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September 11, 1998

VIA OVERNIGHT MAIL

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SEP 12 1998

James J. McNulty
Office of the Prothonotary
Pennsylvania Public Utility Commission
North Office Building
North St. & Commonwealth Ave.
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Duquesne Light Company
Docket No. R-00974104

ORIGINAL

Dear Mr. McNulty:

Enclosed is an original and nine copies of the Second Compliance Filing of Duquesne Light Company Regarding Stand-Alone Restructuring Plan. I also have enclosed two additional copies and request that your office time-stamp them and return them in the enclosed self-addressed, stamped envelope.

Thank you for your assistance in this matter.

Sincerely,



John S. Moot
Counsel to
Duquesne Light Company

EEF

Enclosure

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

ORIGINAL

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

Pursuant to the Order on Compliance Filing ("Compliance Order") issued on August 13, 1998, Duquesne Light Company ("Duquesne") hereby submits its second compliance filing regarding the stand-alone restructuring plan approved in this proceeding, including Duquesne Electric Tariff No. 18. The stand-alone restructuring plan applies in the event that DQE's merger with Allegheny Energy, Inc. is not consummated. Because DQE has indicated that it is unaware of any facts that would suggest the merger will be consummated, Duquesne is submitting a second compliance filing related only to the stand-alone restructuring plan. This will reduce the potential confusion for customers and other stakeholders that would arise were Duquesne to continue filing two sets of tariffs and other documentation related to the restructuring plan. In the event that circumstances change prior to October 5, 1998 such that it appears the merger is likely to be consummated, Duquesne will

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promptly submit the necessary tariffs and documents pertinent to the merger restructuring plan in a manner that appropriately implements the Compliance Order.

The following is a discussion of each significant item reflected in the compliance filing.¹

I. PHASE-IN OF CUSTOMER CHOICE

A. Requirements of the Order

The Commission directed the Company to adopt the clarification recommended by the OSBA to delete references to those customers taking service under the GS/GM tariff with demands less than 20 kW as "commercial" customers. Compliance Order at 32.

B. Description of Compliance Filing

Complying with this requirement does not require any change in Duquesne's proposed tariffs. However, the company agrees to drop all categoriza-

¹ Duquesne notes that this Second Compliance Filing is being filed and served via overnight mail on September 11, 1998. This is in compliance with the Commission's requirement that it be filed and served by September 12, 1998, which falls on a Saturday. Consistent with this approach, interested parties should be permitted to follow the same interpretation of the Compliance Order and the Commission's rules by filing their comments with the Commission by September 21, 1998, whether by overnight mail on September 18 for delivery on September 21 or by hand delivery on September 21. This will provide them the full seven-day response time provided in the Compliance Order.

tion for customers with demands less than 20 kW as commercial customers for purposes of phasing-in retail choice.

II. TRANSMISSION AND DISTRIBUTION RATES – UNBUNDLING ISSUES

A. Requirements of the Order

The Commission's order raises three issues regarding Duquesne's unbundled transmission and distribution rates. First, the Commission ordered Duquesne to remove approximately \$5 million in ancillary related costs included in the distribution component of its unbundled rates. Compliance Order at 5-7. Second, the Commission instructed the Company to employ 1999 sales volumes for determining the build-up of T&D rates. *Id.* at 9. Finally, the Commission directed Duquesne to use 1996 realized class rates of return, instead of 1988 realized class rates of return in computing its T&D rates. *Id.* at 9-11.

B. Description of Compliance Filing

Appendix A includes the following: (i) system average transmission, distribution, and ancillary rates that result from compliance with the Order on Compliance, and (ii) reconciliation of the unbundled T&D rates filed in the original compliance filing to those included with this submission. T&D rates are approximately \$5.8 million lower than the ones filed in the original compliance filing. As

explained in Duquesne's Petition for Clarification and Reconsideration, the T&D rates have been developed on the basis of 1996 test year volumes.

III. TRANSITION OR STRANDED COSTS

A. Requirements of the Order

The Compliance Order addressed certain stranded cost quantification issues, including deferred taxes and deferred fuel, and the roll-in of the ECR.

B. Description of Compliance Filing

Duquesne's Petition for Reconsideration describes the appropriate manner in which the Restructuring Order and Compliance Order should be implemented. The correct computation of stranded costs is contained in Duquesne's Generation Auction Plan as part of the discussion of the accounting for proceeds of the auction. This is the mechanism by which a final calculation of stranded costs will be made. Because the CTCs that will apply prior to such final accounting for proceeds are derived using the same methodology adopted in the pilot proceeding – *i.e.*, are calculated as a *residual* after deducting the credits and T&D charges from current rates – the rates filed in this compliance filing are not based on a final, correct calculation of deferred taxes and deferred fuel. However, for purposes of a complete presentation and in conformity with the Compliance Order, Duquesne (i) restates that the correct computation for the deferred fuel regulatory asset is \$25 million (on an after-tax basis), which reflects the balance as of May 29, 1998, the date of "conclu-

sion of the restructuring proceeding," and (ii) submits an explanation and quantification of the correct balance of deferred taxes (attached as Appendix B), using information from the record of this case, that is consistent with Appendix G of the Generation Auction Plan.

The Second Compliance Filing also reflects the correct calculation of the ECR that was effective on the date of the Act, as explained and supported in the Petition for Reconsideration.²

IV. TARIFF ISSUES

A. Requirements of the Order

The Commission directed the Company to allocate customer discounts by first reducing distribution charges and any remaining discounts equally between the CGC and the unbundled CTC. Compliance Order at 22. In addition, the PaPUC found that customers with existing discounts must receive an allocated discount to the T&D portion of the bill unless the nature of the discount was exclusively on the generation component. Compliance Order at 14. Finally, the Commission made several findings regarding other tariff issues.

² The effect of this adjustment is to reduce the system average rate cap from 8.93¢/kWh to 8.87¢/kWh as set forth in the proof of revenue schedules attached hereto.

B. Description of Compliance Filing

The company has changed its unbundling methodology for economic development riders 8, 9, and 20 and rule 4 contracts to comply with the Commission's order. For the economic development riders, the Company will reduce the otherwise applicable distribution charges by the amount of the customer discount. Any remaining amount will be equally distributed between the otherwise applicable CGC and CTC tariff rates. The economic development rider discounts are currently determined as a percentage of the full tariff rates.

Rule 4 contracts are unbundled by allocating the customer discount from full tariff rates equally between the otherwise applicable unbundled CTC and CGC rates. Distribution rates have not been reduced because the nature of the discount was exclusively on the generation component.

The results for the test year 1996 are included as Appendix C.

Duquesne also has implemented the other required changes to the Tariff 18 as indicated in the summary sheet attached as Appendix D. Electric Tariff 18, and a black-lined version showing the necessary changes, also is attached as Appendix E.

V. COMPETITIVE SAFEGUARDS

A. Requirements of the Order

The Compliance Order directs Duquesne to modify Rule 1 of the Code of Conduct to remove the reference to "customer" goods and services in order to conform to the language adopted in *PECO Energy*. Compliance Order at 43. The order also approved most portions of the Supplier Tariff, but directed Duquesne to convene a conference with interested parties to discuss issues relating credit requirements and scheduling coordinators.

B. Description of Compliance Filing

1. Code of Conduct

Duquesne has modified Rule 1 as prescribed and, as committed in its Reply Comments, has amended the alternative dispute resolution procedures in Rule 9. The revised Code of Conduct, and a black-lined version thereof, is attached as Appendix F.

2. Supplier Tariff

Duquesne convened a "Supplier Tariff Conference" on Thursday, August 27, 1998 to further develop these issues. Duquesne proposes the following changes and revisions which incorporate all developments since Duquesne's compliance filing. The revised Supplier Tariff, and a black-lined version thereof, is attached as Appendix G.

(a) Credit Requirements

Duquesne proposes that all EGSs must provide a letter of credit to the Company prior to operating as a supplier in Duquesne's service territory. Based upon EGS concerns expressed at the Supplier Tariff Conference and internal discussions, the Company believes that it may be exposed to great financial exposure at certain times. As a result, the Company proposes the following revision to ensure that the Company will be able to collect payment in the event that an EGS fails to meet its obligations. The Company proposes that an EGS must post a letter of credit in the amount of \$250,000, or an amount equivalent to two months of billings for the EGS's customers' forecasted MWH load for two months multiplied by \$25.00/MWH, whichever is less. The \$25.00 is intended to approximate system lambda and to cover the potential default of an EGS on its obligations to supply and to ensure that Duquesne is reimbursed for supplying such energy.

Duquesne is concerned that an EDC, in certain situations, has minimal, if any, recourse when an EGS defaults on its obligations to supply power, or an EGS becomes insolvent. If an EGS defaults on supply, then Duquesne, as the provider of last resort, must supply power to the EGS's customers. If, additionally, the EGS is insolvent, then Duquesne has limited recourse against the EGS. This is of particular concern when customers choose to have the EGS "separately bill" under § 2807(c) of the Competition Act. There, the customer pays the EGS and not

Duquesne, and the Company has no recourse against that EGS. Moreover, during the time that the EGS fails to supply energy to Duquesne's control area, Duquesne is responsible for supplying the EGS's customers as provider of last resort. If the EGS is insolvent, then Duquesne may not fully recover those energy and imbalance charges.

The following example demonstrates the possible magnitude of such charges in the event that an EGS fails to supply during a period (i.e., the summer) when the market clearing price might be, for example, \$25.00/MWH.

Supplier's Average Load MW	Hours Per Month	Monthly Supply Requirements MWH	Average Market Clearing Price \$/MWH	Duquesne Exposure for Failure of an EGS to Supply (\$)
1	730	730	25	18,250
10	730	7,300	25	182,500
100	730	73,000	25	1,825,000
1000	730	730,000	25	18,250,000

It is clear that Duquesne may be exposed to a high degree of risk when supplying power in such a situation. Duquesne proposes the letter of credit as a means to attempt to ensure recovery.

In the event the Commission declines to adopt the proposal to require all EGSs post a letter of credit, Duquesne proposes that the Commission adopt the Company's original proposal, as modified below, to require a deposit in the form of a letter of credit when an EGS is determined to have Bad Credit. Duquesne would clarify how an EGS would guarantee payments:

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 letter of credit satisfactory to the Company. The Company will hold the letter of credit 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 letter of credit 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 letter of credit sought by the Company if the EGS believes such a requirement is inappropriately based or assessed.

12.4.1 Amount of Deposits. The letter of credit shall be equal to (i) \$250,000; or (ii) the value of two months of EGS's customers' forecasted MWH load multiplied by \$25.00, whichever is less.

12.4.2 Return of Letter of Credit. Letter of Credit secured from an EGS shall be returned to the EGS when the EGS becomes Creditworthy. In cases of discontinuance or termination of service, letter of credit will be returned with upon payment of all service charges and guarantees or with deduction of unpaid accounts.

(b) Bad Credit

Duquesne proposes to revise the conditions and events under which an EGS would have Bad Credit. Based upon EGSs' concerns raised at the Supplier

Tariff Conference and internal discussions, Duquesne's revision to the definition of "Bad Credit" is intended to ensure that Bad Credit is determined in an objective and verifiable manner.

(c) **Scheduling Coordinator**

Duquesne revises the Scheduling Coordinator Designation Form to clarify the responsibilities of the Scheduling Coordinator and reporting requirements.

(d) **Other Revisions**

The Compliance Order directs Duquesne to permit an EGS to see how its bills were calculated. Duquesne revises Section 8.6. Duquesne requests clarification regarding the "allocation of errors" because this issue does not apply to Duquesne's single jurisdictional territory.

Duquesne incorporates the accepted revisions proposed by the Company for Rules 5.3.5 and 5.3.6. See Compliance Order at 49-50.

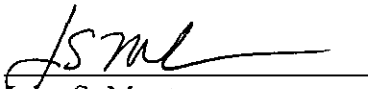
The Company also proposes two revisions to comply with the Commission's August 13, 1998 Order regarding electronic data transfer standards. See Standards for Electronic Data Transfer and Exchange between Electric Distribution Companies and Electric Generation Suppliers. Docket No. M-00960890F.0015 (August 13, 1998) (EDEWG Order). The Commission determined that the costs of processing an EGS sending erroneous data multiple times should be assessed against the sending EDC or EGS, and that this issue should be resolved in

the EDC's supplier tariff proceeding. EDEWG Order at 43. Duquesne accordingly proposes to revise Rule 4.14. The Commission also suggested clarifying language regarding the EDC obligation to forward funds (EDEWG Order at 14-15) and Duquesne accordingly revises Rule 12.1.5.

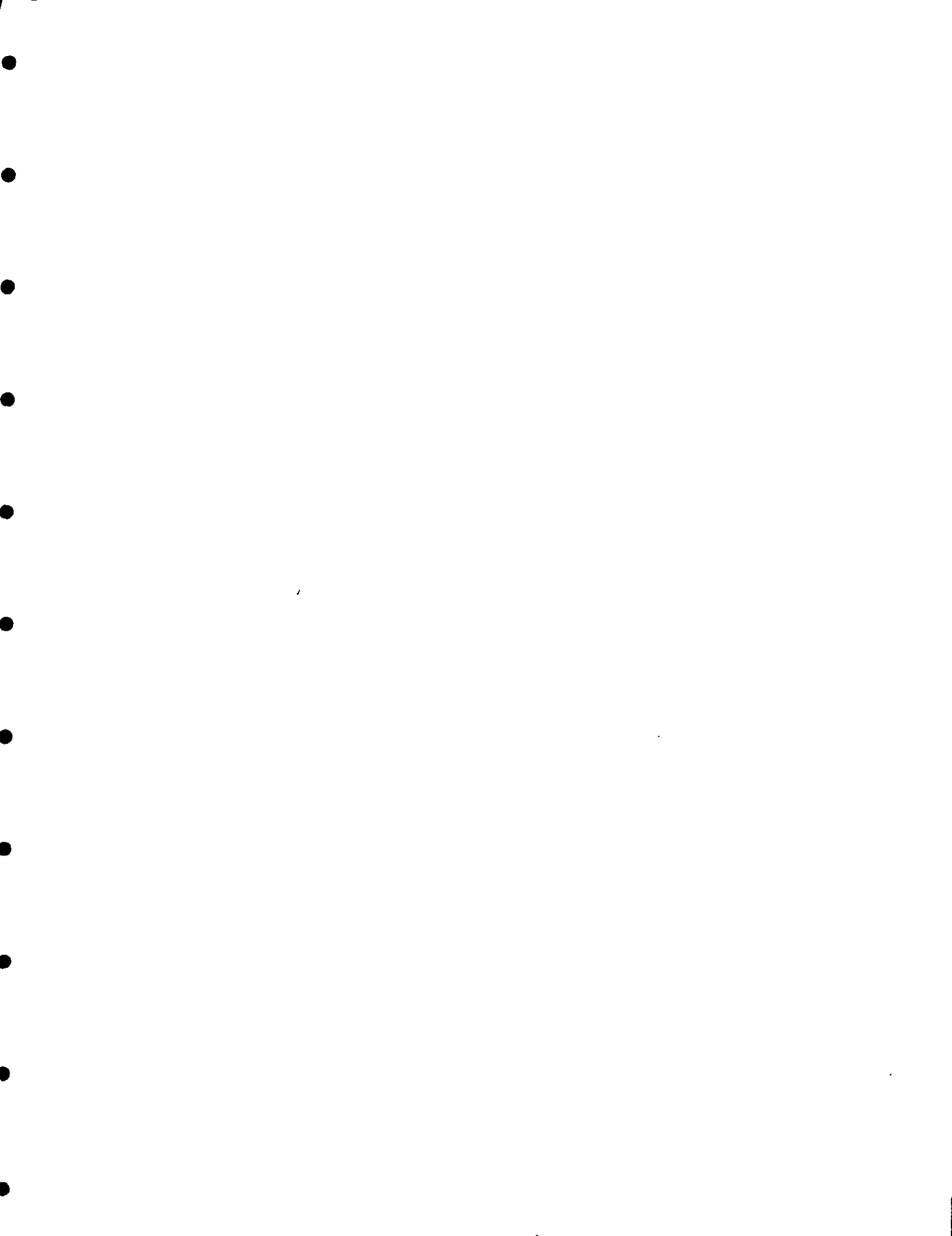
WHEREFORE, Duquesne's second compliance filing should be accepted without modification or condition.

Respectfully submitted,

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Assistant General Counsel
Richard S. Herskovitz
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Dated: September 11, 1998



APPENDIX A

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

INTERIM RATES - BACK-UP

CTC CALCULATION

Bundled Rate		\$0.0887
Less:		
Transmission	\$0.0025	
Ancillary	\$0.0011	
<u>Trans. losses</u>	<u>\$0.0001</u>	
Trans. Total		\$0.0037
Less:		
Distribution	\$0.0202	
<u>Dist. losses</u>	<u>\$0.0009</u>	
Dist. Total		\$0.0210
Less:		
Pilot Market*	\$0.0284	
<u>CPC **</u>	<u>\$0.0075</u>	
SUM (CGC)		\$0.0359
CTC		\$0.0281

PAPUC TARIFFS

Component:	Retail	EGS	Retail	EGS
CTC	\$0.0281			
Dist.	\$0.0202			
Trans			\$0.0025	\$0.0025
CGC	\$0.0359			
T losses			\$0.0001	\$0.0001
D losses			\$0.0009	\$0.0009
Ancillary			\$0.0011	\$0.0011
Total	\$0.0842		\$0.0045	\$0.0045

FERC TARIFFS

CUSTOMER STAYS

Component:	Retail*	EGS	Retail	EGS**
CTC	\$0.0281		\$0.0281	
Dist.	\$0.0202		\$0.0202	
Trans	\$0.0025			\$0.0025
Generation	\$0.0380			
T losses				\$0.0001
D losses				\$0.0009
Ancillary				\$0.0011
Total	\$0.0887		\$0.0483	\$0.0045

CUSTOMER GOES

* 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.

[Note: Totals are off due to rounding]

* 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.

[Note: Totals are off due to rounding]

INTERIM RATES - BACK-UP

Ancillary Services:	COS	MWH	Rate
FERC Scheduling	\$695,669		
FERC Reactive	\$4,622,183		
FERC Regulation	\$2,331,197		
FERC Spinning	\$2,331,197		
FERC Supplemental	\$2,683,146		
<u>GRT</u>	<u>\$582,834</u>		
Total Ancillary	\$13,246,226	12,413,633	0.001067
Transmission*	\$30,454,477	12,413,633	0.002453
Distribution*	\$250,268,520	12,413,633	0.020161
Losses:*			
Transmission	\$1,703,022	12,413,633	0.000137
Distribution	\$10,912,339	12,413,633	0.000879

* Includes Gross receipts tax

**DATA AND CALCULATIONS IN SUPPORT OF REVISED CLASS
ALLOCATED COST OF SERVICE FOR TRANSMISSION AND
DISTRIBUTION FOR 1996 TEST YEAR**

Buildup of Duquesne Light's T&D Rate

		Rates (c/kWh)	
1	Lahtinen Distribution (see adjustments)	\$ 250,268,520	2.02 (1)
	remove: Losses	\$ -	
2	Lahtinen Transmission (see adjustments)		
	without ancillary services included:	\$ 30,454,477	0.25 (1)
	<u>Total T&D Revenue Requirement w/out Merger Savings</u>	<u>\$ 280,722,997</u>	2.27 (1)
3	Duquesne's retail kwh for 1996	12,413,633,000	
	Total T&D Rate, cents/kwh, w/out Merger Savings	2.270	

Notes:

(1) Transmission and Distribution rates are rounded to two decimal places in Duquesne's tariff.

Explanation of Adjustments to Original Compliance Filing

Transmission Rates:

PaPUC jurisdictional revenue requirements have been reduced by **\$1.8 million** to adjust for FERC jurisdictional sales of transmission service to Applied Energy Services (AES). In the original compliance filing, Duquesne inadvertently failed to properly assign a load ratio share of transmission-related revenue requirements to this wholesale jurisdictional transmission customer.

Distribution Rates:

Per the Commission's order, the Company has removed **\$5.1 million** of ancillary services from the distribution component of its unbundled rates. In addition, as ordered by the Commission, Duquesne has used the 1996 realized rates of return in developing class specific distribution rates. The original compliance filing set rates on the basis of 1988 test year realized rates of return. Substituting 1996 for 1988 class returns increases, by **\$1.0 million**, the annual distribution-related revenue requirement. The net effect of these two adjustments is a **\$4.0 million** reduction to distribution-related revenue requirement. The adjustments are summarized below:

	Adjustment For:				
	6/18/98 Filing	AES	Ancillary Services	1996 Returns	9/13/98 Filing
Transmission	\$32,290,377	(\$1,835,900)			\$30,454,477
Distribution	\$254,282,269		(\$5,052,948)	\$1,039,198	\$250,268,519
Total	\$286,572,646	(\$1,835,900)	(\$5,052,948)	\$1,039,198	\$280,722,996

At page 11 of its August 13, 1998 Order on Duquesne's Compliance Filing, the PaPUC directed the Company to determine T&D revenue requirements based on 1996 data. The Commission criticized Duquesne for using 1988 cost of service study data in developing its initial set of compliance rates. Since the only data Duquesne used from its 1988 cost of service study were the realized rates of return, the revised compliance rates reflect 1996 realized class rates of return. In all other respects, Duquesne has continued to use 1996 cost of service study data in developing the revised compliance rates.

The 1996 realized class rates of return calculations were based upon 1996 billed revenues and 1996 cost of service information. However, the 1996 class revenues were adjusted to incorporate the revised ECR roll-in (-.2737 mills/kWh) and to remove rate discounts received by certain customers during the 1996 calendar year. The adjustment for the revised ECR is necessary to maintain consistency with the class rate caps and to avoid cost shifting among rate classes. The adjustment for rate discounts is necessary to avoid a revenue deficiency. Without adjustment, a revenue deficiency would arise because the discounts would be embedded in a lower realized rate of return for all customers within a particular rate class and distributed again to individual customers under the terms of their tariff rider or special contract (e.g., Rule 4).

The substitution of the 1996 class realized returns for those based on the 1988 test year data (reflected in the original compliance filing) produce annual distribution-related revenue requirements of \$250.3 million (see Schedule A..). Primarily, this result comes about because the 1996 data produces returns for

rate classes RS, GS/GM and GL that are higher than those associated with data from the 1988 study. This, combined with the fact that almost 80% of distribution-related rate base is allocated to these three classes, not surprisingly raises the overall distribution-related revenue requirements. (Schedule B is included as a restatement of exhibit JAL-1C page 6 of 6 showing the same result.)

Schedule C is the allocated transmission cost of service consistent with Duquesne's open access transmission tariff.

ATTACHMENTS

Schedule A.) Income statement for distribution @ 1996 returns

Schedule B.) Restatement of Exhibit JAL-1C @ 1996 returns

Schedule C.) Allocated transmission cost of service

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
OPTION 2 SOLVE FOR COST OF SERVICE																	
sum rev fr. cust and adj.	250,352,923	84,403	250,268,519	773,405	118,976,560	5,040,241	60,828,239	5,068,982	30,446,273	3,298,425	11,002,004	5,053,339	325	1,102,960	8,064,374	78,403	534,990
Revenues fr. Customers Incl. GRt at Stat	248,422,426	73,479	248,348,947	760,814	117,820,083	5,014,227	61,141,663	5,012,902	30,211,611	3,065,622	10,490,834	4,871,964	328	1,192,707	8,170,255	77,941	517,997
Adjustment diff bet COS and Stat Rate	1,930,496	10,924	1,919,572	12,591	1,156,476	26,014	(313,424)	56,080	234,662	232,803	511,170	181,375	(3)	(89,747)	(105,882)	462	16,994
Revenues fr. Others	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	10,372
Total Revenues	264,461,229	88,522	264,372,708	823,868	124,420,324	5,521,215	64,412,476	5,502,786	32,449,341	3,605,256	11,977,570	5,182,337	345	1,313,288	8,536,830	81,711	545,362
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	112,311
Distribution Dep. and 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 other than income and GRt	7,670,821	5,497	7,665,324	26,806	2,430,596	257,743	1,952,315	228,040	1,366,924	229,283	633,168	399,754	10	45,635	89,077	992	4,981
Interest Expense	34,236,348	10,318	34,226,030	123,212	13,116,276	1,179,101	8,784,626	1,072,739	5,030,602	768,205	2,483,692	320,107	49	408,712	905,533	7,948	25,230
Adjustment to COS Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Receipts taxes	11,433,668	3,382	11,430,286	35,017	5,422,682	230,780	2,814,051	230,719	1,390,493	141,096	482,842	224,233	15	54,894	376,037	3,587	23,841
	1,930,496	10,924	1,919,572	12,591	1,156,476	26,014	(313,424)	56,080	234,662	232,803	511,170	181,375	(3)	(89,747)	(105,882)	462	16,994
Expenses	206,453,402	59,234	206,394,168	777,858	95,956,307	7,027,444	47,397,325	5,198,010	22,857,884	3,304,284	10,545,985	4,619,189	305	2,523,489	5,927,695	43,559	214,833
Taxable Income	58,007,827	29,288	57,978,540	46,010	28,464,016	(1,506,229)	17,015,151	304,776	9,591,457	300,971	1,431,585	563,148	40	(1,210,201)	2,609,135	38,152	330,529
Taxes at statutory rate	24,069,478	12,153	24,057,325	19,091	11,810,717	(624,987)	7,060,182	126,462	3,979,831	124,884	594,015	233,670	16	(502,155)	1,087,622	15,830	137,148
Adjust.(COS less calculated) (Fixed)	57,810,057	67,716	57,742,341	202,725	14,630,792	2,016,711	14,480,123	1,652,342	12,148,947	2,170,323	4,981,789	5,653,932	(12)	(6,549)	(221,232)	1,359	31,089
Other income taxes	(64,779,064)	(63,484)	(64,715,580)	(229,320)	(18,302,212)	(2,267,938)	(16,306,349)	(1,895,454)	(12,703,302)	(2,214,171)	(5,344,326)	(5,066,421)	0	(163,893)	(180,088)	(4,535)	(37,572)
Total Income Taxes	17,100,471	16,385	17,084,086	(7,504)	8,139,296	(876,214)	5,233,956	(116,650)	3,425,477	81,036	231,477	821,181	5	(672,596)	681,301	12,655	130,665
Preferred Dividends	5,853,052	1,764	5,851,289	21,064	2,242,361	201,579	1,501,821	183,396	860,033	131,333	424,612	54,726	8	69,873	154,810	1,359	4,313
return available for Common	35,054,304	11,139	35,043,165	32,449	18,082,359	(831,595)	10,279,374	238,030	5,305,947	88,603	775,496	(312,758)	27	(607,478)	1,773,024	24,138	195,551
TARGET ROE by Rate Class (calc)	10.91%	11.50%	10.91%	2.81%	14.69%	-7.51%	12.47%	2.36%	11.24%	1.23%	3.33%	-10.41%	5.76%	-15.83%	20.86%	32.36%	82.57%
TARGET ROR by Rate Class input	9.37%	9.61%	9.37%	6.12%	10.89%	1.99%	10.00%	5.95%	9.50%	5.49%	6.33%	0.83%	7.31%	-1.35%	13.36%	17.97%	38.10%

Schedule A

COST OF SERVICE STUDY
(1994)
Distribution COS Summary (2)

	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	(427,490,128)	(117,207)	(427,372,921)	(1,511,411)	(167,150,662)	(14,294,375)	(106,571,085)	(12,675,266)	(56,717,659)	(8,743,828)	(26,836,462)	(3,743,172)	(592)	(8,754,443)	(19,858,997)	(102,114)	(312,854)
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
CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deductions To Net Distribution Plant																	
ADIT	(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 Ratemaking	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	75,143,705	23,221	75,120,484	176,726	33,440,996	549,085	20,565,821	1,494,165	11,196,581	988,141	3,683,800	62,074	84	(128,893)	2,833,367	33,444	225,094
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	112,311
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 (A)	38,135,456	36,188	38,099,269	66,909	17,149,050	(361,676)	9,686,898	398,190	6,417,556	684,218	1,858,658	1,626,542	27	(661,814)	1,040,534	17,697	176,480
Distribution Revenue Requirement	264,461,229	88,522	264,372,708	823,868	124,420,324	5,521,215	64,412,476	5,502,786	32,442,341	3,605,256	11,977,570	5,182,337	345	1,313,288	8,536,830	81,711	545,362
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	(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)	(10,372)
Total Retail Distribution Cost	250,352,923	84,403	250,268,519	773,405	118,976,560	5,040,241	60,828,239	5,068,982	30,446,273	3,298,425	11,002,004	5,053,339	325	1,102,960	8,064,374	78,403	534,990

(A) Includes: Gross Receipts Tax, Income Taxes, and Taxes Other Than Income Taxes

Schedule B

TRANSMISSION SERVICE

ANCILLARY SERVICES

Generally calculated as follows: 12 CP Load * Rate* Pct. Responsibility

Rates	12 CP Load KW	Load Ratio Share	Transmission	Transm w	RATE per OAT Pct. Resp.	Scheduling 0.33563 100.00%	eactive fr. Ge 2.23000 100.00%	Load Following	Spinning	Supplemental	Sum Ancillary	sum Anc w GRT
			\$	\$				Freq. Control 74.98000 1.50%	Reserves 74.98000 1.50%	Reserves 43.15000 3.00%		
RA	5,838.00	0.2817%	82,003	85,777		1,959	13,019	6,566	6,566	7,557	35,667	37,309
RS	503,212.00	24.2778%	7,068,345	7,393,666		168,893	1,122,163	565,963	565,963	651,408	3,074,389	3,215,888
RH	43,780.00	2.1122%	614,954	643,257		14,694	97,629	49,239	49,239	56,673	267,475	279,786
GS/GM	562,426.00	27.1346%	7,900,092	8,263,694		183,767	1,254,210	632,561	632,561	728,060	3,436,158	3,534,308
GMH	54,395.00	2.6243%	764,057	799,223		18,257	121,301	61,178	61,178	70,414	332,328	347,623
GL	442,937.00	21.3698%	6,221,695	6,508,049		148,663	987,750	498,171	498,171	573,382	2,706,137	2,830,687
GLH	77,963.00	3.7614%	1,095,104	1,145,506		26,167	173,857	87,685	87,685	100,923	476,317	498,240
L	207,512.00	10.0115%	2,914,808	3,048,962		69,647	462,752	233,389	233,389	268,624	1,267,801	1,326,151
HVPS	170,665.00	8.2338%	2,397,238	2,507,571		57,280	380,583	191,947	191,947	220,926	1,042,683	1,090,672
AL	1.00	0.0000%	14	15		0	2	1	1	1	6	6
SE	1,192.00	0.0575%	16,743	17,514		400	2,658	1,341	1,341	1,543	7,283	7,618
SM	1,310.00	0.0632%	18,401	19,248		440	2,921	1,473	1,473	1,696	8,003	8,372
SH	35.00	0.0017%	492	514		12	78	39	39	45	214	224
MTS	1,462.00	0.0705%	20,536	21,481		491	3,260	1,644	1,644	1,893	8,932	9,343
Total	2,072,728.00	100.0000%	29,114,481			695,669	4,622,183	2,331,197	2,331,197	2,683,146	12,663,393	
Gr. Receipts	0.044		1,339,997			32,018	212,736	107,294	107,294	123,492	582,834	
Total			30,454,478	30,454,478		727,687	4,834,920	2,438,491	2,438,491	2,806,638	13,246,227	43,700,705

a/ OATT Transmission Revenue Req. 30,898,366 per OATT Attachment H
 Retail Load Ratio Share at Dec 31 1996 94.2266%
 Retail Share of Rev. Req. 29,114,481

Schedule C
page 1 of 2

	Month	Day	Hour Ending	Bundled Retail MW	FERC	Native Load MW	Long	Firm	Total Load MW
					full req. W (Pitcairn) MW		Term Firm Sales MW	Trans- mission MW	
1996	January	11	1100	1,964	1.720	1,966	0	100	2,066
	February	5	1100	2,038	1.836	2,040	0	120	2,160
	March	8	1100	1,886	1.629	1,888	0	120	2,008
	April	10	1100	1,724	1.421	1,725	0	125	1,850
	May	20	1600	2,334	1.425	2,335	0	125	2,460
	June	18	1500	2,327	2.342	2,329	0	120	2,449
	July	1	1500	2,350	2.646	2,353	0	80	2,433
	August	7	1500	2,460	2.612	2,463	0	120	2,583
	September	5	1600	2,230	2.164	2,232	0	85	2,317
	October	2	1500	1,733	1.964	1,735	0	125	1,860
	November	13	1900	1,867	1.966	1,869	0	125	1,994
	December	19	1900	1,960	2.278	1,962	0	125	2,087
12CP				2,073	2.000	2,075	0	125	2,200
Load Ratio Share				94.2266%	0.0909%			5.6825%	100.00%

a/ Per Duquesne OATT Section 34.3 use contract reservation instead of actual 12 month coincident peak

Schedule 10
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PROOF OF REVENUES AND SUPPORTING CALCULATIONS

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	Class Average Cents/kWh
RA	33,848,000	\$85,777	\$773,405	\$1,102,879	\$1,410,153	\$3,372,214	9.96
RS	2,977,269,000	\$7,393,666	\$118,976,560	\$116,202,718	\$134,421,110	\$376,994,054	12.66
RH	309,038,000	\$643,257	\$5,040,241	\$8,059,977	\$12,183,375	\$25,926,850	8.39
GS/GM	2,621,176,000	\$8,263,694	\$60,828,239	\$97,863,273	\$109,345,010	\$276,300,216	10.54
GMH	328,256,000	\$799,223	\$5,068,982	\$8,576,608	\$12,796,461	\$27,241,275	8.30
GL	2,885,988,000	\$6,508,049	\$30,446,273	\$68,526,667	\$101,128,628	\$206,609,618	7.16
GLH	455,219,000	\$1,145,506	\$3,298,425	\$8,840,772	\$16,077,200	\$29,361,903	6.45
L	1,528,460,000	\$3,048,962	\$11,002,002	\$22,767,744	\$48,106,450	\$84,925,158	5.56
HVPS	1,201,824,000	\$2,507,571	\$5,053,339	\$13,470,621	\$32,565,835	\$53,597,366	4.46
AL	13,000	\$15	\$325	\$461	\$534	\$1,335	10.27
SE	28,618,000	\$17,514	\$1,102,960	\$757,169	\$1,197,733	\$3,075,376	10.75
SM	31,448,000	\$19,248	\$8,064,374	\$1,716,130	\$2,474,057	\$12,273,809	39.03
SH	837,000	\$514	\$78,403	\$42,651	\$44,989	\$166,556	19.90
MTS	11,639,000	\$21,481	\$534,990	\$553,922	\$546,027	\$1,656,420	14.23
Total	12,413,633,000	\$30,454,477	\$250,268,519	\$348,481,592	\$472,297,562	\$1,101,502,149	8.87
Adjustments for Special Customer Tariffs						(\$8,183,594)	
Adjusted Revenue						\$1,093,318,555	8.81

(1) The reported generation charges include the Pilot Program credits for market price and customer participation plus the transmission and distribution losses and ancillary services. The generation charges shown above for GS/GM, GMH, GL, GLH and L are weighted averages considering the proportion of commercial and industrial sales within each rate class.

Duquesne Light Company
Unbundled Unit Rates - Interim Rates Using Retail Access Pilot Program Credits - Cents per kWh
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	0.25	2.28	3.26	4.17	9.96
RS	2,977,269,000	0.25	4.00	3.90	4.51	12.66
RH	309,038,000	0.21	1.63	2.61	3.94	8.39
GS/GM	2,621,176,000	0.32	2.32	3.73	4.17	10.54
GMH	328,256,000	0.24	1.54	2.61	3.90	8.29
GL	2,885,988,000	0.23	1.05	2.37	3.50	7.15
GLH	455,219,000	0.25	0.72	1.94	3.53	6.44
L	1,528,460,000	0.20	0.72	1.49	3.15	5.56
HVPS	1,201,824,000	0.21	0.42	1.12	2.71	4.46
AL	13,000	0.12	2.50	3.55	4.10	10.27
SE	28,618,000	0.06	3.85	2.65	4.19	10.75
SM	31,448,000	0.06	25.64	5.46	7.87	39.03
SH	837,000	0.06	9.37	5.10	5.37	19.90
MTS	11,639,000	0.18	4.60	4.76	4.69	14.23
Total	12,413,633,000	0.25	2.01	2.81	3.80	8.87

Duquesne Light Company
Class Average Revenue by Function
1996 Sales Volume

Rate Class	Sales	Transmission	Distribution	CTC	Transmission Losses	Distribution Losses	Ancillary Services	Participation Credit	Generation	Total Generation	Total Charges
RA	33,848,000	\$85,777	\$773,405	\$1,102,879	\$4,800	\$46,347	\$37,309	\$306,257	\$1,015,440	\$1,410,153	\$3,372,214
RS	2,977,269,000	\$7,393,666	\$118,976,560	\$116,202,718	\$422,214	\$4,077,089	\$3,215,888	\$37,387,849	\$89,318,070	\$134,421,110	\$376,994,054
RH	309,038,000	\$643,257	\$5,040,241	\$8,059,977	\$43,825	\$423,195	\$279,786	\$2,165,429	\$9,271,140	\$12,183,375	\$25,926,850
GS/GM	2,621,176,000	\$8,263,694	\$60,828,239	\$97,863,273	\$368,697	\$3,254,377	\$3,594,308	\$25,214,462	\$76,913,167	\$109,345,011	\$276,300,217
GMH	328,256,000	\$799,223	\$5,068,982	\$8,576,608	\$45,915	\$378,906	\$347,623	\$2,249,538	\$9,774,479	\$12,796,461	\$27,241,275
GL	2,885,988,000	\$6,508,049	\$30,446,273	\$68,526,667	\$389,646	\$1,787,578	\$2,830,687	\$15,015,796	\$81,104,921	\$101,128,628	\$206,609,618
GLH	455,219,000	\$1,145,506	\$3,298,425	\$8,840,772	\$61,384	\$270,926	\$498,240	\$2,011,158	\$13,235,492	\$16,077,200	\$29,361,903
L	1,528,460,000	\$3,048,962	\$11,002,002	\$22,767,744	\$200,630	\$574,558	\$1,326,151	\$4,952,210	\$41,052,907	\$48,106,456	\$84,925,164
HVPS	1,201,824,000	\$2,507,571	\$5,053,339	\$13,470,621	\$155,621	\$8	\$1,090,672	\$2,475,757	\$28,843,776	\$32,565,835	\$53,597,366
AL	13,000	\$15	\$325	\$461	\$2	\$13	\$6	\$123	\$390	\$534	\$1,335
SE	28,618,000	\$17,514	\$1,102,960	\$757,169	\$4,059	\$39,190	\$7,618	\$288,326	\$858,540	\$1,197,733	\$3,075,376
SM	31,448,000	\$19,248	\$8,064,374	\$1,716,130	\$4,459	\$43,063	\$8,372	\$1,474,716	\$943,440	\$2,474,050	\$12,273,802
SH	837,000	\$514	\$78,403	\$42,651	\$118	\$1,147	\$224	\$18,389	\$25,110	\$44,989	\$166,556
MTS	11,639,000	\$21,481	\$534,990	\$553,922	\$1,651	\$15,946	\$9,343	\$169,918	\$349,170	\$546,027	\$1,656,420
Total	12,413,633,000	\$30,454,477	\$250,268,519	\$348,481,592	\$1,703,022	\$10,912,342	\$13,246,227	\$93,729,928	\$352,706,043	\$472,297,562	\$1,101,502,149

Class Average Rates by Function - Cents per kWh

Rate Class	Sales	Transmission	Distribution	CTC	Transmission Losses	Distribution Losses	Ancillary Services	Participation Credit	Generation	Total Generation	Total Charges
RA	33,848,000	0.25	2.28	3.26	0.01	0.14	0.11	0.90	3.00	4.17	9.96
RS	2,977,269,000	0.25	4.00	3.90	0.01	0.14	0.11	1.26	3.00	4.51	12.66
RH	309,038,000	0.21	1.63	2.61	0.01	0.14	0.09	0.70	3.00	3.94	8.39
GS/GM	2,621,176,000	0.32	2.32	3.73	0.01	0.12	0.14	0.96	2.93	4.17	10.54
GMH	328,256,000	0.24	1.54	2.61	0.01	0.12	0.11	0.69	2.98	3.90	8.30
GL	2,885,988,000	0.23	1.05	2.37	0.01	0.06	0.10	0.52	2.81	3.50	7.16
GLH	455,219,000	0.25	0.72	1.94	0.01	0.06	0.11	0.44	2.91	3.53	6.45
L	1,528,460,000	0.20	0.72	1.49	0.01	0.04	0.09	0.32	2.69	3.15	5.56
HVPS	1,201,824,000	0.21	0.42	1.12	0.01	0.00	0.09	0.21	2.40	2.71	4.46
AL	13,000	0.12	2.50	3.55	0.02	0.10	0.05	0.95	3.00	4.10	10.27
SE	28,618,000	0.06	3.85	2.65	0.01	0.14	0.03	1.01	3.00	4.19	10.75
SM	31,448,000	0.06	25.64	5.46	0.01	0.14	0.03	4.69	3.00	7.87	39.03
SH	837,000	0.06	9.37	5.10	0.01	0.14	0.03	2.20	3.00	5.37	19.90
MTS	11,639,000	0.18	4.60	4.76	0.01	0.14	0.08	1.46	3.00	4.69	14.23
Total	12,413,633,000	0.25	2.01	2.81	0.01	0.09	0.11	0.75	2.84	3.80	8.87

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

	Rate RA			Proposed Rate RA			
	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	\$0.113863	\$2,749,305	First 500 kWh (per kWh)	24,145,726	\$0.002534	\$61,190
Additional kWh (per kWh)	9,702,274	\$0.042163	\$409,077	Additional kWh (per kWh)	9,702,274	\$0.002534	\$24,587
							<u>\$85,777</u>
				Distribution			
				First 500 kWh (per kWh)	24,145,726	\$0.020173	\$487,096
				Additional kWh (per kWh)	9,702,274	\$0.007470	\$72,476
							<u>\$559,573</u>
				CTC			
				First 500 kWh (per kWh)	24,145,726	\$0.039760	\$960,033
				Additional kWh (per kWh)	9,702,274	\$0.014723	\$142,846
							<u>\$1,102,879</u>
				Generation			
				First 500 kWh (per kWh)	24,145,726	\$0.051396	\$1,240,986
				Additional kWh (per kWh)	9,702,274	\$0.017436	\$169,167
							<u>\$1,410,153</u>
Total kWh and Revenue	33,848,000		\$3,372,214	Total kWh and Revenue	33,848,000		\$3,372,214
				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	\$0.113863	\$338,997,596		2,977,241,036	\$0.002483	\$7,393,608
				Distribution (per kWh)			
					2,977,241,036	\$0.027200	\$80,981,120
				CTC (per kWh)			
					2,977,241,036	\$0.039030	\$116,202,325
				Generation			
					2,977,241,036	\$0.045149	\$134,420,543
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	\$0.042163	\$1,179	Space Heating Rider 14			
				Transmission (per kWh)	27,964	\$0.002081	\$58
				Distribution (per kWh)	27,964	\$0.005753	\$161
				CTC (per kWh)	27,964	\$0.014050	\$393
				Generation (per kWh)	27,964	\$0.020278	\$567
Total kWh and Revenue	2,977,269,000		\$376,994,054	Total kWh and Revenue	2,977,269,000		\$376,994,054
				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	\$0.113863	\$17,717,446	First 500 kWh (per kWh)	155,603,188	\$0.002081	\$323,885
Additional kWh (per kWh)	153,434,812	\$0.042163	\$6,469,272	Additional kWh (per kWh)	153,434,812	\$0.002081	\$319,372
							<u>\$643,257</u>
				Distribution			
				First 500 kWh (per kWh)	155,603,188	\$0.015536	\$2,417,422
				Additional kWh (per kWh)	153,434,812	\$0.005753	\$882,687
							<u>\$3,300,109</u>
				CTC			
				First 500 kWh (per kWh)	155,603,188	\$0.037944	\$5,904,158
				Additional kWh (per kWh)	153,434,812	\$0.014050	\$2,155,819
							<u>\$8,059,977</u>
				Generation			
				First 500 kWh (per kWh)	155,603,188	\$0.058302	\$9,071,981
				Additional kWh (per kWh)	153,434,812	\$0.020278	\$3,111,394
							<u>\$12,183,375</u>
Total kWh and Revenue	309,038,000		\$25,926,850	Total kWh and Revenue	309,038,000		\$25,926,850
				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)	816,548	\$9.07	\$5,592,090	Bills (per month)	816,548	\$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	\$0.55 \$4,116,847
Energy Charges				First 550 kWh (per kWh)	197,698,702	\$0.001582 \$312,731
First 550 kWh (per kWh)	197,698,702	\$0.136963	\$27,077,407	Next 750 kWh (per kWh)	212,612,535	\$0.001582 \$336,323
Next 750 kWh (per kWh)	212,612,535	\$0.128163	\$27,249,060	Additional kWh (per kWh)	2,210,834,763	\$0.001582 \$3,497,224
Additional kWh (per kWh)	2,210,834,763	\$0.035263	\$77,960,666			\$8,263,125
				Distribution		
				First 5 kW (per kW)	1,632,758	\$0.00 \$0
				Additional kW (per kW)	7,547,143	\$3.74 \$28,242,570
				First 550 kWh (per kWh)	197,698,702	\$0.027946 \$5,524,963
				Next 750 kWh (per kWh)	212,612,535	\$0.026151 \$5,559,988
				Additional kWh (per kWh)	2,210,834,763	\$0.007195 \$15,907,350
						\$55,234,871
				CTC		
				First 5 kW (per kW)	1,632,758	\$0.00 \$0
				Additional kW (per kW)	7,547,143	\$6.63 \$50,037,546
				First 550 kWh (per kWh)	197,698,702	\$0.049513 \$9,788,613
				Next 750 kWh (per kWh)	212,612,535	\$0.046332 \$9,850,667
				Additional kWh (per kWh)	2,210,834,763	\$0.012748 \$28,183,157
						\$97,859,983
				Generation		
				First 5 kW (per kW)	1,632,758	\$0.00 \$0
				Additional kW (per kW)	7,547,143	\$7.42 \$56,017,640
				First 550 kWh (per kWh)	197,698,702	\$0.057922 \$11,451,100
				Next 750 kWh (per kWh)	212,612,535	\$0.054099 \$11,502,083
				Additional kWh (per kWh)	2,210,834,763	\$0.013738 \$30,372,935
						\$109,343,759
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	\$0.55 \$522
Firm Back-up-Energy-per kWh	30,000	\$0.035263	\$1,058	Distribution-per kW	957	\$1.11 \$1,066
				CTC-per kW	957	\$2.87 \$2,745
				Generation-per kW	957	\$1.04 \$997
				Transmission-per kWh	30,000	\$0.001582 \$47
				Distribution-per kWh	30,000	\$0.007050 \$211
				CTC-per kWh	30,000	\$0.018162 \$545
				Generation-per kWh	30,000	\$0.008470 \$254
Total kWh and Revenue	2,621,176,000		\$276,300,216	Total kWh and Revenue	2,621,176,000	\$276,300,216
				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	\$0.111863	\$12,627,687	Winter-First Block (per kWh)	112,885,286	\$0.001946	\$219,626
Second Block kWh (per kWh)	116,768,729	\$0.035263	\$4,117,616	Winter-Second Block (per kWh)	116,768,729	\$0.001946	\$227,182
Summer-Demand Charges				Summer-First 5 kW (per kW)	53,068	\$0.00	\$0
First 5 kW (per kW)	53,068	\$0.00	\$0	Summer-Additional kW (per kW)	297,847	\$0.54	\$160,578
Additional kW (per kW)	297,847	\$18.34	\$5,462,514	Summer-First 550 kWh (per kWh)	5,856,278	\$0.001946	\$11,394
Summer Energy Charges				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.001946	\$12,471
First 550 kWh (per kWh)	5,856,278	\$0.136963	\$802,093	Summer-Additional kWh (per kWh)	86,335,618	\$0.001946	\$167,972
Next 750 kWh (per kWh)	6,410,089	\$0.128163	\$821,536				\$799,223
Additional kWh (per kWh)	86,335,618	\$0.035263	\$3,044,453	Distribution			
				Winter-First Block (per kWh)	112,885,286	\$0.019577	\$2,209,997
				Winter-Second Block (per kWh)	116,768,729	\$0.006171	\$720,632
				Summer-First 5 kW (per kW)	53,068	\$0.00	\$0
				Summer-Additional kW (per kW)	297,847	\$3.21	\$956,006
				Summer-First 550 kWh (per kWh)	5,856,278	\$0.023970	\$140,376
				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.022430	\$143,779
				Summer-Additional kWh (per kWh)	86,335,618	\$0.006171	\$532,816
							\$4,703,606
				CTC			
				Winter-First Block (per kWh)	112,885,286	\$0.035698	\$4,029,734
				Winter-Second Block (per kWh)	116,768,729	\$0.011253	\$1,314,009
				Summer-First 5 kW (per kW)	53,068	\$0.00	\$0
				Summer-Additional kW (per kW)	297,847	\$5.85	\$1,743,192
				Summer-First 550 kWh (per kWh)	5,856,278	\$0.043707	\$255,963
				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.040899	\$262,168
				Summer-Additional kWh (per kWh)	86,335,618	\$0.011253	\$971,543
							\$8,576,608
				Generation			
				Winter-First Block (per kWh)	112,885,286	\$0.054642	\$6,168,329
				Winter-Second Block (per kWh)	116,768,729	\$0.015893	\$1,855,793
				Summer-First 5 kW (per kW)	53,068	\$0.00	\$0
				Summer-Additional kW (per kW)	297,847	\$8.74	\$2,602,738
				Summer-First 550 kWh (per kWh)	5,856,278	\$0.067340	\$394,360
				Summer-Next 750 kWh (per kWh)	6,410,089	\$0.062888	\$403,118
				Summer-Additional kWh (per kWh)	86,335,618	\$0.015893	\$1,372,122
							\$12,796,461
Total kWh and Revenue	328,256,000		\$27,241,275	Total kWh and Revenue	328,256,000		\$27,241,275
				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	\$143.78	\$1,102,473
Demand Charges				Additional kW (per kW)	4,451,146	\$0.48	\$2,133,223
Additional kW (per kW)	4,451,146	\$13.98	\$62,227,015	All kWh (per kWh)	2,884,888,000	\$0.001126	\$3,247,398
Energy Charges							<u>\$6,483,094</u>
All kWh (per kWh)	2,884,888,000	\$0.035263	\$101,729,806	Distribution			
				First 300 kW (per month)	7,668	\$814.47	\$6,245,327
				Additional kW (per kW)	4,451,146	\$2.06	\$9,169,857
				All kWh (per kWh)	2,884,888,000	\$0.005196	\$14,991,042
							<u>\$30,406,226</u>
				CTC			
				First 300 kW (per month)	7,668	\$1,831.06	\$14,040,575
				Additional kW (per kW)	4,451,146	\$4.63	\$20,615,425
				All kWh (per kWh)	2,884,888,000	\$0.011682	\$33,702,454
							<u>\$68,358,454</u>
				Generation			
				First 300 kW (per month)	7,668	\$2,737.70	\$20,992,662
				Additional kW (per kW)	4,451,146	\$6.81	\$30,308,510
				All kWh (per kWh)	2,884,888,000	\$0.017259	\$49,788,911
							<u>\$101,090,083</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	\$0.027963	\$30,759	Transmission-per kW	49,487	\$0.48	\$23,717
				Distribution-per kW	49,487	\$0.72	\$35,514
				CTC-per kW	49,487	\$3.01	\$149,174
				Generation-per kW	49,487	\$0.66	\$32,596
				Transmission-per kWh	1,100,000	\$0.001126	\$1,238
				Distribution-per kWh	1,100,000	\$0.004121	\$4,533
				CTC-per kWh	1,100,000	\$0.017308	\$19,039
				Generation-per kWh	1,100,000	\$0.005408	\$5,949
Total kWh and Revenue	2,885,988,000		\$206,609,618	Total kWh and Revenue	2,885,988,000		\$206,609,618
				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
Proof of Revenue - 12 Months Ending December 31, 1996

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	\$0.111863	\$11,581,907	Winter-First Block (per kWh)	103,536,529	\$0.002063	\$213,559
Second Block kWh (per kWh)	200,457,865	\$0.035263	\$7,068,746	Winter-Second Block (per kWh)	200,457,865	\$0.002063	\$413,473
Summer Demand Charges				Summer-First 300 kW (per month)	426	\$180.36	\$76,832
Summer-First 300 kW (per month)	426	\$5,527.00	\$2,354,502	Summer-Additional kW (per kW)	215,770	\$0.60	\$129,719
Additional kW (per kW)	215,770	\$13.98	\$3,016,469	Summer-All kWh (per kWh)	151,224,606	\$0.002063	\$311,923
Summer Energy Charges							<u>\$1,145,506</u>
All kWh (per kWh)	151,224,606	\$0.035263	\$5,332,633	Distribution			
				Winter-First Block (per kWh)	103,536,529	\$0.012540	\$1,298,398
				Winter-Second Block (per kWh)	200,457,865	\$0.003953	\$792,447
				Summer-First 300 kW (per month)	426	\$619.61	\$263,953
				Summer-Additional kW (per kW)	215,770	\$1.57	\$338,163
				Summer-All kWh (per kWh)	151,224,606	\$0.003953	\$597,818
							<u>\$3,290,779</u>
				CTC			
				Winter-First Block (per kWh)	103,536,529	\$0.033690	\$3,488,182
				Winter-Second Block (per kWh)	200,457,865	\$0.010620	\$2,128,930
				Summer-First 300 kW (per month)	426	\$1,664.59	\$709,117
				Summer-Additional kW (per kW)	215,770	\$4.21	\$908,485
				Summer-All kWh (per kWh)	151,224,606	\$0.010620	\$1,606,057
							<u>\$8,840,772</u>
				Generation			
				Winter-First Block (per kWh)	103,536,529	\$0.063570	\$6,581,768
				Winter-Second Block (per kWh)	200,457,865	\$0.018627	\$3,733,895
				Summer-First 300 kW (per month)	426	\$3,062.44	\$1,304,599
				Summer-Additional kW (per kW)	215,770	\$7.60	\$1,640,101
				Summer-All kWh (per kWh)	151,224,606	\$0.018627	\$2,816,836
							<u>\$16,077,200</u>
Total kWh and Revenue	455,219,000		\$29,361,903	Total kWh and Revenue	455,219,000		\$29,361,903
				Bundled Versus Unbundled	0		\$0

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

	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	\$2,166.05	\$675,805
Next 10,000 kW (per kW)	1,045,342	\$11.45	\$11,969,162	1,045,342	\$0.43	\$452,852
Next 25,000 kW (per kW)	18,925	\$11.13	\$210,633	18,925	\$0.43	\$8,198
Additional kW (per kW)	0	\$10.84	\$0	0	\$0.43	\$0
Energy Charges						
First Block (per kWh)	1,215,882,769	\$0.035263	\$42,875,674	1,215,882,769	\$0.001188	\$1,444,841
Next Block (per kWh)	234,969,371	\$0.022863	\$5,372,105	234,969,371	\$0.001188	\$279,215
Additional kWh (per kWh)	58,621,860	\$0.020663	\$1,211,303	58,621,860	\$0.001188	\$69,691
						\$2,930,574
Transmission						
First 5000 kW (per month)	312	\$9,235.45	\$2,881,459	312	\$9,235.45	\$2,881,459
Next 10,000 kW (per kW)	1,045,342	\$1.48	\$1,550,598	1,045,342	\$1.48	\$1,550,598
Next 25,000 kW (per kW)	18,925	\$1.44	\$27,287	18,925	\$1.44	\$27,287
Additional kW (per kW)	0	\$1.40	\$0	0	\$1.40	\$0
First Block (per kWh)	1,215,882,769	\$0.004568	\$5,554,517	1,215,882,769	\$0.004568	\$5,554,517
Next Block (per kWh)	234,969,371	\$0.002962	\$695,953	234,969,371	\$0.002962	\$695,953
Additional kWh (per kWh)	58,621,860	\$0.002677	\$156,924	58,621,860	\$0.002677	\$156,924
						\$10,866,738
Distribution						
First 5000 kW (per month)	312	\$19,185.96	\$5,986,019	312	\$19,185.96	\$5,986,019
Next 10,000 kW (per kW)	1,045,342	\$3.08	\$3,221,252	1,045,342	\$3.08	\$3,221,252
Next 25,000 kW (per kW)	18,925	\$3.00	\$56,688	18,925	\$3.00	\$56,688
Additional kW (per kW)	0	\$2.92	\$0	0	\$2.92	\$0
First Block (per kWh)	1,215,882,769	\$0.009490	\$11,539,099	1,215,882,769	\$0.009490	\$11,539,099
Next Block (per kWh)	234,969,371	\$0.006153	\$1,445,791	234,969,371	\$0.006153	\$1,445,791
Additional kWh (per kWh)	58,621,860	\$0.005561	\$325,897	58,621,860	\$0.005561	\$325,897
						\$22,574,846
CTC						
First 5000 kW (per month)	312	\$40,701.55	\$12,698,884	312	\$40,701.55	\$12,698,884
Next 10,000 kW (per kW)	1,045,342	\$6.45	\$6,744,461	1,045,342	\$6.45	\$6,744,461
Next 25,000 kW (per kW)	18,925	\$6.26	\$118,460	18,925	\$6.26	\$118,460
Additional kW (per kW)	0	\$8.09	\$0	0	\$8.09	\$0
First Block (per kWh)	1,215,882,769	\$0.020016	\$24,337,216	1,215,882,769	\$0.020016	\$24,337,216
Next Block (per kWh)	234,969,371	\$0.012580	\$2,851,146	234,969,371	\$0.012580	\$2,851,146
Additional kWh (per kWh)	58,621,860	\$0.011237	\$658,722	58,621,860	\$0.011237	\$658,722
						\$47,508,888
Generation						
First 5000 kW (per month)	312	\$2,210.20	\$689,582	312	\$2,210.20	\$689,582
Next 10,000 kW (per kW)	1,045,342	\$0.29	\$302,359	1,045,342	\$0.29	\$302,359
Next 25,000 kW (per kW)	18,925	\$0.42	\$7,952	18,925	\$0.42	\$7,952
Additional kW (per kW)	0	\$1.12	\$0	0	\$1.12	\$0
First Block (per kWh)	1,215,882,769	\$0.001188	\$1,444,841	1,215,882,769	\$0.001188	\$1,444,841
Next Block (per kWh)	234,969,371	\$0.003713	\$873,500	234,969,371	\$0.003713	\$873,500
Additional kWh (per kWh)	58,621,860	\$0.005295	\$310,540	58,621,860	\$0.005295	\$310,540
						\$2,628,672
Non-Utility Generation-Rider 16						
Interruptible Back-up-Demand-per kW	221,202	\$2.26	\$499,917	221,202	\$0.43	\$95,827
Interruptible Back-up-Energy-per kWh	18,986,000	\$0.028663	\$544,196	18,986,000	\$0.29	\$5,498,764
						\$62,359
						\$246,967
						\$22,561
						\$70,500
						\$100,540
						\$350,595
Total kWh and Revenue	1,528,460,000		\$84,925,158	1,528,460,000		\$84,925,158
				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)	Total		(\$598,477)

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

Rate HVPS				Proposed Rate HVPS			
	Billing Units	Unit Price	Base Revenue		Billing Units	Unit Price	Base Revenue
Demand Charges				Transmission			
First 30,000 kW (per month)	36	\$330,536.00	\$11,899,296	First 30,000 kW (per month)	36	\$15,068.40	\$542,462
Additional kW (per kW)	884,411	\$11.92	\$10,542,179	Additional kW (per kW)	884,411	\$0.50	\$444,222
				On peak kWh (per kWh)	371,932,692	\$0.001265	\$470,674
				Off peak kWh (per kWh)	829,891,308	\$0.001265	\$1,050,213
							<u>\$2,507,571</u>
Energy Charges				Distribution			
On peak kWh (per kWh)	371,932,692	\$0.040563	\$15,086,706	First 10,000 kW (per month)	36	\$31,164.04	\$1,121,905
Off peak kWh (per kWh)	829,891,308	\$0.019363	\$16,069,185	Additional kW (per kW)	884,411	\$1.12	\$993,952
				On peak kWh (per kWh)	371,932,692	\$0.003824	\$1,422,425
				Off peak kWh (per kWh)	829,891,308	\$0.001826	\$1,515,057
							<u>\$5,053,339</u>
				CTC			
				First 10,000 kW (per month)	36	\$83,073.58	\$2,990,649
				Additional kW (per kW)	884,411	\$3.00	\$2,649,565
				On peak kWh (per kWh)	371,932,692	\$0.010195	\$3,791,740
				Off peak kWh (per kWh)	829,891,308	\$0.004867	\$4,038,667
							<u>\$13,470,621</u>
				Generation			
				First 10,000 kW (per month)	36	\$201,229.98	\$7,244,279
				Additional kW (per kW)	884,411	\$7.30	\$6,454,440
				On peak kWh (per kWh)	371,932,692	\$0.025278	\$9,401,866
				Off peak kWh (per kWh)	829,891,308	\$0.011405	\$9,465,249
							<u>\$32,565,835</u>
Total kWh and Revenue	1,201,824,000		\$53,597,366	Total kWh and Revenue	1,201,824,000		\$53,597,366
				Bundled Versus Unbundled	0		\$0
Special Customer Tariffs				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			(\$1,498,233)	Special			(\$1,498,233)
Total			<u>(\$3,267,753)</u>	Total			<u>(\$3,267,753)</u>

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

	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	\$0.09	\$6
Energy Charges				First 300 kWh (per kWh)	4,188	\$0.000666	\$3
First 300 kWh (per kWh)	4,188	\$0.097863	\$410	Additional kWh (per kWh)	8,812	\$0.000666	\$6
Additional kWh (per kWh)	8,812	\$0.024963	\$220				\$15
				Distribution			
				All kW (per kW)	69	\$0.67	\$47
				First 300 kWh (per kWh)	4,188	\$0.009402	\$39
				Additional kWh (per kWh)	8,812	\$0.002398	\$21
							\$107
				CTC			
				All kW (per kW)	69	\$2.90	\$201
				First 300 kWh (per kWh)	4,188	\$0.040405	\$169
				Additional kWh (per kWh)	8,812	\$0.010307	\$91
							\$461
				Generation			
				All kW (per kW)	69	\$3.36	\$233
				First 300 kWh (per kWh)	4,188	\$0.047389	\$198
				Additional kWh (per kWh)	8,812	\$0.011592	\$102
							\$534
Total kWh and Revenue	13,000		\$1,335	Total kWh and Revenue	13,000		\$1,335
				Bundled Versus Unbundled	0		\$0

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

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	\$0.107463	\$3,075,376	Transmission (per kWh)	28,618,000	\$0.000612	\$17,514
				Distribution (per kWh)	28,618,000	\$0.038541	\$1,102,960
				CTC (per kWh)	28,618,000	\$0.026458	\$757,169
				Generation	28,618,000	\$0.041852	\$1,197,733
Total kWh and Revenue	28,618,000		\$3,075,376	Total kWh and Revenue	28,618,000		\$3,075,376
				Bundled Versus Unbundled	0		\$0

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

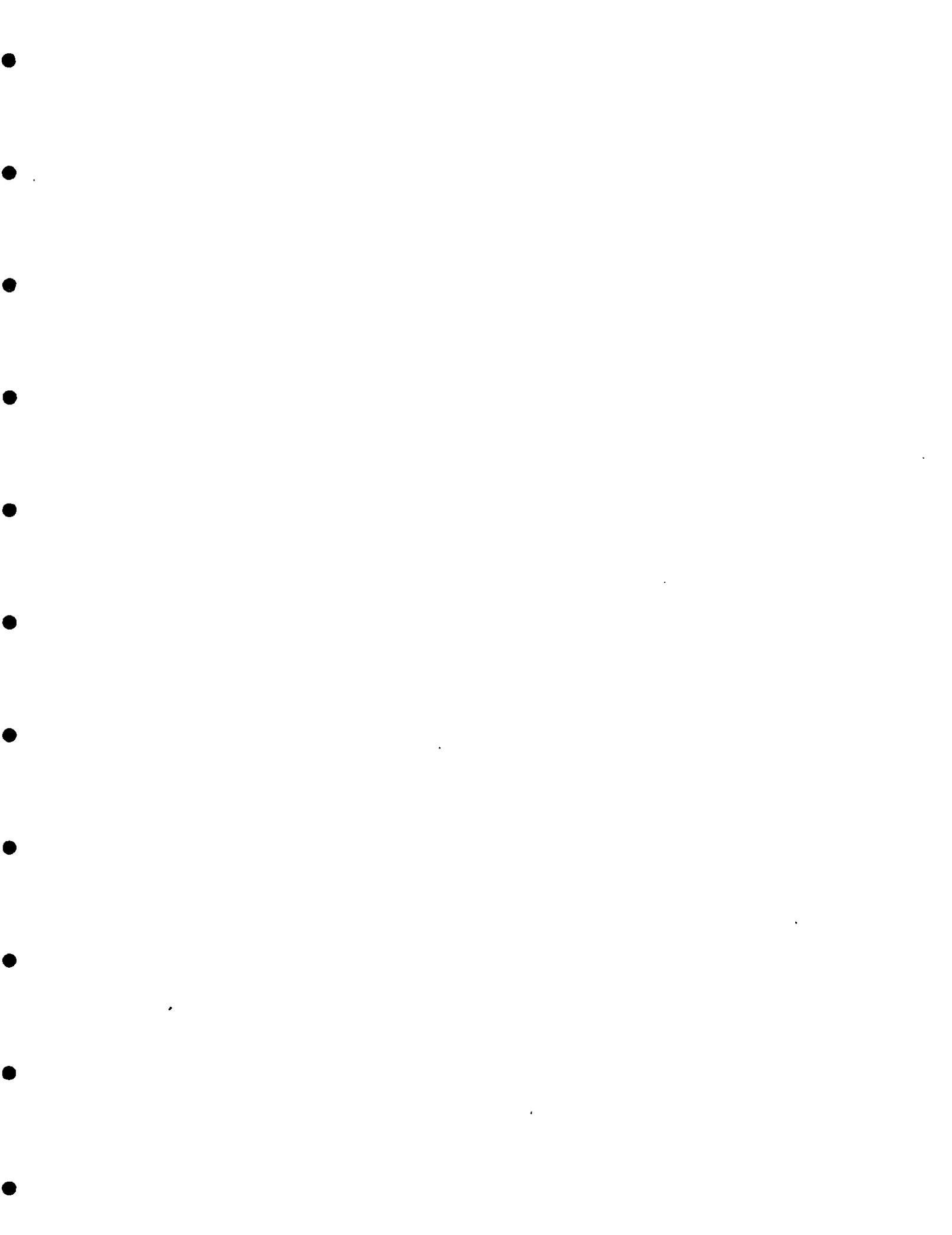
<u>Rate SM</u>				<u>Proposed Rate SM</u>								
Monthly Quantity	Monthly Rate	Annual Revenue	<u>Proposed Monthly Unbundled Charges</u>				<u>Annual Unbundled Revenue</u>				Total	
			Transmission	Distribution	CTC	Generation	Transmission	Distribution	CTC	Generation		
Mercury Vapor												
100 Watt	1,136	\$14.78	\$201,481	\$0.03	\$9.71	\$1.89	\$3.15	\$367	\$132,381	\$25,817	\$42,916	\$201,481
175 Watt	3,698	\$19.26	\$854,682	\$0.05	\$12.65	\$1.99	\$4.57	\$2,010	\$561,559	\$88,247	\$202,866	\$854,682
250 Watt	584	\$23.99	\$168,122	\$0.06	\$15.76	\$2.20	\$5.96	\$438	\$110,463	\$15,445	\$41,777	\$168,122
400 Watt	1,332	\$32.50	\$519,480	\$0.10	\$21.35	\$2.33	\$8.72	\$1,575	\$341,319	\$37,267	\$139,319	\$519,480
1,000 Watt	31	\$70.24	\$26,129	\$0.24	\$46.15	\$3.96	\$19.90	\$88	\$17,168	\$1,472	\$7,401	\$26,129
High Pressure Sodium												
70 Watt	39,040	\$15.01	\$7,031,893	\$0.02	\$9.86	\$2.36	\$2.77	\$8,361	\$4,620,229	\$1,107,191	\$1,296,111	\$7,031,893
100 Watt	4,596	\$19.16	\$1,056,712	\$0.03	\$12.59	\$2.65	\$3.89	\$1,688	\$694,301	\$146,244	\$214,479	\$1,056,712
150 Watt	6,529	\$22.73	\$1,780,850	\$0.04	\$14.93	\$2.82	\$4.94	\$3,405	\$1,170,088	\$220,616	\$386,741	\$1,780,850
250 Watt	1,387	\$33.23	\$553,080	\$0.07	\$21.83	\$3.94	\$7.39	\$1,121	\$363,395	\$65,640	\$122,924	\$553,080
400 Watt	148	\$43.37	\$77,025	\$0.10	\$28.50	\$4.39	\$10.38	\$185	\$50,609	\$7,793	\$18,439	\$77,025
1,000 Watt	4	\$90.73	\$4,355	\$0.24	\$59.61	\$8.29	\$22.59	\$11	\$2,861	\$398	\$1,084	\$4,355
Total Revenue	58,485		\$12,273,809					\$19,248	\$8,064,374	\$1,716,130	\$2,474,057	\$12,273,809
												Bundled Versus Unbundled
												\$0

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

<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	\$12.68	\$0	\$0.05	\$5.97	\$2.69	\$3.98	\$0	\$0	\$0	\$0	\$0
250 Watt	0	\$16.51	\$0	\$0.06	\$7.77	\$3.19	\$5.48	\$0	\$0	\$0	\$0	\$0
400 Watt	0	\$24.27	\$0	\$0.10	\$11.42	\$4.09	\$8.65	\$0	\$0	\$0	\$0	\$0
1,000 Watt	0	\$54.54	\$0	\$0.24	\$25.67	\$7.88	\$20.75	\$0	\$0	\$0	\$0	\$0
High Pressure Sodium												
100 Watt	23	\$12.19	\$3,408	\$0.03	\$5.74	\$3.73	\$2.69	\$9	\$1,604	\$1,044	\$751	\$3,408
150 Watt	41	\$14.99	\$7,375	\$0.04	\$7.06	\$4.07	\$3.82	\$21	\$3,472	\$2,004	\$1,878	\$7,375
200 Watt	590	\$17.79	\$125,927	\$0.05	\$8.37	\$4.71	\$4.65	\$376	\$59,278	\$33,344	\$32,930	\$125,927
250 Watt	0	\$20.56	\$0	\$0.07	\$9.68	\$4.90	\$5.91	\$0	\$0	\$0	\$0	\$0
400 Watt	86	\$28.92	\$29,845	\$0.10	\$13.61	\$6.06	\$9.14	\$108	\$14,049	\$6,259	\$9,430	\$29,845
1,000 Watt	0	\$64.88	\$0	\$0.24	\$30.54	\$13.30	\$20.80	\$0	\$0	\$0	\$0	\$0
Total Revenue	740		\$166,556					\$514	\$78,403	\$42,651	\$44,989	\$166,556
								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	\$180,160	Bills (per month)	20,220	\$8.91	\$180,160
Energy Charges				Transmission			
First 1,300 kWh (per kWh)	10,988,053	\$0.1324	\$1,454,412	First 1,300 kWh (per kWh)	10,988,053	\$0.001846	\$20,280
Additional kWh (per kWh)	650,947	\$0.0336	\$21,848	Additional kWh (per kWh)	650,947	\$0.001846	\$1,201
							\$21,481
				Distribution			
				First 1,300 kWh (per kWh)	10,988,053	\$0.031814	\$349,579
				Additional kWh (per kWh)	650,947	\$0.008067	\$5,251
							\$354,830
				CTC			
				First 1,300 kWh (per kWh)	10,988,053	\$0.049665	\$545,724
				Additional kWh (per kWh)	650,947	\$0.012593	\$8,198
							\$553,922
				Generation			
				First 1,300 kWh (per kWh)	10,988,053	\$0.049038	\$538,830
				Additional kWh (per kWh)	650,947	\$0.011057	\$7,197
							\$546,027
Total kWh and Revenue	11,639,000		\$1,656,420	Total kWh and Revenue	11,639,000		\$1,656,420
				Bundled Versus Unbundled	0		\$0



APPENDIX B

Reconciling Deferred Taxes with Stranded Costs

Background on Deferred Tax Calculation

In stating its claims for generation stranded costs, Duquesne has consistently used a definition of "Net Book Value" that removes the accumulated deferred tax balances associated with the book value of assets, beginning with the direct testimony of Mr. Clayton (See DLC St. 2, p. 37: 6-8). Beginning in its rebuttal testimony, Duquesne stated the positions of the main parties on a consistent after-tax basis in Exhibit DJC-10. The notes thereto explicitly state that values are net of deferred taxes.

Attachment 1 to this Appendix reproduces Appendix A of Duquesne's Main Brief, showing a total net book value for Nuclear of \$788.59 million and for Fossil of \$448.37 million. Footnote 1 thereto clearly shows the source of these values citing to the Exhibits of Mr. Clayton (DLC Ex. DJC-21, p. 33; DLC Ex. DJC-13; and DLC Ex. DJC-15 at 15). The values are stated to be net of deferred taxes, consistent with the Tenth Interim Order.

The Recommended Decision of the ALJ did not provide a summary table of the recommended level of generation stranded costs, but the April 13, 1998 Exceptions of Duquesne Light Company ("Exceptions") provided a revised Exhibit DJC-10, summarizing the ALJ's Recommended Decision and contrasting it with the positions of Duquesne and the OCA. Attachment 2¹ to this Appendix reproduces the stranded cost table and associated notes filed in the Exceptions.

The deferred tax credit balances for estimated market value and merger savings are calculated based on a deferred tax factor equal to $(\text{Tax Rate}/(1-\text{Tax Rate}))$ calculated at the current statutory tax rate of 41.4935 percent.

Miscalculation of \$493 Million

The Restructuring Order determined and allowed recovery of stranded costs for Duquesne in the amount of \$1.332 billion in the event the merger with Allegheny is consummated. Attachment B to the Restructuring Order summarized the individual components of stranded costs (net of tax) allowed by the Commission under the merger case. Attachment D to the Restructuring Order identified a Deferred Tax Principal balance of \$493 million associated with this stranded cost determination. The Restructuring Order contained no equivalent breakout of the individual components of the deferred tax total comparable to the Commission's breakout for stranded costs.

For the Commission's allowed recovery in the merger case of \$1.332 billion, the correct calculation of \$532 million of associated deferred taxes is shown as Attachment 3² (at 1) to this Appendix. Attachment 3 (at 2) to this Appendix reproduces the discussion from

¹ Page 1 of Attachment 2 was originally filed as part of Appendix B to the Exceptions. Pages 2 and 3 of Attachment 2 were originally filed as part of Appendix A to the Exceptions.

² Attachment 3 was originally filed as part of Appendix A to the Merger Compliance Filing.

Duquesne's original compliance filing regarding the Commission's derivation of the \$493 million. The notes in Attachment 3 (at 2) reference the differences between the \$493 million and the correct calculation of \$532 million. Note 1 thereto specifically references the treatment of deferred taxes for Phillips, Brunot Island, and the Warwick mine that may account for the Commission's understatement of the deferred tax balance by \$39 million.

Note ALJ-1 of Appendix A to the Exceptions (reproduced in Attachment 2 to this Appendix, at 2) contains the following table:

	<u>Gross</u>	<u>Def. Tax</u>	<u>Net</u>
Phillips	\$78.40	\$29.51	48.89
B.I	28.76	12.07	16.70
Warwick Mine	6.04	2.56	3.48
Reduction from DLC Claim	113.20	44.14	69.06

Duquesne's correct calculation of \$532 million includes the deferred tax balance for the Warwick mine, but excludes the deferred tax balance for Phillips and Brunot Island, and is consistent with the Commission's treatment of these items for purposes of calculating the Net Book Value of Generating Plant in the Restructuring Order. However, as stated in Note ALJ-1, the Net Book Value recommended by the ALJ also excluded the Warwick Mine. Hence, the table reproduced in Attachment 2 (at 1) shows an ALJ recommended deferred tax balance associated with Net Book Value of Generating Plant of \$408.78 million (a reduction of \$44.11 from Duquesne's claimed balance of \$452.92 million).

In deriving its deferred tax number of \$493 million, it is possible that the Commission removed for a second time the deferred tax balances of \$29.51 million for Phillips and \$12.07 million for Brunot Island. This is possible because the OTS had argued that the gross amount of the book value of these plants (i.e., totaling \$106.8 million including the deferred tax balances) should be removed when calculating the book value of plant eligible for stranded cost recovery³. However, the \$408.78 million number in Attachment 2 (at 1) had already reflected the removal of the Phillips and Brunot Island deferred tax balances.

Therefore, if the Commission had deducted these deferred tax balances a second time, the result would be to understate total deferred taxes by \$41.6 million. The reconciliation of this potential difference to the total understatement of \$39 million (\$532 million-\$493 million) is not clear. It is not known whether the \$2.6 million deferred tax balance for the

³ Restructuring Decision at 90. The Commission accepted the OTS position to exclude the units (Restructuring Decision at 91), but cited the net of tax number of \$65.58 million

Warwick mine net book value allowed by the Restructuring Order was also included in the Commission's calculation of \$493 million. Other compensating errors may also have been made in the Commission's calculation (e.g., a potential error in the Commission's treatment of deferred tax balances for Consumer Education or other miscellaneous regulatory assets⁴).

* * *

In addition to the foregoing correction, the following two corrections are necessary in connection with the implementation of Duquesne's stand-alone generation auction plan. These corrections also are reflected in Appendix G to the Generation Auction Plan. Attachment 4⁵ to this Appendix shows the correct calculation incorporating both of these items.

Adjustment of Deferred Taxes for Merger Savings Elimination

First, a determination of Duquesne's stranded costs on a Stand-Alone basis (either using an administrative determination of value or the results of an auction) would require the elimination of the merger savings of \$152 million. For each additional dollar of stranded costs resulting from elimination of the merger savings, the change in the recoverable deferred taxes will be approximately \$0.71, based on a deferred tax factor equal to (Tax Rate/(1-Tax Rate)) calculated at the current statutory tax rate of 41.4935 percent.

Hence, while in the Merger case reflected in Attachment 3 (at 1), the calculations for the deferred taxes associated with merger savings result in a deferred tax credit of \$108 million, the corresponding entry in the Stand-Alone case reflected in Attachment 4 eliminates both the \$152 million merger savings and the associated deferred tax credit.

Adjustment of Deferred Taxes for Deferred Fuel Update

Second, the Compliance Order Clarification Petition (at 2) restates Duquesne's understanding of the Commission's intention reflected in the Compliance Order, but not reflected in the tables attached thereto. Attachment 5⁶ to this Appendix contains a calculation supporting the increase in the deferred tax balance associated with the update to the Deferred Fuel Costs.

⁴ See notes to Attachment 3 (at 2) referencing unamortized debt costs and SFAS 106 regulatory assets.

⁵ Attachment 4 was originally filed as part of Appendix G to the Generation Auction Plan.

⁶ Attachment 5 was originally filed as Attachment B to Appendix A of the Merger Compliance Filing.

**STRANDED COST
CALCULATION - NUCLEAR**
(\$000)

	Company Claim	Adjustments	Adjusted Amount
a. Net Book Value ¹	788,590		
b. (Market Value) ²	(7,200)		
c. PV of Nuclear Decommissioning ³	57,400		
d. PV of Costs Independent of Operation ⁴	<u>95,610</u>		
e. Net Present Value (NPV) in 1999 \$ (a+b+c+d)	<u>934,400</u>		
Discount Rate	7.832%		
PUC Jurisdictional Percent	99.9%		

**STRANDED COST
CALCULATION - FOSSIL**
(S000)

	Company Claim	Adjustments	Adjusted Amount
a. Net Book Value ⁵	448,370		
b. (Market Value) ⁶	(20,200)		
c. PV of Fossil Decommissioning ⁷	66,500		
d. PV of Costs Independent of Operation ⁸	<u>112,620</u>		
e. Net Present Value (NPV) in 1999 \$ (a+b+c+d)	607,290		
Discount Rate	7.832%		
PUC Jurisdictional Percent	99.9%		

**STRANDED COST
CALCULATION – REGULATORY ASSETS
(\$000)**

	Company Claim ⁹		Adjustments	Adjusted Amount
	<u>Gross</u>	<u>Net</u>		
a. Regulatory Tax Receivable (SFAS 109)	236,480	179,000		
b. Post-2005 Unamortized Debt Costs	29,920	19,040		
c. Pre-2006 Unamortized Debt Costs	16,760	9,800		
d. Deferred Rate Synch. Costs	25,370	23,500		
e. Deferred Employee Costs	13,830	13,830		
f. Deferred Nuclear Maintenance	3,250	1,900		
g. DOE Decommissioning	5,580	3,250		
h. Deferred Coal Costs	13,500	13,500		
i. Deferred Caretaker Costs	6,770	3,920		
j. BV2 Training Costs	2,420	1,580		
k. Low Level Radioactive Waste	2,270	2,270		
l. Coal Cost Equalization	120	120		
m. Pre-Accrued Nuclear Outages	17,600	10,290/		
n. SFAS 106 Deferral	3,280	1,920		
o. Deferred Fuel Costs	11,510	6,730		
p. Other Regulatory Assets	530	530		
q. BV2 Sale/Leaseback Premium	N/A	N/A		
r. Gain on Sale Leaseback Tax Effect	55,130	55,130		
s. Deferred Rate Synch. Tax Effect	210	210		
t. Beaver Valley 2 Tax Effect	170	170		
u. SFAS 109 Plant	N/A	N/A		
v. Other Transition Expenses	18,100	10,590		
w. Net Present Value (NPV) in 1999 \$ (Sum of a. to v.)		<u>357,280</u>		
 PUC Jurisdictional Percent		 99.9%		
 Deferred Taxes on Regulatory Assets		 105,520		

Footnotes to Appendix A

¹ Net Book Value of Nuclear Generation and Fossil Generation (\$MM) is derived as follows:

	Nuclear	Fossil	Total	Source
Net Plant	763.62	606.91	1370.53	DLC Ex. DJC-21 at 33
(Deferred Income Taxes)	(239.89)	(148.62)	(388.51)	DLC Ex. DJC-21 at 33
(Investment Tax Credit)	<u>(46.78)</u>	<u>(17.63)</u>	<u>(64.41)</u>	DLC Ex. DJC-21 at 33
	(286.67)	(166.25)	(452.92)	Sum
Net Book Value of Gen. Plant	476.95	440.66	917.61	Sum
M&S and Fuel Related Sunk Costs	33.40	7.71	41.11	DLC Ex. DJC-13
PV of BV2 Lease Expense	475.57		475.57	DLC Ex. DJC-15 at 15 (see below)
(Deferred Income Taxes)	<u>(197.33)</u>		<u>(197.33)</u>	Product (.414935)
	278.24		278.24	Sum
Net Book Value	788.59	448.37	1236.96	Sum
<hr/>				
PV of BV2 Lease Payments	539.20			DLC Ex. DJC-15 at 15
(Gross Accelerated Amortization)	(75.00)			DLC St. 2 at 11
Additional Deferred Pilot Costs	<u>11.37</u>			DLC St. 2-R at 30
(Net Accelerated Amortization)	(63.63)			Sum
PV of BV2 Lease Expense	475.57			Sum

² DLC Ex. DJC-20 at 2.

³ DLC Ex. DJC-20 at 2.

⁴ DLC Ex. DJC-13 and OCA CX Ex. 1.

⁵ See footnote 1 above.

⁶ DLC Ex. DJC-20 at 2.

⁷ DLC Ex. DJC-20 at 2.

⁸ DLC Ex. DJC-13 and OCA CX Ex. 1.

⁹ See restated DJC-10 and NPV calculation for regulatory assets not included in ratebase (items d, e, g, m, n, o, and s) attached.

Duquesne Light Company

Summary of Stranded Cost Estimates
As of December 31, 1998
(\$ Millions)

	DLCo			OCA			OTS			DII			HSS/ARI		
	Gross	Def. Tax	Net	Gross	Def. Tax	Net	Gross	Def. Tax	Net	Gross	Def. Tax	Net	Gross	Def. Tax	Net
Generating Plant															
Net Book Value of Gen Plant	\$1,370.53	\$452.92	\$917.61	\$1,365.94	\$452.92	\$913.02	\$1,263.37	\$411.34	\$852.03	\$1,370.53	\$452.92	\$917.61	N/A	N/A	N/A
Working Capital	0.00	0.00	0.00	61.53	0.00	61.53 (5)	0.00	0.00	0.00	61.53	0.00	61.53 (5)	N/A	N/A	N/A
M&S and Fuel-Related Sunk Costs	41.11	0.00	41.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	N/A	N/A
PV of BV2 Lease Expense (1)	475.57	197.33	278.24 (1)	513.36	213.01	300.35 (6)	490.87	203.68	287.19 (8)	475.57	197.33	278.24	N/A	N/A	N/A
Net Book Value	1,887.21	650.25	1,236.96	1,940.83	665.93	1,274.90	1,754.24	615.02	1,139.22	1,907.63	650.25	1,257.38	N/A	N/A	N/A
P V of Decommissioning	123.90	0.00	123.90	44.47	0	44.47	45.10	0.00	45.10	42.96	0.00	42.96	N/A	N/A	N/A
P V of Costs Independent of Operation	208.23	0.00	208.23	0	0	0.00	N/A	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Market Value	(46.83)	(19.43)	(27.40)	(670.10)	(278.05)	(392.05) (10)	N/A	N/A	N/A	(219.17)	(90.94)	(128.23)	N/A	N/A	N/A
Stranded Generating Plant	2,172.51	630.82	1,541.69	1,315.20	387.88	927.32	N/A	N/A	N/A	1,731.42	559.31	1,172.11	0.00	0.00	0.00
Regulatory Assets															
			(2)			(7)			(7)			(7)			(7)
SFAS 109	\$236.48	\$57.48	\$179.00	\$236.48	\$57.48	\$179.00	\$236.48	\$57.48	\$179.00	\$236.48	\$57.48	\$179.00	\$0.00	\$0.00	\$0.00
Post-2005 - Unamortized Debt Cost	29.92	10.88	19.04	29.34	10.67	18.67	29.92	10.88	19.04	0.00	0.00	0.00	0.00	0.00	0.00
Pre-2006 - Unamortized Debt Cost	16.76	6.96	9.80	16.43	6.82	9.61	16.76	6.96	9.80	0.00	0.00	0.00	16.76	6.96	9.80
Deferred Rate Sync Costs	25.37	1.87	23.50 (3)	20.60	1.52	19.08	25.37	1.87	23.50	24.60	1.81	22.79	0.00	0.00	0.00
Deferred Employee Costs	13.83	0.00	13.83	11.06	(3.18)	14.24	13.83	0.00	13.83	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Nuclear Maintenance	3.25	1.35	1.90	3.25	1.35	1.90	3.25	1.35	1.90	3.25	1.35	1.90	3.25	1.35	1.90 (9)
DOE Decom and Decon.	5.58	2.33	3.25	4.46	1.86	2.60	5.58	2.33	3.25	5.58	2.33	3.25	5.58	2.33	3.25 (9)
Deferred Coal Costs	13.50	0.00	13.50	0.00	0.00	0.00	13.50	0.00	13.50	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Caretaker Costs	6.77	2.85	3.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BV2 Training Costs	2.42	0.84	1.58	2.42	0.84	1.58	2.42	0.84	1.58	2.42	0.84	1.58	2.42	0.84	1.58 (9)
Low Level Rad Waste	2.27	0.00	2.27	2.27	0.00	2.27	2.27	0.00	2.27	2.27	0.00	2.27	2.27	0.00	2.27 (9)
Coal Cost Equalization	0.12	0.00	0.12	0.12	0.00	0.12	0.12	0.00	0.12	0.12	0.00	0.12	0.12	0.00	0.12 (9)
Other	0.53	0.00	0.53	0.53	0.00	0.53	0.53	0.00	0.53	0.74	0.00	0.74	0.53	0.00	0.53 (9)
Pre-Accrue Nuclear Outages	17.60	7.31	10.29	0.00	0.00	0.00	17.60	7.31	10.29	0.00	0.00	0.00	0.00	0.00	0.00
Gain on Sale/Leaseback	55.13	0.00	55.13	55.13	0.00	55.13	55.13	0.00	55.13	55.13	0.00	55.13	55.13	0.00	55.13 (9)
Deferred Rate Sych Costs (Tax)	0.21	0.00	0.21	0.17	0.00	0.17	0.21	0.00	0.21	0.21	0.00	0.21	0.00	0.00	0.00
BV-2 (Tax)	0.17	0.00	0.17	0.17	0.00	0.17	0.17	0.00	0.17	0.17	0.00	0.17	0.17	0.00	0.17 (9)
Deferred Fuel Cost	11.51	4.78	6.73	9.20	3.82	5.38	11.51	4.78	6.73	11.51	4.78	6.73	11.51	4.78	6.73 (9)
Transition Costs	18.10	7.51	10.59	18.20	7.61	10.59	18.10	7.51	10.59	9.80	4.07	5.73	0.00	0.00	0.00
SFAS 106	3.28	1.36	1.92	2.62	1.09	1.53	3.28	1.36	1.92	0.00	0.00	0.00	0.00	0.00	0.00
SFAS 109 Plant	0.00	0.00	0.00 (4)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Regulatory Assets	462.80	105.52	357.28	412.46	89.88	322.57	456.03	102.67	353.36	352.28	72.66	279.62	97.74	16.26	81.48
Total Stranded Cost	\$2,635.31	\$736.34	\$1,898.97	\$1,727.66	\$477.77	\$1,249.89	N/A	N/A	N/A	\$2,083.70	\$631.97	\$1,451.73	\$97.74	\$16.26	\$81.48
Percent of Company Claim	100.00%	100.00%	100.00%	65.56%	64.88%	65.82%	N/A	N/A	N/A	79.07%	85.83%	76.45%	3.71%	2.21%	4.29%

* Items included in rate base for stranded cost

** Included in Interest Expense

- 1) Includes premiums and unamortized debt costs.
- 2) Duquesne's Regulatory Assets are shown net of deferred taxes.
- 3) Reflects adjustment based on DII proposal.
- 4) Included in plant as of 12/31/98
- 5) Item not claimed by the Company.
- 6) Net of tax amount based on OCA gross amount of \$513.36 million.
- 7) Regulatory assets adjusted to reflect net of deferred tax amounts.
- 8) PV is based on OTS recommended cost of capital.
- 9) Not specifically addressed by HSS/ARI.
- 10) Includes OCA's proposed productivity (\$25.32) and life extension benefits (\$170.72).

Duquesne Light Company

Total Stranded Cost Determination
 As of December 31, 1998
 (\$ Millions)

	DLCo			OCA			ALJ			Notes
	Gross	Def. Tax	Net	Gross	Def. Tax	Net	Gross	Def. Tax	Net	
Generating Plant										
Net Book Value of Gen. Plant	\$1,370.53	\$452.92	\$917.61	\$1,365.94	\$452.92	\$913.02	\$1,257.33	\$408.78	\$848.55	(ALJ-1)
Working Capital	0.00	0.00	0.00	61.53	0.00	61.53	61.53	0.00	61.53	(ALJ-2)
M&S and Fuel-Related Sunk Costs	41.11	0.00	41.11	0.00	0.00	0.00	41.11	0.00	41.11	(ALJ-3)
PV of BV2 Lease Expense (1)	475.57	197.33	278.24	513.36	213.01	300.35	513.36	213.01	300.35	(ALJ-4)
Net Book Value	1,887.21	650.25	1,236.96	1,940.83	665.93	1,274.90	1,873.33	621.79	1,251.54	
P V of Decommissioning	123.90	0.00	123.90	44.47	0	44.47	44.47	0.00	44.47	(ALJ-5)
PV of Costs Independent of Operation	208.23	0.00	208.23	0	0	0.00	208.23	0.00	208.23	(ALJ-6)
Estimated Market Value	(46.83)	(19.43)	(27.40)	(511.17)	(212.10)	(299.07)	(488.89)	(202.86)	(286.03)	(ALJ-7)
Stranded Generating Plant	2,172.51	630.82	1,541.69	1,474.13	453.83	1,020.30	1,637.14	418.93	1,218.21	
Regulatory Assets										
SFAS 109	\$236.48	\$57.48	\$179.00	\$236.48	\$57.48	\$179.00	\$236.48	\$57.48	\$179.00	(ALJ-8)
Post-2005 - Unamortized Debt Cost	29.92	10.88	19.04	29.34	10.67	18.67	29.92	10.88	19.04	(ALJ-9)
Pre-2006 - Unamortized Debt Cost	16.76	6.96	9.80	16.43	6.82	9.61	16.76	6.96	9.80	(ALJ-9)
Deferred Rate Sync. Costs	25.37	1.87	23.50	26.52	1.95	24.57	25.37	1.87	23.50	(ALJ-10)
Deferred Employee Costs	13.83	0.00	13.83	14.24	0.00	14.24	13.83	0.00	13.83	(ALJ-10)
Deferred Nuclear Maintenance	3.25	1.35	1.90	3.25	1.35	1.90	3.25	1.35	1.90	
DOE Decom and Decon.	5.58	2.33	3.25	5.74	2.40	3.34	5.58	2.33	3.25	(ALJ-10)
Deferred Coal Costs	13.50	0.00	13.50	0.00	0.00	0.00	0.00	0.00	0.00	(ALJ-11)
Deferred Caretaker Costs	6.77	2.85	3.92	0.00	0.00	0.00	0.00	0.00	0.00	(ALJ-12)
BV2 Training Costs	2.42	0.84	1.58	2.42	0.84	1.58	2.42	0.84	1.58	
Low Level Rad. Waste	2.27	0.00	2.27	2.27	0.00	2.27	2.27	0.00	2.27	
Coal Cost Equalization	0.12	0.00	0.12	0.12	0.00	0.12	0.12	0.00	0.12	
Other	0.53	0.00	0.53	0.53	0.00	0.53	0.53	0.00	0.53	
Pre-Accrue Nuclear Outages	17.60	7.31	10.29	0.00	0.00	0.00	17.60	7.31	10.29	(ALJ-13)
Gain on Sale/Leaseback	55.13	0.00	55.13	55.13	0.00	55.13	55.13	0.00	55.13	
Deferred Rate Sych. Costs (Tax)	0.21	0.00	0.21	0.22	0.00	0.22	0.21	0.00	0.21	(ALJ-10)
BV-2 (Tax)	0.17	0.00	0.17	0.17	0.00	0.17	0.17	0.00	0.17	
Deferred Fuel Cost	11.51	4.78	6.73	11.84	4.92	6.92	11.51	4.78	6.73	(ALJ-10)
Transition Costs	18.10	7.51	10.59	18.20	7.61	10.59	18.10	7.51	10.59	(ALJ-14)
SFAS 106	3.28	1.36	1.92	3.37	1.40	1.97	0.00	0.00	0.00	(ALJ-15)
SFAS 109 Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(ALJ-16)
Total Regulatory Assets	462.80	105.52	357.28	426.27	95.44	330.83	439.25	101.31	337.94	
Total Stranded Cost (Standalone)	\$2,635.31	\$736.34	\$1,898.97	\$1,900.40	\$549.27	\$1,351.13	\$2,076.39	\$520.24	\$1,556.15	
Merger Savings	0.00	0.00	0.00	(260.27)	(107.99)	(152.28)	(260.27)	(107.99)	(152.28)	(ALJ-17)
Total Stranded Cost (w/ Merger Savnigs)	\$2,635.31	\$736.34	\$1,898.97	\$1,640.13	\$441.28	\$1,198.85	\$1,816.12	\$412.25	\$1,403.87	

Appendix A
Notes on Tables Implementing Recommended Decision

Appendix B – Total Stranded Cost Determination

The ALJ Recommended Decision produces an administrative determination of total stranded costs on an after-tax basis of \$1,556,150,000 (standalone) and of \$1,403,870,000 (net of merger synergy generation benefits). The associated deferred taxes recoverable by DLC on these amounts of stranded costs are \$520,240,000 (standalone) and \$412,250,000 (net of merger synergy generation benefits). Appendix B contains a Revised Exhibit No. DJC-10 table that shows the ALJ Recommended Total Stranded Cost Determination. This table reproduces the DJC-10 comparison between DLC and the OCA from the DLC Reply Brief, and provides an additional comparison with the ALJ Recommended Decision (“ALJRD”). The notes below refer to the appropriate page of the ALJ Recommended Decision for each line item. Where the treatment of a particular line item is open to multiple interpretations, the note refers to each. Regulatory assets that were not subject to dispute and thus were not briefed by the parties are shown at the DLC value.

Notes on Appendix B — Revised Exhibit No. DJC-10

ALJ-1) Net Book Value of Gen. Plant (\$1,257.33 MM Gross and \$848.55 MM Net of Deferred Tax) reflects the removal of Phillips and Brunot Island (ALJRD at 833) and Warwick mine (ALJRD at 836) from the DLC Net Claim of \$917.61 MM, resulting in a total reduction of \$113.30 MM Gross and \$69.06 MM Net of Deferred Tax.

	<u>Gross</u>	<u>Def. Tax</u>	<u>Net</u>
Phillips	\$78.40	\$29.51	48.89
B.I	28.76	12.07	16.70
Warwick Mine	6.04	2.56	3.48
Reduction from DLC Claim	113.20	44.14	69.06

ALJ-2) Reflects the OCA recommended Working Capital of \$61.53 MM (ALJRD at 834).

ALJ-3) Reflects the DLC recommended M&S and Fuel-Related Sunk Costs of \$41.11 MM (ALJRD at 833.)

ALJ-4) Reflects the OCA recommended treatment of sale leaseback premiums (ALJRD at 362 and 835) and the allowance of the DLC claim for the BV2 Lease (ALJRD at 833). The PV of BV2 Lease Expense is shown at the OCA recommended value of \$531.36 MM Gross and \$300.35 MM Net of Deferred Tax. DLC present valued the BV2 Lease at \$475.57 MM Gross and \$278.24 MM Net of

- Deferred Tax (see ALJRD at 833). The PV of BV2 Lease Expense is stated on a uniform basis in Appendix B by valuing the OCA cash flows at the ALJ recommended 7.43% discount rate.
- ALJ-5) Reflects the OCA recommended Nuclear Decommissioning of \$44.47 MM and no recommended recovery for fossil decommissioning (ALJRD at 835).
- ALJ-6) Reflects the DLC recommended Costs Independent of Operation of \$208.23 MM (ALJRD at 834).
- ALJ-7) Reflects the OCA recommended Market Value of \$299.07 MM (OCA Table 1, at 2; see ALJRD at 833) adjusted to exclude productivity adjustment of \$13.04 MM (OCA Ex. MIK-1-Update at 3; see ALJRD at 834).
- ALJ-8) Reflects the OCA and DLC recommended SFAS 109 tax regulatory asset of \$236.49 MM Gross and \$179.00 MM Net of Deferred Taxes. These amounts already reflect the reduction of \$62.94 MM for SFAS 109 Plant. (See Note ALJ-16 below; see ALJRD at 350, 354 and 835).
- ALJ-9) Reflects the DLC recommended Unamortized Debt Costs valued at 12/31/98 (ALJRD at 835).
- ALJ-10) Reflects the DLC recommended 12/31/98 present value. The present value is stated on a uniform basis in Appendix B by valuing the amortization of regulatory assets at the recommended 7.43% discount rate.
- ALJ-11) Reflects no recommended recovery for Deferred Coal Costs (ALJRD at 836).
- ALJ-12) Reflects no recommended recovery for Deferred Caretaker Costs (ALJRD at 836).
- ALJ-13) Reflects the DLC recommended Pre-Accrued Nuclear Outages of \$17.60 MM Gross and \$10.29 MM Net of Deferred Taxes (ALJRD at 836).
- ALJ-14) Reflects the DLC recommended Transition Costs of \$18.10 MM Gross and \$10.59 MM Net of Deferred Taxes (ALJRD at 836).
- ALJ-15) Reflects no recommended recovery for SFAS 106 (ALJRD at 836).
- ALJ-16) Reflects no DLC claim and no recommended recovery for SFAS 109 Plant as a regulatory asset. (See ALJRD at 350, 354 and 835).
- ALJ-17) Reflects the OCA recommended Merger Savings adjustment of \$152.28 MM Net of Deferred Taxes (ALJRD at 835).

The ALJ Recommended Decision accepted the OTS recommendation of a 10.50% return on equity. DLC has calculated pro-forma CTC rates on a company-average based on the recommended level of stranded costs in Appendix B. The pro-forma rates have been calculated using the recommended OTS capital structure and return on equity of 10.50%. However, the cost of debt has been reduced to 7.57% to account for recovery of the unamortized debt premiums as a regulatory asset (see Note ALJ-9 above). The specified rate of return pro-formed (see Note ROE-1 below) has been used to calculate pro-forma CTC rates. An example of monthly amortization of the Total Stranded Cost Determination at the specified rate of return is included in Appendix B.

**Stranded Cost Allowance
with Associated Deferred Taxes
(\$Millions)**

<u>Category/Item:</u>	<u>Deferred Taxes</u>	<u>Amount</u>
Duquesne Light Restructuring		
Book Value:		
Generating Plant Book Value (1)	\$ 411.34	\$ 852.03
Beaver Valley 2 Lease PV	\$ 213.01	\$ 300.35
M&S Fuel Related Sunk Costs	-	-
Working Capital	-	\$ 61.53
Costs Independent of Operation	-	-
Generation Market Value (2)	\$ (78.69)	\$ (110.95)
Merger Savings	\$ (107.99)	\$ (152.28)
Total Stranded Generation:	\$ 437.67	\$ 950.88
Decommissioning:		
Nuclear Decommissioning	-	\$ 42.96
Fossil Decommissioning	-	-
Total Decommissioning	\$ -	\$ 42.96
Regulatory Assets:		
FAS 109 (including Plant reversal)	\$ 57.48	\$ 179.00
Post '05 Unamortized Debt Costs (3)	\$ 10.67	\$ 18.67
Pre '06 Unamortized Debt Costs (3)	\$ 6.82	\$ 9.61
Deferred Rate Synch. (Early Window)	\$ 1.87	\$ 23.50
Deferred Employee Costs	-	\$ 14.24
Deferred Nuclear Maintenance	\$ 1.35	\$ 1.90
US DOE Decommissioning	\$ 2.33	\$ 3.25
Deferred Coal Costs	-	-
Deferred Caretaker Costs	-	-
Pre-Accrued Nuclear Outage	-	-
BV2 Training Costs	\$ 0.84	\$ 1.58
Low Level Radioactive Waste	-	\$ 2.27
Coal Cost Equalization	-	\$ 0.12
Transition Costs	\$ 7.51	\$ 10.59
SFAS 106 Deferral (3)	\$ 1.40	\$ 1.97
Deferred Fuel Costs (4)	\$ 4.78	\$ 6.73
Other Regulatory Assets	-	\$ 0.53
Consumer Education	-	\$ 10.00
Sale-Leaseback Tax Effect (Gain)	-	\$ 55.13
Deferred Rate Synch. Costs	-	-
BV2 Tax Effect	-	\$ 0.17
Total Regulatory Assets:	\$ 95.05	\$ 339.26
PA Jurisdictional % (1-FERC Allocation)	99.900%	99.900%
TOTAL STRANDED, WITH MERGER AND JURISDICTIONAL ALLOCATION	\$ 532.188	\$ 1,331.567

Discussion re: Deferred Taxes in PaPUC Decision

The May 29, 1998 Opinion and Order of the Commission determined and allowed recovery of stranded costs for Duquesne in the amount of \$1,331,567,100 in the event the merger with Allegheny is consummated. Attachment B to the Order summarizes the individual components of stranded costs (net of tax) allowed by the Commission under the merger case. Attachment D to the Order identifies a Deferred Tax Principal balance of \$493,344,701 associated with this stranded cost determination. The Order contains no equivalent breakout of the individual components of the deferred tax total comparable to that of stranded costs presented in Attachment B.

The April 13, 1998 Exceptions of Duquesne to the ALJ Recommended Decision included an Appendix B that presented a Revised Exhibit No. DJC-10 summarizing the stranded cost recommendations of Duquesne, the OCA and the ALJ. Appendix B presented both Gross and Net stranded cost components, and the deferred tax balances associated with each component.

Duquesne believes the Commission has referred to the component breakout presented in Appendix B to Duquesne's Exceptions in deriving the deferred tax total presented in Attachment D to the Order. However, the Company has been unable to replicate the derivation of the Order's \$493,344,701 deferred tax balance.

The attached table "Stranded Cost Allowance with Associated Deferred Taxes" is based on Attachment B to the Commission's Order and Appendix B of Duquesne's Exceptions. The table presents an associated deferred tax balance for each component allowed by the Commission in the merger case. These balances are based on the deferred tax recommendations of the ALJ (for components allowed by the Order) as set out in Revised Exhibit No. DJC-10, except as otherwise shown in the Notes on Deferred Taxes below.

Notes on Deferred Taxes:

- 1) The balance of \$411.34 MM reflects an addition of \$2.56 MM (to the ALJ's balance of \$408.78 MM) for deferred taxes associated with the Warwick Mine plant balance, that was allowed by the Order, but not included in the ALJ's recommended decision. Note that deferred taxes associated with Brunot Island and Phillips were not included in the ALJ balance of \$408.92 MM. See Note ALJ-1, Appendix B, DLC Exceptions.
- 2) The Order determined a generation market value of \$110.95 MM, less than the \$286.03 MM value recommended by the ALJ. In Appendix B, the associated reduction in the deferred taxes associated with the ALJ's recommended market value is \$202.86 MM. Duquesne has calculated an inputted reduction of \$78.69 MM for the Order's market value based on a tax rate of 41.4935%.
- 3) The Order has adopted the OCA's recommended value for certain Regulatory Assets. The deferred tax balances reflect the OCA's values shown in Appendix B, DLC Exceptions.
- 4) The deferred taxes associated with the Deferred Fuel Costs reflect the Order's value of \$6.73 MM and have not been updated through May 29, 1998.

**Stranded Cost Allowance
with Associated Deferred Taxes
(\$Millions)**

Stand Alone Base Case

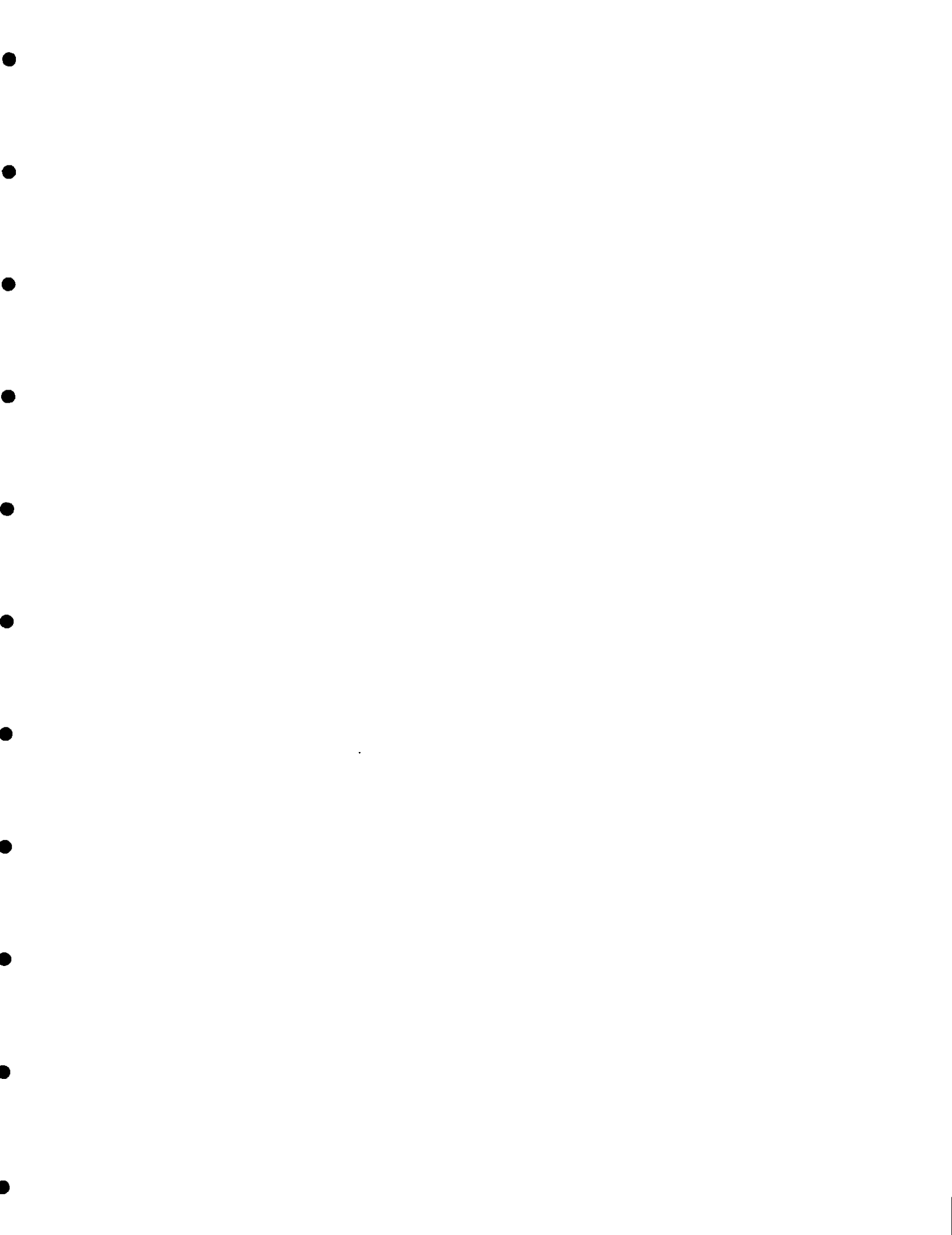
Duquesne Light Restructuring

<u>Category/Item:</u>	<u>Deferred Taxes</u>	<u>Amount</u>
Book Value:		
Generating Plant Book Value	\$ 411.34	\$ 852.03
Beaver Valley 2 Lease PV	\$ 213.01	\$ 300.35
M&S Fuel Related Sunk Costs	-	-
Working Capital	-	\$ 61.53
Costs Independent of Operation	-	-
Generation Market Value	\$ (78.69)	\$ (110.95)
Merger Savings	\$ -	\$ -
Total Stranded Generation:	\$ 545.66	\$ 1,102.96
Decommissioning:		
Nuclear Decommissioning	-	\$ 42.96
Fossil Decommissioning	-	-
Total Decommissioning	\$ -	\$ 42.96
Regulatory Assets:		
FAS 109 (including Plant reversal)	\$ 57.48	\$ 179.00
Post '05 Unamortized Debt Costs	\$ 10.67	\$ 18.67
Pre '06 Unamortized Debt Costs	\$ 6.82	\$ 9.61
Deferred Rate Synch. (Early Window)	\$ 1.87	\$ 23.50
Deferred Employee Costs	-	\$ 14.24
Deferred Nuclear Maintenance	\$ 1.35	\$ 1.90
US DOE Decommissioning	\$ 2.33	\$ 3.25
Deferred Coal Costs	-	-
Deferred Caretaker Costs	-	-
Pre-Accrued Nuclear Outage	-	-
BV2 Training Costs	\$ 0.84	\$ 1.58
Low Level Radioactive Waste	-	\$ 2.27
Coal Cost Equalization	-	\$ 0.12
Transition Costs	\$ 7.51	\$ 10.59
SFAS 106 Deferral	\$ 1.40	\$ 1.97
Deferred Fuel Costs	\$ 17.73	\$ 25.00
Other Regulatory Assets	-	\$ 0.53
Consumer Education	-	\$ 10.00
Sale-Leaseback Tax Effect (Gain)	-	\$ 55.13
Deferred Rate Synch. Costs	-	-
BV2 Tax Effect	-	\$ 0.17
Total Regulatory Assets:	\$ 108.00	\$ 357.53
PA Jurisdictional % (1-FERC Allocation)	99.900%	99.900%
TOTAL STRANDED, STAND ALONE WITH JURISDICTIONAL ALLOCATION	\$ 653.012	\$ 1,501.948

**Stranded Cost Allowance
(\$Millions)**

<u>Category/Item:</u>	<u>Amount</u>
Duquesne Light Restructuring	
Book Value:	
Generating Plant Book Value	\$ 852.03
Beaver Valley 2 Lease PV	\$ 300.35
M&S Fuel Related Sunk Costs	-
Working Capital	\$ 61.53
Costs Independent of Operation	-
Generation Market Value	\$ (110.95)
Merger Savings	\$ (152.28)
Total Stranded Generation:	\$ 950.68
Decommissioning:	
Nuclear Decommissioning	\$ 42.96
Fossil Decommissioning	-
Total Decommissioning	\$ 42.96
Regulatory Assets:	
FAS 109 (including Plant reversal)	\$ 179.00
Post '05 Unamortized Debt Costs	\$ 18.67
Pre '06 Unamortized Debt Costs	\$ 9.61
Deferred Rate Synch. (Early Window)	\$ 23.50
Deferred Employee Costs	\$ 14.24
Deferred Nuclear Maintenance	\$ 1.90
US DOE Decommissioning	\$ 3.25
Deferred Coal Costs	-
Deferred Caretaker Costs	-
Pre-Accrued Nuclear Outage	-
BV2 Training Costs	\$ 1.58
Low Level Radioactive Waste	\$ 2.27
Coal Cost Equalization	\$ 0.12
Transition Costs	\$ 10.59
SFAS 106 Deferral	\$ 1.97
Deferred Fuel Costs (1)	\$ 25.00
Other Regulatory Assets	\$ 0.53
Consumer Education	\$ 10.00
Sale-Leaseback Tax Effect (Gain)	\$ 55.13
Deferred Rate Synch. Costs	-
BV2 Tax Effect	\$ 0.17
Total Regulatory Assets:	\$ 357.53
PA Jurisdictional % (1-FERC Allocation)	99.900%
TOTAL STRANDED, WITH MERGER AND JURISDICTIONAL ALLOCATION	\$ 1,349.821

(1) Reflects an updated deferred fuel balance as of the date of the Final Order (May 29, 1998).	Tax Rate	41.4935%
	<u>Net Value</u>	<u>Def. Taxes</u>
Updated Deferred Fuel Costs	\$ 25.00	\$ 17.73
PA Jurisdictional Deferred Fuel Costs	\$ 6.73	\$ 4.77
Net Change	\$ 18.27	\$ 12.96
PA Jurisdictional % (1-FERC Allocation)	99.900%	99.900%
Net PA Change	\$ 18.25	\$ 12.95



APPENDIX C

**APPLICATION OF UNBUNDLING METHODOLOGY TO RULE 4
CONTRACTS AND ECONOMIC DEVELOPMENT RIDERS 8,9, & 20
FOR 1996 TEST YEAR**

UNBUNDLING METHODOLOGY FOR RIDERS 8, 9 & 20 AND RULE 4

Per the Commission's Order on Duquesne's compliance filing, the Company has revised its unbundling methodology for customers taking service under riders 8,9,20 and rule 4. For the tariff riders, Duquesne proposes to reduce distribution charges by the amount of the discount from the applicable full tariff rates. To the extent the discount has not been fully absorbed through the distribution rate discount, the remaining amount of the discount will be applied equally as a discount to the CTC and shopping credits. This is consistent with the Commission's order in that the discounts available under these riders are applied to the full bundled tariff rates.

Since rule 4 customer discounts are generation-related, the Company proposes to equally distribute the discount between the CTC and shopping credits which is consistent with the Commission's order. As such, Duquesne will charge the full amount of the applicable unbundled transmission and distribution rates while adjusting the CTC and shopping credit rates to account for the discount from full tariff rates.

The results for test year 1996 are attached. (Note that the Company provided no sales under economic development rider 20 during 1996.)

**RECONCILIATION TO TARIFF RATES
STAND ALONE**

<u>RULE/RIDER</u>	<u>@ TARIFF</u>	<u>DISCOUNT</u>	<u>BILLED</u>
RULE 4	\$21,655,168	\$2,455,076	\$19,200,092
GM	\$43,032	\$17,896	\$25,136
GL	\$3,217,467	\$635,823	\$2,581,644
L	\$1,316,211	\$303,124	\$1,013,087
HVPS	\$17,078,458	\$1,498,233	\$15,580,225
RIDER 8	\$4,335,171	\$1,126,308	\$3,208,863
GM	\$269,616	\$25,017	\$244,599
GL	\$3,698,915	\$954,557	\$2,744,358
L	\$366,640	\$146,734	\$219,906
RIDER 9	\$10,793,966	\$2,491,891	\$8,302,075
GM	\$1,231,922	\$242,230	\$989,692
GL	\$9,562,044	\$2,249,661	\$7,312,383
TOTALS	\$36,784,305	\$6,073,275	\$30,711,030

UNBUNDLED RIDERS 8 & 9

Unbundled				GM RIDER 8						
Rev @ Rates		Rider 8 Rev.		Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
\$269,616		\$244,599								
Rider 8 Rev.	\$244,599									
Discount	\$25,017									
		Transmission	\$9,585							
Adj. to Dist.	\$25,017	Distribution	\$29,976	KW	9,204	\$0.55	\$3.74	\$6.63	\$7.42	\$18.34
Adj. to CGC	\$0	CGC	\$107,570	KWh	2,858,940	\$0.001582	\$0.007195	\$0.012748	\$0.013738	\$0.035263
		CTC	\$97,468	KW revenues		\$5,062	\$34,423	\$61,023	\$68,294	\$168,801
Adj. to CTC	\$0			KWh revenues		\$4,523	\$20,570	\$36,446	\$39,276	\$100,815
						\$9,585	\$54,993	\$97,468	\$107,570	\$269,616

Unbundled				GM RIDER 9						
Rev @ Rates		Rider 9 Rev.		Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
\$1,231,922		\$989,692								
Rider 9 Rev.	\$989,692									
Discount	\$242,230									
		Transmission	\$43,780							
Adj. to Dist.	\$242,230	Distribution	\$9,042	KW	42,114	\$0.55	\$3.74	\$6.63	\$7.42	\$18.34
Adj. to CGC	\$0	CGC	\$491,521	KWh	13,032,122	\$0.001582	\$0.007195	\$0.012748	\$0.013738	\$0.035263
		CTC	\$445,349	KW revenues		\$23,163	\$157,506	\$279,216	\$312,486	\$772,371
Adj. to CTC	\$0			KWh revenues		\$20,617	\$93,766	\$166,133	\$179,035	\$459,552
						\$43,780	\$251,272	\$445,349	\$491,521	\$1,231,922

Unbundled				GL RIDER 8						
Rev @ Rates		Rider 8 Rev.		Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
\$3,698,915		\$2,744,358								
Rider 8 Rev.	\$2,744,358									
Discount	\$954,557									
		Transmission	\$121,892							
Adj. to Dist.	\$545,040	Distribution	\$0	KW	112,524	\$0.48	\$2.06	\$4.63	\$6.81	\$13.98
Adj. to CGC	\$204,758	CGC	\$1,601,989	KWh	60,284,999	\$0.001126	\$0.005196	\$0.011682	\$0.017259	\$0.035263
		CTC	\$1,020,477	KW revenues		\$54,012	\$231,799	\$520,986	\$766,288	\$1,573,086
Adj. to CTC	\$204,758			KWh revenues		\$67,881	\$313,241	\$704,249	\$1,040,459	\$2,125,830
						\$121,892	\$545,040	\$1,225,235	\$1,806,747	\$3,698,915

Unbundled				GL RIDER 9						
Rev @ Rates		Rider 9 Rev.		Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
\$9,562,044		\$7,312,383								
Rider 9 Rev.	\$7,312,383									
Discount	\$2,249,661									
		Transmission	\$317,433							
Adj. to Dist.	\$1,408,984	Distribution	\$0	KW	360,216	\$0.48	\$2.06	\$4.63	\$6.81	\$13.98
Adj. to CGC	\$420,339	CGC	\$4,248,032	KWh	128,356,180	\$0.001126	\$0.005196	\$0.011682	\$0.017259	\$0.035263
		CTC	\$2,746,918	KW revenues		\$172,904	\$742,045	\$1,667,800	\$2,453,071	\$5,035,820
Adj. to CTC	\$420,339			KWh revenues		\$144,529	\$666,939	\$1,499,457	\$2,215,299	\$4,526,224
						\$317,433	\$1,408,984	\$3,167,257	\$4,668,370	\$9,562,044

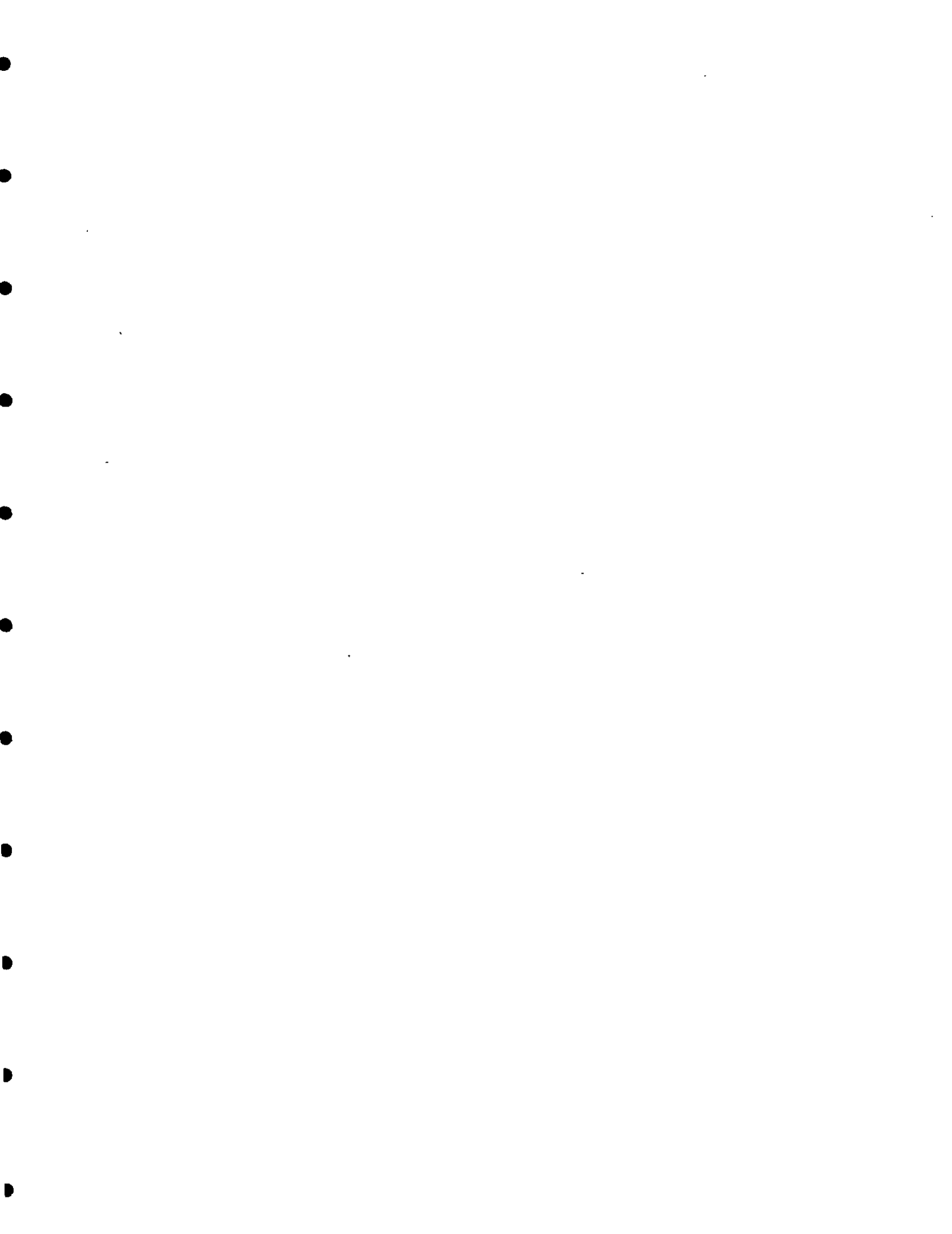
Unbundled				L RIDER 8						
Rev @ Rates		Rider 8 Rev.		Components	Annual Determinants	Transmission	Distribution	CTC	Shop Credit	Tariff rates/Revenues
\$366,640		\$219,906								
Rider 8 Rev.	\$219,906									
Discount	\$146,734									
		Transmission	\$16,604							
Adj. to Dist.	\$47,468	Distribution	\$0	KW	16,500	\$0.43	\$1.44	\$3.00	\$6.26	\$11.13
Adj. to CGC	\$49,633	CGC	\$154,187	KWh	8,004,000	\$0.001188	\$0.002962	\$0.006153	\$0.012560	\$0.022863
		CTC	\$49,116	KW revenues		\$7,095	\$23,760	\$49,500	\$103,290	\$366,640
Adj. to CTC	\$49,633			KWh revenues		\$9,509	\$23,708	\$49,249	\$100,530	\$182,995
						\$16,604	\$47,468	\$98,749	\$203,820	\$366,640



APPENDIX D

Duquesne Light Company
Tariff 18 Revisions for September 12, 1998 Compliance Filing
Based on August 13, 1998 Opinion and Order

Ordering Section	Resolution Page No.	Issue	Tariff Change
III.A.1	17	Definitions	<ul style="list-style-type: none"> • Rule 3 revised to add definitions per Order L-00970126 • Definition for provider of last resort included
III.A.2	20	Rule 4-Contracts, Deposits and Advanced Payments	<ul style="list-style-type: none"> • Rule 4 and Riders 8, 9 and 20 revised to address special contracts, customer options and application of discounts to unbundled components • Riders 8, 9 and 20-Revised the Qualifying Conditions and Terms and Conditions language accordingly • Rule 4 revised to apply to non-residential customers
III.A.3	23	Rule 5-Deposits and Advance Payments	Rule 5 revised to state that deposits and advanced payments are based on Company charges
III.A.4	24	Rules 20 & 21-Bills and Net Payment Periods	Rule 21.2 added to address partial payments per Order M-00960890F0011
III.A.5	24	Rules 26-39-Termination	Rule 26 revised to include language specified in Order
III.A.6	25	Rule 40-Reconnection Charges	Rule 40 revised to include language specified in Order
III.B	26	Consolidated Billing	No change required
III.C	27	Minimum Charges	Revised to define applicable charges if the customer purchases from an EGS
III.D	28	Power to Require Special Contracts	Rule 4 revised to permit customers to access an EGS if extension of facilities is required
III.E	29	Rates GL,L and HVPS-Electric Charges	GL,GLH,L and HVPS have been revised to clarify that customers may obtain partial load service required by Phase-In
III.F	30	Rider 7 Interruptible	No change required-Added clarifying language regarding electricity purchased from the Company
III.G	32	Phase-In	No change to the tariff; the requested change by the OSBA pertains to Phase-In
IV.B	36	Rider 21-Universal Service -Cost Recovery	<ul style="list-style-type: none"> • Revised dates • Corrected Base numbers
VII.B.1	50	Customer Switching	No change required-Revised Rule 45 to be consistent with Supplier Tariff and regulatory requirements



APPENDIX E

SCHEDULE OF RATES

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: September 12, 1998

EFFECTIVE: January 1, 1999

NOTICE

Issued in compliance with Pennsylvania Public Utility Commission Order of August 13, 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-00974104. 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.

Modifications identified in this tariff revision reflect changes to comply with the Pennsylvania Public Utility Commission's Opinion and Order entered August 13, 1998.

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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	Turtle 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
Ambridge
Baden
Beaver
Beaver Falls
Bridgewater
Conway

East Rochester
Eastvale
Economy
Fallston
Frankfort Springs
Freedom
Georgetown

Glasgow
Hookstown
Industry
Midland
Monaca
New Brighton
Ohioville

Patterson Heights
Rochester
Shippingport
South Heights
West Mayfield

Townships

Brighton
Center
Daugherty
Greene

Hanover
Harmony
Hopewell
Independence

New Sewickley
Patterson
Potter
Pulaski

Raccoon
Rochester
Vanport
White

RULES AND REGULATIONS

THE ELECTRIC SERVICE TARIFF

- 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.
- 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.
- APPLICATION** 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		

Unbundled rates of this tariff apply as a result of the "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28, and shall apply to retail customers accessing Duquesne Light Company's 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.

3.1 DEFINITIONS The following definitions used throughout this tariff apply as a result of passage of the Act:

- (1) The Act** - "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28, effective January 1, 1997. The Act modifies existing legislation and regulations to establish standards and procedures in order to create direct access by retail customers to the competitive market for the generation of electricity while maintaining the safety and reliability of the electric system for all parties.
- (2) Aggregator or Market Aggregator** - An entity, licensed by the Commission, that purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

- (3) **Basic Services** - The services necessary for the physical delivery of electricity service including generation, transmission, distribution and transition charges. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning.
- (4) **Broker or Marketer** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (5) **Commission** - The Pennsylvania Public Utility Commission.
- (6) **Competitive Transition Charge (CTC)** - A non-bypassable charge applied to the bill of every customer accessing the Company's transmission or distribution system which (charge) is designed to recover the Company's transition or stranded costs as determined by the Commission in 66 Pa. C.S. §§ 2804 and 2808 (relating to standards for restructuring of the electric industry, and competitive transition charge).
- (7) **Customers** - A retail electric customer or potential customer of retail electricity service who 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.
- (8) **Direct access** - The right of Electric Generation Suppliers 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 Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.
- (9) **Distribution Charges** - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to Billing Information) and universal service, as applicable.
- (10) **Electric Distribution Company (EDC)** - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

- (11) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to the Act. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).
- (12) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (13) **Generation Charges** - Basic service charges for producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.
- (14) **Marketer or Broker** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy and does not take title to the electric energy.
- (15) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (16) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (17) **Provider of Last Resort** - The Company will provide electricity to the customer 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
- (18) **Transition Charges** - Basic service charges for costs defined as transition or stranded costs, comprised of a CTC, designed to recover the Company's transition or stranded costs as authorized by the Commission.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

(19) **Transition or Stranded Costs** - The Company's known and measurable net electric generation-related costs, 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 items as defined in the Act.

(20) **Transmission Charges** - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company.

3.2 ELECTRIC GENERATION SUPPLIER TARIFF 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 customers. Those rules and guidelines shall apply as applicable to 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.

3.3 COMPETITIVE TRANSITION CHARGE RECONCILIATION Each month, the Company will separately account for competitive transition charge (CTC) revenues collected from each rate class under the applicable interim tariff rates. Subsequent to the sale of its generation assets, the Company will establish final CTC rates for each rate class considering the amount of divestiture proceeds and revenues recovered under the interim CTC rates. The exact methodology for determining final CTC rates will be established by the Commission in conjunction with a decision in connection with the Company's auction plan.

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS

4. CONTRACTS The Company reserves the right to require non-residential customers 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. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and the Act. Extension of such facilities will not be conditioned on the customer's agreement to purchase generation from the Company. Receipt of electric service by any entity, 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.

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)

4. CONTRACTS - (Continued)

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 an appropriate contribution towards transition 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; terminate the contract and obtain electricity from an EGS according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. 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 amount of transmission, distribution, CTC and generation charges in the customer contract. The dollar value of the customer's discount from otherwise applicable tariff rates will be allocated equally between the CTC charges of the bill and the generation charges of the bill. 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 customers who retain the unbundled contract rates and purchase electricity from an EGS, the discount allocated to the CTC charges (that discount that would have otherwise been provided to the customer had they continued to purchase electricity from the Company under the contract) will be applied to the CTC charges of the bill.

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 Company charges for such temporary service. The gross bill shall include all fixed, demand and energy charges for Company 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 for Company charges exclusive of unpaid EGS bills, if any, or three or more electric bills for Company charges 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 be based on Company charges and 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. Payment of any disputed bill, where the payment is withheld beyond the due date set forth on the face of the bill at issue and the dispute over which is terminated substantially in favor of the ratepayer, shall be made by the ratepayer within 15 days following the termination of that dispute in order to be deemed timely. 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 Company 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."

(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."

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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.

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.

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

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

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.

RULES AND REGULATIONS - (Continued)

BILLS AND NET PAYMENT PERIODS - (Continued)

21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. Payments made direct at the payment receiving offices of the Company or payments made direct to the Company's agencies by the due date will be accepted by the Company in the amount billed. Payments made by mail may be accepted in the amount billed by the Company, at its option if: (1) the date of mailing as determined by the Post Office date stamp on the enclosing envelope is on or before the due date, or (2) 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 to Company charges for failure to make payment of the bill in accord with the above.

21.2 PARTIAL PAYMENT OF BILLS For customers who submit payments which are insufficient to cover all of the charges billed by the Company, including EGS charges for those customers who have selected consolidated billing, the Company will apply the payment based upon their current bill and their outstanding balance, if applicable. For a customer who has a pre-direct access balance, the Company will apply the payment as follows: (1) outstanding pre-direct access balance or the installment amount for a payment agreement on this balance; (2) competitive transition charge (CTC); (3) distribution charges; (4) transmission charges; (5) generation charges, and (6) non-basic service charges defined in Rule 3. If the customer's account develops a post-direct access balance, the Company will apply the payments to the pre-direct access balance, according to the terms of the pre-direct access payment agreement, then apply the remainder of the payment to any other outstanding post-direct access charges. For a customer with no pre-direct access balance but with a post-direct access balance, the Company will apply the payment as follows: (1) balance due for prior CTC charges; (2) current CTC charges; (3) current distribution charges; (4) current transmission charges; (5) balance due for prior generation charges; (6) current generation charges, and (7) non-basic service charges.

21.3 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 undisputed Company service charges or Company charges as the provider of last resort charges. 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 based on Company charges when requested to do so 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."

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."

RULES AND REGULATIONS - (Continued)

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

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.

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.

RULES AND REGULATIONS - (Continued)

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

39.2 EMERGENCY ENERGY CONSERVATION - (Continued)

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 for Company charges and a deposit, and to require the payment of costs incurred by the Company to reconnect the service. 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."

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 for Company charges 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.

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.

RULES AND REGULATIONS - (Continued)

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.

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.*

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS- (Continued)

44. SURGE PROTECTION SERVICE - (Continued)

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 52 Pa. Code Chapter 57, Subchapter M "Standards for Changing a Customers Electricity Generation Supplier." Customers who are eligible to purchase all or part of their electricity from an EGS are permitted to purchase electricity from only one EGS per billing cycle. Customers who elect to return to the Company from an EGS will return at the charges of the applicable rate. Switching by customer shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this Tariff and the Supplier Tariff.

Upon receipt of the request by the Company from the customer or authorized party to change the EGS, the Company will send the customer a confirmation letter notifying the customer of the proposed change and their 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; (2) and all required customer information including the customer's name, service address, customer account number, current EGS, proposed EGS and confirmation that the proposed EGS has agreed to provide the services is provided to the Company is accurate and complete; (3) the 10-day waiting period has expired; and (4) the customer has not contacted the Company to dispute the EGS selection. If the required information to process a change to an EGS is not provided, the customer shall either call the Company with the necessary information or supply signed written authorization before the change is processed. 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. 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.

46. PROVISION OF LOAD DATA The Company will provide to a customer or the customer's designated EGS or authorized consultant, historical data in accordance with all current regulatory requirements of direct access 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

	Distribution Charge cents per <u>kilowatt-hour</u>	Competitive Transition Charge cents per <u>kilowatt-hour</u>	Transmission Charge cents per <u>kilowatt-hour</u>	Generation Charge cents per <u>kilowatt-hour</u>
All kilowatt-hours	2.7201	3.9030	0.2483	4.5149

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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

RATE RS - RESIDENTIAL SERVICE - (Continued)

MONTHLY RATE - (Continued)

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	1.5536	3.7944	0.2081	5.8302
Additional kilowatt-hours	0.5754	1.4050	0.2081	2.0278

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	1.5536	3.7944	0.2081	5.8302

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 the EGS. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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^o 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 <u>kilowatt-hour</u>	<u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u>	<u>Transmission Charge</u> cents per <u>kilowatt-hour</u>	<u>Generation Charge</u> cents per <u>kilowatt-hour</u>
First 500 kilowatt-hours	2.0173	3.9760	0.2534	5.1396
Additional kilowatt-hours	0.7470	1.4723	0.2534	1.7436

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per <u>kilowatt-hour</u>	<u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u>	<u>Transmission Charge</u> cents per <u>kilowatt-hour</u>	<u>Generation Charge</u> cents per <u>kilowatt-hour</u>
All kilowatt-hours	2.0173	3.9760	0.2534	5.1396

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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° 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> \$ per kilowatt	<u>Competitive Transition Charge</u> \$ per kilowatt	<u>Transmission Charge</u> \$ per kilowatt	<u>Generation Charge</u> \$ per kilowatt
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge
Additional kilowatts of Demand	3.74	6.48	0.55	7.57

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 550 kilowatt-hours	2.7946	4.8400	0.1582	5.9035
Next 750 kilowatt-hours	2.6151	4.5290	0.1582	5.5140
Additional kilowatt-hours	0.7195	1.2461	0.1582	1.4025

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

MONTHLY RATE - (Continued)

INDUSTRIAL CUSTOMERS

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
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge
Additional kilowatts of Demand	3.74	7.84	0.55	6.21

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 550 kilowatt-hours	2.7946	5.8561	0.1582	4.8874
Next 750 kilowatt-hours	2.6151	5.4798	0.1582	4.5632
Additional kilowatt-hours	0.7195	1.5077	0.1582	1.1409

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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 a Demand Charge based on 30% of the highest Billing Demand during the preceding eleven months, but not less than the Customer Distribution Charge. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any.

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	1.9577	3.5342	0.1946	5.4998
Additional kilowatt-hours	0.6171	1.1141	0.1946	1.6005

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	3.21	5.79	0.54	8.80

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	2.3970	4.3272	0.1946	6.7775
Next 750 kilowatt-hours	2.2430	4.0492	0.1946	6.3295
Additional kilowatt-hours	0.6171	1.1141	0.1946	1.6005

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	1.9577	4.4893	0.1946	4.5447
Additional kilowatt-hours	0.6171	1.4152	0.1946	1.2994

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	3.21	7.36	0.54	7.23

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	2.3970	5.4965	0.1946	5.6082
Next 750 kilowatt-hours	2.2430	5.1434	0.1946	5.2353
Additional kilowatt-hours	0.6171	1.4152	0.1946	1.2994

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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 a Demand Charge based on 30% of the highest Billing Demand during the preceding eleven months, but not less than the Customer Distribution Charge. The Demand Charge shall be determined using the distribution and competitive transition charges and the transmission and generation charges associated with Company supplied transmission and generation, if any.

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (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.

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	814.47	1668.40	144.00	2900.13
	<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	2.06	4.22	0.48	7.22

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	0.5196	1.0646	0.1126	1.8295

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	814.47	2182.13	144.00	2386.40
	<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	2.06	5.52	0.48	5.92

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	0.5196	1.3924	0.1126	1.5017

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, from an EGS, or from the Company and 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 all of their electric energy requirements from an EGS will be charged the full distribution and competitive transition charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers who purchase part of their electricity from the Company and the balance from an EGS will be billed the full distribution and competitive transition charges, and the prorated share of the transmission and generation charges associated with Company supplied electricity. The balance of the transmission and generation requirements must be purchased from the customers' 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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$2,482.87 for Commercial Customers nor less than \$2,996.60 for Industrial Customers.

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	1.2540	3.1969	0.2063	6.5291
Additional kilowatt-hours	0.3953	1.0078	0.2063	1.9169

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	619.61	1579.57	180.00	3147.82
	<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	1.57	3.99	0.60	7.82

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	0.3953	1.0078	0.2063	1.9169

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	1.2540	4.3133	0.2063	5.4127
Additional kilowatt-hours	0.3953	1.3597	0.2063	1.5650

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	619.61	2131.12	180.00	2596.27
	<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	1.57	5.39	0.60	6.42

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	0.3953	1.3597	0.2063	1.5650

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, from an EGS, or from the Company and 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 all of their electric energy requirements from an EGS will be charged the full distribution and competitive transition charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers who purchase part of their electricity from the Company and the balance from an EGS will be billed the full distribution and competitive transition charges, and the prorated share of the transmission and generation charges associated with Company supplied electricity. The balance of the transmission and generation requirements must be purchased from the customers' 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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$2,199.18 for Commercial Customers nor less than \$2,750.73 for Industrial Customers.

RATE GLH - GENERAL SERVICE MEDIUM HEATING - (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.

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	9,235.45	15,043.55	2,150.00	44,860.00
	<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	1.48	2.42	0.43	7.12
Next 25,000 kilowatts of Demand	1.44	2.35	0.43	6.91
Additional kilowatts of Demand	1.40	2.29	0.43	6.72

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	0.4568	0.7441	0.1188	2.2066
Next 150 kilowatt-hours per kilowatt of Demand	0.2962	0.4825	0.1188	1.3888
Additional kilowatt-hours	0.2677	0.4360	0.1188	1.2438

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	9,235.45	22,956.33	2,150.00	36,947.22
	<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	1.48	3.69	0.43	5.85
Next 25,000 kilowatts of Demand	1.44	3.58	0.43	5.68
Additional kilowatts of Demand	1.40	3.49	0.43	5.52

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	0.4568	1.1355	0.1188	1.8152
Next 150 kilowatt-hours of Demand	0.2962	0.7362	0.1188	1.1351
Additional kilowatt-hours	0.2677	0.6654	0.1188	1.0144

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, from an EGS, or from the Company and 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 all of their electric energy requirements from an EGS will be charged the full distribution and competitive transition charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers who purchase part of their electricity from the Company and the balance from an EGS will be billed the full distribution and competitive transition charges, and the prorated share of the transmission and generation charges associated with Company supplied electricity. The balance of the transmission and generation requirements must be purchased from the customers' 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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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.

UNTRANSFORMED SERVICE CREDIT

Where the customer furnishes all necessary equipment to take untransformed service at 11,500 volts or higher, in strict accordance with the Company's standards and specifications, a credit based upon the individual demand of the untransformed circuit shall be as follows:

11,500 or 23,000 Volt Service	\$39.75 plus 7.0 cents per Kilowatt
69,000 Volt Service or Higher	9.1 cents per Kilowatt

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$24,279.00 for Commercial Customers nor less than \$32,191.78 for Industrial Customers.

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 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.

RATE L - LARGE POWER SERVICE - (Continued)

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.

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	31,164.04	83,073.58	15,000.00	201,298.38
	<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	1.12	3.00	0.50	7.30

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	0.3824	1.0195	0.1265	2.5279
Off-Peak	0.1826	0.4867	0.1265	1.1405

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, from an EGS, or from the Company and 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 all of their electric energy requirements from an EGS will be charged the full distribution and competitive transition charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers who purchase part of their electricity from the Company and the balance from an EGS will be billed the full distribution and competitive transition charges, and the prorated share of the transmission and generation charges associated with Company supplied electricity. The balance of the transmission and generation requirements must be purchased from the customers' 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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$114,237.62.

RIDERS

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

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (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

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> <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>
All kilowatts of Demand	0.67	2.90	0.09	3.36

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 300 kilowatt-hours	0.9402	4.0405	0.0666	4.7390
Additional kilowatt-hours	0.2398	1.0307	0.0666	1.1592

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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

	Distribution Charge cents per <u>kilowatt-hour</u>	Competitive Transition Charge cents per <u>kilowatt-hour</u>	Transmission Charge cents per <u>kilowatt-hour</u>	Generation Charge cents per <u>kilowatt-hour</u>
All kilowatt-hours	3.8541	2.6458	0.0612	4.1852

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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	\$9.71	\$1.89	\$0.03	\$3.15
175	74	\$12.65	\$1.99	\$0.05	\$4.57
250	102	\$15.76	\$2.20	\$0.06	\$5.97
400	161	\$21.35	\$2.33	\$0.10	\$8.72
1,000	386	\$46.15	\$3.96	\$0.24	\$19.89
Sodium Vapor					
70	29	\$9.86	\$2.36	\$0.02	\$2.77
100	50	\$12.59	\$2.65	\$0.03	\$3.89
150	71	\$14.93	\$2.82	\$0.04	\$4.94
250	110	\$21.83	\$3.94	\$0.07	\$7.39
400	170	\$28.50	\$4.39	\$0.10	\$10.38
1,000	387	\$59.61	\$8.29	\$0.24	\$22.59

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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	\$5.97	\$2.69	\$0.05	\$3.97
250	102	\$7.77	\$3.19	\$0.06	\$5.49
400	161	\$11.42	\$4.09	\$0.10	\$8.66
1,000	386	\$25.67	\$7.88	\$0.24	\$20.75
Sodium Vapor					
100	29	\$5.74	\$3.73	\$0.03	\$2.69
150	50	\$7.06	\$4.07	\$0.04	\$3.82
200	71	\$8.37	\$4.71	\$0.05	\$4.66
250	95	\$9.68	\$4.90	\$0.07	\$5.91
400	170	\$13.61	\$6.06	\$0.10	\$9.15
1,000	387	\$30.54	\$13.30	\$0.24	\$20.80

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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.
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.

RATE SH - STREET LIGHTING HIGHWAY - (Continued)

SPECIAL TERMS AND CONDITIONS - (Continued)

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	3.1814	4.9665	0.1846	4.9038
Additional kilowatt-hours	0.8067	1.2593	0.1846	1.1057

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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	\$9.86	\$2.37	\$0.02	\$2.76
100	50	\$12.59	\$2.65	\$0.03	\$3.89
150	71	\$14.93	\$2.81	\$0.04	\$4.95
250	110	\$21.83	\$3.94	\$0.07	\$7.39
400	170	\$28.50	\$4.39	\$0.10	\$10.38
Flood Lighting					
100	46	\$11.38	\$2.38	\$0.03	\$3.53
150	67	\$13.22	\$2.38	\$0.04	\$4.48
250	100	\$15.91	\$2.30	\$0.06	\$5.94
400	155	\$20.41	\$2.99	\$0.09	\$7.57

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$0.12	\$1.77	\$0.02	\$1.21
100	46	\$0.19	\$2.81	\$0.03	\$1.92
150	67	\$0.28	\$4.08	\$0.04	\$2.81
250	100	\$0.41	\$6.09	\$0.06	\$4.19
400	155	\$0.64	\$9.45	\$0.09	\$6.49

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. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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 PAL - PRIVATE AREA LIGHTING - (Continued)

MONTHLY RATE - (Continued)

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.

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. Customers purchasing electricity from the Company and an EGS must purchase their entire interruptible load from the Company to qualify for the credit in this rider.

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 credit 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:

<u>Incremental Hours Use</u>	<u>Percent Discount to Incremental Unit Demand 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	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 credit 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:

Incremental Hours Use	<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.

The above credits will be applied to the distribution, CTC and generation charges of the bill as described under the section "Provisions Under direct Access."

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**

$$\frac{(\text{Total Kilowatt-hours used in billing period} - \text{Monthly Base Period Usage})}{(\text{Billing Demand} - \text{Monthly Base Period Billing Demand})}$$

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. 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).
3. 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; terminate the contract and obtain electricity from an EGS according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. For customers who continue to purchase electric generation requirements from the Company through their contract, the Company will unbundle the contract in a manner that retains the credits established by this rider and that reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The dollar value of the credit will be applied first to the total distribution charges of the contract. If the credit is greater than the total distribution charges, the balance of the credit will be allocated equally between the CTC charges of the bill and the generation charges of the bill. 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 customers who retain the unbundled contract rates and purchase electricity from an EGS, the credit established by this rider will be applied first to the distribution charges of the contract. If the credit is greater than the total distribution charges, the credit allocated to the CTC charges (that credit that would have otherwise been provided to the customer had they continued to purchase power from the Company under the contract) will be applied to the CTC charges of the bill.

For contracts that contain provisions governing the customer's rights under direct access, the customer will be eligible to obtain electricity from an EGS only 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 credit 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:

<u>Incremental Hours Use</u>	<u>Percent Discount to Incremental Unit Demand 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	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 credit 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:

Incremental Hours Use	<u>Percent Discount to Incremental Unit Energy Charge</u>		
	First 36 Months On Rider	Next 12 Months On Rider	Next 12 Months On Rider
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.

The above credits will be applied to the distribution, CTC and generation charges of the bill as described under the section "Provisions Under Direct Access."

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. 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).
3. 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).

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)

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; terminate the contract and obtain electricity from an EGS according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. For customers who continue to purchase electric generation requirements from the Company through their contract, the Company will unbundle the contract in a manner that retains the credits established by this rider and that reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The dollar value of the credit will be applied first to the total distribution charges of the contract. If the credit is greater than the total distribution charges, the balance of the credit will be allocated equally between the CTC charges of the bill and the generation charges of the bill. 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 customers who retain the unbundled contract rates and purchase electricity from an EGS, the credit established by this rider will be applied first to the distribution charges of the contract. If the credit is greater than the total distribution charges, the credit allocated to the CTC charges (that credit that would have otherwise been provided to the customer had they continued to purchase power from the Company under the contract) will be applied to the CTC charges of the bill.

For contracts that contain provisions governing the customer's rights under direct access, the customer will be eligible to obtain electricity from an EGS only 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 for distribution and competitive transition charges, and generation charges if purchased from the Company, shall be reduced by seven . two two percent (7.22%) for Rate GS/GM customers and seven . two five percent (7.25%) for Rate GL customers 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:

COMMERCIAL CUSTOMERS

	<u>Distribution Charge</u> cents per <u>kilowatt-hour</u>	<u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u>	<u>Transmission Charge</u> cents per <u>kilowatt-hour</u>	<u>Generation Charge</u> cents per <u>kilowatt-hour</u>
Rate GS/GM	0.7195	1.2461	0.1582	1.4025
Rate GL	0.5196	1.0646	0.1126	1.8295
Rate L	0.4568	0.7441	0.1188	2.2066

INDUSTRIAL CUSTOMERS

	<u>Distribution Charge</u> cents per <u>kilowatt-hour</u>	<u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u>	<u>Transmission Charge</u> cents per <u>kilowatt-hour</u>	<u>Generation Charge</u> cents per <u>kilowatt-hour</u>
Rate GS/GM	0.7195	1.5077	0.1582	1.1409
Rate GL	0.5196	1.3924	0.1126	1.5017
Rate L	0.4568	1.1355	0.1188	1.8152

For the Billing Months of May through October:

Rate GS/GM, GL and L will apply.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 13 - GENERAL SERVICE SEPARATELY METERED ELECTRIC SPACE HEATING SERVICE -
(Continued)

(Applicable to Rates GS/GM, GL and L)

MONTHLY RATE - (Continued)

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</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	0.5754	1.4050	0.2081	2.0278

For the billing months of May through October:

	<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	2.7201	3.9030	0.2483	4.5149

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 1, 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. For new customers, the Company will use existing procedures to estimate Base Period Billing Determinants.

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)	0.29	0.42	0.43	2.42
GL (300 to 4,999 kW)	0.72	3.01	0.48	0.66
GS/GM (less than 300 kW)	1.11	2.87	0.55	1.04

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)	0.3713	0.5295	0.1188	1.8467
GL (300 to 4,999 kW)	0.4121	1.7308	0.1126	0.5408
GS/GM (less than 300 kW)	0.7050	1.8162	0.1582	0.8469

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)	0.29	0.42	0.43	1.12
GL (300 to 4,999 kW)	0.50	2.12	0.48	0.32
GS/GM (less than 300 kW)	0.85	2.19	0.55	0.67

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)	0.3713	0.5295	0.1188	1.8467
GL (300 to 4,999 kW)	0.4121	1.7308	0.1126	0.5408
GS/GM (less than 300 kW)	0.7050	1.8162	0.1582	0.8469

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)	0.29	0.42	0.43	1.12
GL (300 to 4,999 kW)	0.50	2.12	0.48	0.32
GS/GM (less than 300 kW)	0.85	2.19	0.55	0.67 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)	0.3325	0.4741	0.1188	1.6409
GL (300 to 4,999 kW)	0.3679	1.5451	0.1126	0.4707
GS/GM (less than 300 kW)	0.6470	1.6668	0.1582	0.7643

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	Next 150 kWh of usage after the first 200 kWh
40 to 59 gallons	Next 200 kWh of usage after the first 200 kWh
60 to 99 gallons	Next 300 kWh of usage after the first 200 kWh
100 to 119 gallons	Next 400 kWh of usage after the first 200 kWh
120 gallons or greater	Next 500 kWh of usage after the first 200 kWh

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.

PROVISIONS UNDER DIRECT ACCESS

For customers purchasing their electric generation from an EGS, the customer will be billed for the distribution and competitive transition charges of the applicable rate based on energy consumption net of the water heating allowance.

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 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.

The above credits will be applied to the distribution, CTC and generation charges of the bill as described under the section "Provisions Under Direct Access."

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. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.
8. 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.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - SMALL BUSINESS DEVELOPMENT RIDER - (Continued)

(Applicable to Rate GS/GM)

TERMS AND CONDITIONS - (Continued)

9. 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.
10. 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.
11. 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.
12. 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.
13. 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; terminate the contract and obtain electricity from an EGS according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. For customers who continue to purchase electric generation requirements from the Company through their contract, the Company will unbundle the contract in a manner that retains the credits established by this rider and that reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The dollar value of the credit will be applied first to the total distribution charges of the contract. If the credit is greater than the total distribution charges, the balance of the credit will be allocated equally between the CTC charges of the bill and the generation charges of the bill. 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 customers who retain the unbundled contract rates and purchase electricity from an EGS, the credit established by this rider will be applied first to the distribution charges of the contract. If the credit is greater than the total distribution charges, the credit allocated to the CTC charges (that credit that would have otherwise been provided to the customer had they continued to purchase power from the Company under the contract) will be applied to the CTC charges of the bill.

For contracts that contain provisions governing the customer's rights under direct access, the customer will be eligible to obtain electricity from an EGS only 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 July 1, 2001 will include costs deferred from January 1, 1999 through May 31, 2001.)

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
Rate PAL	0.024000

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	1.80
Rate RH	1.40
Rate RA	1.40
Rate GS/GM	1.10
Rate GMH	1.00
Rate GLH	0.50
Rate GL	0.50
Rate L	0.50
Rate HVPS	0.30
Rate AL	1.30
Rate SE	4.70
Rate MTS	1.00
Rate SM	0.30
Rate SH	2.80
Rate PAL	0.30

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 filing, reconciliation and audit of the universal service charge shall be conducted pursuant to procedures formulated by the Commission. This tariff will be revised to reflect the Commission's directive when appropriate.

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.

SCHEDULE OF RATES – BLACK LINED VERSION

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: September 12, ~~June 18,~~ 1998

EFFECTIVE: January 1, 1999

NOTICE

Issued in compliance with Pennsylvania Public Utility Commission Order of
August 13, ~~1998~~ ~~May 29,~~ 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-00974104. 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.

Modifications identified in this tariff revision reflect changes to comply with the Pennsylvania Public Utility Commission's Opinion and Order entered August 13, 1998.

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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	Roslyn 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	Turtle 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	Wilkesburg
			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. Electric service is basic service which includes those services necessary for the physical delivery of electricity including generation, transmission and distribution, and includes CTC charges as described above. In general, electric service does not include non-basic services identified in this tariff which are optional recurring services that are distinctly separate and clearly not required for the physical delivery of electric service.~~

~~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. These 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.~~

~~As the provider of last resort, the Company will supply electricity as the provider of last resort. 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)

THE ELECTRIC SERVICE TARIFF - (Continued)

3. APPLICATION 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		

Unbundled rates of this tariff apply as a result of the "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28, and shall apply to retail customers accessing Duquesne Light Company's 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.

3.1 DEFINITIONS The following definitions used throughout this tariff apply as a result of passage of the Act:

- (1) The Act - "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28, effective January 1, 1997. The Act modifies existing legislation and regulations to establish standards and procedures in order to create direct access by retail customers to the competitive market for the generation of electricity while maintaining the safety and reliability of the electric system for all parties.
- (2) Aggregator or Market Aggregator - An entity, licensed by the Commission, that purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- (3) Basic Services - The services necessary for the physical delivery of electricity service including generation, transmission, distribution and transition charges. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning.
- (4) Broker or Marketer - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (5) Commission - The Pennsylvania Public Utility Commission.

RULES AND REGULATIONS - (Continued)

-THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

- (6) Competitive Transition Charge (CTC) - A non-bypassable charge applied to the bill of every customer accessing the Company's transmission or distribution system which (charge) is designed to recover the Company's transition or stranded costs as determined by the Commission in 66 Pa. C.S. §§ 2804 and 2808 (relating to standards for restructuring of the electric industry, and competitive transition charge).
- (7) Customers - A retail electric customer or potential customer of retail electricity service who 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.
- (8) Direct access - The right of Electric Generation Suppliers 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 Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.
- (9) Distribution Charges - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to Billing Information) and universal service, as applicable.
- (10) Electric Distribution Company (EDC) - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.
- (11) Electric Generation Suppliers (EGS) - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to the Act. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).
- (12) Electricity Provider - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

(13) Generation Charges - Basic service charges for producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.

(14) Marketer or Broker - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy and does not take title to the electric energy.

(15) Non-Basic Services - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.

(16) Renewable Resource - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.

(17) Provider of Last Resort - The Company will provide electricity to the customer 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

(18) Transition Charges - Basic service charges for costs defined as transition or stranded costs, comprised of a CTC, designed to recover the Company's transition or stranded costs as authorized by the Commission.

(19) Transition or Stranded Costs - The Company's known and measurable net electric generation-related costs, 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 items as defined in the Act.

(20) Transmission Charges - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company.

3.2 ELECTRIC GENERATION SUPPLIER TARIFF 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 customers. Those rules and guidelines shall apply as applicable to 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.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3.3 COMPETITIVE TRANSITION CHARGE RECONCILIATION Each month, the Company will separately account for competitive transition charge (CTC) revenues collected from each rate class under the applicable interim tariff rates. Subsequent to the sale of its generation assets, the Company will establish final CTC rates for each rate class considering the amount of divestiture proceeds and revenues recovered under the interim CTC rates. The exact methodology for determining final CTC rates will be established by the Commission in conjunction with a decision in connection with the Company's auction plan.

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS

4. CONTRACTS The Company reserves the right to require non-residential ~~the~~ customers 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. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and the Act. Extension of such facilities will not be conditioned on the customer's agreement to purchase generation from the Company. Receipt of electric service by any entity, 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 an appropriate contribution towards transition costs. ~~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.

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS

4. CONTRACTS - (Continued)

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 according subject to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. 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 amount of transmission, distribution, ~~T, D~~ and CTC and generation charges embedded in the customer contract. - The dollar value of the customer's discount from otherwise applicable tariff rates will be allocated equally between the CTC charges of the bill and the generation charges of the bill. 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 customers who retain the unbundled contract rates and purchase electricity from an EGS, the discount allocated to the CTC charges (that discount that would have otherwise been provided to the customer had they continued to purchase electricity from the Company under the contract) will be applied to the CTC charges of the bill.

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 Company charges for such temporary service. The gross bill shall include all fixed, demand and energy charges for Company 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 for Company charges exclusive of unpaid EGS bills, if any, or three or more electric bills for Company charges 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 be based on Company charges and 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 for Company charges shall be payment of the bill within thirty days following presentation of the bill, or the~~ Payment of any disputed contested bill, where the payment of which is withheld beyond the due date set forth on the face of the bill at issue period herein mentioned and the dispute over which is terminated substantially in favor of the ratepayer, shall be and payment made by the ratepayer within 15 days following the termination of that dispute in order to be deemed timely 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 Company 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."

(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."

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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.

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.

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

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

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.~~

RULES AND REGULATIONS - (Continued)

BILLS AND NET PAYMENT PERIODS - (Continued)

21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. Payments made direct at the payment receiving offices of the Company or payments made direct to the Company's agencies by the due date ~~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 made by mail may ~~mailed not later than 20 days after the mailing date of the bills~~ will be accepted in the amount billed by the Company, at its option if: (1) ~~in the amount billed regardless of the date upon which payments are received.~~ The date of mailing ~~as shall be determined by the Post Office date stamp on the enclosing envelope is on or before the due date, or (2) - 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 to Company charges for failure to make payment of the bill in accord with the above.

21.2 PARTIAL PAYMENT OF BILLS For customers who submit payments which are insufficient to cover all of the charges billed by the Company, including EGS charges for those customers who have selected consolidated billing, the Company will apply the payment based upon their current bill and their outstanding balance, if applicable. For a customer who has a pre-direct access balance, the Company will apply the payment as follows: (1) outstanding pre-direct access balance or the installment amount for a payment agreement on this balance; (2) competitive transition charge (CTC); (3) distribution charges; (4) transmission charges; (5) generation charges, and (6) non-basic service charges defined in Rule 3. If the customer's account ~~develops a post-direct access balance, the Company will apply the payments to the pre-direct access balance, according to the terms of the pre-direct access payment agreement, then apply the remainder of the payment to any other outstanding post-direct access charges.~~ For a customer with no pre-direct access balance but with a post-direct access balance, the Company will apply the payment as follows: (1) balance due for prior CTC charges ~~service~~; (2) current CTC charges; (3) current distribution charges; (4) current transmission charges; (5) balance due for prior generation charges; (6) current generation charges, and (7) non-basic service charges.

21.3 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 for Company service charges or Company charges as the provider of last resort charges.~~ 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 ~~based on Company charges when requested to do 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."

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."

RULES AND REGULATIONS - (Continued)

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

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.

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.

RULES AND REGULATIONS - (Continued)

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

39.2 EMERGENCY ENERGY CONSERVATION - (Continued)

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 arrears for Company ~~service charges~~ ~~charge arrears and a deposit, and to require the payment of costs incurred by the Company to reconnect the service. 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."~~

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 arrears for Company ~~charges~~ ~~arrears~~ 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.

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.

RULES AND REGULATIONS - (Continued)

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.

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.

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS- (Continued)

44. SURGE PROTECTION SERVICE - (Continued)

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, Pa. Code 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 who are eligible to purchase all or part of their electricity from an EGS are permitted to purchase electricity from ~~limited to only one EGS supplier~~ per billing cycle. Customers who elect to return to the Company from an EGS will return at the charges of the applicable rate. Switching by customer shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this Tariff and the Supplier Tariff.

Upon receipt of the request by the Company from the customer or authorized party to change the EGS, the Company will send the customer a confirmation letter notifying the customer of the proposed change and their 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; (2) and all required customer information including the customer's name, service address, customer account number, current EGS, proposed EGS and confirmation that the proposed EGS has agreed to provide the services is provided to the Company is accurate and complete; (3) the 10-day waiting period has expired; and (4) the customer has not contacted the Company to dispute the EGS selection. If the required information to process a change to an EGS is not provided, the customer shall either call the Company with the necessary information or supply signed written authorization before the change is processed. 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. 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.

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~~ historical data in accordance with all current regulatory requirements of direct access 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

	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
All kilowatt-hours	<u>2.7201</u> 2.6315	<u>3.9030</u> 4.0755	<u>0.2483</u> 0.2728	<u>4.5149</u> 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. For reasonable periods of time in a ~~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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

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 <u>kilowatt-hour</u>	<u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u>	<u>Transmission Charge</u> cents per <u>kilowatt-hour</u>	<u>Generation Charge</u> cents per <u>kilowatt-hour</u>
First 500 kilowatt-hours	<u>1.5536</u> 3.4901	<u>3.7944</u> 1.9033	<u>0.2081</u> 0.2336	<u>5.8302</u> 5.8543
Additional kilowatt-hours	<u>0.5754</u> 1.3106	<u>1.4050</u> 0.7147	<u>0.2081</u> 0.2336	<u>2.0278</u> 2.0524

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per <u>kilowatt-hour</u>	<u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u>	<u>Transmission Charge</u> cents per <u>kilowatt-hour</u>	<u>Generation Charge</u> cents per <u>kilowatt-hour</u>
All kilowatt-hours	<u>1.5536</u> 3.4901	<u>3.7944</u> 1.9033	<u>0.2081</u> 0.2336	<u>5.8302</u> 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 the EGS. For reasonable periods of time in a 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. However, this will not apply in instances where the Company supplies electricity when an EGS defaults on their contract with the customer.

~~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.

FILE

CONTINUED