approved 1996 cost of service.
- (5) Corrected from original filing.
- (6) Applying the 1996 T&D rates on a class-specific basis to 1999 volumes will result in a lower system average T&D rate in 1999 due to the changing composition of sales.

**DESCRIPTION OF ADJUSTMENTS TO T&D ALLOCATED
COST OF SERVICE FOR CLASS REALIZED RATES OF
RETURN**

Includes Attachments:

- I.) Class realized return data
- II.) Adjusted T&D allocated COS study results
- III.) Detailed description of adjustment to RS
- IV.) Exhibit JAL 1C, PAGES 1-6

ADJUSTMENT FOR CLASS-SPECIFIC REALIZED RATES OF RETURN

I.) Background

In its restructuring filing, Duquesne computed unbundled transmission and distribution rates on the basis of the pro-forma capital structure and capital cost components shown in the testimony of Company witness Donald Clayton. Duquesne witness Makholm supported a required return on equity of 11.5%, while Mr. Clayton supported the embedded debt and preferred equity costs and pro-forma capital structure. Combined, these data produced a return on rate base of 9.61% as set forth below:

COMPONENT	SHARE	COST	WTD COST
Debt	50.23%	8.51%	4.28%
Preferred	9.69%	7.45%	.72%
Equity	40.08%	11.50%	4.61%
			9.61%

In its restructuring filing, the Company used an equalized 9.61% rate of return to develop allocated cost of service and unbundled rates by rate class. Judge Corbett rejected Duquesne's use of equalized required rates of return and directed the Company to compute allocated cost of service and unbundled T&D rates on the basis of the class "realized" rates of return approved by the PaPUC in its most recent base rate proceeding. The Commission affirmed this finding in its May 29, 1998 order approving Duquesne's restructuring plan. The following section describes the methodology and data Duquesne employed to comply with this finding.

II.) Methodology

Duquesne's allocated cost of service study results for transmission and distribution (Exhibit JAL 1C) were adjusted by the class realized rates of return contained as an attachment (reproduced as an attachment here) to Filing Requirement I.5. This attachment contains the class rates of return for the test year of Duquesne's last rate case. (It should be mentioned that these study results did not contain rates of return for rate classes RA, HVPS or AL. Therefore; the returns for RA and HVPS were set equal to the returns for RH

and L, respectively. The return for AL was based on the class average for all lighting classes.)

The adjusted revenue requirements were computed making three separate but related adjustments to Duquesne's allocated cost of service study results. These adjustments are:

- Differential rate of return
- Differential income taxes on equity
- Differential gross receipts tax

The adjustment for class rate of return is computed as the difference between the class realized rate of return and the equalized rate of 9.61% reflected in Duquesne's restructuring filing. After making this adjustment, it is then necessary to compute a ROE component by class in order to make the necessary adjustment for income taxes to the Company's study results. This adjustment requires assumptions about capital structure and debt/preferred equity costs. The calculations supporting the compliance rates are based on the capital structure ratios and debt/preferred cost components shown in the table above. The adjustment for income taxes is computed as the difference between the derived returns and 11.5% (as filed) which is then multiplied by the income tax factor $[\frac{.414935}{1-.414935}]$ to derive the appropriate % adjustment for each rate class. The class-specific differentials for rate of return and income tax are then multiplied by the rate base allocated to each class to determine the dollar adjustment to revenue requirements and conform Duquesne's study to the Commission's order (including adjustment for GRT). As detailed in the attachments, the effect is to lower T&D revenue requirements \$7.5 million for PaPUC jurisdictional customers.

Also attached is a detailed description and demonstration of the calculations for rate class RS.

ATTACHMENT I

VOLUME VIII

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DUQUESNE LIGHT COMPANY
DOCKET NO. R-00974104

APPLICATION FOR APPROVAL OF
RESTRUCTURING PLAN UNDER SECTION 2806
OF THE PUBLIC UTILITY CODE

Contents:

Filing Requirements I.1. through I.18.
Filing Requirements J.1. through J.3.

DUQUESNE LIGHT COMPANY

I. Cost of Service

5. Describe the functionalization of plant into two or more functional components (e.g., distribution plant into demand and customer components) and provide the work papers supporting the separation. If divisions are made separating plant into sub-classifications (e.g. primary and secondary distribution), describe the basis for the separation and provide work papers supporting the division.

Response:

The functionalization of plant is shown in the testimony and exhibits of Mr. O'Brien.

In addition, sub-functionalization has been done in accordance with the ratios contained in the cost of service study for the test year of Duquesne's last rate case. That study base is appended hereto.

Plant has also been classified consistent with the ratios contained in the appended study.

PA PUC 3 SUPP 51 WITH STA ROLLIN
FERC 3 PRESENT

PROD 1 TRANS 2 ARE - OTHERS 3 SUM OF CLASS PEAK

DUQUESNE LIGHT COMPANY
COST OF SERVICE STUDY
FOR CALENDAR YEAR ENDING MARCH 31, 1968

ITEM NO. DIC DR-1C

BASE RATE REVENUES

SUMMARY OF RESULTS

		TOTAL DUQUESNE LIGHT COMPANY	--BUSINESS SUBJECT TO--		TOTAL RESIDENTIAL CLASS	TOTAL GENERAL SERVICE CLASSES	TOTAL STREET AND TRAIL LIGHTING	
			FERC JURIS.	PA. PUC JURIS.				
OUT	IN	ALLDC						
<u>DEVELOPMENT OF RATE BASE</u>								
1	ELECTRIC PLANT IN SERVICE	POO	3890,462,201	3,210,750	3087,251,531	1334,470,411	2475,467,305	77,305,735
	TOTAL RESERVES FOR DEPRECIATION	RO	641,504,979	507,258	683,997,721	246,541,477	410,912,562	18,543,682
	NET ELECTRIC PLANT IN SERVICE	NTP	3205,957,302	2,703,492	3203,253,810	1087,936,934	2056,559,823	58,762,053
	ADD	PHFUSM						
	PLANT HELD FOR FUTURE USE	PHFU						
	MATERIALS & SUPPLIES	HSSUSM						
	PROPERTY INTEREST	PHFUSM						
	WORKING CAPITAL	PHFUSM						
	DEF. NUCLEAR LEASE RENT	DFNUSM						
	CUSTOMER DEPOSITS	DFNUSM						
	WESTINGHOUSE SETTLEMENT	DFNUSM						
	LESS	DFNUSM						
	CUSTOMER ADV. CONSID.	DFNUSM						
	ACCUM. DEPR. INCOME TAX	ADITSM						
		ADIT	228,743,873	172,663	226,371,011	81,798,134	140,748,974	5,978,881
14	RATE BASE	RB	3041,866,408	2,577,659	3039,288,829	1026,561,202	1957,985,888	54,741,739
<u>DEVELOPMENT OF RETURN</u>								
15	TOTAL OPERATING REVENUES	ROO	1065,023,405	549,022	1064,474,383	385,320,157	659,744,379	19,409,847
16	OPERATING EXPENSES	ROO						
16	TOTAL OPERATION & MAINT. EXP.	ROO	444,376,116	339,070	444,036,246	157,700,395	279,743,651	6,592,200
17	TOTAL DEPRECIATION EXPENSE	DEPEXP	109,732,770	93,412	109,639,358	37,327,274	69,864,045	2,224,598
18	TOTAL TAXES OTHER THAN INC.	TAXES	81,852,337	54,847	91,799,490	32,459,517	57,853,119	1,486,854
19	TOTAL OTHER MISC. EXPENSES	TOOPEX	49,982,000	60,690	66,701,710	20,643,576	58,850,694	1,407,040
20	FEDERAL INCOME TAX	FEDERL	47,654,972	-52,910	47,106,062	16,263,690	29,293,310	1,148,802
21	PENNSYLVANIA INCOME TAX	PENNA	13,983,321	-13,244	13,996,565	4,109,355	7,564,703	322,508
22	TOTAL OPERATING EXPENSE	TOESUM	794,582,617	503,566	794,079,051	283,524,446	497,169,523	13,385,082
23	RETURN	RETURN	270,440,788	45,456	270,395,332	101,795,711	162,574,856	6,024,765
24	RATE OF RETURN	RTRT	8.89	1.76	8.90	9.92	8.30	11.01

PA, PUC & SUPP 51 WITH STA ROLLIN
FERC & PRESENT

PROD & TRANS & A&E - OTHERS & SUM OF CLASS PEAK

DUQUESNE LIGHT COMPANY
COST OF SERVICE STUDY
FOR CALENDAR YEAR ENDING MARCH 31, 1988

ITEM NO. DIC DR-1C

BASE RATE REVENUES

SUMMARY OF RESULTS

-----RESIDENTIAL CLASS CUSTOMERS----- GENERAL SERVICE SMALL-----

	OUT	IN	ALLOC	ALL ELECTRIC RH	REGULAR RS	TOTAL RESIDENTIAL	REGULAR RATE GS/GH	ALL ELECTRIC RATE GMR	TOTAL SMALL
DEVELOPMENT OF RATE BASE									
1	ELECTRIC PLANT IN SERVICE	P00		82,373,920	1252,104,491	1334,478,411	1009,266,236	72,973,463	1082,239,699
2	TOTAL RESERVES FOR DEPREC	RD		15,792,000	231,749,477	246,541,477	176,830,324	12,624,975	189,455,299
3	NET ELECTRIC PLANT IN SERVICE	DP		67,581,920	1020,355,014	1087,936,934	832,435,912	60,348,488	892,784,400
4	ADD PLANT HELD FOR FUTURE USE	PHFUSH	PHFU						
5	WATER MAINS & SUPPLIES	WTR		1,821,081	19,726,774	21,547,855	15,440,695	1,336,026	16,776,721
6	BOND INTEREST	BOND		1,095,811	7,493,490	8,589,301	6,227,043	451,499	6,679,338
7	WORKING CAPITAL	WCR		3,955,533	1,549,930	5,505,463	3,545,703	277,556	4,443,261
8	DEFERRED NUCL. LEASE RENT	DEFNUCL		2,955,533	3,528,930	6,484,463	2,507,057	217,854	2,744,621
9	CUSTOMER DEPOSITS	CUSTOM		97,726	1,449,866	1,547,592	1,821,817	22,053	2,049,710
10	WESTINGHOUSE SETTLEMENTS	WESTING			7,271	7,271	327	6	7,108
11	LESS CUSTOMER ADV. CONSID.	ADVCON		11,700	228,925	240,625	109,332	6,148	115,480
12	ACCUM DEFERRED INCOME TAXES	ADITSM	ADIT	4,933,800	76,864,337	81,798,136	59,081,949	4,232,092	63,314,091
14	RATE BASE	RB		64,269,061	962,292,140	1026,561,202	780,786,962	57,596,651	846,383,613
DEVELOPMENT OF RETURN									
15	TOTAL OPERATING REVENUES	R00		26,382,267	358,937,890	385,320,157	270,267,490	22,778,473	293,045,963
16	OPERATING EXPENSES								
17	TOTAL DEPRECIATION & MAINT. EXP	DEPREX		12,132,178	145,568,216	157,700,395	103,028,021	2,728,047	112,756,070
18	TOTAL TAXES OTHER THAN INCOME TAX	TAXES		3,392,149	30,815,679	34,207,828	23,630,264	1,060,864	30,491,630
19	TOTAL OTHER MISC. EXPENSES	TOOEXP		1,416,177	30,207,231	31,623,408	22,331,201	1,060,378	32,392,479
20	FEDERAL INCOME TAX	FEDERL		1,508,344	19,892,521	21,400,865	14,493,103	1,060,213	15,683,444
21	PENNSYLVANIA INCOME TAX	PENNA		377,808	5,731,549	6,109,355	4,207,830	371,498	4,579,328
22	TOTAL OPERATING EXPENSE	TOESUM	TOOPEX	20,107,940	263,416,506	283,524,646	195,925,825	16,934,029	212,859,855
23	RETURN	RETURN		6,274,327	95,521,384	101,795,711	74,341,665	5,844,443	80,186,109
24	RATE OF RETURN	RTRT		9.76	9.93	9.92	9.42	10.15	9.47

USE RH % ROR FOR RA.

PA PUC 2 SUPP 51 WITH STA ROLLIN
 FERC 2 PRESENT

 PROD & TRANS 2 ARE - OTHERS 2 SUM OF CLASS PEAK

DUQUESNE LIGHT COMPANY
 COST OF SERVICE STUDY
 FOR CALENDAR YEAR ENDING MARCH 31, 1988

ITEM NO. DIC DR-1C

BASE RATE REVENUES
 SUMMARY OF RESULTS

			-----GENERAL SERVICE MEDIUM-----			--GENERAL--	
			REGULAR	ELECTRIC	TOTAL	SERVICE	TOTAL
			RATE	RATE	MEDIUM	LARGE	GENERAL
			GL	GLR		RATE	SERVICE
OUT	IN	ALLOC					
DEVELOPMENT OF RATE BASE							
1	ELECTRIC PLANT IN SERVICE	ROO	720,477,156	98,623,697	819,100,854	574,126,833	2475,467,305
2	TOTAL RESERVES FOR DEPR	RO	119,305,673	16,416,123	135,721,796	93,335,467	2418,412,862
3	NET ELECTRIC PLANT IN SERVICE	NYPLT	601,171,483	82,207,574	683,379,057	480,791,365	2056,554,423
4	ADD PLANT HELD FOR FUTURE USE	PNFUSH	11,728,912	1,070,970	12,800,882	9,923,024	40,178,601
5	HAIR RENTALS & SUPPLIES	MSUM	-4,497,645	-1,750,354	-6,248,000	-3,524,033	-15,366,449
6	BOND INTEREST	CBBSUM	2,071,645	1,028,033	3,100,678	1,776,433	3,324,295
7	WORKING CAPITAL	WCSUM	1,897,741	1,278,033	3,175,774	1,646,250	2,907,207
8	CUSTOMER DEPOSITS	OCBSUM	1,897,741	1,278,033	3,175,774	1,646,250	2,907,207
9	LESS COST OF INVESTMENT	OCBSUM	-44,830	-1,030,300	-1,075,130	-55,200	-1,130,300
10	LESS COST OF HOUSEHOLD CONN	OCBSUM	-6,284	-1,030,300	-1,036,584	-5,200	-1,041,784
11	ACCUM DEPR INCOME TAX	ADITSH	40,221,300	5,531,008	45,752,308	31,727,514	140,793,994
14	RATE BASE	RB	573,736,119	78,660,481	652,396,600	459,205,675	1957,985,888
DEVELOPMENT OF RETURN							
15	TOTAL OPERATING REVENUES	ROO	194,725,281	27,952,972	222,678,253	144,020,163	689,744,379
16	OPERATING EXPENSES	ROO	83,270,495	12,040,895	95,311,390	70,860,281	279,743,651
17	TOTAL DEPRECIATION & MAINT EXP	DEPEXP	20,867,647	3,706,327	24,573,974	16,248,295	74,827,921
18	TOTAL TAXES OTHER THAN INC.	TAXEXP	17,024,014	3,377,816	20,401,830	13,242,118	27,823,170
19	TOTAL OTHER HIST EXPENSES	TOEEXP	1,878,206	2,241,090	4,119,296	1,773,867	2,600,174
20	FEDERAL INCOME TAX	FEDERL	1,548,334	973,381	2,521,715	1,027,661	2,521,715
21	PENNSYLVANIA INCOME TAX	PENNA	2,247,562	292,671	2,540,233	445,142	7,504,703
22	TOTAL OPERATING EXPENSE	TOESUM TOOPEX	147,149,169	21,540,210	168,689,379	115,620,269	497,169,623
23	RETURN	RETURN	47,576,113	6,412,761	53,988,874	28,399,874	162,574,856
24	RATE OF RETURN	RTRT	8.29	8.15	8.28	6.18	8.30

USE RATE L ROR FOR HVPS

PA PUC & SUPP 51 WITH STA ROLLIN
 FERC & PRESENT

 PROD & TRAMS & A&E - OTHERS & SUM OF CLASS PEAK

DUQUESNE LIGHT COMPANY
 COST OF SERVICE STUDY
 FOR CALENDAR YEAR ENDING MARCH 31, 1988

ITEM NO. DIC DR-1C

BASE RATE REVENUES
 SUMMARY OF RESULTS

			INSIDE PITTSBURGH RATE SE	STREET LIGHTING OUTSIDE SERIES RATE SR	MULTIPLE PITTSBURGH RATE SM	HIGHWAY RATE SH	TRAFFIC SIGNALS
OUT	IN	ALLOC					
<u>DEVELOPMENT OF RATE BASE</u>							
1	ELECTRIC PLANT IN SERVICE	EOG	29,753,204	569,648	43,786,684	739,514	2,456,685
2	TOTAL ASSETS FOR DEPR	EOPT	11,628,623	1,280,809	11,880,509	139,010	428,482
3	NET ELECTRIC PLANT IN SERVICE	EOPLT	23,152,325	415,662	32,606,176	600,464	1,987,190
4	ADD						
5	PLT HELD FOR FUTURE USE	PHFDOSH		2	1,376	6	21
6	MATERIALS & SUPPLIES	PHFU		2	1,376	6	21
7	BOND INTEREST	PHSU	735,100				
8	PREPAYMENT	PHSU	-1,272,224	23,541	1,310,431	0,804	45,522
9	WORKING CASH	PHSU	17,228	-3,110	2,233,244	-4,293	-12,829
10	DEF. NUCL. LEASE RENT	PHSU	32,377	0	52,711	971	10,662
11	CUSTOMER DEPOSITS	PHSU	55,377	0	80,221	2,602	10,662
12	WESTINGHOUSE SETTLEMEN	PHSU	-119	0	27,200	1,358	-3,182
13	LESS						
14	CUSTOMER ADV. CONST.	PHSU	11,856	343	24,912	172	501
15	ACCUM. DEPR. INCOME TAX	ADITSH	2,146,228	49,212	5,582,314	45,966	155,161
14	RATE BASE	RB	21,710,560	388,401	30,197,423	563,646	1,881,711
<u>DEVELOPMENT OF RETURN</u>							
15	TOTAL OPERATING REVENUES	ROO	4,996,343	76,190	12,798,366	237,459	1,301,490
16	OPERATING EXPENSES						
17	TOTAL OPERATION & MAINT. EXP	EOO	2,694,727	33,813	3,362,459	103,523	447,676
18	TOTAL DEPRECIATION EXPENSE	EOPEXP	917,271	19,728	1,482,353	20,200	69,329
19	TOTAL TAXES OTHER THAN INC.	EOPEXP	483,027	7,649	866,353	12,280	70,123
20	FEDERAL INCOME TAX	EOPEXP	343,732	10,111	1,406,077	13,203	99,123
21	PENNSYLVANIA INCOME TAX	EOPEXP	-80,437	-2,036	362,854	3,934	46,187
22	TOTAL OPERATING EXPENSE	TOESUM TOOPEX	4,198,663	61,309	8,077,694	176,515	870,921
23	RETURN	RETURN	797,680	14,881	4,720,671	60,944	430,569
24	RATE OF RETURN	RTRT	3.67	3.83	15.63	10.81	22.88

Realized Return For AL
 Based on STREET LIGHTING
 AVERAGE

$$\frac{\sum \text{Return}}{\sum \text{Rate Base}} = \frac{\$6,024,705}{\$54,741,741} = 11.1\%$$

ATTACHMENT II

DERIVATION OF ADJUSTMENT TO TRANSMISSION AND DISTRIBUTION COS FOR REALIZED CLASS RATES OF RETURN

	PA PUC	RA	RS	RH	GS/OM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	Traf Light	Source:
Transmission:																
Rate Base	171,759,295	467,848	40,312,480	3,507,254	45,127,220	4,357,570	35,483,854	6,245,642	22,285,245	13,672,088	50	95,470	104,912	2,791	117,092	JAL 1C p 6
Return	16,508,068	44,941	3,874,029	337,047	4,336,726	418,782	3,409,998	600,208	2,139,890	1,313,886	5	9,175	10,082	266	11,253	JAL 1C p 5
Rev Requirement	31,729,402	91,064	7,982,100	709,382	8,305,887	827,914	6,448,422	1,140,092	3,660,418	2,427,677	13	40,288	72,289	1,048	22,828	JAL 1C p 3
Ancillary Services	18,586,339	65,717	5,441,306	641,841	4,843,004	543,212	3,562,675	621,422	1,545,016	1,356,690	25	60,666	91,205	1,811	11,753	JAL 1C p 3
Total w/Ancillary	60,345,741	156,781	13,423,406	1,351,203	12,948,891	1,371,126	10,011,097	1,761,514	5,205,436	3,784,537	38	100,976	163,494	2,659	34,581	JAL 1C p 3
% Ancillary Serv.	100.00%	0.35%	29.28%	3.45%	24.98%	2.92%	19.17%	3.34%	8.31%	7.30%	0.00%	0.33%	0.49%	0.01%	0.06%	Calculated
Adjustment For:																
1.) Class Returns	(1,703,255)	701	129,000	5,261	(85,742)	23,531	(486,387)	(91,186)	(763,698)	(468,952)	1	(5,871)	6,316	33	15,538	Calculated
2.) Income Tax	(1,202,703)	512	92,724	3,839	(59,426)	16,822	(331,098)	(84,479)	(540,941)	(332,167)	0	(4,019)	4,482	24	11,023	Calculated
3.) Gross Receipts	(133,747)	58	10,205	419	(6,881)	1,857	(38,796)	(7,165)	(80,046)	(38,872)	0	(448)	497	3	1,222	Calculated
Adjusted Total w/Ancillary	\$47,276,036	\$158,050	\$13,655,335	\$1,360,721	\$12,797,042	\$1,413,336	\$9,174,816	\$1,598,684	\$3,840,751	\$2,946,546	\$39	\$90,840	\$174,789	\$2,719	\$62,365	Calculated
Distribution:																
Rate Base	601,548,381	2,865,521	307,172,739	27,613,604	205,728,940	25,122,888	117,812,888	17,990,757	58,166,060	7,496,857	1,150	9,671,702	21,206,871	186,125	590,659	JAL 1C p 6
Return	77,028,807	277,299	29,519,300	2,653,687	19,770,551	2,414,290	11,321,799	1,728,912	5,569,760	720,429	111	918,841	2,037,980	17,887	56,782	JAL 1C p 6
Rev Requirement	253,687,252	953,599	111,950,160	8,810,966	59,403,374	6,717,547	30,670,622	4,625,645	14,416,864	6,232,895	372	2,981,949	6,839,300	50,529	233,430	JAL 1C p 3
Adjustment For:																
1.) Class Returns	(2,507,794)	4,328	982,953	41,420	(390,885)	135,663	(1,555,127)	(262,665)	(1,995,097)	(257,135)	16	(568,588)	1,276,854	2,234	78,407	Calculated
2.) Income Tax	(1,753,988)	3,158	706,537	30,222	(270,914)	96,984	(1,090,304)	(185,734)	(1,413,183)	(182,134)	11	(402,935)	908,068	1,590	55,828	Calculated
3.) Gross Receipts	(196,149)	345	77,759	3,297	(30,459)	10,708	(122,170)	(20,638)	(156,868)	(20,217)	1	(44,713)	100,480	178	8,189	Calculated
Adjusted Distribution	249,229,321	961,430	113,717,409	8,885,906	58,711,115	6,960,901	27,894,021	4,156,609	10,851,739	5,773,409	401	1,965,741	8,922,481	54,528	373,631	Calculated
Adjusted T&D	298,605,357	1,119,480	127,372,744	10,246,627	71,508,158	8,374,237	37,068,836	5,756,293	14,692,490	8,719,955	440	2,056,581	9,097,271	57,247	436,996	Calculated
FERC Trans.	32,290,376	92,674	8,123,223	721,903	8,452,735	842,551	6,562,430	1,160,249	3,725,134	2,470,598	13	41,000	73,567	1,067	23,232	OATT
FERC Ancillary	9,932,713	35,120	2,907,885	343,006	2,481,265	290,298	1,903,927	332,094	825,672	725,119	13	32,432	48,741	861	6,281	OATT
Distribution	254,282,268	991,686	116,341,636	9,181,718	60,574,158	7,241,388	28,602,480	4,262,950	10,141,684	5,524,238	413	1,983,149	8,974,963	55,320	406,484	Calculated

ATTACHMENT III

Depicted below are the supporting calculations for rate class RS incorporating the Commission's instructions to develop transmission and distribution rates on the basis of class realized rates return approved by the PaPUC in Duquesne's most recent rate proceeding.

ADJUSTMENT FOR RS

<u>Component</u>	<u>Rate Base</u>	<u>ROR*</u>	<u>Income Tax**</u>	<u>GRT***</u>	<u>Combined</u>
Transmission	\$40,312,480	\$129,000	\$92,724	\$10,205	\$231,929
Distribution	\$307,172,739	\$982,953	\$706,537	\$77,759	\$1,767,249
Total	\$347,485,219	\$1,111,953	\$799,261	\$87,964	\$1,999,178

* ROR = (9.93% - 9.61%) * RATE BASE

** INCOME TAX IS DERIVED BY FIRST SOLVING FOR THE IMPLIED EQUITY RETURN EMBODIED IN THE CLASS RATE OF RETURN, SUBTRACTING 11.5% FROM THE RESULT AND THEN MULTIPLYING THE DIFFERENCE TIMES THE INCOME TAX ADJUSTMENT FACTOR (.41935/(1-.41935)) FOR RS THE CALCULATIONS ARE AS FOLLOWS:

$$\begin{aligned} \text{ROE} &= 12.31\% = (9.93\% - 4.996)/.4008 \\ \text{ROE DIFFERENTIAL} &= .81\% = 12.31\% - 11.5\% \\ \% \text{ INCOME TAX ADJ.} &= .2302\% = ((.414935)/(1-.414935)) * .81\% * .4008 \\ \$ \text{ INCOME TAX ADJ.} &= .2302\% * \text{RATE BASE} \end{aligned}$$

*** GRT = (.044/(1-.044)) * (ROR + INCOME TAX ADJUSTMENTS)

ATTACHMENT IV

COST OF SERVICE STUDY

(1996)

Alloc #	Total Utility	FERC JURIS.	PA PUC JURIS.	RA	RS	RH	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	TRAFFIC SIGNALS
Total Retail Production Cost																	
	880,176,055	832,457	879,343,598	2,939,212	244,707,617	28,457,631	213,582,737	25,246,804	177,862,388	29,978,344	80,755,655	68,753,667	1,127	2,692,414	3,684,355	70,723	610,923
	216,684,908	216,007	216,468,901	610,126	53,667,081	5,570,595	46,864,505	5,836,239	49,527,428	7,802,418	25,501,777	19,780,882	228	515,858	566,866	15,089	209,808
100	(33,975,902)	(33,153)	(33,942,749)	(120,196)	(9,599,265)	(1,189,517)	(8,552,282)	(994,175)	(6,662,737)	(1,161,381)	(2,803,161)	(2,657,193)	(47)	(85,972)	(94,483)	(2,513)	(19,827)
100	(269,562)	(263)	(269,299)	(954)	(76,160)	(9,438)	(67,853)	(7,888)	(52,862)	(9,214)	(22,240)	(21,082)	(0)	(682)	(750)	(20)	(157)
Net Production Energy																	
	182,439,444	182,591	182,256,854	488,977	43,991,657	4,371,640	38,244,370	4,834,177	42,811,829	6,631,822	22,676,377	17,102,607	181	429,204	471,634	12,556	189,824
12.4	1,629,714	1,625	1,628,089	4,589	403,637	41,897	352,474	43,895	372,502	58,683	191,802	148,774	2	3,880	4,263	113	1,578
12.6	10,436,542	4,345	10,432,197	44,308	3,897,697	404,574	3,111,184	362,234	1,708,925	259,005	549,277	8	12	37,466	41,168	1,097	15,244
12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Production Energy Less Loss & Ancillary																	
	170,373,188	176,621	170,196,567	440,079	39,690,323	3,925,170	34,780,712	4,428,048	40,730,402	6,314,135	21,935,298	16,953,824	167	387,858	426,203	11,345	173,002
Production Capacity Cost																	
	663,491,147	616,451	662,874,696	2,329,086	191,040,535	22,887,037	166,718,232	19,410,564	128,334,960	22,175,926	55,253,878	48,972,786	899	2,176,556	3,117,488	55,634	401,115
	(17,725,476)	(17,296)	(17,708,179)	(62,707)	(5,008,006)	(620,580)	(4,461,788)	(518,668)	(3,475,999)	(605,901)	(1,462,429)	(1,386,277)	(24)	(44,852)	(49,292)	(1,311)	(10,344)
Net Production Capacity Cost																	
	645,765,672	599,155	645,166,517	2,266,379	186,032,529	22,266,457	162,256,444	18,891,896	124,858,961	21,570,025	53,791,448	47,586,509	875	2,131,704	3,068,196	54,323	399,771
129	2,653,834	2,472	2,651,362	9,319	763,421	91,611	666,898	77,639	513,663	88,798	220,904	196,454	4	8,808	12,220	221	1,139
129	18,436,212	17,190	18,439,022	64,813	5,309,247	637,112	4,637,971	539,946	3,572,296	617,552	1,536,287	1,366,250	25	59,865	84,981	1,539	11,759
129	4,021,675	3,746	4,017,929	14,123	1,156,904	138,829	1,010,631	117,656	778,416	134,567	334,762	297,711	5	13,045	18,518	335	2,427
129	5,187,040	4,831	5,182,209	18,215	1,492,141	179,058	1,303,482	151,749	1,003,979	173,560	431,767	383,979	7	16,825	23,884	432	3,130
129	8,913,265	8,302	8,904,963	31,301	2,564,054	307,687	2,239,867	260,762	1,725,209	298,241	741,936	659,819	12	28,911	41,041	743	5,379
129	9,887,219	9,202	9,878,010	34,721	2,844,222	341,302	2,484,618	282,255	1,913,723	330,830	823,008	731,917	13	32,071	45,526	824	5,967
Total Net Retail Production Cost																	
	596,646,427	553,405	596,093,021	2,093,887	171,902,532	20,570,852	149,912,978	17,454,888	115,351,675	19,926,477	49,702,785	43,950,379	808	1,972,379	2,842,027	50,228	361,127
Generation Products & Schedule																	
12.4	1,629,714	1,625	1,628,089	4,589	403,637	41,897	352,474	43,895	372,502	58,683	191,802	148,774	2	3,880	4,263	113	1,578
12.4	2,653,834	2,646	2,651,188	7,472	657,284	68,225	573,971	71,479	606,584	95,560	312,331	242,265	3	6,318	6,943	185	2,570
12.6	10,436,542	4,345	10,432,197	44,308	3,897,697	404,574	3,111,184	362,234	1,708,925	259,005	549,277	8	12	37,466	41,168	1,097	15,244
12.6	18,456,212	7,684	18,448,528	78,356	6,892,773	715,457	5,501,886	640,583	3,022,100	458,030	971,353	14	21	66,256	72,802	1,940	26,957
Ancillary Services																	
1	4,021,675	3,746	4,017,929	14,123	1,156,904	138,829	1,010,631	117,656	778,416	134,567	334,762	297,711	5	13,045	18,518	335	2,427
1	5,187,040	5,062	5,181,978	14,594	1,258,069	109,454	1,406,109	135,991	1,107,378	194,914	518,796	426,677	2	2,979	3,274	87	3,654
1	8,913,265	8,698	8,904,567	25,078	2,161,831	188,083	2,416,219	233,683	1,902,887	334,934	891,484	733,190	3	5,120	5,626	150	6,279
1	9,887,219	9,648	9,877,571	27,819	2,328,055	208,635	2,680,232	252,217	2,110,816	371,532	988,897	813,306	3	5,679	6,241	166	6,965
Subtotal Generation Products																	
	61,185,501	43,452	61,142,049	216,340	18,826,250	1,875,155	17,052,712	1,864,737	11,609,608	1,907,224	4,758,702	2,661,945	50	140,743	158,834	4,073	65,675
Net Production Energy Less Loss & Ancillary																	
	170,373,188	176,621	170,196,567	440,079	39,690,323	3,925,170	34,780,712	4,428,048	40,730,402	6,314,135	21,935,298	16,953,824	167	387,858	426,203	11,345	173,002
Total Net Retail Production Cost																	
	596,646,427	553,405	596,093,021	2,093,887	171,902,532	20,570,852	149,912,978	17,454,888	115,351,675	19,926,477	49,702,785	43,950,379	808	1,972,379	2,842,027	50,228	361,127
Subtotal Generation Products																	
	61,185,501	43,452	61,142,049	216,340	18,826,250	1,875,155	17,052,712	1,864,737	11,609,608	1,907,224	4,758,702	2,661,945	50	140,743	158,834	4,073	65,675
Total Retail Production Cost																	
	828,205,116	773,479	827,431,637	2,750,306	230,419,105	26,371,176	201,746,402	23,747,674	167,691,686	28,147,835	76,396,784	63,566,148	1,026	2,500,981	3,427,064	65,646	599,804
	21,764,574	23,027	21,741,547	89,980	10,062,444	692,690	3,919,516	583,771	2,632,511	700,162	1,852,971	740,262	23	83,102	322,275	4,453	1,973
Total Retail Production Cost W/GRI																	
	849,969,690	796,506	849,173,184	2,840,286	240,488,549	27,063,866	205,665,918	24,331,445	170,324,197	28,847,997	78,249,755	64,306,410	1,048	2,584,083	3,756,338	70,099	601,782
Net Production Energy Less Loss & Ancillary																	
	170,373,188	176,621	170,196,567	440,079	39,690,323	3,925,170	34,780,712	4,428,048	40,730,402	6,314,135	21,935,298	16,953,824	167	387,858	426,203	11,345	173,002
Total Net Retail Production Cost																	
	596,646,427	553,405	596,093,021	2,093,887	171,902,532	20,570,852	149,912,978	17,454,888	115,351,675	19,926,477	49,702,785	43,950,379	808	1,972,379	2,842,027	50,228	361,127
Net Reactive Power, Reg./freq. Cnt & Spinning Res.																	
	18,121,980	17,505	18,104,475	53,796	4,576,805	436,366	4,832,958	487,330	3,788,681	664,414	1,745,042	1,457,578	10	21,144	27,418	572	12,361
Total Basic Service																	
	785,141,595	747,532	784,394,063	2,587,762	216,169,659	24,932,388	189,526,649	22,370,266	159,870,759	26,905,026	73,383,125	62,361,781	985	2,381,381	3,295,647	62,145	546,490
Total Basic Service (\$/kWh)																	
	0.0632	0.0584	0.0632	0.0765	0.0726	0.0807	0.0723	0.0681	0.0554	0.0591	0.0480	0.0519	0.0758	0.0832	0.1048	0.0742	0.0470

COST OF SERVICE STUDY

(1996)

Acct #	Total Utility	FERC JURIS.	PA PUC JURIS.	RA	RS	RH	GS/GM	GMH	GL	GLH	I	HVPS	AL	SE	SM	SH	TRAFFIC SIGNALS
Total Retail Production Cost	880,176,055	832,457	879,343,598	2,939,212	244,707,617	28,457,631	213,582,737	25,246,804	177,862,388	29,978,344	80,755,655	68,753,667	1,127	2,692,414	3,684,355	70,723	610,923
Production Energy (501,509, 518, 547, 555)	216,684,908	216,007	216,468,901	610,126	53,667,081	5,570,595	46,864,505	5,836,239	49,527,428	7,802,418	25,501,777	19,780,882	228	515,858	566,866	15,089	209,808
100 less: Off-System Sales	(33,975,902)	(33,153)	(33,942,749)	(120,196)	(9,599,265)	(1,189,517)	(8,552,282)	(994,175)	(6,662,737)	(1,161,381)	(2,803,161)	(2,657,193)	(47)	(85,972)	(94,483)	(2,513)	(19,827)
100 less: Transmission Off-System Sales Loss Revenue	(262,562)	(263)	(262,229)	(954)	(76,160)	(2,438)	(67,853)	(7,888)	(52,862)	(9,214)	(22,240)	(21,082)	(0)	(682)	(750)	(20)	(152)
Net Production Energy	182,439,444	182,591	182,256,854	488,977	43,991,657	4,371,640	38,244,370	4,834,177	42,811,829	6,631,822	22,676,377	17,102,607	181	429,204	471,634	12,556	189,824
12.4 less: Transmission Loss - Energy	1,629,714	1,625	(628,089)	4,589	403,637	41,897	352,474	43,895	372,502	58,683	191,802	148,774	2	3,880	4,263	113	1,578
12.6 less: Distribution Loss - Energy	10,436,542	4,345	10,432,197	44,308	3,897,697	404,574	3,111,184	362,234	1,708,925	259,005	549,277	8	12	37,466	41,168	1,097	15,244
12 less: Spinning Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Production Energy Less Loss & Ancillary	170,373,188	176,621	170,196,567	440,079	39,690,323	3,925,170	34,780,712	4,428,048	40,730,402	6,314,135	21,935,298	16,953,824	167	387,858	426,203	11,345	173,002
Production Capacity Cost	663,491,147	616,451	662,874,696	2,329,086	191,040,535	22,887,037	166,718,232	19,410,564	128,334,960	22,175,926	55,253,878	48,972,786	899	2,176,556	3,117,488	55,634	401,115
less: Other Revenue	(17,725,476)	(17,296)	(17,708,179)	(62,707)	(5,008,006)	(620,580)	(4,461,788)	(518,668)	(3,475,999)	(605,901)	(1,462,429)	(1,386,277)	(24)	(44,852)	(49,292)	(1,311)	(10,344)
Net Production Capacity Cost	645,765,672	599,155	645,166,517	2,266,379	186,032,529	22,266,457	162,256,444	18,891,896	124,858,961	21,570,025	53,791,448	47,586,509	875	2,131,704	3,068,196	54,323	390,771
129 less: Transmission Loss - Demand	2,653,834	2,472	2,651,362	9,319	763,421	91,611	666,898	77,639	513,663	88,798	220,904	196,454	4	8,608	12,220	221	221
129 less: Distribution Loss - Demand	18,456,212	17,190	18,439,022	64,813	5,309,247	637,112	4,637,971	539,946	3,572,296	617,552	1,536,287	1,366,250	25	59,865	84,981	1,539	11,139
129 less: Reactive Power	4,021,675	3,746	4,017,929	14,123	1,156,904	138,829	1,010,631	117,656	778,416	134,567	334,762	297,711	5	13,045	18,518	335	2,427
129 less: Regulation & Frequency Control	5,187,040	4,831	5,182,209	18,215	1,492,141	179,058	1,303,482	151,749	1,003,979	173,560	431,767	383,979	7	16,825	23,884	432	3,130
129 less: Operating Spinning Reserve	8,913,265	8,302	8,904,963	31,301	2,564,054	307,687	2,239,867	260,762	1,725,209	298,241	741,936	659,819	12	28,911	41,041	743	5,379
129 less: Operating Reserve Supplemental (Q.S.)	9,887,219	9,209	9,878,010	34,721	2,844,229	341,309	2,484,618	289,255	1,913,723	330,830	823,008	731,917	13	32,021	45,526	824	5,967
Total Net Retail Production Cost	596,646,427	553,405	596,093,021	2,093,887	171,902,532	20,570,852	149,912,978	17,454,888	115,351,675	19,926,477	49,702,785	43,950,379	808	1,972,379	2,842,027	50,228	361,127
Generation Products & Schedule																	
12.4 add: Transmission Loss - Energy	1,629,714	1,625	1,628,089	4,589	403,637	41,897	352,474	43,895	372,502	58,683	191,802	148,774	2	3,880	4,263	113	1,578
12.4 add: Transmission Loss - Demand	2,653,834	2,646	2,651,188	7,472	657,284	68,225	573,971	71,479	606,584	95,560	312,331	242,265	3	6,318	6,943	185	2,570
12.6 add: Distribution Loss - Energy	10,436,542	4,345	10,432,197	44,308	3,897,697	404,574	3,111,184	362,234	1,708,925	259,005	549,277	8	12	37,466	41,168	1,097	15,244
12.6 add: Distribution Loss - Demand	18,456,212	7,684	18,448,528	78,356	6,892,773	715,457	5,501,886	640,583	3,022,100	458,030	971,353	14	21	66,256	72,802	1,940	26,957
Ancillary Services																	
1 add: Reactive from Generation	4,021,675	3,746	4,017,929	14,123	1,156,904	138,829	1,010,631	117,656	778,416	134,567	334,762	297,711	5	13,045	18,518	335	2,427
1 add: Regulation & Frequency Control	5,187,040	5,062	5,181,978	14,594	1,258,069	109,454	1,406,109	135,991	1,107,378	194,914	518,796	426,677	2	2,979	3,274	87	3,654
1 add: Spinning Reserve	8,913,265	8,698	8,904,567	25,078	2,161,831	188,083	2,416,219	233,683	1,902,887	334,934	891,484	733,190	3	5,120	5,626	150	6,279
1 add: Reserve Supplemental (Q.S.)	9,887,219	9,648	9,877,571	27,819	2,398,055	208,635	2,680,239	259,217	2,110,816	371,532	988,897	813,306	3	5,679	6,241	166	6,965
Subtotal Generation Products	61,185,501	43,452	61,142,049	216,340	18,826,250	1,875,155	17,052,712	1,864,737	11,609,608	1,907,224	4,758,702	2,661,945	50	140,743	158,834	4,073	65,675
Net Production Energy Less Loss & Ancillary	170,373,188	176,621	170,196,567	440,079	39,690,323	3,925,170	34,780,712	4,428,048	40,730,402	6,314,135	21,935,298	16,953,824	167	387,858	426,203	11,345	173,002
Total Net Retail Production Cost	596,646,427	553,405	596,093,021	2,093,887	171,902,532	20,570,852	149,912,978	17,454,888	115,351,675	19,926,477	49,702,785	43,950,379	808	1,972,379	2,842,027	50,228	361,127
Subtotal Generation Products	61,185,501	43,452	61,142,049	216,340	18,826,250	1,875,155	17,052,712	1,864,737	11,609,608	1,907,224	4,758,702	2,661,945	50	140,743	158,834	4,073	65,675
Total Retail Production Cost	828,205,116	773,479	827,431,637	2,750,306	230,419,105	26,371,176	201,746,402	23,747,674	167,691,686	28,147,835	76,396,784	63,566,148	1,026	2,500,981	3,427,064	65,646	599,804
add: Gross Receipts Tax	21,764,574	23,027	21,741,547	89,980	10,069,444	692,690	3,919,516	583,771	2,632,511	700,162	1,852,971	740,262	23	83,102	329,275	4,453	5,967
Total Retail Production Cost W/GRT	849,969,690	796,506	849,173,184	2,840,286	240,488,549	27,063,866	205,665,918	24,331,445	170,324,197	28,847,997	78,249,755	64,306,410	1,048	2,584,083	3,756,338	70,099	645,772

COST OF SERVICE STUDY

(1996)

Alloc #	Total Utility	FERC JURIS	PA PUC JURIS	RA	RS	RH	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	TRAFFIC SIGNALS
Transmission Cost	39,392,813	36,764	39,356,049	110,566	9,571,079	854,916	10,377,584	1,019,795	8,095,478	1,420,555	4,698,922	3,073,220	15	41,689	64,342	1,008	26,879
less: Off-System Revenues	(2,254,574)	(2,124)	(2,252,450)	(6,123)	(527,858)	(45,925)	(590,853)	(57,059)	(464,631)	(81,781)	(295,002)	(179,024)	(1)	(1,250)	(1,374)	(37)	(1,533)
less: Other Revenues	(6,246,853)	(5,884)	(6,240,969)	(16,966)	(1,462,561)	(127,245)	(1,637,104)	(158,095)	(1,287,375)	(226,596)	(817,375)	(496,031)	(2)	(3,464)	(3,806)	(101)	(4,248)
add: Gross Receipts Tax	867,691	918	866,773	3,587	401,440	27,616	156,260	23,273	104,951	27,913	73,873	22,512	1	3,313	13,127	178	1,730
Total Retail Transmission Cost	31,759,076	29,674	31,729,402	91,064	7,982,100	709,362	8,305,887	827,914	6,448,422	1,140,092	3,660,418	2,427,677	13	40,288	72,289	1,048	22,828
less: Dispatch Out Of Account 561	(828,636)	(809)	(827,827)	(2,331)	(200,978)	(17,485)	(224,628)	(21,725)	(176,905)	(31,138)	(82,878)	(68,162)	(0)	(476)	(523)	(14)	(584)
add: Scheduling Out Of Account 581	828,636	809	827,827	2,331	200,978	17,485	224,628	21,725	176,905	31,138	82,878	68,162	0	476	523	14	584
Total Transmission Cost With Products	31,759,076	29,674	31,729,402	91,064	7,982,100	709,362	8,305,887	827,914	6,448,422	1,140,092	3,660,418	2,427,677	13	40,288	72,289	1,048	22,828
Distribution Cost	254,358,451	74,216	254,284,236	948,161	111,138,157	8,861,597	60,552,564	6,788,676	31,038,210	4,497,491	14,241,249	5,901,996	378	3,140,648	6,907,191	51,071	216,847
less: Off-System Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
less: Other Revenues	(14,108,307)	(4,118)	(14,104,188)	(50,463)	(5,443,764)	(480,974)	(3,584,237)	(433,803)	(2,003,068)	(306,830)	(975,566)	(128,998)	(20)	(210,327)	(472,457)	(3,308)	(10,300)
add: Gross Receipts Tax	13,521,512	14,306	13,507,206	55,901	6,255,767	430,342	2,435,048	362,625	1,635,480	434,285	1,151,181	459,897	14	51,628	204,566	2,767	26,955
Total Retail Distribution Cost	253,771,657	84,403	253,687,253	953,599	111,950,160	8,810,966	59,403,374	6,717,547	30,670,622	4,625,645	14,416,864	6,232,895	372	2,981,949	6,639,300	50,529	233,430
less: Cust. Charges for RS,PA,PH,GM,GMH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Distribution Cost	253,771,657	84,403	253,687,253	953,599	111,950,160	8,810,966	59,403,374	6,717,547	30,670,622	4,625,645	14,416,864	6,232,895	372	2,981,949	6,639,300	50,529	233,430
Retail Production Cost (\$/kWh)	0.0685	0.0622	0.0685	0.0839	0.0808	0.0876	0.0785	0.0741	0.0590	0.0634	0.0518	0.0535	0.0807	0.0903	0.1194	0.0838	0.0553
Basis For Retail Rates																	
Transmission																	
Reactive Power	4,021,675	3,746	4,017,929	14,123	1,156,904	138,829	1,010,631	117,656	778,416	134,567	334,762	297,711	5	13,045	18,518	335	2,427
Regulation & Freq. Control	5,187,040	4,831	5,182,209	18,215	1,492,141	179,058	1,303,482	151,749	1,003,979	173,560	431,767	383,979	7	16,825	23,884	432	3,130
Operating Spinning Reserve	8,913,265	8,302	8,904,963	31,301	2,564,054	307,687	2,239,867	260,762	1,725,209	298,241	741,936	659,819	12	28,911	41,041	743	5,379
Gross Receipts Tax	481,735	497	481,238	2,078	228,207	16,267	89,024	13,045	55,071	15,054	36,553	15,351	1	1,907	7,762	101	817
Total Retail Transmission Cost	31,759,076	29,674	31,729,402	91,064	7,982,100	709,362	8,305,887	827,914	6,448,422	1,140,092	3,660,418	2,427,677	13	40,288	72,289	1,048	22,828
Total	50,362,792	47,050	50,315,742	156,781	13,423,406	1,351,203	12,948,891	1,371,126	10,011,097	1,761,514	5,205,437	3,784,537	39	100,977	163,493	2,659	34,582
\$/kWh	0.0041	0.0037	0.0041	0.0046	0.0045	0.0044	0.0049	0.0042	0.0035	0.0039	0.0034	0.0031	0.0030	0.0035	0.0052	0.0032	0.0030
Distribution																	
Loss Demand	18,456,212	17,190	18,439,022	64,813	5,309,247	637,112	4,637,971	539,946	3,572,296	617,552	1,536,287	1,366,250	25	59,865	84,981	1,539	11,139
Loss Energy	10,436,542	4,345	10,432,197	44,308	3,897,697	404,574	3,111,184	362,234	1,708,925	259,005	549,277	8	12	37,466	41,168	1,097	15,200
Gross Receipts Tax	795,901	634	795,266	3,563	403,039	27,088	151,485	22,198	82,918	21,762	50,537	15,635	1	3,158	11,734	175	1,900
Total Distribution Cost	253,771,657	84,403	253,687,253	953,599	111,950,160	8,810,966	59,403,374	6,717,547	30,670,622	4,625,645	14,416,864	6,232,895	372	2,981,949	6,639,300	50,529	233,430
Total	283,460,311	106,572	283,353,739	1,066,283	121,560,144	9,879,739	67,304,014	7,641,925	36,034,761	5,523,964	16,552,965	7,614,788	410	3,082,439	6,777,183	53,340	261,784
\$/kWh	0.0228	0.0083	0.0228	0.0315	0.0408	0.0320	0.0257	0.0233	0.0125	0.0121	0.0108	0.0063	0.0315	0.1077	0.2155	0.0637	0.0225

COST OF SERVICE STUDY

(1996)

Production COS Summary

	Total UTILITY	FERC JURIS.	PA PUC JURIS.	RA	RS	RH	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	TRAFFIC SIGNALS
Production Plant In Service	2,540,456,720	2,478,928	2,537,977,792	8,987,346	717,759,219	88,942,914	639,473,919	74,336,747	498,188,283	86,839,176	209,598,804	198,684,465	3,499	6,428,296	7,064,716	187,920	1,482,487
less Accumulated Depreciation	(1,147,480,150)	(1,119,761)	(1,146,360,389)	(4,056,937)	(324,079,084)	(40,141,870)	(288,716,978)	(33,568,587)	(225,135,020)	(39,230,046)	(94,793,551)	(89,787,455)	(1,529)	(2,903,033)	(3,190,441)	(84,865)	(670,941)
Net Production Plant	1,392,976,569	1,359,166	1,391,617,403	4,930,409	393,680,135	48,801,044	350,756,941	40,768,160	273,053,263	47,609,130	114,805,253	108,897,009	1,920	3,525,263	3,874,275	103,055	811,546
Additions To Net Production Plant																	
Land/Plant Held For Future Use	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deductions To Net Production Plant																	
ADP	(255,524,503)	(249,336)	(255,275,167)	(903,966)	(72,193,738)	(8,946,066)	(64,319,638)	(7,476,947)	(50,108,830)	(8,734,468)	(21,081,890)	(19,984,103)	(352)	(646,572)	(710,584)	(18,901)	(149,112)
Production Rate Base	1,137,452,066	1,109,831	1,136,342,236	4,026,443	321,486,397	39,854,978	286,437,303	33,291,213	222,944,433	38,874,662	93,723,363	88,912,906	1,568	2,878,691	3,163,691	84,153	662,434
Adjustments To Production Rate Base	257,757,955	251,515	257,506,440	911,868	72,824,759	9,024,261	64,881,833	7,542,300	50,546,814	8,810,813	21,266,160	20,158,777	355	652,223	716,795	19,067	150,415
Rate Base Adjusted For Rate Making	1,395,210,021	1,361,346	1,393,848,676	4,938,311	394,311,156	48,879,239	351,319,136	40,833,513	273,491,247	47,685,475	114,989,523	109,071,683	1,923	3,530,915	3,880,486	103,220	812,849
Return on Rate Base	134,079,683	130,825	133,948,858	474,572	37,893,302	4,697,295	33,761,769	3,924,101	26,282,509	4,582,574	11,050,493	10,481,789	185	339,321	372,915	9,919	78,115
Production O & M Expense	434,393,221	428,804	433,964,417	1,367,926	114,578,579	13,033,117	101,057,302	12,166,723	92,777,386	15,275,551	44,067,266	37,031,839	523	1,064,173	1,169,461	31,119	343,115
Production Depreciation/Amortization	239,826,705	233,991	239,592,713	849,352	67,803,020	8,408,327	60,413,391	7,020,575	46,989,103	8,195,552	19,741,930	18,739,744	331	607,041	667,140	17,746	139,461
Taxes	71,876,447	38,837	71,837,610	247,363	24,432,715	2,318,892	18,350,275	2,135,405	11,813,390	1,924,667	5,895,965	2,500,296	89	681,880	1,474,839	11,939	49,896
Production Revenue Requirement	880,176,055	832,457	879,343,598	2,939,212	244,707,617	28,457,631	213,582,737	25,246,804	177,862,388	29,978,344	80,755,655	68,753,667	1,127	2,692,414	3,684,355	70,723	610,923
less Off-System Sales Revenue	(34,245,464)	(33,416)	(34,212,048)	(121,150)	(9,675,425)	(1,198,954)	(8,620,135)	(1,002,062)	(6,715,599)	(1,170,596)	(2,825,401)	(2,678,275)	(47)	(86,654)	(95,233)	(2,533)	(19,984)
less Other Revenue	(17,725,426)	(17,296)	(17,708,179)	(62,707)	(5,008,006)	(620,580)	(4,461,788)	(518,668)	(3,475,999)	(605,201)	(1,462,429)	(1,386,277)	(24)	(44,852)	(49,292)	(1,311)	(10,344)
Total Retail Production Cost	828,205,116	781,745	827,423,371	2,755,355	230,024,186	26,638,097	200,500,814	23,726,073	167,670,790	28,201,847	76,467,825	64,689,116	1,056	2,560,909	3,539,829	66,878	580,595

**COST OF SERVICE STUDY
(1996)
Transmission COS Summary**

	Total Utility	FERC JURIS.	PA PUC JURIS.	RA	RS	RH	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	TRAFFIC SIGNALS
Transmission Plant In Service	319,052,035	300,545	318,751,491	866,546	74,698,884	6,498,929	83,613,495	8,074,563	65,751,458	11,573,153	41,746,625	25,334,295	92	176,906	194,401	5,172	216,971
less Accumulated Depreciation	(120,291,943)	(113,069)	(120,178,874)	(326,006)	(28,102,747)	(2,444,987)	(31,452,722)	(3,037,761)	(24,736,602)	(4,353,979)	(15,969,661)	(9,531,110)	(35)	(66,554)	(73,136)	(1,946)	(81,628)
Net Transmission Plant	198,760,093	187,476	198,572,617	540,539	46,596,138	4,053,943	52,160,773	5,036,801	41,014,856	7,219,174	25,776,964	15,803,185	58	110,351	121,265	3,226	135,344
Additions To Net Transmission Plant																	
Land/Plant Held For Future Use	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deductions To Net Transmission Plant																	
ADII	(23,699,224)	(22,324)	(23,676,900)	(64,367)	(5,548,642)	(482,741)	(6,210,821)	(599,779)	(4,884,026)	(859,655)	(3,100,944)	(1,881,835)	(7)	(13,141)	(14,440)	(384)	(16,117)
Transmission Rate Base	175,060,869	165,151	174,895,718	476,172	41,047,496	3,571,202	45,949,953	4,437,022	36,130,830	6,359,519	22,676,020	13,921,351	51	97,211	106,824	2,842	119,227
Adjustments To Transmission Rate Base																	
Rate Base Adjusted For Rate Making	(3,139,380)	(2,957)	(3,136,423)	(8,527)	(735,015)	(63,948)	(822,733)	(79,451)	(646,975)	(113,876)	(410,775)	(249,282)	(1)	(1,741)	(1,913)	(51)	(2,135)
Return on Rate Base	171,921,489	162,194	171,759,295	467,646	40,312,480	3,507,254	45,127,220	4,357,570	35,483,854	6,245,642	22,265,245	13,672,068	50	95,470	104,912	2,791	117,773
Transmission O & M Expense	13,466,871	12,957	13,453,913	37,358	3,220,411	280,181	3,601,302	348,110	2,834,671	498,941	1,515,141	1,092,210	4	7,627	8,381	223	9,354
Transmission Depreciation/Amortization	6,594,369	6,232	6,588,136	17,969	1,548,967	134,763	1,733,028	167,435	1,363,431	239,983	844,917	525,336	2	3,668	4,031	107	4,499
Taxes	2,809,919	1,988	2,807,931	10,298	927,672	102,925	706,528	85,487	487,377	81,426	199,174	141,789	4	21,219	41,848	409	1,774
Transmission Revenue Requirement	<u>39,392,813</u>	<u>36,764</u>	<u>39,356,049</u>	<u>110,566</u>	<u>9,571,079</u>	<u>854,916</u>	<u>10,377,584</u>	<u>1,019,795</u>	<u>8,095,478</u>	<u>1,420,555</u>	<u>4,698,922</u>	<u>3,073,220</u>	<u>15</u>	<u>41,689</u>	<u>64,342</u>	<u>1,008</u>	<u>26,879</u>
less Off-System Sales Revenue	(2,254,574)	(2,124)	(2,252,450)	(6,123)	(527,858)	(45,925)	(590,853)	(57,059)	(464,631)	(81,781)	(295,002)	(179,024)	(1)	(1,250)	(1,374)	(37)	(1,533)
less Other Revenue	(6,246,853)	(5,884)	(6,240,969)	(16,966)	(1,462,561)	(127,245)	(1,637,104)	(158,095)	(1,287,375)	(226,596)	(817,375)	(496,031)	(2)	(3,464)	(3,806)	(101)	(4,248)
Total Retail Transmission Cost	<u>30,891,385</u>	<u>28,756</u>	<u>30,862,629</u>	<u>87,477</u>	<u>7,580,660</u>	<u>681,747</u>	<u>8,149,627</u>	<u>804,641</u>	<u>6,343,471</u>	<u>1,112,178</u>	<u>3,586,546</u>	<u>2,398,165</u>	<u>13</u>	<u>36,975</u>	<u>59,162</u>	<u>870</u>	<u>21,098</u>

COST OF SERVICE STUDY

(1996)

Distribution COS Summary

	Total Utility	FERC JURIS.	PA PUC JURIS.	RA	RS	RH	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	TRAFFIC SIGNALS
Distribution Plant In Service	1,341,646,934	391,641	1,341,255,293	4,798,858	517,681,488	45,738,804	340,847,492	41,253,080	190,484,233	29,178,404	92,772,657	12,267,266	1,901	20,001,345	44,928,857	314,587	986,322
less Accumulated Depreciation	<u>(427,490,128)</u>	<u>(117,207)</u>	<u>(427,372,921)</u>	<u>(1,511,411)</u>	<u>(167,150,662)</u>	<u>(14,294,375)</u>	<u>(106,521,085)</u>	<u>(12,675,266)</u>	<u>(56,717,659)</u>	<u>(8,743,828)</u>	<u>(26,836,462)</u>	<u>(3,743,172)</u>	<u>(592)</u>	<u>(8,754,443)</u>	<u>(19,958,997)</u>	<u>(102,114)</u>	<u>(312,854)</u>
Net Distribution Plant	914,156,806	274,434	913,882,372	3,287,446	350,530,826	31,444,429	234,276,407	28,577,814	133,766,575	20,434,575	65,936,195	8,524,094	1,309	11,246,902	24,969,860	212,473	673,468
Additions to Net Distribution Plant																	
Land/Plant Held for Future Use	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CWP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deductions to Net Distribution Plant																	
ADP	(108,945,787)	(31,802)	(108,913,985)	(389,682)	(42,037,302)	(3,714,129)	(27,677,847)	(3,349,875)	(15,467,896)	(2,369,375)	(7,533,420)	(996,139)	(154)	(1,624,170)	(3,648,359)	(25,545)	(80,092)
Distribution Rate Base	805,211,019	242,631	804,968,388	2,897,765	308,493,524	27,730,300	206,598,560	25,227,939	118,298,679	18,065,201	58,402,775	7,527,955	1,155	9,622,732	21,321,501	186,928	593,376
Adjustments to Distribution Rate Base	(3,423,006)	(999)	(3,422,007)	(12,244)	(1,320,785)	(116,696)	(869,620)	(105,251)	(485,991)	(74,444)	(236,695)	(31,298)	(5)	(51,030)	(114,629)	(803)	(2,516)
Rate Base Adjusted For Rate Making	801,788,013	241,632	801,546,381	2,885,521	307,172,739	27,613,604	205,728,940	25,122,688	117,812,688	17,990,757	58,166,080	7,496,657	1,150	9,571,702	21,206,871	186,125	590,859
Return on Rate Base	77,051,828	23,221	77,028,607	277,299	29,519,300	2,653,667	19,770,551	2,414,290	11,321,799	1,728,912	5,589,760	720,429	110	919,841	2,037,980	17,887	56,700
Distribution O & M Expense	108,272,036	16,781	108,255,256	430,603	57,858,192	3,904,535	23,957,356	2,343,615	8,833,528	1,015,326	3,486,208	3,100,161	173	1,015,945	2,176,803	20,499	112,511
Distribution Depreciation/Amortization	42,910,032	12,332	42,897,699	149,630	15,972,086	1,429,271	10,202,401	1,266,816	6,001,675	917,571	2,948,905	393,559	61	1,088,050	2,486,127	10,071	31,477
Taxes	26,124,555	21,882	26,102,673	90,629	7,788,579	874,124	6,622,255	763,954	4,881,207	835,683	2,216,376	1,687,847	34	116,813	206,281	2,614	16,277
Distribution Revenue Requirement	<u>254,358,451</u>	<u>74,216</u>	<u>254,284,236</u>	<u>948,161</u>	<u>111,138,157</u>	<u>8,861,597</u>	<u>60,552,564</u>	<u>6,788,676</u>	<u>31,038,210</u>	<u>4,497,491</u>	<u>14,241,249</u>	<u>5,901,996</u>	<u>328</u>	<u>3,140,648</u>	<u>6,907,191</u>	<u>51,071</u>	<u>216,847</u>
less Off-System Sales Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
less Other Revenue	<u>(14,108,307)</u>	<u>(4,118)</u>	<u>(14,104,189)</u>	<u>(50,463)</u>	<u>(5,443,764)</u>	<u>(480,974)</u>	<u>(3,584,237)</u>	<u>(433,803)</u>	<u>(2,003,068)</u>	<u>(306,830)</u>	<u>(975,566)</u>	<u>(128,998)</u>	<u>(20)</u>	<u>(210,327)</u>	<u>(472,457)</u>	<u>(3,308)</u>	<u>(10,372)</u>
Total Retail Distribution Cost	<u>240,250,145</u>	<u>70,097</u>	<u>240,180,047</u>	<u>897,698</u>	<u>105,694,393</u>	<u>8,380,623</u>	<u>56,968,326</u>	<u>6,354,872</u>	<u>29,035,142</u>	<u>4,190,661</u>	<u>13,265,683</u>	<u>5,772,998</u>	<u>358</u>	<u>2,930,321</u>	<u>6,434,734</u>	<u>47,763</u>	<u>206,475</u>

Stand-Alone Case -- Summary Avg. 1999 Rates

(c/kWh)	Total	Distrib.	Trans.	CTC	Shopping Credit
RA	10.06	2.93	0.27	2.70	4.16
RS	12.76	3.91	0.27	4.08	4.50
RH	8.48	2.97	0.23	1.31	3.97
GS/GM	10.64	2.31	0.32	3.89	4.12
GMH	8.39	2.21	0.26	2.04	3.88
GL	7.25	0.99	0.23	2.59	3.44
GLH	6.55	0.94	0.25	1.87	3.49
L	5.65	0.66	0.24	1.73	3.02
HVPS	4.43	0.46	0.21	1.11	2.65
AL	10.36	3.18	0.10	2.93	4.15
SE	10.84	6.93	0.14	0.00	3.77
SM	39.13	28.54	0.23	2.36	8.00
SH	20.00	6.61	0.13	7.76	5.50
MTS	14.33	3.49	0.20	6.03	4.61
System Avg.	8.78	1.97	0.26	2.84	3.71

Duquesne Light Sales Forecast By Rate Class

	1999	2000	2001	2002	2003	2004	2005
(kWh)							
RA	39,143,000	41,372,000	43,816,000	46,361,000	49,019,000	51,826,000	54,732,000
RS	2,899,078,000	2,904,357,000	2,910,328,000	2,916,449,000	2,922,748,000	2,929,360,000	2,936,065,000
RH	301,465,000	302,096,000	302,725,000	303,356,000	303,985,000	304,616,000	305,245,000
GS/GM	2,794,930,045	2,860,895,056	2,937,795,516	3,017,764,903	3,101,445,518	3,190,153,203	3,281,363,080
GMH	343,830,514	351,847,667	361,351,541	371,259,449	381,668,584	392,759,853	404,162,032
GL	3,104,634,008	3,180,100,271	3,265,491,525	3,353,891,332	3,445,719,965	3,542,129,900	3,641,269,997
GLH	485,779,901	495,166,134	506,366,009	518,053,200	530,350,214	543,479,219	556,975,705
L	1,455,819,098	1,483,420,465	1,511,795,035	1,540,712,774	1,569,979,410	1,599,625,543	1,630,134,938
HVPS	1,680,497,000	1,704,997,000	1,704,997,000	1,704,997,000	1,704,997,000	1,704,997,000	1,704,997,000
AL	11,712	11,712	11,712	11,712	11,712	11,712	11,712
SE	28,575,498	28,575,498	28,575,498	28,575,498	28,575,498	28,575,498	28,575,498
SM	31,432,665	31,432,665	31,432,665	31,432,665	31,432,665	31,432,665	31,432,665
SH	999,212	999,212	999,212	999,212	999,212	999,212	999,212
MTS	11,596,608	11,596,608	11,596,608	11,596,608	11,596,608	11,596,608	11,596,608
Total	13,177,792,261	13,396,867,288	13,617,281,321	13,845,460,353	14,082,528,386	14,331,562,413	14,587,560,447

AVERAGE RATES BY RATE CLASS -- IMPACT OF CHANGING COMPOSITION OF SALES

	1996 Revenues (\$)	1996 Sales (MWh)	1996 Average Rate (c/kWh)	Percent of MWh Sales In 1996	1999 Average Rate (c/kWh)	Percent of MWh Sales In 1999	2005 Average Rate (c/kWh)	Percent of MWh Sales In 2005
RA	3,404,369	33,848	10.06	0.3%	10.06	0.3%	10.06	0.4%
RS	379,822,460	2,977,269	12.76	24.0%	12.76	22.0%	12.76	20.1%
RH	26,220,436	309,038	8.48	2.5%	8.48	2.3%	8.48	2.1%
GSGM	278,790,333	2,621,176	10.64	21.1%	10.64	21.2%	10.64	22.5%
GMH	27,553,119	328,256	8.39	2.6%	8.39	2.6%	8.39	2.8%
GL	209,351,292	2,885,988	7.25	23.2%	7.25	23.6%	7.25	25.0%
GLH	29,794,361	455,219	6.55	3.7%	6.55	3.7%	6.55	3.8%
L	86,376,948	1,528,460	5.65	12.3%	5.65	11.0%	5.65	11.2%
HVPS	53,250,854	1,201,824	4.43	9.7%	4.43	12.8%	4.43	11.7%
AL	1,347	13	10.36	0.0%	10.36	0.0%	10.36	0.0%
SE	3,102,563	28,618	10.84	0.2%	10.84	0.2%	10.84	0.2%
SM	12,304,154	31,448	39.13	0.3%	39.13	0.2%	39.13	0.2%
SH	167,406	837	20.00	0.0%	20.00	0.0%	20.00	0.0%
TRAFFIC	1,667,477	11,639	14.33	0.1%	14.33	0.1%	14.33	0.1%
Total (System Avg.)	1,111,807,119	12,413,633	8.96	100.0%	8.78	100.0%	8.74	100.0%
Adj. for Special Customer Tariffs	(2,918,481)				(a)		(a)	
Adjusted Revenue	1,108,888,638	12,413,633	8.93					

Notes:

(a) Customers will continue to receive adjustments for special customer tariffs in the future subject to rules, riders and other adjustments as appropriate unless such provisions expire.

PROOF OF REVENUES

STAND ALONE CASE

Duquesne Light Company
Unbundled Revenue by Class - Interim Rates Using Retail Access Pilot Program Credits
1996 Sales Volume

Rate Class	Sales kWh	Transmission	Distribution	CTC	Generation (1)	Total	Full Tariff Class Average Cents/kWh
RA	33,848,000	\$92,676	\$991,676	\$912,256	\$1,407,762	\$3,404,369	10.06
RS	2,977,269,000	\$8,121,979	\$116,341,744	\$121,337,658	\$134,021,079	\$379,822,460	12.76
RH	309,038,000	\$721,913	\$9,181,756	\$4,058,194	\$12,258,574	\$26,220,436	8.48
GS/GM	2,621,176,000	\$8,452,903	\$60,576,562	\$101,657,722	\$108,103,147	\$278,790,333	10.64
GMH	328,256,000	\$843,324	\$7,240,739	\$6,740,501	\$12,728,556	\$27,553,119	8.39
GL	2,885,988,000	\$6,560,495	\$28,603,742	\$74,941,712	\$99,245,356	\$209,351,306	7.25
GLH	455,219,000	\$1,160,187	\$4,262,858	\$8,488,686	\$15,882,630	\$29,794,361	6.55
L	1,528,460,000	\$3,724,577	\$10,141,502	\$26,757,590	\$45,753,526	\$86,377,195	5.65
HVPS	1,201,824,000	\$2,469,961	\$5,525,473	\$13,455,478	\$31,799,943	\$53,250,854	4.43
AL	13,000	\$13	\$413	\$381	\$540	\$1,347	10.36
SE	28,618,000	\$41,010	\$1,983,142	\$0	\$1,078,412	\$3,102,563	10.84
SM	31,448,000	\$74,810	\$8,974,163	\$740,266	\$2,514,934	\$12,304,172	39.13
SH	837,000	\$1,067	\$55,351	\$64,987	\$46,082	\$167,487	20.01
MTS	11,639,000	\$22,230	\$407,487	\$700,957	\$536,803	\$1,667,477	14.33
Total	12,413,633,000	\$32,287,144	\$254,286,607	\$359,856,387	\$465,377,344	\$1,111,807,482	8.96
Adjustments for Special Customer Tariffs						(\$2,918,481)	
Adjusted Revenue						\$1,108,889,001	8.93

(1) Generation Charges are based on the Pilot Program credits. The Generation Charges for general service classes GS/GM, GMH, GL, GLH and L are class average charges and will be adjusted specific to C&I customers.

Duquesne Light Company
Unbundled Unit Rates - Interim Rates Using Retail Access Pilot Program Credits
1996 Sales Volume

Rate Class	Sales kWh	Full Tariff Class Transmission Cents/kWh	Full Tariff Class Distribution Cents/kWh	Full Tariff Class CTC Cents/kWh	Full Tariff Class Generation Cents/kWh	Full Tariff Class Average Cents/kWh
RA	33,848,000	0.27	2.93	2.70	4.16	10.06
RS	2,977,269,000	0.27	3.91	4.08	4.50	12.76
RH	309,038,000	0.23	2.97	1.31	3.97	8.48
GS/GM	2,621,176,000	0.32	2.31	3.88	4.12	10.64
GMH	328,256,000	0.26	2.21	2.05	3.88	8.39
GL	2,885,988,000	0.23	0.99	2.60	3.44	7.25
GLH	455,219,000	0.25	0.94	1.86	3.49	6.55
L	1,528,460,000	0.24	0.66	1.75	2.99	5.65
HVPS	1,201,824,000	0.21	0.46	1.12	2.65	4.43
AL	13,000	0.10	3.18	2.93	4.15	10.36
SE	28,618,000	0.14	6.93	0.00	3.77	10.84
SM	31,448,000	0.24	28.54	2.35	8.00	39.13
SH	837,000	0.13	6.61	7.76	5.51	20.01
MTS	11,639,000	0.19	3.50	6.02	4.61	14.33
Total	12,413,633,000					
Average		0.26	2.05	2.90	3.75	8.96

Duquesne Light Company
 Proof of Revenue - 12 Months Ending December 31, 1996

	<u>Rate RA</u>			<u>Proposed Rate RA</u>			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Customer Distribution Charge				Customer Distribution Charge			
Bills (per month)	33,516	\$6.38	\$213,832	Bills (per month)	33,516	\$6.38	\$213,832
Energy Charges				Transmission			
First Block kWh (per kWh)	24,145,726	\$0.114813	\$2,772,243	First 500 kWh (per kWh)	24,145,726	\$0.002738	\$66,111
Additional kWh (per kWh)	9,702,274	\$0.043113	\$418,294	Additional kWh (per kWh)	9,702,274	\$0.002738	\$26,565
							<u>\$92,676</u>
				Distribution			
				First 500 kWh (per kWh)	24,145,726	\$0.027991	\$675,863
				Additional kWh (per kWh)	9,702,274	\$0.010511	\$101,981
							<u>\$777,844</u>
				CTC			
				First 500 kWh (per kWh)	24,145,726	\$0.032828	\$792,656
				Additional kWh (per kWh)	9,702,274	\$0.012327	\$119,600
							<u>\$912,256</u>
				Generation			
				First 500 kWh (per kWh)	24,145,726	\$0.051256	\$1,237,613
				Additional kWh (per kWh)	9,702,274	\$0.017537	\$170,149
							<u>\$1,407,762</u>
Total kWh and Revenue	33,848,000		\$3,404,369	Total kWh and Revenue	33,848,000		\$3,404,369
				Bundled Versus Unbundled	0		\$0

Duquesne Light Company
 Proof of Revenue - 12 Months Ending December 31, 1996

	Rate RS			Proposed Rate RS			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Customer Distribution Charge				Customer Distribution Charge			
Bills (per month)	5,955,360	\$6.38	\$37,995,197	Bills (per month)	5,955,360	\$6.38	\$37,995,197
Energy Charges				Transmission (per kWh)			
All kWh (per kWh)	2,977,241,036	\$0.114813	\$341,825,975	Distribution (per kWh)	2,977,241,036	\$0.026315	\$78,346,098
				CTC (per kWh)	2,977,241,036	\$0.040755	\$121,337,458
				Generation	2,977,241,036	\$0.045015	\$134,020,505
Riders				Riders			
Meter Charge Rider 14 (per month)	55	\$1.50	\$83	Meter Charge Rider 14 (per month)	55	\$1.50	\$83
Space Heating Rider 14 (per kWh)	27,964	\$0.043113	\$1,206	Space Heating Rider 14			
				Transmission (per kWh)	27,964	\$0.002336	\$65
				Distribution (per kWh)	27,964	\$0.013106	\$367
				CTC (per kWh)	27,964	\$0.007147	\$200
				Generation (per kWh)	27,964	\$0.020524	\$574
Total kWh and Revenue	2,977,269,000		\$379,822,460	Total kWh and Revenue	2,977,269,000		\$379,822,460
				Bundled Versus Unbundled	0		\$0

Duquesne Light Company
 Proof of Revenue - 12 Months Ending December 31, 1996

	Rate RH			Proposed Rate RH			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Customer Distribution Charge				Customer Distribution Charge			
Bills (per month)	272,748	\$6.38	\$1,740,132	Bills (per month)	272,748	\$6.38	\$1,740,132
Energy Charges				Transmission			
First Block kWh (per kWh)	155,603,188	\$0.114813	\$17,865,269	First 500 kWh (per kWh)	155,603,188	\$0.002336	\$363,489
Additional kWh (per kWh)	153,434,812	\$0.043113	\$6,615,035	Additional kWh (per kWh)	153,434,812	\$0.002336	\$358,424
							\$721,913
				Distribution			
				First 500 kWh (per kWh)	155,603,188	\$0.034901	\$5,430,707
				Additional kWh (per kWh)	153,434,812	\$0.013106	\$2,010,917
							\$7,441,624
				CTC			
				First 500 kWh (per kWh)	155,603,188	\$0.019033	\$2,961,595
				Additional kWh (per kWh)	153,434,812	\$0.007147	\$1,096,599
							\$4,058,194
				Generation			
				First 500 kWh (per kWh)	155,603,188	\$0.058543	\$9,109,477
				Additional kWh (per kWh)	153,434,812	\$0.020524	\$3,149,096
							\$12,258,574
Total kWh and Revenue	309,038,000		\$26,220,436	Total kWh and Revenue	309,038,000		\$26,220,436
				Bundled Versus Unbundled	0		\$0

Duquesne Light Company
Proof of Revenue - 12 Months Ending December 31, 1996

	Rate GS/GM			Proposed Rate GS/GM			
	Billing Units	Unit Price	Base Revenue	Billing Units	Unit Price	Base Revenue	
Customer Distribution Charge				Customer Distribution Charge			
Bills (per month)	616,548	\$9.07	\$5,592,090	Bills (per month)	616,548	\$9.07	\$5,592,090
Demand Charges				Transmission			
First 5 kW (per kW)	1,632,758	\$0.00	\$0	First 5 kW (per kW)	1,632,758	\$0.00	\$0
Additional kW (per kW)	7,547,143	\$18.34	\$138,414,603	Additional kW (per kW)	7,547,143	\$0.56	\$4,211,306
Energy Charges				First 550 kWh (per kWh)	197,698,702	\$0.001618	\$319,876
First 550 kWh (per kWh)	197,698,702	\$0.137913	\$27,265,221	Next 750 kWh (per kWh)	212,612,535	\$0.001618	\$344,007
Next 750 kWh (per kWh)	212,612,535	\$0.129113	\$27,451,042	Additional kWh (per kWh)	2,210,834,763	\$0.001618	\$3,577,131
Additional kWh (per kWh)	2,210,834,763	\$0.036213	\$80,060,959				\$8,452,320
				Distribution			
				First 5 kW (per kW)	1,632,758	\$0.00	\$0
				Additional kW (per kW)	7,547,143	\$3.69	\$27,856,505
				First 550 kWh (per kWh)	197,698,702	\$0.027755	\$5,487,127
				Next 750 kWh (per kWh)	212,612,535	\$0.025984	\$5,524,524
				Additional kWh (per kWh)	2,210,834,763	\$0.007288	\$16,112,564
							\$54,980,720
				CTC			
				First 5 kW (per kW)	1,632,758	\$0.00	\$0
				Additional kW (per kW)	7,547,143	\$6.82	\$51,502,376
				First 550 kWh (per kWh)	197,698,702	\$0.051320	\$10,145,897
				Next 750 kWh (per kWh)	212,612,535	\$0.048046	\$10,215,182
				Additional kWh (per kWh)	2,210,834,763	\$0.013476	\$29,793,209
							\$101,656,664
				Generation			
				First 5 kW (per kW)	1,632,758	\$0.00	\$0
				Additional kW (per kW)	7,547,143	\$7.27	\$54,844,417
				First 550 kWh (per kWh)	197,698,702	\$0.057220	\$11,312,320
				Next 750 kWh (per kWh)	212,612,535	\$0.053465	\$11,367,329
				Additional kWh (per kWh)	2,210,834,763	\$0.013831	\$30,578,056
							\$108,102,121
Non-Utility Generation-Rider 16				Non-Utility Generation-Rider 16			
Firm Back-up-Demand-per kW	957	\$5.57	\$5,330	Transmission-per kW	957	\$0.56	\$534
Firm Back-up-Energy-per kWh	30,000	\$0.036213	\$1,086	Distribution-per kW	957	\$3.69	\$3,532
				CTC-per kW	957	\$0.68	\$653
				Generation-per kW	957	\$0.64	\$611
				Transmission-per kWh	30,000	\$0.001618	\$49
				Distribution-per kWh	30,000	\$0.007288	\$219
				CTC-per kWh	30,000	\$0.013476	\$404
				Generation-per kWh	30,000	\$0.013831	\$415
Total kWh and Revenue	2,621,176,000		\$278,790,333	Total kWh and Revenue	2,621,176,000		\$278,790,333
				Bundled Versus Unbundled	0		\$0
Special Customer Tariffs				Special Customer Tariffs			
Economic Development Rider 8			(\$25,017)	Economic Development Rider 8			(\$25,017)
Economic Development Rider 9			(\$242,230)	Economic Development Rider 9			(\$242,230)
Total			(\$267,247)	Total			(\$267,247)

Duquesne Light Company
Proof of Revenue - 12 Months Ending December 31, 1996

	Rate GMH			Proposed Rate GMH			
	Billing Units	Unit Price	Base Revenue	Billing Units	Unit Price	Base Revenue	
Customer Distribution Charge				Customer Distribution Charge			
Bills (per month)	40,284	\$9.07	\$365,376	Bills (per month)	40,284	\$9.07	\$365,376
Winter Energy Charges			\$0	Transmission			
First Block kWh (per kWh)	112,885,286	\$0.112813	\$12,734,928	Winter-First Block (per kWh)	112,885,286	\$0.002051	\$231,528
Second Block kWh (per kWh)	116,768,728	\$0.036213	\$4,228,546	Winter-Second Block (per kWh)	116,768,728	\$0.002051	\$239,493
Summer-Demand Charges			\$0	Summer-First 5 kW (per kW)	53,069	\$0.00	\$0
First 5 kW (per kW)	53,069	\$0.00	\$0	Summer-Additional kW (per kW)	297,847	\$0.57	\$170,071
Additional kW (per kW)	297,847	\$18.34	\$5,462,515	Summer-First 550 kWh (per kWh)	5,856,278	\$0.002051	\$12,011
Summer Energy Charges				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.002051	\$13,147
First 550 kWh (per kWh)	5,856,278	\$0.137913	\$807,657	Summer-Additional kWh (per kWh)	86,335,618	\$0.002051	\$177,074
Next 750 kWh (per kWh)	6,410,089	\$0.129113	\$827,626				\$843,324
Additional kWh (per kWh)	86,335,618	\$0.036213	\$3,126,472	Distribution			
				Winter-First Block (per kWh)	112,885,286	\$0.028528	\$3,220,391
				Winter-Second Block (per kWh)	116,768,728	\$0.009158	\$1,069,368
				Summer-First 5 kW (per kW)	53,069	\$0.00	\$0
				Summer-Additional kW (per kW)	297,847	\$4.64	\$1,381,415
				Summer-First 550 kWh (per kWh)	5,856,278	\$0.034875	\$204,238
				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.032650	\$209,289
				Summer-Additional kWh (per kWh)	86,335,618	\$0.009158	\$790,662
							\$6,875,363
				CTC			
				Winter-First Block (per kWh)	112,885,286	\$0.027969	\$3,157,289
				Winter-Second Block (per kWh)	116,768,728	\$0.008978	\$1,048,350
				Summer-First 5 kW (per kW)	53,069	\$0.00	\$0
				Summer-Additional kW (per kW)	297,847	\$4.55	\$1,354,311
				Summer-First 550 kWh (per kWh)	5,856,278	\$0.034192	\$200,238
				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.032011	\$205,193
				Summer-Additional kWh (per kWh)	86,335,618	\$0.008978	\$775,121
							\$6,740,501
				Generation			
				Winter-First Block (per kWh)	112,885,286	\$0.054265	\$6,125,720
				Winter-Second Block (per kWh)	116,768,728	\$0.016026	\$1,871,336
				Summer-First 5 kW (per kW)	53,069	\$0.00	\$0
				Summer-Additional kW (per kW)	297,847	\$8.58	\$2,556,719
				Summer-First 550 kWh (per kWh)	5,856,278	\$0.066795	\$391,170
				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.062401	\$399,996
				Summer-Additional kWh (per kWh)	86,335,618	\$0.016026	\$1,383,615
							\$12,728,556
Total kWh and Revenue	328,256,000		\$27,553,119	Total kWh and Revenue	328,256,000		\$27,553,119
				Bundled Versus Unbundled	0		\$0

Duquesne Light Company
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	Rate GL			Proposed Rate GL			
	Billing Units	Unit Price	Base Revenue	Billing Units	Unit Price	Base Revenue	
Demand Charges				Transmission			
First 300 kW (per month)	7,668	\$5,527.00	\$42,381,036	First 300 kW (per month)	7,668	\$144.90	\$1,111,093
Demand Charges				Additional kW (per kW)	4,451,146	\$0.48	\$2,149,903
Additional kW (per kW)	4,451,146	\$13.98	\$62,227,015	All kWh (per kWh)	2,884,888,000	\$0.001135	<u>\$3,274,348</u>
Energy Charges						<u>\$6,535,344</u>	
All kWh (per kWh)	2,884,888,000	\$0.036213	\$104,470,449	Distribution			
				First 300 kW (per month)	7,668	\$755.17	\$5,790,674
				Additional kW (per kW)	4,451,146	\$1.90	\$8,439,372
				All kWh (per kWh)	2,884,888,000	\$0.004948	<u>\$14,274,426</u>
						<u>\$28,504,472</u>	
				CTC			
				First 300 kW (per month)	7,668	\$1,984.73	\$15,218,910
				Additional kW (per kW)	4,451,146	\$4.98	\$22,184,510
				All kWh (per kWh)	2,884,888,000	\$0.013003	<u>\$37,512,199</u>
						<u>\$74,915,618</u>	
				Generation			
				First 300 kW (per month)	7,668	\$2,642.20	\$20,260,359
				Additional kW (per kW)	4,451,146	\$6.62	\$29,453,230
				All kWh (per kWh)	2,884,888,000	\$0.017127	<u>\$49,409,477</u>
						<u>\$99,123,066</u>	
Non-Utility Generation-Rider 16				Non-Utility Generation-Rider 16			
Firm Back-up-Demand-per kW	49,487	\$4.87	\$241,002	Firm Back-Up			
Firm Back-up-Energy-per kWh	1,100,000	\$0.028913	\$31,804	Transmission-per kW	49,487	\$0.48	\$23,902
				Distribution-per kW	49,487	\$1.90	\$93,827
				CTC-per kW	49,487	\$0.50	\$24,664
				Generation-per kW	49,487	\$1.99	\$98,608
				Transmission-per kWh	1,100,000	\$0.001135	\$1,249
				Distribution-per kWh	1,100,000	\$0.004948	\$5,443
				CTC-per kWh	1,100,000	\$0.001300	\$1,430
				Generation-per kWh	1,100,000	\$0.021530	\$23,683
Total kWh and Revenue	2,885,988,000		\$209,351,306	Total kWh and Revenue	2,885,988,000		\$209,351,306
				Bundled Versus Unbundled	0		\$0
Special Customer Tariffs				Special Customer Tariffs			
Interruptible Rider 7 (per kW)	141,600	(\$2.02)	(\$286,032)	Interruptible Rider 7 (per kW)	141,600	(\$2.02)	(\$286,032)
Economic Development Rider 8			(\$954,557)	Economic Development Rider 8			(\$954,557)
Economic Development Rider 9			(\$2,249,661)	Economic Development Rider 9			(\$2,249,661)
Special			(\$559,867)	Special			(\$559,867)
Total			(\$4,050,117)	Total			(\$4,050,117)

Duquesne Light Company
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Rate GLH				Proposed Rate GLH			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Customer Distribution Charge				Customer Distribution Charge			
Bills (per month)	843	\$9.07	\$7,646	Bills (per month)	843	\$9.07	\$7,646
Winter Energy Charges				Transmission			
First Block kWh (per kWh)	103,536,529	\$0.112813	\$11,680,266	Winter-First Block (per kWh)	103,536,529	\$0.002089	\$216,288
Second Block kWh (per kWh)	200,457,865	\$0.036213	\$7,259,181	Winter-Second Block (per kWh)	200,457,865	\$0.002089	\$418,756
Summer Demand Charges				Summer-First 300 kW (per month)	426	\$182.70	\$77,830
Summer-First 300 kW (per month)	426	\$5,527.00	\$2,354,502	Summer-Additional kW (per kW)	215,770	\$0.61	\$131,404
Additional kW (per kW)	215,770	\$13.98	\$3,016,469	Summer-All kWh (per kWh)	151,224,606	\$0.002089	\$315,908
Summer Energy Charges							<u>\$1,160,187</u>
All kWh (per kWh)	151,224,606	\$0.036213	\$5,476,297	Distribution			
				Winter-First Block (per kWh)	103,536,529	\$0.016117	\$1,668,698
				Winter-Second Block (per kWh)	200,457,865	\$0.005173	\$1,036,969
				Summer-First 300 kW (per month)	426	\$789.59	\$336,367
				Summer-Additional kW (per kW)	215,770	\$2.00	\$430,893
				Summer-All kWh (per kWh)	151,224,606	\$0.005173	\$782,285
							<u>\$4,255,212</u>
				CTC			
				Winter-First Block (per kWh)	103,536,529	\$0.032150	\$3,328,699
				Winter-Second Block (per kWh)	200,457,865	\$0.010320	\$2,068,725
				Summer-First 300 kW (per month)	426	\$1,575.10	\$670,994
				Summer-Additional kW (per kW)	215,770	\$3.98	\$859,629
				Summer-All kWh (per kWh)	151,224,606	\$0.010320	\$1,560,638
							<u>\$8,488,686</u>
				Generation			
				Winter-First Block (per kWh)	103,536,529	\$0.062457	\$6,466,581
				Winter-Second Block (per kWh)	200,457,865	\$0.018631	\$3,734,730
				Summer-First 300 kW (per month)	426	\$2,979.60	\$1,269,310
				Summer-Additional kW (per kW)	215,770	\$7.39	\$1,594,543
				Summer-All kWh (per kWh)	151,224,606	\$0.018631	\$2,817,466
							<u>\$15,882,630</u>
Total kWh and Revenue	455,219,000		\$29,794,361	Total kWh and Revenue	455,219,000		\$29,794,361
				Bundled Versus Unbundled	0		\$0

Duquesne Light Company
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	Rate L			Proposed Rate L		
	Billing Units	Unit Price	Base Revenue	Billing Units	Unit Price	Base Revenue
Demand Charges						
First 5000 kW (per month)	312	\$71,289.00	\$22,242,168	312	\$2,645.00	\$825,240
Next 10,000 kW (per kW)	1,045,342	\$11.45	\$11,989,162	1,045,342	\$0.53	\$552,986
Next 25,000 kW (per kW)	18,925	\$11.13	\$210,833	18,925	\$0.53	\$10,011
Additional kW (per kW)	0	\$10.84	\$0	0	\$0.53	\$0
Energy Charges						
First Block (per kWh)	1,215,882,769	\$0.036213	\$44,030,763	1,215,882,769	\$0.001452	\$1,765,462
Next Block (per kWh)	234,969,371	\$0.023813	\$5,595,326	234,969,371	\$0.001452	\$341,176
Additional kWh (per kWh)	58,821,860	\$0.021613	\$1,268,994	58,821,860	\$0.001452	\$85,119
						\$3,579,993
Transmission						
First 5000 kW (per month)	312			312	\$8,370.84	\$2,611,839
Next 10,000 kW (per kW)	1,045,342			1,045,342	\$1.34	\$1,404,939
Next 25,000 kW (per kW)	18,925			18,925	\$1.30	\$24,602
Additional kW (per kW)	0			0	\$1.27	\$0
First Block (per kWh)	1,215,882,769			1,215,882,769	\$0.004240	\$5,155,343
Next Block (per kWh)	234,969,371			234,969,371	\$0.002798	\$658,874
Additional kWh (per kWh)	58,821,860			58,821,860	\$0.002538	\$148,782
						\$10,002,280
Distribution						
First 5000 kW (per month)	312			312	\$22,396.62	\$6,987,746
Next 10,000 kW (per kW)	1,045,342			1,045,342	\$3.60	\$3,760,094
Next 25,000 kW (per kW)	18,925			18,925	\$0.93	\$17,600
Additional kW (per kW)	0			0	\$3.41	\$0
First Block (per kWh)	1,215,882,769			1,215,882,769	\$0.011345	\$13,794,190
Next Block (per kWh)	234,969,371			234,969,371	\$0.007481	\$1,757,806
Additional kWh (per kWh)	58,821,860			58,821,860	\$0.006790	\$399,042
						\$26,715,479
CTC						
First 5000 kW (per month)	312			312	\$37,876.74	\$11,817,543
Next 10,000 kW (per kW)	1,045,342			1,045,342	\$5.98	\$6,251,143
Next 25,000 kW (per kW)	18,925			18,925	\$8.37	\$158,420
Additional kW (per kW)	0			0	\$5.63	\$0
First Block (per kWh)	1,215,882,769			1,215,882,769	\$0.018176	\$23,315,768
Next Block (per kWh)	234,969,371			234,969,371	\$0.012084	\$2,839,370
Additional kWh (per kWh)	58,821,860			58,821,860	\$0.010833	\$635,051
						\$45,017,265
Generation						
First 5000 kW (per month)	312			312	\$0.53	\$117,018
Next 10,000 kW (per kW)	1,045,342			1,045,342	\$0.27	\$58,722
Next 25,000 kW (per kW)	18,925			18,925	\$0.09	\$20,572
Additional kW (per kW)	0			0	\$1.37	\$303,607
First Block (per kWh)	1,215,882,769			1,215,882,769	\$0.001452	\$27,568
Next Block (per kWh)	234,969,371			234,969,371	\$0.004240	\$80,501
Additional kWh (per kWh)	58,821,860			58,821,860	\$0.001135	\$21,540
						\$432,624
Non-Utility Generation-Rider 16						
Interruptible Back-up-Demand-per kW	221,202	\$2.26	\$499,917	221,202	\$0.53	\$117,018
Interruptible Back-up-Energy-per kWh	18,986,000	\$0.029613	\$562,232	18,986,000	\$0.27	\$58,722
						\$20,572
						\$303,607
						\$27,568
						\$80,501
						\$21,540
						\$432,624
Interruptible Back-Up						
Transmission-per kW	221,202			221,202	\$0.53	\$117,018
Distribution-per kW	221,202			221,202	\$0.27	\$58,722
CTC-per kW	221,202			221,202	\$0.09	\$20,572
Generation-per kW	221,202			221,202	\$1.37	\$303,607
Transmission-per kWh	18,986,000			18,986,000	\$0.001452	\$27,568
Distribution-per kWh	18,986,000			18,986,000	\$0.004240	\$80,501
CTC-per kWh	18,986,000			18,986,000	\$0.001135	\$21,540
Generation-per kWh	18,986,000			18,986,000	\$0.022787	\$432,624
Total kWh and Revenue						
	1,528,460,000		\$86,377,195	1,528,460,000		\$86,377,195
				Bundled Versus Unbundled	0	\$0
Special Customer Tariffs						
Interruptible Rider 7 (per kW)	136,800	(\$2.02)	(\$276,336)	136,800	(\$2.02)	(\$276,336)
Economic Development Rider 8			(\$146,834)			(\$146,834)
Special			(\$175,307)			(\$175,307)
Total			(\$598,477)			(\$598,477)

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	Rate HVPS			Proposed Rate HVPS			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Demand Charges							
First 10,000 kW (per month)	36	\$330,536.00	\$11,899,296	First 10,000 kW (per month)	36	\$15,840.00	\$570,240
Additional kW (per kW)	759,558	\$11.92	\$9,053,934	Additional kW (per kW)	759,558	\$0.53	\$401,047
Energy Charges							
On peak kWh (per kWh)	371,932,692	\$0.041513	\$15,440,042	On peak kWh (per kWh)	371,932,692	\$0.001247	\$463,800
Off peak kWh (per kWh)	829,891,308	\$0.020313	\$16,857,582	Off peak kWh (per kWh)	829,891,308	\$0.001247	\$1,034,874
							<u>\$2,469,961</u>
Transmission							
First 10,000 kW (per month)	36			First 10,000 kW (per month)	36	\$34,293.72	\$1,234,574
Additional kW (per kW)	759,558			Additional kW (per kW)	759,558	\$1.24	\$939,574
On peak kWh (per kWh)	371,932,692			On peak kWh (per kWh)	371,932,692	\$0.004307	\$1,601,914
Off peak kWh (per kWh)	829,891,308			Off peak kWh (per kWh)	829,891,308	\$0.002108	\$1,749,411
							<u>\$5,525,473</u>
Distribution							
First 10,000 kW (per month)	36			First 10,000 kW (per month)	36	\$83,518.17	\$3,006,654
Additional kW (per kW)	759,558			Additional kW (per kW)	759,558	\$3.01	\$2,287,789
On peak kWh (per kWh)	371,932,692			On peak kWh (per kWh)	371,932,692	\$0.010489	\$3,901,202
Off peak kWh (per kWh)	829,891,308			Off peak kWh (per kWh)	829,891,308	\$0.005133	\$4,259,832
							<u>\$13,455,478</u>
CTC							
First 10,000 kW (per month)	36			First 10,000 kW (per month)	36	\$196,884.11	\$7,087,828
Additional kW (per kW)	759,558			Additional kW (per kW)	759,558	\$7.14	\$5,425,524
On peak kWh (per kWh)	371,932,692			On peak kWh (per kWh)	371,932,692	\$0.025470	\$9,473,126
Off peak kWh (per kWh)	829,891,308			Off peak kWh (per kWh)	829,891,308	\$0.011825	\$9,813,465
							<u>\$31,799,943</u>
Generation							
First 10,000 kW (per month)	36			First 10,000 kW (per month)	36	\$196,884.11	\$7,087,828
Additional kW (per kW)	759,558			Additional kW (per kW)	759,558	\$7.14	\$5,425,524
On peak kWh (per kWh)	371,932,692			On peak kWh (per kWh)	371,932,692	\$0.025470	\$9,473,126
Off peak kWh (per kWh)	829,891,308			Off peak kWh (per kWh)	829,891,308	\$0.011825	\$9,813,465
							<u>\$31,799,943</u>
Total kWh and Revenue	1,201,824,000		\$53,250,854	Total kWh and Revenue	1,201,824,000		\$53,250,854
				Bundled Versus Unbundled	0		\$0
Special Customer Tariffs							
Interruptible Rider 7 (per kW)	876,000	(\$2.02)	(\$1,769,520)	Interruptible Rider 7 (per kW)	876,000	(\$2.02)	(\$1,769,520)
Special			\$3,766,880	Special			\$3,766,880
Total			\$1,997,360	Total			\$1,997,360

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	Rate AL			Proposed Rate AL			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Customer Distribution Charges				Customer Distribution Charges			
Bills (per month)	24	\$9.07	\$218	Bills (per month)	24	\$9.07	\$218
Demand Charges				Transmission			
All kW (per kW)	69	\$7.02	\$487	All kW (per kW)	69	\$0.08	\$5
Energy Charges				First 300 kWh (per kWh)	4,188	\$0.000577	\$2
First 300 kWh (per kWh)	4,188	\$0.098813	\$414	Additional kWh (per kWh)	8,812	\$0.000577	\$5
Additional kWh (per kWh)	8,812	\$0.025913	\$228				\$13
				Distribution			
				All kW (per kW)	69	\$1.21	\$84
				First 300 kWh (per kWh)	4,188	\$0.017091	\$72
				Additional kWh (per kWh)	8,812	\$0.004482	\$40
							\$195
				CTC			
				All kW (per kW)	69	\$2.37	\$164
				First 300 kWh (per kWh)	4,188	\$0.033346	\$140
				Additional kWh (per kWh)	8,812	\$0.008745	\$77
							\$381
				Generation			
				All kW (per kW)	69	\$3.36	\$233
				First 300 kWh (per kWh)	4,188	\$0.047799	\$200
				Additional kWh (per kWh)	8,812	\$0.012109	\$107
							\$540
Total kWh and Revenue	13,000		\$1,347	Total kWh and Revenue	13,000		\$1,347
				Bundled Versus Unbundled	0		\$0

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	Rate SE			Proposed Rate SE			
	Billing Units	Unit Price	Base Revenue	Billing Units	Unit Price	Base Revenue	
Energy Charges							
All kilowatt-Hours (per kWh)	28,618,000	\$0.108413	\$3,102,563	Transmission (per kWh)	28,618,000	\$0.001433	\$41,010
				Distribution (per kWh)	28,618,000	\$0.069297	\$1,983,142
				CTC (per kWh)	28,618,000	\$0.000000	\$0
				Generation	28,618,000	\$0.037683	\$1,078,412
Total kWh and Revenue	28,618,000		\$3,102,563	Total kWh and Revenue	28,618,000		\$3,102,563
				Bundled Versus Unbundled	0		\$0

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<u>Rate SM</u>			<u>Proposed Rate SM</u>										
Monthly Quantity	Monthly Rate	Annual Revenue	<u>Proposed Monthly Unbundled Charges</u>				<u>Annual Unbundled Revenue</u>					Total	
			Transmission	Distribution	CTC	Generation	Transmission	Distribution	CTC	Generation			
Mercury Vapor													
100 Watt	1,136	\$14.82	\$202,026	\$0.10	\$10.81	\$0.68	\$3.23	\$1,363	\$147,362	\$9,270	\$44,031	\$202,026	
175 Watt	3,698	\$19.33	\$857,788	\$0.17	\$14.10	\$0.36	\$4.70	\$7,544	\$625,702	\$15,975	\$208,567	\$857,788	
250 Watt	584	\$24.09	\$168,823	\$0.24	\$17.57	\$0.13	\$6.15	\$1,682	\$123,131	\$911	\$43,099	\$168,823	
400 Watt	1,332	\$32.65	\$521,878	\$0.38	\$23.81	\$0.14	\$8.32	\$6,074	\$380,579	\$2,238	\$132,987	\$521,878	
1,000 VVatt	31	\$70.61	\$26,267	\$0.90	\$51.50	\$0.35	\$17.86	\$335	\$19,158	\$130	\$6,644	\$26,267	
High Pressure Sodium													
70 Watt	39,040	\$15.04	\$7,045,926	\$0.07	\$10.97	\$1.19	\$2.81	\$32,794	\$5,139,216	\$557,490	\$1,316,426	\$7,045,926	
100 Watt	4,596	\$19.21	\$1,059,470	\$0.12	\$14.01	\$1.10	\$3.98	\$6,618	\$772,680	\$60,667	\$219,505	\$1,059,470	
150 Watt	6,529	\$22.79	\$1,785,551	\$0.17	\$16.62	\$0.93	\$5.07	\$13,319	\$1,302,144	\$72,864	\$397,224	\$1,785,551	
250 Watt	1,387	\$33.33	\$554,745	\$0.26	\$24.31	\$1.17	\$7.59	\$4,327	\$404,616	\$19,473	\$126,328	\$554,745	
400 Watt	148	\$43.54	\$77,327	\$0.40	\$31.75	\$0.69	\$10.70	\$710	\$56,388	\$1,225	\$19,003	\$77,327	
1,000 VVatt	4	\$91.10	\$4,373	\$0.91	\$66.44	\$0.45	\$23.30	\$44	\$3,189	\$22	\$1,118	\$4,373	
Total Revenue	58,485		\$12,304,172					\$74,810	\$8,974,163	\$740,266	\$2,514,934	\$12,304,172	
								Bundled Versus Unbundled					\$0

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<u>Rate SH</u>				<u>Proposed Rate SH</u>								
Fixtures per Month	Monthly Rate	Annual Revenue	<u>Proposed Monthly Unbundled Charges</u>				<u>Annual Unbundled Revenue</u>				Total	
			Transmission	Distribution	CTC	Generation	Transmission	Distribution	CTC	Generation		
Mercury Vapor												
175 Watt	0	\$12.75	\$0	\$0.09	\$4.21	\$4.65	\$3.80	\$0	\$0	\$0	\$0	\$0
250 Watt	0	\$16.61	\$0	\$0.13	\$5.49	\$5.88	\$5.11	\$0	\$0	\$0	\$0	\$0
400 Watt	0	\$24.42	\$0	\$0.21	\$8.07	\$8.30	\$7.84	\$0	\$0	\$0	\$0	\$0
1,000 Watt	0	\$54.91	\$0	\$0.49	\$18.14	\$17.97	\$18.31	\$0	\$0	\$0	\$0	\$0
High Pressure Sodium												
100 Watt	23	\$12.24	\$3,422	\$0.06	\$4.04	\$5.10	\$3.04	\$17	\$1,130	\$1,426	\$850	\$3,422
150 Watt	41	\$15.05	\$7,405	\$0.09	\$4.97	\$5.98	\$4.01	\$44	\$2,445	\$2,942	\$1,973	\$7,405
200 Watt	590	\$17.88	\$126,640	\$0.11	\$5.91	\$7.02	\$4.84	\$779	\$41,859	\$49,721	\$34,281	\$126,640
250 Watt	0	\$20.66	\$0	\$0.14	\$6.82	\$7.83	\$5.87	\$0	\$0	\$0	\$0	\$0
400 Watt	86	\$29.09	\$30,021	\$0.22	\$9.61	\$10.56	\$8.70	\$227	\$9,918	\$10,898	\$8,978	\$30,021
1,000 Watt	0	\$65.25	\$0	\$0.49	\$21.55	\$23.53	\$19.68	\$0	\$0	\$0	\$0	\$0
Total Revenue	741		\$167,487					\$1,067	\$55,351	\$64,987	\$46,082	\$167,487
								Bundled Versus Unbundled				\$0

Duquesne Light Company
 Proof of Revenue - 12 Months Ending December 31, 1996

	Rate MTS			Proposed Rate MTS			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Customer Distribution Charges				Customer Distribution Charges			
Bills (per month)	20,220	\$8.91	\$180,161	Bills (per month)	20,220	\$8.91	\$180,161
Energy Charges				Transmission			
First 1,300 kWh (per kWh)	10,988,053	\$0.1333	\$1,464,850	First 1,300 kWh (per kWh)	10,988,053	\$0.001910	\$20,987
Additional kWh (per kWh)	650,947	\$0.0345	\$22,466	Additional kWh (per kWh)	650,947	\$0.001910	\$1,243
							\$22,230
				Distribution			
				First 1,300 kWh (per kWh)	10,988,053	\$0.020376	\$223,893
				Additional kWh (per kWh)	650,947	\$0.005275	\$3,434
							\$227,326
				CTC			
				First 1,300 kWh (per kWh)	10,988,053	\$0.062829	\$690,368
				Additional kWh (per kWh)	650,947	\$0.016266	\$10,588
							\$700,957
				Generation			
				First 1,300 kWh (per kWh)	10,988,053	\$0.048198	\$529,602
				Additional kWh (per kWh)	650,947	\$0.011062	\$7,201
							\$536,803
Total kWh and Revenue	11,639,000		\$1,667,477	Total kWh and Revenue	11,639,000		\$1,667,477
				Bundled Versus Unbundled	0		\$0

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX C

Annual CTC Reconciliation (Stand-Alone Case)

Prior to the completion of the auction, Duquesne will charge interim CTC rates consistent with the methodology approved in the pilot program. Duquesne will file at the end of the first calendar year (and each year thereafter prior to the auction completion date) a reconciliation statement showing the actual CTC revenues collected by rate class. These CTC revenues will be reconciled on a class-specific basis with final CTC revenue requirements consistent with the final stranded cost determination after completion of the auction. Duquesne will submit this methodology for review in Duquesne's 90-day auction implementation plan.

At the end of the first calendar year after the post auction rates are in effect, and each year thereafter, the Company shall file an annual reconciliation of the CTC recovery on a class-specific basis in accordance with Section 1307(e) of the Pennsylvania Public Utility Code. The reconciliation during the last year of the recovery period will be done quarterly or, if necessary, monthly in order to insure full CTC recovery and termination by the end of the recovery period. The reconciliation will include a re-determination of the CTC rates necessary to refund or recover previous over or under recoveries of the Annual CTC Revenue Requirement based upon the difference between actual CTC revenues collected based on actual usage of the Duquesne transmission and distribution system by rate class and the target level of CTC revenue requirement for each class.

Accordingly, the adjusted CTC rates will be calculated to produce the level of CTC revenue that will make the actual unamortized Transition or Stranded Cost principal balance at the next true-up date equal to the projected balance at that date. Sales for each true-up period shall be determined according to Duquesne's sales forecast, unless it is apparent that such methodology would significantly over or under recover the Annual CTC Revenue Requirement for the following year, in which case the Company will propose an adjusted sales level that reflects actual sales and updated sales projections for the following year.

The amount of CTC collected from customers with contracts executed under the Economic Development or other special riders or contracts, in accordance with the unbundling required by those provisions, shall constitute those customers' fully allocated share of CTC recovery for their rate classes.

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX D

**UNBUNDLING OF RULE 4 CONTRACTS AND
SALES UNDER RIDERS 8 & 9 FOR TEST YEAR
SALES 1996
PER PILOT METHODOLOGY/STAND-ALONE
CASE**

**RECONCILIATION TO TARIFF RATES
STAND ALONE**

<u>RULE/RIDER</u>	<u>@ TARIFF</u>	<u>DIFFERENCE</u>	<u>BILLED</u>
RULE 4	\$22,080,432	\$2,455,076	\$19,625,356
GL	\$3,261,960	\$635,823	\$2,626,137
GM	\$43,192	\$17,896	\$25,296
L	\$1,336,354	\$303,124	\$1,033,230
HVPS	\$17,438,926	\$1,498,233	\$15,940,693
RIDER 8	\$4,402,762	\$1,126,308	\$3,276,454
GL	\$3,756,186	\$954,557	\$2,801,629
GM	\$272,332	\$25,017	\$247,315
L	\$374,244	\$146,734	\$227,510
RIDER 9	\$10,928,285	\$2,491,891	\$8,436,394
GL	\$9,683,982	\$2,249,661	\$7,434,321
GM	\$1,244,303	\$242,230	\$1,002,073
TOTALS	\$37,411,479	\$6,073,275	\$31,338,204

UNBUNDLED RULE 4 CONTRACTS

RATE GL

		Unbundled	
Rule 4 Rev.	\$2,626,137		\$2,626,137
Less:			
Transmission	\$106,923	Transmission	\$106,923
Distribution	\$444,562	Distribution	\$0
CGC	\$1,543,661	CGC	\$1,352,400
Equals:		CTC	\$1,166,814
Realized CTC	\$530,991		
Full CTC	\$1,166,814		
Difference	\$635,823		
Adj. to Dist	\$444,562		
Adj. to CGC	\$191,261		

Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
kW	112,012	\$0.48	\$1.90	\$4.98	\$6.62	\$13.98
kWh	46,834,751	\$0.001135	\$0.004948	\$0.013003	\$0.017127	\$0.036213
kW revenues		\$53,766	\$212,823	\$557,822	\$741,522	\$1,565,933
kWh revenues		\$53,157	\$231,738	\$608,992	\$802,139	\$1,696,027
		\$106,923.38	\$444,561.85	\$1,166,813.86	\$1,543,660.65	\$3,261,959.74

RATE GM

		Unbundled	
Rule 4 Rev.	\$25,296		\$25,296
Less:			
Transmission	\$1,405	Transmission	\$1,405
Distribution	\$8,691	Distribution	\$0
CGC	\$17,033	CGC	\$7,828
Equals:		CTC	\$16,063
Realized CTC	(\$1,833)		
Full CTC	\$16,063		
Difference	\$17,896		
Adj. to Dist	\$8,691		
Adj. to CGC	\$9,205		

Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
kW	2,022	\$0.56	\$3.69	\$6.82	\$7.27	\$18.34
kWh	168,640	\$0.001618	\$0.007288	\$0.013476	\$0.013831	\$0.036213
kW revenues		\$1,132.36	\$7,461.47	\$13,790.57	\$14,700.51	\$37,084.91
kWh revenues		\$272.86	\$1,229.05	\$2,272.59	\$2,332.46	\$6,106.96
		\$1,405.22	\$8,690.52	\$16,063.16	\$17,032.97	\$43,191.87

RATE L

		Unbundled	
Rule 4 Rev.	\$1,033,230		\$1,033,230
Less:			
Transmission	\$70,380	Transmission	\$70,380
Distribution	\$85,430	Distribution	\$0
CGC	\$952,449	CGC	\$734,765
Equals:		CTC	\$228,095
Realized CTC	(\$75,029)		
Full CTC	\$228,095		
Difference	\$303,125		
Adj. to Dist	\$85,430		
Adj. to CGC	\$217,694		

Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
kW	74,703	\$0.53	\$0.35	\$0.93	\$9.32	\$11.13
kWh	21,203,261	\$0.001452	\$0.002796	\$0.007481	\$0.012084	0.023813
kW revenues		\$39,592	\$26,146	\$69,474	\$696,229	\$831,441
kWh revenues		\$30,787	\$59,284	\$158,622	\$256,220	\$504,913
Total		\$70,380	\$85,430	\$228,095	\$952,449	\$1,336,354

RATE HVPS

		Unbundled	
Rule 4 Rev.	\$15,940,693		\$15,940,693
Less:			
Transmission	\$794,971	Transmission	\$794,971
Distribution	\$1,811,433	Distribution	\$313,200
CGC	\$10,427,213	CGC	\$10,427,213
Equals:		CTC	\$4,405,308
Realized CTC	\$2,907,075		
Full CTC	\$4,405,308		
Difference	\$1,498,233		
Adj. to Dist	\$1,498,233		
Adj. to CGC	\$0		

Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
kW	607,188	\$0.53	\$1.24	\$3.01	\$7.14	\$11.92
On peak kWh	117,626,400	\$0.001247	\$0.004307	\$0.010489	\$0.025470	\$0.041513
Off peak kWh	261,813,600	\$0.001247	\$0.002108	\$0.005133	\$0.011825	\$0.020313
kW revenues		\$321,810	\$752,913	\$1,827,636	\$4,335,322	\$7,237,681
Peak kWh rev.		\$146,680	\$506,617	\$1,233,783	\$2,995,944	\$4,883,025
Off Pk kWh rev.		\$326,482	\$551,903	\$1,343,889	\$3,095,946	\$5,318,220
		\$794,971	\$1,811,433	\$4,405,308	\$10,427,213	\$17,438,926

UNBUNDLED RIDERS 8 & 9

		Unbundled	
Rider 8 Rev.	\$247,315	Rider 8 Rev.	\$247,315
Less:			
Transmission	\$9,780	Transmission	\$9,780
Distribution	\$54,799	Distribution	\$29,782
CGC	\$106,455	CGC	\$106,455
Equals:			
Realized CTC	\$78,281	CTC	\$101,298
Full CTC	\$101,298		
Difference	\$25,017		
Adj. to Dist.	\$25,017		
Adj. to CGC	\$0		

GM RIDER 8

Components	Annual Determinants		Transmission	Distribution	CTC	Shop Credit	Tariff rates/ Revenues
	kW	kWh					
kW	9,204		\$0.56	\$3.69	\$6.82	\$7.27	\$18.34
kWh	2,858,940		\$0.001618	\$0.007288	\$0.013476	\$0.013831	\$0.036213
kW revenues			\$5,154	\$33,983	\$62,771	\$68,913	\$168,801.38
kWh revenues			\$4,626	\$20,836	\$38,527	\$39,542	\$103,530.79
			\$9,780.00	\$54,798.71	\$101,298.36	\$108,455.08	\$272,332.15

		Unbundled	
Rider 9 Rev.	\$1,002,073	Rider 9 Rev.	\$1,002,073
Less:			
Transmission	\$44,670	Transmission	\$44,670
Distribution	\$250,378	Distribution	\$8,149
CGC	\$488,418	CGC	\$488,418
Equals:			
Realized CTC	\$220,608	CTC	\$462,638
Full CTC	\$462,638		
Difference	\$242,230		
Adj. to Dist.	\$242,230		
Adj. to CGC	\$0		

GM RIDER 9

Components	Annual Determinants		Transmission	Distribution	CTC	Shop Credit	Tariff rates/ Revenues
	kW	kWh					
kW	42,114		\$0.56	\$3.69	\$6.82	\$7.27	\$18.34
kWh	13,032,122		\$0.001618	\$0.007288	\$0.013476	\$0.013831	\$0.036213
kW revenues			\$23,584	\$155,401	\$287,217	\$306,189	\$772,370.76
kWh revenues			\$21,086	\$94,978	\$175,621	\$180,247	\$471,932.23
			\$44,669.81	\$250,378.77	\$462,838.36	\$486,436.08	\$1,244,302.99

		Unbundled	
Rider 8 Rev.	\$2,801,829	Rider 8 Rev.	\$2,801,829
Less:			
Transmission	\$122,435	Transmission	\$122,435
Distribution	\$512,088	Distribution	\$0
CGC	\$1,777,410	CGC	\$1,334,839
Equals:			
Realized CTC	\$388,898	CTC	\$1,344,255
Full CTC	\$1,344,255		
Difference	\$954,557		
Adj. to Dist.	\$512,088		
Adj. to CGC	\$442,471		

GL RIDER 8

Components	Annual Determinants		Transmission	Distribution	CTC	Shop Credit	Tariff rates/ Revenues
	kW	kWh					
kW	112,524		\$0.48	\$1.90	\$4.98	\$6.82	\$13.88
kWh	60,284,999		\$0.001135	\$0.004948	\$0.013003	\$0.017127	\$0.036213
kW revenues			\$54,012	\$213,798	\$560,370	\$744,909	\$1,573,085.52
kWh revenues			\$68,423	\$298,290	\$783,886	\$1,032,501	\$2,163,100.67
			\$122,435	\$512,088	\$1,344,255	\$1,777,410	\$3,736,186.19

		Unbundled	
Rider 9 Rev.	\$7,434,321	Rider 9 Rev.	\$7,434,321
Less:			
Transmission	\$318,588	Transmission	\$318,588
Distribution	\$1,319,517	Distribution	\$0
CGC	\$4,582,986	CGC	\$3,652,842
Equals:			
Realized CTC	\$1,213,230	CTC	\$3,462,891
Full CTC	\$3,462,891		
Difference	\$2,249,661		
Adj. to Dist.	\$1,319,517		
Adj. to CGC	\$930,144		

GL RIDER 9

Components	Annual Determinants		Transmission	Distribution	CTC	Shop Credit	Tariff rates/ Revenues
	kW	kWh					
kW	360,216		\$0.48	\$1.90	\$4.98	\$6.82	\$13.88
kWh	128,358,180		\$0.001135	\$0.004948	\$0.013003	\$0.017127	\$0.036213
kW revenues			\$172,904	\$684,410	\$1,793,878	\$2,384,630	\$5,035,819.68
kWh revenues			\$145,684	\$635,106	\$1,669,015	\$2,198,356	\$4,648,162.35
			\$318,588	\$1,319,517	\$3,462,891	\$4,582,986	\$9,683,982.03

		Unbundled	
Rider 9 Rev.	\$227,510	Rider 9 Rev.	\$227,510
Less:			
Transmission	\$20,367	Transmission	\$20,367
Distribution	\$28,154	Distribution	\$0
CGC	\$250,500	CGC	\$131,921
Equals:			
Realized CTC	(\$71,511)	CTC	\$75,223
Full CTC	\$75,223		
Difference	\$146,734		
Adj. to Dist.	\$28,154		
Adj. to CGC	\$118,580		

L RIDER 8

Components	Annual Determinants		Transmission	Distribution	CTC	Shop Credit	Tariff rates/ Revenues
	kW	kWh					
kW	16,500		\$0.53	\$0.35	\$0.93	\$9.32	\$11.15
kWh	8,004,000		\$0.001452	\$0.002798	\$0.007481	\$0.012084	\$0.023813
kW revenues			\$8,745.00	\$5,775.00	\$15,345.00	\$153,780.00	\$374,244.25
kWh revenues			\$11,621.81	\$22,379.18	\$59,877.92	\$96,720.34	\$190,599.25
			\$20,366.81	\$28,154.18	\$75,222.92	\$250,500.34	\$374,244.25

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX E

INTERIM CODE OF CONDUCT

The Company and its divisional and/or affiliated EGSs ("Duquesne Supplier") shall comply with the following Interim Code of Conduct:

1. The Company, in its role as the Electric Distribution Company ("Duquesne EDC"), shall not give a Duquesne Supplier preference over a non-affiliate in the provision of all customer goods and services, such as processing a request by a customer for those services that Duquesne EDC is required to provide for direct access, including for example, requests for information, complaint processing, and responses to service interruptions. Duquesne EDC shall provide comparable treatment without regard to the customer's chosen supplier.
2. Duquesne EDC shall supply services and apply the rules and other provisions of its Tariffs to non-affiliates in the same manner it applies them to a Duquesne Supplier.
3. Duquesne EDC shall not sell non-power goods or services to a Duquesne Supplier at a price below the cost or market price, whichever is higher, for said goods or services. Duquesne EDC will not purchase non-power goods or services from a Duquesne Supplier at a price above the market price for said goods or services. No transaction between Duquesne EDC and a Duquesne Supplier shall involve an anti-competitive cross subsidy, and all such transactions shall comply with applicable law.
4. Duquesne EDC shall simultaneously make available to all EGSs any market information, not in the public domain, that it provides to a Duquesne Supplier.
5. Duquesne EDC shall not promote a Duquesne Supplier any differently than a non-supplier.
6. Employees of Duquesne EDC who have responsibility for operating the distribution system, such as receiving requests for power, purchasing power, scheduling delivery, or billing and metering, shall not

be shared with a Duquesne Supplier, and their offices shall be physically separated from the office(s) used by those working for the Duquesne Supplier. Such employees of Duquesne EDC may transfer to Duquesne Suppliers provided such transfer is not used as a means to circumvent this Interim Code of Conduct. Any Duquesne Supplier shall have its own direct line management. Any shared facilities shall be fully and transparently allocated between the Duquesne EDC function and the Duquesne Supplier function. Duquesne EDC accounts and records shall be maintained such that the costs a Duquesne Supplier incurs may be clearly identified.

7. Duquesne EDC shall not condition the provision of any PaPUC jurisdictional regulated services on the purchase of power from a Duquesne Supplier.
8. Neither Duquesne EDC nor a Duquesne Supplier may directly or by implication falsely and unfairly represent:
 - that the PaPUC jurisdictional regulated services provided by Duquesne EDC are of a superior quality when power is purchased from a Duquesne Supplier;
 - that the merchant services (for power) are being provided by Duquesne EDC rather than a Duquesne Supplier;
 - that the power purchased from an EGS that is not a Duquesne Supplier may not be reliably delivered; or
 - that power must be purchased from a Duquesne Supplier to receive Duquesne EDC PaPUC jurisdictional regulated services.
9. Dispute Resolution Procedures:
 - Regarding any dispute between Duquesne EDC, and/or a Duquesne Supplier, and an EGS (each individually referred to as "Party" and collectively referred to as "Parties") alleging a violation of any of these Code of Conduct provisions, the EGS must provide Duquesne EDC and/or Duquesne Supplier, as applicable, a written Notice of Dispute that includes the names of the Parties and customer(s) involved and a brief description of the matters in dispute.

- Within fifteen (15) days of Duquesne EDC's and/or Duquesne Supplier's receipt of a Notice of Dispute, the dispute shall be referred to a designated senior representative of each of the Parties for resolution on an informal basis.
- In the event the designated representatives are unable to resolve the dispute by mutual agreement within thirty (30) days of said referral, a Party may request either binding or non-binding arbitration by providing the other Party, within fifteen (15) days of the expiration of the above referenced thirty (30) day period, a written Request for Arbitration, which request shall state each claim and the basis therefor, as well as the relief sought and the grounds therefor.
- Upon mutual agreement of the Parties, the dispute may then be referred to either binding or non-binding arbitration in accordance with the following procedures:
- External Arbitration Procedures. Any arbitration initiated hereunder shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within fifteen (15) days of referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three member arbitration panel. The two arbitrators so chosen shall within fifteen (15) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration or customer(s) involved (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable PUC regulations.
- Arbitration Decisions. Unless otherwise agreed, the arbitrator(s) shall render a decision within sixty (60) days of appointment. The arbitrator's award shall contain findings of fact and the legal basis for the award. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Code of Conduct and shall have no power to modify or change any Code provision in any manner. If the decision of the arbitra-

tor(s) is binding upon the Parties, the judgment on the award may be entered in any court of competent jurisdiction.

- An appeal of a non-binding arbitrator(s) award to a federal or state agency shall be based solely and exclusively on the record established by the arbitrator(s) and the award of the arbitrator(s).
- Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, as applicable.
 - the cost of the arbitrator chosen by the Party to sit on the three member panel and a proportionate share of the cost of the third arbitrator chosen; or
 - a proportionate share of the cost of the single arbitrator jointly chosen by the Parties.
- Rights under the Public Utility Code. Nothing in this Section shall restrict the rights of any Party to file a complaint with the Commission under relevant provisions of the Public Utility Code.

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX F

PROPOSED SUPPLIER TARIFF
June __, 1998

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

COMPANY OFFICE LOCATION

411 Seventh Avenue

Pittsburgh, Pennsylvania 15219

Issued: _____, 1998

Effective: _____, 1998

ISSUED BY: DAVID D. MARSHALL
Chief Executive Officer
411 SEVENTH AVENUE
PITTSBURGH, PA. 15219

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HOW TO USE LOOSE-LEAF TARIFF

1. This Tariff is issued on the loose-leaf plan. Each page will be issued as "original page," consecutively numbered, commencing with the title page, which in all cases will be considered as Page No. 1. For example: "Original Page No. 2", "Original Page No. 3," etc.

2. All changes in, additions to, or eliminations from, original pages, will be made by the issue of consecutively numbered supplements to this Tariff and by reprinting the page or pages affected by such change, addition, or elimination. Such supplements will indicate the changes which they effect and will carry a statement of the make-up of the Tariff, as revised. The Table of Contents will be reissued with each supplement.

3. When a page is reprinted the first time, it will be designated under the P.U.C. number as "First Revised Page No....," the second time as "Second Revised Page No....," etc. First revised pages will supersede original pages; second revised pages will supersede first revised pages, etc.

4. When changes or additions to be made require more space than is available, one or more pages will be added to the Tariff, to which the same number will be given with letter affix. For example, if changes were to be made in Original Page No. 2 and, to show the changed matter, more than one page should be required, the new page would be issued as "First Revised Page No. 2, superseding Original Page No. 2"; and the added page would be issued as "Original Page No. 2A." If a second added page should be required, it would be issued as "Original Page No. 2B." Subsequent reprints will be consecutively designated as "First Revised....," "Second Revised....," etc.

5. On receipt of a revised page it will be placed in the Tariff immediately following the page which it supersedes, and the page which is to be superseded thereby plainly

Control Area Operator or CAO – Duquesne Light Company or the Independent System Operator (ISO) that operates the Control Area to which Duquesne Light Company belongs.

Coordination Activities - all activities related to the provision of Coordination Services.

Coordination Obligations - all obligations identified in this Tariff, relating to the provision of Coordination Services.

Coordination Services - those services that permit the type of interface and coordination between EGSs and the Company in connection with the delivery of Competitive Energy Supply to serve Customers located within the Company's service territory including: load forecasting, certain scheduling-related functions and reconciliation services, those transmission and Ancillary services offered under the OATT tariff, and transmission losses and distribution losses.

Coordination Sales Tariff - the Company's Coordination Sales Tariff on file with the FERC and which sets forth the rates, terms and conditions for the sale of energy in the Duquesne Control Area.

Coordination Services Charges - all Charges stated in the Charges section of this Tariff, the OATT or the Coordination Sales Tariff, that are billed by the Company for Coordination Services performed hereunder.

Coordinated Supplier - an Electric Generation Supplier that has appointed a Scheduling Coordinator as its designated agent for the purpose of coordinating its energy supply with the CAO.

Creditworthy - a creditworthy EGS pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this Tariff or the PaPUC. To determine whether an EGS is creditworthy, the Company will evaluate the EGS's

record of paying Company charges, and may also take into consideration the EGS's credit history.

Customer(s) - any person, municipality, partnership, association, or corporation receiving Competitive Energy Supply from an Electric Generation Supplier in accordance with the Competition Act.

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

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

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

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

EDC Tariff - the Company's currently PaPUC approved Electric Service Tariff.

Electric Distribution Company or "EDC" - a public utility that owns electric distribution facilities. At times, this term is used to refer to the role of the Company as a deliverer of Competitive Energy Supply in a Direct Access environment as contemplated in the Competition Act.

Electric Generation Supplier or "EGS" - a supplier of electric generation that has been certified or licensed by the Pennsylvania Public Utility Commission to sell electricity to retail customers within the Commonwealth of Pennsylvania in accordance with the Competition Act. For purposes herein, an EGS may act as a Scheduling Coordinator.

Electronic Data Exchange Working Group or "EDEWG" - the PaPUC authorized working group established under the Proposed Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015.

Electronic Data Interchange or "EDI" - the computer application to computer application exchange of business information in a standard format, as more fully described in PaPUC Docket No. M-00960890F.0015.

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

FERC - the Federal Energy Regulatory Commission.

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

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

Meter Read Date - the date on which the Company reads a meter for purposes of producing a customer bill in accordance with the regularly scheduled billing cycles of the Company.

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

NERC TIS - the NERC Transaction Information System (TIS), which is defined and is available at the Internet site, <http://www.nerc.com/oc/tisform.html>. The TIS includes the tag and e-mail protocols.

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

PaPUC or Commission - the Pennsylvania Public Utility Commission.

Pilot Customer(s) - a customer participating in the Company's Customer Choice pilot program.

Scheduling Coordinator - Entity that acts on behalf of one or more EGSs for the purpose of coordinating energy supply with the CAO.

Tariff - this Electric Generation Supplier Coordination Tariff.

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

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

RULES AND REGULATIONS

1. THE TARIFF

1.1 Filing And Posting. A copy of this Tariff, which comprises the Charges, Rules and Regulations and Riders under which the Company will provide Coordination Services to Electric Generation Suppliers, is on file with the Commission and is posted and open to inspection at the offices of the Company.

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

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

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

1.5 Use Of Riders. The terms governing the supply of Coordination Services under this Tariff or a Charge therein may be modified or amended only by the application of those standard Riders, filed as part of this Tariff.

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1.6 Statement By Agents. No Company representative has authority to modify a Tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

2. SCOPE AND PURPOSE OF TARIFF

2.1 Scope And Purpose Of Tariff. This Tariff sets forth the basic requirements for interactions and coordination between the Company as the Electric Distribution Company and EGSs necessary for ensuring the delivery of Competitive Energy Supply from EGSs to their Customers commencing on January 1, 1999.

2.2 Applicability of Terms to Scheduling Coordinators. As used in this Tariff, the term "EGS" shall apply equally to a Scheduling Coordinator for an EGS's responsibilities and rights properly assigned to that Scheduling Coordinator by the EGS.

2.3 FERC Jurisdictional Matters. The inclusion of FERC-jurisdictional matters within the scope of this Tariff is intended solely for informational purposes and is not intended to accord any jurisdictional authority over such matters to the PaPUC. Further, to the extent that anything stated herein is found by the FERC to conflict with or to be inconsistent with any provision of the Federal Power Act ("FPA"), or any rule, regulation, order or determination of the FERC under the FPA, then such FERC rule, regulation, order or determination of the FPA shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company shall secure, from time to time, all necessary orders, approvals, and determinations from the FERC necessary to implement this Tariff.

3. COMMENCEMENT OF EDC/EGS COORDINATION

3.1 Registration for Coordination Services. An EGS seeking to obtain Coordination Services hereunder must Deliver to the Company a completed registration, consisting of the following:

- (a) an Individual Coordination Agreement, as contained in a Rider hereto, fully executed in triplicate by a duly authorized representative of the EGS;
- (b) a copy of the EGS's Operating License or PaPUC Order licensing the EGS to operate;
- (c) the EGS's Pennsylvania sales tax identification number; and
- (d) a representation letter signed by an EGS officer asserting that its computer systems are year 2000 compliant, or shall be year 2000 compliant on or before December 31, 1999.

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

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

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

3.5 Grounds for Rejecting Registration. The Company may reject any registration for Coordination Services on any of the following grounds:

- (a) the EGS has undisputed outstanding debts to the Company arising from its previous receipt of Coordination Services from the Company under this Tariff;
- (b) the EGS has failed to comply with credit requirements specified in Rule 12 of the Tariff; and
- (c) the EDC has provided written notice to the EGS that a registration is deficient, pursuant to 52 Pa. Code § 1.56, and the EGS has failed to submit a completed registration within thirty (30) calendar days after the date of service of the registration.

The Company may also petition the PaPUC to reject the registration of an EGS with Bad Credit. The Company need not provide Coordination Services to the EGS pending the PaPUC's review of said Petition unless the EGS has provided security to the Company as provided for in Rule 12.4.

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

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

3.8 Approval of Registration. Upon its approval of a registration for Coordination Services, or pursuant to an order of the Commission approving a registration, the Company shall execute the Individual Coordination Agreement tendered by the registrant and shall file a copy with the PaPUC, shall provide one to the EGS by Delivering such within the period set forth in Section 3.4 and shall maintain a copy for its own records.

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

3.10 Commencement of Coordination Services. Coordination Services shall commence within fifteen days after the Company's acceptance of an EGS's registration for Coordination Services provided that all of the information necessary for the Company to provide Coordination Services has been provided to the Company and any conditions required under Rule 3.6 have been satisfied by the EGS.

4. COORDINATION OBLIGATIONS

4.1 Provision of Coordination Services. The Company shall make available all Coordination Services, as provided herein, necessary for the delivery of an EGS's Competitive Energy Supply to serve retail access load located within the Company's service territory.

4.2 Timeliness and Due Diligence. EGSs shall exercise due diligence in meeting their obligations and deadlines under this Tariff so as to facilitate Direct Access.

4.3 Duty of Cooperation. The Company and each EGS will cooperate in order to ensure delivery of Competitive Energy Supply to Customers as provided for by this Tariff, the EDC Tariff, the Coordination Sales Tariff, the OATT and the Competition Act.

4.4 State Licensing. An EGS must have and maintain in good standing a license from the PaPUC as an authorized EGS.

4.5 Energy Procurement. An EGS must make all necessary arrangements for obtaining Competitive Energy Supply in a quantity sufficient to serve its own Customers.

4.6 Control Area Services and Obligations. An EGS is responsible for procuring, taking and paying for those services provided by the Control Area Operator that are necessary for the delivery of Competitive Energy Supply to its Customers. The necessary services include, but are not limited to the following:

4.6.1 Transmission Services. An EGS shall ensure all necessary arrangements are made for procuring, taking and paying for transmission services pursuant to the OATT.

4.6.2 Ancillary Services. An EGS shall ensure all necessary arrangements are made for procuring ancillary services pursuant to the OATT.

4.6.3 Transmission Losses. An EGS shall ensure all necessary arrangements are made for the purchase or delivery of real power Transmission Losses into the Control Area pursuant to the OATT.

4.6.4 Distribution Losses. An EGS shall ensure all necessary arrangements are made for the purchase or delivery of real power Distribution Losses into the Control Area set forth in Table .1 at Page No. 67.

4.7 Customer Arrangements. By selecting an EGS, the Customer designates the EGS to act on its behalf. If a Customer chooses to separately arrange for any or all of the Control Area Services and Obligations listed in Rule 4.6, the Customer may have the option to do so. However, the EGS will remain ultimately responsible for those obligations as the EGS for such Customer.

4.8 Reliability Requirements. An EGS shall satisfy those reliability requirements issued by the PaPUC, or any other governing reliability council with authority over the EGS, that apply to EGSs.

4.9 Determination of Load and Location. The Company and EGS shall coordinate with the Control Area Operator to determine the magnitude and location of the EGS's actual or forecasted load, as required by the Control Area Operator, for the purpose of providing transmission service under the OATT.

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

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

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

4.11.2 Electronic Mail. An EGS shall have electronic mail (e-mail) capable of transferring scheduling data according to the NERC TIS protocol.

4.12 Payment Obligation. The Company's provision of Coordination Services to an EGS is contingent upon the EGS's payment of all charges provided for in this Tariff and the OATT.

4.13 Record Retention. An EGS and the Company shall comply with all applicable laws and PaPUC rules and regulations for record retention, including but not limited to those Rules of Chapter 56 of the PaPUC's regulations.

4.14 Data Exchange.

(a) Subject to Rule 4.14(b), below, the Company shall make available to an EGS, on a daily basis, Customer, billing and financial transaction information regarding that EGS's Customers in electronic files available via Electronic Exchange. These files will be consistent with standards developed by the EDEWG.

(b) An EGS must notify its Customers that by signing up for Competitive Energy Supply with the EGS, the Customer is consenting to the disclosure by the Company to the EGS of certain basic information about the Customer, as listed in Rule 4.14(a). At minimum, the notice shall inform the Customer that the following information will be disclosed: the Customer's name, address, Duquesne Light Company account number and rate class.

(c) The Company will maintain on the Customer Choice Internet Site copies of the standard file formats it will provide to EGSs containing the data listed in this Rule of this Tariff. The Company will not change the file formats without first providing at least seven days notice of any such change via Electronic Exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

(d) Nothing in this Rule 4.14 shall prohibit the Company from making available to EGSs other electronic data, in formats chosen by the Company consistent with the recommendations of the EDEWG. The Company will not change the file formats of the electronic data made available under this Rule 4.14(d) without first providing at least seven days notice of such change via Electronic Exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

(e) All EGS systems that send, receive or process data within the scope of this Tariff shall be year 2000 compliant on or before December 31, 1999.

4.15 Code of Conduct. The Interim Code of Conduct contained in the Company's EDC Tariff is incorporated herein by reference.

4.16 Standards of Conduct and Disclosure for Licensed EGSs. The Standards of Conduct and Disclosure for Licensees, pursuant to PaPUC regulations including, but not limited to, Docket No. L-970129, are incorporated herein by reference.

5. DIRECT ACCESS PROCEDURES

5.1 Customer Enrollment

The selection of Customers eligible to obtain Competitive Energy Supply shall occur in accordance with the Direct Access Procedures set forth in this Tariff, the EDC Tariff, Docket Nos. M-00960890F.0014 and M-00960890F.0015.

5.1.1 Customer Method: The Company will process Company-supplied enrollment cards that are sent to the Company's designated Post Office box, or are received by facsimile transmission. If Customers wish to enroll telephonically, they may do so, and the Company will take special measures to determine whether the customer wishes to restrict the release of confidential information. If a Customer wishes to use written forms other than Enrollment Cards, they shall contain the information required for Enrollment Cards (Customer name, Customer address, Duquesne Light account number, authorization to release telephone number and authorization to release historical usage information).

Enrollment cards shall include two check-off boxes, by which Customers may restrict the release of their (i) telephone number and (ii) 12 months of historical load data (defined as historical kWh usage and either typical load curve for applicable rate class, or for Customers with hourly metering, specific load data). The Enrollment cards provided to Customers shall advise them of the potential benefits of having confidential information shared with licensed EGSs, and that such refusal may mean that the Customer will not be able to be contacted directly by an alternative generation supplier.

Additionally, the Enrollment cards shall advise Customers that the basic enrollment information will be released to EGSs upon the EDC's determination of the Customer's eligibility to participate.

5.1.2 EGS Method: EGSs may enroll Customers during the enrollment period by mailing or faxing an enrollment card or other written form containing the required enrollment information. Additionally EGSs are encouraged to permit Customers to enroll by telephone or by e-mail, but must send Customer enrollments to the Company via properly formatted electronic files (Customer name, Customer address, Duquesne Light Account Number, and authorization to release telephone number and authorization to release historical usage information) via Electronic Exchange. An EGS must include within its electronic file an indication as to which of the Customers it enrolls have consented to disclosure of Customer-specific information as set forth below in Rule 5.1.5. EGSs shall forward the electronic files on a daily basis to the Company. The Company will acknowledge receipt of the enrollment file via electronic confirmation. The Company shall provide confirmation within one business day of all electronic files received. Such confirmation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid account number). Such confirmation shall also include information an EGS can use to identify rejected records.

Enrollment cards shall include two check-off boxes, by which a Customer may restrict the release of their telephone number and 12 months of historical load data (defined as historical kWh usage and either typical load curve for applicable rate class, or for Customers with hourly metering, specific load data). The Enrollment cards provided to Customers shall advise them of the potential benefits of having confidential information shared with licensed EGSs, and that such refusal may mean that the Customer will not be able to be contacted directly by an alternative generation supplier.

Additionally, the Enrollment cards shall advise Customers that the basic enrollment information will be released to EGSs upon the EDC's determination of the Customer's eligibility to participate.

5.1.3 Provision of Customer Lists. Concurrent with the Company notifying Customers of their eligibility to select an EGS, the Company shall provide to all EGSs a complete list of eligible enrolled Customer information in electronic format. Said list shall include Pilot Customers. Said list shall be provided electronically and be made available on the same date Customers are notified that they have been enrolled. Said list shall include all of the information outlined in Rule 5.1.4(a), below for Customers that consent to the release of Customer information, and only the information identified in Rule 5.1.4(b), below, for Customers that do not so consent. If, less than 66% of the non-coincident peak load for residential, commercial and industrial rate classes has been enrolled, the Company shall provide all licensed EGSs with a list of enrolled Customers in such rate classes to date. The Company will continue to enroll Customers and the list of enrolled Customers will be updated weekly until the loads of the enrolled Customers comprise at least 66% of the non-coincident peak load of each residential, commercial and industrial rate class or full Direct Access begins. If greater than 66% are enrolled, the Company will inform the EGSs and the customers when the eligible customers are selected.

5.1.4 Data Exchange.

(a) The list of enrolled Customers that the Company provides to all EGSs pursuant to Rule 5.1.3, above, shall contain information about Customers that have consented to the release of Customer information in a format to be consistent with that determined by the EDEWG.

(b) The list of enrolled Customers that the Company provides to all EGSs pursuant to Rule 5.1.3, above, shall contain the following information about Customers that have not consented to the release of Customer information in a format to be consistent with that determined by the EDEWG:

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- (i) Duquesne Light Company Account Number
- (ii) Rate Class
- (iii) Customer's name
- (iv) Customer's service address

5.1.5 Manner of Customer Consent. An EGS that enrolls a Customer in accordance with Rules 5.1.1 or 5.1.2 of this Tariff must ask the Customer whether the Customer consents to the disclosure to all EGSs by the Company and/or the EGS of private customer information as defined by 52 Pa. Code Section 54.8. The EGS must retain a record indicating whether the Customer consented to such disclosure. If the record is not itself a hard copy document, but rather an electronic or computer record, the EGS must be able to print or otherwise reproduce the record in hard copy.

5.2 Initial EGS Selection for 1998.

This Rule 5.2 delineates the process of Customer selection of an EGS for the first time during the initial enrollment period and only until November 1, 1998. The process for a Customer's selection of an EGS for the first time thereafter is governed by Rule 5.3.

5.2.1

(a) An EGS must notify its Customers that by signing up for Competitive Energy Supply with the EGS, the Customer is consenting to the disclosure by the Company to the EGS of certain basic information about the Customer. At minimum, the notice shall inform the Customer that the following information will be disclosed: the Customer's name, address, Duquesne Light Company account number and rate class.

(b) If an enrolled Customer or person authorized to act on the enrolled Customer's behalf contacts the Company via telephone to select an EGS, the Company will direct the Customer to contact that EGS and provide the telephone number of the EGS to the Customer, if required.

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(c) The EGS will obtain appropriate written authorization from the Customer, or from the person authorized to act on the Customer's behalf, indicating the Customer's choice of EGS. The written authorization shall include the Customer's acknowledgment that the Customer has received the notice required by Rule 5.2.1(a). It is the EGS's responsibility to maintain records of the Customer's written authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. Customer consent for switching to an EGS shall be verified through EGS maintenance of written authorization from the Customer to switch to the EGS.

(d) The EGS shall provide an electronic file to the Company via Electronic Exchange. The required electronic file shall include, at a minimum, EGS ID, Duquesne Light Company Account Number, Action (ADD), Rate Code, Billing Option, Price Plan (if single bill option is selected), Transaction Date and Transaction Time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via Electronic Exchange. Within one business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid account number). Such validation shall also include information an EGS can use to identify rejected records. If a Customer selects more than one EGS, the EGS that submitted the EGS selection record with the latest valid EGS contract date to the Company before the end of the EGS selection period will be eligible to become the EGS of record on the Customer's regularly scheduled Meter Read Date in January, 1999.

(e) The Company will send a confirmation letter to all Customers who have made an initial EGS selection, after the initial EGS selection period concludes. Included in this letter shall be notification of a 10-day waiting period in which the Customer may cancel its selection of an EGS. The confirmation letter shall include the Customer's Name, Address, Duquesne Light Company Account Number, selected EGS, selected Billing Option (i.e., single bill or two bills), Service Effective Date and Initial Billing Date. The waiting period shall begin on the day the letter is mailed to the

Customer. If the 10-day waiting period expires, and the Customer has not contacted the Company to dispute the EGS selection, the EGS will become the EGS of record for delivery in January, 1999. If the Customer elects to rescind its EGS selection, the Company will electronically notify the rejected EGS via Electronic Exchange. In the event the Customer rescinds its EGS selection after the 10-day waiting period, the Customer will be required to remain with the selected EGS for a minimum of one billing cycle.

(f) After conclusion of the initial EGS selection period, the Company will send each EGS an electronic file, via Electronic Exchange, containing information for the Customers of record for that particular EGS, in accordance with Rule 4.14(a).

5.2.2 If an enrolled Customer contacts the Company by mail to inform the Company that it wishes to obtain Competitive Energy Supply from a particular EGS, the Company will electronically submit the request to that EGS. The EGS will verify its desire to serve the Customer and follow the process outlined in Rule 5.2.1, before the end of the initial EGS selection period.

5.3 Switching Among EGSs (or between an EGS and the Company as the Provider-of-Last Resort), and Initial Selection of an EGS Beginning in January, 1999

As of January 1999, initial EGS selection switching by Customers shall occur in accordance with the Direct Access Procedures contained in this Tariff and the EDC Tariff.

5.3.1 An EGS must notify its Customers that by signing up for Competitive Energy Supply with the EGS, the Customer is consenting to the disclosure by the Company to the EGS of certain basic information about the Customer, as listed in Rule 4.14(a). At minimum, the notice shall inform the Customer that the following information will be disclosed: the Customer's name, address, Duquesne Light Company account number, and rate class.

5.3.2

(a) If a Customer contacts, or is contacted by, a new EGS to request a change of EGS, and in turn, the new EGS agrees to serve the Customer, the Customer's new EGS shall obtain appropriate written authorization from the Customer or person authorized to act on the Customer's behalf indicating the Customer's choice of EGS. The written authorization shall include the Customer's acknowledgment that the Customer has received the notice required by Rule 5.3.1. It is the EGS's responsibility to maintain records of the Customer's written authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The EGS selected by the Customer shall be responsible for the Supplier Switching Charge necessary for processing the request.

(b) The Customer's new EGS shall also submit the Customer's information using a file format designated by the Company via Electronic Exchange. The required electronic files shall include, at a minimum, EGS ID, Duquesne Light Company Number, Action (ADD), Rate Code, Billing Option, Price Plan (if single bill option is selected), Transaction Date and Transaction Time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via Electronic Exchange. Within one business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid account number). Such validation shall also include information an EGS can use to identify rejected records.

(c) The Company will send the Customer a confirmation letter notifying the Customer of the right to rescind. If the Customer does not contact the Company within 10 days of the date on the confirmation letter, then the Company will process the selection. The selection will be effective as of the next scheduled Meter Read Date and the EGS will become the EGS of record for delivery provided that: (1) the Company has received at least 15 days prior notice from the EGS and all Customer information provided to the Company is accurate and complete; (2) the 10-day waiting

period has expired; and (3) the Customer has not contacted the Company to dispute the EGS selection. In such circumstances, the Company will send the new EGS an electronic file, via Electronic Exchange, containing information for the new Customers of record for that particular EGS, in accordance with Rule 4.14(a).

If, during the 10-day waiting period, the Customer elects to rescind its new EGS selection, the Company will notify the rejected EGS of the rescission electronically via Electronic Exchange. In the event the Customer rescinds their EGS selection after the 10-day waiting period, the Customer will be required to remain with the selected EGS for a minimum of one billing cycle.

(d) Once the preceding process is complete, the Company will notify the Customer's prior EGS, via Electronic Exchange, of the discontinuance of service to the Customer from that prior EGS.

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

5.3.4 If an EGS wishes to obtain from the Company confidential Customer-specific information about a Customer with whom it is discussing the possibility of providing Competitive Energy Supply, the Company will only provide such information if the EGS provides to the Company a copy of written documentation indicating that the Customer has authorized the release of Customer information to the EGS.

5.3.5 If a Customer contacts the Company to request a change of EGS to the Company's tariffed Energy and Capacity Charges for Default Provider-of-Last-Resort (PLR) Service under the EDC Tariff, the Company will process the request as follows. The Company will send the Customer a confirmation letter notifying the Customer of the right to rescind. If the Customer does not contact the Company within 10 days of the date on the confirmation letter, then the Company will process the request. The request will be effective as of the next scheduled Meter Read Date and the Company as the Provider-of-Last Resort will become the supplier of record for delivery provided

that: (1) the Company has received at least 15 days prior notice from the Customer; and (2) the 10-day waiting period has expired; and (3) the Customer has not contacted the Company to rescind or dispute the switch to Default PLR Service. Once the preceding process is complete, the Company will notify the Customer's prior EGS, via Electronic Exchange, of the discontinuance of service to the Customer from that prior EGS.

5.3.6

(a) If a Customer contacts the Company to discontinue electric service at the Customer's then current location, and initiates a request for service at a new location in the Company's service territory, the Company will notify the current EGS, via Electronic Exchange, of the Customer's discontinuance of service for the account at the Customer's old location. Final bill(s) will be issued to the date of discontinuance of service. If the selected EGS is not the same EGS that served the Customer at the old location, the Company will provide the EGS that served the Customer at the old location with the Customer's new mailing address or forwarding address. This process shall be updated as necessary pursuant to the EDEWG.

(b) If a Customer contacts the Company to discontinue electric service and indicates that the Customer will be relocating outside of the Company's service territory, the Company will notify the current EGS, via Electronic Exchange, of the Customer's discontinuance of service for the account at the Customer's location. If available, the Company will provide the EGS that served the Customer at the old location with the Customer's new mailing address or forwarding address.

5.3.7 If the Company elects to change the account number for a Customer receiving generation service from an EGS, the Company will notify the EGS of the change in account number at the same Customer location, via Electronic Exchange.

5.4 Provisions relating to an EGS's Customers.

5.4.1 Arrangements with EGS Customers. EGSs shall be solely responsible for having appropriate contractual or other arrangements with their Customers necessary to implement Direct Access consistent with all applicable laws, PaPUC requirements, and this Tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

5.4.2 Transfer of Cost Obligations Between EGSs and Customers. Nothing in this Tariff is intended to prevent an EGS and a Customer from agreeing to reallocate between them any charges that this Tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's Customer for any charges owed to the Company by the EGS.

6. LOAD FORECASTING

6.1 Customer Load Forecasting. The EGS is responsible for providing to the CAO a load forecast for each hour of each day which defines the power to be scheduled from energy source(s) to the Customer's point of consumption. By selecting an EGS, the Customer designates the EGS to act on its behalf. The EGS may elect to have the EDC provide this forecast, for a fee, in accordance with the following load forecasting procedures.

6.2 Forecasting Methodology. Most EDC Customers utilize monthly (or daily) metering equipment. However, any EDC Customer may choose to have the EDC install equipment or otherwise provide for (at the Customer's expense at PaPUC approved rates) interval (hourly or sub-hourly) metering. The forecasting methodology for Customers utilizing hourly metering data is slightly different than the methodology for Customers utilizing monthly (or daily) metering equipment.

6.2.1 Forecasts for Monthly (or Daily) Metered (and Unmetered - such as streetlights) Customers. The EDC will provide, for a fee, hourly load forecasts for the aggregate of Customers who have chosen an EGS. This forecast will establish the hourly supply obligation schedule of the EGS for serving such Customers. The EDC has developed and will maintain, based on load survey data, historical load profiles corresponding to the EDC's current rate classes identified in the EDC Tariff. The EDC will use these rate class load profiles, adjusted for differences between the historical load profile day and the forecast day (for example, first Saturday of June matched to first Saturday of June, or Memorial Day matched to Memorial Day), and further adjusted for temperature. The adjusted profiles will be applied to the summation by rate class of the EGS's Customer's historical consumption to arrive at the aggregate hourly load forecasts.

If an EGS wishes to provide hourly load forecasts for the aggregate of its monthly or daily metered Customers, the EGS and the EDC will agree upon the appropriate methodology and data exchange protocol.

6.2.2 Forecasts for Customers Utilizing Hourly (or Sub-Hourly) Metering Data. The EDC will provide, for a fee, hourly load forecasts for each EGS Customer that has elected to utilize hourly metering data. The EDC will use each Customer's same day hourly loads from the previous week and adjust those hourly loads by the temperature factor for that EGS Customer's rate class to determine that Customer's hourly load forecast. The summation of these forecasts will establish the hourly supply obligation schedule of the EGS for serving these customers.

If an EGS wishes to provide hourly load forecasts for each customer that has elected to utilize hourly metering data, the EGS and the EDC will agree upon the appropriate methodology and data exchange protocol.

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

6.2.3.1 Updates to Historical Load Profile Data. The EDC shall review from time to time its historical load profile data by rate class and any related data and shall update the data as appropriate.

6.3 Adjustment For Losses. The forecast/supply obligation will be adjusted to cover Transmission Losses (see Rule 4.6.3) and Distribution Losses (see Rule 4.6.4) depending upon whether the EGS elects to supply or purchase real power losses (Transmission Losses pursuant to the OATT and Distribution Losses pursuant to Table at Page No. 67). The EGS that elects to purchase losses from the EDC shall enter into the necessary arrangements pursuant to the OATT and Coordination Sales Tariff. The EDC shall charge 110% of the Company's hourly lambda capped at the Coordination Sales Tariff rates. The EGS may change its option to supply or purchase both real power Transmission and Distribution Losses on a calendar month basis, with a minimum of 10 days notice prior to the first day of the month for which the change will be effective.

6.4 Forecasting Process.

6.4.1 Daily Forecasts. Each day the EDC shall prepare two forecasts:

- (1) A final hourly forecast for the next day, and
- (2) A preliminary hourly forecast for the same day of the next week (for example, Monday for Monday; Tuesday for Tuesday).

6.4.2 Procedure for Forecasting. The following procedure will be followed each day to determine the final forecast for the next day and the preliminary forecast for the same day of the next week.

Step 1: Determining Hourly Load Forecast By EGS By Rate Class

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

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

Load forecasts will be adjusted for losses as appropriate.

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

If an EGS wishes to provide hourly load forecasts by rate class for its Customers, the EGS and the EDC will agree upon the appropriate methodology and data exchange protocol.

(B) For Customers that Elect to Utilize Hourly Metering Data:

Use each EGS's Customer's same day hourly loads from the previous week, and adjust those hourly loads by the temperature factor for that Customer's rate class to determine that Customer's hourly load forecast.

Load forecasts will be adjusted for losses as appropriate.

For each EGS, combine each Customer's hourly load forecasts into a total hourly load forecast.

If an EGS wishes to develop Customer-specific hourly load forecasts, the forecasts must be submitted prior to 8:00 A.M. on the day prior to the day for which the forecast applies. The forecasts must be submitted by e-mail to the EDC according to the NERC TIS protocol (Available at <http://www.nerc.com/doc/tisform.html>). Each Customer-specific hourly forecast submitted in accordance with the foregoing will supersede any hourly load forecast for that Customer developed by the EDC.

If the EDC fails to receive a Customer-specific forecast prior to 8:00 A.M. on the day before the day for which the forecast applies, the EDC's final forecast for that Customer will be used.

Step 2: EDC E-mails Total Schedule to EGS

Separately, for each of the EGS's (1) final hourly forecast for the next day; and (2) preliminary hourly forecast for the same day next week; the EDC will sum the combined rate class hourly load forecasts and the combined Customer-specific hourly load forecasts into a total EGS hourly load forecast, including any hourly forecasts for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. The EDC will then e-mail the total EGS hourly load forecast to the EGS and CAO promptly after 8:00 A.M. Eastern Prevailing Time each day using the NERC TIS protocol.

7. SUPPLY SCHEDULING

7.1 Total Supply Schedules. The forecast establishing the hourly supply obligation schedule may be provided by the EGS, EDC, or combination thereof. The total supply schedule for an EGS shall be equal to the aggregate hourly forecast for all of the monthly metered (and unmetered) Customers and Customers of that EGS utilizing hourly meter data and forecasts for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. The total supply schedule will

include real power Transmission and Distribution Losses if the EGS has elected to supply, rather than purchase losses.

7.2 Rounding to Whole Megawatts. So long as the CAO or its successor requires the scheduling and delivery of power only in whole Megawatts (MW), the EDC will round the aggregate forecast value for each hour to a whole MW value for supply scheduling purposes.

7.3 Daily Load Scheduling Process.

7.3.1 E-Mailing Schedules. The EDC will e-mail, using the NERC TIS protocol, the supply schedules to each respective EGS and to the CAO promptly after 8:00 A.M. Eastern Prevailing Time each day. By 10:00 A.M. that same day, the EGS will e-mail to the CAO using the NERC TIS protocol, a completed NERC tag for energy to meet that supply schedule.

7.3.2 Binding Nature of Schedule The Schedule e-mailed by the EDC to the EGS and CAO shall serve as the official schedule, and said official schedule shall be binding on that EGS.

7.3.3 Schedule Changes. If for any reason the EGS finds it necessary to change a supply schedule after 10:00 AM Eastern Prevailing Time of the day prior to the day for which the forecast applies, the EGS must notify the CAO by telephone, that a revised schedule for the entire day (covering 24 hours) will be sent via e-mail to the CAO using the NERC TIS protocol. After receipt of the revised schedule via e-mail, and confirmation that the source control area has received the same schedule change, the CAO will make reasonable efforts to review, and in its sole discretion, accept the changes. The CAO will notify the EDC of the schedule change and the revised schedule will establish the new hourly supply obligation for serving the EGS's customers. No schedule changes will be accepted by the CAO after 6:00 PM Eastern Prevailing Time of the day prior to the day for which the forecast applies.

8. RECONCILIATION

8.1 General Description. Reconciliation determines Supply Energy Imbalance, Consumption Energy Imbalance and total energy imbalance.

Supply Energy Imbalance is the difference between the hourly load forecast/supply obligation for energy to be delivered to the Control Area and the actual energy delivered each hour to the Control Area.

Consumption Energy Imbalance is the difference between that same hourly load forecast/supply obligation and the actual hourly energy consumed by Customers Utilizing Hourly Metering Data, and developed (using rate class load profiles) hourly energy consumption for Monthly (or Daily) Metered (and Unmetered) Customers.

Because the actual hourly energy delivered to the Control Area and the hourly consumption are reconciled with the identical load forecast/supply obligation for that hour, Supply Energy Imbalance and Consumption Energy Imbalance together equal the total energy imbalance, an Ancillary Service of the OATT.

8.2 Meter Data Collection. Meter data collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's Customers for a particular reconciliation period.

8.2.1 Monthly (or Daily) Metered (and Unmetered - such as streetlights) Customers. The EDC collects daily Customer reads for the majority of its customer base. The rate class profile is used to convert the actual daily consumption to equivalent hourly consumption.

If a Customer does not have daily reads available, the EDC collects monthly meter data, in subsets corresponding to customer billing cycles, which close on

different days of the month. The EDC converts Customers' actual monthly consumption to equivalent hourly consumption using the rate class load profiles.

8.2.2 Customers Utilizing Hourly (or Sub-Hourly) Metering Data. Data from Customers Utilizing Hourly (or Sub-Hourly) Metering Data is collected by the EDC on a daily or monthly basis.

8.3 Hourly Consumption. Hourly consumption for the Customers of each EGS is determined by summing the consumption as described in 8.2.1 and 8.2.2.

8.4 Consumption and Losses. Transmission and Distribution Losses are calculated based upon Customer consumption. For EGSs that have elected to supply Transmission and Distribution Losses, the losses are added to the hourly energy consumed by customers and included in the Consumption Energy Imbalance Calculation. For EGSs that have elected to purchase Transmission and Distribution Losses, the losses are not included in the Consumption Energy Imbalance Calculation.

8.5 EGS Supply Energy Imbalance. Supply Energy Imbalance for each EGS is calculated by subtracting the EGS's hourly load forecast/supply obligation schedule from the EGS's actual hourly energy delivered to the Control Area.

8.6 EGS Consumption Energy Imbalance. Consumption Energy Imbalance for each EGS is calculated by subtracting that EGS's aggregate of hourly consumption adjusted for losses, as appropriate from that EGS's hourly load forecast/supply obligation schedule.

8.7 Billing. Total energy imbalance for each EGS is calculated by adding Supply Energy Imbalance to Consumption Energy Imbalance. Total energy imbalance will be billed monthly to the EGS at the OATT rate. Transmission and Distribution Losses are

billed for those EGSs who have elected to purchase Transmission & Distribution Losses.

9. UTILIZATION OF SCHEDULING COORDINATORS

9.1 Participation Through a Scheduling Coordinator. If an EGS chooses not to interact directly with the CAO for scheduling purposes or cannot schedule directly with the CAO because its schedules do not meet the "whole megawatt" requirements set by the CAO for scheduling, an EGS may become a Coordinated Supplier by entering into a business arrangement with another EGS that will act as a Scheduling Coordinator. Once this business arrangement is in place, the Scheduling Coordinator will act on behalf of the EGS with regard to all load forecasting, supply scheduling, and reconciliation activities and responsibilities of the EGS required under this Tariff.

9.2 Designation of a Scheduling Coordinator. To designate a Scheduling Coordinator, an EGS must provide the EDC with a completed Scheduling Coordinator Designation Form, included as a Rider hereto, fully executed by both the EGS (who will become the Coordinated Supplier) and the Scheduling Coordinator.

9.3 Primary Obligations of A Coordinated Supplier. Notwithstanding their designations of Scheduling Coordinators, each Coordinated Supplier remains primarily responsible for fully satisfying the requirements of this Tariff. All actions of the Scheduling Coordinator that relate to one of its Coordinated Suppliers are binding on, and attributable to, said Coordinated Supplier.

9.4 Load Forecasting, Supply Scheduling, and Reconciliation through a Scheduling Coordinator. Coordinated Suppliers cannot submit to the CAO or EDC individual load forecasts, supply schedules, or proposed changes to supply schedules on behalf of itself or individual EGSs. Rather, the Scheduling Coordinator will provide

only one consolidated load forecast, supply schedule and be reconciled on behalf of itself and all its designated Coordinated Suppliers.

9.5 Change in or Termination of Scheduling Coordinator. To change a Scheduling Coordinator, or cease using a Scheduling Coordinator, an EGS shall notify the CAO and EDC in writing and said notice shall specify the effective month of the change or termination. The effective date of the change or termination shall be the first day of the month indicated in the notification letter unless notification is received by the CAO and EDC less than ten business days before the first day of that month, in which case the effective day of the change shall be the first day of the subsequent month. In the event an EGS ceases using a Scheduling Coordination, an EGS shall immediately resume the direct performance of all EGS obligations under this Tariff.

10. METERING DATA

10.1 Meter Data Provided by the Company to an EGS. Regardless of whether the Company or an EGS performs Customer billing for an EGS's energy charges, the Company will make available to an EGS, via Electronic Exchange, daily files containing meter readings, usage, registered demand (where applicable), and reading type information (i.e., actual or estimated), and any other relevant information mutually agreed upon by the Company and EGS for billing purposes, for each of an EGS's Customers as it becomes available by billing cycle. The information will be provided consistent with standards developed by the EDEWG.

11. CONFIDENTIALITY OF INFORMATION

11.1 Generally. All Company information made available to an EGS in connection with the provision of Coordination Services, including but not limited to load curve data, and information regarding the Company, computer and communication systems shall not be disclosed to third parties without appropriate authorization and/or consent.

11.2 Customer Information. The EGS shall keep all Customer-specific information supplied by the Company confidential unless the EGS has the Customer's written authorization to do otherwise.

12. PAYMENT AND BILLING

12.1 Customer Billing by the Company. All EGS charges to Customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 Company Billing for EGS. The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default Provider-of-Last-Resort service. Nothing in this Rule shall require the Company to manually bill Customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's Customers based on the Customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the PaPUC. However in no case shall the Company require the EGS to provide separate Customer lists or perform unique scheduling and reconciliation services for Customers billed directly by the Company.

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

12.1.3 Budget Billing. The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges.

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

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

12.1.5 Company Reimbursement to EGS for Customer Payments. Where the Company acts as the billing agent for the EGS, the Company shall reimburse the EGS every two weeks for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS.

12.1.6 EGS Billing Data. The EGS shall provide all necessary data in its possession for the timely computation of bills. A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertain. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

12.2 EGS Payment of Obligations to the Company. An EGS shall pay all Coordination Services Charges or any other Charge it incurs hereunder in accordance with the following provisions:

I s s u e d _____ 1 9 9 8
Effective _____, 1998

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

12.2.2 Billing Corrections and Estimated Billings. Notwithstanding anything stated herein: (1) bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for six (6) months from the date of such original monthly billing and (2) the Company shall be entitled to submit estimated bills (subject to correction) in the event the EGS fails to supply necessary information in a timely fashion or other circumstances limit the timely availability of necessary data.

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

12.2.4 Late Fee for Unpaid Balances. If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 1.5% per month on the unpaid balance.

12.2.5 EGS Default. In the event the EGS fails to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, the EGS shall be deemed to be delinquent. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the Tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be

dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

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

12.3 Billing for Supplier Obligations to Other Parties. The Company will assume no responsibility for billing between an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

12.4 Guarantee of Payments. Before the Company will render service or continue to render service, the Company may require an applicant for Coordination Service or an EGS currently receiving such service that has Bad Credit to provide a cash deposit, letter of credit, surety bond, or other guarantee, satisfactory to the Company. The Company will hold the deposit as security for the payment of final bills and compliance with the Company's Rules and Regulations. In addition, the Company may require an EGS to post a deposit at any time if the Company determines that the EGS is no longer Creditworthy or has Bad Credit. An EGS shall have the right to submit to the Commission for resolution any reasonable dispute regarding such deposit, letter of credit, surety bond or other guarantee sought by the Company if the EGS believes such a requirement is inappropriately based or assessed.

12.4.1 Amount of Deposits. The deposit shall be equal to the value of Coordination Services Charges the Company projects the EGS will incur during the next two billing periods based on that EGS's forecasted load obligation.

12.4.2 Return of Deposits. Deposits secured from an EGS shall either be applied with interest to the EGS's account or returned to the EGS with interest when the EGS becomes Creditworthy. In cases of discontinuance or termination of service, deposits will be returned with accrued interest upon payment of all service charges and guarantees or with deduction of unpaid accounts.

12.4.3 Interest on Deposits. The Company will allow simple interest on cash deposits calculated at the lower of the Interest Index or 5.50 percent. Deposits shall cease to bear interest upon discontinuance of service (or, if earlier, when the Company closes the account).

12.5 Credit Information. In addition to information required otherwise hereunder, an EGS shall be required to provide to the Company such credit information as the Company requires. The Company will report to a national credit bureau the EGS's credit history with the Company.

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 Notice of Withdrawal to the Company. An EGS shall provide electronic notice to the Company of withdrawal by the EGS from retail service in accordance with the PaPUC's rulings in Docket No. 00960890F.0013, and any subsequent applicable PaPUC rulings.

13.2 Notice to Customers. An EGS shall provide notice to its Customers of withdrawal by the EGS from retail service in accordance with the PaPUC's rulings in Docket No. 00960890F.0013 and any subsequent applicable PaPUC rulings.

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

- (a) mailings by the Company to the EGS's Customers to inform them of the withdrawal and their options;
- (b) non-standard/manual bill calculation and production performed by the Company;
- (c) EGS data transfer responsibilities that must be performed by the Company; and
- (d) charges or penalties imposed on the Company by third parties resulting from EGS non-performance.

14. EGS'S DISCONTINUANCE OF SERVICE TO PARTICULAR CUSTOMERS

14.1 Notice of Discontinuance to the Company. An EGS shall provide electronic notice to the Company of all intended discontinuances of service to Customers in accordance with applicable PaPUC rules.

14.2 Notice to Customers. An EGS shall provide a minimum of 30 days advance notice to any Customer it intends to stop serving of such intended discontinuance in a manner consistent with the PaPUC's rulings in Docket Nos. L-00970126 and M-00960890 and any subsequent applicable PaPUC rulings. The application of this Rule 14.2 will, however, be limited to the classes of Customers to which the referenced PaPUC rulings will apply. With respect to all other classes of Customers, it will be the EGS's responsibility to provide notice to a Customer of its intention to discontinue service in accordance with the EGS's contractual obligations with the Customer.

14.3 Effective Date of Discontinuance. Any discontinuance will be effective on a Meter Read Date and in accordance with the EGS switching rules in this Tariff and the EDC Tariff.

15. LIABILITY

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

15.2 Limitation On Liability For Service Interruptions And Variations. The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the

purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

15.3 Additional Limitations On Liability In Connection With Direct Access.

Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to an EGS providing Competitive Energy Supply arising out of or related to a contract or other relationship between an EGS and a Customer of the EGS.

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

16. BREACH OF COORDINATION OBLIGATIONS

16.1 Breach of Obligations. The Company or an EGS shall be deemed to be in breach of its Coordination Obligations under the Individual Coordination Agreement and this Tariff upon its failure to observe any material term or condition of this Tariff, including any Rule and Regulation, Charge or Rider thereof.

16.2 Events of Breach. A material breach of Coordination Obligations hereunder, as described in Rule 16.1, shall include, but is not limited to, the following:

- (a) a material breach of any Rule or Regulation of the Tariff;
- (b) an EGS's failure to maintain its license or certification as an electric generation supplier or electricity supplier from the PaPUC;

- (c) an EGS's failure to make payment of any undisputed Coordination Services Charges in the time prescribed;
- (d) the involuntary bankruptcy/insolvency of the EGS, including but not limited to, the appointment of a receiver, liquidator or trustee of the EGS, or a decree by such a court adjudging the EGS bankrupt or insolvent or sequestering any substantial part of its property or a petition to declare bankruptcy as to reorganize the EGS; or
- (e) an EGS's filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law, or its consent to the filing of any bankruptcy or reorganization petition against it under any similar law; or without limiting the generality of the foregoing, an EGS admits in writing its inability to pay its debts generally as they become due or consents to the appointment of a receiver, trustee or liquidator of it or of all or any part of its property.

16.3 Cure and Default. If either the Company or an EGS materially breaches any of its Coordination Obligations (hereinafter the "Breaching Party"), the other party (hereinafter the "Non-Breaching Party") shall provide the Breaching Party a written notice describing such breach in reasonable detail and demanding its cure. The Breaching Party shall be deemed to be in default ("Default") of its obligations under this Tariff and the Individual Coordination Agreement if: (i) it fails to cure its breach within thirty (30) days after its receipt of such notice; or (ii) the breach cannot be cured within such period and the Breaching Party does not commence action to cure the breach within said period and thereafter diligently pursues such action to completion.

16.4 Rights Upon Default. Notwithstanding anything stated herein, upon the occurrence of any Default, the party not in Default shall be entitled to (i) commence an action to require the party in Default to remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof, and (ii) exercise such other rights and remedies as it may have in equity or at law.

17. TERMINATION OF INDIVIDUAL COORDINATION AGREEMENT

17.1 Termination. An Individual Coordination Agreement will or may be terminated as follows:

(a) **Withdrawal of the EGS from Retail Service.** In the event the EGS ceases to participate in or otherwise withdraws the provision of Competitive Energy Supply to Customers in the Company's Service Territory, the Individual Coordination Agreement between the EGS and the Company shall terminate thirty (30) days following the date on which the EGS has no more active Customers.

(b) **The Company's Termination Rights Upon Default by EGS.** In the event of a Default by the EGS, the Company may terminate the Individual Coordination Agreement between the EGS and the Company by providing written notice to the EGS in Default, without prejudice to any remedies at law or in equity available to the party not in Default by reason of the Default.

17.2 Effect of Termination. Termination of Individual Coordination Agreements will have the same effect on an EGS's Customers as the EGS's discontinuance of supply to such Customers described in Rule 23.5 of the EDC Tariff: If a Customer of a terminated EGS has not switched to another EGS prior to termination, said Customer will receive Default PLR Service (as defined in the EDC Tariff) pending its selection of another EGS.

17.3 Survival of Obligations. Termination of an Individual Coordination Agreement for any reason shall not relieve the Company or an EGS of any obligation accrued or accruing prior to such termination.

18. ALTERNATIVE DISPUTE RESOLUTION

18.1 Informal Resolution of Disputes. The Company and EGS shall use good faith and commercially reasonable efforts to informally resolve all disputes arising out of the implementation of this Tariff and/or the conduct of Coordination Activities hereunder. The EGS's point of contact for all information, operations, questions, and problems regarding Coordination Activities shall be the Company's Supplier Service Center at (412)393-6169 or the Customer Choice Internet Site.

18.2 Internal Dispute Resolution Procedures. Any dispute between the Company and an EGS under this Tariff or Individual Coordination Agreement shall be referred to a designated senior representative of each of the parties for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties may agree upon) such dispute, by mutual agreement, may be referred to mediation in accordance with Section 8 of the Interim Code of Conduct in the EDC Tariff or may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

18.3 External Arbitration Procedures. If the amount in dispute is \$500,000 or less, the arbitration initiated under the Tariff or any Individual Coordination Agreement shall be conducted before a single neutral arbitrator appointed by the parties. If the parties fail to agree upon a single arbitrator within twenty (20) days of the referral of the dispute to arbitration the parties shall request the American Arbitration Association to appoint a single neutral arbitrator. If the amount in dispute exceeds \$500,000, each party shall choose one neutral arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days of their selection, select a third arbitrator to chair the arbitration panel. In any case, the arbitrators chosen shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration

in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association.

18.4 Arbitration Decisions. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of their appointment and shall notify the parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Individual Coordination Agreement and shall have no power to modify or change any provisions in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court of competent jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in 42 Pa. C.S.A. § 7341. The final decision of the arbitrator must also be filed with FERC and PaPUC, if it affects their respective jurisdictional rates, terms and conditions of service or facilities.

18.5 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (a) the cost of the arbitrator chosen by the party to sit on the three member panel and a proportionate share of the cost of the third arbitrator chosen; or
- (b) a proportionate share of the cost of the single arbitrator jointly chosen by the parties.

18.6 Rights Under The Federal Power Act. Nothing in this Section shall restrict the rights of any party to file a complaint with FERC under relevant provisions of the Federal Power Act.

18.7 Rights Under The Pennsylvania Public Utility Code. Nothing in this Section shall restrict the rights of any party to file a complaint with the PaPUC under relevant provisions of the Pennsylvania Public Utility Code.

19. MISCELLANEOUS

19.1 Notices. Unless otherwise stated herein, any notice contemplated by this Tariff shall be in writing and shall be given to the other party at the addresses stated in the notice section of the Individual Coordination Agreement. If given by electronic transmission (including fax, telex, telecopy or Internet email), notice shall be deemed given on the date sent and shall be confirmed by a written copy sent by first class mail. If sent in writing by first class mail, notice shall be deemed given on the fifth business day following deposit in the United States mail (as noted by the postmark), properly addressed, with postage prepaid. If sent by same-day or overnight delivery service, notice shall be deemed given on the day of delivery. The Company and an EGS may change their representative for receiving notices contemplated by this Tariff by delivering written notice of their new representatives to the other.

19.2 No Prejudice of Rights. The failure by either the Company or the EGS to enforce any of the terms of this Tariff or any Individual Coordination Agreement shall not be deemed a waiver of the right of either to do so.

19.3 Gratuities to Employees. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company.

19.4 Assignment.

19.4.1 An Individual Coordination Agreement hereunder may not be assigned by either the Company or the EGS without (a) any necessary regulatory approval and (b) the consent of the other party, which consent shall not be unreasonably withheld.

19.4.2 Any assignment occurring in accordance with Rule 19.4.1 hereunder shall be binding upon, and oblige and inure to the benefit of, the successors and assigns of the parties to the Individual Coordination Agreement.

19.5 Governing Law. To the extent not subject to the exclusive jurisdiction of FERC, the formation, validity, interpretation, execution, amendment and termination of this Tariff or any Individual Coordination Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

The Tariff or any Individual Coordination Agreement, and the performance of the parties' obligations thereunder, is subject to and contingent upon (i) present and future local, state and federal laws, and (ii) present and future regulations or orders of any local, state or federal regulating authority having jurisdiction over the matter set forth herein.

If at any time during the term of the Tariff or any Individual Coordination Agreement, FERC, the PaPUC or a court of competent jurisdiction issues an order under which a party hereto believes that its rights, interests and/or expectations under the Agreement are materially affected by said order, the party so affected shall within thirty (30) days of said final order provide the other party with notice setting forth in reasonable detail how said order has materially affected its rights, interests and/or expectations in the Agreement. Within thirty (30) days from the receiving party's receipt of said notice the parties agree to attempt through good faith negotiations to resolve the issue. If the parties are unable to resolve the issue within thirty (30) days from the commencement of negotiations, either party may at the close of said thirty (30) day period terminate the Agreement, subject to any applicable regulatory requirements, following an additional thirty (30) days prior written notice to the other party without any liability or

responsibility whatsoever except for obligations arising prior to the date of service termination.

SUPPLIER ADMINISTRATION CHARGE

APPLICABILITY

To receive Coordination Services under this Tariff an EGS must pay a Supplier Administration Charge to the Company. The Administration Charge includes the on-going data transmission and maintenance costs of the VAN, as well as certain incremental EDI charges.

DAILY CHARGES

Basic daily charge: \$0.19 per file transmitted by EDC.

Variable daily charge: \$0.046 per 1,000 characters per file.

TECHNICAL SUPPORT AND ASSISTANCE CHARGE

APPLICABILITY

Technical support and assistance is defined as support and assistance that may be provided by the Company to a licensed EGS in connection with questions and research requests from the EGS in support of its energy supply business.

The Company will provide basic instruction on the Customer Choice Internet Site and VAN; assistance in normal business interactions, such as daily forecasting and scheduling; and, standard processing of EGS data files. In addition, the Company will post a FAQ (Frequently Asked Questions) page on the Customer Choice Internet Site, and update it on a regular basis.

The Company is under no obligation to provide any further support or assistance. However, should additional assistance be required, such as manual verification of customer data, explanation of Duquesne Light Company filings or regulatory orders, or explanation of Customer Choice Internet Site/Network communications, the Company will make its best efforts to provide the requested support, for a fee as described below. The fee may include time spent by Company employees or consultants conducting research in connection with an EGS inquiry.

CHARGES

First 10 hours per month per EGS: No charge.

Additional hours beyond first 10 hours per month per EGS: \$41 per hour or fraction thereof.

LOAD DATA SUPPLY CHARGE

APPLICABILITY

NO CUSTOMER INFORMATION WILL BE RELEASED BY THE COMPANY WITHOUT RECEIPT OF PRIOR WRITTEN AUTHORIZATION FROM THE CUSTOMER TO RELEASE SUCH DATA TO A PARTICULAR EGS.

The Company will provide historical billing data to an approved EGS, in accordance with all current regulatory requirements. The Company will provide additional information not readily available (normally, not currently stored in electronic format), and/or not required by regulatory requirement, for a fee as described below.

CHARGES

\$41 per hour or fraction thereof, of research and response preparation time.

SUPPLEMENTAL BILLING INFORMATION CHARGE

APPLICABILITY

Any participating Customer may elect a single-bill option, receiving one bill containing all charges (including EGS charges) from the Company. Under the single bill option, the Company will provide supplemental billing services for an EGS for a fee as described below. Supplemental billing services include all non-basic information and/or billing charges, such as contract expiration notices or charges for non-basic services provided by the EGS.

CHARGES

\$84 per hour for development and customization.

LOAD FORECASTING SERVICES CHARGE

APPLICABILITY

As described more fully in Rule 6, each EGS is responsible for providing to the CAO a load forecast. The EGS may provide the forecast or elect to have the Company provide the forecast.

The Company will provide a forecast as required by the Tariff and current PUC regulations for monthly or daily metered and unmetered Customers, and hourly (or sub-hourly) metered Customers, for a fee as described below.

CHARGES

Monthly or daily metered Customers: \$0.0016 per forecast

Hourly or subhourly metered Customers: \$0.0036 per forecast

Duquesne Light Company

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SUPPLIER SWITCHING CHARGE

APPLICABILITY

An EGS may obtain a new Customer when that Customer first enters the Company's service territory and initially selects that EGS; alternatively, an EGS may obtain a new Customer when a Customer elects to switch from its current supplier to another EGS.

As described in Rule 5, the Company will process a new Customer's initial selection of an EGS at no charge. Subsequent switches from one EGS to another will be processed by the Company, for a fee as described below.

CHARGES

\$1.05 per Customer per switch

Issued _____, 1998

RIDERS

INDIVIDUAL COORDINATION AGREEMENT RIDER

1.0 This Individual Coordination Agreement ("Agreement"), dated as of _____ is entered into, by and between Duquesne Light Company (the "Company") and _____ ("EGS").

2.0 The Company agrees to supply, and the EGS agrees to have the Company supply, all "Coordination Services" specified in the Electric Generation Supplier Coordination Tariff ("EGS Coordination Tariff").

3.0 Representations and Warranties.

(a) The EGS hereby represents, warrants and covenants as follows:

(i) The EGS is in compliance, and will continue to comply, with all obligations, rules and regulations, as established and interpreted by the Control Area Operator; and

(ii) The EGS is licensed by the PaPUC to provide Competitive Energy Supply to Customers in Pennsylvania and has and will continue

to satisfy all other PaPUC requirements applicable to EGSs.

(b) The Company and the EGS, individually referred to hereafter as the "Party," each represents, warrants and covenants as follows:

(i) Each Party's performance of its obligations hereunder has been duly authorized by all necessary action on the part of the Party and does not and will not conflict with or result in a breach of the Party's charter documents or bylaws or any indenture, mortgage, other agreement or instrument, or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Party is a party or by which the Party or any of its properties is bound or subject.

(ii) This Agreement is a valid and binding obligation of the Party, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights generally or by general principles of equity.

4.0 The EGS shall provide notice to the Company via facsimile, with a copy delivered pursuant to overnight mail, at such time that the EGS learns

that any of the representations, warranties, or covenants in Section 3.0 of this Agreement have been violated.

- 5.0 As consideration for Coordination Services provided by the Company, the EGS shall pay the Company those Coordination Services Charges billed to the EGS in accordance with the terms and conditions of the EGS Coordination Tariff.
- 6.0 Coordination Services between the Company and the EGS will commence on _____.
- 7.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

To Duquesne Light Company:

Duquesne Light Company
2839 New Beaver Avenue, N2-SO
Pittsburgh, PA 15233
Attn: Robert A. Irvin
Title: General Manager, System Operations Unit

Telephone: (412)393-6205
Facsimile: (412)393-8647
Internet E-Mail: irvin@soc-dlco.lm.com

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To the EGS:

Attn: _____

Title: _____

Telephone: _____

Facsimile: _____

Internet E-Mail: _____

8.0 The EGS Coordination Tariff is incorporated herein by reference and made a part hereof. All terms used in this Agreement that are not otherwise defined shall have the meaning provided in the EGS Coordination Tariff.

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IN WITNESS WHEREOF, and intending to be legally bound thereby, Duquesne Light Company and the EGS identified above have caused this Coordination Agreement to be executed by their respective authorized officials.

DUQUESNE LIGHT COMPANY

By: _____
Name Title Date

By: _____
Name Title Date

Issued _____, 1998

SCHEDULING COORDINATOR DESIGNATION FORM

1.0 This Scheduling Coordinator Designation Form, dated _____, is being submitted to Duquesne Light Company (the "Company") by the following Electric Generation Supplier ("EGS"):

2.0 By submitting this form, the EGS hereby notifies the Company that it has appointed the following entity to act as its Scheduling Coordinator in accordance with Rule 9 of the Company's Electric Generation Supplier Coordination Tariff (the "EGS Coordination Tariff"):

3.0. The EGS further notifies the Company that it is designating the person identified in the preceding paragraph as its Scheduling Coordinator for the specific purpose(s) (please check and/or fill in):

_____ Load Scheduling

_____ Installed Capacity Obligations

Duquesne Light Company

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- _____ Import Capability
- _____ Reconciliation Rights and Responsibilities
- _____ Other: _____

- 4.0. The Company may utilize the Scheduling Coordinator as the sole point of contact with the EGS in connection with the Company's provision of Coordination Services to the EGS. Likewise, the Scheduling Coordinator appointed by the EGS shall be responsible for the performance of all Coordination Obligations of the EGS that are specifically delegated to said Scheduling Coordinator in this Form.
- 5.0 The EGS agrees that the Company may bill the Scheduling Coordinator directly for all Coordination Services Charges attributable to the EGS and that the Scheduling Coordinator will pay the Company such charges on behalf of the EGS in accordance with the terms and conditions in the EGS Coordination Tariff.
- 6.0 The EGS and its appointed Scheduling Coordinator shall comply with all terms and conditions of the EGS Coordination Tariff, including those

pertaining to Scheduling Coordinators and to payment and billing.

- 7.0 All inquiries, communications or notices relating to the EGS's use of the Scheduling Coordinator designated above may be directed to the following representatives:

To the EGS:

Attn: _____
Title: _____
Telephone: _____
Facsimile: _____
Internet email: _____

To the Scheduling Coordinator:

Attn: _____
Title: _____
Telephone: _____
Facsimile: _____
Internet email: _____

8.0 The EGS Coordination Tariff is incorporated herein by reference and made a part hereof. All capitalized terms used, but not defined, in this designation form shall have the meaning stated in the EGS Coordination Tariff.

9.0 The EGS has executed this designation form below by its duly authorized representative as follows:

Signature: _____
Name: _____
Title: _____
Date: _____

10.0 The EGS has obtained the following Acknowledgment and Consent to this designation, which is executed below by the duly authorized representative of the Scheduling Coordinator:

Acknowledgment and Consent

Intending to be legally bound thereby, the duly authorized representative of above-designated Scheduling Coordinator has executed this document below to acknowledge and consent to its appointment as a

Issued _____, 1998

Duquesne Light Company

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Scheduling Coordinator, and to further state its agreement to abide by the terms and conditions of its designation set forth above in the Scheduling Coordinator Designation Form prepared by the EGS, including the terms and conditions of the EGS Coordination Tariff which is incorporated therein by reference.

Signature: _____
Name: _____
Title: _____
Date: _____

TABLE 1
Real Power Distribution Losses

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.7%
GL - General Service Large	4.3%
GLH - General Service Large Heating	4.1%
GMH - General Service Medium Heating	8%
GS/GM - General Service Small and Medium	8.6%
HVPS - High Voltage Power Service	0
L - Large Power Service	2.6%
RA - Residential Service Add On Heat Pump	9.5%
RH - Residential Service Heating	9.5%
RS - Residential Service	9.5%
SE - Street Lighting Energy	9.5%
SH - Street Lighting Highway	9.5%
SM - Street Light Municipal	9.5%
MTS - Municipal Traffic Signals	9.5%
PAL - Private Area Lighting	9.5%

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX G

APPENDIX G

Duquesne has proposed certain charges as part of the proposed Supplier Tariff. The Company, as required by the Duquesne Restructuring Order at 241-42, is providing documentation of the incremental costs that the Company will incur for the proposed charges, as explained below.

1. Supplier Administration Charge

The Supplier Administration Charge is intended to recover the incremental costs to the Company of operating the Value-Added Network (VAN). The Advantis VAN was selected as the most effective way of providing secure and rapid transmission and transfer of the necessary data between the Company and the EGSs.

The incremental costs incurred by the Company for data transmissions to an EGS are \$0.19 per file (or electronic envelope) and \$0.046 per 1,000 characters transmitted. These charges for the Advantis VAN represent the direct and actual costs charged by the vendor and paid by the Company under its current contract plus applicable Pennsylvania Gross Receipts Tax. They are itemized as follows:

<u>Item</u>	<u>Calculation</u>
(1) per file/electronic envelope	\$0.18
(2) PA Gross Receipts Tax (1 (x) 4.6%)	<u>\$0.01</u>
	\$ 0.19
(1) Per 1,000 characters transmitted	\$0.044
(2) PA Gross Receipts Tax (1 (x) 4.6%)	<u>\$0.002</u>
	\$0.046

2. Technical Support and Assistance Charge

The Technical Support and Assistance Charge is intended to recover the incremental costs associated with responding to EGS technical customer choice implementation questions or support requests.

In order to handle relationships with EGSs under customer choice, the Company has established a Supplier Service Center, which will be expanded in future months. A new, full-time position was created to initially staff the Center. This individual will be the primary contact for support and assistance and will be responsible for coordinating the replies to load data questions.

The Technical Support and Assistance Charge was calculated based on the job value of that position. The Charge of \$41 per hour (or fraction thereof) shall recover the hourly cost of salary and benefits for the new position created to provide EGS service.

The Charge was calculated as follows. The 1999 annual salary for an individual with the appropriate level of expertise shall be \$64,480. The hourly salary rate is \$31 ($64,480 \div 2,080$ hours), plus benefits calculated at 0.2666 of salary, which equals \$39.26 per hour, plus applicable Pennsylvania Gross Receipts Tax of 1.81 ($\$39.26 \times 4.6\%$).

<u>Item</u>	<u>Calculation</u>
(1) Job Value (1999)	\$64,480
(2) Hourly rate ((1)/2,080)	\$31.00
(3) Fringe Benefits (\$31.00 (x) 26.66%)	<u>\$ 8.26</u>
(4) Net Total	\$39.26
(5) Pa Gross Receipts Tax (at 4.6%)	<u>\$ 1.81</u>
	\$41.07

3. Load Data Supply Charge

The Load Data Supply Charge is intended to recover the incremental costs incurred to provide an EGS with customer load data beyond that which is required by current PaPUC regulation. Even though the information that the Company will provide should be sufficient to enable an EGS to meet the requirements of its customers and the CAO, it is likely that some EGSs will request more detailed information, or data for a longer historical period than provided by the Company.

In order to handle relationships with EGSs under customer choice, the Company has established a Supplier Service Center, which will be expanded in future months. A new, full-time position was created to initially staff the Center. This individual will be the primary contact for support and assistance and will be responsible for coordinating the replies to load data questions.

The Load Data Supply Charge was calculated based on the job value of that position. The Charge of \$41 per hour (or fraction thereof) shall recover the hourly cost of salary and benefits for the new position created to provide this new service to EGSs. It is intended to cover the time spent by this position in researching microfiche and other files, meeting with other personnel, as necessary, and preparing reports.

To the extent possible, EGSs will be given an estimated cost for fulfilling each request. EGSs will not be charged for requests that the Company cannot fulfill.

The Charge was calculated as follows. The 1999 annual salary for an individual with the appropriate level of expertise shall be \$64,480. The hourly salary rate is \$31 ($64,480 \div 2,080$ hours), plus benefits calculated at 0.2666 of salary, which equals \$39.26 per hour, plus applicable Pennsylvania Gross Receipts Tax of 1.81 ($\$39.26 \times 4.6\%$).

<u>Item</u>	<u>Calculation</u>
(1) Job Value (1999)	\$64,480
(2) Hourly rate ((1)/2,080)	\$31.00

(3) Fringe Benefits (\$31.00 (x) 26.66%)	\$ <u>8.26</u>
(4) Net total	\$39.26
(5) PA Gross Receipts Tax (at 4.6%)	\$ <u>1.81</u>
	\$41.07

4. Supplemental Billing Information Charge

The Supplemental Billing Information Charge is designed to collect the incremental costs incurred by the Company in providing non-required billing services for an EGS. Supplemental billing services cover all non-basic information and/or billing charges included in a Customer's bill on behalf of an EGS, such as contract expiration notices or charges for non-basic services provided by the EGS.

A participating Customer electing the single-bill option will receive one bill from the EDC, containing both EDC and EGS charges. The bill will contain, without cost to the EGS, all basic EGS information as currently required. However, PaPUC Orders at Docket Nos. L-00970126 and L-00970128 allow the Company to recover the costs of preparing and inserting into the bill any additional information requested by an EGS.

The Charge of \$84 per hour for development and customization of supplemental billing information is intended to reimburse the Company for the costs of internal personnel and outside consultants who will perform the necessary work. The Company intends to employ consultants, and not to use Company personnel.

The Company currently is a party to MIS-related consulting contracts with billing rates ranging from \$60 per hour to \$125 per hour. Based on the nature and type of work expected to be required for supplemental billing, a consultant billing rate of \$80 per hour was estimated. The \$84 per hour is based upon the hourly charge for our current outside consultants, plus applicable Pennsylvania Gross Receipts Tax of \$4.00 ($\$80 \times 4.6\%$).

<u>Item</u>	<u>Calculation</u>
(1) Billing rate	\$80.00
(2) PA Gross Receipts Tax (at 4.6%)	<u>\$ 4.00</u>
	\$84.00

5. Load Forecast Services Charge

The Company is currently developing a load forecasting process designed to meet the requirements of the Tariff.

The incremental costs of forecasts used by the Company for its own Customers will be borne by the Company and not recovered through this charge. The Load Forecasting Services Charge is designed to recover the Company's incremental costs incurred in providing load forecasts in response to requests from EGSs. Neither the Company nor its Customers should be expected to bear the cost of providing information an EGS is required to provide as a result of electing to provide service in the Control Area.

The Charge is designed to recover the Company's costs for preparing the forecast for an EGS and providing the forecast to the EGS by electronic mail, plus applicable Pennsylvania Gross Receipts Tax. Since the system is presently being developed, the costs are estimates based upon similar existing systems.

To estimate the cost of the forecasting system at this time, for the purpose of determining incremental charges to EGSs for providing forecasts, the costs of similar, existing systems were used. Charges for forecasts will be adjusted to reflect the actual costs of the forecasting system when those costs are determined.

<u>Item</u>	<u>Calculation</u>
<u>For Monthly (or Daily) Metered Customers¹</u>	
(1) Estimated Monthly Costs	\$24,000
(2) Daily cost ((1)/30 days)	\$ 800
(3) Daily per account ((2)/530,000)	\$0.0015
(4) PA Gross Receipts Tax (at 4.6%)	<u>\$0.0001</u>
	\$0.0016

¹ Calculations based on current Company programs CSSR - 1110N, 111N, 150N, 151N and 152N.

For Customers Utilizing Hourly (or Sub-Hourly) Metering Data²

(1) Daily reads and reconciliation costs	\$18,846
(2) Daily costs ((1)/25)	\$ 754
(3) Daily per account ((2)/420,000)	\$0.0018
(4) Account storage per day	\$0.0016
(5) Daily per account ((3) + (4))	\$0.0034
(6) Pa Gross Receipts Tax (4.6%)	<u>\$0.0002</u>
	\$0.0036

² Calculations based on current Company programs CSSR - 120N, 122N, 125N, CSCA 1670-9, and CSUTDL05.

6. Supplier Switching Charge

The Supplier Switching Charge is designed to recover the incremental costs incurred by the Company to confirm and process a Customer's decision to switch from one EGS to another. As described in the Tariff, the Company will process a new Customer's initial selection of an EGS at no charge. Subsequent switches between EGSs will require the Company to process those changes through its Customer information system, and confirm the switch in writing with the Customer.

The proposed Supplier Switching Charge of \$1.05 per Customer per switch is intended to recover the incremental costs of processing the switch. These include the Company's actual costs for letters, envelopes, stuffing, and non-bulk mailings, and an estimated cost of resolving follow-up problems. The processing costs are based on ten minutes of Service Center support time per ten switches.

The itemized switch costs are as follows:

<u>Item</u>	<u>Calculation</u>
(1) Postage	\$0.32
(2) Letters and envelopes	\$0.03
(3) Stuffing	\$0.02
(4) Processing costs	<u>\$0.63</u>
(5) Net Total	\$1.00
(6) PA Gross Receipts Tax (at 4.6%)	<u>\$0.05</u>
	\$1.05

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX H

DUQUESNE LIGHT COMPANY
Restructuring Compliance Filing
Universal Service

**I. SUMMARY OF THE RESTRUCTURING ORDER REGARDING
UNIVERSAL SERVICE AND ENERGY CONSERVATION PROGRAMS**

Following the passage of the *Electricity Generation Customer Choice and Competition Act* (Act), the Public Utility Code for the first time “imposes a mandate for universal service and energy conservation policies, programs and protections that are ‘appropriately funded and available in each electric distribution territory.’”

In implementing this “mandate,” the Public Utility Commission (PUC) on May 21, 1998 approved, with modification, Duquesne Light’s restructuring plan, including its proposed universal service and energy conservation programs plan.

In summary, the PUC:

- Directed Duquesne Light, over a four-year period, to increase the CAP program to serve 15,000 customers at a funding level of \$5,275,000 and to increase the LIURP program to serve 1,750 customers at a funding level of \$1,750,000.
- Adopted the Company’s cost allocation and rate design for universal service charges.
- Adopted the Company’s universal service program design.
- Ensured that universal service benefits are portable.
- Directed Duquesne to develop a loan level of \$250,000 to participate in the “Million Solar Roof Program.”

**II. DUQUESNE LIGHT’S APPROACH TO UNIVERSAL SERVICE AND
ENERGY CONSERVATION PROGRAMS**

A. Overview

Duquesne Light has been and will continue to be a leader in providing customer-focused, quality-driven, results-oriented universal service and energy conservation programs in a cost-effective manner. The goal of the Company’s universal service and energy conservation programs is to cost-effectively ensure that low-income, payment challenged¹ customers have access to affordable energy. To achieve this goal, the Company will work with eligible customers to establish affordable payment arrangements that maintain electric service and move them toward self-sufficiency in paying their electric bill. To

¹ In earlier filings, the Company has used the phrase “low-income, payment troubled” to identify the group it will target for universal service. Because “payment troubled” now has a precise definition, the Company is using this phrase, “payment challenged” to identify its target group. The use of “payment troubled” will follow the PUC’s precise definition.

measure the accomplishment of this goal, the Company will measure changes in the portion of the bill paid by the customer and changes in operating costs associated with universal service participants.

We continue to believe that universal service imposes both a requirement on the electric distribution companies "to offer assistance" and a responsibility on customers "for wise consumption and prompt payment." This is particularly true because the universal service charge is non-bypassable and will be paid by all customers, including low-income customers. We are encouraged, therefore, by the PUC's statement that "the consequences of nonpayment should be loss of service."

We will meet the unique needs of individual low-income, payment challenged customers by providing an array of services rather than limiting our solutions to prescribed, one size fits all programs. This "array" will include customer assistance programs, usage reduction programs, CARES, hardship fund administration, Chapter 56 requirements, and appropriate secretarial letters.

Duquesne Light is pleased that the PUC approved the Company's program design which implements the above approach. Unless otherwise noted, those programs will continue to be implemented as described in previous filings and currently operated. Appropriate modifications to these programs (*shown in italics*) are contained in this filing.

B. General Universal Service Program Overview

It is the general policy of Duquesne Light Company to work with low-income, payment challenged customers to enable them to maintain electric service by making affordable payment arrangements. Such payment arrangements will be based on the customer's household income and will require the customer's active participation in controlling their electric use and obtaining available energy assistance grants.

Low-income customers, like all customers, are covered by Chapter 56 and will receive the appropriate protections contained therein. Continued participation in any universal service program offered by Duquesne Light will require the customer's active participation and maintenance of all agreements. Failure to do so will result in the customer being "defaulted" from universal service.

To meet the enrollment targets set by the PUC, the Company will expand its eligibility criteria, increase its solicitation efforts, and evaluate and develop new programs. In general, a Duquesne Light customer is eligible for universal service if their household income is at or below 150% of the federal poverty guideline. Each universal service component may have additional eligibility criteria.

The Company will expand its solicitation efforts to attract customers who are potential beneficiaries of these programs. Examples of such expansion may include: the use of bill inserts, adding universal service as an electronically selected option available to in-bound

callers, adding a universal service referral to a 10-day termination notice, adding a referral to universal service on out-bound collection calls, telephone solicitation, use of community based and other neighborhood organizations, and appropriate use of the media.

As urged by the PUC, Duquesne Light will make appropriate use of community-based organizations (CBOs) in the delivery of universal service. We will build on their inherent strengths and mission to provide high quality customer assistance to our customers. Organizations must meet the customer service and program delivery standards set by the Company to be part of its operation.

Customers taking part in universal service programs will be able to choose alternate electric generation suppliers and remain in the programs.

Universal service programs will be administered in the Customer Programs Section of Duquesne Light's Customer Relations Department. Support for these programs will come from throughout the Company and from support service contractors, including CBOs, employed by the Company.

C. Defining an "Array of Services"

Duquesne Light recognizes that customers are not easily divisible into "programs." The Company has begun to combine the efforts of its LIURP program (Smart Comfort) with those of its pilot Customer Assistance Program (CAP) to offer its low-income payment troubled customers appropriate "services" to deal with their unique situations.

Building on this experience, the Company will establish an "array of services" to enable its staff and supporting organizations to work with customers to meet their individual needs in establishing and making regular, affordable payments to maintain electric service. With this "array," Duquesne will actively and aggressively strive to reach the specific enrollment targets set by the Commission.

Existing services will form the foundation of the array. We will use this "array" to emphasize holistic solutions to customers' needs, not achieving enrollment targets in specific programs. While we will continue to monitor enrollment and performance of each universal service component, our primary purpose will be to increase the synergistic impact of the services to maximize their benefits to the customer and the Company.

D. Universal Service Programs

1. Customer Assistance Program (CAP)

Duquesne Light will expand its CAP eligibility in order to reach additional payment troubled customers in its service territory. There will be additional options for payment assistance that will address the needs of the individual customer.

The first option will be the traditional CAP, which Duquesne Light has run as a pilot since September 1995. This program targets customers who have been residents at their current address for one year, have gross household income at or below 150% of the federal poverty guideline, have housing expenses more than 45% of their gross income, have made 3 to 9 payments in the past year, and have at least a \$400 arrearage on their electric bill. The customer's arrearage at the time of enrollment will be written off over three years if the customer makes full, on-time monthly CAP payments. The program also helps the customer to lower electric consumption so that at the end of the program the customer can have an affordable electric bill. This is a case management approach with significant handholding of the customer to change their payment and usage behavior patterns.

The second option (CAP Maintenance) will target customers who have successfully completed CAP, but still cannot afford to pay their electric bill in full. This customer will be given an affordable payment. The payment will be set so as to not exceed the allowed CAP Credit, formerly "billing deficiency," limit. The customer will be required to make monthly payments, to continue to control their electric usage, and to apply for energy assistance grants. Failure to make two consecutive payments or having a CAP balance greater than 2 payments will result in default from the program and return to traditional collection. It is Duquesne Light's opinion that after three years in CAP, the customer's new behavior should be engrained. Therefore, no case management will be done.

A third CAP option (CAP Light) will target customers who make payments most of the time and who have low arrearages. These include customers whose gross income is less than 150% of the federal poverty guideline, who have broken at least one payment arrangement within the past 12 months, who have made more than six payments during the past year, and have an arrearage less than \$400. A variety of interventions will be employed to help this customer maintain service, make regular and affordable payments, and erase their arrearage. If the usage is high, a Smart Comfort visit will be made to reduce consumption before a payment is set. The goal is to decrease usage sufficiently so that the customer will be able to pay the full bill with no further assistance. Alternately the customers will receive an affordable payment, with the requirement to apply for energy assistance grants. Portions of a payment, above that which is agreed upon, will be matched dollar for dollar as an incentive to reduce their arrearage. This will not be a case management approach. The customer will be expected to make monthly payments. Failure to make two consecutive payments or having a CAP balance greater than 2 payments or to provide an energy assistance grant to Duquesne Light will result in default from the program and return to traditional collections. When a customer's balance is \$0, they will return to regular billing procedures unless they cannot afford the regular bill in which case they will be placed in CAP Maintenance.

A fourth CAP option (New CAP) will be available for new customers who are on DPA or otherwise can confirm their income eligibility. Such customers will be offered a percentage of bill payment based on their current bill and their income level. After a year in their residence, the customer will be evaluated for participation in other universal

service programs, including alternate CAP options.

Finally, Duquesne Light has one of the highest populations of senior citizens in the country. Portions of our senior citizens, while not meeting the definition of "low income," are not well off and sacrifice necessities in order to pay their utility bills. This portion of our customer base will be targeted in Senior CAP. To be eligible a customer must be 62 years of age or older, have a gross household income less than 200% of the federal poverty guideline, have an arrearage, and have a special circumstance (such as high medical bills) that negatively impacts the customer's ability to pay for necessities. Senior CAP will employ a case management (CARES) approach to improve the customer's condition and provide an affordable payment.

As the Company takes seriously its responsibility to implement a highly effective CAP, it expects the participants to take seriously their responsibility to maintain their CAP agreement. Customers who defaulted from CAP during the pilot were precluded from reapplying to the program for 12 months. *Defaulters will now be permitted to reapply anytime and will be readmitted if they are eligible and bring their account "current." Current means they pay any outstanding CAP Balance adjusted by the difference of the amount they paid to the Company and the amount billed by the Company following their default from CAP. A customer who defaults twice within 12 months will be required to wait a year before reapplying.*

Funding: The recommended target spending level for CAP in 1999 will be \$1.0 million, increasing to \$5.275 million in 2002. Duquesne Light will continue to spend these funds in a cost-effective manner. If it is able to deliver the expected services to the target number of enrollees for less, it will do so.

Participants: Approximately 3,000² in 1999 increasing to 15,000 in 2002.

2. Smart Comfort

Smart Comfort is Duquesne Light's low-income usage reduction program (LIURP). It targets customers whose gross household income is less than 150% of the federal poverty guideline, whose electric usage is between 20 and 27 kWh per day (*15 to 27 kWh per day for families of three or less*) and who have been a resident at their current address for at least six months.

This program has evolved from strictly weatherization to an "end use" strategy. Usage reduction measures include cost effective appliance and lighting replacements.

Low-income customers, whose usage is either less than 15 kWh/day or more than 27 kWh/day, will be invited to take part in energy conservation workshops. These

² In the Restructuring Order, the Commission directed that \$1,000,000 be spent on CAP in 1999 and that 4000 customers could be enrolled. They indicated that our average cost per customer was \$343. \$1,000,000 divided by \$343 is 2915. The 3000 enrollment target reflects this change.

workshops will provide conservation education, energy reduction tips, and usage reduction measures they can install themselves. These workshops will be held in different locations in Duquesne Light's service territory.

Customer participation in Smart Comfort has typically involved their participation in the home visit and a "commitment" to take three energy conservation steps on their own. The Company bears the primary burden of financing and arranging the installation of the usage reduction measures. While accounts are monitored and reports on usage are provided, the customer faces no consequence for increased use.

Beginning in 1999, customers whose electric use increases by more than 10% in the year following the Smart Comfort visit and who do not pay their monthly bill in full will be "defaulted" from the program and be subject to routine collection action, including potential loss of service.

Funding: The recommended target spending level for Smart Comfort will be \$1.0 million in 1999 increasing to \$1.75 million in 2002. Duquesne Light will continue to spend these funds in a cost-effective manner. If it is able to deliver the expected services to the target number of enrollees for less, it will do so.

Participants: The target enrollment level for Smart Comfort is 1,000 in 1999, increasing to 1,750 in 2002.

3. CARES

The purpose of Duquesne Light's HELP Program is to assist payment challenged customers and customers with special needs obtain necessary social service support and assistance. The program targets customers whose income is less than 150% of the federal poverty guideline and senior citizens, although no needy customer will be turned away. An outreach worker or community agency acts as an intermediary between the customer and the Company in an effort to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service. The outreach worker contacts referred customers and, if necessary, makes a home visit to the customer. Referrals are made by Duquesne Light, other utilities, community based agencies, the PUC, and word of mouth.

Funding: \$60,000/year

Participants: approximately 4,500/year

4. Hardship Fund

Duquesne Light's hardship fund is a partnership with the Dollar Energy Fund (DEF). DEF provides cash assistance, in part contributed by Duquesne Light's customers, to low-income customers to help pay their electric bill.

Funding: Customer contributions are matched up to \$325,000 annually. In addition, up to 10% of the total contributions (\$65,000 in 1996) is provided for administrative

support.

Participants: approximately 2,500/year

5. Consumer Credit Counseling Service (CCCS)

Duquesne Light has contracted with CCCS to provide counseling and debt management support to our customers who are in serious financial trouble. The program offers free help to debt-troubled consumers to rehabilitate their finances and assists the Company in maintaining customer loyalty and avoiding losses to charge-off or bankruptcy.

Funding: \$6,000

Participants: approximately 710/year

VI. Cost Allocation

As approved in the PUC Restructuring Order, the following table identifies the universal service charge per kWh for each rate class under Duquesne Light's current tariff. The charges were calculated based on the allocated distribution costs for each rate class. Rate classes GS/GM, GMH, GLH, GL and L pertain to both commercial and industrial class customers. Rate class HVPS pertains to industrial customers.

Rate Class	Description	Charge per kWh
RS	Residential Service	\$0.0018
RH	Residential Service Heating	\$0.0014
RA	Residential Service Add-On Heat Pump	\$0.0014
GS/GM	General Service Small and Medium	\$0.0011
GMH	General Service Medium Heating	\$0.0010
GLH	General Service Large Heating	\$0.0005
GL	General Service Large	\$0.0005
L	Large Power Service	\$0.0005
HVPS	High Voltage Power Service	\$0.0003
AL	Architectural Lighting	\$0.0013
SE	Street Lighting Energy	\$0.0047
MTS	Municipal Traffic Signals	\$0.0010
SM	Street Light Municipal	\$0.0093
SH	Street Lighting Highway	\$0.0028

VII. SPECIFIC ISSUES

A. Enrollment and Funding Requirements

It is clear that the PUC has chosen and directed Duquesne Light to enroll in universal service programs a significantly higher number of customers than the Company proposed. The Company's proposal was based on a needs assessment which took existing eligibility requirements and enrollment experience into account.

The Company will actively and aggressively attempt to identify and enroll the number of customers called for by the Commission. If the Company is unable to identify or enroll such a number, however, it will conduct a thorough needs assessment in 2000 and petition the Commission for reconsideration.

Similarly, the Company recognizes that the Commission has redirected the expenditure of existing low-income uncollectible and other collection expenses to substantially increase CAP participation. At this time, "the record (may be) insufficient to conclude that implementation of the required funding levels requires any particular amount of additional funding . . ." When the record becomes clearer, the Company will petition to recover any "additional funding" needed to reach the "required funding levels" or petition to lower them.

B. Million Solar Roof Program

Notwithstanding the current limited economic opportunity for the effective use of photovoltaics in Duquesne Light's service territory, the PUC directed the Company to "examine this partnership program as an alternative to the OCA's renewable pilot." Further, the Company, prior to this examination, was directed to develop a loan level of \$250,000. The Company will do both.

If there does not prove to be sufficient interest or opportunity to effectively implement the proposal, the Company will return to the Commission for guidance on alternate programming.

The cost of capital used in calculating the cost of the loan and made part of any loan offering made by the Company should be the pre-tax cost of capital granted by the Commission in the company's last base rate case.

III. FUTURE PLANS

A. On-going Program Review and Modification

Duquesne Light will continue its efforts to identify new services and programs which will enable its low-income, payment challenged customers to make affordable payments for the electric service they use. Examples may include, but are not limited to matching programs that more rapidly reduce arrearage balances, creative payment arrangements that recognize temporary customer problems, or alternate rate designs, e.g. a CAP rate. Our intent is to take into account a customer's past performance with us while finding ways to increase revenues collected and reduce collection costs.

In addition, we will continue to explore the introduction of new energy conservation measures and may choose to explore alternate metering or usage control devices which will help make the customer's payment for electric service more affordable.

In order for universal service to work, Duquesne Light suggests that the PUC must work with us to encourage customers to enroll in the programs. Low-income customers will regularly be given the opportunity to enroll in universal service programs. If a customer chooses to file an informal or formal complaint with the PUC, rather than enrolling in universal service, the customer should be bound by the PUC decision and not referred back to the utility for universal service. For the programs to be cost effective, cost reductions must occur before collection activities are instituted. Each additional collection step taken reduces the benefits of universal service and increases the cost.

B. Needs Assessment

As indicated above, the Company will conduct a thorough needs assessment in 2000. This assessment will enable the Company to verify the estimated need identified by the Commission. It will also take into account the Company's experience with expanded eligibility requirements and aggressive solicitation practices. Based on the needs assessment, the Company may petition the Commission for reconsideration of its universal service targets.

C. Evaluations

The Company endorses the implementation schedule set forth in the Reporting Requirements Regulation, particularly the requirement to submit revised program plans. In addition to the use of a third party to conduct an impact evaluation in 2003, the Company will continue to conduct its own internal program evaluations. Based on the results, the Company will propose program modifications both on the schedule contained in the regulation and as the need arises.

IV. CONCLUSION

Universal service is that collection of policies, protections, and services that help low-income customers to maintain electric service. It includes customer assistance programs, termination of service protection, and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner. Duquesne Light has been and will continue to be a leader in the provision of such services.

The PUC has recognized that not all eligible customers will take part in the programs offered nor will those taking part successfully maintain their participation. For those who choose not to take part or who default, the consequences, including termination, must be swift and sure.

As has been documented over time, Duquesne Light is committed to making these

programs work. To succeed it will need the active cooperation of many stakeholders, not the least of which is the PUC. Through its practices, the PUC should encourage customers to take advantage of the opportunities offered them through these universal service programs. The Commission, the Customer, and the Company working together have the potential to enable universal service participants to maintain electric service at affordable prices. Only our mutual cooperation will make our mutual success possible.

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX I

**Duquesne Light Company
Consumer Education Expense Budget¹**

	Serial Education	Direct Mail	Limited Media	Employee Communications	Media Relations	Community Relations	Customer Service	State-wide Media	Total
Year 1	\$0.30	\$2.00	\$0.30	\$0.10	\$0.10	\$0.30	\$0.60	\$1.20	\$ 4.90M
Year 2	0.20	2.00	0.30	0.10	0.10	0.30	0.60	1.20	\$ 4.80M
Year 3	0.20	0.80	0.20	0.10	0.10	0.30	0.60	0.60	\$ 2.90M
Year 4	0.20	0.80	0.20	0.10	0.10	0.30	0.60	0.60	\$ 2.90M
Total	\$ 0.90M	\$ 5.60M	\$ 1.00M	\$ 0.40M	\$ 0.40M	\$ 1.20M	\$ 2.40M	\$ 3.60M	\$ 15.50M
	5.81%	36.13%	6.45%	2.58%	2.58%	7.74%	15.48%	23.23%	

¹ Includes ALL Consumer Education activities, and includes the incremental out-of-pocket expenses contained within the May 6, 1998 Customer Choice Local Consumer Education Plan for 1998.

Duquesne Compliance Filing

Stand-Alone Case

APPENDIX J

DUQUESNE LIGHT COMPANY
Supporting Information
Tariff No. 18

§ 53.52 Applicability; public utilities other than canal, turnpike, tunnel, bridge and wharf companies.

(a) Whenever a public utility other than a canal, turnpike, tunnel, bridge and wharf company files a tariff, revision or supplement effecting changes in the terms and conditions of service rendered or to be rendered, it shall submit to the Commission, with the tariff, revision, or supplement, statements showing all of the following:

(1) The specific reasons for each change.

Response: In compliance with the PUC Order at R-00974104 entered May 29, 1998, Tariff No. 18 establishes tariffs under which customers may avail themselves to direct access to other Electricity Generation Suppliers in accordance with the Electricity Generation Customer Choice and Competition Act of 1996.

(2) The total number of customers served by the utility.

Response: 580,797 as of May 31, 1998.

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

Response:

<u>Tariff Rate</u>	<u># of Customers affected 1/1/99</u>	<u># of Customers affected 1/2/99</u>	<u># of Customers affected 1/2/2000</u>
Rate RS	165,673	331,346	497,018
Rate RH	7,630	15,260	22,889
Rate RA	971	1,943	2,914

For Rate GS/GM, commercial customers to participate in Customer Choice will be determined on a first-come, first-served basis until such time that on 1/1/99 one-third of the class peak load and on 1/2/99 two-thirds of the class peak load has been designated as electing to shop for an alternate supplier.

All industrial GS/GM customers with load greater than 20 kW, and all Rate GL, Rate L and Rate HVPS customers will be able to shop for a portion of their energy supply. That portion will be determined on 1/1/99 by the

customers' prorated share of one-third of the class peak demand and on 1/2/99 by the customer's prorated share of two-thirds of the class peak demand.

For the lighting rate classes (Rates SM, SE, SH, AL, PAL, MTS), participation in Customer Choice will be determined on a first-come, first-served basis until such time on 1/1/99 that one-third of the class peak load and on 1/2/99 two-thirds of the class peak load has been designated as electing to shop for an alternate supplier.

On January 2, 2000, all retail customers will be eligible to obtain all of their electricity from an alternate supplier.

- (4) The effect of the change on the utility's customers.

Response: In accordance with the phase-in provisions of the Commission's Order, customers will be able to obtain all or a portion of their electricity from a supplier other than Duquesne Light. On January 1, 2000, all customers will be able to acquire all of their electricity from an alternate supplier. A customer's ability to purchase electricity at a price lower than the "shopping credit" provided for in Tariff No. 17 rate schedules will determine the impact on the customer's bill.

- (5) The effect, whether direct or indirect, of the proposed change on the utility's revenues and expenses.

Response: Because of the uncertainties regarding actual levels of customer participation in retail access, the Company is unable to reasonably forecast the impact on revenues and expenses. Additionally, until such time that the CTC is determined by the divestiture of the Company's generating assets, the impact on revenue is not quantifiable.

- (6) The effect of the change on the service rendered by the utility.

Response: For those customers electing to purchase their electricity from another supplier, generation services will no longer be provided. All other services will remain unaffected. There will be no effect on the service provided to those customers who retain Duquesne Light as the supplier of electricity.

- (7) A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general

these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C.S. § 1308 (relating to voluntary changes in rates.)

Response: Retail access has been directed by Pennsylvania legislation

- (8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C.S. § 1308.

Response: None.

- (9) Customer polls taken and other documents which indicate customer acceptance of and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.

Response: None.

- (10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.

Response: The Company will participate in the Statewide Education Programs on Customer Choice coordinated by the PUC commencing June 22, 1998 as well as implementing its own regional education efforts at the same time, in accordance with the Customer Education Program submitted in the compliance filing.

- (11) F.C.C., F.E.R.C., or Commission orders or rulings applicable to this filing.

Response: Pennsylvania PUC Order at R-00974104.

- (b) Whenever a public utility other than a canal, turnpike, tunnel, bridge and wharf company files a tariff, revision or supplement which will increase or decrease the bills to its customers, it shall submit, in addition to the requirements of subsection (a), to the Commission, with the tariff, revision, or supplement, statements showing all of the following:

- (1) The specific reasons for each increase or decrease.

Response: See response to § 53.52 (a) (1).

- (2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$250,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.

Response: See attached copy of the Company's income statement for the twelve months ended March 31, 1998.

- (3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

Response: Customers bills' for Duquesne Light Company services will not be increased as a result of the application of the changes contained Tariff No. 18.

- (4) A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.

Response: Revenues will not be increased as a result of the changes contained in Tariff No. 18.

- (5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

Response: For the number of customers that are eligible to acquire electricity from an alternate supplier and receive the "shopping credit" contained in the Tariff, see the response to § 53.52 (a) (3). The extent to which the customers will decrease their total energy costs will be determined by the price at which they purchase electricity from an alternate supplier.

- (6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

Response: The Company cannot determine the total decreases because of unknowns such as actual level of participation in Customer Choice and the ultimate rates for electricity that will be paid by the customers that elect and alternate supplier.

Duquesne Light Company (only)
STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED MARCH 31, 1998
(Unaudited)

	Twelve Months Ended March 31, 1998
OPERATING REVENUES	<u>\$1,137,121,300</u>
OPERATING EXPENSES & TAXES:	
Operation Expense	464,988,222
Maintenance	85,424,401
Depreciation and amortization Lease. Imprvmt	219,298,266
Amort of Property Losses	0
Taxes Other than Income Taxes	80,321,305
Prov. For Inc. Taxes Federal	98,196,500
Prov. For Inc. Taxes State	27,236,600
Prov. For Deferred Taxes	22,234,186
Prov. For Deferred Income Taxes - CR	(50,682,323)
Investment Tax Credit Adjustment	(7,803,485)
Gain from Disposition of Allowance	(267,920)
TOTAL OPERATING EXPENSE & TAXES	<u>938,945,752</u>
NET OPERATING INCOME	198,175,548
Equity in Sub co's Earnings	39,791,604
Non-Operating Rental Inc/Exp	(42,220)
Interest Revenues	14,549,820
Allow for Equity Funds Used Const	1
Misc Non-Operating Income	6,335,628
TOTAL OTHER INCOME	<u>60,634,833</u>
Misc. Non-Operating Deductions	4,311,518
Amort of Regulatory Assets	0
Donations	1,858,201
Civic, Pol & Related Activities	742,690
Other	2,000,803
TOTAL INCOME DEDUCTIONS	<u>8,913,212</u>
Income tax - Other Inc. & Ded	(2,714,200)
Investment Tax Credits	(616,200)
TAXES APPL TO OTHER INC & DED	<u>(3,330,400)</u>
TOTAL OTHER INCOME & DED - NET	55,052,021
INCOME BEFORE INTEREST CHARGES	253,227,569
Interest on Long-Term Debt	80,748,610
Amort Debt Disc/Exp	5,857,827
Amort of Debt Premium	(152,782)
Other Interest	30,389,418
Allow Brwd Fnds Used Dur Const	(2,257,243)
TOTAL INTEREST CHARGES	<u>114,585,830</u>
NET INCOME	\$138,641,739
PREFERRED AND PREFERENCE DIVIDENDS	3,741,991
EARNINGS AVAILABLE FOR COMMON STOCK	\$134,899,748

ELECTRIC - PA. P.U.C. NO. 18
Superseding
ELECTRIC - PA. P.U.C. NO. 17,
and Supplements thereto

DUQUESNE LIGHT COMPANY
SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Page No. 4)

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

DAVID D. MARSHALL
President and Chief Executive Officer

ISSUED: June 18, 1998

EFFECTIVE: January 1, 1999

NOTICE

Issued in compliance with Pennsylvania Public Utility Commission Order of May 29, 1998
at Docket No. R-00974104 and R-00974104C0001-C0004 - See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

Tariff 18 reflects modifications to the rules and regulations, rates and riders contained herein reflecting the provisions of the Electricity Generation Customer Choice and Competition Act and the directives of the Public Utility Commission's Order at R-00984104. Specifically, the tariff now provides for electric service that includes the supply of a portion or all of a customer's electricity and the delivery of that electricity or the delivery only of electricity purchased from an alternate supplier.

The charges in the individual rate schedules and riders have been unbundled into transmission, distribution, generation and competitive transition charge components and will be billed to customers for supply and/or delivery services.

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LIST OF COMMUNITIES SERVED

The Company renders service in portions of Allegheny and Beaver Counties, Pennsylvania. Electric service is available in all localities where the Company has distribution facilities, including all or a portion of the following cities, boroughs and townships.

ALLEGHENY COUNTY

Cities and Boroughs

Aspinwall	Dormont	Jefferson	Rosslyn Farms
Avalon	Dravosburg	Leetsdale	Sewickley
Baldwin	Duquesne	Liberty	Sewickley Heights
Bell Acres	East McKeesport	Lincoln	Sewickley Hills
Bellevue	East Pittsburgh	McKeesport	Sharpsburg
Ben Avon	Edgewood	McKees Rocks	Swissvale
Ben Avon Heights	Edgeworth	Millvale	Thornburg
Bethel Park	Emsworth	Monroeville	Trafford
Blawnox	Etna	Mt. Oliver	Turtie Creek
Braddock	Forest Hills	Munhall	Verona
Braddock Hills	Fox Chapel	North Braddock	Versailles
Brentwood	Franklin Park	Oakmont	Wall
Carnegie	Glassport	Osborne	West Homestead
Castle Shannon	Glenfield	Pennsbury Village	West Mifflin
Chalfant	Green Tree	Pittsburgh	West View
Churchill	Haysville	Pleasant Hills	Whitaker
Clairton	Heidleberg	Plum	Whitehall
Coraopolis	Homestead	Port Vue	White Oak
Crafton	Ingram	Rankin	Wilkinsburg
			Wilmerding

Townships

Aleppo	Kilbuck	Ohio	Shaler
Baldwin	Leet	Penn Hills	Stowe
Collier	McCandless	Pine	Upper St. Clair
Crescent	Moon	Reserve	West Deer
Findlay	Mt. Lebanon	Richland	Wilkins
Hampton	Neville	Robinson	
Indiana	North Versailles	Ross	
Kennedy	O'Hara	Scott	

LIST OF COMMUNITIES SERVED - (Continued)

BEAVER COUNTY

Cities and Boroughs

Aliquippa	East Rochester	Glasgow	Patterson Heights
Ambridge	Eastvale	Hookstown	Rochester
Baden	Economy	Industry	Shippingport
Beaver	Fallston	Midland	South Heights
Beaver Falls	Frankfort Springs	Monaca	West Mayfield
Bridgewater	Freedom	New Brighton	
Conway	Georgetown	Ohioville	

Townships

Brighton	Hanover	New Sewickley	Raccoon
Center	Harmony	Patterson	Rochester
Daugherty	Hopewell	Potter	Vanport
Greene	Independence	Pulaski	White

RULES AND REGULATIONS

THE ELECTRIC SERVICE TARIFF

1. **FILING AND POSTING** A copy of the tariff, comprising the Rules and Regulations, Rates and Riders, and governing electric service, is filed with the Pennsylvania Public Utility Commission and is posted and open to inspection at the offices of the Company where payments are made by customers.
2. **REVISIONS** The tariff is subject to such change and modification as may be made from time to time in the manner prescribed by the Public Utility Law. If any rate for electric service is increased, the affected customer shall have the option of discontinuing service, but shall be obligated to pay the increased rate from the effective date thereof until service has been discontinued.
3. **APPLICATION** Rates of this tariff apply as a result of "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28. The purpose of the Act is to modify existing legislation and regulations and to establish standards and procedures to grant direct access by retail customers to the competitive generation market while maintaining a safe and reliable electric system for all. Retail customers are direct purchasers of electric power for use at their facility. Unless indicated otherwise, "retail customer" and "customer" used throughout this tariff shall have the same meaning. Direct access shall mean the right of Electric Generation Suppliers (EGS) and retail customers to utilize and interconnect with the electric transmission and distribution system of the Company on a non-discriminatory basis at rates and terms and conditions of service comparable to the Company's own use of the system to transport electricity from any generator of electricity to any retail customer.

Electric service provided by the Company, will include the jurisdictional transmission and distribution facilities required to deliver electricity to the retail customer and the current Company activities in connection with such transmission and distribution facilities. The unbundled rates of this tariff shall apply to retail customers accessing the transmission and distribution systems. The supply of generation may be provided by the Company, by an alternative EGS, or by the Company and an alternative EGS. Rates for generation shall apply per applicable tariffs of the Company or the EGS.

The Competitive Transition Charge (CTC) is a non-bypassable charge applied to the bill of every customer accessing the Company's transmission or distribution system. The CTC is designed to recover the Company's transition or stranded costs as determined by the Pennsylvania Public Utility Commission (Commission). In general, transition or stranded costs are the Company's known and measurable net electric generation-related cost, determined on a net present value basis over the life of the asset or liability as part of its restructuring plan, which traditionally would be recoverable under a regulated environment but which may not be recoverable in a competitive electric generation market and which the Commission determines will remain following mitigation by the Company. Transition and stranded costs also include other costs as defined in the Act.

The Company shall file an annual reconciliation of the CTC recovery on a rate class specific basis. The reconciliation will include a redetermination of the CTC rates necessary to recover the Annual CTC Revenue Requirement based upon the difference between CTC revenue from actual sales by rate class and the forecasted sales by rate class. The adjusted CTC rates will be set to the level necessary to refund or recover previous over or under recoveries of the annual CTC revenue requirements for the next recovery period.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3. APPLICATION - (Continued)

Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning. For retail customers who purchase all of their electricity requirements from the Company, electric service applies to the delivery and supply of electricity by the Company. For retail customers who purchase all or part of their electricity requirements from an EGS, electric service applies to the delivery function only, and the electricity, if applicable, supplied by the Company.

The rules and guidelines provided in the Company's "Electric Generation Supplier Coordination Tariff" (Supplier Tariff) shall apply to EGS's accessing the Company's transmission and distribution systems to supply electricity to retail customer. Those rules and guidelines shall apply as applicable to retail customers who elect to purchase part or all of their electricity from an EGS. Copies of these rules may be obtained at the Company's offices.

In the event that a customer: 1) is not eligible to obtain electricity from an EGS; 2) elects not to obtain electricity from an EGS; 3) elects to have the Company supply electricity after having previously purchased electricity from an EGS, or 4) contracts with an EGS who fails to supply electricity, the Company will provide electricity at the charges of the applicable rate defined in this tariff. The rates of this tariff, the Supplier Tariff and any other applicable tariffs shall apply to the energy or energy and demand as required by the customer to the extent the Company is supplying power to the customer.

Rates of the tariff apply only to the Company's Standard Service delivered from overhead supply lines except in certain restricted areas where the Company is required to provide underground distribution. Riders of the tariff amend or modify the terms governing the electric service under the rates to which they apply. Standard Service is alternating current of sixty cycles frequency, conforming as to voltage and phase with the following list of standard nominal service delivery voltages.

<u>SINGLE-PHASE</u>	<u>THREE-PHASE</u>	
120 volts, 2 wire	120/208 volts, 4 wire	11,500 volts, 3 wire
120/240 volts, 3 wire	230 volts, 3 wire	13,200/23,000 volts, 4 wire
120/208 volts, 3 wire	277/480 volts, 4 wire	23,000 volts, 3 wire
230 volts, 2 wire	460 volts, 3 wire	69,000 volts, 3 wire
460 volts, 2 wire	2,400 volts, 3 wire	138,000 volts, 3 wire
230/460 volts, 3 wire	2,400/4,160 volts, 4 wire	345,000 volts, 3 wire
2,400 volts, 2 wire		
23,000 volts, 2 wire		

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS

4. CONTRACTS The Company reserves the right to require the customer to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Receipt of electric service, however, shall constitute the receiver a customer of the Company, subject to its rules and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service.

The Company at its sole discretion may enter into special contracts for electric service with industrial or commercial customers having load of at least 100 kW to address changing business needs or operating conditions, for incremental sales of at least 100 kW from existing or new industrial customers, or to address less expensive competitive alternatives for energy to be used for applications other than space heating. If requested by the Company, the customer shall provide to the Company, on a confidential basis, all information, records and financial analysis necessary to evaluate the customer's request for a special contract.

Terms and conditions of service will be mutually agreed upon by the Company and the customer and included in a signed contract, which will be filed with the Public Utility Commission. The Company at its sole discretion may request Public Utility Commission approval. The terms of the agreement will be confidential upon filing with the Commission. Rates established under special contracts will be sufficient to recover, at a minimum, all appropriate incremental costs and a contribution to fixed costs.

The contract shall contain all terms and conditions and the rates and charges to be paid for electric service. The contract shall be for a period of no less than five years and no greater than ten years.

The contract will be terminated by the Company if the Company charges are not paid when due as specified in Tariff Rule No. 21, before the addition of the Late Payment Charge. Upon termination of the contract under these conditions, the regular electric tariff rates will be applied to electric service rendered from that point forward. A new special contract will not be made available to a customer whose previous special contract was terminated because of failure to pay bills as specified in Tariff Rule No. 21.

For contracts that do not contain provisions governing the customer's rights under direct access, the customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract, or, terminate the contract and obtain electricity from an EGS subject to their eligibility under direct access. For customers who continue to purchase power from the Company through their contract, the Company will unbundle the contract in a manner that retains the customer discount and that reflects the T, D and CTC charges embedded in the customer contract. For customers who elect to terminate their contract and obtain electricity from an EGS, the customer will return to the otherwise applicable tariff rates.

For contracts that contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract and the customer will be eligible to obtain electricity from an EGS only in accordance with the terms and conditions of the customer's contract.

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)

5. DEPOSITS AND ADVANCE PAYMENTS The Company reserves the right to require a cash deposit from applicants taking service for a period of less than thirty days, in an amount equal to the estimated gross bill for such temporary service. The gross bill shall include all fixed, demand and energy charges per the applicable tariff. Deposits may be required from all other applicants when credit has not been established or from existing ratepayers when such ratepayer's credit standing is impaired by delinquent payments of any two consecutive electric bills or three or more bills within the preceding 12 months or as a condition to the reconnection of service or by failure to comply with a settlement or amortization agreement. The amount of the deposit will not exceed the estimated gross bill for two months for applicants and the average actual bill for two months for existing ratepayers. Deposits secured from a residential applicant or ratepayer shall be returned to the depositor when he shall have paid undisputed bills for service over a period of 12 consecutive months without having service terminated and without having paid his bill subsequent to the due date on more than two occasions as long as the ratepayer is not currently delinquent. Deposits secured from other than residential customers shall be returned to the depositor upon annual review provided such depositor shall have paid undisputed bills during those consecutive 12 months without having service terminated and without having paid his bill subsequent to the due date so long as the ratepayer is not currently delinquent. The payment of any undisputed bill shall be payment of the bill within thirty days following presentation of the bill, or the payment of any contested bill, payment of which is withheld beyond the period herein mentioned and the dispute is terminated substantially in favor of the ratepayer and payment made by the ratepayer within 15 days thereafter. The Company will pay interest on residential cash deposits at the rate of the average of 1-year Treasury Bills for September, October and November of the previous year beginning May 1, 1995 and January 1, 1996 and each year thereafter, without deduction for any taxes thereon. For all other cash deposits, the Company will pay interest at the rate of six percent per annum without deduction for any taxes thereon. On deposits held for more than one year, accrued interest will be paid at the end of each anniversary year. Upon the return of a deposit, any unpaid interest accrued thereon will be paid. Where service is discontinued, the deposit and unpaid interest accrued thereon to the date of discontinuance of service, less the amount of all bills due the Company, will promptly be paid to the ratepayer. The Company reserves the right to require payment in advance for seasonal service, when the applicants elect to take such service, in an amount equal to the estimated gross charges for such seasonal service as determined by the provisions of the rate under which this service is taken.

INSTALLATION OF SERVICE

6. INSTALLATION RULES Service installations shall be made in accordance with the Company's "Electric Service Installation Rules," copies of which may be obtained at the Company's offices.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS

A. Definitions

For the purposes of this rule, the following definitions are applicable:

- (1) **Contractor cost** - The amount paid to a contractor for work performed on a line extension.
- (2) **Direct labor cost** - The pay and expenses of public utility employees directly attributable to work performed on line extensions, but does not include construction overheads or payroll taxes, workers' compensation expenses, or similar expenses.
- (3) **Direct material cost** - The purchase price of materials used for a line extension, but does not include the related stores expenses. In computing direct material costs, proper allowance should be made for unused materials recovered from temporary structures, and discounts allowed and realized in the purchase of materials.
- (4) **Total construction cost** - The contractor cost, direct labor cost, direct material cost, stores expense, construction overheads, payroll taxes, workers' compensation expenses, or similar expenses.
- (5) **Current Year** - For purposes of calculating a revenue guarantee, current year shall be each consecutive period of 12 calendar months following the date permanent electric delivery service was first provided to a customer.
- (6) **Income Tax** - Federal and State tax relating to the tax liability of contributions in aid-of-construction.

B. Overhead Areas

- (1) In areas where the existing supply lines are overhead, the Company will construct and maintain extensions of all single-phase overhead supply lines operating at 23,000 volts or less to the customer's property line without a guarantee of revenue.
- (2) In areas where the existing supply lines are overhead, the Company will construct and maintain extensions of all three-phase overhead supply lines, operating at 23,000 volts or less, which are usable as a part of its general supply system without a guarantee of revenue. When the three-phase supply line extension is to supply service exclusively to a single customer, such a supply line will be extended to the customer's property line only if a guarantee of revenue is provided by the customer over a period of five years or less which is sufficient to recover the actual total construction cost of the three-phase overhead line extension, less the estimated total construction cost for an equivalent single-phase overhead line extension. Any additional revenue payment required will include the related income tax.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS - (Continued)

B. Overhead Areas - (Continued)

- (3) When the customer has a severe fluctuating or unbalanced load, or requests an alternate routing or a deviation from the Company's standard overhead construction practices, the additional cost incurred plus the related income tax will be borne by the customer and will not be included when determining the revenue guarantee amount.

C. Underground Areas

- (1) In areas where the existing supply lines are underground outside the limits of a residential development covered by Tariff Rule 13.2, the Company will construct and maintain extensions of all single-phase underground supply lines operating at 23,000 volts or less which are usable as part of its general supply system without a guarantee of revenue. When the single-phase supply line extension is to supply electricity exclusively to a single customer, such a supply line will be extended to the customer's property line only if a guarantee of revenue is provided by the customer, over a period of three years or less which is sufficient to recover the actual total contractor cost, direct labor cost and direct material cost for the full length of the single-phase underground line extension, less the estimated total contractor cost, direct labor cost, and direct material cost for an equivalent single-phase overhead line extension.
- (2) In areas where the existing supply lines are underground outside of the limits of a residential development covered by Tariff Rule 13.2, the Company will construct and maintain extensions of all three-phase underground supply lines operating at 23,000 volts or less which are usable as part of its general supply system without a guarantee of revenue. When the three-phase supply line extension is to supply service exclusively to a single customer, such a supply line will be extended to the customer's property line only if a guarantee of revenue is provided by the customer over a period of three years or less which is sufficient to recover the actual total construction cost of the three-phase underground line extension, less the estimated total construction cost for an equivalent single-phase overhead line extension. Any additional revenue payment required will include the related income tax.
- (3) When the customer has a severe fluctuating or unbalanced load, or requests an alternate routing or a deviation from the Company's standard underground construction practices, the additional cost plus the related income tax will be borne by the customer and will not be included when determining the revenue guarantee amount.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS - (Continued)

D. Rights-of-Way

Before construction of a line extension, satisfactory rights of way and other necessary permits must be granted to the Company for the construction of the supply line extension along the route selected by the Company. The customer agrees to pay the Company any initial and recurring rights-of-way or license fees in excess of an amount normally incurred by the Company in constructing and maintaining the supply line extension.

E. Revenue Guarantees

The revenue guarantee amount shall be the actual cost of the line extension. The annual revenue guarantee amount shall be the revenue guarantee amount, divided by the number of years in the guarantee period.

The annual revenue guarantee amount will be reviewed yearly and will be adjusted to the minimum charges as provided in the applicable rate schedule on the following basis:

- (1) When the total of the monthly bills for Company charges at the end of the current year are less than the annual revenue guarantee amount, a payment equal to the difference plus the related income tax where applicable shall be immediately due and payable.
- (2) When the total of the monthly bills, for Company charges within the number of years in the guarantee period, equals or exceeds the revenue guarantee amount, no further payments are required. Any prior payments in excess of the revenue guarantee amount will be refunded with accrued interest.
- (3) If an additional customer is served from the line extension, the revenue guarantee amount will be reduced to the cost of the line extension which is used exclusively to serve the single customer. If the cost of the line extension to serve the new customer would increase the revenue guarantee amount for an existing customer, the extension shall be considered as a new line extension.
- (4) In the event the customer discontinues or cancels service before the end of the guarantee period, the balance of the revenue guarantee amount plus the related income tax where applicable shall be immediately due and payable.

8. CONNECTION CHARGES The Company reserves the right to make a reasonable charge including the related income tax, payable in advance, for service lines and for equipment installed for the exclusive use of a customer which exceed Company established standards described in the Company's "Electric Service Installation Rules."

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

9. RELOCATIONS OF FACILITIES

A. Pole Removal or Relocation for Residential Customers

When requested by a residential property owner who is not otherwise entitled to receive condemnation damages to cover the cost of the pole removal or relocation or who is not requesting a pole removal or relocation as the result of damages caused by the intentional or negligent conduct of any party, the Company will when it is practicable, subject to the execution and receipt of required easements, licenses or municipal permits, remove or relocate a pole or poles and associated attachments, upon receipt, in advance, of the Company's estimated contractor or direct labor and direct material costs associated with the particular pole removal or relocation, less any maintenance expenses avoided as a result of the pole removal or relocation.

For purposes of this Rule, the following definitions are applicable:

- (1) **Contractor costs** - Amount paid by the utility to a contractor for work performed on a pole removal or relocation.
- (2) **Direct labor costs** - Includes pay and expenses of public utility employees directly attributable to work performed on pole removals or relocations. Excludes payroll taxes, workmen's compensation, similar items of expense and construction overhead costs.
- (3) **Direct materials costs** - Includes the purchase price of materials used in performing a pole removal or relocation and excludes the related stores expenses. Proper allowance shall be made for unused materials, and materials recovered from temporary structures, and for discounts allowed and realized in purchase of materials.
- (4) **Income tax** - Federal and State tax relating to the tax liability of contributions in aid-of-construction.

B. Other Company Facilities for all Customers

When requested or required by the action of a customer or a third party, relocation of Company facilities, except those covered under Section A of this Rule, will be performed by the Company upon receipt, in advance, of the Company's estimated total direct and indirect costs including the related income tax of such relocations from the customer or such third party. The Company may waive charges under this rule if, in the Company's judgment, the location of the Company's existing supply line and/or service line on the customer's property restricts the growth of the customer's operations and the potential increase in the Company's revenues.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

10. ONE SERVICE OF A KIND Only one service of each type as to voltage and phase will be provided to a customer under one contract; provided, however, that when, in the judgment of the Company, compliance with Rule No. 17, Fluctuations and Unbalances, may be most economically effected by establishing a separate service connection for a portion of the customer's load, such separate service connection may, at the option of the customer, be combined, notwithstanding similarity as to voltage and phase, with other service connections under a single contract for the customer's entire electric delivery service requirements at the affected location. Electric service at different premises, regardless of voltage or phase, shall never be combined for billing under one account for the purpose of reducing Company charges.

11. METER SUPPORTS The customer shall provide on the premises, at a location satisfactory to the Company, proper space, supports, and enclosures for metering equipment.

12. TRANSFORMERS AND CONTROL EQUIPMENT Where, in the judgement of the Company, it is necessary to install transformers and other control or protective equipment on the customer's premises, the customer shall provide a suitable place, foundation and housing for such installation, in accordance with the Company's "Electric Service Installation Rules."

13. CUSTOMER'S FACILITIES The installation and maintenance of the customer's wiring and equipment shall be in accordance with the Company's "Electric Service Installation Rules" and shall be subject to the approval of the proper authorities. The Company is not required to provide electric service thereto unless so approved, but does not assume any responsibility for securing such approval. The Company shall not be liable for damages or injuries resulting from any defects in the customer's wiring or equipment.

13.1 UNDERGROUND DISTRIBUTION

A. When the Company is required by governmental order or enters into agreements with redevelopment authorities, a private real estate developer or a group of customers to change its distribution supply lines from overhead to underground, customers receiving or to receive electric service at voltages of 600 volts or less from these supply lines shall provide at their own expense the necessary facilities for receiving such underground service.

B. Underground Service Lines from Overhead Supply Lines

(1) Service Line Voltages Under 600 Volts.

(a) Where an underground service line is installed from the Company's overhead, street secondary supply lines, the customer shall furnish and install all conductors and conduit in accordance with the Company's "Electric Service Installation Rules."

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.1 UNDERGROUND DISTRIBUTION - (Continued)

B. Underground Service Lines from Overhead Supply Lines - (Continued)

(2) Service Line Voltages Over 600 Volts.

- (a) Where the Company's supply lines are overhead, the customer shall furnish and install all conduits or ducts for the underground primary service line within the street area as well as all necessary conduit, ducts, manholes and junction boxes on private property in accordance with the Company's "Electric Service Installation Rules."

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS

A. Definitions

The following words and terms, when used in this rule shall have the following meanings, unless the text clearly indicates otherwise.

- (1) **Applicant for Electric Service** - The developer of a recorded plot plan consisting of five or more lots, or of one or more five-unit apartment houses.
- (2) **Developer** - The party responsible for constructing and providing improvements in a development, that is, streets, sidewalks, and utility-ready lots.
- (3) **Development** - A planned project which is developed by a developer/applicant for electric service set out in a recorded plot plan of five or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, or mobile homes and one or more five-unit apartment houses, all of which are intended for year-round occupancy, if providing electric service to such project necessitates extending the Company's existing distribution lines.
- (4) **Distribution line** - An electric supply line of untransformed voltage which delivers energy to one or more service lines.
- (5) **Service line** - An electric supply line of transformed voltage which delivers service to a residence or building as described in the Company's Construction Standards.
- (6) **Subdivider** - The party responsible for dividing a tract of land into building lots which are not to be sold as utility-ready lots.
- (7) **Subdivision** - A tract of land divided by a subdivider into five or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, or one or more five-unit apartment houses, all of which are intended for year-round occupancy, if providing electric delivery service to such subdivision necessitates extending the Company's existing distribution lines.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)

B. Installation of Distribution and Service Lines

Distribution and service lines installed under an application for electric service within a development will be installed underground; will conform to the Company's construction standards, the Pennsylvania PUC regulation 57.26 of Title 52 (relating to construction and maintenance of facilities), the specifications set forth in the National Electric Safety Code (NESC), and will be owned and maintained by the Company. Pad-mounted transformers will be installed as a Company construction standard. Excavating and backfilling shall be performed by the developer of the project or by another agent as the developer may authorize. Installation of service-related Company facilities will be performed by the Company or by another agent as the Company may authorize. Street-lighting lines installed then or thereafter within the same development will also be installed underground, upon terms and conditions prescribed elsewhere in the Company's tariff. The Company will not be liable for injury or damage occasioned by the willful or negligent excavation, breakage, or other interference with its underground lines occasioned by anyone other than its own employees or agents.

Nothing in this rule shall prohibit the Company from performing its own excavating and backfilling for greater system design flexibility. However, no charges to the developer other than those specified in C(4) of this rule will be charged.

C. Applicants for Electric Service

The applicant for electric service to a development shall conform with the following:

- (1) At its own cost, provide the Company with a copy of the recorded development plot plan identifying property boundaries, and with easements satisfactory to the Company for occupancy by distribution, service and street-lighting lines and related facilities.
- (2) At its own cost, clear the ground in which the lines and related facilities are to be laid of trees, stumps and other obstructions, provide the excavating and backfilling subject to the inspection and approval of the Company, and rough grade it to within six inches of final grade, so that the Company's part of the installation shall consist only of laying of the lines and installing other service-related facilities. Excavating and backfilling performed or provided by the applicant will follow the Company's underground construction standards and specifications set forth by the Company in written form and presented to the applicant at the time of application for service and presentation of the recorded plot plan to the Company. If the Company's specifications have not been met by the applicant's excavating and backfilling, the excavating and backfilling will be corrected or redone by the applicant or its authorized agent. Failure to comply with the Company's construction standards and specifications permits the Company to refuse utility service until the standards and specifications are met.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)

C. Applicants for Electric Service - (Continued)

- (3) Request electric service at such time that the lines may be installed before curbs, pavements and sidewalks are laid; carefully coordinate scheduling of the Company's line and facility installation with the general project construction schedule, including coordination with other utilities sharing the same trench; keep the route of lines clear of machinery and other obstructions when the line installation crew is scheduled to appear; and otherwise cooperate with the Company to avoid unnecessary costs and delay.
- (4) Pay to the Company any necessary and additional costs incurred by the Company as a result of the following:
 - (a) Installation of underground facilities that deviate from the Company's underground construction standards and specifications if such deviation is requested by the applicant for electric service and is acceptable to the Company.
 - (b) A change in the plot plan or final grade elevations by the applicant for electric service after the Company has completed engineering for the project and/or has commenced installation of its facilities.
 - (c) Physical characteristics such as oversized lots or lots with extreme set-back where under the Company's line extension policy contained in its tariff a charge is mandated for overhead service.
- (5) No charges other than those described in paragraph (4) of this rule shall be borne by the applicant for electric service or by any other utility sharing the same trench, even if the Company elects to perform its own excavating and backfilling.
- (6) No charges other than those described in paragraphs (4) or (5) will be borne by the applicant, even if the Company elects to perform its own trenching and backfilling.

D. Installing Distribution Lines Beyond Boundary of Development

Whenever the distance from the end of the Company's existing distribution line to the boundary of the development is 100 feet or more, the 100 feet of new distribution line nearest to but outside such boundary shall be installed underground if practicable; and whenever such distance is less than 100 feet from said boundary, all of the new distribution line nearest to but outside such boundary shall be installed underground if practicable. The installation required by this paragraph shall be provided by the Company, without cost to the applicant. However, the developer must provide the excavating and backfilling.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)

E. Classification of Charges

Amounts the Company receives under paragraph C(4) (relating to applicant for electric service) will be credited to Contributions in Aid of Construction.

F. Exceptions

(1) Whenever the Company or any affected person believes that the application of the tariff rule works an undue hardship, involves a physical impossibility, or is otherwise inappropriate, the Company or persons may request an exception from the underground requirements of paragraphs A through E of this rule (relating to definitions, installation of distribution and service lines, applicant for electric service, installing distribution lines beyond boundary of development, and calculation and classification of charges) by providing the Pennsylvania Public Utility Commission with the following:

(a) A copy of the recorded plot plan of the development for which the exception is being sought.

(b) A letter petition setting forth:

(i) the name of the applicant

(ii) the location and size of the development involved

(iii) the names of the electric utility and telephone utility which will provide service to that development

(iv) the date on which construction began or will begin; whether the development is a new development or one phase in a development to be completed in several phases; and whether facilities in the area surrounding the development have been installed underground or overhead.

(2) Upon the filing of an exception request, the Pennsylvania Public Utility Commission (Commission) Staff will notify the utilities involved and the appropriate local government authority, review the facts stated in the request, and issue to the applicant and the utility an informal written report and decision within 180 days of the request for an exception. Failure of the party requesting an exception to supply sufficient data within 180 days of the period shall result in the automatic denial of the request.

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)

F. Exceptions - (Continued)

- (3) A public utility or any affected person may appeal the informal decision rendered by Commission Staff by filing a letter petition with the Secretary of the Commission stating the facts in question and requesting a hearing. All appeals shall be referred to the Commission's Office of Administrative Law Judge for hearing and decision.
- (4) If an exception request initiated by an applicant for electric service is granted, and the applicant thereafter desires underground electric service, then paragraphs B and C (relating to installation of distribution and service lines and applicant for electric service) will apply as if no exception had been granted.

G. Applicability

This rule shall apply to applications for service to developments, which are filed with the Company after June 30, 1984.

H. Subdivisions

Underground facilities in new residential developments are only required by paragraphs A through G (relating to underground electric service in new residential developments) when a bona fide developer exists, that is, only when utility-ready lots are provided by the developer. A mere subdivision is not required to have underground service. Should the lot owner or owners in a subdivision desire underground service, the service will be provided by the Company if the lot owner or owners, at their option, either comply with paragraph C (relating to applicants for electric service) or pays to the Company charges that are contained in the Company's tariff for underground electric service not required by this rule.

13.3 BUILDING ENERGY CONSERVATION STANDARDS FOR RECEIPT OF UTILITY SERVICE FOR RESIDENTIAL BUILDINGS Pursuant to the requirements of amended Pa. Code §69.101 through §69.107, the following provisions are incorporated in this Tariff:

The Company must receive proof of compliance with, or exemption from, the insulation standards set forth in the Building Energy Conservation Act (Act 222) prior to providing electric service for any purpose, including temporary electric service for residential building construction purposes, to (1) new residential buildings, (2) additions to existing residential buildings, and (3) renovated residential buildings located in municipalities that have not elected to administer Act 222.

Proof of compliance shall be made by furnishing the Company with a "Notice of Intent to Construct" form certified by Pennsylvania's Department of Community Affairs.

Upon request, the Company will provide information and the required forms for compliance with Act 222.

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE

14. MEASUREMENT OF SERVICE The quantity of energy recorded by the Company's meters for billing purposes shall be final and conclusive, except where the meters fail to register or are determined to be in error; in these instances, the quantity delivered during the period in question shall be estimated, after due consideration of previous or subsequent properly measured deliveries. Tests of meters made upon written request of the customer will be in accordance with the rules and regulations of the Pennsylvania Public Utility Commission. See Rule 42 for more detail on meter inspections.

14.1 METER READING INTERVALS For billing purposes, the Company will read meters at scheduled regular monthly intervals.

14.2 CUSTOMER REQUEST FOR SPECIAL METERING If a customer wishes to replace the Company billing meter, to the extent technically possible, the Company will offer, provide and support a selection of qualified meters that conform with Company standards. The Company will perform the installation within a reasonable amount of time and at the expense of the customer. The customer must pay for such metering equipment based on the net incremental cost of purchasing and installing the new equipment. The Company will own and maintain all such new metering equipment. The Company will continue to read the meter for billing purposes, and to obtain the data to be used to fulfill its obligations in satisfying arrangements with the EGS as required.

14.3 SUB-METERING If a customer wishes to have metering installed in addition to the Company installed meter, the meter must be installed on the customers electrical system and at the expense of the customer.

15. INABILITY TO READ RESIDENTIAL METERS When scheduled readings of kilowatt-hour meters are not obtained because of inability to gain access to the meter location, the customer may read his meter and furnish the Company the reading on cards supplied by the Company, or by telephone to the Company, in which case the bill will be rendered on the basis of such reading; otherwise, the Company will estimate the bill. No more than five (5) successive bills will be rendered on readings made by the customer.

15.1 INABILITY TO READ COMMERCIAL OR INDUSTRIAL METERS When scheduled readings of kilowatt-hour and demand meters are not obtained, the Company may render an interim statement for each month until the meters are read.

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

16. USE OF SERVICE BY CUSTOMER The customer shall use the electric service only at the premise where service is established; and after electric service has been established, shall notify the Company of any change in connected load, demand, or other conditions of use. The customer shall notify the Company of other on site sources of electric generation or electricity concurrently produced as a by-product of another process or electricity produced utilizing renewable resources. Customers who own and operate electric generation equipment shall conform with the Company's "Electric Service Installation Rules", copies of which may be obtained at the Company's offices. For customers who own and operate electric generation, the provisions of Rider 16, "Service to Non-Utility Generating Facilities and Rider 22, "Renewable Energy Service" may also apply.

17. FLUCTUATIONS AND UNBALANCES The customer's use of electric service shall not cause fluctuating loads or unbalanced loads of sufficient magnitude to impair the service to other customers or to interfere with the proper operation of the Company's facilities. The Company may require the customer to make such changes in his equipment or use thereof, or to install such corrective equipment, as may be necessary to eliminate fluctuating or unbalanced loads; or, where the disturbances caused thereby may be eliminated more economically by changes in or additions to the Company's facilities, the Company will, at the request of the customer, provide the necessary corrective facilities at a reasonable charge. Payment will be made in full in advance for supplying special equipment installed under this Rule.

18. REDISTRIBUTION All electric energy shall be consumed by the customer to whom the Company supplies and delivers such energy, except that (1) a customer operating a separate office building, and (2) any other customer who, upon showing that special circumstances exist, obtains the written consent of the Company may redistribute electric energy to tenants of such customer, but only if such tenants are not required to make a specific payment for such energy, except where such payments would encourage energy conservation. This rule shall not affect any practice undertaken prior to June 1, 1965. See Rule 41 for special requirements for residential dwelling units in a building.

19. CONTINUITY AND SAFETY The Company will use all reasonable care to provide safe and continuous delivery of electricity but shall not be liable for any damages arising through interruption of the delivery of electricity or for injury to persons or property resulting from the use of the electricity delivered.

BILLS AND NET PAYMENT PERIODS

20. BILLING The Company will render a bill monthly for electric service.

20.1 BILLING OPTIONS Customers who elect to purchase part or all of their electricity from an EGS may choose: (1) Consolidated Billing and receive a single bill from the Company that includes Company charges and EGS charges; or (2) Separate Billing and receive one bill from the Company for Company charges and a second bill from the EGS for EGS charges. The customer must notify the Company of the billing arrangement when an EGS is selected. If the customer does not make a selection, the customer shall receive Consolidated Billing from the Company. Provisions for billing contained in the Supplier Tariff shall apply accordingly.

RULES AND REGULATIONS - (Continued)

BILLS AND NET PAYMENT PERIODS - (Continued)

20.2 BILLS Bills for electric service are due and payable upon presentation and may be paid at the general offices of the Company during its regular office hours or to any of its collecting agencies during the regular office hours of such agencies. For customers who select an EGS and who select the Separate Billing Option, payment of the bill from the EGS is due to the EGS per the EGS terms and conditions. When the meter readings are taken at other than monthly intervals or when the elapsed time between meter readings is substantially greater or less than one month, the rate values applicable to monthly delivery periods will be adjusted.

21. NET PAYMENT Payments made direct or received by mail at the payment receiving offices of the Company, or payments made direct to the Company's agencies, not later than the business day following the last day for net payment as shown on the bill, will be accepted by the Company in the net amount. Payments mailed on or before the last day for net payment as shown on the bill, will be accepted by the Company in the net amount, regardless of the date upon which payments are received. The date of mailing shall be determined by the Post Office date stamp on the enclosing envelope.

21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE Payments made direct at the payment receiving offices of the Company or payments made direct to the Company's agencies no later than the business day following 20 days after the mailing of the bill will be accepted by the Company in the amount billed. Payments mailed not later than 20 days after the mailing date of the bills will be accepted by the Company in the amount billed regardless of the date upon which payments are received. The date of mailing shall be determined by the Post Office date stamp on the enclosing envelope. If there is no postmark or if the postmark is illegible, the Company will not impose a Late Payment Charge if the payment is received within five days after the due date. When the due date for residential service occurs from the 21st day of the month through the 5th day of the following month, the due date may be extended upon request to the 6th day of the latter month for ratepayers receiving Social Security or equivalent monthly checks on or about the first of the month. A Late Payment Charge will be added for failure to make payment of the bill in accord with the above.

21.2 RETURNED CHECK CHARGE If a check received in payment of a Customer's account is returned to the Company unpaid by the Customer's bank and cannot be redeposited by the Company for payment, a \$20.00 charge for the returned check will be added to the Customer's account.

COMPANY PROPERTY ON CUSTOMER'S PREMISES

22. ACCESS TO PREMISES Company representatives, who are properly identified, shall have full and free access to the customer's premises at all reasonable times for the purpose of reading Company meters, for inspection and repairs, for removal of Company property, or for any other purpose incident to the service. The customer should immediately communicate with the Company in case of any question as to the authority or credentials of Company representatives.

23. CUSTOMER'S RESPONSIBILITY The customer shall protect the property of the Company on the premises and shall not permit access thereto except by authorized representatives of the Company.

RULES AND REGULATIONS - (Continued)

COMPANY PROPERTY ON CUSTOMER'S PREMISES - (Continued)

24. TAMPERING Where evidence is found that the service wires, meters, switch box or other appurtenances on the customer's premises have been tampered with, the customer shall be required to bear all costs incurred by the Company for investigations and inspections, and for such protective equipment as, in the judgment of the Company, may be necessary (including the relocation of inside metering equipment to an accessible outside location); and in addition, where the tampering has resulted in improper measurement of the electricity delivered, the customer shall be required to pay for such electric delivery service, and any Company supplied electricity, including interest at the Late Payment Charge rate, as the Company may estimate, from available information to have been used but not registered by the Company's meters.

25. REPAIRS OR LOSSES The customer shall pay the Company for any repairs to or any loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by negligence on the part of the customer or failure to comply with the rules and regulations under which service is furnished.

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE

26. ARREARS The Company upon reasonable notice may terminate electric service and remove its equipment from the premises for nonpayment of an undisputed delinquent account. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

26.1 COLLECTION REVIEW The Company shall review accounts monthly for collection purposes. The Company shall pursue collection of residential accounts on a monthly basis where permitted by applicable regulations.

27. CONTRACTS OR APPLICATIONS Where electric service has been established without the customer first having executed a written contract or application, the Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer refuses or neglects to execute a written contract or application when requested so to do by the Company. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

28. DEPOSITS The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer refuses or neglects to post a cash deposit when requested so to do by the Company, as provided under Rule 5. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

29. UNDERGROUND SERVICE The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice when the customer refuses or neglects to provide at his own expense the necessary facilities for receiving underground service, as provided under Rule 13.1. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

RULES AND REGULATIONS - (Continued)

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)

30. HAZARDOUS AND IMPROPER CONDITIONS The Company may terminate electric service and remove its equipment from the premises upon reasonable notice if in the judgment of the Company the customer's installation has become dangerous or defective, or if the Company has received a notice from the proper authorities that the customer's equipment is dangerous or defective, or if the customer's equipment or use thereof injuriously affects the equipment of the Company or the Company's service to other customers. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

31. MISREPRESENTATIONS The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer has made misrepresentations to the Company with respect to the use of the electric service. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

32. REDISTRIBUTION The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer redistributes the electric service contrary to the provisions set forth in this tariff. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

33. INACCESSIBILITY The Company may terminate electric service and remove its equipment from the premises upon reasonable notice in case meter readers or other authorized representatives of the Company cannot gain admittance or are refused admittance to the premises for the purpose of reading meters, making repairs, making inspections, or removing Company property, or in case the customer interferes with Company representatives in the performance of their duties. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

34. TAMPERING The Company may terminate electric service and remove its equipment from the premises upon reasonable notice in case the Company's property on the premises has been interfered with, or in case evidence is found that the service wires, meters, switch-box or other appurtenances on the premises have been tampered with. When a residential ratepayer or residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

35. REPAIRS AND LOSSES The Company may terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer shall neglect or refuse to reimburse the Company for repairs to or loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by negligence on the part of the customer. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

RULES AND REGULATIONS - (Continued)

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)

36. WRITS AND LEVIES The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case a Writ of Execution is issued against the customer, or in case the premises at which service is supplied is levied upon, or in case of assignment or act of bankruptcy on the part of the customer. When a residential ratepayer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

37. INTERRUPTIONS FOR REPAIRS The Company reserves the right to curtail or temporarily interrupt customers' electric service upon prior notice of the cause and expected duration of interruption when it shall become necessary so to do in order that the Company may make repairs, replacements or changes in its equipment on or off the premises of the customers.

38. GOVERNMENTAL AUTHORITY The Company reserves the right to curtail, interrupt, or discontinue electric service without notice in case it becomes necessary for the Company so to do in compliance with any order or request of any governmental authority. Notice of the cause and expected duration of the interruption will be given to affected customers as soon as possible.

39. CURTAILMENT WITHOUT NOTICE The Company reserves the right to curtail, interrupt or discontinue electric service without prior notice to the extent required to meet emergencies. Notice of the cause and expected duration of the interruption will be given to affected customers as soon as possible.

39.1 EMERGENCY LOAD CONTROL Pursuant to order of Pennsylvania Public Utility Commission, the following provision is incorporated in this Tariff: Whenever the demands for power on all or part of the Company's system exceed or threaten to exceed the capacity then actually and lawfully available to supply such demands, or whenever system instability or cascading outages could result from actual or expected transmission overloads or other contingencies, or whenever such conditions exist in the system of another public utility or power pool with which the Company's system is interconnected and cause a reduction in the capacity available to the Company from that source or threaten the integrity of the Company's system, a load emergency situation exists. In such case, the Company shall take such reasonable steps as the time available permits to bring the demands within the then-available capacity or otherwise control load. Such steps shall include but shall not be limited to reduction or interruption of electric service to one or more customers, in accordance with the Company's procedures for controlling load.

The Company shall establish procedures for controlling load including schedules of load shedding priorities to be followed in compliance with the foregoing paragraph, may revise such procedures from time to time, and shall revise them if so required by Pennsylvania Public Utility Commission. A copy of such procedures or of the revision thereof currently in effect shall be kept available for public inspection at each office at which the Company maintains a copy of its tariff for public inspection, and another such copy shall be kept on file with Commission's Bureau of Conservation, Economics and Energy Planning.

RULES AND REGULATIONS - (Continued)

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)

39.2 EMERGENCY ENERGY CONSERVATION Pursuant to order of the Pennsylvania Public Utility Commission, the following provision is incorporated in this tariff:

Whenever events occur which are actually resulting, or in the judgment of the Company threaten to result, in a reduction in the supply of electricity which results from conditions such as a restriction of the fuel supplies available to the Company or its energy vendors, such that the amount of electric energy which the Company is able to supply is or will be adversely affected, by the loss of third party supply etc. an emergency energy conservation situation exists.

In the event of an emergency energy conservation situation, the Company shall take such reasonable measures as it believes necessary and proper to maintain the system until need to conserve has passed. Such measures may include, but shall not be limited to reduction, interruption, or suspension of electric service to one or more of its customers or classes of customers in accordance with the Company's procedure for emergency energy conservation.

The Company shall establish procedures for emergency energy conservation, including if it deems necessary, schedules of service interruption and suspension priorities to be followed as prescribed by the foregoing paragraph.

When a state of emergency is declared by the Governor, or other appropriate governmental authority, and during the period of that emergency, upon notification of the customer by the Company, the customer shall take the actions required by the procedures for emergency energy conservation. During the period of that emergency the appropriate customers will be billed under the provisions of Rider No. 17 - Emergency Energy Conservation.

The Company may revise such procedures from time to time, and shall revise them if so required by the Pennsylvania Public Utility Commission. A copy of such procedures or of the revision thereof currently in effect shall be kept available for public inspection at each office at which the Company maintains a copy of its tariff for public inspection, and another such copy shall be kept on file with the Commission's Bureau of Conservation, Economics and Energy Planning.

40. RECONNECTION CHARGE Where service has been discontinued under the terms of Rules 26 through 36, inclusive, the Company reserves the right as a condition precedent to the reconnection of service to require the payment of all arrearages and a deposit and to require the payment of costs incurred by the Company to reconnect the service.

Where electric service has been discontinued upon the request of the customer and where the customer requests that service be reconnected at the same location within a period of one year from the date that electric service was discontinued, the Company reserves the right as a condition precedent to the reconnection of service to require the payment of all arrearages which will consist of the minimum charge applicable to such customer's service during the period of discontinuance.

Where electric service to a non-residential customer has been terminated under the terms of Rules 30 and/or 34, and such condition was the direct result of tampering, the Company reserves the right as a condition precedent to the reconnection of service to require payment of all costs incurred by the Company for investigations and inspections, and for such protective equipment deemed necessary by the Company.

RULES AND REGULATIONS - (Continued)

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)

41. PROHIBITION OF RESIDENTIAL MASTER METERING Each residential dwelling unit in a building must be individually metered by the Company for buildings connected after January 1, 1981. For the purposes of the Rule, a dwelling unit is defined as:

One or more rooms for the use of one or more persons as a housekeeping unit with space for eating, living, and sleeping, and permanent provisions for cooking and sanitation.

This Rule does not preclude the use of a single meter for the common areas and common facilities of a multi-tenant building.

This Rule shall not effect any practice undertaken prior to January 1, 1981.

GENERAL PROVISIONS

42. METER TESTING The Company will inspect or test the accuracy of a meter at the request of the customer or an EGS for whom the meter registers service, but reserves the right to require payment of the fees set forth in 52 Pa. Code § 57.22 for such test. This rule shall apply to the inspection or testing of special meters described in Rule 14.2.

43. OTHER SERVICES The Company may, where possible, provide and charge a reasonable fee for services including, but not limited to, energy audits, equipment inspections, technical reports and other similar services, at the request of the customer. Where possible, the Company will give an advanced, written estimate of the cost to provide the service.

44. SURGE PROTECTION SERVICE Surge Shield™, a surge suppression device that will reduce or eliminate voltage surges, is available to customers pursuant to the terms and conditions set forth below. The device is mounted behind the meter socket at the customer's premise.

A. Availability

The Company will provide Surge Shield™, to any customer with a 120/240 volt single-phase meter upon request, provided that the customer is determined by the Company to have an acceptable credit history.

B. Billing

A charge of \$4.65 per month for Surge Protection Service will be billed quarterly for a total of \$13.95. (One hundred and forty customers who elected monthly billing in the initial stage of the pilot program were subsequently offered a \$0.25 per quarter discount to accept quarterly billing. This discount will remain in effect for those customers.) At the Company's option, monthly billing may be offered in the future.

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS- (Continued)

44. SURGE PROTECTION SERVICE - (Continued)

C. Payment Terms

Bills are due and payable on or before twenty (20) days for residential customers and fifteen (15) days for all other customers from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the bill. Non-payment of the charges for Surge Protection Service will result in termination of the service and removal of the Surge Shield™ device. Termination of the Surge Protection Service will not impact the continuity of basic service.

D. Contract Term

An initial contract of one year is required, renewable thereafter from month to month.

E. Termination of the Service

Termination prior to the conclusion of the initial contract term will result in a \$50 service charge for removal of the device. Thereafter, a one month notice of termination is required and the customer will not be charged for removal of the device.

F. Liability

In the event that a customer's equipment and/or appliance is damaged as a direct result of the failure or malfunction of Surge Shield™, Duquesne will be responsible for the repair or replacement of the equipment and/or appliance for up to \$1,000 per occurrence.

45. SUPPLIER SWITCHING The Company will accommodate requests by customers to switch EGS's in accordance with Title 52, Chapter 57, Subchapter M "Standards for Changing a Customers Electricity Generation Supplier." The customer will be permitted to change suppliers with a minimum of 5 days notice to the Company. Supplier switches will occur on the next regularly scheduled read cycle date that occurs after 5 days from the receipt of consent from the customer and the new supplier. Customers are limited to only one supplier per billing cycle. Customers who elect to return to the Company from an EGS will return at the charges of the applicable rate.

46. PROVISION OF LOAD DATA The Company will provide to a customer or the customer's designated EGS or authorized consultant, all available data from the meter once each calendar year for no fee. The exchange of data among the Company, EGSs, and customers shall be in accordance with the Supplier Tariff.

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, and general household purposes.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$6.38

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	2.6315	4.0755	0.2728	4.5015

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

RATE RS - RESIDENTIAL SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period. A Late Payment Charge on a disputed bill may be reduced or eliminated by the Company, or upon order by the Commission, to facilitate payment by the disputing customer.

COMBINED RESIDENTIAL AND NON-RESIDENTIAL SERVICE

Where a portion of the service supplied is used for non-residential or non-farm purposes, the appropriate General Service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

SPECIAL PROVISIONS

RESIDENTIAL GARAGE

A separately metered 240 volts (or less) single phase service to a detached residential garage utilized solely for storing a residential customer's vehicle(s) and is located on the same property as the residential customer's dwelling unit will be considered residential use and may be serviced under the terms of this rate.

OPTIONAL BUDGET PAYMENT PLAN

An Optional Budget Payment Plan offers the ratepayer the option of paying a budget amount each month as estimated by the Company or the actual account balance of the current bill including any arrearages.

RATE RH - RESIDENTIAL SERVICE HEATING

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes, and as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$6.38

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Competitive Transition Charge</u> cents per kilowatt-hour	<u>Transmission Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour
First 500 kilowatt-hours	3.4901	1.9033	0.2336	5.8543
Additional kilowatt-hours	1.3106	0.7147	0.2336	2.0524

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Competitive Transition Charge</u> cents per kilowatt-hour	<u>Transmission Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour
All kilowatt-hours	3.4901	1.9033	0.2336	5.8543

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period. A Late Payment Charge on a disputed bill may be reduced or eliminated by the Company, or upon order by the Commission, to facilitate payment by the disputing customer.

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)

SPECIAL PROVISIONS

COMBINED RESIDENTIAL AND NON-RESIDENTIAL SERVICE

Where a portion of the service supplied is used for non-residential or non-farm purposes, the appropriate General Service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

RESIDENTIAL GARAGE

A separately metered 240 volt (or less) single phase service to a detached residential garage utilized solely for storing a residential customer's vehicle(s) and is located on the same property as the residential customer's dwelling unit will be considered residential use and may be served under the terms of this rate. To be served under the terms of this rate, the garage must use the Company's service as the sole primary method for space heating maintaining a winter time temperature of 55° F. or more.

SPACE HEATING EQUIPMENT

Space heating equipment must be permanently installed, thermostatically controlled and must be approved by the Company.

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

OPTIONAL BUDGET PAYMENT PLAN

An Optional Budget Payment Plan offers the ratepayer the option of paying a budget amount each month as estimated by the Company or the actual account balance of the current bill including any arrearages.

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes, and an add-on heat pump for space heating. Other energy sources may be used to supplement the add-on heat pump provided that the supplemental energy source is thermostatically controlled to operate only when the outdoor temperature falls to at least 40^o F. and the add-on heat pump cannot provide the total heating requirements.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$6.38

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Competitive Transition Charge</u> cents per kilowatt-hour	<u>Transmission Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour
First 500 kilowatt-hours	2.7991	3.2828	0.2738	5.1256
Additional kilowatt-hours	1.0511	1.2327	0.2738	1.7537

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Competitive Transition Charge</u> cents per kilowatt-hour	<u>Transmission Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour
All kilowatt-hours	2.7991	3.2828	0.2738	5.1256

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period. A Late Payment Charge on a disputed bill may be reduced or eliminated by the Company, or upon order by the Commission, to facilitate payment by the disputing customer.

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP - (Continued)

SPECIAL PROVISIONS

COMBINED RESIDENTIAL AND NON-RESIDENTIAL SERVICE

Where a portion of the service supplied is used for non-residential or non-farm purposes, the appropriate General Service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

SPACE HEATING EQUIPMENT

Space heating equipment must be permanently installed, thermostatically controlled and must be approved by the Company.

The add-on heat pump and supplemental heating device must be equipped with a thermostatically operated control system which operates the add-on heat pump as the primary heating system until the outdoor temperature falls to at least 40^o F.

OPTIONAL BUDGET PAYMENT PLAN

An Optional Budget Payment Plan offers the ratepayer the option of paying a budget amount each month as estimated by the Company or the actual account balance of the current bill including any arrearages.

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

Available for all the standard electric service taken on a small or medium general service customer's premises for which a residential rate is not available.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

COMMERCIAL CUSTOMERS

DEMAND CHARGES

	<u>Distribution Charge</u> <u>\$ per kilowatt</u>	<u>Competitive Transition Charge</u> <u>\$ per kilowatt</u>	<u>Transmission Charge</u> <u>\$ per kilowatt</u>	<u>Generation Charge</u> <u>\$ per kilowatt</u>
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge
Additional kilowatts of Demand	3.69	6.69	0.56	7.40

ENERGY CHARGES

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Competitive Transition Charge</u> <u>cents per kilowatt-hour</u>	<u>Transmission Charge</u> <u>cents per kilowatt-hour</u>	<u>Generation Charge</u> <u>cents per kilowatt-hour</u>
First 550 kilowatt-hours	2.7755	5.0327	0.1618	5.8213
Next 750 kilowatt-hours	2.5984	4.7115	0.1618	5.4396
Additional kilowatt-hours	0.7288	1.3215	0.1618	1.4092

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

MONTHLY RATE - (Continued)

INDUSTRIAL CUSTOMERS

DEMAND CHARGES

	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge
Additional kilowatts of Demand	3.69	7.91	0.56	6.18

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 550 kilowatt-hours	2.7755	5.9410	0.1618	4.9130
Next 750 kilowatt-hours	2.5984	5.5619	0.1618	4.5892
Additional kilowatt-hours	0.7288	1.5600	0.1618	1.1707

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

Commercial customers are those customers in Company revenue classes 421 and 425. Industrial customers are those customers in Company revenue class 426. In general, industrial customers are those customers engaged in a manufacturing or processing operation as defined in the Division D Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of "Standard Industrial Classification Manual," supplements thereto, or later editions.

MINIMUM CHARGE

The Minimum Charge shall be the sum of the Customer Distribution Charge plus the Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand during the preceding eleven months, whichever is greater, but not less than the Customer Distribution Charge.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\}$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

RATE GMH - GENERAL SERVICE MEDIUM HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

COMMERCIAL CUSTOMERS

For the Billing Months of October through May:

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt-of Demand over 6 kilowatts	2.8528	2.7604	0.2051	5.4630
Additional kilowatt-hours	0.9158	0.8861	0.2051	1.6143

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

COMMERCIAL CUSTOMERS - (Continued)

For the Billing Months of June through September:

DEMAND CHARGES

	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge
Additional kilowatts of Demand	4.64	4.49	0.57	8.64

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 550 kilowatt-hours	3.4875	3.3746	0.2051	6.7241
Next 750 kilowatt-hours	3.2650	3.1593	0.2051	6.2819
Additional kilowatt-hours	0.9158	0.8861	0.2051	1.6143

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

INDUSTRIAL CUSTOMERS

For the Billing Months of October through May:

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt-of Demand over 6 kilowatts	2.8528	3.7447	0.2051	4.4787
Additional kilowatt-hours	0.9158	1.2020	0.2051	1.2984

For the Billing Months of June through September:

DEMAND CHARGES

	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge
Additional kilowatts of Demand	4.64	6.09	0.57	7.04

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 550 kilowatt-hours	3.4875	4.5778	0.2051	5.5209
Next 750 kilowatt-hours	3.2650	4.2857	0.2051	5.1555
Additional kilowatt-hours	0.9158	1.2020	0.2051	1.2984

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule 20.1.

Commercial customers are those customers in Company revenue classes 421 and 425. Industrial customers are those customers in Company revenue class 426. In general, industrial customers are those customers engaged in a manufacturing or processing operation as defined in the Division D Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of "Standard Industrial Classification Manual," supplements thereto, or later editions.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be \$9.07 for the first kilowatt of demand and \$7.36 for each additional kilowatt but not less than \$9.07. For the months of June through September, the Minimum Charge shall be the sum of the Customer Distribution Charge plus the Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand during the preceding eleven months, whichever is greater, but not less than the Customer Distribution Charge.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GS/GM.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

SPECIAL PROVISION

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

RATE GL - GENERAL SERVICE LARGE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the demand is not less than 300 kilowatts.

MONTHLY RATE

COMMERCIAL CUSTOMERS

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 300 kilowatts or less of Demand	755.17	1,822.67	144.90	2,804.26
	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
Additional kilowatts of Demand	1.90	4.58	0.48	7.02

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	0.4948	1.1941	0.1135	1.8189

RATE GL - GENERAL SERVICE LARGE - (Continued)

MONTHLY RATE - (Continued)

INDUSTRIAL

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 300 kilowatts or less of Demand	755.17	2,335.29	144.90	2,291.64
	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
Additional kilowatts of Demand	1.90	5.87	0.48	5.74

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	0.4948	1.5300	0.1135	1.4830

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

RATE GL - GENERAL SERVICE LARGE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule 20.1.

Commercial customers are those customers in Company revenue classes 421 and 425. Industrial customers are those customers in Company revenue class 426. In general, industrial customers are those customers engaged in a manufacturing or processing operation as defined in the Division D Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of "Standard Industrial Classification Manual," supplements thereto, or later editions.

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 50% of the Contract On-Peak Demand, but not less than \$5,527.00.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE GL - GENERAL SERVICE LARGE - (Continued)

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above, but not less than 50% of the Contract On-Peak Demand nor less than 300 kilowatts, whichever is the greater.

CONTRACT DEMAND

The Contract Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available to the customer.

The Customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

CONTRACT PROVISIONS

Contracts will be written for a period of not less than one year.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 300 kilowatts if the customer remains on this rate.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

RATE GLH - GENERAL SERVICE LARGE HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

COMMERCIAL CUSTOMERS

For the Billing Months of October through May:

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt-of Demand over 6 kilowatts	1.6117	3.0348	0.2089	6.4259
Additional kilowatt-hours	0.5173	0.9742	0.2089	1.9209

RATE GLH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

COMMERCIAL CUSTOMERS - (Continued)

For the Billing Months of June through September:

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 300 kilowatts or less of Demand	789.59	1,486.84	182.70	3,067.87
	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
Additional kilowatts of Demand	2.00	3.76	0.61	7.61

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	0.5173	0.9742	0.2089	1.9209

RATE GLH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

INDUSTRIAL CUSTOMERS

For the Billing Months of October through May:

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt-of Demand over 6 kilowatts	1.6117	4.2039	0.2089	5.2568
Additional kilowatt-hours	0.5173	1.3495	0.2089	1.5456

For the Billing Months of June through September:

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 300 kilowatts or less of Demand	789.59	2,059.61	182.70	2,495.10
	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
Additional kilowatts of Demand	2.00	5.21	0.61	6.16

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	0.5173	1.3495	0.2089	1.5456

RATE GLH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule 20.1.

Commercial customers are those customers in Company revenue classes 421 and 425. Industrial customers are those customers in Company revenue class 426. In general, industrial customers are those customers engaged in a manufacturing or processing operation as defined in the Division D Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of "Standard Industrial Classification Manual," supplements thereto, or later editions.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be \$9.07 for the first kilowatt of demand and \$7.36 for each additional kilowatt but not less than \$9.07. For the months of June through September, the Minimum Charge shall be the Demand Charge based on 50% of the Contract On-Peak Demand, but not less than \$5,527.00.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

RATE GLH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GL.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

SPECIAL PROVISION

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

RATE L - LARGE POWER SERVICE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the Contract Demand is not less than 5,000 kilowatts.

MONTHLY RATE

COMMERCIAL CUSTOMERS

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 5,000 kilowatts or less of Demand	8,370.64	14,774.79	2,645.00	45,498.57
	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
Next 10,000 kilowatts of Demand	1.34	2.38	0.53	7.20
Next 25,000 kilowatts of Demand	1.30	0.61	0.53	8.69
Additional kilowatts of Demand	1.27	2.25	0.53	6.79

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 750,000 kilowatt-hours plus 400 kilowatt-hours per kilowatt of Demand	0.4240	0.7484	0.1452	2.3037
Next 150 kilowatt-hours of Demand	0.2796	0.4935	0.1452	1.4630
Additional kilowatt-hours	0.2538	0.4479	0.1452	1.3144

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

INDUSTRIAL CUSTOMERS

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 5,000 kilowatts or less of Demand	8,370.64	26,667.98	2,645.00	33,605.39
	<u>Distribution Charge \$ per kilowatt</u>	<u>Competitive Transition Charge \$ per kilowatt</u>	<u>Transmission Charge \$ per kilowatt</u>	<u>Generation Charge \$ per kilowatt</u>
Next 10,000 kilowatts of Demand	1.34	4.29	0.53	5.29
Next 25,000 kilowatts of Demand	1.30	1.11	0.53	8.19
Additional kilowatts of Demand	1.27	4.06	0.53	4.98

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 750,000 kilowatt-hours plus 400 kilowatt-hours per kilowatt of Demand	0.4240	1.3509	0.1452	1.7012
Next 150 kilowatt-hours of Demand	0.2796	0.8908	0.1452	1.0657
Additional kilowatt-hours	0.2538	0.8085	0.1452	0.9538

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule 20.1.

Commercial customers are those customers in Company revenue classes 421 and 425. Industrial customers are those customers in Company revenue class 426. In general, industrial customers are those customers engaged in a manufacturing or processing operation as defined in the Division D Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of "Standard Industrial Classification Manual," supplements thereto, or later editions.

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand, but not less than \$71,289.00.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE L - LARGE POWER SERVICE - (Continued)

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\}$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above, but not less than 70% of the Contract On-Peak Demand nor less than 5,000 kilowatts, whichever is the greater.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

CONTRACT DEMAND

The Contract Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver to the customer.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

CONTRACT PROVISIONS

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Effective on January 26, 1985, such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term. Contract cancellations for which written notice of such was received prior to January 26, 1985, shall be effective on January 26, 1986, unless cancellation under such notice would have been effective under the prior three year cancellation provision of Rate L before January 26, 1986, in which case the appropriate contract cancellation date shall prevail.

RATE L - LARGE POWER SERVICE - (Continued)

CONTRACT PROVISIONS - (Continued)

When a customer takes delivery at 69 Kv or higher for delivery into its own electric system operated at either of such voltages, and has a Contract Demand of at least 100,000 kilowatts, the customer may apply for service at two or more delivery points interconnected by the customer's facilities. If the Company is satisfied that such multiple delivery points will protect the Company from substantial loss of load and otherwise will be consistent with operation of the Company's system, it will provide such multiple delivery points. In such case the various delivery points will be billed as if metered at one point, but the 5,000 kilowatt, 10,000 kilowatt and 25,000 kilowatt blocks of the Capacity Charge, and the 750,000 kilowatt-hour block of the Energy Charge, will be multiplied by the number of delivery points before the rates stated for them are applied.

The Company reserves the right to refuse contracts hereunder if, in its judgement, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 5,000 kilowatts if the customer remains on this rate.

VOLTAGE CONTROL PROVISION

The customer shall be required to operate his equipment in such a manner that the voltage fluctuations produced thereby on the Company's system shall not exceed the following limits, the measurements to be made at the Company's substation nearest (electrically) the customer.

1. Instantaneous voltage fluctuations, defined as a change in voltage consuming two seconds or less, shall not exceed 1-1/4% more than six times a day, of which not more than one such fluctuation shall occur between 6:00 PM and midnight, and in no case shall such fluctuations exceed 3%.
2. Periodic voltage fluctuations, where the change in voltage consumes a period from 2 seconds to 1 minute, shall not exceed 1-1/4% more than five times an hour, and in no case shall such fluctuations exceed 3%.

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

Available to customers with Contract On-Peak Demands greater than 30,000 kilowatts where service is supplied at 69,000 volts or higher.

MONTHLY RATE

DEMAND CHARGES

	<u>Distribution Charge - \$</u>	<u>Competitive Transition Charge - \$</u>	<u>Transmission Charge - \$</u>	<u>Generation Charge - \$</u>
First 30,000 kilowatts or less of On-Peak Demand	34,293.72	83,518.17	15,840.00	196,884.11
	<u>\$ per kilowatt</u>	<u>\$ per kilowatt</u>	<u>\$ per kilowatt</u>	<u>\$ per kilowatt</u>
Additional kilowatts of Demand	1.24	3.01	0.53	7.14

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
On-Peak	0.4307	1.0489	0.1247	2.5470
Off-Peak	0.2108	0.5133	0.1247	1.1825

WHERE

Monthly Kilowatt-Hours billed at the Off-Peak Kilowatt-Hour Charge cannot exceed 75% of the total Kilowatt-Hours.

NOR

Monthly Kilowatt-Hours billed at the Off-Peak Kilowatt-Hour Charge cannot exceed 500 Kilowatt-Hours per Kilowatt of the Billing Demand.

All excess Off-Peak Energy will be billed at the on-peak delivery charges.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

Customers who are eligible to choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule 20.1.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand, but not less than \$330,536.00

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\}$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above, but not less than 70% of the Contract On-Peak Demand, nor less than 33 1/3% of the Contract Off-Peak Demand nor less than 30,000 kilowatts, whichever is the greater.

ON-PEAK AND OFF-PEAK CONTRACT DEMAND

The Contract On-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver or deliver and supply during the On-Peak hours to the customer.

The Contract Off-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver or deliver and supply during the Off-Peak hours to the customer.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours.

The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand.

Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 a.m. to 9:00 p.m.

Friday
10:00 a.m. to 5:00 p.m.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rate and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

VOLTAGE CONTROL PROVISION

The customer shall be required to operate his equipment in such a manner that the voltage fluctuations produced thereby on the Company's system shall not exceed the following limits, the measurements to be made at the Company's substation nearest (electrically) the customer.

1. Instantaneous voltage fluctuations, defined as a change in voltage consuming two seconds or less, shall not exceed 1-1/4% more than six times a day, of which not more than one such fluctuation shall occur between 6:00 p.m. and midnight, and in no case shall such fluctuations exceed 3%.
2. Periodic voltage fluctuations, where the change in voltage consumes a period from 2 seconds to 1 minute, shall not exceed 1-1/4% more than five times an hour, and in no case shall such fluctuations exceed 3%.

INTERRUPTIBLE SERVICE

A customer who is supplied electricity from the Company may contract for interruptible load by agreeing to the "Special Terms and Conditions" listed below. The Demand Charge of this rate will be reduced by a \$2.02 per kW credit of contracted interruptible load. Where a customer purchases part of their electricity from an Electric Generation Supplier (EGS) and contracts under this rider, the credit defined in this rider will be available and applicable only to the load purchased from the Company and which the Company has control to interrupt as required per the "Special Terms and Conditions" listed below.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

SPECIAL TERMS AND CONDITIONS

To be eligible for Interruptible Service the customer must agree to the following terms and conditions:

1. The Company must have unilateral, irrevocable control of the customers equipment used to disconnect the interruptible load from its electric supply. The irrevocable control of the customers equipment used to disconnect the interruptible load applies to the period of the interruption.
2. The system would be designed to provide a warning to the customer of imminent interruptions. However, Duquesne Light would reserve the right to interrupt service to the interruptible load at any time without advance notice to the customer. Subject to this reservation, the Company will endeavor to make available to the customer capacity equal to the demand specified in the contract for at least 80% of the hours in any calendar month and 90% of the hours in any calendar year. In all cases it is the customers responsibility to restore the load following notification from Duquesne that the interruption period is over.
3. The Company shall not be liable for any loss, cost, damage, or expense to customer caused by the disconnection of contracted-for interruptible load from its electric supply.
4. The interruptible portion must be load from facilities that the customer utilizes on a regular basis between 10:00 a.m. and 9:00 p.m. on each day throughout the year except Saturdays, Sundays and generally observed holidays. If the customer ceases to utilize such facilities for more than 60 days, the customer must notify the Company.
5. Customers will be responsible for installing breakers, an interfacing relay, and for making any necessary wiring, structural, or equipment location changes to allow isolation of the interruptible portion of the load without affecting the remainder of the service.
6. The Company will install, own (or control the lease), and maintain the transmitter, communication channel, receiver, and relaying equipment utilized to operate the customer-owned and installed and customer-maintained circuit breaker utilized to interrupt the interruptible load. The Company will install appropriate monitoring equipment on the interruptible service or circuit breaker to enable the Company to determine at a later date that the interruptible load was interrupted. The customer is responsible for the safety and proper operation of the customer's circuit breaker and associated equipment.
7. Interruptible load will be interrupted as a result of overloads on the transmission, subtransmission, and distribution systems on exactly the same basis as firm load customers are interrupted.
8. Where the customer's entire load is under a load management device, the customer must make provisions so that the load management device does not recognize the loss of the interruptible load.
9. The amount of interruptible load that is available will be determined solely by the Company and will be contracted for a first-come first-served basis.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

GENERATION AVOIDANCE

Generation Avoidance energy provides an option to customers who produce electricity for their own use by utilizing their own internal generating equipment. The customer may purchase energy in excess of that contracted for on this rate and avoid the increased use of alternate energy sources.

Prior to the start of each billing month, the customer must inquire as to the availability of generation avoidance energy for the billing month. When generation avoidance energy is available, the Company and the customer will mutually establish the demand threshold for generation avoidance energy. All kilowatt-hours in any 15 minute on-peak metered period that exceed the monthly stipulated demand level will be considered generation avoidance energy. Generation Avoidance energy will be billed at the average base rate price resulting from the charges calculated for the demand and energy under this rate.

FACILITIES CHARGE

Customer must pay for all new or additional facilities installed on the premises with the exception of meters and metering equipment.

RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

Available for separately metered circuitry connected solely to outdoor architectural lighting equipment, with demand of 5 kilowatts or greater, to be operated during non-peak periods.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

DEMAND CHARGES

	<u>Distribution Charge</u> \$ per kilowatt	<u>Competitive Transition Charge</u> \$ per kilowatt	<u>Transmission Charge</u> \$ per kilowatt	<u>Generation Charge</u> \$ per kilowatt
All kilowatts of Demand	1.21	2.37	0.08	3.36

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Competitive Transition Charge</u> cents per kilowatt-hour	<u>Transmission Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour
First 300 kilowatt-hours	1.7091	3.3346	0.0577	4.7799
Additional kilowatt-hours	0.4482	0.8745	0.0577	1.2109

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which may exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 or more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above.

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

SPECIAL TERMS AND CONDITIONS

1. The service must supply only non-essential lighting facilities installed for decorative purposes and is not applicable to security lighting or the lighting of streets, highways, parking lots or athletic fields.
2. The lights must be controlled by a device that limits the equipment to operation during dusk to dawn hours only.
3. Responsibility for the provision and maintenance of all equipment used in the decorative lighting will remain with the customer.
4. In the event of a system emergency, the Company reserves the right to curtail the usage under this rate.
5. The Company reserves the right to require payment of connection and disconnection costs when a customer requests seasonal service under this rate.

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

Available for the entire electric energy requirements of municipal street lighting systems where the municipality has not less than 15,000 street lamp installations and provides for the ownership, operation, and maintenance of its own street lamp installations and takes its entire energy requirements for street lighting under this rate.

MONTHLY RATE

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	6.9297	0.0	0.1433	3.7683

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

RATE SE - STREET LIGHTING ENERGY - (Continued)

MONTHLY RATE - (Continued)

DETERMINATION OF ENERGY FOR BILLING PURPOSES

Series Street Lights

Applicable to the supply of series street lighting energy delivered to the street lighting fixtures at 7.5 amperes unless otherwise agreed upon.

The energy delivered or delivered and supplied each month shall be the product of the connected load in kilowatts as of the fifteenth day of the month for which billed and 350 hours per month, which is the monthly average of the annual burning hours. The connected load on the primary side of the substation or pole-type constant current transformers will be the sum of the rated wattages of all lamps connected, including the rated wattages of their individual transformers and ballasts, if any, and subject to values of circuit efficiency of 85 percent.

Multiple Street Lights

Applicable to the supply of multiple street lighting energy delivered to the street lighting fixtures at 120/240 volts unless otherwise agreed upon.

(a) For Standard Dusk to Dawn Operation Where the Customer Supplies Controls Approved by the Company. The energy delivered each month shall be the product of the connected load in kilowatts as of the fifteenth day of the month for which billed and 350 hours per month, which is the monthly average of the annual burning hours. The connected load shall be the sum of the rated wattages of all lamps connected, including the rated wattages of their individual ballasts, subject to power factor correction, if any.

(b) For Other than Standard Dusk to Dawn Operation. The energy delivered or delivered and supplied each month shall be the product of the connected load in kilowatts as of the fifteenth day of the month for which billed and 730 hours per month or less as may be agreed upon. The connected load shall be the sum of the rated wattages of all lamps connected, including the rated wattages of their individual ballasts, subject to power factor correction, if any.

CREDIT FOR OUTAGE

Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of service and the Customer will use reasonable diligence to protect the lighting system. In lieu of determination of the actual lamp-hour outages resulting from a failure of any light to burn for any reason, a deduction of 0.2% of the delivery charges or delivery and energy charges will be made on the monthly bill.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

RATE SE - STREET LIGHTING ENERGY - (Continued)

MONTHLY RATE - (Continued)

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

CHARGES FOR SPECIAL FACILITIES

Conduit used exclusively for street lighting service between lamps in the customer's area and installed prior to July 1, 1969.....\$0.0100 per foot

Cable used exclusively for street lighting service between lamps in the customer's area\$0.0030 per foot

Parkway-type cable used exclusively for street lighting service between lamps in the customer's area\$0.0080 per foot

Standard junction boxes, for street lighting service located within the customer's area and installed prior to July 1, 1969 \$0.4528 each

Insulating transformers..... \$0.4126 each

Ballasts for Mercury Vapor Lamps..... \$0.9056 each

The total of the Charges for Special Facilities shall be multiplied by 0.97 in order to express such charges at net prices.

RATE SE - STREET LIGHTING ENERGY - (Continued)

SPECIAL PROVISIONS

1. Ballasts for multiple mercury vapor street lights, when installed by the customer, shall be power factor corrected, having a power factor of not less than 90 percent. For ballasts not so corrected, the wattage of each lamp plus ballasts shall be increased by the following ratio: 90% divided by the actual power factor, expressed in percent, of the lamp plus the ballast.
2. Series street lighting circuits will be energized and de-energized in accordance with an agreed upon schedule of burning hours, except where such circuits are controlled by photo electric cells. During other hours, circuits will not be energized except upon sufficient notice to the customer.
3. On all poles, except ornamental poles used exclusively for street lighting purposes, the Company will terminate its facilities at the bracket to which the lighting fixture is attached. On ornamental poles, used exclusively for street lighting purposes, the Company will terminate its facilities at the top of the pole if served from overhead circuits or at the bottom of the pole if served from the underground system.
4. The Company, to protect continuity of service, the general-public, and the safety of men engaged in work on poles, reserves the right to install insulating transformers between the Company's circuit and the wiring of the customer's installation. Where insulating transformers are installed, charges will be made therefore as herein before specified.
5. The customer upon request shall supply the Company periodically, but not more often than at six month intervals, with certified tests made by the Electrical Testing Laboratories, Inc. of New York, or a similar accredited organization, showing the mean life input in watts for each size and type of lamp, and the wattage and power factor for each size and type of mercury vapor ballast used by the customer in street lamp installations served under this rate.
6. Energy will normally be supplied under this rate by overhead circuits, but if the Company is required to supply or the customer requests delivery service from underground facilities, the specified unit charges for underground facilities will apply.
7. All installations, on and after July 1, 1969, of standard junction boxes used for street lighting service and of conduit and multiple service cable used exclusively for street lighting service will be installed, owned and maintained by the customer.

TERM OF CONTRACT

Contracts under this rate shall be for a term of not less than ten years.

RATE SM - STREET LIGHT MUNICIPAL

AVAILABILITY

Available for mercury vapor and high pressure sodium lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year.

(Available for mercury vapor street lighting only where served prior to January 30, 1983, and continuously thereafter at the same location).

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal Energy Usage per Unit per Month-kWh</u>	<u>Distribution Charge per Unit</u>	<u>Competitive Transition Charge per Unit</u>	<u>Transmission Charge per Unit</u>	<u>Generation Charge per Unit</u>
Mercury Vapor					
100	44	\$10.81	\$0.68	\$0.10	\$3.23
175	74	\$14.10	\$0.36	\$0.17	\$4.70
250	102	\$17.57	\$0.13	\$0.24	\$6.15
400	161	\$23.81	\$0.14	\$0.38	\$8.32
1,000	386	\$51.50	\$0.35	\$0.90	\$17.86
Sodium Vapor					
70	29	\$10.97	\$1.19	\$0.07	\$2.81
100	50	\$14.01	\$1.10	\$0.12	\$3.98
150	71	\$16.62	\$0.93	\$0.17	\$5.07
250	110	\$24.31	\$1.17	\$0.26	\$7.59
400	170	\$31.75	\$0.69	\$0.40	\$10.70
1,000	387	\$66.44	\$0.45	\$0.91	\$23.30

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

(Where wood poles have been installed exclusively for street lighting use prior to June 29, 1973, and used continuously thereafter, an additional charge of \$1.31 per pole per month will be made. For wood poles installed exclusively for street lighting use after June 29, 1973, see SPECIAL TERMS AND CONDITIONS).

RATE SM - STREET LIGHT MUNICIPAL - (Continued)

MONTHLY RATE

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE SM - STREET LIGHT MUNICIPAL - (Continued)

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service, except that poles, ducts, conduits, manholes and junction boxes shall be the property of and maintained by the customer if they are an integral part of bridges, viaducts or similar structures, or highway project constructed by the joint participation of the customer and other governmental agencies.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

RATE SH - STREET LIGHTING HIGHWAY

AVAILABILITY

Available for high intensity discharge lighting of state highways for normal dusk to dawn operation of approximately 4,200 hours per year where the highway lighting system acceptable to Duquesne Light Company is installed by the State and ownership of the entire highway lighting system has been transferred to the Company for a nominal consideration.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal Energy Usage per Unit per Month-kWh</u>	<u>Distribution Charge per Unit</u>	<u>Competitive Transition Charge per Unit</u>	<u>Transmission Charge per Unit</u>	<u>Generation Charge per Unit</u>
Mercury Vapor					
175	74	\$4.21	\$4.65	\$0.09	\$3.80
250	102	\$5.49	\$5.88	\$0.13	\$5.11
400	161	\$8.07	\$8.30	\$0.21	\$7.84
1,000	386	\$18.14	\$17.97	\$0.49	\$18.31
Sodium Vapor					
100	29	\$4.04	\$5.10	\$0.06	\$3.04
150	50	\$4.97	\$5.98	\$0.09	\$4.01
200	71	\$5.91	\$7.02	\$0.11	\$4.84
250	95	\$6.82	\$7.83	\$0.14	\$5.87
400	170	\$9.61	\$10.56	\$0.22	\$8.70
1,000	387	\$21.55	\$23.53	\$0.49	\$19.68

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

RATE SH - STREET LIGHTING HIGHWAY - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

SPECIAL TERMS AND CONDITIONS

1. The above charges include operation, normal maintenance and replacement of the entire highway lighting system including conduit, cable, wire, ornamental poles, brackets, fixtures, lamps and photo electric controls.
2. Energy shall be supplied at a standard 120/240 or 230/460 volts from a single point or multiple points of supply satisfactory to the Company. Fixtures operating at higher voltages will not be acceptable.
3. The highway lighting system design shall include proper control devices to energize the system, such as individual photo electric controls.

RATE SH - STREET LIGHTING HIGHWAY - (Continued)

SPECIAL TERMS AND CONDITIONS - (Continued)

4. If additional highway lighting is to be added to an existing highway lighting system, it shall be installed completely by the customer or the Company will install such facilities at the customer's expense with ownership transferred to the Company for a nominal consideration.
5. In accepting conduit, junction boxes, etc. installed by the State or other governmental agency in bridges, and bridge approaches, the Company accepts no liability for damage to concrete due to deteriorating conduit or junction boxes.
6. The State Department of Transportation or other governmental agency shall provide the necessary drawings of the entire highway lighting system to the Company specifying the type of equipment so that acceptability can be established before contracts are awarded.
7. The State Department of Transportation or other governmental agency shall furnish any requisite authority necessary to provide for the installation, operation and maintenance of the entire highway lighting system within the highway right-of-way including authority for equipment to stop on the paved portion of the highway.
8. Maintenance and/or replacement of poles and pole equipment in excess of 35 feet is not included, but will be maintained and/or replaced on a time and material basis by the Company. Charges for this will be reimbursed by the customer. All poles in excess of 35 feet high must be equipped with lowering device equipment so that the lighting equipment can be maintained from the ground.

TERM OF CONTRACT

Contracts under this rate shall be for a term of not less than five years.

RATE MTS - MUNICIPAL TRAFFIC SIGNALS

AVAILABILITY

Available to any municipality using the Company's standard service at each point of connection for traffic signal lighting installed, owned, and maintained by the customer.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$8.91

ENERGY CHARGES

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
First 1,300 kilowatt-hours	2.0376	6.2829	0.1910	4.8198
Additional kilowatt-hours	0.5275	1.6266	0.1910	1.1062

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule 20.1.

RATE MTS - MUNICIPAL TRAFFIC SIGNALS - (Continued)

MONTHLY RATE - (Continued)

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

SPECIAL TERMS AND CONDITIONS

Energy usage shall be estimated by the Company on the basis of lamp wattage and burning-hours. The customer shall notify the Company whenever any change is made in the equipment or the burning-hours, so that the Company may revise the estimated energy usage.

RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

Available for high pressure sodium lighting and flood lighting of residential, commercial and industrial private property installations including parking lots, for normal dusk to dawn operation of approximately 4,200 hours per year.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal Energy Usage per Unit per Month-kWh</u>	<u>Distribution Charge per Unit</u>	<u>Competitive Transition Charge per Unit</u>	<u>Transmission Charge per Unit</u>	<u>Generation Charge per Unit</u>
High Pressure Sodium					
70	29	\$10.97	\$1.19	\$0.07	\$2.81
100	50	\$14.01	\$1.10	\$0.12	\$3.98
150	71	\$16.62	\$0.93	\$0.17	\$5.07
250	110	\$24.31	\$1.17	\$0.26	\$7.59
400	170	\$31.75	\$0.69	\$0.40	\$10.70
Flood Lighting					
100	46	\$12.67	\$0.97	\$0.11	\$3.62
150	67	\$14.72	\$0.69	\$0.16	\$4.61
250	100	\$17.72	\$0.23	\$0.23	\$6.12
400	155	\$22.75	\$0.23	\$0.36	\$7.86

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$0.22	\$1.59	\$0.07	\$1.27
100	46	\$0.35	\$2.53	\$0.11	\$2.01
150	67	\$0.50	\$3.68	\$0.16	\$2.93
250	100	\$0.75	\$5.49	\$0.23	\$4.37
400	155	\$1.16	\$8.51	\$0.36	\$6.78

RATE PAL - PRIVATE AREA LIGHTING - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers will be eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who are not eligible to choose an EGS will be billed according to the above charges. Customers who are eligible to choose their supplier may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the market price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The market price of power is based on the price established by the Pennsylvania Public Utility Commission for the Retail Access Pilot Program in Pennsylvania.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above charges.

Customers who are eligible to choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule 20.1.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before twenty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

POLES

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$15.84 for each pole required.

RATE PAL - PRIVATE AREA LIGHTING - (Continued)

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

STANDARD CONTRACT RIDERS

GENERAL

In addition to the standard service as set forth under the rates filed with this Tariff, the Company, where practicable, will render certain special classes of service where desired by the customer and provided that the customer meets the necessary requirements for such special service. A special agreement, additional and supplemental to the regular contract under which standard service is rendered, will be made with a customer for any of the special classes of service hereinafter indicated. The terms, conditions and other considerations for such special classes of service are set forth in the following Standard Contract Riders. Notwithstanding anything to the contrary in the said contract contained, the terms of a rider shall continue in force as long as the said contract remains valid. All terms in said contract, except as modified in the rider or riders applicable to it, shall be and remain in full force and effect.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 1 - DIRECT CURRENT SERVICE

(Applicable to Rates GS/GM and GL only)

Where customers have received direct current service continuously since February 1, 1928, the Company will render such service on this rider and bills will be computed in accordance with the following provisions:

Each customer receiving direct current service will be billed monthly for (1) a charge of \$12.37 plus (2) a charge for delivery of Company supplied energy computed on the applicable rate, applying to the direct current system's metered kilowatt demand and kilowatt-hour consumption a kilowatt demand and a kilowatt-hour consumption based on the ratios of the customer's connected load and estimated consumption to the total of the connected loads and estimated consumptions of all direct current customers.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 2 - UNTRANSFORMED SERVICE

(Applicable to Rates GS/GM, GMH, GLH, and GL only)

Where customers take all or part of their electric service directly from the Company's available primary distribution or transmission systems, and furnish all necessary equipment to take untransformed service, in strict accordance with the Company's standards and specifications, a monthly reduction based upon the individual demand of such circuit shall be allowed as follows:

First 50 Kilowatts at.....	20.3 cents per Kilowatt
Next 550 Kilowatts at	13.2 cents per Kilowatt
Excess over 600 Kilowatts at	7.1 cents per Kilowatt

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 3 - SCHOOL AND GOVERNMENTAL SERVICE DISCOUNT PERIOD

(Applicable to Rates GS/GM, GMH, GLH, GL and L only)

For public or parochial schools, or local, state or federal governments or public agencies thereof, a Late Payment Charge specified in the applicable rate will be added to the net amount for failure to make payment of Company charges within thirty days from the mailing date. For customers who purchase their electricity from an Electric Generation Supplier (EGS) and who have selected Consolidated Billing from the Company as defined in Rule 20.1, this rider shall apply to Company charges and to EGS charges if the EGS has provided authorization to accept the provisions of this rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 4 - BUDGET BILLING - HUD FINANCED MULTI-FAMILY HOUSING

(Applicable to Rates GS/GM, GL, GMH, and GLH only)

Budget billing for electric service is available to master metered multi-family housing and/or the metered service for common areas and common facilities for multi-family housing during the time that such housing is either owned by the Federal Department of Housing and Urban Development or subject to a first mortgage held or guaranteed by that agency.

At the option of the customer, the Company will make an estimate subject to revisions when conditions warrant, of the total charges for electric service to be billed hereunder for a twelve-month period. A budget bill for approximately one-twelfth of such estimate will be rendered monthly. For customers who purchase their electricity from an Electric Generation Supplier (EGS) and who have selected Consolidated Billing from the Company as defined in Rule 20.1, this rider shall apply to Company charges and to EGS charges if the EGS has provided authorization to accept the provisions of this rider. Any adjustment necessary in applying for the full period the actual charges herein established will be made on the final bill for the period. If the budget bill is unpaid when the next monthly bill is rendered, the budget arrangements for billing may be terminated by the Company.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 5 - TIME OF DAY DISCOUNTS

**(Applicable to Rates GS/GM, GL, and L - and to Rates GMH
and GLH during months of June, July, August and September only)**

Where a customer has a separately measured demand and is supplied by any standard service voltage and where such customer so operates that the maximum demand created during any billing period occurs during off-peak hours, the bills will be calculated using the Billing Demand defined below on the applicable rate and any other applicable riders.

CONTRACT DEMANDS

The Contract On-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available during the on-peak hours to the customer.

The Contract Off-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available during the off-peak hours to the customer. The customer's minimum Billing Demand shall be no lower than one-third (33 1/3%) of the customer's Contract Off-Peak Demand.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours. The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three (3) times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand. In no case will the Billing Demand be lower than the Billing Demand as determined on the applicable rate.

Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 5 - TIME OF DAY DISCOUNTS - (Continued)

(Applicable to Rates GS/GM, GL, and L - and to Rates GMH and GLH during months of June, July, August and September only)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 A.M. TO 9:00 P.M.

Friday
10:00 A.M. TO 5:00 P.M.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rider and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

METER CHARGE

For customers with maximum Contract Demands between 500 and 1,000 kW which apply for service on Rider No. 5, the following meter charges will be added to the customer's monthly bill for each metered service voltage supplied to the customer:

For service applied for prior to January 1, 1982 \$17.00 per month
For service applied for after January 1, 1982..... \$33.00 per month

For customers with maximum Contract Demands between 5 and 499 kilowatts which apply for service on Rider No. 5, a meter charge of \$10.00 per month will be added to the customer's monthly bill for each metered service voltage supplied to the customer.

For customers on Rates GMHD and GLHD, the appropriate meter charge will be added to all twelve monthly bills. The meter charge and type of meter for GMHD and GLHD customers will be determined by the maximum demand.

CONTRACT PROVISIONS

For customers with Contract On-Peak Demands exceeding 500 kW, contracts will be written for a period not less than two years.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 6 - TEMPORARY SERVICE

(Applicable to Rate GS/GM only)

Where a customer desires service of a temporary nature for periods of less than 30 days, the Company will:

1. Charge in advance for the estimated cost of installing and removing the necessary facilities to furnish such service.
2. Estimate the demand and the consumption requirements from the connected load and the number of days during which electric service is to be used, but in no case less than six (6) days.
3. Estimate the charges (fixed, demand and energy) in accordance with the provisions of the applicable rate.
4. Require the customer to make a deposit in the amount of the estimated charges under the applicable rate. Unless otherwise instructed at the time of deposit, the Company will deliver and supply electricity at the charges of the applicable rate.
5. Refund said deposit less the amount of the bill due the Company upon surrender of the deposit receipt by the customer.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 7 - INTERRUPTIBLE SERVICE

(Applicable to Rates GL, GLH, and L)

Available for completely or partially interruptible power service at not less than 23,000 volts at points of supply designated by the Company with the minimum contracted interruptible load of not less than 500 kW.

Where a customer contracts for interruptible loads of not less than 500 kW and agrees to the "Special Terms and Conditions" listed below, the Demand Charge of the applicable rate under which the customer received electrical service will be reduced by a \$2.02 credit per kW of contracted interruptible load.

Where a customer purchases part of their electricity from an Electric Generation Supplier (EGS) and contracts under this rider, the credit defined in this rider will be available and applicable only to the load purchased from the Company and which the Company has control to interrupt as required per the "Special Terms and Conditions" listed below.

CONTRACT TERM

Contracts shall be written for an original term of not less than three years and such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party when this rider is applied to General Service Rate GL.

When this rider is applied to Rate L - Large Power Service, the length of the contract shall be the same as contained in the Rate L contract.

The Company reserves the right to refuse firm power capacity to replace the interruptible portion of the customer's load, if in its judgment its generating or transmission capacity is no more than adequate to meet the requirements of its firm power load of its existing customers.

METER CHARGE

For customers with an Interruptible Demand of 500 kW or more which apply for service on Rider No. 7, the customer will be charged the Company's incremental metering costs for monitoring the interruptible load. In addition, a monthly meter charge of \$12.00 will also be required if the customer does not already have a recording magnetic tape meter with a spare channel to monitor the interruptible load.

INTERRUPTIBLE LOAD CONTROL SYSTEM CHARGE

In order to interrupt the customer's interruptible equipment from a central location, a transmitter-multiple receiver arrangement must be installed. The Company will own, operate, and maintain this equipment. However, all costs associated with this installation will be recovered from the group of customers accepting the interruptible rate through a one-time installation fee which will be determined based on the number of customers accepting the rate.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 7 - INTERRUPTIBLE SERVICE - (Continued)

(Applicable to Rates GL, GLH, and L)

SPECIAL TERMS AND CONDITIONS

To be eligible for this rider the customer must agree to the following terms and conditions:

1. The Company must have unilateral, irrevocable control of the customer's equipment used to disconnect the interruptible load from its electric supply. The irrevocable control of the customer's equipment used to disconnect the interruptible load applies to the period of the interruption.
2. The system would be designed to provide a warning to the customer of imminent interruptions. However, the Company would reserve the right to interrupt service to the interruptible load at any time without advance notice to the customer. Subject to this reservation, the Company will endeavor to make available to the customer capacity equal to the demand specified in the contract for at least 80% of the hours in any calendar month and 90% of the hours in any calendar year. In all cases it is the customer's responsibility to restore the load following notification from the Company that the interruption period is over.
3. The Company shall not be liable for any loss, cost, damage or expense to customer caused by the disconnection of contracted-for interruptible load from its electric supply.
4. The minimum amount of interruptible load would be 500 kW.
5. Interruptible service would be available as either complete or partial interruptible power service at not less than 23,000 volts. In certain special instances interruptible service will be available from the 11,500 volt network system.
6. The interruptible portion must be load from facilities that the customer utilizes on a regular basis between 8 a.m. and 10 p.m. on each day throughout the year except Saturdays, Sundays, and generally observed holidays. If the customer ceases to utilize such facilities for more than 60 days, the customer must notify the Company.
7. Customers will be responsible for installing breakers, an interfacing relay, and for making any necessary wiring, structural or equipment location changes to allow isolation of the interruptible portion of the load without affecting the remainder of the service.
8. The Company will install, own (or control the lease), and maintain the transmitter, communication channel, receiver and relaying equipment utilized to operate the customer-owned and installed and customer-maintained circuit breaker utilized to interrupt the interruptible load. The Company will install appropriate monitoring equipment on the interruptible service or circuit breaker to enable the Company to determine at a later date that the interruptible load was interrupted. The customer is responsible for the safety and proper operation of the customer's circuit breaker and associated equipment.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 7 - INTERRUPTIBLE SERVICE - (Continued)

(Applicable to Rates GL, GLH, and L)

SPECIAL TERMS AND CONDITIONS - (Continued)

9. Interruptible load will be interrupted as a result of overloads on the transmission, subtransmission and distribution systems on exactly the same basis as firm load customers are interrupted.
10. Where the customer's entire load is under a load management device, the customer must make provisions so that the load management device does not recognize the loss of the *interruptible load*.
11. The amount of interruptible load that is available will be determined solely by the Company and will be contracted for on a first-come, first-served basis.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT
RIDER FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS**

(Applicable to Rates GM, GL and L)

PURPOSE

Stimulating industrial production in Duquesne's economically distressed service area can produce benefits in terms of job creation, increased regional income, and improved living standards. The purpose of this rider is to encourage load management, increased regional industrial production, and growth in employment through an incentive for industrial customers at Existing Service Locations.

AVAILABILITY

This rider will be available for a period not exceeding five (5) years to each qualifying customer having a Monthly Base Period Billing Demand of 100 kilowatts or greater. Qualifying definitions, rules, and conditions are listed below.

Customers must contract under this rider on or before December 31, 1998 to qualify for the economic incentives defined below.

ECONOMIC INCENTIVES

A qualifying customer will earn a separately stated credit to Company charges equal to the Billing Demand minus the Monthly Base Period Billing Demand multiplied by the discounted Incremental Unit Demand Charge of the applicable rate. The percentage discount is determined as follows:

Incremental Hours Use	Percent Discount to Incremental Unit Demand Charge		
	First 36 Months On Rider	Next 12 Months On Rider	Next 12 Months On Rider
Over 350 Hours use	50	30	15
Over 300 to 350 Hours Use	40	24	12
Over 250 to 300 Hours Use	30	18	9
Over 200 to 250 Hours Use	20	12	6
Over 150 to 200 Hours Use	10	6	2
150 Hours Use or Less	0	0	0

where the current Billing Demand exceeds the Monthly Base Period Billing Demand by five percent (5%) or more with a minimum of 25 kilowatts.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)

(Applicable to Rates GM, GL and L)

ECONOMIC INCENTIVES - (Continued)

A qualifying customer will also earn a separately stated credit to the Company charges equal to the kilowatt-hours minus the Monthly Base Period Kilowatt-hours multiplied by the discounted Incremental Unit Energy Charges of the applicable rate, excluding the energy billed at the excess kilowatt-hour charges of Rate L. The percentage discount is determined as follows:

<u>Incremental Hours Use</u>	<u>Percent Discount to Incremental Unit Energy Charge</u>		
	<u>First 36 Months On Rider</u>	<u>Next 12 Months On Rider</u>	<u>Next 12 Months On Rider</u>
Over 350 Hours use	25	15	7.5
Over 300 to 350 Hours Use	20	12	6
Over 250 to 300 Hours Use	15	9	4.5
Over 200 to 250 Hours Use	10	6	3
Over 150 to 200 Hours Use	5	3	1.5
150 Hours Use or Less	0	0	0

The percent discount applicable to those Incremental kilowatt-hours to be billed at the excess kilowatt-hour charges of Rate L will be 15% for the first three (3) years, 9% for the fourth year, and 4.5% for the fifth year.

NOTE

Except for the provisions specifically set forth in this rider, all provisions, prices, and regulations of the standard service rate under which the customer receives service shall apply.

The above credits will be applied before application of Rider No. 10 - State Tax Adjustment. All applicable "Standard Contract Riders" will remain in effect; however, the discounted Incremental Unit Demand Charge applicable to a customer's billing shall not be less than twenty-five percent (25%) of the nondiscounted Incremental Unit Demand Charge expressed in the applicable rate. The Minimum Charge Provision of the applicable rate shall not be reduced by this rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)

(Applicable to Rates GM, GL and L)

DEFINITIONS

1. **Incremental Hours Use**

$$\frac{\text{(Total Kilowatt-hours used in billing period - Monthly Base Period Usage)}}{\text{(Billing Demand - Monthly Base Period Billing Demand)}}$$

2. **Existing Service Location** - An existing location of a customer having one or more delivery points for electric service billed separately by the Company under a single billing address.
3. **Base Period** - The twelve consecutive monthly billing periods applicable to the customer ending one month prior to the application of the rider.
4. **Monthly Base Period Billing Demand** - The Billing Demand used in billing the Existing Service Location for the month in the Base Period corresponding to the billing month to which the rate reduction under this rider is applied.
5. **Monthly Base Period Usage** - The total kilowatt-hour usage of the customer used in billing the Existing Service Location for the month in the Base Period corresponding to the billing month to which the rate reduction under this rider is applied.
6. **Incremental Unit Demand Charge** - The appropriate \$ per kilowatt charge(s) as stated in the Demand Charge provision of the currently effective general service rate that applies to each kilowatt of Billing Demand greater than the Monthly Base Period Billing Demand.
7. **Incremental Unit Energy Charge** - The applicable ¢ per kilowatt-hour shall be the excess kilowatt-hour charge of Rate GM, kilowatt-hour charge of Rate GL, and charge for 750,000 kilowatt-hours plus 400 kilowatt-hours per kilowatt of demand of Rate L of the currently effective rates. The excess kilowatt-hour charges of Rate L shall be discounted at the specified percentages.
8. **Employment Reports** - "Employer's Report for Unemployment Compensation" and "Employer's Quarterly Report of Wages Paid to Each Employee" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania, and the "Employer's Quarterly Employment and Wage Analysis" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania for employers who have more than one place of business in the Commonwealth.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

RULES

1. **Existing Service Locations** - If an existing customer in the service area moves their operation to a new location, the Base Period of the prior service shall move with the customer, and the new location would be treated as an Existing Service Location. A service location, to which the Company had previously supplied service within the prior twelve (12) months for substantially the same industrial manufacturing or processing as the present or proposed operation, would be treated as an Existing Service Location. However, the Base Period would be then defined as the last twelve (12) monthly billing periods during which there was industrial operation at the site.
2. **Monthly Base Period Billing Demand** - If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Billing Demand shall be determined by the Company.
3. **Monthly Base Period Usage** - The Company reserves the right to adjust the Monthly Base Period Usage for unusual circumstances such as labor work stoppages. If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Usage shall be determined by the Company.

QUALIFYING CONDITIONS

1. The customer must have an Existing Service Location.
2. The customer must be engaged in manufacturing or processing operation as defined in the Division D. Manufacturing Standard Industrial Classification (SIC) categories as described in the 1972 Edition of Standard Industrial Classification Manual, supplements thereto, or the latest edition.
3. A Pennsylvania Sales Tax Blanket Exemption Certificate must be filed by the customer with the Company showing the address of the service location to which the rider is to be applicable and certifying that more than fifty percent (50%) (on an annual basis) of the electricity purchased thereunder is exempt from sales tax because it is used in manufacturing or processing operations.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

QUALIFYING CONDITIONS - (Continued)

4. Employment Reports must be filed with the Company for the Base Period prior to application of the rider and no later than thirty days after the end of the reporting quarter as defined by 43 P.S. 753d.
5. The customer at the Existing Service Location must have expanded its load requirement by five percent (5%) or more above the Monthly Base Period Billing Demand.
6. The Contract Demand specified in the customer's existing service contract at the time of the customer's application of the rider shall be used in determination of Minimum Charge. The Monthly Base Period Billing Demand will not be affected by a revision of the customer's Contract Demand during the Base Period.
7. The customer must sign an "Economic Development Rider No. 8 Amendment To Electric Service Contract" with the Company for the required term of the rider. Modification of the contract may result in the cancellation of this rider.
8. A service location is eligible for the rider only one time.
9. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.

GENERAL QUALIFYING CONDITIONS

1. The application of the rider will be discontinued if bills are not paid when due as specified in Tariff Rule No. 21, before the addition of a Late Payment Charge.
2. The rider will be reserved for a customer who applied to the Company for the rider in writing up to twelve months prior to the time service is required.
3. Discontinuance of or detrimental changes to the rider will not apply to an existing rider participant or a prospective participant as described to General Qualifying Condition (2).
4. The Company will monitor the impact of the rider and may modify or discontinue the provisions at any time as approved by the Pennsylvania Public Utility Commission except for the limitations established in General Qualifying Condition (3).

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

SPECIAL PROVISION FOR RATE L

For those existing Rate L customers who do not qualify for the Economic Incentives provided by this rider, but do satisfy Qualifying Condition (2), a separate credit applicable to increased kilowatt-hours is available. A customer who anticipates an increase of ten percent (10%) or more in kilowatt-hour use over the kilowatt-hour use in the Base Period must sign an "Economic Development Rider No. 8 Amendment to Electric Service Contract". In those months where the increased kilowatt-hours are ten percent (10%) or more than the Base Period Kilowatt-hours, a customer will earn a credit equal to the increased kilowatt-hours multiplied by the discounted Incremental Unit Energy Charge. The percent discount applicable will be twenty-five (25%) for the first three (3) years, fifteen percent (15%) in the fourth year, and 7.5% in the fifth year, except for the excess kilowatt-hour charges of Rate L which is specified under Rate L Exception.

PROVISIONS UNDER DIRECT ACCESS

For contracts that do not contain provisions governing the customer's rights under direct access, the customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract, or, terminate the contract and obtain electricity from an Electric Generation Supplier (EGS) EGS subject to their eligibility under direct access. For customers who continue to purchase power from the Company, the customer will continue to receive the Economic Incentives in accordance with this rider for the remainder of the term of the contract. For customers who elect to terminate their contract and obtain electricity from an EGS, the customer will return to the otherwise applicable tariff rates.

For contracts that contain provisions governing the customer's rights under direct access, the customer will be eligible to obtain electricity from an EGS in accordance with the terms and conditions of the customer's contract.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT
 RIDER FOR CUSTOMERS AT NEW SERVICE LOCATIONS**

(Applicable to Rates GM, GL, and L)

PURPOSE

Stimulating industrial production in Duquesne's economically distressed service area can produce benefits in terms of job creation, increased regional income, and improved living standards. The purpose of this rider is to encourage load management, increased regional industrial production, and growth in employment through an incentive for industrial customers at New Service Locations.

AVAILABILITY

This rider will be available for a period not exceeding five (5) years to each qualifying customer having an anticipated average annual load requirement of 100 kilowatts or greater. Qualifying definitions and conditions are listed below.

Customers must contract under this rider on or before December 31, 1998 to qualify for the economic incentives defined below.

ECONOMIC INCENTIVE

A qualifying customer will earn a separately stated credit to Company charges equal to the percentage discount determined below multiplied by the monthly total Demand Charge of the applicable rate. The percentage discount is determined as follows:

Incremental Hours Use	Percent Discount to Incremental Unit Demand Charge		
	First 36 Months On Rider	Next 12 Months On Rider	Next 12 Months On Rider
Over 350 Hours use	50	30	15
Over 300 to 350 Hours Use	40	24	12
Over 250 to 300 Hours Use	30	18	9
Over 200 to 250 Hours Use	20	12	6
Over 150 to 200 Hours Use	10	6	2
150 Hours Use or Less	0	0	0

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
 FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL, and L)

ECONOMIC INCENTIVE - (Continued)

A qualifying customer will earn a separately stated credit to the Company charges equal to the percentage discount determined below multiplied by the monthly Energy delivery Charges, and any Duquesne energy charges of the applicable rate excluding the energy billed at the excess kilowatt-hour charges of Rate L. The percentage discount is determined as follows:

<u>Incremental Hours Use</u>	<u>Percent Discount to Incremental Unit Energy Charge</u>		
	<u>First 36 Months On Rider</u>	<u>Next 12 Months On Rider</u>	<u>Next 12 Months On Rider</u>
Over 350 Hours use	25	15	7.5
Over 300 to 350 Hours Use	20	12	6
Over 250 to 300 Hours Use	15	9	4.5
Over 200 to 250 Hours Use	10	6	3
Over 150 to 200 Hours Use	5	3	1.5
150 Hours Use or Less	0	0	0

The percent discount applicable to those kilowatt-hours to be billed at the excess kilowatt-hour delivery charges of Rate L will be 15% for the first three (3) years, 9% for the fourth year, and 4.5% for the fifth year.

NOTE

Except for the provisions specifically set forth in this rider, all provisions, prices, and regulations of the standard general service rate under which the customer receives service shall apply.

The preceding credits will be applied before application of Rider No. 10 - State Tax Adjustment. All applicable "Standard Contract Riders" will remain in effect; however, the discounted Demand Charge applicable to a customer's billing shall not be less than twenty-five percent (25%) of the nondiscounted Demand Charge expressed in the applicable rate. The Minimum Charge Provision of the appropriate general service rate shall not be reduced by this rider.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL, and L)

DEFINITIONS

1. **Hours Use -**

$$\frac{\text{Total Kilowatt-hours used in billing period}}{\text{Billing Demand}}$$

2. **New Service Location -** A location having one or more delivery points for electric service which will be billed separately by the Company under a single billing address:

(a) To which the Company has not previously supplied electric service

or

(b) To which the Company has previously supplied electric service provided that the service previously supplied had not been used for substantially the same industrial manufacturing or processing as the present operation or that its industrial use had been discontinued at least twelve (12) months prior to application for service under this rider.

3. **Employment Reports -** The "Employer's Report for Unemployment Compensation" and "Employer's Quarterly Report of Wages Paid to Each Employee" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania and the "Employer's Quarterly Employment and Wage Analysis" is filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania for employers who have more than one place of business in the Commonwealth.

QUALIFYING CONDITIONS

1. The customer must be one moving into a New Service Location.
2. The customer must be engaged in manufacturing or processing operation as defined in the Division D. Manufacturing Standard Industrial Classification (SIC) categories as described in the 1972 Edition of Standard Industrial Classification Manual, supplements thereto, or later editions.
3. A Pennsylvania Sales Tax Blanket Exemption Certificate must be filed by the customer with the Company as soon as it is filed with the Commonwealth showing the address of the service location to which the rider is to be applicable and certifying that more than fifty percent (50%) (on an annual basis) of the electricity purchased thereunder is exempt from sales tax because it is used in manufacturing or processing operations. The rider shall not be effective until the Certificate or other suitable evidence acceptable to the Company is filed with the Company assuring that the above usage criteria is being achieved.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL, and L)

QUALIFYING CONDITIONS - (Continued)

4. Current "Employment Reports", as defined, must be filed with the Company no later than thirty days after the end of the reporting quarter as defined at 43 P.S. 753d.
5. The customer must sign an "Economic Development Rider No. 9 Amendment to Electric Service Contract". Modifications of the contract may result in the cancellation of this rider.
6. A service location is eligible for the rider only one time.
7. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.

GENERAL QUALIFYING CONDITIONS

1. The application of the rider will be discontinued if bills are not paid when due as specified in Tariff Rule No. 21, before the addition of a Late Payment Charge.
2. The rider will be reserved for a customer who applies to the Company for the rider in *writing up to twelve months prior to the time service is required.*
3. Discontinuance of or detrimental changes to the rider will not apply to an existing rider participant or a prospective participant as described in General Qualifying Condition (2).
4. The Company will monitor the impact of the rider and modify or discontinue the provisions anytime as approved by the Pennsylvania Public Utility Commission, except for the limitations established in General Qualifying Condition (3).

PROVISIONS UNDER DIRECT ACCESS

For contracts that do not contain provisions governing the customer's rights under direct access, the customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract, or, terminate the contract and obtain electricity from an Electric Generation Supplier (EGS) EGS subject to their eligibility under direct access. For customers who continue to purchase power from the Company, the customer will continue to receive the Economic Incentives in accordance with this rider for the remainder of the term of the contract. For customers who elect to terminate their contract and obtain electricity from an EGS, the customer will return to the otherwise applicable tariff rates.

For contracts that contain provisions governing the customer's rights under direct access, the customer will be eligible to obtain electricity from an EGS in accordance with the terms and conditions of the customer's contract.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 10 - STATE TAX ADJUSTMENT

(Applicable to All Rates)

In addition to the charges provided in this Tariff, a surcharge of 0% will apply to all bills rendered by the Company, pursuant to the Pennsylvania Public Utility Commission authorization of March 10, 1970, to compensate the Company for new and increased taxes imposed by the General Assembly.

The Company will recompute the surcharge using the elements prescribed by the Commission's March 10, 1970, authorization:

1. Whenever any of the tax rates used in computing the surcharge is changed, in which case the recomputation shall take into account the changed tax rate.
2. Whenever the Company makes effective increased or decreased rates (other than net energy clause), in which case the recomputation shall take into account the adjustments prescribed by the Commission's March 10, 1970, authorization.
3. On March 31, 1971, and each year thereafter.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation: and if the recomputed surcharge is less than the one then in effect the Company will, and if the recomputed surcharge is more than the one then in effect the Company may, accompany such recomputation with a Tariff or supplement to reflect such recomputed surcharge, the effective date of which, shall be ten (10) days after filing.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 11 - STREET RAILWAY SERVICE

(Applicable to Rates GS/GM and GL only)

Where service is supplied at 11,500 volts or higher at two or more interconnected points of delivery to any street railway system for the purpose of conversion to direct current energy for the operation of such system, the Billing Demand in kilowatts of such service shall be reduced by seven percent (7%) for the purpose of computation of the delivery charges of the bill under the applicable rate and any other applicable rider.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 12 - BILLING OPTION FOR VOLUNTEER FIRE
COMPANIES AND NONPROFIT SENIOR CITIZEN CENTERS**

(Applicable to Rates GS/GM, and GMH only)

Upon application, Pursuant to Act 103 of 1985, a Volunteer Fire Company or a Nonprofit Senior Citizen Center may elect to have its electric service billed at the pricing of Rate RS or Rate RH provided that it satisfies the space heating requirements stated in the availability clause of Rate RH.

Contracts will be for a period of not less than one (1) year.

DEFINITIONS

VOLUNTEER FIRE COMPANY - A separately metered service location consisting of a building, sirens, a garage for housing vehicular fire fighting equipment, or a facility certified by the Pennsylvania Emergency Management Agency (PEMA) for fire fighter training. The sole use of electric service at this service location shall be to support the activities of the volunteer fire company. Any fund raising activities at this service location must be used solely to support volunteer fire fighting operations.

The customer of record at this service location must be a predominately volunteer fire company recognized by the local municipality or PEMA as a provider of fire fighting services.

NONPROFIT SENIOR CITIZEN CENTER - A separately metered service location consisting of a facility for the sole use of senior citizens coming together as individuals or groups and where access to a wide range of services to senior citizens is provided.

The customer of record at this service location must be an organization recognized by the Internal Revenue Service (IRS) as nonprofit and recognized by the Department of Aging as an operator of a senior citizen center.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 13 - GENERAL SERVICE SEPARATELY METERED ELECTRIC SPACE HEATING SERVICE

(Applicable to Rates GS/GM, GL and L)

Available for separately metered circuitry connected to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors, system fans, pumps and controls except where the customer uses the Company's service for water heating, then water heating may also be included on the Circuit. The space heating service may be provided at the same voltage as other electric service.

MONTHLY RATE

ENERGY CHARGES

For the Billing Months of November through April:

All kilowatt-hours at:

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
Rate GS/GM	0.7288	1.3215	0.1618	1.4092
Rate GL	0.4948	1.1941	0.1135	1.8189
Rate L	0.4240	0.7484	0.1452	2.3037

For the Billing Months of May through October:

Rate GS/GM, GL and L will apply.

METER CHARGE..... \$10.00 per month

The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow the isolation and metering of the electric space heating system.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING

(Applicable to Rate RS)

AVAILABILITY

Available for separately metered circuitry connected solely to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors and system fans, pumps and controls comprising the customer's entire space heating system except where the customer uses the Company's service for water heating, then water heating equipment may also be included on the circuit.

MONTHLY RATE

ENERGY CHARGES

For the billing months of November through April:

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	1.3106	0.7147	0.2336	2.0524

For the billing months of May through October:

	<u>Distribution Charge cents per kilowatt-hour</u>	<u>Competitive Transition Charge cents per kilowatt-hour</u>	<u>Transmission Charge cents per kilowatt-hour</u>	<u>Generation Charge cents per kilowatt-hour</u>
All kilowatt-hours	2.6315	4.0755	0.2728	4.5015

METER CHARGE \$1.50 per month

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING
(Continued)

(Applicable to Rate RS)

SPECIAL TERMS AND CONDITIONS

1. Space heating equipment must be permanently installed, thermostatically controlled and approved by the Company.
2. The customer must use the Company's standard low voltage service as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood or hydro. Any alternate energy source may be used to supplement an add-on heat pump.
3. The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow isolation and metering of the electric space heating system and water heating equipment.
4. The Company reserves the right to inspect at all reasonable times the customer's circuitry to determine that the load served under the terms of this rider is created by the equipment defined herein.
5. If the Company finds, in its sole judgment, that the conditions of this rider are being violated, it may discontinue application of the rider and bill all usage pursuant to Rate RH.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15 - ENERGY COST RATE

(Applicable to All Rates except Unbundled Rates for the Retail Access Pilot Program)

An Energy Cost Rate shall be applied to each kilowatt-hour supplied under this Tariff. This Energy Cost Rate will be determined to the nearest one-thousandth of 1 mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed during the billing month:

$$ECR = \left[\frac{F_c}{S_c} - \frac{F_b}{S_b} - \frac{E_c}{S_r} \right] \times \left[\frac{1}{1-T} \right]$$

The Energy Cost Rate so computed, effective during the billing periods of April through March, shall be submitted to the Commission by March 1 of each year and be effective for service rendered on and after the following April 1 of each year provided; however, that such rate may be revised on an interim basis subject to approval of the Pennsylvania Public Utility Commission. Upon determination that the effective rate will result in a material over or under collection, such interim change shall become effective 30 days from the date of the filing unless otherwise ordered by the Commission.

Where ECR = Energy Cost Rate in mills per kilowatt-hour to be applied to each kilowatt-hour supplied under this Tariff.

F = The estimated energy-related costs of net energy generated in the Company's fossil and nuclear generating stations, plus the Company's net cost of purchased power, less the revenue received for power sold to non-affiliated utilities in the current (c) and base (b) periods, defined as follows:

Fossil Generation costs - the net costs charged to Fuel Accounts 501 and 547 which are computed on the basis of the cost of fuel delivered to the generating site at which it is consumed, plus the cost of disposing of solid waste from sulphur oxide removal devices, plus the cost of lime for sulfur oxide removal devices.

Emission Allowances - the amounts charged to Account 509 for the cost of allowances used in conjunction with corresponding amounts of sulfur dioxide emitted. Also, gains and losses from the disposition of those allowances associated with utility operations and recorded in Accounts 411.8 and 411.9, respectively.

Nuclear Generation costs - the net costs charged to Fuel Account 518 which are computed on the basis of the cost of fuel delivered to the generating site at which it is consumed, after deducting the present salvage or reuse value of such fuel, if any, plus the cost of the disposal of spent nuclear fuel (exclusive of the unamortized balanced of pre-April, 1983 disposal costs), plus payments made pursuant to the provisions of the National Energy Policy Act of 1992 for the decontamination and decommissioning of the Department of Energy's gaseous diffusion enrichment facilities.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15 - ENERGY COST RATE - (Continued)

(Applicable to All Rates except Unbundled Rates for the Retail Access Pilot Program)

F - (Continued)

Purchased Steam costs - the net costs charged to Account 521 for steam purchased from others under a joint facility operating arrangement for use in prime movers devoted to the production of electricity.

Purchased Power costs - the net amounts of the charges and credits to Account 555.

Power sold to non-affiliated utilities - the total revenue received from sales to other utilities (short-term and pass through sales) as recorded in Account 447 less sales under rate schedule FPC-11.

Test Power - the amounts charged to Account 557 for the value assigned to the energy produced from facilities undergoing operational tests prior to being placed in commercial operation.

The computation year shall be April 1 through March 31 for which the ECR as computed will apply. In projecting the Company's energy costs for the computation year, the estimated cost of energy generated and sold to other utilities on a firm basis and the estimated net effect on the Company's energy costs of generation for the computation year from any unit whose costs are not currently reflected in base rate shall be excluded. When the in-service date of such a unit can be estimated with reasonable certainty, the Company shall file with the Commission no later than 20 days prior to the unit's expected in-service date for an interim revision of the ECR then in effect to reflect the estimated effect of the unit's operation on the Company's energy cost. Such interim revision of the ECR shall not become effective unless and until rates reflecting the unit's base rate revenue requirements become effective by order of the Commission.

Ec = Experienced net over collection or under collection of the cost of energy as of the end of the 12-month period ending with the January billing period including interest. Interest shall be computed monthly at the appropriate rate as provided in Section 1308(d) of the Public Utility Code from the month over or under collection occurs to the effective month such over collection is refunded and such under collection is recouped. Customers shall not be liable for interest on net under collections.

S = The Company's projected total kilowatt-hour sales to customers excluding firm sales to other utilities in the computation year (c) and base (b) periods.

Sr = The Company's projected kilowatt-hour sales to retail customers during the computation year.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15 - ENERGY COST RATE - (Continued)

(Applicable to All Rates except Unbundled Rates for the Retail Access Pilot Program)

F - (Continued)

Fb

Sb = Base energy cost of 16.450 mills per kilowatt-hour.

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

The amount for this energy cost rate shall not be subject to the State Tax Adjustment surcharge.

Minimum bills shall not be reduced by reason of this energy cost rate. This rate shall be applied to all kilowatt-hours supplied and such charge shall be in addition to any minimums applicable.

The Company shall file quarterly reports within thirty (30) days following the conclusion of each computation year quarter. These reports will be in such form as the Commission shall have prescribed. The quarterly report filed immediately preceding the April 1 effective date will be accompanied by the tentative estimate of the energy cost rate for the next computation year.

The Company's proposed annual energy cost rate, effective for service rendered on and after April 1 through March 31, shall be submitted to the Commission by March 1 of each year and be effective for service rendered on and after April 1 unless otherwise modified or ordered by the Pennsylvania Public Utility Commission and shall remain in effect for a period of one year unless revised on an interim basis subject to the approval of the Pennsylvania Public Utility Commission. The application of the energy cost rate shall be subject to continuous review and audit by the Commission at such intervals as the Commission shall determine; the Commission shall continuously review the reasonableness and lawfulness of the amounts of charges produced by the energy cost rate and the charges herein.

If from such audit it shall be determined, by final order entered after notice and hearing, that this energy cost rate has been erroneously or improperly utilized, the Company will rectify such error of impropriety, and, in accordance with the terms of the order, apply credits against future energy cost rates for such revenues as shall have been erroneously or improperly collected. The Commission's order shall be subject to the right of appeal.

This Rider is eliminated effective January 1, 1999.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES

(Applicable to all General Service Rates)

The following applies to non-utility generating facilities including, but not limited to cogeneration and small power production facilities which are qualified in accord with Part 292 of Chapter I, Title 18, Code of Federal Regulations (qualifying facility). Electric energy will be delivered to a non-utility generating facility in accord with the following:

A. DEFINITIONS

Supplementary Power is electric energy supplied by the Company or by an Electric Generation Supplier (EGS) to a non-utility generating facility and regularly used in addition to that electric energy which the non-utility generating facility generates itself. The Company's regular and appropriate General Service Rates will be utilized for billing for Supplementary Power. Customers purchasing Supplementary Power from an EGS will be billed for charges according to their applicable rate and billing arrangement with their EGS.

Back-Up Power is defined as electric energy supplied by the Company to a non-utility generating facility during various outage conditions of the non-utility generating facility's electric generating equipment as defined below.

Base Period is the twelve consecutive monthly billing periods applicable to the customer ending one month prior to the installation of new on-site generation or increase in capacity to existing on-site generation. For customers who begin service under this rider after January 1, 1997, the Base Period will be the immediate 12 consecutive billing months prior to the installation. For all other customers, the Base Period will be 1996.

Billing Determinants are the monthly billing period billing demand in kilo-watts (kW) and the energy usage in kilowatt-hours (kWh) for Supplementary Power during the current billing month under which the on-site generation is operable.

Base Period Billing Determinants are the billing demand (kW) and the energy usage (kWh) for the month in the Base Period corresponding to the current billing month under which the on-site generation is operable.

The Competitive Transition Charge (CTC) is a non-bypassable charge applied to the bill of every customer accessing the Company's transmission or distribution system. The CTC is designed to recover the Company's transition or stranded costs as determined by the Pennsylvania Public Utility Commission as discussed in Rule 3 of this tariff. The customer shall pay a CTC based on the Billing Determinants for Supplementary Power and the applicable rate schedule.

The Avoided Competitive Transition Charge (ACTC) is a monthly charge to ensure that all customers pay their allocated share of CTC after the installation of or increase in capacity of on-site generation. The customer shall pay the ACTC when Base Period Billing Determinants exceed current month Billing Determinants by 10% or more. The ACTC will be calculated by multiplying the difference between Base Period billing determinants less the Current Month Billing Determinants for the corresponding months by the CTC charges of the current applicable rate and riders.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

B. FIRM BACK-UP POWER

Firm Back-Up Power is electric energy supplied by the Company to a non-utility generating facility during an unscheduled outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment.

The Company will supply such service each month at the following rates:

DEMAND CHARGES

	Distribution Charge \$ per kilowatt	Competitive Transition Charge \$ per kilowatt	Transmission Charge \$ per kilowatt	Generation Charge \$ per kilowatt
L/HVPS (5,000 kW or more)	1.34	0.36	0.53	1.33
GL (300 to 4,999 kW)	1.90	0.50	0.48	1.99
GS/GM (less than 300 kW)	3.69	0.68	0.56	0.64

ENERGY CHARGES

	Distribution Charge cents per kilowatt-hour	Competitive Transition Charge cents per kilowatt-hour	Transmission Charge cents per kilowatt-hour	Generation Charge cents per kilowatt-hour
L/HVPS (5,000 kW or more)	0.4240	0.1135	0.1452	2.2786
GL (300 to 4,999 kW)	0.4948	0.1300	0.1135	2.1530
GS/GM (less than 300 kW)	0.7288	1.3476	0.1618	1.3831

Plus for any General Service Large (300 to 4,999 kilowatts) or Small/Medium (less than 300 kilowatts) customer commencing service under Rider No. 16 after January 16, 1996, the following charges to recover the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power will apply:

General Service Large (300 to 4,999 kW)	\$0.2483/kW
General Service Small/Medium (less than 300 kW)	\$0.3675/kW

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

B. FIRM BACK-UP POWER - (Continued)

(The monthly per kW charge for transformation equipment for Large Power Service/HVPS [5,000 kilowatts and over] customers will be determined by the Company on a case-by-case basis.)

However, any Large Power Service/HVPS, General Service Large or General Service Small/Medium customer electing to pay the total costs of such transformation at the onset of its contract may do so pursuant to Section E and will not subsequently be billed the aforementioned monthly per kW charges.

During any month in which the Company is not required to provide energy to backup the customer's source of power, the customer will pay the above charges for contracted backup capacity.

The use of firm backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's firm back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new firm back-up Contract Demand for the remaining term of the firm back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's firm back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the firm back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

C. INTERRUPTIBLE BACK-UP POWER

Interruptible Back-up Power is electric energy supplied by the Company to a non-utility generating facility during an unscheduled outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment, subject to interruption by the Company.

The Company will provide interruptible backup service to those customers with at least 500 kW of interruptible load. The Company reserves the right to interrupt service to the customer with a 30 minute notice period during periods of transmission limitation or peak period where service to the customer will result in the need for additional capacity sources to be acquired. The rates for such service shall be the following:

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

C. INTERRUPTIBLE BACK-UP POWER - (Continued)

DEMAND CHARGES

	Distribution Charge \$ per kilowatt	Competitive Transition Charge \$ per kilowatt	Transmission Charge \$ per kilowatt	Generation Charge \$ per kilowatt
L/HVPS (5,000 kW or more)	1.34	0.09	0.53	1.29
GL (300 to 4,999 kW)	1.90	0.50	0.48	0.54
GS/GM (less than 300 kW)	3.69	0.01	0.56	0.0

ENERGY CHARGES

	Distribution Charge cents per kilowatt-hour	Competitive Transition Charge cents per kilowatt-hour	Transmission Charge cents per kilowatt-hour	Generation Charge cents per kilowatt-hour
L/HVPS (5,000 kW or more)	0.4240	0.1135	0.1452	2.2787
GL (300 to 4,999 kW)	0.4948	0.1300	0.1135	2.1530
GS/GM (less than 300 kW)	0.7288	0.1348	0.1618	2.3059

These charges will be paid every month regardless of whether or not the Company is required to provide energy to backup the customer's equipment.

Plus for any General Service Large (300 to 4,999 kilowatts) or Small/Medium (less than 300 kilowatts) customer commencing service under Rider No. 16 after January 16, 1996, the following charges to recover the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power will apply:

General Service Large (300 to 4,999 kW) \$0.2781/kW
 General Service Small/Medium (less than 300 kW) \$0.4171/kW

(The monthly per kW charge for transformation equipment for Large Power Service/HVPS [5,000 kilowatts and over] customers will be determined by Duquesne Light on a case-by-case basis.)

However, any Large Power Service/HVPS, General Service Large or General Service Small/Medium customer electing to pay the total costs of such transformation at the onset of its contract may do so pursuant to Section E and will not subsequently be billed the aforementioned monthly per kW charges.

The use of interruptible backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

C. INTERRUPTIBLE BACK-UP POWER - (Continued)

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's interruptible back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new interruptible back-up Contract Demand for the remaining term of the interruptible back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's interruptible back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the interruptible back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

D. MAINTENANCE POWER

Maintenance Power is electric energy supplied by the Company to a non-utility generating facility during outages for maintenance of the non-utility generating facility's electric generating equipment which are scheduled by the non-utility generating facility at a time mutually agreeable with the Company .

The following terms and conditions apply to all customers utilizing maintenance power:

Any customer who contracts for either firm or interruptible backup power will pay only the maintenance energy charges, that are 3 mills/kWh less than the backup energy rates, for their maintenance service. However, for those customers who take maintenance service in excess of contracted demands of firm and/or interruptible backup power, the maintenance demand charges will also apply. Customers contracting for maintenance service only will pay the maintenance service demand and backup power energy charges.

DEMAND CHARGES

	Distribution Charge \$ per kilowatt	Competitive Transition Charge \$ per kilowatt	Transmission Charge \$ per kilowatt	Generation Charge \$ per kilowatt
L/HVPS (5,000 kW or more)	1.34	0.36	0.53	0.03
GL (300 to 4,999 kW)	1.90	0.50	0.48	0.54
GS/GM (less than 300 kW)	3.69	0.01	0.56	0.0

ENERGY CHARGES

	Distribution Charge cents per kilowatt-hour	Competitive Transition Charge cents per kilowatt-hour	Transmission Charge cents per kilowatt-hour	Generation Charge cents per kilowatt-hour
L/HVPS (5,000 kW or more)	0.4240	0.1135	0.1452	1.9786
GL (300 to 4,999 kW)	0.4948	0.1300	0.1135	2.1530
GS/GM (less than 300 kW)	0.7288	0.1348	0.1618	2.3059

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

D. MAINTENANCE POWER - (Continued)

Plus for any General Service Large (300 to 4,999 kilowatts) or Small/Medium (less than 300 kilowatts) customer commencing service under Rider No. 16 after January 16, 1996, the following charges to recover the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power will apply:

General Service Large (300 to 4,999 kW)	\$0.2781/kW
General Service Small/Medium (less than 300 kW)	\$0.4171/kW

(The monthly per kW charge for transformation equipment for Large Power Service/HVPS [5,000 kilowatts and over] customers will be determined by the Company on a case-by-case basis.)

However, any Large Power Service/HVPS, General Service Large or General Service Small/Medium customer electing to pay the total costs of such transformation at the onset of its contract may do so pursuant to Section E and will not subsequently be billed the aforementioned monthly per kW charges.

These charges for maintenance service will be paid only in months of actual usage.

The customer shall specify to the Company the amount of maintenance power required.

Beginning with the date upon which the non-utility generating facility's generating equipment is first operated in any manner whatsoever, and during the immediately ensuing three (3) months of operation of the non-utility generating facility's generating equipment, maintenance power will be supplied by the Company, if available in the sole judgment of the Company, to the non-utility generating facility at the non-utility generating facility's request, in order to permit the non-utility generating facility to "shake down" the generating equipment.

After the three-month "shake down" period, the non-utility generating facility will provide the following notice to the Company for the need for maintenance power:

- (1) For a non-utility generating facility requesting less than 15 mW of maintenance power, the non-utility generating facility will provide 30 calendar days notice to the Company of the need for maintenance power. The Company will respond within seven (7) calendar days of notification by the non-utility generating facility whether or not maintenance power can be made available at the time requested or at some other time.
- (2) For a non-utility generating facility requesting between 15 mW and 30 mW of maintenance power, the non-utility generating facility will provide 60 calendar days notice to The Company of the need for maintenance power. The Company will respond within 14 calendar days of the notification by the non-utility generating facility whether or not maintenance power can be made available at the time requested or at some other time.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

D. MAINTENANCE POWER - (Continued)

- (3) For a non-utility generating facility requesting more than 30 mW of maintenance power, the non-utility generating facility will provide 90 calendar days notice to the Company of the need for maintenance power. The Company will respond within 21 calendar days of the notification by the non-utility generating facility whether or not maintenance power can be made available at the time requested or at some other time.

The Company will make available the maintenance power upon mutual agreement within 30 days before or after the customer's requested scheduled maintenance outage date.

Maintenance power will be available to a non-utility generating facility not more than five (5) separate periods in a calendar year, cumulatively totaling 60 days in a calendar year.

Maintenance power may be available between the hours of 10:00 p.m. and 8:00 a.m. weekdays and all day Saturdays, Sundays and generally observed holidays upon six (6) hours notice to the Company by the non-utility generating facility. These limited "off-peak" uses of maintenance power will be restricted to not more than 15 separate periods in a calendar year and will not be included in the five (5) separate periods or 30 days in a calendar year. The availability of maintenance power between the hours of 10:00 p.m. and 8:00 a.m. weekdays and all day Saturdays, Sundays and generally observed Holidays would be determined solely by the Company and the Company will respond within two (2) hours of the request for maintenance power by the non-utility generating facility.

E. INTERCONNECTION

Each non-utility generating facility will be required to install at its expense or pay in advance to have the Company install interconnection equipment and facilities which are over and above that equipment and facilities required to provide electric service to the non-utility generating facility according to the Company's General Service Rates. (The costs of transformation equipment recovered under Sections B, C and D on a per kW monthly basis from Large Power Service/HVPS, General Service Large and General Service Small/Medium customers are not included herein.) Any such equipment to be installed by the non-utility generating facility must be reviewed and approved in writing by the Company prior to installation. Nothing in this rider shall exempt a new customer from the application of Rules No. 7 and 9 regarding Supply Line Extensions and Relocation of Facilities.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION

(Applicable to Rates GL, GLH, L, and HVPS only)

PURPOSE

This rider is applicable in conjunction with Tariff Rule 39.2, relating to Emergency Energy Conservation. It provides for deviation from and modifications to the charges and practices otherwise applicable to certain customers as a result of compliance with or noncompliance with energy conservation curtailment levels requested or ordered under emergency energy conservation conditions resulting from actual or potential shortage of fuel for electric generation.

APPLICABILITY

Applicable progressively in the following order of priority as required by the need for curtailment to meet conditions resulting from actual or potential shortage of fuel for electric generation:

1. To individual electric customer accounts served under Rates L and HVPS with recorded demand of 5,000 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.
2. To individual electric customer accounts served under Rates GL and GLH with recorded demand of 300 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.

Customers designated as exempt in the procedures for emergency energy conservation filed in accord with Tariff Rule 39.2 or by the Pennsylvania Public Utility Commission will be exempt from the provisions of this rider.

DEFINITIONS

1. **Base Period Energy Use** - The base energy use for a weekly period shall be determined by the Company for each applicable electric customer account based upon a consideration of the customer's actual past or current electric consumption and the customer's existing operation.
2. **Mandatory Curtailment Energy Use Level Target** - The Mandatory Curtailment Energy Use Level Target for each applicable customer shall be that percentage of base period energy use ordered pursuant to the emergency energy conservation procedures provided by Tariff Rule 39.2 or other percentage as a result of the order of appropriate governmental authority.
3. **Current Energy Use** - Current period use will be monitored on a weekly basis commencing on the date the emergency is declared.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION - (Continued)

(Applicable to Rates GL, GLH, L, and HVPS only)

DEFINITIONS - (Continued)

4. **Compliance** - When the energy consumption in any weekly period during the period of the mandatory emergency energy conservation condition is equal to or less than the mandatory curtailment energy use level target, the customer will be deemed to have complied.

In the event of continued non-compliance, the Company, upon notice to the Commission, may discontinue service.

A customer may arrange with the utility for mutually acceptable methods for achieving the mandatory curtailment energy use level target, as long as the customer, in total, meets the curtailment target.

BILLING

During the period of emergency energy conservation condition, billing will be based on meter readings especially made to identify the demand established and energy used during the current energy use period. Customers in compliance with conservation orders will be excused from minimum bills and historical or Contract Demand or ratchet provisions and will be billed instead on the basis of current consumption and demand whenever the normal calculation method would produce a greater bill.

These customers will be individually notified of this special billing provision prior to the implementation of the emergency energy conservation procedure.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 18 - RATE FOR PURCHASE OF ELECTRIC ENERGY FROM
CUSTOMER-OWNED RENEWABLE RESOURCES GENERATING FACILITIES**

The Company will purchase electric energy from customer-owned generating facilities that: (1) are "qualifying small power production facilities" as defined in Subpart B - Qualifying Cogeneration and Small Power Production Facilities, of Part 292 of Subchapter K of Chapter 1, Title 18, Code of Federal Regulations ("facility"); (2) are located in the Company's service area; (3) use as the energy source renewable resources such as small scale hydro facilities of 30 megawatts or less, biomass, waste, solar or wind; and (4) meet one of the following three criteria:

- (a) are subject to a contract dated prior to August 25, 1987, and are supplying electric energy, or have commenced construction of facilities to supply electric energy within sixty (60) day of August 25, 1987.
- (b) are supplying electric energy to the Company under the terms of this rider on or before August 25, 1987, but are not subject to an executed contract.
- (c) have been negotiating with the Company for a contract and it is determined that the project has been the subject of serious negotiations prior to August 25, 1987.

The electric energy will be purchased, as available, from such facilities at the rate of six (6) cents per kilowatt-hour, or at a rate based on the Company's avoided costs when such costs exceed six (6) cents per kilowatt-hour. For facilities that do not qualify under the provisions of this rider, electric energy will be purchased at a rate based on the Company's avoided costs as calculated in accordance with the applicable PA. P.U.C. regulations. Payment will be made monthly for the electric energy received from the facility in the preceding month.

Each facility will be required to install at its expense, or to have the Company install at the customer's expense, interconnection equipment and facilities including metering, protection and controls. All such interconnection equipment and facilities must be reviewed and approved in writing by the Company prior to installation.

The owner of each facility will be solely responsible for the operation, maintenance and repair of such facility.

The Company shall not be liable for damage to the facility which may result from its interconnection with the Company's facilities.

This rider shall be effective only so long as the cost of such energy purchased by the Company may be recovered by the Company through its Energy Cost Rate or its equivalent in the future.

Purchase of electric energy under this rider shall be subject to all applicable Rules and Regulations of the Company's Electric Service Tariff, such Rules and Regulations to be read and interpreted, generally, with the word "purchase" substituted for the word "supply" or the word "service" where appropriate to reflect the application of the Rules and Regulations to the purchase rather than the sale of electric energy.

The Company reserves the right to require a written contract covering the purchase of electric energy for each facility.

STANDARD CONTRACT RIDERS - (CONTINUED)

RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE

(Applicable to Rates RS, RH, RA and GS/GM)

AVAILABILITY

Available to customers on the applicable rates utilizing electric storage water heaters equipped with timing devices that control water heating to defined off-peak hours as the sole source of water heating.

MONTHLY RATE

ENERGY CHARGE

All Kilowatt-hours of water heating usage at 2.98 cents per Kilowatt-Hour

The energy charge per kilowatt-hour of water heating usage shall be revised annually each December 1st, beginning on December 1, 2001, according to an index reflecting the average annual increase or decrease in residential gas prices billed by the three major Pittsburgh area gas companies for the previous year. However, in no case will the monthly energy charge billed under this rider fall below 2.98 cents per kilowatt-hour or go above 6.00 cents per kilowatt-hour by action of the annual adjustment.

DETERMINATION OF MONTHLY WATER HEATING USAGE

For customers who have installed a storage water heating system that limits water heating to the defined off-peak hours specified and stores hot water for use during on-peak periods, the monthly water heating usage will be determined based upon the heating unit capacities as follows and subject to the limitation listed below:

<u>Unit Capacity</u>	<u>Monthly Water Heating Allowance</u>
30 to 39 gallons	last 150 kWh of total usage
40 to 59 gallons	last 200 kWh of total usage
60 to 99 gallons	last 300 kWh of total usage
100 to 119 gallons	last 400 kWh of total usage
120 gallons or greater	last 500 kWh of total usage

LIMITATION ON WATER HEATING USAGE

In no instance will this rider apply to the first 200 kWh of a customer's monthly usage. This base usage of 200 kWh will always be billed at the applicable rate.

STANDARD CONTRACT RIDERS (Continued)

RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE- (Continued)

(Applicable to Rates RS, RH, RA and GS/GM)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Friday
10:00 A.M. TO 9:00 P.M.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rider and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

SPECIAL TERMS AND CONDITIONS

To be eligible for this rider, the customer must agree to the following terms and conditions:

1. The electric storage water heaters must be approved by the Company as capable of meeting the usage control requirements of this rider.
2. The Company reserves the right to inspect at all reasonable times the energy storage and usage control devices that qualify the customer for this rider and to ascertain by any reasonable means that the time differentiated load characteristics of such devices meet Company specifications.
3. If the Company finds that in its sole judgment the conditions of this rider are being violated, it may discontinue billing the customer under the provisions of this rider and all usage will be billed at the applicable rate.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - SMALL BUSINESS DEVELOPMENT RIDER

(Applicable to Rate GS/GM)

PURPOSE

Stimulating development of small industrial facilities in the Company's economically distressed service area may produce benefits in terms of job creation, increased regional income, and improved living standards. The purpose of this rider is to encourage load management, increase regional industrial production, and grow employment through an incentive for small industrial customers.

AVAILABILITY

This rider will be available for a period not exceeding five (5) years to qualifying new industrial customers having estimated annual load requirements not exceeding 105 kW. Qualifying terms and conditions are listed below.

Customers must contract under this rider on or before December 31, 1998 to qualify for the economic incentives defined below.

ECONOMIC INCENTIVE

A qualifying customer will earn a separately stated credit equal to the Billing Demand minus the Monthly Base Period Billing Demand multiplied by the discounted Incremental Unit Demand Charges of Rate GS/GM. The minimum Monthly Base Period Billing Demand for new or existing customers will be five (5) kW. The percentage discount is 50% for the first 36 months, 30% for the next 12 months and 15% for the last 12 months the customer is on this rider.

NOTE

Except for the provisions specifically set forth in this rider, all provisions, prices, and regulations of the standard general service rate under which the customer receives service shall apply.

The preceding credits will be applied before application of Rider No. 10 - State Tax Adjustment. All applicable "Standard Contract Riders" will remain in effect. The Minimum Charge Provision of Rate GS/GM shall not be reduced by this rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - SMALL BUSINESS DEVELOPMENT RIDER - (Continued)

(Applicable to Rate GS/GM)

DEFINITIONS

1. **New Service Location** - A location having one or more delivery points for electric service which will be billed separately by the Company under a single billing address:
 - (a) To which the Company has not previously supplied electric service

or

 - (b) To which the Company has previously supplied electric service provided that the service previously supplied had not been used for substantially the same industrial manufacturing or processing as the present operation or that its industrial use had been discontinued at least twelve (12) months prior to application for service under this rider.
2. **Existing Service Location** - An existing location of a customer having one or more delivery points for electric service billed separately by the Company under a single billing address.
3. **Base Period for Existing Customers** - The twelve consecutive monthly billing periods applicable to the existing customer ending one month prior to the application of this rider.
4. **Monthly Base Period Billing Demand:**
 - (a) **Existing Customer** - The Billing Demand used in billing the Existing Service Location for the month in the Base Period corresponding to the billing month to which the rate reduction under this rider is applied.
 - (b) **New Customer** - The Monthly Base Period Billing Demand will be five (5) kW for every month billed under this rider.
5. **Employment Reports** - The "Employer's Report for Unemployment Compensation" and "Employer's Quarterly Report of Wages Paid to Each Employee" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania and the "Employer's Quarterly Employment and Wage Analysis" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania for employers who have more than one place of business in the Commonwealth.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - SMALL BUSINESS DEVELOPMENT RIDER - (Continued)

(Applicable to Rate GS/GM)

TERMS AND CONDITIONS

1. The customer may be a new or an existing customer.
2. The customer must be engaged in manufacturing or processing operations as defined in the Division D. Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of Standard Industrial Classification Manual, supplements thereto, or later editions.
3. A Pennsylvania Sales Tax Blanket Exemption Certificate must be filed by the customer with the Company as soon as it is filed with the Commonwealth showing the address of the service location to which the rider is to be applicable and certifying that more than fifty percent (50%) (on an annual basis) of the electricity purchased thereunder is exempt from sales tax because it is used in manufacturing or processing operations. The rider shall not be effective until the Certificate or other suitable evidence acceptable to the Company is filed with the Company assuring that the above usage criteria is being achieved.
4. Current "Employment Reports," as defined, must be filed with the Company no later than thirty days after the end of the reporting quarter as defined at 43 P.S. 753d.
5. In the event a customer's new or incremental load consistently exceeds 100 kW, the customer will be given the option, upon request, of remaining on this rider with the discount applied to a maximum of 100 kW of new or incremental load or the customer may execute a new Rider 8 five (5) year contract with base load normally set equal to the customer's load at the time of the transfer to Rider 8. The Company reserves the right to establish an appropriate base load in the event the customer's load prior to transfer to Rider 8 is not a true representation of its base load.
6. The customer must sign a five (5) year "Economic Development Rider No. 20 Amendment to Electric Service Contract." Failure to comply with the terms and conditions of the contract may result in the cancellation of this rider.
7. A Customer who increases its business after the initial five (5) year discount period is eligible for Rider 8 if the customer meets the Qualifications and Terms and Conditions of Rider 8.
8. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - SMALL BUSINESS DEVELOPMENT RIDER - (Continued)

(Applicable to Rate GS/GM)

TERMS AND CONDITIONS - (Continued)

9. If an existing customer in the service area moves their operation to a new location, the Base Period of the prior service shall move with the customer, and the new location would be treated as an Existing Service Location. A service location, to which the Company had previously supplied service within the prior twelve (12) months for substantially the same industrial manufacturing or processing as the present or proposed operation, would be treated as an Existing Service Location. However, the Base Period would be then defined as the last twelve (12) monthly billing periods during which there was industrial operation at the site.
10. If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Billing Demand shall be determined by the Company.
11. The Company reserves the right to adjust the Monthly Base Period Usage for unusual circumstances such as labor work stoppages. If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Usage shall be determined by the Company.
12. The application of the rider will be discontinued if bills are not paid when due as specified in Tariff Rule No. 21, before the addition of a Late Payment Charge.
13. The rider will be reserved for a customer who applies to the Company for the rider in writing up to twelve months prior to the time service is required.
14. Discontinuance of or detrimental changes to the rider will not apply to an existing rider participant or a prospective participant as described in Condition (13).

PROVISIONS UNDER DIRECT ACCESS

For contracts that do not contain provisions governing the customer's rights under direct access, the customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract, or, terminate the contract and obtain electricity from an Electric Generation Supplier (EGS) EGS subject to their eligibility under direct access. For customers who continue to purchase power from the Company, the customer will continue to receive the Economic Incentives in accordance with this rider for the remainder of the term of the contract. For customers who elect to terminate their contract and obtain electricity from an EGS, the customer will return to the otherwise applicable tariff rates.

For contracts that contain provisions governing the customer's rights under direct access, the customer will be eligible to obtain electricity from an EGS in accordance with the terms and conditions of the customer's contract.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 - UNIVERSAL SERVICE CHARGE

(Applicable to all Rates)

A Universal Service Charge, calculated independently for each rate schedule in this Tariff using distribution allocation factors, shall be applied to all kWh delivered under the Tariff. This Universal Service Charge shall be determined to the nearest one-thousandth of 1 mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours delivered during the billing month:

$$USC = \{ ((U * D) / S) - B - e \} * \{ 1 / (1 - T) \}$$

The Universal Service Charge so computed, effective during the billing months of April through March, shall be applied to customers' bills as a non-bypassable surcharge effective for service rendered on and after the following April 1 of each year.

Where USC = Universal Service Charge in mills per kWh to be applied to each kilowatt-hour delivered under this Tariff.

U = The estimated universal service program costs related to the Company's Customer Assistance Program (CAP), Customer Assistance and Referral Evaluation Services (CARES), Smart Comfort Program, Hardship Fund and Consumer Credit Counseling Service (CCCS) for the computation year. (The costs to be included in the initial USC effective April 1, 2000 will include costs deferred from January 1, 1999 through February 28, 2000.)

D = Distribution Allocation Factor for each rate schedule as stated below:

Rate RS	0.429000
Rate RH	0.035000
Rate RA	0.004000
Rate GS/GM	0.238000
Rate GMH	0.027000
Rate GLH	0.019000
Rate GL	0.127000
Rate L	0.058000
Rate HVPS	0.027000
Rate AL	0.000001
Rate SE	0.011000
Rate MTS	0.001000
Rate SM	0.024000
Rate SH	0.000190

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 - UNIVERSAL SERVICE CHARGE - (Continued)

S = The Company's projected kWh to be delivered for each rate schedule for the computation year.

B = Base universal service charges, in mills per kilowatt hour, as stated below for each rate schedule:

Rate RS	3.100
Rate RH	1.400
Rate RA	1.500
Rate GS/GM	0.600
Rate GMH	0.300
Rate GLH	0.030
Rate GL	0.030
Rate L	0.010
Rate HVPS	0.009
Rate AL	1.900
Rate SE	0.040
Rate MTS	1.800
Rate SM	0.300
Rate SH	0.200

e = The experienced net overcollection or undercollection of the universal service program costs as computed for each rate schedule as of the end of the reconciliation period.

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

The Company's proposed annual Universal Service Charge, effective for service rendered April 1 through March 31, shall be submitted to the Commission by March 1 of each year commencing in 2000. The application of the Universal Service Charge shall be subject to continuous review and audit by the Commission at such intervals as the Commission shall determine.

If from such audit it shall be determined, by final order entered after notice and hearing, that this Universal Service Charge has been erroneously or improperly utilized, the Company will rectify such error of impropriety, and, in accordance with the terms of the order, apply credits against future Universal Service Charges for such revenues as shall have been erroneously or improperly collected. The Commission's order shall be subject to the right of appeal.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 22 - RENEWABLE ENERGY SERVICE

(Applicable to Rates RS, RH, RA, GS/GM and GMH)

AVAILABILITY

Available to customers purchasing single-phase electric service served under the applicable rates who have installed a device or devices that are, in sole judgment, a bona fide technology for use in generating electricity from qualifying renewable energy installations not exceeding 10 kW, and that will be operated in parallel with the Company's system. Qualifying renewable energy installations include solar panels, wind, hydro, biomass, methane field, and fuel cell generation. The customer's equipment must conform to the installation requirements contained in the Company's published "Requirements For Parallel Operation Of Non-Utility Generation." The Company will modify its distribution and transmission facilities as necessary to interconnect with the customer at a single point. A customer will be charged for all modifications, additions or retirements made to provide the interconnection, in accordance with the "Requirements For Parallel Operation Of Non-Utility Generation." The costs for making the renewable energy resource operational shall be the responsibility of the customer.

METERING

A customer may select one of the following metering options in conjunction with the applicable rate.

- (a) A non-ratcheted, bi-directional meter, may be used to record net energy sales to the customer.
- (b) Two meters may be installed. One will measure the energy delivered by the Company that the customer uses, and the other will measure the energy delivered to the Company from the customer that is generated by the customer's qualified renewable energy installation.
- (c) The Company shall consider other qualified meter installations requested by the customer.

BILLING

If, in any billing month, the amount of energy delivered by the Company that the customer uses is greater than the amount of energy the customer delivered to the Company, then the Company will bill the customer for the difference on the applicable rate. If, in any billing month, the amount of energy delivered by the Company that the customer uses is less than the amount of energy the customer delivered to the Company, only the Customer Distribution Charge of the applicable rate will be due by the customer. A customer may sell any excess energy to an EGS other than the Company.

METERING CHARGE

- Option (a) No charge
- Option (b) \$6.38 for customers on Rates RS, RA and RH
\$9.07 for customers on Rates GS/GM and GMH.
- Option (c) Meter cost shall be based upon the net incremental cost to the Company to purchase install and make operational the new metering equipment.


BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility)
Commission)
)
v.) Docket No. R-00974104
)
Duquesne Light Company)
Application for Approval of)
a Restructuring Plan Pursuant)
to 66 Pa. C.S. § 2806(d))

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document, by overnight courier, upon the participants on the attached service list in accordance with Section 1.54 of the Commission's regulations.

Dated this 18th day of June, 1998.



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