BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF
PECO ENERGY COMPANY
FOR APPROVAL OF ITS
DEFAULT SERVICE PROGRAM

Docket No. P-2012-2283641

REVISED DEFAULT SERVICE PLAN
COMPLIANCE FILING
&
EXHIBITS

Volume I of II

December 11, 2012

PECO ENERGY COMPANY
REVISED DEFAULT SERVICE PLAN
COMPLIANCE FILING
&
EXHIBITS

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REVISED DEFAULT SERVICE PLAN
COMPLIANCE FILING

I. INTRODUCTION AND OVERVIEW

1. On October 12, 2012, the Pennsylvania Public Utility Commission (the "Commission") issued an Opinion and Order (the "October 12 Order") approving the Default Service Program of PECO Energy Company ("PECO" or the "Company") for the period from June 1, 2013 to May 31, 2015 ("DSP II"), with several revisions. The October 12 Order directed PECO to file a revised plan (a "Revised Plan") reflecting the changes directed by the Commission within sixty days (December 11, 2012) and to also submit proposals, in collaboration with electric generation suppliers ("EGSs") and other interested parties, addressing several Retail Market Enhancement Program ("RME Program") issues. Specifically, the October 12 Order directed the Company to submit: (1) a proposal regarding EGS selection, customer assignment, and the role of an independent monitor for PECO's Opt-In Competitive Offer Program ("Opt-In Program"), as revised by the Commission; (2) a proposal with other interested parties within thirty days regarding application and form requirements for EGSs who participate in PECO's Opt-In Competitive Offer and Standard Offer Programs (the "EGS

Applications and Form Agreements"); and (3) a proposal for payment of RME Program costs. *See* October 12 Order, pp. 155-157.[1]

2. On October 31, 2012, the Company filed a Petition for Clarification and Reconsideration ("Clarification Petition") requesting that the Commission, among other things: (1) clarify that portions of the October 12 Order relating to a scheduled default service procurement were final so that the procurement could proceed; (2) allow proposals regarding the EGS Applications and Form Agreements to be filed along with the Revised Plan due December 11, 2012; (3) clarify that the costs of the Company's RME Programs are to be recovered from EGSs and not customers; and (4) clarify the timing for the Commission's review of the offerings that EGSs participating in the Opt-In Program will make to Opt-In customers for generation service during the last eight months of the twelve-month Opt-In Program product.

3. On November 21, 2012, the Commission issued an Opinion and Order (the "November 21 Order") in response to the Clarification Petition: (1) permitting PECO's default service procurement to proceed; (2) allowing proposals regarding the EGS Applications and Form Agreements to be filed along with the Revised Plan; (3) clarifying that parties should consider the possibility that customers as well as EGSs may be responsible for some RME Program costs; and (4) clarifying that EGSs must file the terms and conditions for their eight-month Opt-In Program product at least forty-five days before the offers for that eight-month product are made to customers. *See* November 21 Order, pp. 15, 32-33.

[1] The October 12 Order also directed the Company to work with the Office of Competitive Market Oversight to develop a plan that will allow customers enrolled in PECO's Customer Assistance Program ("CAP") to purchase their generation supply from EGSs, and an initial meeting has already taken place. The Company intends to propose a plan addressing CAP shopping issues in the spring of 2013 with full and current recovery of the associated costs.

4. On November 27, 2012 and December 3, 2012, PECO convened collaboratives with interested parties to discuss the issues assigned by the October 12 Order and held additional collaborative discussions on December 6, 2012. In the course of these collaboratives, PECO and the participating parties reached consensus on a number of issues relating to the Opt-In Program, including mechanisms for EGS participation and allocation of eligible customers to EGSs and the elimination of the need for an independent monitor for the Opt-In Program. PECO also prepared new EGS Applications and Form Agreements to address a variety of supplier concerns. However, despite extensive discussions, no consensus was reached with respect to the final form of EGS Applications and Form Agreements nor whether any costs of the RME Programs should be allocated to customers instead of requiring EGSs to pay all such costs.

5. The Revised Plan reflects all of the revisions set forth and made final by the October 12 and November 21 Orders, specifically: (1) continuing the procurement methodology for the large commercial and industrial class that was approved in the Company's first default service plan ("DSP I"); (2) applying a 50% load cap to the Company's default service procurements; (3) postponing the procurement for the residential and small commercial classes originally scheduled in November 2012 to December 2012; (4) specifying Alternative Energy Portfolio Standards Act ("AEPS") Surcharge rates for the transition period of April 1, 2013 to June 1, 2013 at which time all AEPS compliance costs will be collected under the Generation Supply Adjustment ("GSA") Rider; (5) continuing the DSP I quarterly reconciliation methodology for default service rates for residential and small and medium commercial customers; (6) clarifying that information technology ("IT") costs will be recovered over the two-year DSP II term, without a return on capital; and (7) continuing the DSP I practice of

"passing through" all Auction Revenue Rights ("ARR") costs and benefits to default service customers.

6. The revisions developed by the collaborative participants are incorporated in PECO's revised Request for Proposals ("RFP") and Program Rules for both the Opt-In Program and Standard Offer Program. Because the parties were not able to reach consensus on all provisions of the EGS Applications and Form Agreements or cost recovery for the RME Programs, the Company has included its own proposals for consideration by the Commission, which are consistent with its original DSP II submission. All other provisions of the Company's Default Service Program were approved without modification and, therefore, remain unchanged and will be implemented as proposed by PECO.

7. The Revised Plan includes the following documents:

- Exhibit A: Revised Procurement Schedule;
- Exhibit B: Revised Default Service Program Supply Master Agreement;
- Exhibit C: Revised Default Service Program Request for Proposals;
- Exhibit D: Revised EGS Opt-In Program Request for Proposals and Program Rules;
- Exhibit E: Revised EGS Standard Offer Program Request for Proposals and Program Rules;
- Exhibit F: Revised Electric Tariff Page Nos. 31-35A; and
- Exhibit G: Revised Electric Generation Supplier Coordination Tariff Page No. 92.

The above documents and the changes therein are discussed in the remainder of this Revised Plan. PECO has also included a "clean" and "redline" copy of these documents in this filing,

with the "redline" version showing changes from the document submitted in PECO's original DSP II filing or in exhibits to supplemental testimony (as applicable).

8. As reflected in the revised EGS Opt-In Program Request for Proposals and Program Rules ("Opt-In Rules"), PECO must commence the Opt-In Program by February 6, 2013 in order to ensure that customer enrollments with EGSs participating in the program begin by June 1, 2013. Therefore, PECO respectfully requests that the Commission issue a decision regarding this Revised Default Service Plan by January 24, 2013, in order that PECO may have sufficient time to implement the Opt-In Program.

II. PROCUREMENT AND IMPLEMENTATION PLAN

A. Large Commercial And Industrial Class Procurement

9. In the October 12 Order, the Commission granted the Exception of the Retail Energy Supply Association ("RESA") and directed PECO to continue the spot-priced full requirements procurement methodology approved in DSP I for the large commercial and industrial class. *See* October 12 Order, pp. 26-27. The Company has prepared revisions to its: (1) procurement schedule; (2) Default Service Program Supplier Master Agreement; and (3) Default Service Program Request for Proposals ("RFP"),[2] consistent with the October 12 Order, which are attached as Exhibits A, B and C, respectively, to this compliance filing.

B. Load Cap

10. In the October 12 Order, the Commission adopted the proposals of the Office of Consumer Advocate ("OCA") and RESA to lower the load cap on the total amount of default

[2] PECO notes that while Exhibit C includes all of the appendices to the RFP, only four of such appendices are revised by this compliance filing – Appendices 3, 4, 7 and 10.

service supply that could be won by a single supplier from 67% to 50%. *See* October 12 Order p. 41. The revised RFP (Exhibit C) reflects the change to a 50% load cap in Sections 1.2.8 and 1.2.9.

III. RATE DESIGN

A. Elimination Of AEPS Surcharge

11. In the October 12 Order, the Commission supported PECO's proposal to discontinue use of a separate AEPS Surcharge and to recover all AEPS costs through its GSA Rider. The OCA filed a limited exception on this issue, requesting that PECO provide sufficient detail in its GSA reconciliation filings so that one could assess the appropriateness of the individual costs. The Commission found that the Company's response to the OCA Exception provided "adequate assurance that sufficient detail will be provided by PECO regarding future filings of its GSA Rider." October 12 Order, p. 71. The Company has determined the AEPS Surcharge for each procurement class effective during the transition period from April 1, 2013 until June 1, 2013 at which time all AEPS compliance costs will be recovered under the GSA. In addition, PECO clarified that, under its transition plan, it will file its over/under collection reconciliation statement for the thirteen months ended February 28, 2013 on March 31, 2013. PECO's revised Electric Tariff Page No. 35A, attached as Exhibit F, reflects this change.

B. Reconciliation Of Default Service Costs And Revenues

12. In the October 12 Order, the Commission adopted the position of RESA and Dominion Retail, Inc. and Interstate Gas Supply, Inc. (collectively "Dominion") that PECO continue its DSP I quarterly reconciliation methodology for default service rates for residential, small commercial and medium commercial customers. October 12 Order, p. 56. The

maintenance of quarterly reconciliation for residential, small commercial and medium commercial customers after June 1, 2013 is reflected in the revised Electric Tariff pages attached as Exhibit F.

C. Costs Included In The Generation Supply Adjustment Charge

13. In the October 12 Order, the Commission found that PECO may recover certain IT costs at issue as an expense over a two-year period concomitant with the term of PECO's DSP II and denied PECO's alternative proposal to capitalize those IT costs. *See* October 12 Order, pp. 63-64. The removal of PECO's capitalization proposal is reflected in Exhibit F.

D. Ratemaking Treatment Of ARR

14. In the October 12 Order, the Commission granted the Exceptions of the OCA and RESA and directed the Company to continue its DSP I practice of "passing through" all ARR costs and benefits to default service customers. October 12 Order, p. 68. In accordance with the October 12 Order, PECO has added language to flow through the costs and benefits of ARRs to default service customers in the cost factor of the GSA for residential, small and medium commercial customers and the ancillary service cost factor for large commercial and industrial customers. *See* Exhibit F.

IV. RETAIL MARKET ENHANCEMENTS

A. EGS Opt-In Competitive Offer Program

15. In the October 12 Order, the Commission granted, in part, the Exception of RESA and directed the Company to include small commercial customers (annual peak load less than

25kW) in the Opt-In Program. October 12 Order, pp. 85-86. The Commission also directed that the composition of the Opt-In Program product offer be as follows:

> A twelve-month product, comprised of a fixed price for four months equal to a discount of at least 5% off the PTC at the time of enrollment, and an EGS-provided fixed-price product for the remaining eight months;
>
> The payment of a $50 bonus to customers; however, because the Opt-In Program duration and product have been modified, customers must remain in the Opt-In Program for at least the initial four-month period to receive the bonus; and
>
> In order to allow the Commission to effectively evaluate the terms of the Opt-In Program, participating EGSs shall provide the terms and conditions of the eight-month fixed-price offering for the Commission to review.

October 12 Order, pp. 90-91. These revisions are reflected in PECO's revised Opt-In Rules, which are attached as Exhibit D.

16. The Commission also identified several Opt-In Program items for the Company to discuss with interested parties, including: (1) the role of the independent monitor and the selection of winning EGSs and associated customer assignment; (2) the terms and conditions of the Opt-In Rules; and (3) cost recovery.

17. Regarding the first item, the Commission concluded that, in light of the revisions in the product to be offered, the role of the independent monitor and the selection of winning EGSs and associated customer assignment would require modification. October 12 Order, p. 91. After discussion and review of the Company's Opt-In Rules, the collaborative participants agreed to eliminate the independent monitor since EGSs would no longer be competing for eligible customers through price offerings and all qualified EGSs could participate. The collaborative participants also agreed that eligible customer accounts would be assigned to all

qualified EGSs on a random basis. The collaborative participants further agreed that a participating EGS could establish a maximum number of residential customers and/or maximum number of small commercial customers that it would like to be assigned. These revisions are reflected in the revised Opt-In Rules (Exhibit D).

18. Regarding the second item, the Commission stated that the terms and conditions of the Opt-In Rules should be reviewed to ensure that they do not impose unreasonable or unnecessary requirements on EGSs. October 12 Order, pp. 106-107. The collaborative participants carefully reviewed the Opt-In Rules and agreed to a variety of changes. These revisions are reflected in the revised Opt-In Rules (Exhibit D). However, the participants did not reach consensus on all revisions to the Opt-In Rules and the associated EGS Applications and Form Agreements, and PECO has maintained provisions from its original filing that are consistent with other competitive procurements undertaken by PECO and approved by the Commission.

19. Regarding the final item, the Commission directed the parties to develop a proposal for cost recovery for the RME Programs (including the Opt-In Program) and to consider the possibility that customers as well as EGSs may be responsible for some RMI Program costs. October 12 Order, pp. 148-149; November 21 Order, p. 15. The collaborative participants were unable to reach a consensus on this issue and PECO believes its original DSP II proposal in which all Opt-In Program costs will be the responsibility of participating EGSs (the "Opt-In Suppliers") remains preferable in light of the fact that these program costs are tantamount to amount to EGS marketing expenses.

20. Currently, PECO anticipates that the total "per customer" cost of randomly allocating a default service customer to an Opt-In Supplier and printing and mailing that supplier's offer to the customer will be approximately one dollar (US$1.00). Based on collaborative discussions however, PECO has agreed to provide a "not to exceed" per customer cost to EGSs that have applied to participate in the Opt-In Program prior to the assignment of customers. EGSs who do not wish to participate can notify PECO within five days of receiving the "not to exceed" cost and withdraw without paying any per customer charges.

21. In addition, PECO has proposed a provision for inclusion in its Supplier Tariff to permit PECO to reduce the amount due to an EGS under PECO's Purchase of Receivables ("POR") program by any amount the EGS owes to PECO for its participation in the Opt-In Program as an Opt-In Supplier. *See* Exhibit G. Together, these changes should reduce if not entirely eliminate the risk that any Opt-In Program costs will be recovered from non-participating EGSs through the POR discount PECO proposed in its original DSP II filing to recover the costs of RME Programs (including the Standard Offer).

22. The following is a summary of PECO's proposed cost recovery mechanism for the Opt-In Program:

- Each Opt-In Supplier shall be responsible for the product of: (1) the Not-to-Exceed Cost per allocated customer or actual cost per allocated customer (whichever is smaller); and (2) the number of eligible customers allocated to that Opt-In Supplier.
- PECO shall invoice each Opt-In Supplier within thirty days of the Opt-In Supplier receipt of its allocated customer list, with the amount due payable within thirty days of the date of the invoice.
- If an Opt-In Supplier fails to make the required payment, PECO may reduce the amount due to that Opt-In Supplier from that Opt-In Supplier's next Purchase of

Receivable payment by the Opt-In Program amount due (but not from amounts that are subject to a bona fide POR payment dispute).

- Any remaining costs of the Opt-In Program that are not collected from Opt-In Suppliers shall be recovered through PECO's POR discount.

B. EGS Standard Offer Program

23. Consistent with its treatment of the Opt-In Program, the Commission identified the following items for the Company to discuss with interested parties, with the goal of submitting a joint proposal: (1) the terms and conditions of the EGS Standard Offer Program Request for Proposals and Program Rules ("Standard Offer Rules"); and (2) cost recovery. *See* October 12 Order, pp. 124, 148-149.

24. Regarding the first item, the collaborative participants agreed to make changes to the Standard Offer Rules that mirror the consensus changes to the Opt-In Rules in order to remove unnecessary provisions and clarify issues raised by EGSs during the collaborative. These revisions are reflected in the revised Standard Offer Rules (Exhibit E). As with the Opt-In Program however, consensus was not reached on the final EGS Applications and Form Agreements and PECO has maintained provisions from its original filing consistent with the revised Opt-In Agreement.

25. Regarding cost recovery, the collaborative participants were unable to reach a consensus on the allocation of any Standard Offer program costs to customers. Therefore, PECO maintains its original proposal to recover the initial and on-going costs of the Standard Offer Program through its proposed POR discount of 0.3% since the Standard Offer Program will be available to all EGSs. As with the Opt-In Program, PECO will also have the right to reduce the

amount due to an EGS under PECO's POR program by any amount the EGS owes to PECO for its participation in the Standard Offer Program.

V. AFFILIATED INTEREST AGREEMENTS

26. In the October 12 Order, the Commission denied PECO's request for approval of the Form Agreements for the Opt-In Program and Standard Offer Program as affiliated interest agreements under 66 Pa.C.S. § 2102 in light of the Commission's directive to address those agreements through the collaborative process. *See* October 12 Order, pp. 151-152. In light of the changes made to the Form Agreements for the Opt-In Program and Standard Offer Program included in this Revised Plan, the Company requests that the Commission approve these revised agreements as affiliated interest agreements under 66 Pa.C.S. § 2102. In addition, because the Default Service Program Supply Master Agreement has been revised to incorporate provisions from PECO's DSP I to procure spot-priced full requirements supply for large commercial and industrial class customers in accordance with the October 12 Order, PECO asks that the Commission also approve the revised Supply Master Agreement as an affiliated interest agreement.

VI. PROPOSED SCHEDULE FOR REVIEW OF THE REVISED PLAN

27. As a result of the collaborative, the Company understands that several parties may wish to submit comments to this Revised Plan. In order to facilitate the Commission's consideration of the Company's Revised Plan and comments of other parties (as well as any reply by the Company or additional parties to such comments) and also avoid delay in implementing the Opt-In Program, the Company proposes the following schedule:

December 27, 2012	Comments to PECO's Revised Plan
January 7, 2013	Replies to Comments

VII. CONCLUSION

WHEREFORE, PECO respectfully requests that the Commission issue an order by January 24, 2013, accepting this Revised Default Service Plan, including all exhibits, in compliance with Orders entered on October 12, 2012 and November 21, 2012.

Respectfully submitted,

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Dated: December 11, 2012

EXHIBIT A

Procurement Schedule

Class	Product Term	Months	Full Requirements Fixed Price Products				
			Dec 2012	Jan 2013	Sept 2013	Jan 2014	Sept 2014
			Number of tranches				
Residential	June 2013 - November 2013	6	17				
	June 2013 - May 2014	12	3				
	June 2013 - November 2014	18	7				
	June 2013 - May 2015	24		7			
	December 2013 - November 2014	12			10		
	January 2014 - May 2015	17			7		
	December 2013 - May 2015	18			7		
	June 2014 - May 2015	12				10	
	June 2014 - May 2016	24				7	
	December 2014 - November 2015	12					10
	December 2014 - November 2016	24					7
	January 2015 - May 2015	5					5

Class	Product Term	Months	Full Requirements Fixed Price Products				
			Dec 2012	Jan 2013	Sept 2013	Jan 2014	Sept 2014
			Number of tranches				
Small Commercial	June 2013 - November 2013	6	12				
	June 2013 - May 2014	12		12			
	December 2013 - November 2014	12			12		
	June 2014 - May 2015	12				12	
	December 2014 - November 2015	12					12

Class	Product Term	Months	Full Requirements Fixed Price Products				
			Dec 2012	Jan 2013	Sept 2013	Jan 2014	Sept 2014
			Number of tranches				
Medium Commercial	June 2013 - November 2013	6		12			
	December 2013 - May 2014	6			12		
	June 2014 - November 2014	6				12	
	December 2014 - May 2015	6					12

Class	Product Term	Months	Full Requirements Spot Price Products				
			Dec 2012	Jan 2013	Sept 2013	Jan 2014	Sept 2014
			Number of tranches				
Large Commercial	June 2013 - May 2014	12		18			
	June 2014 - May 2015	12				18	

EXHIBIT B

Exhibit B

DEFAULT SERVICE PROGRAM

SUPPLY MASTER AGREEMENT

BETWEEN

PECO ENERGY COMPANY

AND

[SELLER NAME]

DATED _____, 201_

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DEFAULT SERVICE PROGRAM

SUPPLY MASTER AGREEMENT

THIS DEFAULT SERVICE PROGRAM SUPPLY MASTER AGREEMENT ("Agreement"), is made and entered into as of _____, ("Effective Date"), by and between _____, hereinafter referred to as "Seller" and PECO Energy Company, hereinafter referred to as "Buyer" (each hereinafter referred to individually as a "Party" and collectively as the "Parties").

WITNESSETH:

WHEREAS, the Pennsylvania Public Utility Commission Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer's Pennsylvania franchise service territory; and

WHEREAS, Buyer has solicited offers for obtaining all or a portion of the supply it requires to serve its Default Service Load pursuant to a Request for Proposals ("RFP") and the Seller is a winning bidder in that solicitation; and

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

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

ARTICLE 1
DEFINITIONS

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

"Act 129" means the Act of October 15, 2008, P.L. No. 129.

"AEC Non-Solar Penalty" means the non-solar alternative compliance payment set forth in 73 P.S. § 1648.3(f) associated with an AEC, as may be adjusted by the PUC consistent with the AEPS Act.

"AEC Solar Penalty" shall have the meaning set forth on the applicable Transaction Confirmation.

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control

with, such entity. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Aggregate Buyer's Exposure" means all Buyer's Exposure for Aggregate Transactions.

"Aggregate Transactions" means all Transactions under this Agreement and all other transactions under Supply Master Agreements executed between the Parties pursuant to the PUC Orders.

"Agreement" means this Default Service Program Supply Master Agreement.

"Alternative Energy Credit" or "AEC" shall have the meaning ascribed to it in the AEPS Act.

"AEPS Act" shall mean the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

"AEPS Reporting Period" shall have the meaning ascribed to it in the AEPS Act.

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

"Auction Revenue Rights" or "ARR" means the current or any successor congestion management mechanism or mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARRs are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM OATT.

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

"Bankruptcy Code" means those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled "Bankruptcy" and found at 11 U.S.C. § 101 *et seq.*

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

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

"Buyer's Exposure" during the term of a Transaction, for non-Spot Energy Transactions, shall be deemed equal to the positive difference between: (i) the MtM Exposure pursuant to a Transaction under this Agreement; less (ii) the sum of any unpaid or unbilled amounts owed by Buyer to Seller pursuant to a Transaction under this Agreement. With respect to the preceding sentence, "unbilled amounts owed by Buyer" shall consist of a good faith estimate by Buyer as to any amounts which will be owed by Buyer for service already rendered by Seller under a Transaction. Buyer's Exposure for a Spot Energy Transaction, during the first month of the term of a Transaction, shall be equal to Two Hundred Fifty Thousand Dollars (US$250,000.00) per Tranche. Thereafter, Buyer's Exposure for a Spot Energy Transaction shall calculated on the first Business Day of each month during the term of a Transaction and shall be deemed equal to the product of: (i) Two Hundred Fifty Thousand Dollars (US$250,000.00) per Tranche; (ii) the ratio of the Current Capacity PLC Per Tranche to the MW-Measure; (iii) the number of Tranches awarded to the Seller per the Transaction Confirmation; and (iv) the ratio of the calendar days remaining in the Delivery Period to the total calendar days in the Delivery Period.

"Capacity" means "Unforced Capacity" as set forth in the PJM Agreements, or any successor measurement of the capacity obligation of a Load Serving Entity as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

"Capacity Peak Load Contribution" or "Capacity PLC" means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer's retail load settlement process, and used by PJM in determining the Seller's capacity obligation for each Transaction.

"Commercially Reasonable Efforts" means the taking by a person of such actions as would be in accordance with reasonable commercial practices as applied to the particular matter in question to achieve the result as expeditiously as practicable; provided, however, that such action shall not require that such person shall incur unreasonable expense.

"Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions, PJM charges, and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its Default Service Load obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

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

"Current Capacity PLC Per Tranche" is the Capacity PLC of a Tranche as of the Business Day the MtM Exposure is calculated (as shown on Exhibit E) and in the calculation of Buyer's Exposure for a Spot Market Transaction.

"Curtailment Service Provider" shall have the meaning ascribed to it under the PJM Agreements.

"Customer Supply Group" means a customer category for the Default Service Load, consisting of all customer classes in the Service Type as specified in a Transaction Confirmation.

"Daily Unforced Capacity Obligation" shall have the meaning ascribed to it under the PJM Agreements.

"Declaration of Authority" shall have the meaning ascribed to it in Section 2.11 (Declaration of Authority).

"Default Allocation Assessment" shall have the meaning ascribed to it under the PJM Agreements.

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

"Default Service" shall mean the electric generation supply provided by a default service provider as described in the Electricity Generation Customer Choice and Competition Act and PUC Orders enacted thereunder.

"Default Service Load" means the total sales at the retail meter, plus any losses and Unaccounted For Energy, as reflected in PJM settlement volumes (including adjustments required by PJM for PJM's derating in conjunction with implementation of marginal losses as appropriate per PJM Agreements), expressed in MWh of retail customers in a particular Customer Supply Group being served by Buyer pursuant to the PUC Orders, as such sales vary from hour to hour, in Buyer's Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to the service territory that exists on the Effective Date. The Default Service Load is net of any reduction in load as a result of Energy Efficiency and Demand Side Response Programs offered by Buyer, PJM, Curtailment Service Providers, or other third parties, or any Retail Market Programs. For avoidance of doubt, Default Service Load shall not include (i) the amount of load that would otherwise have been served in the absence of such Energy Efficiency or Demand Side Response Programs or Retail Market Programs; or (ii) sales resulting from changes in the Buyer's Pennsylvania service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in Pennsylvania or a result

of a significant franchise territory swap with another entity which has a franchised service territory in Pennsylvania.

"Default Settlement Amount" means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 12 (Events of Default – Remedies). The calculation of a Default Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 12.2(b)(ii) (Remedies) for the same Terminated Transaction. For the purposes of calculating the Termination Payment, the Default Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement (and any other Supply Master Agreements) if the total of the Losses and Costs exceeds the Gains, and shall be considered an amount due to the Defaulting Party under this Agreement (or any other Supply Master Agreements) if the Gains exceed the total of the Losses and Costs.

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

"Delivery Point" means the PE Zone as defined within PJM.

"Demand Side Response Program" means any program intended to encourage consumers to modify patterns of electrical usage and includes real-time pricing programs, time-of-use or time-sensitive programs, direct load control programs, and any technologies, management practices, or other measures to reduce customer demand and qualifying as "Energy Efficiency and Conservation Measures" under Act 129.

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

"Electric Distribution Company" shall have the meaning ascribed to it in 66 PA. C.S. § 2803.

"Electric Generation Supplier" shall have the meaning ascribed to it in 66 Pa. C. S. § 2803.

"Electric Generation Supplier Coordination Tariff" means the PUC-approved tariff that sets forth the basic requirements for interactions and coordination between the Buyer as the Electric Distribution Company and Electric Generation Suppliers necessary for ensuring the delivery of competitive energy supply from Electric Generation Suppliers to their customers, as may be revised by Buyer from time to time.

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

"Energy" means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

"Energy Efficiency Program" means any program intended to reduce consumption of energy or retail electric usage generally (during On-Peak Hours or Off-Peak Hours) through

conservation and improved energy efficiency of buildings, appliances, lighting, or other devices, including any technologies, management practices, or other measures qualifying as "Energy Efficiency and Conservation Measures" under Act 129.

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

"FERC" means the Federal Energy Regulatory Commission or its successor.

"Final Zonal Capacity Price" shall have the meaning ascribed to it under the PJM Agreements.

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

"Force Majeure" means an event or circumstance which prevents one Party from performing its obligations under one or more Transactions, which event or circumstance was not foreseen as of the date a Transaction is entered into, which is not within the reasonable control of, or the result of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of Seller's supply; (ii) Seller's ability to sell the Full Requirements Service at a price greater than that received under any Transaction; (iii) curtailment by a Transmitting Utility; (iv) Buyer's ability to purchase the Full Requirements Service at a price lower than the price to be paid under any Transaction; (v) a change in any Requirement of Law; or (vi) labor stoppage or lockout. As used herein, Force Majeure shall include, without limitation, (i) sabotage, riots or civil disturbances, (ii) acts of God, (iii) acts of the public enemy, (iv) acts of vandalism, (v) terrorist acts affecting a facility, (vi) volcanic eruptions, earthquake, hurricane, flood, ice storms, explosion, fire, lightning, landslide or similarly cataclysmic occurrence, or (vii) appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof. Economic hardship of either Party shall not constitute a Force Majeure under this Agreement.

"Full Requirements Service" means all necessary Energy, Capacity, transmission other than Network Integration Transmission Service, Ancillary Services, AECs for compliance with the AEPS Act, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the Specified Percentage except for distribution service.

"Gains" means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from a Terminated Transaction under any Supply Master Agreements, determined in a commercially reasonable manner.

"Generator Attribute Tracking System" or "GATS" means the system owned and operated by PJM Environmental Information Services, Inc. to provide environmental and emissions attributes reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PUC.

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

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

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

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

"Interest Rate" means, for any date, the lesser of: (i) the "Federal Funds (Effective)" rate in effect for such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve; and (ii) the maximum rate permitted by applicable law.

"Invoice" shall have the meaning ascribed to it in Section 7.1 (Billing).

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

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

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

"Losses" means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction, determined in a commercially reasonable manner.

"Mark to Market Exposure or "MtM Exposure" means, with respect to each month remaining in each Delivery Period, the sum of: (i) the relevant month On-Peak Forward Price minus the relevant month On-Peak Initial Mark Price, multiplied by the relevant month On-Peak Estimated Energy Quantity; and (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the relevant month Off-Peak Estimated Energy Quantity. The total MtM Exposure will be equal to 1.1 times the sum of the MtM Exposures for each month. The method and an example for calculating the MtM Exposure are included in Exhibit E.

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

"Monthly Settlement Date" means, with respect to any calendar month of a Delivery Period, the first Business Day after the nineteenth (19th) calendar day of the month following service.

"Monthly Settlement Load" means, with respect to any calendar month during an applicable Delivery Period, the product of Specified Percentage and Default Service Load for the Customer Supply Group.

"Monthly Spot Energy Settlement Amount" means, with respect to any calendar month during the Delivery Period, the sum of (i) the product of the Settlement Price and Monthly Settlement Load; (ii) for each hour of each day of the calendar month, the product of PJM Day-Ahead Prices for the Delivery Point, the Specified Percentage, and the Default Service Load for the Customer Supply Group for such hour; (iii) for each day of the calendar month, the Final Zonal Capacity Price for the Delivery Point, the Specified Percentage, and the Daily Unforced Capacity Obligation for the Default Service Load for the Customer Supply Group for such day, and (iv) any other adjustments as set forth in this Agreement. The Default Service Load used to calculate the Monthly Spot Energy Settlement Amount shall be subject to adjustment in the same manner as the Monthly Settlement Load in Section 6.1 (Determination of Delivered Quantities – Monthly Settlement Load).

"Moody's" means Moody's Investor Service, Inc. or its successor.

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

"MW-Measure" means the estimated megawatt measure of Capacity Peak Load Contribution corresponding to a single Tranche identified in the Transaction Confirmation as of the Transaction Date.

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

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

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

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

"Off-Peak Estimated Energy Quantity Per MW-Measure" means the estimation of Energy, inclusive of electrical line losses, in the Off-Peak Hours for each of the twelve (12) calendar months, as set forth in the Transaction Confirmation.

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

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

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

"Off-Peak/On-Peak Price Ratio" means the relevant monthly ratio of off-peak pricing to on-peak pricing of the PJM Western Hub day-ahead prices as set forth by Buyer each October based on the previous 36-month period ending in September. The historical on-peak prices used for the ratio will be the PJM Western Hub day-ahead price for the On-Peak Hours. The historical off-peak prices used for the ratio will be the PJM Western Hub day-ahead prices for the Off-Peak Hours. For each month of the 36-month period, the monthly on-peak and off-peak prices will be summed and respectively divided by the amount of On-Peak Hours and Off-Peak Hours in that month. This calculated off-peak average price will be divided by the on-peak average price to determine the individual monthly ratios. Such monthly ratios for the same months within the 36-month period will then be summed and divided by three (3) to come up with the rolling three year monthly ratio average.

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

"On-Peak Estimated Energy Quantity Per MW-Measure" means the estimation of Energy, inclusive of electrical line losses, in the On-Peak Hours for each of the twelve (12) calendar months, as set forth in the Transaction Confirmation.

"On-Peak Forward Price" means the price, as provided by the Pricing Agent, for On-Peak Hours, stated in terms of $/MWh, associated with each month remaining in a Delivery Period, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western Hub (as discussed in Exhibit E).

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

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

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

"PJM" means the PJM Interconnection, L.L.C. or any successor organization thereto.

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

"PJM Day-Ahead Prices" shall correspond to the day-ahead LMP prices established by PJM for the Delivery Point.

"PJM Generation Deactivation Payments" shall mean payments made by Buyer as an LSE pursuant to Part V of the PJM OATT associated with deactivation of generating units.

"PJM E-Accounts" shall have the meaning ascribed to it in Section 4.3 (PJM E-Accounts).

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

"PJM Operating Agreement" means the Operating Agreement of PJM or the successor, superseding or amended versions of the Operating Agreement that may take effect from time to time.

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

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

"PJM Western Hub" means the aggregated LMP nodes defined as "PJM Western Hub" by PJM.

"Pricing Agent" shall be the person or entity described in Article 14.2 and Exhibit E.

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

"PUC Orders" means the orders issued by the PUC pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. §§ 2801-2812, including the order authorizing the parties to enter into this Agreement.

"Rate Classes" means the existing, and modified or successor, customer rate schedule designations in the current electric service tariff of Buyer filed with the PUC.

"Reference Market-Maker" means any broker in energy products who is not an Affiliate of Buyer or Seller.

"Request for Proposals" or "RFP" means the request for proposals issued from time to time by Buyer pursuant to the PUC Orders.

"Reliability*First* Corporation, or RFC" means one of eight approved Regional Entities in North America under the North American Electric Reliability Corporation (NERC) whose mission is to preserve and enhance electric service reliability and security for the interconnected electric systems within the Reliability*First* geographic area.

"Retail Market Program" means any program, action, or offer arising out of or relating to the PUC's *Investigation of Pennsylvania's Retail Electricity Market* (Docket No. I-2011-2237952) (as such proceeding may be amended, supplemented or superseded, in whole or in part) to encourage Default Service customers to obtain electric generation service from one or more Electric Generation Suppliers or to transfer Default Service customers from an Electric Distribution Company (including Buyer) to one or more Electric Generation Suppliers for purposes of obtaining electric generation service supply, whether or not any such program, action or offer is introduced or endorsed by Buyer or undertaken in compliance with any Requirement of Law. Such programs, actions and offers include, but shall not be limited to, any PUC or Buyer customer education program relating to Default Service, any program in which Default Service customers are referred by Buyer to one or more Electric Generation Suppliers, and any program under which Default Service customers are transferred (or elect to be transferred) individually or in aggregate to one or more Electric Generation Suppliers on any basis.

"Requirement of Law" means any federal, state and local law, statute, regulation, rule, code, ordinance, resolution, order, writ, judgment or decree enacted, adopted, issued or promulgated by any Governmental Authority (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

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

"Seller's AEPS Obligation" shall have the meaning set forth in Section 2.6 (Alternative Energy Portfolio Standards Obligation).

"Service Type" means the customer class, partial customer class and/or group of customer classes (including all riders applicable to such class or classes), as set forth in a Transaction Confirmation.

"Settlement Price" means the price as set forth in a Transaction Confirmation.

"Specified Percentage" means a percentage of Default Service Load equal to the product of the number of Tranches awarded to the Seller in accordance with the Buyer's RFP and the Tranche size (in percent), as set forth in a Transaction Confirmation.

"Spot Energy Transaction" means a Transaction Confirmation for Full Requirements Service with spot energy pricing, as shown on such confirmation.

"Supply Master Agreement" means this Agreement or any other similar agreement by which Seller provides Default Service Load to Buyer.

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

"Tax" or "Taxes" means all federal, state, local, or foreign income, gross income, gross receipts, sales, use, ad valorem, transfer, transfer pricing, franchise, single business, asset based, profits, license, capital, lease service, service use, value added, withholding, payroll, worker's compensation, employment, excise, severance, gas import, stamp, occupation, premium, social security, unemployment, excise, property, real estate, intangible, environmental, windfall profits, customs taxes and duties and all other taxes or similar governmental fees, assessments or charges, however denominated, imposed by any federal, state, local or foreign Governmental Authority, together with any interest and any penalties, additions to tax or additional amounts with respect thereto.

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

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

"Tier I" shall mean Tier I alternative energy sources as defined in the AEPS Act.

"Tier I (solar)" shall mean Tier I solar energy or solar thermal alternative energy sources, as defined in the AEPS Act.

"Tier II" shall mean Tier II alternative energy sources as defined in the AEPS Act.

"TNW Amount" shall equal the product of the applicable percentage corresponding to an entity's Credit Rating, as determined pursuant to Section 14.3 (Unsecured Credit), and an entity's Tangible Net Worth.

"Trading Day" means any day except a Saturday, Sunday or a designated holiday by a non-affiliated entity providing forward energy market prices for purposes of Exhibit C, as selected by Buyer in its reasonable discretion.

"Tranche" means a fixed percentage share of Default Service Load for a Service Type of a Customer Supply Group that is awarded to Seller in accordance with Buyer's RFP as set forth in a Transaction Confirmation. Tranche is not the total percentage won by the Seller.

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

"Transaction Confirmation" shall have the meaning ascribed to it in Section 2.15 (Transaction Confirmation).

"Transaction Date" means the date that a Transaction is executed as set forth in the Transaction Confirmation.

"Transmitting Utility" means the utility or utilities and their respective control area operators and their successors, transmitting Full Requirements Service or any component thereof.

"Unaccounted For Energy" means the difference between Buyer's hourly system load and the sum of (i) the estimated hourly customer loads (interval metered and profiled), and (ii) electrical losses, as such Unaccounted For Energy is determined in the Buyer's retail load settlement process per the Electric Generation Supplier Coordination Tariff.

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

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

ARTICLE 2
TERMS AND CONDITIONS OF FULL REQUIREMENTS SERVICE

2.1 Seller's Obligation To Provide Service. With respect to a Transaction, Seller shall provide Full Requirements Service on a firm and continuous basis such that the Specified Percentage is supplied during the Delivery Period.

2.2 Buyer's Obligation to Take Service. With respect to a Transaction, Buyer shall accept Full Requirements Service as provided by Seller pursuant to Section 2.1 (Seller's Obligation to Provide Service), and shall pay Seller on the applicable Monthly Settlement Date for such Full Requirements Service the Monthly Settlement Amount in accordance with Section 7.3 (Payments of the Invoice) either (i) for non-Spot Energy Transactions, the Monthly

Settlement Amount, or (ii) for Spot Energy Transactions, the Monthly Spot Energy Settlement Amount.

2.3 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply the Specified Percentage. Buyer shall transfer or assign to Seller Buyer's rights to Auction Revenue Rights (ARRs) to which Buyer is entitled as an LSE pursuant to the PJM Agreements, provided that such rights are related to the service being provided to the Specified Percentage and for the applicable term hereunder. All rights and obligations associated with such ARRs will accrue to the Seller through the transfer or assignment from Buyer to Seller including the responsibility and ability of Seller to request or nominate such ARRs when applicable. Seller shall have the right to request and nominate ARRs if: (i) all Transactions for Default Service Load have been executed and are in full force and effect; and (ii) the Delivery Period under each Transaction Confirmation is inclusive of the PJM Planning Period for which the ARRs are being requested or nominated. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM Planning Period and such ARRs will be allocated to Seller in accordance with the PJM Agreements based upon its Specified Percentage.

2.4 Network Integration Transmission Service and Distribution Service. With respect to a Transaction, Buyer shall be responsible, at its sole cost and expense, for the provision of Network Integration Transmission Service for PECO Energy customers and distribution service necessary to serve the Specified Percentage. Buyer is responsible, at its sole cost and expense, for future PJM charges assessed to network transmission customers for PJM-required transmission system enhancements.

2.5 Other Changes in PJM Charges. Except as provided in Section 2.4 (Network Integration Transmission Service and Distribution Service), Seller bears the risk of any other changes in PJM products and pricing under the PJM Agreements during the term of this Agreement.

2.6 Alternative Energy Portfolio Standards Obligations.

(a) Seller shall provide Buyer with AECs required for Buyer to comply with the AEPS Act, the PUC Orders, and all regulations and rules that may be promulgated by the PUC with respect to the AEPS Act in proportion to Seller's Specified Percentage ("Seller's AEPS Obligation"). Buyer shall provide Seller a copy of Exhibit I with the Transaction Confirmation, which shall specify Buyer's AEPS percentage obligations for the applicable delivery year(s) covered by the Transaction Confirmation(s) in effect on the day the bid was submitted. Exhibit I will apply during the term of the Agreement and will be used to determine the number of AECs Seller must deliver to Buyer to fulfill Seller's AEPS Obligation except to the extent that Seller's AEPS Obligation may be reduced by any AECs obtained separately by PECO and allocated to Seller's AEPS Obligation as shown on a Transaction Confirmation. Any PECO AECs allocated to Seller's AEPS Obligation shall remain the property of PECO and shall not be transferred to Seller.

(b) Seller shall transfer all AECs to Buyer using GATS. Buyer will provide quarterly estimates of Seller's AEPS Obligation with a final statement within thirty (30)

calendar days of the end of AEPS Reporting Period. Seller shall transfer the amount of AECs shown on Buyer's estimate received after the second quarter of each AEPS Reporting Period and on the final statement within forty-five (45) calendar days after the date of each such estimate or statement. Seller warrants that all AECs transferred to PECO during an AEPS Reporting Period (or during the twenty calendar days thereafter) shall be eligible for PECO's use for compliance during such AEPS Reporting Period.

(c) Seller and Buyer shall work together to establish the proper accounts within GATS. Seller shall be a subscriber to GATS and is responsible for paying its annual GATS subscription fee. Seller shall be responsible for paying any volumetric fees (including taxes) associated with LSE GATS fee requirements in proportion to Seller's Specified Percentage. Buyer shall be responsible for payment of its GATS subscription fee.

(d) If Seller fails to fulfill Seller's AEPS Obligation for any AEPS Reporting Period as provided in Section 2.6(b), Buyer shall invoice Seller, and Seller shall pay, liquidated damages equal to the AEC Non-Solar Penalty or the AEC Solar Penalty for such Transaction, as applicable, for each AEC Seller failed to provide for that AEPS Reporting Period. If the PUC subsequently establishes an alternative compliance payment under the AEPS Act for non-compliance with the Tier I (solar) requirements in excess of the AEC Solar Penalty for such AEPS Reporting Period, Seller shall also pay Buyer the amount in excess of the AEC Solar Penalty; if the Tier I (solar) alternative compliance payment is less than AEC Solar Penalty, Buyer shall refund the difference to Seller.

(e) Seller shall provide Buyer all information Buyer may require to comply with the AEPS Act and its implementing regulations and other Requirements of Law, including but not limited to the price paid per AEC required by 73 Pa.C.S. § 1648.3(e)(8).

2.7 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point. Seller warrants that it has good title to the Full Requirements Service sold and delivered hereunder and that it has the right to sell such Full Requirements Service, and that the Full Requirements Service delivered to Buyer shall be free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point. The word "loss" in this Section 2.7 (Title Transfer) does not encompass electrical transmission and distribution losses which are the obligations of the Seller as defined in Full Requirements Service. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point. Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, that would otherwise exist under the PJM Agreements or under applicable law.

2.8 Status of Seller. Seller, for purposes of this Agreement and any Transaction, is and shall remain a Load Serving Entity, as defined in PJM Agreements.

2.9 Sales for Resale. All Full Requirements Service provided by Seller to Buyer shall be sales for resale, with Buyer reselling such Full Requirements Service to Default Service customers.

2.10 PJM Membership. For the period of time that this Agreement is in effect, Seller shall be: (i) a member in good standing of PJM; (ii) qualified as a PJM "Market Buyer" and "Market Seller" pursuant to the PJM Agreements; and (iii) qualified as a PJM "Load Serving Entity." For the period of time that this Agreement is in effect, Buyer shall be a member in good standing of PJM.

2.11 Declaration of Authority. Buyer and Seller shall have executed the Declaration of Authority in the form attached hereto as Exhibit J (as may be amended from time to time in accordance with requirements of PJM) and the Declaration of Authority shall remain in effect during the Term of this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by Seller, Seller agrees to execute a revised Declaration of Authority in accordance with PJM requirements.

2.12 FERC Authorization. For the period of time that this Agreement is in effect, Seller shall have FERC authorization to make sales of Energy, Capacity, and Ancillary Services at market based rates within PJM.

2.13 PJM Member Default Cost Allocation. In the event PJM imposes a Default Allocation Assessment upon Buyer relating to a default during the Term, Buyer shall invoice Seller and Seller shall pay an amount equal to the product of (i) Seller's Specified Percentage, and (ii) the Default Allocation Assessment, less the amounts of any types of charges allocated to Buyer under this Agreement in Exhibit D that are used by PJM in calculating such Default Allocation Assessment.

2.14 Other Fines and Penalties. If fees, fines, penalties, or costs are claimed or assessed against Buyer by any Governmental Authority or PJM due to noncompliance by Seller with this Agreement, any Requirements of Law, or the PJM Agreements, Seller shall indemnify and hold Buyer harmless against any and all losses, liabilities, damages, and claims suffered or incurred by Buyer, including claims for indemnity or contribution made by third parties against Buyer, except to the extent Buyer recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.15 Transaction Confirmation. A Transaction shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A. On the third Business Day following the day on which the bid was submitted and if Seller is approved by the PUC as a provider of Full Requirements Service to Buyer, Buyer will forward by facsimile or other immediate means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s) and shall send by overnight delivery three (3) originals. Except as otherwise provided in the RFP, by 2:00 p.m. EPT on the next Business Day following Seller's receipt of such facsimile of partially executed Transaction Confirmation(s), Seller shall return by facsimile, or other immediate means acceptable to both Parties, to Buyer a fully executed Transaction Confirmation(s), and shall send by overnight delivery two (2) originals.

2.16 Governing Terms. Each Transaction shall be governed by this Agreement. This Agreement, including all exhibits hereto, any designated collateral, credit support, margin agreement or similar arrangements and all Transaction Confirmations shall form a single integrated agreement between Buyer and Seller. Any inconsistency between terms in this Agreement and terms in a Transaction Confirmation shall be resolved in favor of the terms of this Agreement.

ARTICLE 3
SCHEDULING, FORECASTING, AND INFORMATION SHARING

3.1 Scheduling. Seller shall schedule Full Requirements Service pursuant to the PJM Agreements. Seller and Buyer shall provide to PJM all information required by PJM for the purpose of calculating Seller's Full Requirements Service obligations.

3.2 Load Forecasting. Buyer shall not be required to provide to the Seller any load forecasting services for any Transaction.

3.3 Information Sharing. On each Business Day of the Delivery Period, Buyer shall make available to Seller, on a reasonable efforts basis, the Energy and Capacity information related to Seller's obligations under this Agreement that Buyer provides to PJM daily at the time Buyer provides this information per PJM scheduling deadlines. Buyer does not warrant the accuracy of such information. Seller acknowledges that the daily information provided by Buyer to PJM may be provided to PJM and Seller after Seller was obligated to deliver Full Requirements Service for that day without such information from Buyer.

ARTICLE 4
SPECIAL TERMS AND CONDITIONS

4.1 Buyer Retail Tariffs. Nothing in this Agreement shall interfere with or preclude Buyer from amending its retail electric service tariffs on file with the PUC from time to time (including Buyer's retail rates for distribution service) or entering into or amending any retail customer contracts in accordance with its retail electric service tariffs and Requirements of Law.

4.2 Demand Side Response, Energy Efficiency, and Retail Market Programs. Seller acknowledges that Default Service customers may participate in Demand Side Response, Energy Efficiency, and Retail Market Programs offered by Buyer or by third parties, including Curtailment Service Providers, which are available on the Effective Date or may become available during the Delivery Period, and that such participation may reduce or change Default Service Load that might otherwise be served in the absence of such programs and, accordingly, the Monthly Settlement Amount and/or the Monthly Spot Energy Settlement Amount received by Seller. To the extent that PJM imposes charges on PECO as LSE associated with PJM Demand Response programs, those charges will be allocated by PECO to Seller in proportion to Seller's Specified Percentage. Except as provided in the preceding sentence, Buyer shall retain all of the benefits associated with its Demand Side Response Programs and/or Energy Efficiency Programs.

4.3 PJM E-Accounts. Buyer and Seller shall work with PJM to establish any PJM E-Accounts necessary for Seller to provide Full Requirements Service. In a timely manner, Buyer

shall establish PJM E-Account contract(s) for the entire duration of the Transaction(s) and Seller shall confirm and comply with all PJM E-Account contract(s) for the entire duration of the Transaction(s).

4.4 Reliability Guidelines. Each Party agrees to adhere to the applicable operating policies, criteria and/or guidelines of the NERC, Reliability*First* Corporation, PJM, their successors, and any regional or sub regional requirements.

ARTICLE 5
TERM AND SURVIVAL

5.1 Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement unless this Agreement is terminated prematurely pursuant to Article 12 (Events of Default; Remedies) of this Agreement.

5.2 Survival. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Sections 2.6, 2.7, 2.13, 2.14, and Articles 1 (Definitions), 5 (Term and Survival), 7 (Billing and Settlement), 8 (Taxes), 9 (Indemnification), 10 (Limitations on Liability), 12 (Events of Default; Remedies), 13 (Dispute Resolution), and 16 (Miscellaneous).

ARTICLE 6
DETERMINATION OF DELIVERED QUANTITIES

6.1 Monthly Settlement Load. The amount of Monthly Settlement Load with respect to any calendar month during the Delivery Period shall be determined in terms of megawatt-hours (MWh) of Energy. The MWh of Energy shall be equivalent to the product of Specified Percentage and the Default Service Load for the Customer Supply Group.

ARTICLE 7
BILLING AND SETTLEMENT

7.1 Billing. Unless otherwise agreed to by the Parties, on or before the seventh (7^{th}) Business Day of each month, Buyer shall deliver to Seller, via electronic transmission or other means agreed to by the Parties, an Invoice that sets forth the total amount due for the previous calendar month for all Transactions. The Invoice shall detail for each Transaction, where applicable, the following:

(a) Monthly Settlement Load;

(b) Settlement Price;

(c) Monthly Settlement Amount or Monthly Spot Energy Settlement Amount, as applicable to the Transaction;

(d) PECO billing adjustments (including any charge or credit for retail load adjustments as provided in Section 7.3 (Retail Load Adjustments);

(e) Any other adjustments permitted under this Agreement.

7.2 PJM Billing.

(a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller's and Buyer's rights and obligations under this Agreement as set forth in Exhibit D attached hereto and made a part hereof. If PJM is unable to invoice charges or credits in accordance with Exhibit D, Buyer shall rectify such PJM invoice discrepancy in the Invoice sent pursuant to Section 7.1 (Billing).

(b) Any and all credits on a PJM Invoice representing refunds of charges that are associated with PJM Generation Deactivation Payments prior to January 1, 2011, shall be assigned to PECO as Buyer.

(c) The Parties agree that the PJM bill may change from time to time. Allocation of any charges that are reflected in a PJM bill that are not included on or are inconsistent with Exhibit D will be determined pursuant to Sections 2.4 (Network Integration Transmission Service and Distribution Service), 2.5 (Other Changes in PJM Charges), and 16.11 (PJM Agreement Modifications) of this Agreement.

7.3 Retail Load Adjustments. Seller acknowledges that the Monthly Settlement Amount or Monthly Spot Energy Settlement Amount for any Delivery Period is preliminary and subject to adjustment through Buyer's retail load settlement process in accordance with Buyer's Electric Generation Supplier Coordination Tariff or for subsequent meter corrections reported to PJM. Buyer shall include an additional charge or credit (as the case may be) to Seller for each Delivery Period for any such adjustment on the Invoice issued sixty (60) days after such Delivery Period. Seller further acknowledges that PECO's load is settled at PE Zone (as defined by PJM) and that PECO shall have the right to use the residual zone price for settlement as such price may be defined and calculated by PJM.

7.4 Payments of the Invoice. On the Monthly Settlement Date, Buyer will pay to Seller, or Seller will pay to the Buyer, as the case may be, the total amount due in the applicable Invoice, subject to Section 7.5 (Netting of Payments). All payments shall be made by "Electronic Funds Transfer" (EFT) via wire transfer, to a bank designated in writing by such Party, by 12:00 p.m. EPT on the Monthly Settlement Date, unless otherwise agreed to by the Parties. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

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

7.6 Billing Disputes and Adjustments of Invoices.

(a) Within ninety (90) days of the date on which an Invoice is issued, Buyer may, in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation for the basis of the adjustment.

(b) Within thirty (30) days of any retail load settlement adjustment or billing correction made by the Buyer under the Buyer's Electric Generation Supplier Coordination Tariff for any Delivery Period per Section 7.3 (Retail Load Adjustments), Buyer may, in good faith, adjust the Invoice to reflect such retail load settlement adjustment or billing correction. The adjustment of the Invoice shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation for the basis of the adjustment.

(c) A Party may dispute an Invoice in good faith at any time within one hundred twenty (120) calendar days after the date the Invoice in dispute is issued (or the date of any reissuance under Section 7.6(a) or adjustment under Section 7.6(b)), even if such Party has already paid amounts shown on such Invoice in full. An Invoice shall become final, and not subject to dispute, on the date one hundred twenty (120) calendar days from the date such Invoice is issued unless, within that period, a Party: (a) presents the dispute in writing to the non-disputing Party accompanied by a brief explanation of the source of the dispute; and (b) submits documentation supporting the dispute to the non-disputing Party within thirty (30) calendar days thereafter.

(d) A Party may dispute a PJM bill within one hundred twenty (120) calendar days of the date on which the PJM bill is issued pursuant to the provisions of Article 13 (Dispute Resolution), provided that the disputing Party has paid any undisputed portion of the Invoice relating to the PJM bill in dispute.

7.7 Interest on Unpaid Amounts. Interest on delinquent amounts (including any damages subsequently determined to be owed by a Party), other than amounts in dispute as described in Section 7.6 (Billing Disputes and Adjustment of Invoices), shall be calculated as simple (not compounded) interest at the Interest Rate from the original due date to the date of payment.

7.8 Currency. All payments under this Agreement shall be in the currency of the United States (US$).

ARTICLE 8
TAXES

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

8.2 Taxes.

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

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

ARTICLE 9
INDEMNIFICATION

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

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

9.3 Indemnification Procedures. If either Party intends to seek indemnification under Sections 9.1 (Seller's Indemnification for Third-Party Claims) or 9.2 (Buyers Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) calendar days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of

the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

ARTICLE 10
LIMITATIONS ON REMEDIES, LIABILITY AND DAMAGES

EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO COSTS AND DEFAULT DAMAGES AS DEFINED IN THIS AGREEMENT, SUCH COSTS AND DEFAULT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

ARTICLE 11
FORCE MAJEURE

11.1 Force Majeure. Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform

during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfills the requirements set forth in Section 11.2 (Notification).

11.2 Notification. A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE 12
EVENTS OF DEFAULT; REMEDIES; TERMINATION

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

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

(b) any representation or warranty made by such Party herein or by Seller in response to the RFP is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated, and such failure is not remedied within three (3) Business Days after written notice;

(c) the failure of a Party to comply with the requirements of Section 2.10 (PJM Membership) and 2.12 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;

(d) PJM has declared a Party to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;

(e) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;

(f) such Party becomes Bankrupt;

(g) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(h) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than five percent (5%) of such Party's TNW, which results in such indebtedness becoming immediately due and payable or; (ii) a default by such Party in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than five percent (5%) of such Party's TNW.

(i) the failure of a Party to comply with its obligations pursuant to Article 14 (Creditworthiness) if such failure is not remedied within three (3) Business Days after written notice including, with respect to Seller, the posting of Performance Assurance requested by Buyer;

(j) with respect to Seller's Guarantor: (i) if any representation or warranty made by the Guarantor in connection with this Agreement is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated; (ii) the failure of the Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice; (iii) the failure of the Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; (iv) the Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty; or (v) conditions described with respect to a Party in subparagraph (f) of this Section 12.1 (Events of Default) occurs with respect to its Guarantor.

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

(a) If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Section 12.2(b) (Remedies). If, by the end of the ten (10) Business Day period of suspension, the Non-Defaulting Party has not commenced the implementation of the remedies pursuant to Section 12.2(b) (Remedies), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.

(b) In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing under this Agreement or any other Supply Master Agreement, the Non-Defaulting Party shall have the right to implement any or all of the following remedies:

(i) to designate a day, in such notice, no earlier than the day such notice is effective and no later than twenty (20) calendar days after such notice is effective, as an early termination date ("Early Termination Date") for the purposes of determining the Default Settlement Amount, to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each a "Terminated Transaction") under the Agreement;

(ii) to calculate and receive from the Defaulting Party, payment for any Default Damages and Costs, as defined in this Agreement, the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (x) the Early Termination Date (if applicable); or (y) the Event of Default has been cured by the Defaulting Party; or (z) the Non-Defaulting Party waives such Event of Default;

(iii) to withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages and Costs, as defined in this Agreement, or Termination Payment, as defined in Section 12.3 (Calculation and Net Out of Default Settlement Amounts).

(c) If an Event of Default has occurred and the Non-Defaulting Party is the Buyer, then:

(i) unless the Event of Default was a failure by Seller to meet any or all of its Full Requirements Service obligations, Buyer may offer to waive the default on such terms and conditions as Buyer, at its sole discretion, may deem appropriate to propose ("Special Remedy"); provided, however, that

(ii) any such Special Remedy can only be offered to Seller if it first is specifically approved by the PUC in accordance with PUC Orders.

12.3 Calculation and Net Out of Default Settlement Amounts.

(a) The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Default Settlement Amount for each such Terminated Transaction as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. The Non-Defaulting Party shall aggregate all Default Settlement Amounts into a single liquidated amount (the "Termination Payment") by netting out: (i) all Default Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 14

(Creditworthiness), plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Default Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement or any other Supply Master Agreement. The Termination Payment shall be due to or due from the Non-Defaulting Party, as appropriate. When the Buyer is the Non-Defaulting Party and replaces Seller's Full Requirements Service obligation under this Agreement, the result of that procedure will be deemed to be commercially reasonable for purposes of calculating the Default Settlement Amounts.

(b) The Parties recognize, however, the final calculation of Default Settlement Amounts hereunder may not be known for some time since the level of such Default Settlement Amounts may be dependent upon the arrangements made by the Buyer to obtain replacement services or a replacement supplier. The Buyer and the Seller agree that, until the calculation of Default Settlement Amounts under this provision is completed, the amount and payment of the Termination Payment shall be immediately due and owing as an estimate of the amounts ultimately determined to be due and owing. After Default Settlement Amounts have been finally determined under this Section 12.3, the amounts due and owing will be reconciled with payments already made.

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

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

12.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written notice to the Defaulting Party of the amount of the Termination Payment. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Defaulting Party or the Non-Defaulting Party, as applicable, shall make the Termination Payment within five (5) Business Days after such notice is effective (the "Termination Payment Date").

12.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's

calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 13 (Dispute Resolution), and provided, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party by the Termination Payment Date.

12.6 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement. Seller agrees that Buyer's implementation of any contingency plan approved by the PUC for procurement of Default Service shall be deemed to be commercially reasonable.

12.7 Grant of Security Interest and Additional Remedies. To secure its obligations under this Agreement and to the extent that the Seller delivered Performance Assurance or other collateral hereunder, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer, and in all amounts owed to Seller by Buyer under or in connection with any agreement for supply of Full Requirements Service. Seller agrees to take such action as reasonably required to perfect in favor of Buyer a first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence of an Event of Default caused by Seller, Buyer may do any one or more of the following: (i) exercise any of the rights and remedies of Buyer with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of Seller in the possession of Buyer whether held in connection with this Agreement or any other agreement(s) between Buyer and Seller for the provision of Full Requirements Service; (iii) draw on any outstanding letter of credit issued for Buyer's benefit; and (iv) liquidate all security held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Buyer shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce Seller's obligation under this Agreement or any other agreement(s) between Seller and Buyer for the provision of Full Requirements Service (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to the return of any surplus proceeds remaining after such obligations are satisfied in full.

12.8 Return of Auction Revenue Rights. When the Seller is the Defaulting Party, the Seller shall transfer or reassign to the Buyer on the Early Termination Date, any and all of Buyer's rights to Auction Revenue Rights (ARRs) to which Buyer is entitled as an LSE pursuant to the PJM Agreements, which were transferred or assigned to Seller under Section 2.3 (Congestion and Congestion Management).

ARTICLE 13
DISPUTE RESOLUTION

13.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 13.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include simple (not compounded) interest on the payment calculated at the Interest Rate from the original due date through the date of payment.

13.2 Formal Dispute Resolution. After the requirements of Section 13.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority.

ARTICLE 14
CREDITWORTHINESS

14.1 Performance Assurance Requirement. With respect to Aggregate Transactions, if at any time and from time to time during the term of this Agreement, Aggregate Buyer's Exposure exceeds the Unsecured Credit on any Business Day, then Buyer shall request that Seller post Performance Assurance in an amount equal to the amount by which Aggregate Buyer's Exposure exceeds the Unsecured Credit (rounding upwards to the nearest $100,000), less any Performance Assurance already posted with Buyer. Notwithstanding the above, Seller shall only be required to post the required Performance Assurance to the extent the amount of the total required Performance Assurance is equal to or greater than $500,000. Subsequent and incremental requests for Performance Assurance shall be in $100,000 increments. Buyer's request for Performance Assurance shall not be disputed by Seller.

14.2 Aggregate Buyer's Exposure.

(a) In order to determine the amount of Performance Assurance during the term of this Agreement, Buyer shall calculate the Aggregate Buyer's Exposure once per Business Day. On a Transaction Date, for non-Spot Energy Transactions, the Buyer's Exposure for that Transaction shall be deemed equal to zero, and to the extent that the calculations of the Aggregate Buyer's Exposure for a given date result in a negative number, the Aggregate Buyer's Exposure for such date shall also be deemed equal to zero.

(b) Buyer shall contract with and pay for the services of a single independent consultant to provide pricing services (the "Pricing Agent") with respect to the non-Spot Energy Transactions under this Agreement. The Pricing Agent shall provide to the Buyer the On-Peak Initial Mark Price and the Off-Peak Initial Mark Price. In addition, on each Business Day, the Pricing Agent shall provide to the Buyer the On-Peak Forward Price and the Off-Peak Forward Price. To the extent that information and/or quotes are not available to

determine an On-Peak Forward Price or Off-Peak Forward Price for a given month the Pricing Agent shall be permitted to use information and/or quotes relevant to such month for which information/and quotes are available in order to provide the Buyer the required On-Peak Forward Price and Off-Peak Forward Price for such month. Exhibit E presents in more detail the methodology to be used by the Pricing Agent in determining the Off-Peak Initial Mark Price, On-Peak Initial Mark Price, the On-Peak Forward Price, and the Off-Peak Forward Price. Buyer shall use reasonable efforts to provide Seller with Aggregate Buyer's Exposure on each Business Day subject to the confidentiality provisions of this Agreement.

(c) Pursuant to Section 14.1 (Performance Assurance Requirement) above, Seller shall not dispute any request by Buyer for Performance Assurance. Notwithstanding such provision, Seller may dispute the Pricing Agent's determinations of the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, On-Peak Forward Price and Off-Peak Forward Price if Seller can demonstrate that the Pricing Agent has been grossly negligent or has exhibited willful misconduct in such determinations, or that the Pricing Agent is making such determinations in a manner that is arbitrary, capricious or erroneous on its face, provided, however, that Seller shall remain obligated to post any Performance Assurance requested by Buyer during the pendency of any such dispute.

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

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

Credit Rating			**Unsecured Credit Limit is the lower of TNW Amount and Unsecured Credit Cap below:**	
S&P	**Fitch**	**Moody's**	**TNW Amount**	**Unsecured Credit Cap**
A- or above	A- or above	A3 or above	16% of TNW	$60,000,000
BBB+	BBB+	Baa1	10% of TNW	$40,000,000
BBB	BBB	Baa2	8% of	$30,000,000

			TNW	
BBB-	BBB-	Baa3	6% of TNW	$15,000,000
Below BBB-	Below BBB-	Below Baa3	0% of TNW	0

(b) The analysis of Unsecured Credit will also include consideration of the Guaranty Agreement, if any, submitted by Seller in connection with this contract.

14.4 Reserved.

14.5 Reserved.

14.6 Performance Assurance Transfers/Returns.

(a) If the request for Performance Assurance is made by Buyer before 1:00 p.m. EPT on a Business Day, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the second Business Day following the date of such request. If a request for Performance Assurance collateral is made by Buyer at or after 1:00 p.m. EPT, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the second Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the third Business Day following the date of such request. Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. Buyer shall not be entitled to hold Performance Assurance collateral in the form of cash; rather, Performance Assurance collateral in the form of cash shall be held in any major U.S. commercial bank, or a foreign bank with a U. S. branch office, (which is not Buyer or an Affiliate of Buyer), and has assets of at least $10 billion and a Credit Rating of at least "A" by Standard and Poor's, or "A2" by Moody's Investor Services ("Qualified Institution"). Buyer will pay to Seller on the third Business Day of each calendar quarter the amount of interest it receives based upon the applicable overnight repurchase interest rate from the Qualified Institution on any Performance Assurance collateral in the form of cash posted by Seller. The interest amount or portion thereof not returned to Seller pursuant to this Section 14.6 (Performance Assurance Transfers/Returns) will constitute Performance Assurance and will be subject to the provisions of Article 14 (Creditworthiness) of this Agreement.

(b) On any Business Day (but no more frequently than weekly with respect to Letters of Credit or other security acceptable to Buyer, and daily with respect to cash), Seller, at its sole cost, may request that the Performance Assurance be reduced correspondingly to

reflect the decrease in Buyer Exposure or an increase in Seller's Unsecured Credit, if any (rounding upwards for any fractional amount to the nearest $100,000). Buyer shall be required to return the amount of the reduction in Performance Assurance due in accordance with the timeframes set forth in Section 14.6(a). Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. A written means is suitable for the Seller to make requests for return of Performance Assurance.

(c) Reserved.

(d) In the event that Seller fails to provide Performance Assurance collateral, or Buyer fails to return Performance Assurance collateral pursuant to the terms of this Article 14 (Creditworthiness) after Seller has provided sufficient collateral for any reduced Performance Assurance within the applicable timeframes, then an Event of Default pursuant to Section 12.1(i) (Events of Default) shall be deemed to have occurred with respect to the non-performing Party (following any applicable cure period) and the other Party will be entitled to the remedies set forth therein. In instances caused by the timing of the requests for both the return of Performance Assurance and placement of Performance Assurance, a situation may arise where the Parties are both sending and receiving Transactions on the same day. In these instances, the Parties may net the requested amounts and proceed with only one Transaction. Netting is only permitted for Performance Assurance purposes if it is mutually agreed to by both Parties in advance and confirmed in advance.

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

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

14.9 Foreign Entities. The following standards shall apply to Seller, or Seller's Guarantor, that have not been incorporated or otherwise formed under the laws of a state of the

United States or of the District of Columbia and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles (GAAP) in the United States. For Sellers who cannot meet the following requirements, the posting of cash or Letter of Credit in an acceptable form (see standard format in Exhibit C) for the Aggregate Buyer's Exposure shall be required.

(a) Seller shall supply such evidence of creditworthiness so as to provide Buyer with comparable assurances of creditworthiness as is applicable above for Sellers that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. Buyer shall have full discretion, without liability or recourse to Seller, to evaluate the evidence of creditworthiness submitted by such Seller; or

(b) The Guarantor of Seller shall supply such evidence of creditworthiness so as to provide Buyer with comparable assurances of creditworthiness as is applicable above for Guarantors of Sellers that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. Buyer shall have full discretion, without liability or recourse to the Guarantor or Seller, to evaluate the evidence of creditworthiness submitted by such Guarantor.

(c) Sellers or Guarantors of Sellers that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency or does not conform to generally accepted accounting principles (GAAP) in the United States shall, in addition to all documentation required elsewhere in this Section 14.9 (Foreign Entities), supply the following as a condition of being granted Unsecured Credit, up to a maximum level, for the purpose of covering the Aggregate Buyer's Exposure:

For Seller:

(1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which Seller is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities will become, the binding obligation of Seller in the jurisdiction in which it has been incorporated or otherwise formed; and

(2) The sworn certificate of the corporate secretary (or similar officer) of such Seller that the person executing this Agreement on behalf of Seller has the authority to execute the Agreement and that the governing board of such Seller has approved the execution of this Agreement; and

(3) The sworn certificate of the corporate secretary (or similar officer) of such Seller that Seller has been authorized by its governing board to enter into agreements of the same type as this Agreement.

Buyer shall have full discretion, without liability or obligation to Seller, to evaluate the sufficiency of the documents submitted by Seller.

For Guarantor of Seller:

(1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in the which the Guarantor is incorporated or otherwise formed that this Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and

(2) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty; and

(3) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as this Guaranty.

Buyer shall have full discretion, without liability or obligation to the Guarantor or Seller, to evaluate the sufficiency of the documents submitted by such Guarantor, including any legal opinion(s). Forms of legal opinions for Seller and Guarantor acceptable to Buyer are attached in Exhibit G.

14.10 Accelerated Payments by Buyer. If at any time and from time to time during the term of this Agreement, a Buyer Downgrade Event occurs, notwithstanding the provisions of Article 7 (Billing and Settlement), Seller shall have the right to require Buyer to divide the Monthly Settlement Amount or Monthly Spot Energy Settlement Amount into twice-monthly amounts and pay such amounts on a twice-monthly basis for so long as the Buyer Downgrade Event continues. A "twice-monthly basis" as referred to in the preceding sentence means that each month will be divided into two billing periods. The first twice-monthly billing period shall begin on the first (1^{st}) calendar day of the month and end on the fifteenth (15^{th}) calendar day of the month. The second twice-monthly billing period shall begin on the sixteenth (16^{th}) calendar day of the month and end on the last calendar day of the month. For twice monthly payments, the Monthly Settlement Date will apply to the payment for the second twice-monthly billing period. The settlement date for the first twice-monthly billing period shall be the first Business Day after fourth (4^{th}) calendar day of the month following service. For example, for service from January 1 through January 15, the settlement date would be the first Business Day after the fourth (4^{th}) calendar day of February. Buyer's failure to make such accelerated payments shall be deemed an Event of Default under Section 12.1 (Events of Default) of the Agreement.

ARTICLE 15
REPRESENTATIONS AND WARRANTIES

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

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and each Transaction;

(c) the execution, delivery and performance of this Agreement and each Transaction are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(d) this Agreement and each Transaction constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses;

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it becoming Bankrupt;

(f) there are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any Governmental Authority that could materially adversely affect its ability to perform its obligations under this Agreement and each Transaction;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement and each Transaction;

(h) with respect to Buyer, it is acting to fulfill its obligations under and in accordance with PUC Orders to enter into this Agreement;

(i) it is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement and each Transaction, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;

(j) it is a "forward contract merchant" within the meaning of the Bankruptcy Code;

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

15.2 Notification. If a Party learns that any of its representations and warranties under Section 15.1 are no longer true during the Term, the Party shall immediately notify the other Party in accordance with Section 16.1.

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

15.4 Bankruptcy Issues. The Parties intend that (i) all Transactions constitute a "forward contract" within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Agreement constitute "settlement payments" within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by Seller to Buyer under this Agreement constitute "margin payments" within the meaning of the Bankruptcy Code; and (iv) this Agreement constitutes a "master netting agreement" within the meaning of the Bankruptcy Code.

ARTICLE 16
MISCELLANEOUS

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

16.2 General. This Agreement supersedes all prior oral or written agreements, commitments, negotiations, understandings or discussions with respect to the subject matter hereof except for other agreements specifically referenced herein. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement or any Transaction; provided that in such event the

Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties. This Agreement is not intended to create nor shall it be construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership or fiduciary obligation or liability upon either Party. Neither Party shall have the power to bind or obligate the other Party, nor shall a Party be liable for the payment or performance of any debts, obligations or liabilities of the other Party, unless expressly assumed in writing.

16.3 Rules of Interpretation. The following principles shall be observed in the interpretation and construction of this Agreement:

(a) unless otherwise stated, the terms "include" and "including" when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;

(b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;

(c) references to the singular include the plural and vice versa;

(d) references to Articles, Sections, and the Recitals are, unless the context indicates otherwise, references to Articles, Sections, and the Recitals of this Agreement;

(e) the reference to any Party includes such Party's legal and/or permitted successors and assignees;

(f) reference to any document other than this Agreement refers to such documents as may be amended, modified, replaced or superseded from time to time, or any successor document(s) thereto;

(g) reference to any law or regulation refers to such law or regulation as may be amended, modified, replaced or superseded from time to time, or any successor law(s) or regulation(s) thereto;

(h) "herein," "hereof," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or provision;

(i) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.

16.4 Audits and Record Retention. Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Sections 7.1 (Billing) and 7.7 (Interest on Unpaid Balances). The Parties shall retain for a period of at least two (2) years

following the expiration of the Term all necessary records so as to permit the Parties to confirm the accuracy of any Invoice or calculation of payments due hereunder; provided, however, that if a Party has provided notice in accordance with this Agreement that it disputes the accuracy of any Statement or calculation of any payments, the Parties agree that they shall retain all records related to such dispute until the dispute is finally resolved.

16.5 Confidentiality.

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provision of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; or (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation.

(b) Notwithstanding any other provision of this Section 16.5 (Confidentiality), a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 16.5 (Confidentiality), and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(d) Any independent auditor performing an audit on behalf of a Party pursuant to Section 16.4 (Audit) shall be required to execute a confidentiality agreement with the Party being audited. Such audit information shall be treated as confidential pursuant to this Section 16.5 (Confidentiality).

(e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.5 (Confidentiality). Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 16.5 (Confidentiality), which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.6 Successors and Assigns. This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns. Nothing in this Agreement is intended to confer benefits, rights or remedies unto any Person other than the Parties and their permitted successors and assigns, and no third party shall have the right to enforce the provisions of this Agreement.

16.7 Assignment.

(a) The Parties shall not assign any of their rights or obligations under this Agreement without obtaining (i) any necessary regulatory approval(s) and (ii) the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld; provided, however, that Buyer agrees that it shall grant its consent to a proposed assignment by the Seller if the proposed assignee meets all of Buyer's creditworthiness requirements then in effect under Article 14. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.

(b) Any assignment in violation of this Section 16.7 shall be void; provided, however, Buyer may assign any or all of its rights and obligations under this Agreement, without Seller's consent, to any entity succeeding to all or substantially all of the assets of Buyer, if such assignee agrees, in writing, to be bound by all of the terms and conditions and all necessary regulatory approvals are obtained. Seller may, with prior written notice to Buyer but without obtaining the approval of Buyer, assign the accounts, revenues or proceeds under this Agreement to a third party. Buyer agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that Buyer may reasonably request, Buyer will pay amounts becoming due to Seller under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to Seller and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of Buyer arising under this Agreement. Buyer further agrees that, in the event necessary regulatory approvals to effectuate an assignment have been sought in good faith but that action by the regulatory body is pending, Buyer shall accept the performance of the proposed assignee as a Party to this Agreement, as co-obligor with the Buyer proposing to assign its interest, until such approvals are obtained; provided, however, that, in the event the regulatory body declines to grant its approval, the request for approval of the assignment shall be deemed to have been rejected for good reason.

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

16.9 Jurisdiction and Venue. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Federal or State courts of Pennsylvania and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party hereby waives its

respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.10 Amendments. Except as provided in Article 12 (Events of Default; Remedies) and Section 16.11 (PJM Agreement Modifications), neither this Agreement nor any Transaction shall be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties. Furthermore, it is the express intent of the Parties that neither Party shall unilaterally seek to obtain from any Governmental Authority any relief changing the rates or other terms of this Agreement or any Transaction, notwithstanding any market conditions that may occur in the future or that exist at the time of the formation of this Agreement or any Transaction. The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement and each Transaction freely and in good faith and that the terms of this Agreement and each Transaction have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description. To the extent permitted by law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights (i) to submit any filing to any Governmental Authority seeking modification or rescission of any rates or other terms of this Agreement or any Transaction under Sections 205 or 206 of the Federal Power Act or otherwise, (ii) to argue before any Governmental Authority that any review, modification, or rescission of this Agreement or any Transaction should be considered under any standard of review other than the "public interest" standard set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and affirmed by Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, *et al.*, 554 U.S. 527 (2008) (the "Mobile-Sierra Doctrine"), and (iii) to argue before any Governmental Authority that any terms of this Agreement or any Transaction should be modified or rescinded based on (A) any claim of fraud, duress, unfairness, bad faith, or inequity in the relative bargaining power of the Parties or (B) any claim of market manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

16.11 PJM Agreement Modifications.

(a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references herein shall be deemed to automatically (and without any further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement, including Seller's responsibility for changes in PJM products and pricing during the Term under Section 2.5 (Other Changes in PJM Charges).

16.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

16.13 Regulatory Approvals. The commencement of the Delivery Period is subject to: the receipt by Seller and Buyer of all approvals required of the PUC.

16.14 Regulatory Cooperation. Seller will cooperate with Buyer in any regulatory compliance efforts that may be required to maintain the ongoing lawfulness and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of Full Requirements Service before FERC, the PUC, or any other Governmental Authority asserting jurisdiction.

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

PECO ENERGY COMPANY	SELLER
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT A
FORM OF TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Default Service Program Supply Master Agreement ("Default Service SMA") dated _____ between PECO Energy Company ("Company" or "PECO Energy") and _____ ("Seller"). Terms used but not defined herein shall have the meanings ascribed to them in the Default Service SMA. This Transaction Confirmation shall confirm the following terms of the transaction ("Transaction") agreed to on _____ ("Transaction Date").

Product:	Full Requirements Service [/ with spot energy pricing]
Customer Supply Group:	
Service Type:	
Delivery Point:	PE Zone
Delivery Period:	
Number of Tranches:	
Tranche (Percentage)	
Specified Percentage:	
MW-Measure:	
Settlement Price	$XX.XXXX ($/MWh) (inclusive of AEPS Costs) Average Cost per Non-Solar Tier I AEC: $___ Average Cost per Solar Tier I AEC:$___ Average Cost per Tier II AEC: $___
AEC Solar Penalty	$XXX.00

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
On-Peak Estimated Quantity Per MW-Measure (MWh)	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx
Off-Peak Estimated Quantity Per MW-Measure (MWh)	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx

Alternative Energy Credit (AEC) Allocation:

Alternative Energy Portfolio Standards - Reporting Period:	Tier I (non-solar)		Tier I (solar)	
	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)
2013-2014				
2014-2015				
2015-2016				
2016-2017				

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between Seller and Buyer by returning an executed copy of this Transaction Confirmation by facsimile to PECO Energy at (xxx) xxx.xxxx in accordance with Section 2.15 – Transaction Confirmation of the Default Service SMA. The signatories to this Transaction must have the authority to enter into this Transaction.

PECO ENERGY COMPANY (BUYER)

By: _____

Name: _____

Title: _____

SELLER

By: _____

Name: _____

Title: _____

EXHIBIT B

RESERVED

EXHIBIT C

FORM OF
PERFORMANCE ASSURANCE LETTER OF CREDIT

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

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE_____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY **AMOUNT**
USD *******$**

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO: _____ FOR THE ACCOUNT OF _____ (APPLICANT) FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS _____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE BANK OF _____ ("ISSUER") _____(ADDRESS), EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS ON _____OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT SET FORTH HEREIN.

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

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

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

"THE AMOUNT FOR THIS DRAWING, USD (INSERT AMOUNT), BEING MADE UNDER THE BANK OF _____ (BANK) LETTER OF CREDIT NUMBER (INSERT

LETTER OF CREDIT REFERENCE NUMBER), REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT FOR PERFORMANCE ASSURANCE RELATED TO THE BENEFICIARY'S PENNSYLVANIA DEFAULT SERVICE PROGRAM SUPPLY MASTER AGREEMENT DATED BETWEEN _____ AND _____."

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

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER SHALL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

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

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF [BANK] UNDER THIS LETTER OF CREDIT AND [BANK] SHALL ALWAYS REMAIN LIABLE TO [BENEFICIARY] FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS HEREIN TO [BENEFICIARY] NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.

2. THIS LETTER OF CREDIT MAY NOT BE TRANSFERRED OR ASSIGNED.

3. THIS LETTER OF CREDIT IS IRREVOCABLE.

4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF NEW YORK. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.

5. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

Authorized Signature: _____

Title: _____

Please direct any written correspondence, including drawing or inquiries to:

[Bank name, address and phone number]

EXHIBIT D

ID #	PJM Billing Statement Line Items	Responsible Party	
		PECO (Buyer)	DSP (Seller)
ID #	**CHARGES**		
1100	Network Integration Transmission Service	X	
1102	Network Integration Transmission Service (exempt)	X	
1104	Network Integration Transmission Service Offset	X	
1108	Transmission Enhancement	X	
1110	Direct Assignment Facilities	X	
1120	Other Supporting Facilities	X	
1130	Firm Point-to-Point Transmission Service		X
1133	Firm Point-to-Point Transmission Service Resale Charge		X
1140	Non-Firm Point-to-Point Transmission Service		X
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		X
1200	Day-ahead Spot Market Energy		X
1205	Balancing Spot Market Energy		X
1210	Day-ahead Transmission Congestion		X
1215	Balancing Transmission Congestion		X
1218	Planning Period Congestion Uplift		X
1220	Day-ahead Transmission Losses		X
1225	Balancing Transmission Losses		X
1230	Inadvertent Interchange		X
1240	Day-ahead Economic Load Response		X
1241	Real-time Economic Load Response		X

1245	Emergency Load Response		X
1250	Meter Error Correction		X
1260	Emergency Energy		X
1301	PJM Scheduling, System Control and Dispatch Service - Control Area Administration		X
1302	PJM Scheduling, System Control and Dispatch Service - FTR Administration		X
1303	PJM Scheduling, System Control and Dispatch Service - Market Support		X
1304	PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration		X
1305	PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.		X
1306	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center		X
1308	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration		X
1309	PJM Scheduling, System Control and Dispatch Service Refund - FTR Administration		X
1310	PJM Scheduling, System Control and Dispatch Service Refund - Market Support		X
1311	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration		X
1312	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.		X
1314	Market Monitoring Unit (MMU) Funding		X
1315	FERC Annual Charge Recovery		X
1316	Organization of PJM States, Inc.		X

	(OPSI) Funding		
1317	North American Electric Reliability Corporation (NERC)		X
1318	Reliability First Corporation (RFC)		X
1320	Transmission Owner Scheduling, System Control and Dispatch Service		X
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
1340	Regulation and Frequency Response Service		X
1350	Energy Imbalance Service		X
1360	Synchronized Reserve		X
1365	Day-ahead Scheduling Reserve		X
1370	Day-ahead Operating Reserve		X
1371	Day-ahead Operating Reserve for Load Response		X
1375	Balancing Operating Reserve		X
1376	Balancing Operating Reserve for Load Response		X
1377	Synchronous Condensing		X
1378	Reactive Services		X
1380	Black Start Service		X
1400	Load Reconciliation for Spot Market Energy		X
1410	Load Reconciliation for Transmission Congestion		X
1420	Load Reconciliation for Transmission Losses		X
1430	Load Reconciliation for Inadvertent Interchange		X
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		X
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		X
1445	Load Reconciliation for FERC Annual Charge Recovery		X
1446	Load Reconciliation for Organization of PJM States, Inc.		X

	(OPSI) Funding		
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		X
1448	Load Reconciliation for Reliability First Corporation (RFC)		X
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		X
1460	Load Reconciliation for Regulation and Frequency Response Service		X
1470	Load Reconciliation for Synchronized Reserve		X
1475	DASR Load Reconciliation		X
1478	Load Reconciliation for Operating Reserve		X
1480	Load Reconciliation for Synchronous Condensing		X
1490	Load Reconciliation for Reactive Services		X
1500	Financial Transmission Rights Auction		X
1600	RPM Auction		X
1610	Locational Reliability		X
1650	Non-Unit Specific Capacity Transaction		X
1660	Demand Resource and ILR Compliance Penalty	X	
1661	Capacity Resource Deficiency		X
1662	Generation Resource Rating Test Failure		X
1663	Qualifying Transmission Upgrade Compliance Penalty		X
1664	Peak Season Maintenance Compliance Penalty		X
1665	Peak-Hour Period Availability		X

1710	PJM/MISO Seams Elimination Cost Assignment	X	
1720	RTO Start-up Cost Recovery	X	
1730	Expansion Cost Recovery	X	
1900	Unscheduled Transmission Service	X	
1910	Ramapo Phase Angle Regulators	X	
1920	Station Power	X	
1930	Generation Deactivation		X
1950	Virginia Retail Administrative Fee	X	
1980	Miscellaneous Bilateral	X	
1995	PJM Annual Membership Fee	X	
ID #	**CREDITS**	PECO (Buyer)	DSP (Seller)
2100	Network Integration Transmission Service	X	
2102	Network Integration Transmission Service (exempt)	X	
2104	Network Integration Transmission Service Offset	X	
2106	Non-Zone Network Integration Transmission Service	X	
2108	Transmission Enhancement	X	
2110	Direct Assignment Facilities	X	
2120	Other Supporting Facilities	X	
2130	Firm Point-to-Point Transmission Service	X	
2132	Internal Firm Point-to-Point Transmission Service	X	
2133	Firm Point-to-Point Transmission Service Resale Credit		X

2140	Non-Firm Point-to-Point Transmission Service	X	
2142	Internal Non-Firm Point-to-Point Transmission Service	X	
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		X
2210	Transmission Congestion		X
2217	Planning Period Excess Congestion		X
2218	Planning Period Congestion Uplift		X
2220	Transmission Losses		X
2240	Day-ahead Economic Load Response	X	
2241	Real-time Economic Load Response	X	
2245	Emergency Load Response	X	
2260	Emergency Energy		X
2320	Transmission Owner Scheduling, System Control and Dispatch Service	X	
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
2340	Regulation and Frequency Response Service		X
2350	Energy Imbalance Service		X
2360	Synchronized Reserve		X
2365	Day-ahead Scheduling Reserve		X
2370	Day-ahead Operating Reserve		X
2371	Day-ahead Operating Reserve for Load Response		X
2375	Balancing Operating Reserve		X
2376	Balancing Operating Reserve for Load Response		X
2377	Synchronous Condensing		X

2378	Reactive Services		X
2380	Black Start Service		X
2420	Load Reconciliation for Transmission Losses		X
2500	Financial Transmission Rights Auction		X
2510	Auction Revenue Rights		X
2600	RPM Auction		X
2620	Interruptible Load for Reliability	X	
2630	Capacity Transfer Rights		X
2640	Incremental Capacity Transfer Rights		X
2650	Non-Unit Specific Capacity Transaction		X
2660	Demand Resource and ILR Compliance Penalty	X	
2661	Capacity Resource Deficiency		X
2662	Generation Resource Rating Test Failure		X
2663	Qualifying Transmission Upgrade Compliance Penalty		X
2664	Peak Season Maintenance Compliance Penalty		X
2665	Peak-Hour Period Availability		X
2710	PJM/MISO Seams Elimination Cost Assignment	X	
2720	RTO Start-up Cost Recovery	X	
2730	Expansion Cost Recovery	X	
2910	Ramapo Phase Angle Regulators	X	
2930	Generation Deactivation		X
2950	Virginia Retail Administrative Fee	X	
2980	Miscellaneous Bilateral	X	

2996	Annual PJM Cell Tower	X	
2997	Annual PJM Building Rent	X	
	PJM Billing Statement Line Items	Responsible Party	

EXHIBIT E

METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Disclaimer: The prices that appear in this Exhibit are purely hypothetical and are not based on or derived from any actual source for forward pricing. There are solely for purposes of illustration. As set forth in Article 14 (Creditworthiness) of this Agreement, the Mark to Market (MtM) Exposure is an amount calculated each Trading Day for the Seller that reflects the financial exposure to the Buyer due to fluctuations in forward market prices for Energy. The total MtM Exposure will be equal to 1.1 times the sum of the MtM Exposures for each month. The Aggregate Buyer's Exposure is the sum of the calculated Buyer's Exposure for all Transactions under this Agreement and all other transactions under all Supply Master Agreements executed between the Parties pursuant to the PUC Orders to serve Buyer's Default Service Load. For non-Spot Energy Transactions, the Buyer's Exposure during the term of a Transaction shall be calculated by determining the total MtM Exposure, then subtracting the sum of any unpaid or unbilled amounts owed by Buyer to Seller pursuant to a Transaction.

This Exhibit E explains the methodology and data sources that the Buyer will use to calculate the MtM Exposure and total MtM Exposure.

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

Calculation of the MtM Exposure and Total MtM Exposure

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

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

where,

the On-Peak Estimated Energy Quantity is the estimate of the energy quantity (in MWh) to be supplied in the relevant month and will be calculated, from Transaction Confirmation information, by multiplying the relevant month On-Peak Estimated Energy Quantity Per MW-Measure, by the number of Tranches awarded to the Seller, and the ratio of the Current Capacity PLC Per Tranche to the MW-Measure (i.e. the Capacity PLC Per Tranche as of the Transaction Date).

and

the Off-Peak Estimated Energy Quantity is the estimate of the energy quantity (in MWh) to be supplied in the relevant month and will be calculated, from Transaction Confirmation information, by multiplying the relevant month Off-Peak Estimated Energy Quantity Per MW-Measure, by the number of Tranches awarded to the Seller, and the ratio of the current Capacity PLC Per Tranche to the MW-Measure (i.e. the Capacity PLC Per Tranche as of the Transaction Date).

For the current month of each Trading Day MtM Exposure calculation, the On-Peak Estimated Energy Quantity and Off-Peak Estimated Energy Quantity will be calculated for the month, as described above, and prorated for the remaining On-Peak Hours and Off Peak Hours remaining in the month as follows:

- On-Peak Hours remaining in the current month (including the first calendar day following the Trading Day) divided by total On-Peak Hours in the current month
- Off-Peak Hours remaining in the current month (including the first calendar day following the Trading Day) divided by total Off-Peak Hours in the current month

The total MtM Exposure will be equal to 1.1 times the sum of the MtM Exposures for each month.

Parameters

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

- On-Peak Initial Mark Price
- Off-Peak/On-Peak Price Ratio
- Off-Peak Initial Mark Price
- MW-Measure: initial Capacity PLC Per Tranche
- On-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
- Off-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
- Number of awarded Tranches

In calculating the MtM Exposure for each Transaction, the following parameters are set each Trading Day subsequent to the Transaction Date:

- On-Peak Forward Price
- Off-Peak Forward Price
- Current Capacity PLC Per Tranche
- On-Peak Estimated Energy Quantity
- Off-Peak Estimated Energy Quantity

Process to Update the On-Peak Initial Mark Prices and Off-Peak Initial Mark Prices on a Daily Basis

On each Trading Day subsequent to the Transaction Date, the Pricing Agent will contact four Reference Market-Makers to obtain price quotes for on-peak and off-peak energy for PJM Western Hub. The Pricing Agent may not rely upon quotes from Seller or any Affiliate of Seller.

The updated mark for a month will be equal to the average mark for that month over all sources from which a quote is available. If a monthly quote is available from any source, only the monthly quote or monthly quotes shall be used. Where quotes provide a bid and ask, the average shall be used.

Where a quote for an individual month is unavailable, but the month is quoted as part of a "packaged" quote (e.g., January 2011 is only available in the form of a January/February 2011 "packaged" quote or an annual quote):

- If the other month/months of the package quote is/are also unavailable, then the marks for all months of the package will be calculated by multiplying the packaged quote by the ratio of the corresponding month to the corresponding calculated package quote from the previous day.

  Example: There are no On-Peak quotes available on day X during the contract for July 2011 or August 2011. However, there is an On-Peak July/August 2011 packaged quote of $73.00/MWh available. The On-Peak marks from day X-1 for July 2011 and August 2011 were $73.50/MWh and $76.50/MWh respectively. The day X On-Peak mark for July 2011 is set at 73.00 * [73.50] / [((73.50 * 352) + (76.50 * 336)) / (352+336)] = 73 * (73.50/ 74.97) = $71.57/MWh. The day X On-Peak mark for August 2011 is set at 73.00 * [76.50] / [((73.50 * 352) + (76.50*336)) / (352+336)] = 73 * (76.50 / 74.97) = $74.49/MWh.

- If the other month/months of the package quote is/are available, then the mark for the month will be set such that the average of the month and the other month(s) (weighted for either the On-Peak Hours or Off-Peak Hours as applicable) equals the packaged quote (see calculation example below).

  Example: There are no On-Peak available for August 2011. However, there is an On-Peak July/August 2011 package quote available of $75.00/MWh and an On-Peak July 2011 quote of $73.00/MWh. The On-Peak mark for August 2011 is set at [75 * (352 +336) – 73 * (336)] / [352 + 336] = $77.10/MWh.

If, on a given Trading Day, the Pricing Agent is not able to obtain quotes from the Reference Market-Makers, then Buyer will look to reasonable alternative sources of price data (excluding Seller or any Affiliate of Seller) and will rely on the prices from those alternative data sources to update the mark if pricing data is available from those alternative sources. As a reasonable alternative source of price data, the Buyer may use the following methodology:

- A calendar year on-peak/off-peak energy price, for the calendar year pertaining to the delivery period for which the On-Peak/Off-Peak Forward Price is being developed, is calculated using the following methodology:

  - First, a Market-Implied Heat Rate is calculated as the ratio of the calendar year On-Peak and/or Off-Peak forward energy price (calculated using On-Peak/Off-Peak Forward Prices) to the calendar year Henry Hub forward natural gas price (calculated using Henry Hub forward natural gas prices) for the calendar year for which price data sufficient to calculate both prices are available and that is the farthest year in the future. As an alternative, the applicable Market-Implied Heat Rate may be determined by calculating the market-implied heat rates applicable to the last three

years for which data are available that are the farthest in the future, and performing an extrapolation.

- Next, this calculated Market-Implied Heat Rate is applied to the monthly Henry Hub forward natural gas price (calculated using Henry Hub forward natural gas prices) for the months pertaining to the delivery period for which the On-Peak/Off-Peak Forward Price is being developed.

Quotes from the sources will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Sources will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

EXHIBIT F

FORM OF GUARANTY

GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of _____, 201_, is made by _____ (the "Guarantor"), a_____organized and existing under the laws of _____ [a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Supply Master Agreement dated _____, 201_(as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and _____, a _____ organized and existing under the laws of _____(the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to, any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

3. The Guaranteed Party may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (a) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Agreement(s) with respect to the Guaranteed Obligations or any person (including the Seller) that the Guaranteed Party determines in its sole discretion to be necessary

or appropriate; (b) take or refrain from taking any action of any kind in respect of any security for any Guaranteed Obligation(s) or liability of the Seller to the Guaranteed Party; or (c) compromise or subordinate any Guaranteed Obligation(s) or liability of the Seller to the Guaranteed Party including any security therefor.

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller, the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

5. The Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

6. The Guarantor will not exercise any rights, which it may acquire by way of subrogation until all Guaranteed Obligations to the Guaranteed Party pursuant to the Agreement(s) have been paid in full.

7. Subject to the terms and conditions hereof, this Guaranty is a continuing Guaranty and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. Except for a failure to comply with any applicable statute of limitations, no failure or delay on the part of the Guaranteed Party in exercising any right, power or privilege hereunder, and no course of dealing between the Guarantor and the Guaranteed Party, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies, which the Guaranteed Party would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand.

8. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of and be enforceable by the Guaranteed Party and its successors

and assigns; provided, however, that the Guarantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Guaranteed Party. The assignment rights of the Guaranteed Party will be in accordance with any applicable terms of the Agreement(s).

9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except upon written agreement of the Guaranteed Party and the Guarantor.

10. The Guarantor's liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise. If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received from the Guarantor or the Seller in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Guaranteed Party.

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

12. All notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received)

If to the Guarantor: [*To be completed*]

If to the Guaranteed Party: [*To be completed*]

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws] or any law, regulation or contractual restriction binding on it or its assets.

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum. The Guarantor and the Guaranteed Party consent to and grant any such court jurisdiction over the person of such party and over the subject matter of such dispute and agree that summons or other legal process in connection with any such action or proceeding shall be deemed properly and effectively served when sent by certified U.S. mail, return receipt requested, to the address of the other party set forth in Paragraph 12 hereof, or in such other manner as may be permitted by law. The Guarantor and the Guaranteed Party each hereby irrevocably waives any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.

15. This writing is the complete and exclusive statement of the terms of this Guaranty and supersedes all prior oral or written representations, understandings, and agreement(s) between the Guaranteed Party and the Guarantor with respect to subject matter hereof. The Guaranteed Party and the Guarantor agree that there are no conditions to the full effectiveness of this Guaranty.

16. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

17. If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

EXHIBIT G

[OPINION OF SELLER'S COUNSEL]

_____, 200_

PECO Energy Company
_____
_____

Ladies and Gentlemen:

We have acted as counsel to _____ (the "Seller") in connection with the Default Service Program Supply Master Agreement (the "Agreement") between Seller and PECO Energy Company (the "Buyer") executed by Seller on [date]. Unless otherwise defined in this opinion, capitalized terms are used herein as defined in the Agreement.

In acting as counsel to the Seller, we have examined the Agreement. We have also examined such other documents, records and instruments and made such examination of law, as we have deemed necessary in connection with the opinions set forth below.

We have assumed the genuineness of all signatures (other than signatures of officers or other representatives of the Seller), the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies, the authenticity of the originals of all documents submitted to us as copies, and that the documents reviewed by us, other than the Agreement, have not been modified, amended, changed or supplemented in any material respect after the respective dates of our review thereof. We have also assumed that the Agreement is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

As to any facts that are material to the opinions hereinafter expressed that we did not independently establish or verify, we have, with your consent, relied without investigation upon the representations of the Seller contained in the Agreement and upon certificates of officers of the Seller, although we advise you that nothing has come to our attention that has caused us to believe that such reliance is unwarranted.

On the basis of the foregoing, and subject to the qualifications, limitations, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Seller is duly organized and validly existing in good standing under the laws of _____ [jurisdiction of incorporation or organization], and has the requisite power and authority to execute, deliver and perform its obligations under the Agreement.

2. The execution and delivery by the Seller of, and the performance by the Seller of its obligations under, the Agreement, have been duly authorized by all necessary [corporate, limited liability, partnership or other] action.

3. The Agreement has been duly executed and delivered by the Seller and, upon execution by Buyer, constitutes the legally valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms, subject to customary exceptions for laws affecting the rights of creditors generally and general principles of equity.

4. No permits, licenses, authorizations, consents or approvals by or from, or filings or registrations with, any governmental authority or agency in [specified jurisdiction] are required in connection with the execution, delivery or performance by the Seller of the Agreement which have not been obtained or made.

5. The execution and delivery by the Seller of the Agreement, and compliance by the Seller with the provisions thereof, do not and will not (i) result in a violation of the organizational or constitutive documents of the Seller, or (ii) conflict with or constitute a breach of any applicable law or regulation of [specified jurisdiction].

The foregoing opinions are subject to the following additional qualification:

A. Provisions of the Agreement relating to indemnification or exculpation may be limited by public policy or by law.

B. The opinions expressed herein are limited to the laws of [specified jurisdiction], and we express no opinion as to the laws of any other jurisdiction.

This opinion letter is effective only as of the date hereof. We do not assume responsibility for updating this opinion letter as of any date subsequent to its date, and we assume no responsibility for advising you of any changes with respect to any matters described in this opinion letter that may occur, or facts that may come to our attention, subsequent to the date hereof.

This opinion is rendered to the addressees hereof and is intended solely for their benefit in connection with the transactions described herein. This opinion may not be relied upon by such addressees or any other person or entity for any other purpose, or quoted or furnished to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

[OPINION OF GUARANTOR'S COUNSEL]

_____, 200_

PECO Energy Company
_____
_____

Ladies and Gentlemen:

We have acted as counsel to _____ (the "Guarantor") with respect to a Guaranty Agreement, dated as of _____ (the "Guaranty") issued by the Guarantor in relation to a Default Service Program Supply Master Agreement between PECO Energy Company (the "Buyer") and _____ (the "Seller") executed by Seller on [date]. Unless otherwise defined in this opinion, capitalized terms are used herein as defined in the Agreement.

In acting as counsel to the Guarantor, we have examined the original Default Service Program Supply Master Agreement executed by the Seller and the original Guaranty issued by the Guarantor. We have also examined such other documents, records and instruments and made such examination of law, as we have deemed necessary in connection with the opinions set forth below.

We have assumed the genuineness of all signatures (other than signatures of officers of the Guarantor), the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies, the authenticity of the originals of all documents submitted to us as copies, and that the documents reviewed by us, other than the Guaranty and the Agreement, have not been modified, amended, changed or supplemented in any material respect after the respective dates of our review thereof. We have also assumed that the Agreement is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

On the basis of the foregoing, and subject to the qualifications, limitations, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Guarantor is duly organized and validly existing in good standing under the laws of _____ [jurisdiction of incorporation or organization], and has the requisite power and authority to execute, deliver and perform its obligations under the Guaranty.

2. The execution and delivery by the Guarantor of, and the performance by the Guarantor of its obligations under, the Guaranty, have been duly authorized by all necessary [corporate, limited liability, partnership or other] action.

3. The Guaranty has been duly executed and delivered by the Guarantor and constitutes the legally valid and binding agreement of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to customary exceptions for laws affecting the rights of creditors generally and general principles of equity.

4. No permits, licenses, authorizations, consents or approvals by or from, or filings or registrations with, any governmental authority or agency in [specified jurisdiction] are required in connection with the execution, delivery or performance by the Guarantor of the Guaranty which have not been obtained or made.

5. The execution and delivery by the Guarantor of the Guaranty, and compliance by the Guarantor with the provisions thereof, do not and will not (i) result in a violation of the organizational or constitutive documents of the Guarantor, or (ii) conflict with or constitute a breach of any applicable law or regulation of [specified jurisdiction].

6. The payment obligations of the Guarantor under the Guaranty constitute unsubordinated general obligations of the Guarantor and rank pari passu with all unsecured and unsubordinated obligations of the Guarantor.

The opinions expressed herein are limited to the laws of [specified jurisdiction], and we express no opinion as to the laws of any other jurisdiction.

This opinion letter is effective only as of the date hereof. We do not assume responsibility for updating this opinion letter as of any date subsequent to its date, and we assume no responsibility for advising you of any changes with respect to any matters described in this opinion letter that may occur, or facts that may come to our attention, subsequent to the date hereof.

This opinion is rendered to the addressees hereof and is intended solely for their benefit in connection with the transactions described herein. This opinion may not be relied upon by such addressees or any other person or entity for any other purpose, or quoted or furnished to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

EXHIBIT H

FORM OF NOTICE

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

Buyer:

All Notices:

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

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK:
ABA:
ACCT:

Seller:

All Notices:

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

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer

BNK:
ABA:
ACCT:

Credit and Collections:

Attn:
Phone:
Facsimile:

With additional Notices of an

Event of Default to:

Attn:
Phone:
Facsimile:

Credit and Collections:

Attn:
Phone:
Facsimile:

With Additional Notices of an

Event of Default to:

Attn:
Phone:
Facsimile:

EXHIBIT I

ALTERNATIVE ENERGY PORTFOLIO STANDARDS OBLIGATIONS

Electric Distribution Companies and Electric Generation Suppliers can comply with the AEPS Act by purchasing Alternative Energy Credits (AECs) from qualified alternative energy resource facilities. Each AEC is issued for each megawatt hour (equal to 1000 kilowatt-hours) of generation from a qualified alternative energy system.

The table below shows the percentage requirements as of the procurement bid date from the different tiers of resources that are required:

AEPS Act Requirements for Reporting Years

		Percent of Total Electric Sales		
Reporting Year	**Time Period**	**Tier I Rqmt**	**Tier I (Solar) Rqmt**	**Tier II Rqmt**
8	6/1/13 - 5/31/14	4.50%	0.0840%	6.20%
9	6/1/14 - 5/31/15	5.00%	0.1440%	6.20%
10	6/1/15 - 5/31/16	5.50%	0.2500%	8.20%
11	6/1/16 – 5/31/17	6.00%	0.2933%	8.20%

EXHIBIT J

PJM DECLARATION OF AUTHORITY

This Declaration of Authority ("Declaration") is a statement and certification made this ____ day of _____, 201_, by PECO Energy Company, ("PARTY A") and [Seller] ("PARTY B") for the benefit of PJM Interconnection, LLC.

RECITALS:

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

WHEREAS, PJM administers centralized markets that clear various electric energy and energy-related products among multiple buyers and sellers;

WHEREAS, PJM Settlement, Inc ("PJM Settlement") is a Pennsylvania Non-Profit Corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM. References to "PJM" in this Declaration are intended to apply to PJM and/or PJM Settlement, as appropriate, with regard to their respective functions.

WHEREAS, PJM additionally exercises operational control over its members' transmission facilities whereby PJM provides control area functions, including economic dispatch, the scheduling of transmission service and emergency response to ensure reliability across an integrated transmission system; and

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

DECLARATION:

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

1. Certification.

   (a) PARTY B hereby certifies that in all activities with PJM regarding PARTY B's provision of energy, capacity, ancillary services, scheduling and procurement of transmission service, congestion management and all other required products and services necessary to serve the load obligation assumed by PARTY B, PARTY B shall be billed and be primarily liable to PJM for all costs associated in its procurement of such products and services; provided, however, that charges for

PECO Energy Company for Network Integration Transmission Service, Transitional Market Expansion assessed to Network Integration Transmission Service customers, Expansion Integration assessed to Network Integration Transmission Service customers shall be billed to PARTY A and remain the sole and primary responsibility of PARTY A.

2. Reliance By PJM On Certifications.

(a) Each of PARTY A and PARTY B recognizes and accepts that PJM is relying on the truth, accuracy and completeness of the certifications herein made in making its assessments as to creditworthiness and in assuring PJM's own compliance with its tariff, operating agreement, reliability agreement and business practices.

(b) Each of PARTY A and PARTY B recognizes and accepts that each has an independent continuing duty to notify PJM if and when the certifications herein made cease to be accurate or complete. Until such time as PJM receives written notification of any changes to such certifications, signed by either PARTY A or PARTY B, PJM shall be entitled to rely perpetually on this Declaration as governing its relationship with PARTY A and PARTY B as to the subject matter of this Declaration. Any written notice of changes to the certifications herein made must be provided to PJM at least thirty (30) calendar days in advance of their effectiveness.

(c) Each of PARTY A and PARTY B recognize and acknowledge that PJM will receive and rely on individually modeled Default Service Seller accounts that contain only zonal-specific Default Service load to manually adjust the accounts to move the applicable billing line items' amounts in their entirety from the applicable Default Service Seller's account to the applicable EDC's account.

(d) PARTY A and PARTY B recognize and acknowledge that they have entered into a Default Service Program Supply Master Agreement ("Default Service SMA") and that this Certification is not intended in any way to change, revise or redistribute the rights and obligations of PARTY A or PARTY B under the Default Service SMA. If this Certification is determined to be inconsistent with any provision of the Default Service SMA, with respect to the rights and obligations of PARTY A and PARTY B under the Default Service SMA, the provisions of the Default Service SMA shall be controlling on PARTY A and PARTY B.

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

4. Definitions. Any capitalized term not defined herein or in the Default Service SMA shall have the meaning assigned under the PJM Agreements.

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

PARTY A **PECO Energy Company**	**PARTY B**
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

DEFAULT SERVICE PROGRAM

SUPPLY MASTER AGREEMENT

BETWEEN

PECO ENERGY COMPANY

AND

[SELLER NAME]

DATED _____, 201_

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DEFAULT SERVICE PROGRAM

SUPPLY MASTER AGREEMENT

THIS DEFAULT SERVICE PROGRAM SUPPLY MASTER AGREEMENT ("Agreement"), is made and entered into as of _____, ("Effective Date"), by and between _____, hereinafter referred to as "Seller" and PECO Energy Company, hereinafter referred to as "Buyer" (each hereinafter referred to individually as a "Party" and collectively as the "Parties").

WITNESSETH:

WHEREAS, the Pennsylvania Public Utility Commission Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer's Pennsylvania franchise service territory; and

WHEREAS, Buyer has solicited offers for obtaining all or a portion of the supply it requires to serve its Default Service Load pursuant to a Request for Proposals ("RFP") and the Seller is a winning bidder in that solicitation; and

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

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

ARTICLE 1
DEFINITIONS

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

"Act 129" means the Act of October 15, 2008, P.L. No. 129.

"AEC Non-Solar Penalty" means the non-solar alternative compliance payment set forth in 73 P.S. § 1648.3(f) associated with an AEC, as may be adjusted by the PUC consistent with the AEPS Act.

"AEC Solar Penalty" shall have the meaning set forth on the applicable Transaction Confirmation.

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with,

such entity. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Aggregate Buyer's Exposure" means all Buyer's Exposure for Aggregate Transactions.

"Aggregate Transactions" means all Transactions under this Agreement and all other transactions under Supply Master Agreements executed between the Parties pursuant to the PUC Orders.

"Agreement" means this Default Service Program Supply Master Agreement.

"Alternative Energy Credit" or "AEC" shall have the meaning ascribed to it in the AEPS Act.

"AEPS Act" shall mean the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

"AEPS Reporting Period" shall have the meaning ascribed to it in the AEPS Act.

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

"Auction Revenue Rights" or "ARR" means the current or any successor congestion management mechanism or mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARRs are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM OATT.

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

"Bankruptcy Code" means those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled "Bankruptcy" and found at 11 U.S.C. § 101 *et seq.*

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

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

"Buyer's Exposure" during the term of a Transaction**, for non-Spot Energy Transactions,** shall be deemed equal to the positive difference between: (i) the MtM Exposure pursuant to a Transaction under this Agreement; less (ii) the sum of any unpaid or unbilled amounts owed by Buyer to Seller pursuant to a Transaction under this Agreement. With respect to the preceding sentence, "unbilled amounts owed by Buyer" shall consist of a good faith estimate by Buyer as to any amounts which will be owed by Buyer for service already rendered by Seller under a Transaction. **Buyer's Exposure for a Spot Energy Transaction, during the first month of the term of a Transaction, shall be equal to Two Hundred Fifty Thousand Dollars (US$250,000.00) per Tranche. Thereafter, Buyer's Exposure for a Spot Energy Transaction shall calculated on the first Business Day of each month during the term of a Transaction and shall be deemed equal to the product of: (i) Two Hundred Fifty Thousand Dollars (US$250,000.00) per Tranche; (ii) the ratio of the Current Capacity PLC Per Tranche to the MW-Measure; (iii) the number of Tranches awarded to the Seller per the Transaction Confirmation; and (iv) the ratio of the calendar days remaining in the Delivery Period to the total calendar days in the Delivery Period.**

"Capacity" means "Unforced Capacity" as set forth in the PJM Agreements, or any successor measurement of the capacity obligation of a Load Serving Entity as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

"Capacity Peak Load Contribution" or "Capacity PLC" means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer's retail load settlement process, and used by PJM in determining the Seller's capacity obligation for each Transaction.

"Commercially Reasonable Efforts" means the taking by a person of such actions as would be in accordance with reasonable commercial practices as applied to the particular matter in question to achieve the result as expeditiously as practicable; provided, however, that such action shall not require that such person shall incur unreasonable expense.

"Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions, PJM charges, and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its Default Service Load obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

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

"Current Capacity PLC Per Tranche" is the Capacity PLC of a Tranche as of the Business Day the MtM Exposure is calculated (as shown on Exhibit E) **and in the calculation of Buyer's Exposure for a Spot Market Transaction**.

"Curtailment Service Provider" shall have the meaning ascribed to it under the PJM Agreements.

"Customer Supply Group" means a customer category for the Default Service Load, consisting of all customer classes in the Service Type as specified in a Transaction Confirmation.

"Daily Unforced Capacity Obligation" shall have the meaning ascribed to it under the PJM Agreements.

"Declaration of Authority" shall have the meaning ascribed to it in Section 2.11 (Declaration of Authority).

"Default Allocation Assessment" shall have the meaning ascribed to it under the PJM Agreements.

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

"Default Service" shall mean the electric generation supply provided by a default service provider as described in the Electricity Generation Customer Choice and Competition Act and PUC Orders enacted thereunder.

"Default Service Load" means the total sales at the retail meter, plus any losses and Unaccounted For Energy, as reflected in PJM settlement volumes (including adjustments required by PJM for PJM's derating in conjunction with implementation of marginal losses as appropriate per PJM Agreements), expressed in MWh of retail customers in a particular Customer Supply Group being served by Buyer pursuant to the PUC Orders, as such sales vary from hour to hour, in Buyer's Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to the service territory that exists on the Effective Date. The Default Service Load is net of any reduction in load as a result of Energy Efficiency and Demand Side Response Programs offered by Buyer, PJM, Curtailment Service Providers, or other third parties, or any Retail Market Programs. For avoidance of doubt, Default Service Load shall not include (i) the amount of load that would otherwise have been served in the absence of such Energy Efficiency or Demand Side Response Programs or Retail Market Programs; or (ii) sales resulting from changes in the Buyer's Pennsylvania service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a

franchised service territory in Pennsylvania or a result of a significant franchise territory swap with another entity which has a franchised service territory in Pennsylvania.

"Default Settlement Amount" means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 12 (Events of Default – Remedies). The calculation of a Default Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 12.2(b)(ii) (Remedies) for the same Terminated Transaction. For the purposes of calculating the Termination Payment, the Default Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement (and any other Supply Master Agreements) if the total of the Losses and Costs exceeds the Gains, and shall be considered an amount due to the Defaulting Party under this Agreement (or any other Supply Master Agreements) if the Gains exceed the total of the Losses and Costs.

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

"Delivery Point" means the PE Zone as defined within PJM.

"Demand Side Response Program" means any program intended to encourage consumers to modify patterns of electrical usage and includes real-time pricing programs, time-of-use or time-sensitive programs, direct load control programs, and any technologies, management practices, or other measures to reduce customer demand and qualifying as "Energy Efficiency and Conservation Measures" under Act 129.

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

"Electric Distribution Company" shall have the meaning [~~ascribed~~]**ascribed** to it in 66 PA. C.S. § 2803.

"Electric Generation Supplier" shall have the meaning ascribed to it in 66 Pa. C. S. § 2803.

"Electric Generation Supplier Coordination Tariff" means the PUC-approved tariff that sets forth the basic requirements for interactions and coordination between the Buyer as the Electric Distribution Company and Electric Generation Suppliers necessary for ensuring the delivery of competitive energy supply from Electric Generation Suppliers to their customers, as may be revised by Buyer from time to time.

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

"Energy" means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

"Energy Efficiency Program" means any program intended to reduce consumption of energy or retail electric usage generally (during On-Peak Hours or Off-Peak Hours) through conservation and improved energy efficiency of buildings, appliances, lighting, or other devices,

including any technologies, management practices, or other measures qualifying as "Energy Efficiency and Conservation Measures" under Act 129.

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

"FERC" means the Federal Energy Regulatory Commission or its successor.

"Final Zonal Capacity Price" shall have the meaning ascribed to it under the PJM Agreements.

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

"Force Majeure" means an event or circumstance which prevents one Party from performing its obligations under one or more Transactions, which event or circumstance was not foreseen as of the date a Transaction is entered into, which is not within the reasonable control of, or the result of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of Seller's supply; (ii) Seller's ability to sell the Full Requirements Service at a price greater than that received under any Transaction; (iii) curtailment by a Transmitting Utility; (iv) Buyer's ability to purchase the Full Requirements Service at a price lower than the price to be paid under any Transaction; (v) a change in any Requirement of Law; or (vi) labor stoppage or lockout. As used herein, Force Majeure shall include, without limitation, (i) sabotage, riots or civil disturbances, (ii) acts of God, (iii) acts of the public enemy, (iv) acts of vandalism, (v) terrorist acts affecting a facility, (vi) volcanic eruptions, earthquake, hurricane, flood, ice storms, explosion, fire, lightning, landslide or similarly cataclysmic occurrence, or (vii) appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof. Economic hardship of either Party shall not constitute a Force Majeure under this Agreement.

"Full Requirements Service" means all necessary Energy, Capacity, transmission other than Network Integration Transmission Service, Ancillary Services, AECs for compliance with the AEPS Act, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the Specified Percentage except for distribution service.

"Gains" means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from a Terminated Transaction under any Supply Master Agreements, determined in a commercially reasonable manner.

"Generator Attribute Tracking System" or "GATS" means the system owned and operated by PJM Environmental Information Services, Inc. to provide environmental and emissions attributes reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PUC.

"Governmental Authority" means any federal, state, local, municipal or other governmental entity, authority or agency, department, board, court, tribunal, regulatory

commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over a Party or this Agreement.

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

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

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

"Interest Rate" means, for any date, the lesser of: (i) the "Federal Funds (Effective)" rate in effect for such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve; and (ii) the maximum rate permitted by applicable law.

"Invoice" shall have the meaning ascribed to it in Section 7.1 (Billing).

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

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

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

"Losses" means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction, determined in a commercially reasonable manner.

"Mark to Market Exposure or "MtM Exposure" means, with respect to each month remaining in each Delivery Period, the sum of: (i) the relevant month On-Peak Forward Price

minus the relevant month On-Peak Initial Mark Price, multiplied by the relevant month On-Peak Estimated Energy Quantity; and (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the relevant month Off-Peak Estimated Energy Quantity. The total MtM Exposure will be equal to 1.1 times the sum of the MtM Exposures for each month. The method and an example for calculating the MtM Exposure are included in Exhibit E.

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

"Monthly Settlement Date" means, with respect to any calendar month of a Delivery Period, the first Business Day after the nineteenth (19th) calendar day of the month following service.

"Monthly Settlement Load" means, with respect to any calendar month during an applicable Delivery Period, the product of Specified Percentage and Default Service Load for the Customer Supply Group.

"Monthly Spot Energy Settlement Amount" means, with respect to any calendar month during the Delivery Period, the sum of (i) the product of the Settlement Price and Monthly Settlement Load; (ii) for each hour of each day of the calendar month, the product of PJM Day-Ahead Prices for the Delivery Point, the Specified Percentage, and the Default Service Load for the Customer Supply Group for such hour; (iii) for each day of the calendar month, the Final Zonal Capacity Price for the Delivery Point, the Specified Percentage, and the Daily Unforced Capacity Obligation for the Default Service Load for the Customer Supply Group for such day, and (iv) any other adjustments as set forth in this Agreement. The Default Service Load used to calculate the Monthly Spot Energy Settlement Amount shall be subject to adjustment in the same manner as the Monthly Settlement Load in Section 6.1 (Determination of Delivered Quantities – Monthly Settlement Load).

"Moody's" means Moody's Investor Service, Inc. or its successor.

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

"MW-Measure" means the estimated megawatt measure of Capacity Peak Load Contribution corresponding to a single Tranche identified in the Transaction Confirmation as of the Transaction Date.

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

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

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

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

"Off-Peak Estimated Energy Quantity Per MW-Measure" means the estimation of Energy, inclusive of electrical line losses, in the Off-Peak Hours for each of the twelve (12) calendar months, as set forth in the Transaction Confirmation.

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

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

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

"Off-Peak/On-Peak Price Ratio" means the relevant monthly ratio of off-peak pricing to on-peak pricing of the PJM Western Hub day-ahead prices as set forth by Buyer each October based on the previous 36-month period ending in September. The historical on-peak prices used for the ratio will be the PJM Western Hub day-ahead price for the On-Peak Hours. The historical off-peak prices used for the ratio will be the PJM Western Hub day-ahead prices for the Off-Peak Hours. For each month of the 36-month period, the monthly on-peak and off-peak prices will be summed and respectively divided by the amount of On-Peak Hours and Off-Peak Hours in that month. This calculated off-peak average price will be divided by the on-peak average price to determine the individual monthly ratios. Such monthly ratios for the same months within the 36-month period will then be summed and divided by three (3) to come up with the rolling three year monthly ratio average.

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

"On-Peak Estimated Energy Quantity Per MW-Measure" means the estimation of Energy, inclusive of electrical line losses, in the On-Peak Hours for each of the twelve (12) calendar months, as set forth in the Transaction Confirmation.

"On-Peak Forward Price" means the price, as provided by the Pricing Agent, for On-Peak Hours, stated in terms of $/MWh, associated with each month remaining in a Delivery Period, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western Hub (as discussed in Exhibit E).

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

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

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

"PJM" means the PJM Interconnection, L.L.C. or any successor organization thereto.

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

"PJM Day-Ahead Prices" shall correspond to the day-ahead LMP prices established by PJM for the Delivery Point.

"PJM Generation Deactivation Payments" shall mean payments made by Buyer as an LSE pursuant to Part V of the PJM OATT associated with deactivation of generating units.

"PJM E-Accounts" shall have the meaning ascribed to it in Section 4.3 (PJM E-Accounts).

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

"PJM Operating Agreement" means the Operating Agreement of PJM or the successor, superseding or amended versions of the Operating Agreement that may take effect from time to time.

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

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

"PJM Western Hub" means the aggregated LMP nodes defined as "PJM Western Hub" by PJM.

"Pricing Agent" shall be the person or entity described in Article 14.2 and Exhibit E.

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

"PUC Orders" means the orders issued by the PUC pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. §§ 2801-2812, including the order authorizing the parties to enter into this Agreement.

"Rate Classes" means the existing, and modified or successor, customer rate schedule designations in the current electric service tariff of Buyer filed with the PUC.

"Reference Market-Maker" means any broker in energy products who is not an Affiliate of Buyer or Seller.

"Request for Proposals" or "RFP" means the request for proposals issued from time to time by Buyer pursuant to the PUC Orders.

"Reliability*First* Corporation, or RFC" means one of eight approved Regional Entities in North America under the North American Electric Reliability Corporation (NERC) whose mission is to preserve and enhance electric service reliability and security for the interconnected electric systems within the Reliability*First* geographic area.

"Retail Market Program" means any program, action, or offer arising out of or relating to the PUC's *Investigation of Pennsylvania's Retail Electricity Market* (Docket No. I-2011-2237952) (as such proceeding may be amended, supplemented or superseded, in whole or in part) to encourage Default Service customers to obtain electric generation service from one or more Electric Generation Suppliers or to transfer Default Service customers from an Electric Distribution Company (including Buyer) to one or more Electric Generation Suppliers for purposes of obtaining electric generation service supply, whether or not any such program, action or offer is introduced or endorsed by Buyer or undertaken in compliance with any Requirement of Law. Such programs, actions and offers include, but shall not be limited to, any PUC or Buyer customer education program relating to Default Service, any program in which Default Service customers are referred by Buyer to one or more Electric Generation Suppliers, and any program under which Default Service customers are transferred (or elect to be transferred) individually or in aggregate to one or more Electric Generation Suppliers on any basis.

"Requirement of Law" means any federal, state and local law, statute, regulation, rule, code, ordinance, resolution, order, writ, judgment or decree enacted, adopted, issued or promulgated by any Governmental Authority (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

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

"Seller's AEPS Obligation" shall have the meaning set forth in Section 2.6 (Alternative Energy Portfolio Standards Obligation).

"Service Type" means the customer class, partial customer class and/or group of customer classes (including all riders applicable to such class or classes), as set forth in a Transaction Confirmation.

"Settlement Price" means the price as set forth in a Transaction Confirmation.

"Specified Percentage" means a percentage of Default Service Load equal to the product of the number of Tranches awarded to the Seller in accordance with the Buyer's RFP and the Tranche size (in percent), as set forth in a Transaction Confirmation.

"Spot Energy Transaction" means a Transaction Confirmation for Full Requirements Service with spot energy pricing, as shown on such confirmation.

"Supply Master Agreement" means this Agreement or any other similar agreement by which Seller provides Default Service Load to Buyer.

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

"Tax" or "Taxes" means all federal, state, local, or foreign income, gross income, gross receipts, sales, use, ad valorem, transfer, transfer pricing, franchise, single business, asset based, profits, license, capital, lease service, service use, value added, withholding, payroll, worker's compensation, employment, excise, severance, gas import, stamp, occupation, premium, social security, unemployment, excise, property, real estate, intangible, environmental, windfall profits, customs taxes and duties and all other taxes or similar governmental fees, assessments or charges, however denominated, imposed by any federal, state, local or foreign Governmental Authority, together with any interest and any penalties, additions to tax or additional amounts with respect thereto.

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

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

"Tier I" shall mean Tier I alternative energy sources as defined in the AEPS Act.

"Tier I (solar)" shall mean Tier I solar energy or solar thermal alternative energy sources, as defined in the AEPS Act.

"Tier II" shall mean Tier II alternative energy sources as defined in the AEPS Act.

"TNW Amount" shall equal the product of the applicable percentage corresponding to an entity's Credit Rating, as determined pursuant to Section 14.3 (Unsecured Credit), and an entity's Tangible Net Worth.

"Trading Day" means any day except a Saturday, Sunday or a designated holiday by a non-affiliated entity providing forward energy market prices for purposes of Exhibit C, as selected by Buyer in its reasonable discretion.

"Tranche" means a fixed percentage share of Default Service Load for a Service Type of a Customer Supply Group that is awarded to Seller in accordance with Buyer's RFP as set forth in a Transaction Confirmation. Tranche is not the total percentage won by the Seller.

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

"Transaction Confirmation" shall have the meaning ascribed to it in Section 2.15 (Transaction Confirmation).

"Transaction Date" means the date that a Transaction is executed as set forth in the Transaction Confirmation.

"Transmitting Utility" means the utility or utilities and their respective control area operators and their successors, transmitting Full Requirements Service or any component thereof.

"Unaccounted For Energy" means the difference between Buyer's hourly system load and the sum of (i) the estimated hourly customer loads (interval metered and profiled), and (ii) electrical losses, as such Unaccounted For Energy is determined in the Buyer's retail load settlement process per the Electric Generation Supplier Coordination Tariff.

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

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

ARTICLE 2
TERMS AND CONDITIONS OF FULL REQUIREMENTS SERVICE

2.1 Seller's Obligation To Provide Service. With respect to a Transaction, Seller shall provide Full Requirements Service on a firm and continuous basis such that the Specified Percentage is supplied during the Delivery Period.

2.2 Buyer's Obligation to Take Service. With respect to a Transaction, Buyer shall accept Full Requirements Service as provided by Seller pursuant to Section 2.1 (Seller's Obligation to Provide Service), and shall pay Seller on the applicable Monthly Settlement Date for such Full Requirements Service the Monthly Settlement Amount in accordance with Section 7.3 (Payments of the Invoice) **either (i) for non-Spot Energy Transactions, the Monthly Settlement Amount, or (ii) for Spot Energy Transactions, the Monthly Spot Energy Settlement Amount**.

2.3 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply the Specified Percentage. Buyer shall transfer or assign to Seller Buyer's rights to Auction Revenue Rights (ARRs) to which Buyer is entitled as an LSE pursuant to the PJM Agreements, provided that such rights are related to the service being provided to the Specified Percentage and for the applicable term hereunder. All rights and obligations associated with such ARRs will accrue to the Seller through the transfer or assignment from Buyer to Seller including the responsibility and ability of Seller to request or nominate such ARRs when applicable. Seller shall have the right to request and nominate ARRs if: (i) all Transactions for Default Service Load have been executed and are in full force and effect; and (ii) the Delivery Period under each Transaction Confirmation is inclusive of the PJM Planning Period for which the ARRs are being requested or nominated. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM Planning Period and such ARRs will be allocated to Seller in accordance with the PJM Agreements based upon its Specified Percentage.

2.4 Network Integration Transmission Service and Distribution Service. With respect to a Transaction, Buyer shall be responsible, at its sole cost and expense, for the provision of Network Integration Transmission Service for PECO Energy customers and distribution service necessary to serve the Specified Percentage. Buyer is responsible, at its sole cost and expense, for future PJM charges assessed to network transmission customers for PJM-required transmission system enhancements.

2.5 Other Changes in PJM Charges. Except as provided in Section 2.4 (Network Integration Transmission Service and Distribution Service), Seller bears the risk of any other changes in PJM products and pricing under the PJM Agreements during the term of this Agreement.

2.6 Alternative Energy Portfolio Standards Obligations.

(a) Seller shall provide Buyer with AECs required for Buyer to comply with the AEPS Act, the PUC Orders, and all regulations and rules that may be promulgated by the PUC with respect to the AEPS Act in proportion to Seller's Specified Percentage ("Seller's AEPS Obligation"). Buyer shall provide Seller a copy of Exhibit I with the Transaction Confirmation, which shall specify Buyer's AEPS percentage obligations for the applicable delivery year(s) covered by the Transaction Confirmation(s) in effect on the day the bid was submitted. Exhibit I will apply during the term of the Agreement and will be used to determine the number of AECs Seller must deliver to Buyer to fulfill Seller's AEPS Obligation except to the extent that Seller's AEPS Obligation may be reduced by any AECs obtained separately by PECO and allocated to Seller's AEPS Obligation as shown on a Transaction Confirmation. Any PECO AECs allocated to Seller's AEPS Obligation shall remain the property of PECO and shall not be transferred to Seller.

(b) Seller shall transfer all AECs to Buyer using GATS. Buyer will provide quarterly estimates of Seller's AEPS Obligation with a final statement within thirty (30) calendar days of the end of AEPS Reporting Period. Seller shall transfer the amount of AECs shown on Buyer's estimate received after the second quarter of each AEPS Reporting Period and on the final statement within forty-five (45) calendar days after the date of each such

estimate or statement. Seller warrants that all AECs transferred to PECO during an AEPS Reporting Period (or during the twenty calendar days thereafter) shall be eligible for PECO's use for compliance during such AEPS Reporting Period.

(c) Seller and Buyer shall work together to establish the proper accounts within GATS. Seller shall be a subscriber to GATS and is responsible for paying its annual GATS subscription fee. Seller shall be responsible for paying any volumetric fees (including taxes) associated with LSE GATS fee requirements in proportion to Seller's Specified Percentage. Buyer shall be responsible for payment of its GATS subscription fee.

(d) If Seller fails to fulfill Seller's AEPS Obligation for any AEPS Reporting Period as provided in Section 2.6(b), Buyer shall invoice Seller, and Seller shall pay, liquidated damages equal to the AEC Non-Solar Penalty or the AEC Solar Penalty for such Transaction, as applicable, for each AEC Seller failed to provide for that AEPS Reporting Period. If the PUC subsequently establishes an alternative compliance payment under the AEPS Act for non-compliance with the Tier I (solar) requirements in excess of the AEC Solar Penalty for such AEPS Reporting Period, Seller shall also pay Buyer the amount in excess of the AEC Solar Penalty; if the Tier I (solar) alternative compliance payment is less than AEC Solar Penalty, Buyer shall refund the difference to Seller.

(e) Seller shall provide Buyer all information Buyer may require to comply with the AEPS Act and its implementing regulations and other Requirements of Law, including but not limited to the price paid per AEC required by 73 Pa.C.S. § 1648.3(e)(8).

2.7 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point. Seller warrants that it has good title to the Full Requirements Service sold and delivered hereunder and that it has the right to sell such Full Requirements Service, and that the Full Requirements Service delivered to Buyer shall be free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point. The word "loss" in this Section 2.7 (Title Transfer) does not encompass electrical transmission and distribution losses which are the obligations of the Seller as defined in Full Requirements Service. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point. Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, that would otherwise exist under the PJM Agreements or under applicable law.

2.8 Status of Seller. Seller, for purposes of this Agreement and any Transaction, is and shall remain a Load Serving Entity, as defined in PJM Agreements.

2.9 Sales for Resale. All Full Requirements Service provided by Seller to Buyer shall be sales for resale, with Buyer reselling such Full Requirements Service to Default Service customers.

2.10 PJM Membership. For the period of time that this Agreement is in effect, Seller shall be: (i) a member in good standing of PJM; (ii) qualified as a PJM "Market Buyer" and "Market Seller" pursuant to the PJM Agreements; and (iii) qualified as a PJM "Load Serving Entity." For the period of time that this Agreement is in effect, Buyer shall be a member in good standing of PJM.

2.11 Declaration of Authority. Buyer and Seller shall have executed the Declaration of Authority in the form attached hereto as Exhibit J (as may be amended from time to time in accordance with requirements of PJM) and the Declaration of Authority shall remain in effect during the Term of this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by Seller, Seller agrees to execute a revised Declaration of Authority in accordance with PJM requirements.

2.12 FERC Authorization. For the period of time that this Agreement is in effect, Seller shall have FERC authorization to make sales of Energy, Capacity, and Ancillary Services at market based rates within PJM.

2.13 PJM Member Default Cost Allocation. In the event PJM imposes a Default Allocation Assessment upon Buyer relating to a default during the Term, Buyer shall invoice Seller and Seller shall pay an amount equal to the product of (i) Seller's Specified Percentage, and (ii) the Default Allocation Assessment, less the amounts of any types of charges allocated to Buyer under this Agreement in Exhibit D that are used by PJM in calculating such Default Allocation Assessment.

2.14 Other Fines and Penalties. If fees, fines, penalties, or costs are claimed or assessed against Buyer by any Governmental Authority or PJM due to noncompliance by Seller with this Agreement, any Requirements of Law, or the PJM Agreements, Seller shall indemnify and hold Buyer harmless against any and all losses, liabilities, damages, and claims suffered or incurred by Buyer, including claims for indemnity or contribution made by third parties against Buyer, except to the extent Buyer recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.15 Transaction Confirmation. A Transaction shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A. On the third Business Day following the day on which the bid was submitted and if Seller is approved by the PUC as a provider of Full Requirements Service to Buyer, Buyer will forward by facsimile or other immediate means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s) and shall send by overnight delivery three (3) originals. Except as otherwise provided in the RFP, by 2:00 p.m. EPT on the next Business Day following Seller's receipt of such facsimile of partially executed Transaction Confirmation(s), Seller shall return by facsimile, or other immediate means acceptable to both Parties, to Buyer a fully executed Transaction Confirmation(s), and shall send by overnight delivery two (2) originals.

2.16 Governing Terms. Each Transaction shall be governed by this Agreement. This Agreement, including all exhibits hereto, any designated collateral, credit support, margin agreement or similar arrangements and all Transaction Confirmations shall form a single integrated agreement between Buyer and Seller. Any inconsistency between terms in this

Agreement and terms in a Transaction Confirmation shall be resolved in favor of the terms of this Agreement.

ARTICLE 3
SCHEDULING, FORECASTING, AND INFORMATION SHARING

3.1 Scheduling. Seller shall schedule Full Requirements Service pursuant to the PJM Agreements. Seller and Buyer shall provide to PJM all information required by PJM for the purpose of calculating Seller's Full Requirements Service obligations.

3.2 Load Forecasting. Buyer shall not be required to provide to the Seller any load forecasting services for any Transaction.

3.3 Information Sharing. On each Business Day of the Delivery Period, Buyer shall make available to Seller, on a reasonable efforts basis, the Energy and Capacity information related to Seller's obligations under this Agreement that Buyer provides to PJM daily at the time Buyer provides this information per PJM scheduling deadlines. Buyer does not warrant the accuracy of such information. Seller acknowledges that the daily information provided by Buyer to PJM may be provided to PJM and Seller after Seller was obligated to deliver Full Requirements Service for that day without such information from Buyer.

ARTICLE 4
SPECIAL TERMS AND CONDITIONS

4.1 Buyer Retail Tariffs. Nothing in this Agreement shall interfere with or preclude Buyer from amending its retail electric service tariffs on file with the PUC from time to time (including Buyer's retail rates for distribution service) or entering into or amending any retail customer contracts in accordance with its retail electric service tariffs and Requirements of Law.

4.2 Demand Side Response, Energy Efficiency, and Retail Market Programs. Seller acknowledges that Default Service customers may participate in Demand Side Response, Energy Efficiency, and Retail Market Programs offered by Buyer or by third parties, including Curtailment Service Providers, which are available on the Effective Date or may become available during the Delivery Period, and that such participation may reduce or change Default Service Load that might otherwise be served in the absence of such programs and, accordingly, the Monthly **Settlement Amount and/or the Monthly Spot Energy** Settlement Amount received by Seller. To the extent that PJM imposes charges on PECO as LSE associated with PJM Demand Response programs, those charges will be allocated by PECO to Seller in proportion to Seller's Specified Percentage. Except as provided in the preceding sentence, Buyer shall retain all of the benefits associated with its Demand Side Response Programs and/or Energy Efficiency Programs.

4.3 PJM E-Accounts. Buyer and Seller shall work with PJM to establish any PJM E-Accounts necessary for Seller to provide Full Requirements Service. In a timely manner, Buyer shall establish PJM E-Account contract(s) for the entire duration of the Transaction(s) and Seller shall confirm and comply with all PJM E-Account contract(s) for the entire duration of the Transaction(s).

4.4 Reliability Guidelines. Each Party agrees to adhere to the applicable operating policies, criteria and/or guidelines of the NERC, Reliability*First* Corporation, PJM, their successors, and any regional or sub regional requirements.

ARTICLE 5
TERM AND SURVIVAL

5.1 Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement unless this Agreement is terminated prematurely pursuant to Article 12 (Events of Default; Remedies) of this Agreement.

5.2 Survival. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Sections 2.6, 2.7, 2.13, 2.14, and Articles 1 (Definitions), 5 (Term and Survival), 7 (Billing and Settlement), 8 (Taxes), 9 (Indemnification), 10 (Limitations on Liability), 12 (Events of Default; Remedies), 13 (Dispute Resolution), and 16 (Miscellaneous).

ARTICLE 6
DETERMINATION OF DELIVERED QUANTITIES

6.1 Monthly Settlement Load. The amount of Monthly Settlement Load with respect to any calendar month during the Delivery Period shall be determined in terms of megawatt-hours (MWh) of Energy. The MWh of Energy shall be equivalent to the product of Specified Percentage and the Default Service Load for the Customer Supply Group.

ARTICLE 7
BILLING AND SETTLEMENT

7.1 Billing. Unless otherwise agreed to by the Parties, on or before the seventh (7^{th}) Business Day of each month, Buyer shall deliver to Seller, via electronic transmission or other means agreed to by the Parties, an Invoice that sets forth the total amount due for the previous calendar month for all Transactions. The Invoice shall detail for each Transaction, where applicable, the following:

(a) Monthly Settlement Load;

(b) Settlement Price;

(c) Monthly Settlement Amount **or Monthly Spot Energy Settlement Amount, as applicable to the Transaction**;

(d) PECO billing adjustments (including any charge or credit for retail load adjustments as provided in Section 7.3 (Retail Load Adjustments);

(e) Any other adjustments permitted under this Agreement.

7.2 PJM Billing.

(a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller's and Buyer's rights and obligations under this Agreement as set forth in Exhibit D attached hereto and made a part hereof. If PJM is unable to invoice charges or credits in accordance with Exhibit D, Buyer shall rectify such PJM invoice discrepancy in the Invoice sent pursuant to Section 7.1 (Billing).

(b) Any and all credits on a PJM Invoice representing refunds of charges that are associated with PJM Generation Deactivation Payments prior to January 1, 2011, shall be assigned to PECO as Buyer.

(c) The Parties agree that the PJM bill may change from time to time. Allocation of any charges that are reflected in a PJM bill that are not included on or are inconsistent with Exhibit D will be determined pursuant to Sections 2.4 (Network Integration Transmission Service and Distribution Service), 2.5 (Other Changes in PJM Charges), and 16.11 (PJM Agreement Modifications) of this Agreement.

7.3 Retail Load Adjustments. Seller acknowledges that the Monthly Settlement Amount **or Monthly Spot Energy Settlement Amount** for any Delivery Period is preliminary and subject to adjustment through Buyer's retail load settlement process in accordance with Buyer's Electric Generation Supplier Coordination Tariff or for subsequent meter corrections reported to PJM. Buyer shall include an additional charge or credit (as the case may be) to Seller for each Delivery Period for any such adjustment on the Invoice issued sixty (60) days after such Delivery Period. Seller further acknowledges that PECO's load is settled at PE Zone (as defined by PJM) and that PECO shall have the right to use the residual zone price for settlement as such price may be defined and calculated by PJM.

7.4 Payments of the Invoice. On the Monthly Settlement Date, Buyer will pay to Seller, or Seller will pay to the Buyer, as the case may be, the total amount due in the applicable Invoice, subject to Section 7.5 (Netting of Payments). All payments shall be made by "Electronic Funds Transfer" (EFT) via wire transfer, to a bank designated in writing by such Party, by 12:00 p.m. EPT on the Monthly Settlement Date, unless otherwise agreed to by the Parties. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

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

7.6 Billing Disputes and Adjustments of Invoices.

(a) Within ninety (90) days of the date on which an Invoice is issued, Buyer may, in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest

calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation for the basis of the adjustment.

(b) Within thirty (30) days of any retail load settlement adjustment or billing correction made by the Buyer under the Buyer's Electric Generation Supplier Coordination Tariff for any Delivery Period per Section 7.3 (Retail Load Adjustments), Buyer may, in good faith, adjust the Invoice to reflect such retail load settlement adjustment or billing correction. The adjustment of the Invoice shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation for the basis of the adjustment.

(c) A Party may dispute an Invoice in good faith at any time within one hundred twenty (120) calendar days after the date the Invoice in dispute is issued (or the date of any reissuance under Section 7.6(a) or adjustment under Section 7.6(b)), even if such Party has already paid amounts shown on such Invoice in full. An Invoice shall become final, and not subject to dispute, on the date one hundred twenty (120) calendar days from the date such Invoice is issued unless, within that period, a Party: (a) presents the dispute in writing to the non-disputing Party accompanied by a brief explanation of the source of the dispute; and (b) submits documentation supporting the dispute to the non-disputing Party within thirty (30) calendar days thereafter.

(d) A Party may dispute a PJM bill within one hundred twenty (120) calendar days of the date on which the PJM bill is issued pursuant to the provisions of Article 13 (Dispute Resolution), provided that the disputing Party has paid any undisputed portion of the Invoice relating to the PJM bill in dispute.

7.7 Interest on Unpaid Amounts. Interest on delinquent amounts (including any damages subsequently determined to be owed by a Party), other than amounts in dispute as described in Section 7.6 (Billing Disputes and Adjustment of Invoices), shall be calculated as simple (not compounded) interest at the Interest Rate from the original due date to the date of payment.

7.8 Currency. All payments under this Agreement shall be in the currency of the United States (US$).

ARTICLE 8
TAXES

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

8.2 Taxes.

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

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

ARTICLE 9
INDEMNIFICATION

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

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

9.3 Indemnification Procedures. If either Party intends to seek indemnification under Sections 9.1 (Seller's Indemnification for Third-Party Claims) or 9.2 (Buyers Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) calendar days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim

without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

ARTICLE 10
LIMITATIONS ON REMEDIES, LIABILITY AND DAMAGES

EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO COSTS AND DEFAULT DAMAGES AS DEFINED IN THIS AGREEMENT, SUCH COSTS AND DEFAULT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

ARTICLE 11
FORCE MAJEURE

11.1 Force Majeure. Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfills the requirements set forth in Section 11.2 (Notification).

11.2 Notification. A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

ARTICLE 12
EVENTS OF DEFAULT; REMEDIES; TERMINATION

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

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

(b) any representation or warranty made by such Party herein or by Seller in response to the RFP is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated, and such failure is not remedied within three (3) Business Days after written notice;

(c) the failure of a Party to comply with the requirements of Section 2.10 (PJM Membership) and 2.12 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;

(d) PJM has declared a Party to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;

(e) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;

(f) such Party becomes Bankrupt;

(g) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(h) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than five percent (5%) of such Party's TNW, which results in such indebtedness becoming immediately due and payable or; (ii) a default by such Party in

making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than five percent (5%) of such Party's TNW.

(i) the failure of a Party to comply with its obligations pursuant to Article 14 (Creditworthiness) if such failure is not remedied within three (3) Business Days after written notice including, with respect to Seller, the posting of Performance Assurance requested by Buyer;

(j) with respect to Seller's Guarantor: (i) if any representation or warranty made by the Guarantor in connection with this Agreement is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated; (ii) the failure of the Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice; (iii) the failure of the Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; (iv) the Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty; or (v) conditions described with respect to a Party in subparagraph (f) of this Section 12.1 (Events of Default) occurs with respect to its Guarantor.

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

(a) If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Section 12.2(b) (Remedies). If, by the end of the ten (10) Business Day period of suspension, the Non-Defaulting Party has not commenced the implementation of the remedies pursuant to Section 12.2(b) (Remedies), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.

(b) In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing under this Agreement or any other Supply Master Agreement, the Non-Defaulting Party shall have the right to implement any or all of the following remedies:

(i) to designate a day, in such notice, no earlier than the day such notice is effective and no later than twenty (20) calendar days after such notice is effective, as an early termination date ("Early Termination Date") for the purposes of determining the Default Settlement Amount, to accelerate all amounts owing between the Parties and to

liquidate and terminate all, but not less than all, Transactions (each a "Terminated Transaction") under the Agreement;

(ii) to calculate and receive from the Defaulting Party, payment for any Default Damages and Costs, as defined in this Agreement, the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (x) the Early Termination Date (if applicable); or (y) the Event of Default has been cured by the Defaulting Party; or (z) the Non-Defaulting Party waives such Event of Default;

(iii) to withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages and Costs, as defined in this Agreement, or Termination Payment, as defined in Section 12.3 (Calculation and Net Out of Default Settlement Amounts).

(c) If an Event of Default has occurred and the Non-Defaulting Party is the Buyer, then:

(i) unless the Event of Default was a failure by Seller to meet any or all of its Full Requirements Service obligations, Buyer may offer to waive the default on such terms and conditions as Buyer, at its sole discretion, may deem appropriate to propose ("Special Remedy"); provided, however, that

(ii) any such Special Remedy can only be offered to Seller if it first is specifically approved by the PUC in accordance with PUC Orders.

12.3 Calculation and Net Out of Default Settlement Amounts.

(a) The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Default Settlement Amount for each such Terminated Transaction as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. The Non-Defaulting Party shall aggregate all Default Settlement Amounts into a single liquidated amount (the "Termination Payment") by netting out: (i) all Default Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 14 (Creditworthiness), plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Default Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement or any other Supply Master Agreement. The Termination Payment shall be due to or due from the Non-Defaulting Party, as appropriate. When the Buyer is the Non-Defaulting Party and replaces Seller's Full Requirements Service obligation

under this Agreement, the result of that procedure will be deemed to be commercially reasonable for purposes of calculating the Default Settlement Amounts.

(b) The Parties recognize, however, the final calculation of Default Settlement Amounts hereunder may not be known for some time since the level of such Default Settlement Amounts may be dependent upon the arrangements made by the Buyer to obtain replacement services or a replacement supplier. The Buyer and the Seller agree that, until the calculation of Default Settlement Amounts under this provision is completed, the amount and payment of the Termination Payment shall be immediately due and owing as an estimate of the amounts ultimately determined to be due and owing. After Default Settlement Amounts have been finally determined under this Section 12.3, the amounts due and owing will be reconciled with payments already made.

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

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

12.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written notice to the Defaulting Party of the amount of the Termination Payment. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Defaulting Party or the Non-Defaulting Party, as applicable, shall make the Termination Payment within five (5) Business Days after such notice is effective (the "Termination Payment Date").

12.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 13 (Dispute Resolution), and provided, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party by the Termination Payment Date.

12.6 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement. Seller agrees that Buyer's implementation of any contingency plan approved by the PUC for procurement of Default Service shall be deemed to be commercially reasonable.

12.7 Grant of Security Interest and Additional Remedies. To secure its obligations under this Agreement and to the extent that the Seller delivered Performance Assurance or other collateral hereunder, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer, and in all amounts owed to Seller by Buyer under or in connection with any agreement for supply of Full Requirements Service. Seller agrees to take such action as reasonably required to perfect in favor of Buyer a first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence of an Event of Default caused by Seller, Buyer may do any one or more of the following: (i) exercise any of the rights and remedies of Buyer with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of Seller in the possession of Buyer whether held in connection with this Agreement or any other agreement(s) between Buyer and Seller for the provision of Full Requirements Service; (iii) draw on any outstanding letter of credit issued for Buyer's benefit; and (iv) liquidate all security held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Buyer shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce Seller's obligation under this Agreement or any other agreement(s) between Seller and Buyer for the provision of Full Requirements Service (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to the return of any surplus proceeds remaining after such obligations are satisfied in full.

12.8 Return of Auction Revenue Rights. When the Seller is the Defaulting Party, the Seller shall transfer or reassign to the Buyer on the Early Termination Date, any and all of Buyer's rights to Auction Revenue Rights (ARRs) to which Buyer is entitled as an LSE pursuant to the PJM Agreements, which were transferred or assigned to Seller under Section 2.3 (Congestion and Congestion Management).

ARTICLE 13
DISPUTE RESOLUTION

13.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 13.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall

include simple (not compounded) interest on the payment calculated at the Interest Rate from the original due date through the date of payment.

13.2 Formal Dispute Resolution. After the requirements of Section 13.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority.

ARTICLE 14
CREDITWORTHINESS

14.1 Performance Assurance Requirement. With respect to Aggregate Transactions, if at any time and from time to time during the term of this Agreement, Aggregate Buyer's Exposure exceeds the Unsecured Credit on any Business Day, then Buyer shall request that Seller post Performance Assurance in an amount equal to the amount by which Aggregate Buyer's Exposure exceeds the Unsecured Credit (rounding upwards to the nearest $100,000), less any Performance Assurance already posted with Buyer. Notwithstanding the above, Seller shall only be required to post the required Performance Assurance to the extent the amount of the total required Performance Assurance is equal to or greater than $500,000. Subsequent and incremental requests for Performance Assurance shall be in $100,000 increments. Buyer's request for Performance Assurance shall not be disputed by Seller.

14.2 Aggregate Buyer's Exposure.

(a) In order to determine the amount of Performance Assurance during the term of this Agreement, Buyer shall calculate the Aggregate Buyer's Exposure once per Business Day. [~~To~~]**On a Transaction Date, for non-Spot Energy Transactions, the Buyer's Exposure for that Transaction shall be deemed equal to zero, and to** the extent that the calculations of the Aggregate Buyer's Exposure for a given date result in a negative number, the Aggregate Buyer's Exposure for such date shall **also** be deemed equal to zero.

(b) Buyer shall contract with and pay for the services of a single independent consultant to provide pricing services (the "Pricing Agent") **with respect to the non-Spot Energy Transactions under this Agreement**. The Pricing Agent shall provide to the Buyer the On-Peak Initial Mark Price and the Off-Peak Initial Mark Price. In addition, on each Business Day, the Pricing Agent shall provide to the Buyer the On-Peak Forward Price and the Off-Peak Forward Price. To the extent that information and/or quotes are not available to determine an On-Peak Forward Price or Off-Peak Forward Price for a given month the Pricing Agent shall be permitted to use information and/or quotes relevant to such month for which information/and quotes are available in order to provide the Buyer the required On-Peak Forward Price and Off-Peak Forward Price for such month. Exhibit E presents in more detail the methodology to be used by the Pricing Agent in determining the Off-Peak Initial Mark Price, On-Peak Initial Mark Price, the On-Peak Forward Price, and the Off-Peak Forward Price. Buyer shall use reasonable efforts to provide Seller with Aggregate Buyer's Exposure on each Business Day subject to the confidentiality provisions of this Agreement.

(c) Pursuant to Section 14.1 (Performance Assurance Requirement) above, Seller shall not dispute any request by Buyer for Performance Assurance. Notwithstanding such

provision, Seller may dispute the Pricing Agent's determinations of the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, On-Peak Forward Price and Off-Peak Forward Price if Seller can demonstrate that the Pricing Agent has been grossly negligent or has exhibited willful misconduct in such determinations, or that the Pricing Agent is making such determinations in a manner that is arbitrary, capricious or erroneous on its face, provided, however, that Seller shall remain obligated to post any Performance Assurance requested by Buyer during the pendency of any such dispute.

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

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

Credit Rating			**Unsecured Credit Limit is the lower of TNW Amount and Unsecured Credit Cap below:**	
S&P	**Fitch**	**Moody's**	**TNW Amount**	**Unsecured Credit Cap**
A- or above	A- or above	A3 or above	16% of TNW	$60,000,000
BBB+	BBB+	Baa1	10% of TNW	$40,000,000
BBB	BBB	Baa2	8% of TNW	$30,000,000
BBB-	BBB-	Baa3	6% of TNW	$15,000,000
Below BBB-	Below BBB-	Below Baa3	0% of TNW	0

(b) The analysis of Unsecured Credit will also include consideration of the Guaranty Agreement, if any, submitted by Seller in connection with this contract.

14.4 Reserved.

14.5 Reserved.

14.6 Performance Assurance Transfers/Returns.

(a) If the request for Performance Assurance is made by Buyer before 1:00 p.m. EPT on a Business Day, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the second Business Day following the date of such request. If a request for Performance Assurance collateral is made by Buyer at or after 1:00 p.m. EPT, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the second Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the third Business Day following the date of such request. Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. Buyer shall not be entitled to hold Performance Assurance collateral in the form of cash; rather, Performance Assurance collateral in the form of cash shall be held in any major U.S. commercial bank, or a foreign bank with a U. S. branch office, (which is not Buyer or an Affiliate of Buyer), and has assets of at least $10 billion and a Credit Rating of at least "A" by Standard and Poor's, or "A2" by Moody's Investor Services ("Qualified Institution"). Buyer will pay to Seller on the third Business Day of each calendar quarter the amount of interest it receives based upon the applicable overnight repurchase interest rate from the Qualified Institution on any Performance Assurance collateral in the form of cash posted by Seller. The interest amount or portion thereof not returned to Seller pursuant to this Section 14.6 (Performance Assurance Transfers/Returns) will constitute Performance Assurance and will be subject to the provisions of Article 14 (Creditworthiness) of this Agreement.

(b) On any Business Day (but no more frequently than weekly with respect to Letters of Credit or other security acceptable to Buyer, and daily with respect to cash), Seller, at its sole cost, may request that the Performance Assurance be reduced correspondingly to reflect the decrease in Buyer Exposure or an increase in Seller's Unsecured Credit, if any (rounding upwards for any fractional amount to the nearest $100,000). Buyer shall be required to return the amount of the reduction in Performance Assurance due in accordance with the timeframes set forth in Section 14.6(a). Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. A written means is suitable for the Seller to make requests for return of Performance Assurance.

(c) Reserved.

(d) In the event that Seller fails to provide Performance Assurance collateral, or Buyer fails to return Performance Assurance collateral pursuant to the terms of this Article 14 (Creditworthiness) after Seller has provided sufficient collateral for any reduced Performance Assurance within the applicable timeframes, then an Event of Default pursuant to Section 12.1(i) (Events of Default) shall be deemed to have occurred with respect to the non-performing Party (following any applicable cure period) and the other Party will be entitled to the remedies set forth therein. In instances caused by the timing of the requests for

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

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

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

14.9 Foreign Entities. The following standards shall apply to Seller, or Seller's Guarantor, that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles (GAAP) in the United States. For Sellers who cannot meet the following requirements, the posting of cash or Letter of Credit in an acceptable form (see standard format in Exhibit C) for the Aggregate Buyer's Exposure shall be required.

(a) Seller shall supply such evidence of creditworthiness so as to provide Buyer with comparable assurances of creditworthiness as is applicable above for Sellers that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. Buyer shall have full discretion, without liability or recourse to Seller, to evaluate the evidence of creditworthiness submitted by such Seller; or

(b) The Guarantor of Seller shall supply such evidence of creditworthiness so as to provide Buyer with comparable assurances of creditworthiness as is applicable above for Guarantors of Sellers that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. Buyer shall have full discretion, without

liability or recourse to the Guarantor or Seller, to evaluate the evidence of creditworthiness submitted by such Guarantor.

(c) Sellers or Guarantors of Sellers that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency or does not conform to generally accepted accounting principles (GAAP) in the United States shall, in addition to all documentation required elsewhere in this Section 14.9 (Foreign Entities), supply the following as a condition of being granted Unsecured Credit, up to a maximum level, for the purpose of covering the Aggregate Buyer's Exposure:

For Seller:

(1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which Seller is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities will become, the binding obligation of Seller in the jurisdiction in which it has been incorporated or otherwise formed; and

(2) The sworn certificate of the corporate secretary (or similar officer) of such Seller that the person executing this Agreement on behalf of Seller has the authority to execute the Agreement and that the governing board of such Seller has approved the execution of this Agreement; and

(3) The sworn certificate of the corporate secretary (or similar officer) of such Seller that Seller has been authorized by its governing board to enter into agreements of the same type as this Agreement.

Buyer shall have full discretion, without liability or obligation to Seller, to evaluate the sufficiency of the documents submitted by Seller.

For Guarantor of Seller:

(1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in the which the Guarantor is incorporated or otherwise formed that this Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and

(2) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty; and

(3) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as this Guaranty.

Buyer shall have full discretion, without liability or obligation to the Guarantor or Seller, to evaluate the sufficiency of the documents submitted by such Guarantor, including any legal opinion(s). Forms of legal opinions for Seller and Guarantor acceptable to Buyer are attached in Exhibit G.

14.10 Accelerated Payments by Buyer. If at any time and from time to time during the term of this Agreement, a Buyer Downgrade Event occurs, notwithstanding the provisions of Article 7 (Billing and Settlement), Seller shall have the right to require Buyer to divide the Monthly **Settlement Amount or Monthly Spot Energy** Settlement Amount into twice-monthly amounts and pay such amounts on a twice-monthly basis for so long as the Buyer Downgrade Event continues. A "twice-monthly basis" as referred to in the preceding sentence means that each month will be divided into two billing periods. The first twice-monthly billing period shall begin on the first (1^{st}) calendar day of the month and end on the fifteenth (15^{th}) calendar day of the month. The second twice-monthly billing period shall begin on the sixteenth (16^{th}) calendar day of the month and end on the last calendar day of the month. For twice monthly payments, the Monthly Settlement Date will apply to the payment for the second twice-monthly billing period. The settlement date for the first twice-monthly billing period shall be the first Business Day after fourth (4^{th}) calendar day of the month following service. For example, for service from January 1 through January 15, the settlement date would be the first Business Day after the fourth (4^{th}) calendar day of February. Buyer's failure to make such accelerated payments shall be deemed an Event of Default under Section 12.1 (Events of Default) of the Agreement.

ARTICLE 15
REPRESENTATIONS AND WARRANTIES

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

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and each Transaction;

(c) the execution, delivery and performance of this Agreement and each Transaction are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

(d) this Agreement and each Transaction constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses;

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it becoming Bankrupt;

(f) there are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any

Governmental Authority that could materially adversely affect its ability to perform its obligations under this Agreement and each Transaction;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement and each Transaction;

(h) with respect to Buyer, it is acting to fulfill its obligations under and in accordance with PUC Orders to enter into this Agreement;

(i) it is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the terms, conditions and risks of this Agreement and each Transaction, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;

(j) it is a "forward contract merchant" within the meaning of the Bankruptcy Code;

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

15.2 Notification. If a Party learns that any of its representations and warranties under Section 15.1 are no longer true during the Term, the Party shall immediately notify the other Party in accordance with Section 16.1.

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

15.4 Bankruptcy Issues. The Parties intend that (i) all Transactions constitute a "forward contract" within the meaning of the Bankruptcy Code; (ii) all payments made or to be

made by one Party to the other Party pursuant to this Agreement constitute "settlement payments" within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by Seller to Buyer under this Agreement constitute "margin payments" within the meaning of the Bankruptcy Code; and (iv) this Agreement constitutes a "master netting agreement" within the meaning of the Bankruptcy Code.

ARTICLE 16
MISCELLANEOUS

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

16.2 General. This Agreement supersedes all prior oral or written agreements, commitments, negotiations, understandings or discussions with respect to the subject matter hereof except for other agreements specifically referenced herein. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement or any Transaction; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties. This Agreement is not intended to create nor shall it be construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership or fiduciary obligation or liability upon either Party. Neither Party shall have the power to bind or obligate the other Party, nor shall a Party be liable for the payment or performance of any debts, obligations or liabilities of the other Party, unless expressly assumed in writing.

16.3 Rules of Interpretation. The following principles shall be observed in the interpretation and construction of this Agreement:

(a) unless otherwise stated, the terms "include" and "including" when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;

(b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;

(c) references to the singular include the plural and vice versa;

(d) references to Articles, Sections, and the Recitals are, unless the context indicates otherwise, references to Articles, Sections, and the Recitals of this Agreement;

(e) the reference to any Party includes such Party's legal and/or permitted successors and assignees;

(f) reference to any document other than this Agreement refers to such documents as may be amended, modified, replaced or superseded from time to time, or any successor document(s) thereto;

(g) reference to any law or regulation refers to such law or regulation as may be amended, modified, replaced or superseded from time to time, or any successor law(s) or regulation(s) thereto;

(h) "herein," "hereof," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or provision;

(i) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.

16.4 Audits and Record Retention. Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Sections 7.1 (Billing) and 7.7 (Interest on Unpaid Balances). The Parties shall retain for a period of at least two (2) years following the expiration of the Term all necessary records so as to permit the Parties to confirm the accuracy of any Invoice or calculation of payments due hereunder; provided, however, that if a Party has provided notice in accordance with this Agreement that it disputes the accuracy of any Statement or calculation of any payments, the Parties agree that they shall retain all records related to such dispute until the dispute is finally resolved.

16.5 Confidentiality.

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provision of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; or (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation.

(b) Notwithstanding any other provision of this Section 16.5 (Confidentiality), a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section

16.5 (Confidentiality), and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(d) Any independent auditor performing an audit on behalf of a Party pursuant to Section 16.4 (Audit) shall be required to execute a confidentiality agreement with the Party being audited. Such audit information shall be treated as confidential pursuant to this Section 16.5 (Confidentiality).

(e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.5 (Confidentiality). Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 16.5 (Confidentiality), which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.6 Successors and Assigns. This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns. Nothing in this Agreement is intended to confer benefits, rights or remedies unto any Person other than the Parties and their permitted successors and assigns, and no third party shall have the right to enforce the provisions of this Agreement.

16.7 Assignment.

(a) The Parties shall not assign any of their rights or obligations under this Agreement without obtaining (i) any necessary regulatory approval(s) and (ii) the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld; provided, however, that Buyer agrees that it shall grant its consent to a proposed assignment by the Seller if the proposed assignee meets all of Buyer's creditworthiness requirements then in effect under Article 14. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.

(b) Any assignment in violation of this Section 16.7 shall be void; provided, however, Buyer may assign any or all of its rights and obligations under this Agreement, without Seller's consent, to any entity succeeding to all or substantially all of the assets of Buyer, if such assignee agrees, in writing, to be bound by all of the terms and conditions and all necessary regulatory approvals are obtained. Seller may, with prior written notice to Buyer but without obtaining the approval of Buyer, assign the accounts, revenues or proceeds under this Agreement to a third party. Buyer agrees that, following receipt of such notice of the

assignment of accounts, revenues or proceeds and such other documentation that Buyer may reasonably request, Buyer will pay amounts becoming due to Seller under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to Seller and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of Buyer arising under this Agreement. Buyer further agrees that, in the event necessary regulatory approvals to effectuate an assignment have been sought in good faith but that action by the regulatory body is pending, Buyer shall accept the performance of the proposed assignee as a Party to this Agreement, as co-obligor with the Buyer proposing to assign its interest, until such approvals are obtained; provided, however, that, in the event the regulatory body declines to grant its approval, the request for approval of the assignment shall be deemed to have been rejected for good reason.

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

16.9 Jurisdiction and Venue. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Federal or State courts of Pennsylvania and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.10 Amendments. Except as provided in Article 12 (Events of Default; Remedies) and Section 16.11 (PJM Agreement Modifications), neither this Agreement nor any Transaction shall be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties. Furthermore, it is the express intent of the Parties that neither Party shall unilaterally seek to obtain from any Governmental Authority any relief changing the rates or other terms of this Agreement or any Transaction, notwithstanding any market conditions that may occur in the future or that exist at the time of the formation of this Agreement or any Transaction. The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement and each Transaction freely and in good faith and that the terms of this Agreement and each Transaction have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description. To the extent permitted by law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights (i) to submit any filing to any Governmental Authority seeking modification or rescission of any rates or other terms of this Agreement or any Transaction under Sections 205 or 206 of the Federal Power Act or otherwise, (ii) to argue before any Governmental Authority that any review, modification, or rescission of this Agreement or any Transaction should be considered under any standard of review other than the "public interest" standard set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and affirmed by Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, *et al.*, 554 U.S. 527 (2008) (the "Mobile-Sierra Doctrine"), and (iii) to argue before any Governmental Authority that any

terms of this Agreement or any Transaction should be modified or rescinded based on (A) any claim of fraud, duress, unfairness, bad faith, or inequity in the relative bargaining power of the Parties or (B) any claim of market manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

16.11 PJM Agreement Modifications.

(a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references herein shall be deemed to automatically (and without any further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement, including Seller's responsibility for changes in PJM products and pricing during the Term under Section 2.5 (Other Changes in PJM Charges).

16.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

16.13 Regulatory Approvals. The commencement of the Delivery Period is subject to: the receipt by Seller and Buyer of all approvals required of the PUC.

16.14 Regulatory Cooperation. Seller will cooperate with Buyer in any regulatory compliance efforts that may be required to maintain the ongoing lawfulness and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of Full Requirements Service before FERC, the PUC, or any other Governmental Authority asserting jurisdiction.

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

PECO ENERGY COMPANY	SELLER
By: _____	By: _____
Name: _____	Name: _____

Title: _____ Title: _____

EXHIBIT A
FORM OF TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Default Service Program Supply Master Agreement ("Default Service SMA") dated _____ between PECO Energy Company ("Company" or "PECO Energy") and _____ ("Seller"). Terms used but not defined herein shall have the meanings ascribed to them in the Default Service SMA. This Transaction Confirmation shall confirm the following terms of the transaction ("Transaction") agreed to on _____ ("Transaction Date").

Product:	Full Requirements Service **[/ with spot energy pricing]**
Customer Supply Group:	
Service Type:	
Delivery Point:	PE Zone
Delivery Period:	
Number of Tranches:	
Tranche (Percentage)	
Specified Percentage:	
MW-Measure:	
Settlement Price	$XX.XXXX ($/MWh) (inclusive of AEPS Costs) Average Cost per Non-Solar Tier I AEC: $___ Average Cost per Solar Tier I AEC:$___ Average Cost per Tier II AEC: $___
AEC Solar Penalty	$XXX.00

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
On-Peak Estimated Quantity Per MW-Measure (MWh)	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx
Off-Peak Estimated Quantity Per MW-Measure (MWh)	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx	xx,xxx

Alternative Energy Credit (AEC) Allocation:

Alternative Energy Portfolio Standards - Reporting Period:	Tier I (non-solar)		Tier I (solar)	
	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)
2013-2014				
2014-2015				
2015-2016				
2016-2017				

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between Seller and Buyer by returning an executed copy of this Transaction Confirmation by facsimile to PECO Energy at (xxx) xxx.xxxx in accordance with Section 2.15 – Transaction Confirmation of the Default Service SMA. The signatories to this Transaction must have the authority to enter into this Transaction.

PECO ENERGY COMPANY (BUYER)

By: _____

Name: _____

Title: _____

SELLER

By: _____

Name: _____

Title: _____

EXHIBIT B

RESERVED

EXHIBIT C

FORM OF
PERFORMANCE ASSURANCE LETTER OF CREDIT

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

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE_____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY **AMOUNT**
USD *******\$**

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO: _____ FOR THE ACCOUNT OF _____ (APPLICANT) FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS _____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE BANK OF _____ ("ISSUER") _____(ADDRESS), EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS ON _____OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT SET FORTH HEREIN.

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

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

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

"THE AMOUNT FOR THIS DRAWING, USD (INSERT AMOUNT), BEING MADE UNDER THE BANK OF _____ (BANK) LETTER OF CREDIT NUMBER (INSERT

LETTER OF CREDIT REFERENCE NUMBER), REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT FOR PERFORMANCE ASSURANCE RELATED TO THE BENEFICIARY'S PENNSYLVANIA DEFAULT SERVICE PROGRAM SUPPLY MASTER AGREEMENT DATED BETWEEN _____ AND _____."

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

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER SHALL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

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

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF [BANK] UNDER THIS LETTER OF CREDIT AND [BANK] SHALL ALWAYS REMAIN LIABLE TO [BENEFICIARY] FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS HEREIN TO [BENEFICIARY] NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.

2. THIS LETTER OF CREDIT MAY NOT BE TRANSFERRED OR ASSIGNED.

3. THIS LETTER OF CREDIT IS IRREVOCABLE.

4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF NEW YORK. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.

5. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

Authorized Signature: _____

Title: _____

Please direct any written correspondence, including drawing or inquiries to:

[Bank name, address and phone number]

EXHIBIT D

ID #	PJM Billing Statement Line Items	Responsible Party	
		PECO (Buyer)	DSP (Seller)
ID #	**CHARGES**		
1100	Network Integration Transmission Service	X	
1102	Network Integration Transmission Service (exempt)	X	
1104	Network Integration Transmission Service Offset	X	
1108	Transmission Enhancement	X	
1110	Direct Assignment Facilities	X	
1120	Other Supporting Facilities	X	
1130	Firm Point-to-Point Transmission Service		X
1133	Firm Point-to-Point Transmission Service Resale Charge		X
1140	Non-Firm Point-to-Point Transmission Service		X
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		X
1200	Day-ahead Spot Market Energy		X
1205	Balancing Spot Market Energy		X
1210	Day-ahead Transmission Congestion		X
1215	Balancing Transmission Congestion		X
1218	Planning Period Congestion Uplift		X
1220	Day-ahead Transmission Losses		X
1225	Balancing Transmission Losses		X
1230	Inadvertent Interchange		X
1240	Day-ahead Economic Load Response		X
1241	Real-time Economic Load Response		X
1245	Emergency Load Response		X
1250	Meter Error Correction		X

1260	Emergency Energy		X
1301	PJM Scheduling, System Control and Dispatch Service - Control Area Administration		X
1302	PJM Scheduling, System Control and Dispatch Service - FTR Administration		X
1303	PJM Scheduling, System Control and Dispatch Service - Market Support		X
1304	PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration		X
1305	PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.		X
1306	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center		X
1308	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration		X
1309	PJM Scheduling, System Control and Dispatch Service Refund - FTR Administration		X
1310	PJM Scheduling, System Control and Dispatch Service Refund - Market Support		X
1311	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration		X
1312	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.		X
1314	Market Monitoring Unit (MMU) Funding		X
1315	FERC Annual Charge Recovery		X
1316	Organization of PJM States, Inc. (OPSI) Funding		X
1317	North American Electric Reliability Corporation (NERC)		X
1318	Reliability First Corporation (RFC)		X
1320	Transmission Owner Scheduling, System Control and Dispatch Service		X
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X

1340	Regulation and Frequency Response Service		X
1350	Energy Imbalance Service		X
1360	Synchronized Reserve		X
1365	Day-ahead Scheduling Reserve		X
1370	Day-ahead Operating Reserve		X
1371	Day-ahead Operating Reserve for Load Response		X
1375	Balancing Operating Reserve		X
1376	Balancing Operating Reserve for Load Response		X
1377	Synchronous Condensing		X
1378	Reactive Services		X
1380	Black Start Service		X
1400	Load Reconciliation for Spot Market Energy		X
1410	Load Reconciliation for Transmission Congestion		X
1420	Load Reconciliation for Transmission Losses		X
1430	Load Reconciliation for Inadvertent Interchange		X
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		X
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		X
1445	Load Reconciliation for FERC Annual Charge Recovery		X
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		X
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		X
1448	Load Reconciliation for Reliability First Corporation (RFC)		X
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		X
1460	Load Reconciliation for Regulation and Frequency Response Service		X
1470	Load Reconciliation for Synchronized Reserve		X
1475	DASR Load Reconciliation		X

1478	Load Reconciliation for Operating Reserve		X
1480	Load Reconciliation for Synchronous Condensing		X
1490	Load Reconciliation for Reactive Services		X
1500	Financial Transmission Rights Auction		X
1600	RPM Auction		X
1610	Locational Reliability		X
1650	Non-Unit Specific Capacity Transaction		X
1660	Demand Resource and ILR Compliance Penalty	X	
1661	Capacity Resource Deficiency		X
1662	Generation Resource Rating Test Failure		X
1663	Qualifying Transmission Upgrade Compliance Penalty		X
1664	Peak Season Maintenance Compliance Penalty		X
1665	Peak-Hour Period Availability		X
1710	PJM/MISO Seams Elimination Cost Assignment	X	
1720	RTO Start-up Cost Recovery	X	
1730	Expansion Cost Recovery	X	
1900	Unscheduled Transmission Service	X	
1910	Ramapo Phase Angle Regulators	X	
1920	Station Power	X	
1930	Generation Deactivation		X

1950	Virginia Retail Administrative Fee	X	
1980	Miscellaneous Bilateral	X	
1995	PJM Annual Membership Fee	X	
ID #	**CREDITS**	**PECO (Buyer)**	**DSP (Seller)**
2100	Network Integration Transmission Service	X	
2102	Network Integration Transmission Service (exempt)	X	
2104	Network Integration Transmission Service Offset	X	
2106	Non-Zone Network Integration Transmission Service	X	
2108	Transmission Enhancement	X	
2110	Direct Assignment Facilities	X	
2120	Other Supporting Facilities	X	
2130	Firm Point-to-Point Transmission Service	X	
2132	Internal Firm Point-to-Point Transmission Service	X	
2133	Firm Point-to-Point Transmission Service Resale Credit		X
2140	Non-Firm Point-to-Point Transmission Service	X	
2142	Internal Non-Firm Point-to-Point Transmission Service	X	
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		X
2210	Transmission Congestion		X
2217	Planning Period Excess Congestion		X
2218	Planning Period Congestion Uplift		X
2220	Transmission Losses		X
2240	Day-ahead Economic Load Response	X	
2241	Real-time Economic Load Response	X	

2245	Emergency Load Response	X	
2260	Emergency Energy		X
2320	Transmission Owner Scheduling, System Control and Dispatch Service	X	
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
2340	Regulation and Frequency Response Service		X
2350	Energy Imbalance Service		X
2360	Synchronized Reserve		X
2365	Day-ahead Scheduling Reserve		X
2370	Day-ahead Operating Reserve		X
2371	Day-ahead Operating Reserve for Load Response		X
2375	Balancing Operating Reserve		X
2376	Balancing Operating Reserve for Load Response		X
2377	Synchronous Condensing		X
2378	Reactive Services		X
2380	Black Start Service		X
2420	Load Reconciliation for Transmission Losses		X
2500	Financial Transmission Rights Auction		X
2510	Auction Revenue Rights		X
2600	RPM Auction		X
2620	Interruptible Load for Reliability	X	
2630	Capacity Transfer Rights		X
2640	Incremental Capacity Transfer Rights		X
2650	Non-Unit Specific Capacity Transaction		X
2660	Demand Resource and ILR Compliance Penalty	X	
2661	Capacity Resource Deficiency		X

2662	Generation Resource Rating Test Failure		X
2663	Qualifying Transmission Upgrade Compliance Penalty		X
2664	Peak Season Maintenance Compliance Penalty		X
2665	Peak-Hour Period Availability		X
2710	PJM/MISO Seams Elimination Cost Assignment	X	
2720	RTO Start-up Cost Recovery	X	
2730	Expansion Cost Recovery	X	
2910	Ramapo Phase Angle Regulators	X	
2930	Generation Deactivation		X
2950	Virginia Retail Administrative Fee	X	
2980	Miscellaneous Bilateral	X	
2996	Annual PJM Cell Tower	X	
2997	Annual PJM Building Rent	X	
	PJM Billing Statement Line Items	Responsible Party	
[~~ID~~ #]		[~~PECO (Buyer)~~]	[~~DSP (Seller)~~]

EXHIBIT E

METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Disclaimer: The prices that appear in this Exhibit are purely hypothetical and are not based on or derived from any actual source for forward pricing. There are solely for purposes of illustration. As set forth in Article 14 (Creditworthiness) of this Agreement, the Mark to Market (MtM) Exposure is an amount calculated each Trading Day for the Seller that reflects the financial exposure to the Buyer due to fluctuations in forward market prices for Energy. The total MtM Exposure will be equal to 1.1 times the sum of the MtM Exposures for each month. The Aggregate Buyer's Exposure is the sum of the calculated Buyer's Exposure for all Transactions under this Agreement and all other transactions under all Supply Master Agreements executed between the Parties pursuant to the PUC Orders to serve Buyer's Default Service Load. For non-Spot Energy Transactions, the Buyer's Exposure during the term of a Transaction shall be calculated by determining the total MtM Exposure, then subtracting the sum of any unpaid or unbilled amounts owed by Buyer to Seller pursuant to a Transaction.

This Exhibit E explains the methodology and data sources that the Buyer will use to calculate the MtM Exposure and total MtM Exposure.

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

Calculation of the MtM Exposure and Total MtM Exposure

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

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

where,

the On-Peak Estimated Energy Quantity is the estimate of the energy quantity (in MWh) to be supplied in the relevant month and will be calculated, from Transaction Confirmation information, by multiplying the relevant month On-Peak Estimated Energy Quantity Per MW-Measure, by the number of Tranches awarded to the Seller, and the ratio of the Current Capacity PLC Per Tranche to the MW-Measure (i.e. the Capacity PLC Per Tranche as of the Transaction Date).

and

the Off-Peak Estimated Energy Quantity is the estimate of the energy quantity (in MWh) to be supplied in the relevant month and will be calculated, from Transaction Confirmation information, by multiplying the relevant month Off-Peak Estimated Energy Quantity Per MW-Measure, by the number of Tranches awarded to the Seller, and the ratio of the current Capacity PLC Per Tranche to the MW-Measure (i.e. the Capacity PLC Per Tranche as of the Transaction Date).

For the current month of each Trading Day MtM Exposure calculation, the On-Peak Estimated Energy Quantity and Off-Peak Estimated Energy Quantity will be calculated for the month, as described above, and prorated for the remaining On-Peak Hours and Off Peak Hours remaining in the month as follows:

- On-Peak Hours remaining in the current month (including the first calendar day following the Trading Day) divided by total On-Peak Hours in the current month
- Off-Peak Hours remaining in the current month (including the first calendar day following the Trading Day) divided by total Off-Peak Hours in the current month

The total MtM Exposure will be equal to 1.1 times the sum of the MtM Exposures for each month.

Parameters

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

- On-Peak Initial Mark Price
- Off-Peak/On-Peak Price Ratio
- Off-Peak Initial Mark Price
- MW-Measure: initial Capacity PLC Per Tranche
- On-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
- Off-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
- Number of awarded Tranches

In calculating the MtM Exposure for each Transaction, the following parameters are set each Trading Day subsequent to the Transaction Date:

- On-Peak Forward Price
- Off-Peak Forward Price
- Current Capacity PLC Per Tranche
- On-Peak Estimated Energy Quantity
- Off-Peak Estimated Energy Quantity

Process to Update the On-Peak Initial Mark Prices and Off-Peak Initial Mark Prices on a Daily Basis

On each Trading Day subsequent to the Transaction Date, the Pricing Agent will contact four Reference Market-Makers to obtain price quotes for on-peak and off-peak energy for PJM Western Hub. The Pricing Agent may not rely upon quotes from Seller or any Affiliate of Seller.

The updated mark for a month will be equal to the average mark for that month over all sources from which a quote is available. If a monthly quote is available from any source, only the monthly quote or monthly quotes shall be used. Where quotes provide a bid and ask, the average shall be used.

Where a quote for an individual month is unavailable, but the month is quoted as part of a "packaged" quote (e.g., January 2011 is only available in the form of a January/February 2011 "packaged" quote or an annual quote):

- If the other month/months of the package quote is/are also unavailable, then the marks for all months of the package will be calculated by multiplying the packaged quote by the ratio of the corresponding month to the corresponding calculated package quote from the previous day.

  Example: There are no On-Peak quotes available on day X during the contract for July 2011 or August 2011. However, there is an On-Peak July/August 2011 packaged quote of $73.00/MWh available. The On-Peak marks from day X-1 for July 2011 and August 2011 were $73.50/MWh and $76.50/MWh respectively. The day X On-Peak mark for July 2011 is set at 73.00 * [73.50] / [((73.50 * 352) + (76.50 * 336)) / (352+336)] = 73 * (73.50/ 74.97) = $71.57/MWh. The day X On-Peak mark for August 2011 is set at 73.00 * [76.50] / [((73.50 * 352) + (76.50*336)) / (352+336)] = 73 * (76.50 / 74.97) = $74.49/MWh.

- If the other month/months of the package quote is/are available, then the mark for the month will be set such that the average of the month and the other month(s) (weighted for either the On-Peak Hours or Off-Peak Hours as applicable) equals the packaged quote (see calculation example below).

  Example: There are no On-Peak available for August 2011. However, there is an On-Peak July/August 2011 package quote available of $75.00/MWh and an On-Peak July 2011 quote of $73.00/MWh. The On-Peak mark for August 2011 is set at [75 * (352 +336) – 73 * (336)] / [352 + 336] = $77.10/MWh.

If, on a given Trading Day, the Pricing Agent is not able to obtain quotes from the Reference Market-Makers, then Buyer will look to reasonable alternative sources of price data (excluding Seller or any Affiliate of Seller) and will rely on the prices from those alternative data sources to update the mark if pricing data is available from those alternative sources. As a reasonable alternative source of price data, the Buyer may use the following methodology:

- A calendar year on-peak/off-peak energy price, for the calendar year pertaining to the delivery period for which the On-Peak/Off-Peak Forward Price is being developed, is calculated using the following methodology:

  - First, a Market-Implied Heat Rate is calculated as the ratio of the calendar year On-Peak and/or Off-Peak forward energy price (calculated using On-Peak/Off-Peak Forward Prices) to the calendar year Henry Hub forward natural gas price (calculated using Henry Hub forward natural gas prices) for the calendar year for which price data sufficient to calculate both prices are available and that is the farthest year in the future. As an alternative, the applicable Market-Implied Heat Rate may be determined by calculating the market-implied heat rates applicable to the last three years for which data are available that are the farthest in the future, and performing an extrapolation.

- Next, this calculated Market-Implied Heat Rate is applied to the monthly Henry Hub forward natural gas price (calculated using Henry Hub forward natural gas prices) for the months pertaining to the delivery period for which the On-Peak/Off-Peak Forward Price is being developed.

Quotes from the sources will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Sources will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

EXHIBIT F

FORM OF GUARANTY

GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of _____ , 201_, is made by _____ (the "Guarantor"), a_____organized and existing under the laws of _____ [a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Supply Master Agreement dated _____ , 201_(as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and _____, a _____ organized and existing under the laws of _____(the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to, any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

3. The Guaranteed Party may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (a) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Agreement(s) with respect to the Guaranteed Obligations or any person (including the Seller) that the Guaranteed Party determines in its sole discretion to be necessary or appropriate; (b) take or

refrain from taking any action of any kind in respect of any security for any Guaranteed Obligation(s) or liability of the Seller to the Guaranteed Party; or (c) compromise or subordinate any Guaranteed Obligation(s) or liability of the Seller to the Guaranteed Party including any security therefor.

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller, the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

5. The Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

6. The Guarantor will not exercise any rights, which it may acquire by way of subrogation until all Guaranteed Obligations to the Guaranteed Party pursuant to the Agreement(s) have been paid in full.

7. Subject to the terms and conditions hereof, this Guaranty is a continuing Guaranty and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. Except for a failure to comply with any applicable statute of limitations, no failure or delay on the part of the Guaranteed Party in exercising any right, power or privilege hereunder, and no course of dealing between the Guarantor and the Guaranteed Party, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies, which the Guaranteed Party would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand.

8. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of and be enforceable by the Guaranteed Party and its successors and assigns; provided, however, that the Guarantor may not assign or transfer any of its rights or

obligations hereunder without the prior written consent of the Guaranteed Party. The assignment rights of the Guaranteed Party will be in accordance with any applicable terms of the Agreement(s).

9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except upon written agreement of the Guaranteed Party and the Guarantor.

10. The Guarantor's liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise. If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received from the Guarantor or the Seller in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Guaranteed Party.

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

12. All notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received)

If to the Guarantor: [*To be completed*]

If to the Guaranteed Party: [*To be completed*]

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to

execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws] or any law, regulation or contractual restriction binding on it or its assets.

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum. The Guarantor and the Guaranteed Party consent to and grant any such court jurisdiction over the person of such party and over the subject matter of such dispute and agree that summons or other legal process in connection with any such action or proceeding shall be deemed properly and effectively served when sent by certified U.S. mail, return receipt requested, to the address of the other party set forth in Paragraph 12 hereof, or in such other manner as may be permitted by law. The Guarantor and the Guaranteed Party each hereby irrevocably waives any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.

15. This writing is the complete and exclusive statement of the terms of this Guaranty and supersedes all prior oral or written representations, understandings, and agreement(s) between the Guaranteed Party and the Guarantor with respect to subject matter hereof. The Guaranteed Party and the Guarantor agree that there are no conditions to the full effectiveness of this Guaranty.

16. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

17. If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

EXHIBIT G

[OPINION OF SELLER'S COUNSEL]

_____, 200_

PECO Energy Company
_____
_____

Ladies and Gentlemen:

We have acted as counsel to _____ (the "Seller") in connection with the Default Service Program Supply Master Agreement (the "Agreement") between Seller and PECO Energy Company (the "Buyer") executed by Seller on [date]. Unless otherwise defined in this opinion, capitalized terms are used herein as defined in the Agreement.

In acting as counsel to the Seller, we have examined the Agreement. We have also examined such other documents, records and instruments and made such examination of law, as we have deemed necessary in connection with the opinions set forth below.

We have assumed the genuineness of all signatures (other than signatures of officers or other representatives of the Seller), the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies, the authenticity of the originals of all documents submitted to us as copies, and that the documents reviewed by us, other than the Agreement, have not been modified, amended, changed or supplemented in any material respect after the respective dates of our review thereof. We have also assumed that the Agreement is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

As to any facts that are material to the opinions hereinafter expressed that we did not independently establish or verify, we have, with your consent, relied without investigation upon the representations of the Seller contained in the Agreement and upon certificates of officers of the Seller, although we advise you that nothing has come to our attention that has caused us to believe that such reliance is unwarranted.

On the basis of the foregoing, and subject to the qualifications, limitations, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Seller is duly organized and validly existing in good standing under the laws of _____ [jurisdiction of incorporation or organization], and has the requisite power and authority to execute, deliver and perform its obligations under the Agreement.

2. The execution and delivery by the Seller of, and the performance by the Seller of its obligations under, the Agreement, have been duly authorized by all necessary [corporate, limited liability, partnership or other] action.

3. The Agreement has been duly executed and delivered by the Seller and, upon execution by Buyer, constitutes the legally valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms, subject to customary exceptions for laws affecting the rights of creditors generally and general principles of equity.

4. No permits, licenses, authorizations, consents or approvals by or from, or filings or registrations with, any governmental authority or agency in [specified jurisdiction] are required in connection with the execution, delivery or performance by the Seller of the Agreement which have not been obtained or made.

5. The execution and delivery by the Seller of the Agreement, and compliance by the Seller with the provisions thereof, do not and will not (i) result in a violation of the organizational or constitutive documents of the Seller, or (ii) conflict with or constitute a breach of any applicable law or regulation of [specified jurisdiction].

The foregoing opinions are subject to the following additional qualification:

A. Provisions of the Agreement relating to indemnification or exculpation may be limited by public policy or by law.

B. The opinions expressed herein are limited to the laws of [specified jurisdiction], and we express no opinion as to the laws of any other jurisdiction.

This opinion letter is effective only as of the date hereof. We do not assume responsibility for updating this opinion letter as of any date subsequent to its date, and we assume no responsibility for advising you of any changes with respect to any matters described in this opinion letter that may occur, or facts that may come to our attention, subsequent to the date hereof.

This opinion is rendered to the addressees hereof and is intended solely for their benefit in connection with the transactions described herein. This opinion may not be relied upon by such addressees or any other person or entity for any other purpose, or quoted or furnished to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

[OPINION OF GUARANTOR'S COUNSEL]

_____, 200_

PECO Energy Company
_____
_____

Ladies and Gentlemen:

We have acted as counsel to _____ (the "Guarantor") with respect to a Guaranty Agreement, dated as of _____ (the "Guaranty") issued by the Guarantor in relation to a Default Service Program Supply Master Agreement between PECO Energy Company (the "Buyer") and _____ (the "Seller") executed by Seller on [date]. Unless otherwise defined in this opinion, capitalized terms are used herein as defined in the Agreement.

In acting as counsel to the Guarantor, we have examined the original Default Service Program Supply Master Agreement executed by the Seller and the original Guaranty issued by the Guarantor. We have also examined such other documents, records and instruments and made such examination of law, as we have deemed necessary in connection with the opinions set forth below.

We have assumed the genuineness of all signatures (other than signatures of officers of the Guarantor), the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies, the authenticity of the originals of all documents submitted to us as copies, and that the documents reviewed by us, other than the Guaranty and the Agreement, have not been modified, amended, changed or supplemented in any material respect after the respective dates of our review thereof. We have also assumed that the Agreement is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

On the basis of the foregoing, and subject to the qualifications, limitations, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Guarantor is duly organized and validly existing in good standing under the laws of _____ [jurisdiction of incorporation or organization], and has the requisite power and authority to execute, deliver and perform its obligations under the Guaranty.

2. The execution and delivery by the Guarantor of, and the performance by the Guarantor of its obligations under, the Guaranty, have been duly authorized by all necessary [corporate, limited liability, partnership or other] action.

3. The Guaranty has been duly executed and delivered by the Guarantor and constitutes the legally valid and binding agreement of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to customary exceptions for laws affecting the rights of creditors generally and general principles of equity.

4. No permits, licenses, authorizations, consents or approvals by or from, or filings or registrations with, any governmental authority or agency in [specified jurisdiction] are required in connection with the execution, delivery or performance by the Guarantor of the Guaranty which have not been obtained or made.

5. The execution and delivery by the Guarantor of the Guaranty, and compliance by the Guarantor with the provisions thereof, do not and will not (i) result in a violation of the organizational or constitutive documents of the Guarantor, or (ii) conflict with or constitute a breach of any applicable law or regulation of [specified jurisdiction].

6. The payment obligations of the Guarantor under the Guaranty constitute unsubordinated general obligations of the Guarantor and rank pari passu with all unsecured and unsubordinated obligations of the Guarantor.

The opinions expressed herein are limited to the laws of [specified jurisdiction], and we express no opinion as to the laws of any other jurisdiction.

This opinion letter is effective only as of the date hereof. We do not assume responsibility for updating this opinion letter as of any date subsequent to its date, and we assume no responsibility for advising you of any changes with respect to any matters described in this opinion letter that may occur, or facts that may come to our attention, subsequent to the date hereof.

This opinion is rendered to the addressees hereof and is intended solely for their benefit in connection with the transactions described herein. This opinion may not be relied upon by such addressees or any other person or entity for any other purpose, or quoted or furnished to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

EXHIBIT H

FORM OF NOTICE

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

Buyer:

All Notices:

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

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK:
ABA:
ACCT:

Seller:

All Notices:

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

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer

BNK:
ABA:
ACCT:

Credit and Collections:

Attn:
Phone:
Facsimile:

With additional Notices of an

Event of Default to:

Attn:
Phone:
Facsimile:

Credit and Collections:

Attn:
Phone:
Facsimile:

With Additional Notices of an

Event of Default to:

Attn:
Phone:
Facsimile:

EXHIBIT I

ALTERNATIVE ENERGY PORTFOLIO STANDARDS OBLIGATIONS

Electric Distribution Companies and Electric Generation Suppliers can comply with the AEPS Act by purchasing Alternative Energy Credits (AECs) from qualified alternative energy resource facilities. Each AEC is issued for each megawatt hour (equal to 1000 kilowatt-hours) of generation from a qualified alternative energy system.

The table below shows the percentage requirements as of the procurement bid date from the different tiers of resources that are required:

AEPS Act Requirements for Reporting Years

		Percent of Total Electric Sales		
Reporting Year	**Time Period**	**Tier I Rqmt**	**Tier I (Solar) Rqmt**	**Tier II Rqmt**
8	6/1/13 - 5/31/14	4.50%	0.0840%	6.20%
9	6/1/14 - 5/31/15	5.00%	0.1440%	6.20%
10	6/1/15 - 5/31/16	5.50%	0.2500%	8.20%
11	6/1/16 – 5/31/17	6.00%	0.2933%	8.20%

EXHIBIT J

PJM DECLARATION OF AUTHORITY

This Declaration of Authority ("Declaration") is a statement and certification made this ____ day of _____, 201_, by PECO Energy Company, ("PARTY A") and [Seller] ("PARTY B") for the benefit of PJM Interconnection, LLC.

RECITALS:

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

WHEREAS, PJM administers centralized markets that clear various electric energy and energy-related products among multiple buyers and sellers;

WHEREAS, PJM Settlement, Inc ("PJM Settlement") is a Pennsylvania Non-Profit Corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM. References to "PJM" in this Declaration are intended to apply to PJM and/or PJM Settlement, as appropriate, with regard to their respective functions.

WHEREAS, PJM additionally exercises operational control over its members' transmission facilities whereby PJM provides control area functions, including economic dispatch, the scheduling of transmission service and emergency response to ensure reliability across an integrated transmission system; and

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

DECLARATION:

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

1. Certification.

   (a) PARTY B hereby certifies that in all activities with PJM regarding PARTY B's provision of energy, capacity, ancillary services, scheduling and procurement of transmission service, congestion management and all other required products and services necessary to serve the load obligation assumed by PARTY B, PARTY B shall be billed and be primarily liable to PJM for all costs associated in its procurement of such products and services; provided, however, that charges for PECO Energy Company for Network Integration Transmission Service,

Transitional Market Expansion assessed to Network Integration Transmission Service customers, Expansion Integration assessed to Network Integration Transmission Service customers shall be billed to PARTY A and remain the sole and primary responsibility of PARTY A.

2. Reliance By PJM On Certifications.

(a) Each of PARTY A and PARTY B recognizes and accepts that PJM is relying on the truth, accuracy and completeness of the certifications herein made in making its assessments as to creditworthiness and in assuring PJM's own compliance with its tariff, operating agreement, reliability agreement and business practices.

(b) Each of PARTY A and PARTY B recognizes and accepts that each has an independent continuing duty to notify PJM if and when the certifications herein made cease to be accurate or complete. Until such time as PJM receives written notification of any changes to such certifications, signed by either PARTY A or PARTY B, PJM shall be entitled to rely perpetually on this Declaration as governing its relationship with PARTY A and PARTY B as to the subject matter of this Declaration. Any written notice of changes to the certifications herein made must be provided to PJM at least thirty (30) calendar days in advance of their effectiveness.

(c) Each of PARTY A and PARTY B recognize and acknowledge that PJM will receive and rely on individually modeled Default Service Seller accounts that contain only zonal-specific Default Service load to manually adjust the accounts to move the applicable billing line items' amounts in their entirety from the applicable Default Service Seller's account to the applicable EDC's account.

(d) PARTY A and PARTY B recognize and acknowledge that they have entered into a Default Service Program Supply Master Agreement ("Default Service SMA") and that this Certification is not intended in any way to change, revise or redistribute the rights and obligations of PARTY A or PARTY B under the Default Service SMA. If this Certification is determined to be inconsistent with any provision of the Default Service SMA, with respect to the rights and obligations of PARTY A and PARTY B under the Default Service SMA, the provisions of the Default Service SMA shall be controlling on PARTY A and PARTY B.

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

4. Definitions. Any capitalized term not defined herein or in the Default Service SMA shall have the meaning assigned under the PJM Agreements.

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

PARTY A **PECO Energy Company**	**PARTY B**
NAME: _____	NAME: _____
TITLE: _____	TITLE: _____

EXHIBIT C

PECO Energy Company

Default Service Program

Request for Proposals

December 11, 2012

NERA
ECONOMIC CONSULTING

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ARTICLE I. INTRODUCTION

I.1. Overview

I.1.1. Capitalized terms in this document, which are not defined explicitly herein, are defined in the Supply Master Agreement ("Default Service SMA"). The Default Service SMA is attached as Appendix 1 to this document.

I.1.2. As part of its second Default Service Plan ("DSP II"), PECO Energy Company ("Company" or "PECO") is proposing a competitive bidding process to obtain full requirements electric supply for the Company to meet a portion of its obligations as Default Service Provider pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812. This competitive bidding process is consistent with Chapter 28, with P.L. 1592 No. 129 ("Act 129"), with the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Default Service regulations in its Final Rulemaking Order in Docket No. L-2009-2095604, and the Commission's Final Policy Statement on Default Service in Docket No. M-2009-2140580.

I.1.3. PECO currently provides electric generation service to all customers within its service territory who do not select an electric generation supplier ("EGS"). Such customers are "Default Service" customers. The competitive bidding process would procure supply for the period beginning June 1, 2013 when PECO's first Default Service Plan ("DSP I") expires.

I.1.4. The competitive bidding process will be conducted through a series of Requests for Proposals ("RFPs") issued twice yearly. The RFP consists of a total of thirteen (13) documents. This main document is called the "RFP Rules" and it describes how the RFP will be conducted. The following documents are appended to, and shall be considered an integral part of, the RFP Rules:

Appendix 1: Default Service SMA
Appendix 2: Guaranty Process
Appendix 3: Standard Part 1 Form (including the Nomination Form as an Attachment)
Appendix 4: Short Part 1 Form (including the Nomination Form as an Attachment)
Appendix 5: Chief Financial Officer Attestation
Appendix 6: Officers' Certificate (for RFP Bidders under an Agency Agreement)
Appendix 7: Part 2 Form
Appendix 8: Standard Pre-Bid Letter of Credit
Appendix 9: Sample Bid Form
Appendix 10: Tentative Schedule for Future Solicitations
Appendix 11: Confidentiality Statement

I.1.5. DSP II plans for the procurement of full requirements supply through the competitive procurement process described in this document for four (4) Classes of Default Service customers: Residential ("RES"), Small Commercial ("SC"), Medium Commercial ("MC"), and Large Commercial and Industrial ("LC&I"). Each such Class is a group of specific rate schedules as provided in the following table:

Table I-1. Customer Classes

Class	Customers Included	Rate Schedule	Description
Residential	All residential customers	R	Residence Service
		RH	Residential Heating Service
Small Commercial	Non-residential customers in rate schedules GS, HT, and PD with Peak Load Contribution < 100kW and customers in rate schedules AL, TLCL, POL, SLE and SLS	GS	General Service
		HT	High-Tension Power
		PD	Primary – Distribution Power
		AL	Alley Lighting
		TLCL	Traffic Lighting Service
		POL	Private Outdoor Lighting
		SLE	Street Lighting Customer-Owned Facilities Street Lighting in City of Philadelphia
		SLS	Street Lighting-Suburban Counties
Medium Commercial	Non-residential customers with Peak Load Contribution between 100kW and 500kW	GS	General Service
		HT	High-Tension Power
		PD	Primary –Distribution Power
Large Commercial and Industrial	Non-residential customers with Peak Load Contribution > 500k	GS	General Service
		HT	High-Tension Power
		PD	Primary –Distribution
		EP	Electric Propulsion

I.1.6. The Company will solicit bids under this Request for Proposals ("RFP") for the procurement of full requirements service for the RES, SC and MC Classes on a fixed-price basis. The Company will solicit bids under this Request for Proposals ("RFP") for the procurement of full requirements service with energy priced to the PJM day-ahead spot market for the LC&I Class. The Default Service supply ("Default Supply") for a Class is the full requirements electricity supply based on the load of the retail customers in that Class measured and recorded by the Company and settled by PJM. The load of the Default Service customers in a Class is the Default Load of that Class. An

electric supplier selected through this competitive bidding process to provide Default Supply for a particular Class and approved by the Commission becomes a Default Supplier for that Class.

I.1.7. A Default Service customer may choose to begin receiving service from an EGS on any meter reading date in accordance with the Company's standard switching requirements as described in the Company's Electric Generation Supplier Coordination Tariff including, without limitation, prior advance notice to the Company. A customer served by an EGS may return to Default Service on any meter reading date in accordance with the Company's standard switching requirements as described in the Company's Electric Generation Supplier Coordination Tariff including, without limitation, prior advance notice to the Company.

I.1.8. The rates of Default Service customers for a Class are determined on the basis of the prices determined through this RFP for that Class. For the RES Class, rates also incorporate block energy purchases from DSP I as well as any purchases and sales through the hourly spot market energy in PJM as PECO balances the blocks of energy and load on an hourly basis. No additional block purchases for the RES Class are proposed under DSP II. As provided in the PUC's directive dated October 12, 2010 (Docket No. M-2009-2082042), PECO provides a Default Service rate calculation model that translates the prices determined through this RFP into Default Service rates. This calculation model is posted to the PECO Web site:

https://www.peco.com/CustomerService/RatesandPricing/EnergyChoice/Pages/PricetoCompare.aspx

I.1.9. There are five (5) solicitations under DSP II that will select electricity suppliers to provide Default Supply for the period June 1, 2013 through May 31, 2015, and for a portion of the Company's requirements for the period June 1, 2015 through November 31, 2016. Each solicitation will be identified by the month and year during which it will take place. Solicitations will be held in November 2012, January 2013, September 2013, January 2014, and September 2014. A typical schedule for a solicitation is provided in Section II. The Independent Evaluator and the Company may advise the Commission to postpone or modify the schedule of a solicitation when market conditions are impacted by extraordinary events, such as the advent of war, terrorism, or an act of God.

I.1.10. For each solicitation, these RFP Rules will be updated to include the dates for that solicitation and to refer to the particular products to be procured in that solicitation. The RFP Rules may be further updated to reflect additional decisions by the Commission, relevant changes in law, or non-material modifications to the processing of Proposals expected to improve potential participation by suppliers. Further, the Independent Evaluator and the Company may amend the RFP Rules if necessary to correct typographical errors, cure inconsistencies in the provisions of this RFP, or clarify the intent of the provisions of this RFP.

I.2. Products and Bids

I.2.1. Default Load for each of the RES, SC, MC, and LC&I Classes is divided into tranches. A tranche for a Class represents a fixed percentage of the Default Load for that Class. A Default Supplier serving one tranche in a particular Class provides full requirements service for the percentage of that Class' Default Load represented by that one tranche for a specified period.

I.2.2. The total number of tranches of Default Load is based on that Class' annual Peak Load Contribution ("PLC") on the PECO system in accordance with PJM. The MW-Measure is calculated as the annual PLC for the Default Load of the Class divided by the total number of tranches. This figure is calculated for reference purposes only. The total number of tranches, the percentage size of each tranche, and the MW-Measure of each tranche are also shown in the following table.

Table I-2. Number of Tranches and Size of a Tranche for Default Load

Class	Total Tranches	% Size of a Tranche	Total Peak (MW)	Default Peak (MW)	MW-Measure of a Tranche
RES	60	1.60%	3,568.91	2,444.52	40.74
SC	24	4.17%	1,329.98	562.63	23.44
MC	12	8.33%	996.10	167.11	13.93
LC&I	18	5.56%	2,480.81	81.82	4.55

I.2.3. The total tranches and the tranche size for the SC, MC, and LC&I Classes are subject to change. The Independent Evaluator and PECO may revise the total number of tranches for a Class if doing so is expected to increase supplier interest. The Independent Evaluator informs Commission Staff of

such a revision and announces the revision to potential suppliers in advance of suppliers presenting their qualifications.

I.2.4. The actual Default Load for the RES, SC, MC, or LC&I Class will depend upon many factors including, but not limited to, customer migration to EGSs and weather conditions. The maximum peak load of each Class may be higher or lower than the PLC utilized to determine the MW-Measure of tranches for each Class. Each participant is responsible for evaluating the uncertainties associated with Default Service Load for each of the Classes during the supply periods.

I.2.5. Under DSP I, PECO met a portion of the expected seasonal energy requirements of the RES Class using blocks of energy. A block of 50 MW of around-the-clock energy purchased under DSP I expires on December 31, 2015 and thus will contribute to supply of the RES Class during the entire period of DSP II. A block of 160 MW of around-the-clock energy will expire on December 31, 2013 and a block of 100 MW of around-the-clock energy will expire on December 31, 2014. Both these blocks will be replaced by full requirements tranches.

I.2.6. A product for purposes of this RFP is defined by three characteristics: a) the Class to which it contributes Default Supply; b) the length of the supply period; and c) the date at which the supply period begins. A product will typically be identified with these three characteristics; for example, the RES-12-Jun13 product represents Default Supply for the RES Class for the supply period June 1, 2013 through May 31, 2014. A product name may be abbreviated when the context is clear; for example, RES-12 refers to all products for the Residential Class that are twelve (12) months in duration, regardless of the start date of the supply period.

I.2.7. The table below provides the schedule of procurement for the products under DSP II.

Table I-3. Schedule of Procurement for Products.

Product	Solicitation				
	November 2012	*January 2013*	*September 2013*	*January 2014*	*September 2014*
RES-6-Jun13	17	0	0	0	0
RES-12-Jun13	3	0	0	0	0
RES-18-Jun13	7	0	0	0	0
RES-24-Jun13	0	7	0	0	0
RES-12-Dec13	0	0	10	0	0
RES-17-Jan14	0	0	7	0	0
RES-18-Dec13	0	0	7	0	0
RES-12-Jun14	0	0	0	10	0
RES-24-Jun14	0	0	0	7	0
RES-12-Dec14	0	0	0	0	10
RES-24-Dec14	0	0	0	0	7
RES-5-Jan15	0	0	0	0	5
SC-6-Jun13	12	0	0	0	0
SC-12-Jun13	0	12	0	0	0
SC-12-Dec13	0	0	12	0	0
SC-12-Jun14	0	0	0	12	0
SC-12-Dec14	0	0	0	0	12
MC-6-Jun13	0	12	0	0	0
MC-6-Dec13	0	0	12	0	0
MC-6-Jun14	0	0	0	12	0
MC-6-Dec14	0	0	0	0	12
LC&I-12-Jun13	0	18	0	0	0
LC&I-12-Jun14	0	0	0	18	0

I.2.8. Each Class has Load Caps, which are limits on the number of tranches of Default Supply that an RFP Bidder can bid and serve for that Class. The Load Caps ensure that there will be a diversified pool of Default Suppliers for each Class. The Load Caps for a Class are set so that the customers of that Class have no more than a 50% exposure to any one Default Supplier at any given time. If two or more Default Suppliers are affiliated, the Load Caps will apply jointly to such group of Default Suppliers. The Load Caps apply to the list of products that contribute to Default Supply for a Class at a given point in time. The table below provides the Load Caps for the products under DSP II. For example, at any given point in time in the period from June 1, 2014 to November 30, 2014, the following products contribute to Default Supply for the Residential Class: RES-18-Jun13, RES-24-Jun13, RES-12-Dec 13, RES-18-Dec 13, RES-17-Jan14, RES-12-Jun14, and RES-24-Jun14. The number of tranches for these products combined is 55 tranches. For Residential customers to have no more than a 50% exposure to any one Default Supplier during this period, a single Default Supplier would need to bid and win no more than 27 tranches of all these products combined.

Table I-4. Load Caps for DSP II.

Class	Time Period	Product or Products that contribute to Default Supply during time period	*Tranches Available*	*Load Cap*
RES	Jun-Nov 13	RES-6-Jun13 and RES-12-Jun13 and RES-18-Jun13 and RES-24-Jun13	34	17
	Dec 13	RES-12-Jun13 and RES-18-Jun13 and RES-24-Jun13 and RES-12-Dec13 and RES-18-Dec13	34	17
	Jan-May 14	RES-12-Jun13 and RES-18-Jun13 and RES-24-Jun13 and RES-12-Dec13 and RES-18-Dec13 and RES-17-Jan14	41	20
	June-Nov 14	RES-18-Jun13 and RES-24-Jun13 and RES-12-Dec13 and RES-18-Dec13 and RES-17-Jan14 and RES-12-Jun14 and RES-24-Jun14	55	27
	Dec 14	RES-24-Jun13 and RES-18-Dec13 and RES-17-Jan14 and RES-12-Jun14 and RES-24-Jun14 and RES-12-Dec14 and RES-24-Dec14	55	27
	Jan-May 15	RES-24-Jun13 and RES-18-Dec13 and RES-17-Jan14 and RES-12-Jun14 and RES-24-Jun14 and RES-12-Dec14 and RES-24-Dec14 and RES-5-Jan15	60	30
SC	Jun-Nov 13	SC-6-Jun13 and SC-12-Jun13	24	12
	Dec 13-May 14	SC-12-Jun13 and SC-12-Dec13	24	12
	Jun-Nov 14	SC-12-Dec13 and SC-12-Jun14	24	12
	Dec 14-May 15	SC-12-Jun14 and SC-12-Dec14	24	12

Class	Time Period	Product or Products that contribute to Default Supply during time period	*Tranches Available*	*Load Cap*
MC	Any	MC-6	12	6
LC&I	Any	LC&I-12	18	9

I.2.9. The RFP Rules for each solicitation will contain a table with the available tranches and Load Caps for that solicitation specifically as well as an explanation of the Load Caps for that solicitation. This Paragraph includes as an example the explanation for the Load Caps in the January 2013 Solicitation with the associated table below. The Load Caps apply as follows:

- The Load Cap for the R Class will apply as follows. An RFP bidder is limited to 17 tranches for the RES-6-Jun13, RES-12-Jun13, RES-18-Jun13, and RES-24-Jun13 products combined. An RFP bidder may bid on all available tranches for the RES-24-Jun13 product in the January 2013 Solicitation unless the RFP bidder won more than 10 Residential tranches in the November 2012 solicitation. In that case, the RFP Bidder would be limited to bidding on 17 tranches less the number of tranches won in the November 2012 solicitation.
- The Load Cap for the SC Class will apply as follows. An RFP Bidder is limited to 12 tranches for the SC-6-Jun13 and SC-12-Jun13 products combined. An RFP bidder may bid on all available tranches for the SC-12-Jun13 product in the January 2013 Solicitation unless the RFP Bidder won 1 or more Small Commercial tranches in the November 2012 solicitation. In that case, the RFP bidder would be limited to bidding on 12 tranches less the number of tranches won in the November 2012 solicitation.
- The Load Cap for the MC Class will apply as follows: In the January 2013 solicitation, an RFP bidder is limited to 6 tranches for the MC-6-Jun13 product.
- The Load Cap for the LC&I Class will apply as follows: In the January 2013 solicitation, an RFP bidder is limited to 9 tranches for the LC&I-12-Jun13 product.

Table I-5. Sample Table for Illustrative Purposes. January 2013 Solicitation.

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder has	Maximum Number of Tranches Bid if Load Caps Apply
RES-24-Jun13	7	More than 10 RES tranches won in Nov 2012 Solicitation	17 less RES tranches won in Nov 2012 Solicitation
SC-12-Jun13	12	1 or more SC tranches won in Nov 2012 Solicitation	12 less SC tranches won in Nov 2012 Solicitation
MC-6-Jun13	12	Load Caps apply always	6
LC&I-12-Jun13	18	Load Caps apply always	9

I.2.10. An electric supplier participating in this RFP bids to provide Default Supply for one or more of the RES, SC, MC, and LC&I Classes, and for one or more supply periods. An electric supplier selected through this RFP to provide Default Supply for a particular Class and approved by the Commission becomes a Default Supplier for that Class. The obligations of the Default Supplier are described in the Default Service SMA. The main provisions of the Default Service SMA are summarized in Section I.4.

I.2.11. A Proposal is a response to this RFP for a solicitation pursuant to these RFP Rules. An entity that submits any part of a response to this RFP for a solicitation is an RFP Bidder. A Bid for a tranche for any product is a price in dollars per MWh rounded to the nearest cent. An RFP Bidder may submit different Bids for different tranches of a given product.

I.2.12. The contingency plan for products that are more than six (6) months in duration is as follows. In the event that PECO is unable to obtain Default Supply for all tranches in a solicitation, PECO will assume responsibility for the unfilled tranches as a PJM Load Serving Entity ("LSE") for the first six (6) months of the supply period, acquiring the necessary supply through PJM-administered markets and obtaining sufficient Alternate Energy Credits ("AECs") at market prices to satisfy any near-term obligations under the AEPS Act. The unfilled tranches, with a supply period that starts six (6) months later than tranches that were unfilled, will be placed for re-bid in the next solicitation. For products that are six (6) months or shorter, PECO will assume responsibility for the unfilled

tranches as a LSE and will acquire the necessary supply through PJM-administered markets for the entire supply period. PECO reserves the right to file an alternate plan with the Commission.

I.2.13. Any prospective supplier that meets the qualification standards established in these RFP Rules, and that is willing to provide prices at which to serve tranches of Default Service Load can respond to this RFP, including any PECO affiliates.

I.3. Process

I.3.1. PECO and the Independent Evaluator will hold a Guaranty Process, described in more detail in Appendix 2. The Guaranty Process allows a supplier unable to use the Form of Guaranty provided as Exhibit F to the Default Service SMA to submit for consideration by PECO the guaranty that the supplier uses in its normal course of business. The Guaranty Process also allows a supplier able to use the Form of Guaranty provided as Exhibit F to the Default Service SMA to propose modifications to the Form of Guaranty that are non-material in nature, or that are advantageous to both PECO and the prospective supplier. All approved modifications will be posted in a single document on the RFP Web site in advance of the date at which RFP Bidders must respond to qualification standards. An RFP Bidder using the Form of Guaranty may elect to incorporate any or all of the approved modifications to the Form of Guaranty, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.

I.3.2. RFP Bidders that did not qualify in a previous solicitation under DSP II use the Standard Part 1 Form provided as Appendix 3 of these RFP Rules to respond to the qualification standards described in Article IV. Previously qualified RFP Bidders under DSP II may participate in an abbreviated qualification by using the Short Part 1 Form provided as Appendix 4 of these RFP Rules to respond to the qualification standards described in Article IV. The qualification standards include the submission of contact information, general representations, and the submission of financial information for a creditworthiness assessment. Part 1 Proposals are submitted during the "Part 1 Window". The generic term "Part 1 Form" refers either to the Standard Part 1 Form or the Short Part 1 Form. The Standard Part 1 Form and the Short Part 1 Form, as well as other forms

mentioned in these RFP Rules, are provided as Appendices to these RFP Rules and are also available electronically on the RFP Web site: www.pecoprocurement.com.

I.3.3. RFP Bidders use the Part 2 Form provided as Appendix 7 of these RFP Rules to respond to the Part 2 Proposal requirements described in Article V of these RFP Rules. The Part 2 Proposal requirements include additional representations, submission of the Default Service SMA for an RFP Bidder that is not a Default Supplier, and a Pre-Bid Letter of Credit in an amount sufficient to support the Bids. Part 2 Proposals are submitted during the "Part 2 Window".

I.3.4. RFP Bidders use the Bid Form provided with the Part 1 Notification to submit their Bids. A sample Bid Form is provided for illustrative purposes as Appendix 9 of these RFP Rules. Each RFP Bidder's Bids must be received between 10 AM and 12 PM (noon) on the "Bid Date".

I.3.5. On the first business day after the Bid Date, the Independent Evaluator presents to the Commission the results of that solicitation in a confidential report to the Commission. The PUC has one (1) business day to consider the report of the Independent Evaluator and to approve or reject each of the winning Bids. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

I.3.6. PECO and each RFP Bidder with Bids that are approved by the Commission proceed to the execution of the Transaction Confirmations within three (3) business days of the Commission decision. Within fifteen (15) days of the close of the solicitation, the Independent Evaluator releases the weighted average price as well as the percentage of load represented by each tranche for each product procured.

I.4. Supplier's Obligations

I.4.1. An electric supplier selected through this RFP to provide Default Supply for a particular Class and approved by the PUC becomes a Default Supplier for that Class. A Default Supplier may be providing Default Supply for one or more of the RES, SC, MC, and LC&I Classes.

I.4.2. This section describes in general terms several provisions of the Default Service SMA. This is a summary only and is subject to and qualified in its entirety by the Default Service SMA provided as

Appendix 1 to the RFP Rules. Each RFP Bidder accepts the obligations and associated rights to provide Default Service as defined in the Default Service SMA as part of its Proposal.

I.4.3. Default Suppliers for a Class will serve the Company's Default Load for that Class. Default Service for one of these Classes is the Company's full requirements electricity service including, without limitation, energy, capacity, transmission (excluding Network Integration Transmission Service), ancillary services, applicable losses, congestion management costs, and such other services or products that are required to serve the Default Load for that Class (excluding distribution service).

I.4.4. Default Suppliers are also responsible for providing AECs during the term of the Default Service SMA necessary for PECO to meet its obligations under the AEPS Act, as well as other Orders, regulations and rules that may be promulgated by the PUC with respect to the AEPS. Default Suppliers will be required to participate in the PJM Generation Attribute Tracking System ("PJM-EIS GATS") to transfer AECs to PECO. Default Suppliers will transfer AECs to PECO at the end of the first six months of an AEPS reporting period as well as at the end of period.

I.4.5. A Default Supplier that fails to provide AECs required by the Default Service SMA will be required to pay liquidated damages based on the applicable AEC Non-Solar Penalty or the AEC Solar Penalty as defined in the Default Service SMA and the AECs that the Default Supplier has failed to provide. If the PUC subsequently establishes an alternative compliance payment under the AEPS Act for non-compliance with the Tier I (solar) requirements in excess of the AEC Solar Penalty, the Default Supplier shall also pay PECO the amount in excess of the AEC Solar Penalty; if the Tier I (solar) alternative compliance payment is less than AEC Solar Penalty, PECO shall refund the difference to the Default Supplier.

I.4.6. PECO has obtained AECs from separate AEPS procurement(s) approved by the Commission and PECO will reduce the amount of AECs that Default Suppliers must provide. Prior to this procurement, PECO will inform RFP Bidders of the amounts of AECs allocated for this purpose.

I.4.7. A Default Supplier for the RES, SC, and MC Classes will be paid a supplier-specific price for each MWh of electric load served as specified in the Transaction Confirmation for that product. The supplier-specific price will be the average of approved Bids for that RFP Bidder and for that product. A Default Supplier for the LC&I Class will be paid a supplier-specific price for each MWh of

electric load served as specified in the Transaction Confirmation for that product. The supplier-specific price will be the average of approved Bids for that RFP Bidder and for that product. A Default Supplier for the LC&I Class will also be paid the PJM day-ahead price for energy and the RPM price for capacity.

I.4.8. The Default Supplier will specify in the Transaction Confirmation the price of each type of AECs included in its supplier-specific price.

I.4.9. PECO will transfer the Auction Revenue Rights ("ARRs") to Default Suppliers in proportion to the percentage of Default Load that they serve. A Default Supplier will participate in the PJM process for the nominations of ARRs to the extent that the supply period under the Transaction Confirmation is inclusive of the PJM Planning Period for which the ARRs are nominated; otherwise, PECO will participate in the PJM ARR nomination process.

I.4.10. On April 29, 2011, the Commission initiated an investigation into Pennsylvania's retail electricity market in its Order entered in Docket I-2011-2237952. The Commission adopted a Final Order on December 15, 2011 with recommended directives for each Electric Distribution Company's ("EDC") upcoming Default Service Programs and adopted a Tentative Order on the same date regarding the structure of retail auctions for residential customers. PECO's Default Service Program is consistent with the Commission's recommendations to file a two-year plan in case any long term changes proposed in the Investigation need to be implemented. Additionally, the Default Service SMA includes additional acknowledgments by the Default Supplier of the possibility of changes in Default Load in light of the Commission's Retail Markets Investigation and its consideration of whether entities other than EDCs should be Default Service providers in the future, as well as additional retail market enhancements.

ARTICLE II. Information and Schedule

II.1. RFP Web Site

II.1.1. PECO and its Independent Evaluator have established an RFP Web site that is the main source of information. RFP Bidders and other stakeholders can visit this RFP Web site to obtain information and documents related to this RFP. The RFP Web site address is www.pecoprocurement.com.

II.1.2. The RFP Web site contains the sections described below. New sections may be added as necessary to assist RFP Bidders.

Home: This section provides announcements of interest to RFP Bidders and to other interested parties, an outline of the RFP process, a search function, and a summary of important dates.

Background: These sections provide background information on the regulatory process, the results of the previous PECO solicitations and archives of documents, FAQs and announcements from previous solicitations provided for reference purposes only.

Supplier Information: This section provides documents regarding the RFP as well as frequently asked questions ("FAQs"), RFP-related announcements, and information about rates. All stakeholders, including RFP Bidders, are able to ask questions via a web form. The Independent Evaluator provides an answer to the question via email to the questioner, and a copy of the question and answer is posted so that all stakeholders and RFP Bidders have access to the same information. Aspects of the question and/or answer that might identify the party asking the question will be removed before posting.

Data Room: This section provides historical data to assist prospective suppliers. Links to the PJM Web site and related documents can also be found in this Section.

Calendar: This section provides the timeline for the main events in the current and upcoming solicitations.

Contact Us: This section gives any stakeholder an opportunity to register its email address to receive updates and announcements regarding this RFP. The section also provides the contact information for the Independent Evaluator, an electronic web form to submit questions to the

Independent Evaluator, and a web form for prospective suppliers to register for bidder information sessions.

II.2. RFP Schedule

II.2.1. Each solicitation will follow the general schedule provided below, except for the first solicitation during which a Guaranty Process will not be held. Specific times for submission of materials for the Part 1 Proposals, the Part 2 Proposals, and the Bids are provided elsewhere in this RFP. All such times are EPT unless specifically noted. This schedule may be amended if circumstances warrant. Any such amendments will be posted to the RFP Web site.

Table II-1. Typical RFP Schedule

RFP Schedule	
Guaranty Process begins	Day -8
Bidder Information Session	Day -7
Approved modifications to Form of Guaranty posted	Day -3
Decision on alternate guaranty forms	Day -3
Part 1 Window Opens	Day 0
Part 1 Date (Part 1 Window Closes)	Day 3
Part 1 Notification Date	Day 5
Part 2 Proposal Window Opens	Day 6
Bid Submission training	Day 7
Part 2 Date (Part 2 Window Closes)	Day 9
Part 2 Notification Date	Day 11
Bid Date (Bids are Due)	Day 12
IE provides its report to the PUC	Day 13
PUC Decision (close of business)	No later than Day 14
If Bids are approved by the PUC:	
PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations	By noon on the third business day after the Bid Date
Default Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fourth business day after the Bid Date

II.2.2. A total of five (5) solicitations are planned under DSP II. The Bid Dates for each of the solicitations are provided below.

Table II-2. Bid Dates

Solicitation	Bid Dates
November 2012	Tuesday, December 18, 2012
January 2013	Tuesday, January 29, 2013
September 2013	Tuesday, September 24, 2013
January 2014	Tuesday, January 28, 2014
September 2014	Tuesday, September 23, 2014

ARTICLE III. General Requirements for Proposals

III.1.1. An entity that submits any part of a response to this RFP for a solicitation is an RFP Bidder. Each RFP Bidder can submit at most one Part 1 Proposal and one Part 2 Proposal for each solicitation. An RFP Bidder that qualifies for this solicitation by submitting a Part 1 Proposal that fulfills all requirements described in Article IV and that submits a Part 2 Proposal that fulfills all the requirements described in Article V is eligible to submit Bids. All Part 1 Proposals and all Part 2 Proposals are submitted to the Independent Evaluator in accordance with the instructions provided in Article VII.

III.1.2. The submission of a Part 1 Proposal or a Part 2 Proposal to the Independent Evaluator constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

III.1.3. Each solicitation will have a Part 1 Window during which Part 1 Proposals may be submitted. The last day of the Part 1 Window is called the Part 1 Date. The requirements of the Part 1 Proposal are described in Article IV. "Previously qualified RFP Bidder" means an RFP Bidder that met the qualification standards in a previous solicitation under DSP II by submitting a Part 1 Proposal that fulfilled all the requirements of Article IV. A previously qualified RFP Bidder may participate in an abbreviated Part 1 Proposal process.

III.1.4. The Part 1 Proposal for an RFP Bidder includes one (1) electronic copy and two (2) hardcopy original completed Part 1 Forms, as well as one (1) copy of all documents required by the Part 1 Form. One (1) copy of the Part 1 Form, as well as any Draft Letter of Credit, must be submitted electronically in Microsoft Word, either on a CD that is included with the hardcopy Part 1 Forms or by email to the Independent Evaluator at Pecoprocurement@nera.com. Any documents required by the Part 1 Form must be submitted either electronically (on a CD that is included with the Part 1 Proposal or by email to the Independent Evaluator at Pecoprocurement@nera.com) or in hard copy.

III.1.5. Each RFP Bidder must comply with all Part 1 Proposal requirements described in Article IV. Section IV.1 describes the contact information and representations required. Section IV.2 describes financial requirements. Section IV.3 describes the process by which RFP Bidders may propose modifications to the Standard Pre-Bid and Post-Bid Letters of Credit and describes the information that RFP Bidders must provide for the Independent Evaluator to prepare the Default Service SMA documents. Section IV.4 describes the regulatory representations required. Section IV.5 lists additional representations that are required. Section IV.6 lists additional requirements applicable only to RFP Bidders submitting a Proposal under an Agency Agreement. Section IV.7 lists additional requirements applicable only to RFP Bidders that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidders"), or to RFP Bidders that rely on the financial standing of an entity that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign Entity"). Each of the Sections of Article IV explains the abbreviated Part 1 Proposal process in which previously qualified RFP Bidders may participate.

III.1.6. The Independent Evaluator informs each RFP Bidder of whether it has met all qualification standards of Article IV through a Part 1 Notification that the Independent Evaluator sends to the RFP Bidder by the Part 1 Notification Date. The Independent Evaluator transmits within two business days of the Part 1 Notification Date a number of documents and instructions, called the Part 1 Materials, to each RFP Bidder that has a successful Part 1 Proposal.

III.1.7. All information provided and certifications made in the Part 1 Proposal must remain valid and remain in full force and effect until six (6) business days after the Bid Date. Regardless of the reason, if any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Independent Evaluator as soon as practicable. Failing to do so may result in disqualification of the RFP Bidder and of its Proposal. The Independent Evaluator reserves the right to change the assessment of an RFP Bidder's qualifications based on any revised information provided by the RFP Bidder.

III.1.8. Each solicitation will have a Part 2 Window during which Part 2 Proposals may be submitted. The last day of the Part 2 Window is the Part 2 Date. RFP Bidders also have the option to submit the

Part 2 Form during the Part 1 Window for early processing. The requirements of the Part 2 Proposal are described in this Article V. "Previously eligible RFP Bidder" means an RFP Bidder that became eligible to submit Bids in a previous solicitation held under DSP II by submitting a Part 1 Proposal that fulfilled all the requirements of Article IV and a Part 2 Proposal that fulfilled all the requirements of Article V. A previously eligible RFP Bidder may participate in an abbreviated Part 2 Proposal process.

III.1.9. The Part 2 Proposal for an RFP Bidder includes one (1) electronic copy and two (2) hardcopy original completed Part 2 Forms, a Pre-Bid Letter of Credit, as well as two (2) originals of all Default Service SMA documents required by the Part 2 Form. One (1) copy of the Part 2 Form must be submitted electronically in Microsoft Word, either on a CD that is sent with the hardcopy Part 2 Forms or by email to the Independent Evaluator at Pecoprocurement@nera.com. Any documents must be submitted in hard copy in the number of originals specified required by the Part 2 Form. The RFP Bidder uses for purposes of submission of the Part 2 Proposal the Default Service SMA documents received from the Independent Evaluator as part of the Part 1 Materials.

III.1.10. Each RFP Bidder must comply with all Part 2 Proposal requirements described in Article V. Section V.1 describes the contact information and representations required by the Part 2 Proposal. Section V.2 describes the Pre-Bid Letter of Credit required to support the RFP Bidder's Bids. Section V.3 lists the Default Service SMA documents required of an RFP Bidder, including the guaranty required of RFP Bidders relying on the financial standing of an RFP Guarantor. Section V.4 lists additional requirements applicable only to RFP Bidders submitting a Proposal under an Agency Agreement. Section V.5 lists additional requirements applicable only to Foreign RFP Bidders or to RFP Bidders that rely on the financial standing of a Foreign Entity. Each of the Sections of Article V explains the abbreviated Part 2 Proposal process in which previously eligible RFP Bidders may participate.

III.1.11. The Independent Evaluator informs each RFP Bidder of whether it has met all qualification standards of Article IV and all requirements of Article V so that it is eligible to submit Bids through a Part 2 Notification. The Independent Evaluator sends the Part 2 Notification to the RFP Bidder on the Part 2 Notification Date.

III.1.12. All information provided and certifications made in the Part 2 Proposal must remain valid and remain in full force and effect until six (6) business days after the Bid Date. Regardless of the reason, if any information provided in the Part 2 Proposal changes or any previous certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Independent Evaluator as soon as practicable. Failing to do so may result in disqualification of the RFP Bidder and of its Proposal. The Independent Evaluator reserves the right to change the assessment of an RFP Bidder's eligibility to submit Bids based on any revised information provided by the RFP Bidder.

III.1.13. For a given solicitation, all representations and certifications required by this RFP must be made by a single individual who serves as Officer of the RFP Bidder. An Officer of the RFP Bidder is an individual authorized to undertake contracts (including the Default Service SMA) and bind that RFP Bidder. As a requirement of the Part 1 Proposal, the RFP Bidder must name an individual who serves as Officer of the RFP Bidder and must provide full contact information for this individual. The Officer of the Bidder may sign all representations and certifications of the Part 1 Form and Part 2 Form at one time and RFP Bidders have the option to submit the Part 2 Form during the Part 1 Window for early processing.

III.1.14. The Officer of the RFP Bidder named in the Part 1 Proposal is expected to sign the Default Service SMA as well as any Transaction Confirmations if any of the RFP Bidder's Bids are approved by the Commission. In the Part 1 Proposal, the Officer of the RFP Bidder may nominate a substitute Officer to sign the Default Service SMA and/or the Transaction Confirmations in case the Officer of the Bidder is not available.

III.1.15. Each RFP Bidder must comply with the instructions for the submission of Bids provided with its Part 1 Notification. Article VI describes in general terms the requirements for the submission of Bids.

III.1.16. Proposals that do not adhere to the terms and conditions of this RFP, or that do not fulfill all requirements of Article IV, Article V, and Article VI of this RFP, or that are not submitted in accordance with the process of Article VII, will not be considered.

III.1.17. The Independent Evaluator will send to each RFP Bidder that submitted a successful Part 1 Proposal in a previous solicitation under DSP II an email confirming its status as a previously

qualified RFP Bidder. Such RFP Bidder may participation in an abbreviated Part 1 Proposal process. The Independent Evaluator will send to each RFP Bidder that submitted a successful Part 1 Proposal and a successful Part 2 Proposal in a previous solicitation under DSP II an email confirming its status as a previously eligible RFP Bidder. Such RFP Bidder may participate in an abbreviated Part 1 Proposal process and an abbreviated Part 2 Proposal process.

III.1.18. The RFP Bidder, at its own cost and expense, shall defend PECO, and the Independent Evaluator and their subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, other than entities that are also RFP Bidders, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statement in the Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PECO, the Independent Evaluator, their parent companies, subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns, other than entities that are RFP Bidders, against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, penalties, costs or expenses which in any manner relate to, arise out of, or result from any false statement or misrepresentation in the Proposal or breach of any warranty by the RFP Bidder as set forth herein.

ARTICLE IV. Part 1 Proposal Requirements

IV.1. Contact Information and Representations

IV.1.1. Contact Information for the RFP Bidder. Each RFP Bidder must provide the RFP Bidder's legal name and address.

- An RFP Bidder that has not previously qualified must submit this contact information in its Part 1 Proposal.
- A previously qualified RFP Bidder either must confirm that the previously provided contact information remains valid or must update this information. If the RFP Bidder updates the RFP Bidder's legal name, the RFP Bidder must provide evidence of the change of name and represent that this is a change in only in the RFP Bidder's name and not a change in the corporate structure of the RFP Bidder. If there was a change in the corporate structure of the RFP Bidder, through a merger for example, the RFP Bidder may not participate in the abbreviated Part 1 Proposal or Part 2 Proposal process.

IV.1.2. Officer of the RFP Bidder. The Officer of the RFP Bidder must be an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder. The Officer of the RFP Bidder whose contact information is provided in the Part 1 Proposal must make all representations required by the Part 1 Form. Should the RFP Bidder submit a Part 2 Proposal, the individual named as Officer of the RFP Bidder in the Part 1 Proposal must make the representations required by the Part 2 Form. The Officer of the Bidder may sign all representations and certifications of the Part 1 Form and Part 2 Form at one time and RFP Bidders have the option to submit the Part 2 Form during the Part 1 Window for early processing.

- If an RFP Bidder has not previously qualified, or if the individual who served as Officer of the Bidder for a previously qualified RFP Bidder is not available in this solicitation, then the RFP Bidder must provide the name, title, and full contact information (address, phone number, email address) of the individual who will serve as Officer of the RFP Bidder.

- If the RFP Bidder has previously qualified and the individual who served as Officer of the Bidder in a previous solicitation is available for this solicitation, the RFP Bidder either must confirm that the previously submitted contact information for the Officer of the RFP Bidder remains valid or must update this information.
- Whether or not the RFP Bidder has previously qualified, the Officer of the RFP Bidder may name a Designee. The Officer of the Bidder will represent that the Designee is an individual authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder. Either the Officer of the RFP Bidder or the Designee must sign the Default Service SMA. It is expected that either the Officer of the RFP Bidder or the Designee will sign the Transaction Confirmations should any of the RFP Bidder's Bids be approved by the Commission. Should neither the Officer of the Bidder or the Designee be available to sign the Transaction Confirmations, the RFP Bidder will advise PECO of this fact, will name another individual to sign the Transaction Confirmations, and will confirm that this individual is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder.

IV.1.3. Communications with the RFP Bidder. The RFP Bidder must elect the method by which the Independent Evaluator will provide notifications to the RFP Bidder and by which the RFP Bidder will respond to the Independent Evaluator. The RFP Bidder must also elect the method by which the Independent Evaluator will provide documents necessary for participation to the RFP Bidder.

- If the RFP Bidder has not previously qualified, the RFP Bidder must elect whether the RFP Bidder will receive notifications from the Independent Evaluator and send responses to the Independent Evaluator by fax or by email. If the RFP Bidder elects to receive notifications by fax, a fax number must be provided for the Representative of the RFP Bidder. Such notifications include all notices assessing the completeness of the Part 1 Proposal or the Part 2 Proposal, as well as the Part 1 Notification and the Part 2 Notification. The RFP Bidder must also elect whether the RFP Bidder will receive documents needed for participation from the Independent Evaluator by overnight delivery service or by secure file transfer.

Such documents include the Default Service SMA documents, the confidential information required to submit Bids on the Bid Date, as well as any training materials prepared by the Independent Evaluator. The files for such documents may be large or may contain particularly sensitive information and thus are not typically suitable for delivery by email. However, if special circumstances warrant, the Independent Evaluator may transmit by email a particular document needed for participation in a solicitation upon agreement by the RFP Bidder.

- A previously qualified RFP Bidder either must confirm that the methods of communication that it previously elected remain valid or must update this information.
- Whether or not an RFP Bidder has previously qualified, an RFP Bidder that has elected to receive notifications by email may designate up to three (3) authorized individuals who will receive notifications in addition to the Representative of the RFP Bidder. Similarly, an RFP Bidder that has elected to receive documents by secure file transfer system may designate up to three (3) authorized individuals who will receive documents in addition to the Representative of the RFP Bidder. Each such authorized individual is a Nominee. Either the Representative of the RFP Bidder or the Officer of the RFP Bidder may use the Nomination section of the Part 1 Form for this purpose, providing for each authorized individual the individual's name and title, as well as contact information (phone number and email address). The Representative of the RFP Bidder or the Officer of the RFP Bidder may designate such other authorized individuals at any time during the solicitation using the Nomination section of the Part 1 Form and is not required to do so in the Part 1 Proposal provided, however, that the total number of Nominees not exceed three (3) individuals at any one time.

IV.1.4. Representative of the RFP Bidder. The Independent Evaluator uses the Representative as the main point of contact for the RFP Bidder. The Independent Evaluator always contacts the Representative if the Independent Evaluator requires additional information regarding the RFP Bidder's Proposal. The Independent Evaluator always sends correspondence related to the solicitation to the

Representative, including confidential information required to submit Bids on the Bid Date. The Representative of the RFP Bidder may, in the Part 1 Proposal or at any time during a solicitation, designate other authorized individuals to receive communications from the Independent Evaluator as well.

- If the RFP Bidder has not previously qualified, the Officer of the RFP Bidder must designate an individual to serve as Representative of the RFP Bidder. The RFP Bidder must provide the name, title, and full contact information (address, phone number, email address) of the individual named by the Officer of the RFP Bidder who will serve as Representative of the RFP Bidder.
- A previously qualified RFP Bidder either must confirm that the previously submitted contact information for the Representative of the RFP Bidder remains valid or must update this information. The Officer of the RFP Bidder may, at his or her option, name another individual to serve as Representative by providing all the required contact information.

IV.1.5. Representations by the Officer of the RFP Bidder. Whether or not the RFP Bidder has previously qualified, the Officer of the RFP Bidder must certify that:

- he/she is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder;
- the Part 1 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date;
- all information provided in the Part 1 Proposal is true and accurate to the best of the Officer's knowledge and belief; and
- if, for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid before the sixth business day after the Bid Date, the Officer of the RFP Bidder or the Representative will notify the Independent Evaluator of such changes as soon as practicable but in no event later than one (1) day before the Bid Date.

IV.1.6. All information and certifications in this Section IV.1 must be provided exclusively by completing Section 1 of the Part 1 Form, as further explained in Article VII.

IV.2. Financial Requirements

IV.2.1. An RFP Bidder includes in its Part 1 Proposal one (1) copy of any document required in this Section IV.2, either in hard copy or electronically on a CD.

IV.2.2. Election of Entity on Whose Financial Standing the RFP Bidder is Relying. For purposes of a creditworthiness evaluation, each RFP Bidder elects either: (a) to rely on its own financial standing; or: (b) to rely on the financial standing of another entity. The other entity on whose financial standing the RFP Bidder is relying is either a guarantor (the "RFP Guarantor"), or a Principal if the RFP Bidder is submitting a Proposal under an Agency Agreement. The requirements for an RFP Bidder submitting a Proposal under an Agency Agreement are further explained in Section IV.6.

- An RFP Bidder that has not previously qualified must clearly select one of these two (2) options in its Part 1 Proposal. If the RFP Bidder is relying on the financial standing of another entity, the RFP Bidder must provide that entity's legal name and address.
- A previously qualified RFP Bidder must confirm that the identity of the entity on whose financial standing the RFP Bidder last relied remains valid in order to participate in the abbreviated Part 1 Proposal process. If the RFP Bidder changes the identity of the entity on whose financial standing the RFP Bidder relies, the RFP Bidder must use the Standard Part 1 Form and submit all information required for the Part 1 Proposal if the RFP Bidder had not previously qualified.

IV.2.3. Financial Information. The financial information submitted in the Part 1 Proposal pertains to the entity on whose financial standing the RFP Bidder is relying, as specified in response to Paragraph IV.2.2.

- Whether or not the RFP Bidder has previously qualified, an RFP Bidder that selects option (a) in Paragraph IV.2.2 must include available financial information for the RFP Bidder in its Part 1 Proposal. If available, the RFP Bidder must submit its most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any

accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement. If the SEC Form 10-Q/10-K is unavailable, the RFP Bidder must submit its most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the RFP Bidder's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the RFP Bidder. The requirements for this attestation are more specifically provided in Appendix 5 of these RFP Rules. If such financial information is unavailable for the RFP Bidder, the RFP Bidder must clearly state this fact.

- Whether or not the RFP Bidder has previously qualified, an RFP Bidder that selects option (b) in Paragraph IV.2.2 relies on the financial standing of another entity (an RFP Guarantor or a Principal) and financial information must be available for such an entity. An RFP Bidder must submit, if available, the entity's most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent SEC Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement. If the SEC Form 10-Q/10-K is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 5 of these RFP Rules.

IV.2.4. Credit Ratings. The credit ratings submitted in the Part 1 Proposal pertain to the entity on whose financial standing the RFP Bidder is relying, as specified in response to Paragraph IV.2.2.

- An RFP Bidder that has not previously qualified must submit all available credit ratings for the entity on whose financial standing it is relying. This entity is the RFP Bidder if the RFP

Bidder selects option (a) in Paragraph IV.2.2. This entity is the RFP Guarantor or a Principal if the RFP Bidder selects option (b) in Paragraph IV.2.2. The RFP Bidder must submit all available ratings from the following rating agencies: Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings ("Fitch"). If no ratings are available for the entity, the RFP Bidder must clearly state this fact.

- A previously qualified RFP Bidder must confirm that the credit ratings last submitted for the entity on whose financial standing the RFP Bidder relies remain valid or the RFP Bidder must update this information with respect to any or all of the credit ratings. The Independent Evaluator uses the information submitted by such RFP Bidder in the most recent solicitation under this RFP for which the RFP Bidder submitted a successful Part 1 Proposal. If the RFP Bidder updates the information, the RFP Bidder must state the name of the rating agency that has updated its credit rating, the updated credit rating, and the type of rating. The Independent Evaluator may also inquire specifically about one or more credit ratings on file for the entity on whose financial standing the RFP Bidder and ask the RFP Bidder to confirm that no updates have been issued.

IV.2.5. All information and certifications in this Section IV.2 must be provided exclusively by completing Section 2 of the Part 1 Form, as further explained in Article VII.

IV.3. Letters of Credit and Default Service SMA Documents

IV.3.1. Standard Pre-Bid Letter of Credit. RFP Bidders have an opportunity, in the Part 1 Proposal, to propose modifications to the Pre-Bid Letter of Credit.

- Whether or not the RFP Bidder has previously qualified, an RFP Bidder must, in its Part 2 Proposal, submit a Pre-Bid Letter of Credit in an amount of at least: $250,000 per tranche bid on products for the RES, SC, and MC Classes and $125,000 per tranche bid on products for the LC&I Class.

  This Pre-Bid Letter of Credit must be in the form of the Standard Pre-Bid Letter of Credit provided as Appendix 8 to these RFP Rules or must incorporate only modifications that have been approved by PECO and the Independent Evaluator.

- As part of the Part 1 Proposal, an RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. The Draft Pre-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with the Part 1 Proposal, or it may be emailed to the Independent Evaluator at PecoProcurement@nera.com. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.
- All approved modifications to the Standard Pre-Bid Letter of Credit will be posted to the RFP Web site. Each RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.

IV.3.2. Standard Post-Bid Letter of Credit. RFP Bidders have an opportunity, in the Part 1 Proposal, to propose modifications to the Post-Bid Letter of Credit.

- The Default Service SMA includes, as Exhibit C, a Form of Letter of Credit that may be used to post security under the terms of the Default Service SMA. This paragraph refers to this letter of credit as the "Standard Post-Bid Letter of Credit".
- Whether or not the RFP Bidder has previously qualified, an RFP Bidder may, in its Part 1 Proposal, request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. The Draft Post-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with the Part 1 Proposal, or it may be emailed to the Independent Evaluator at PecoProcurement@nera.com. A Draft Post-

Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

- All approved modifications to the Standard Post-Bid Letter of Credit will be posted to the RFP Web site. Each RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.

IV.3.3. Information to Prepare the Default Service SMA. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers. Such RFP Bidder must, in its Part 2 Proposal, submit two (2) signed original Default Service SMAs, including all exhibits. The Default Service SMA is a document that the Independent Evaluator transmits to the RFP Bidder pursuant to a successful Part 1 Proposal. The Independent Evaluator transmits this document electronically either on a CD sent by overnight delivery to the Representative of the RFP Bidder or by secure file transfer, depending on the RFP Bidder's election under Paragraph IV.1.3.

- Such RFP Bidder that has not previously qualified must provide all information needed to prepare for execution the Default Service SMA, including all exhibits. The RFP Bidder will be required to specify any elections to be made in the Default Service SMA and to provide the contact information to prepare the form of notice, which is appended as Exhibit H to the Default Service SMA.

- Such previously qualified RFP Bidder either must confirm that all previously submitted information for preparation of the Default Service SMA and all exhibits remains valid or the RFP Bidder must update this information.

IV.3.4. Ability to Perform. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers.

- Whether or not the RFP Bidder has previously qualified, the Officer of the Bidder must certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service SMA and each Transaction Confirmation.

IV.3.5. Guaranty. The requirements of this Paragraph apply only to RFP Bidders that rely on the financial standing of an RFP Guarantor. The requirements of this Paragraph apply to all RFP Bidders that rely on the financial standing of an RFP Guarantor, whether or not such RFP Bidders are previously qualified RFP Bidders or Default Suppliers, with one exception. If a Default Supplier relies on the financial standing of an RFP Guarantor and the Guaranty Amount under the guaranty currently held by PECO is equal to the RFP Guarantor's Unsecured Credit Limit, then such Default Supplier is exempted from the requirements of this Paragraph and of Paragraph IV.7.3. All other RFP Bidders that rely on the financial standing of an RFP Guarantor must, in the Part 1 Proposal, provide all information that will be needed to prepare the guaranty for execution. The Independent Evaluator uses this information to prepare the guaranty. The guaranty is a document that the Independent Evaluator transmits to each such RFP Bidder pursuant to a successful Part 1 Proposal. The Independent Evaluator transmits this document electronically either on a CD sent by overnight delivery to the Representative of the RFP Bidder or by secure file transfer, depending on such RFP Bidder's election under Paragraph IV.1.3.

- Such RFP Bidder that has not previously qualified will be required: (i) to specify the governing laws under which the RFP Guarantor is organized; (ii) to provide contact information for the RFP Guarantor, including the name and title of the signatory of the guaranty for notices under the guaranty; (iii) to make its elections to incorporate any or all of the approved modifications to the Form of Guaranty.
- Such previously qualified RFP Bidder either must confirm that the previously submitted information needed to prepare the guaranty, including any previous elections, remains valid or must update this information. Further, if there are any modifications to the Form of Guaranty newly approved for the current solicitation, such RFP Bidder must submit its elections for these modifications.
- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may participate in the Guaranty Process, as explained in Paragraph I.3.1 and in Appendix 2.

IV.3.6. All information and certifications in this Section IV.3 must be provided exclusively by completing Section 3 of the Part 1 Form, as further explained in Article VII.

IV.4. Regulatory Representations

IV.4.1. FERC Authorization. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers.

- Whether or not such RFP Bidder has previously qualified, the Officer of such RFP Bidder must certify that the RFP Bidder has FERC authorization to make sales of energy, capacity, and ancillary services at market-based rates in PJM.
- Although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if such RFP Bidder becomes a Default Supplier.

IV.4.1. PJM Load Serving Entity. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers and that are not previously qualified RFP Bidders. A Default Supplier must be a Load Serving Entity ("LSE") by the start of the supply period.

- Such RFP Bidder that has not previously qualified must, in its Part 1 Proposal, either: (i) demonstrate that the RFP Bidder is a Load Serving Entity ("LSE") in PJM by providing the signature page of the Reliability Assurance Agreement ("RAA"); or (ii) certify that the RFP Bidder has investigated the requirements to become an LSE in PJM and that there exist no impediments for the RFP Bidder to become an LSE by the start of the supply period and to remain an LSE for the duration of the supply period.
- Such RFP Bidder that previously qualified has already satisfied this requirement and is not required to submit information anew.

IV.4.2. The certifications and documents in this Section IV.4 must be provided exclusively by completing Section 4 of the Part 1 Form, as further explained in Article VII.

IV.5. Additional Representations

IV.5.1. The Officer of an RFP Bidder that has not previously qualified must, in the Part 1 Proposal, affirmatively accept the terms of the Default Service SMA and of the RFP.

- The Officer of the RFP Bidder must certify that the he/she understands the terms of the Default Service SMA, that the RFP Bidder accepts all of the terms of the Default Service SMA without modifications, and that the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.
- The Officer of the RFP Bidder must acknowledge that the submission of the Part 1 Proposal constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of the RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

IV.5.2. Whether or not an RFP Bidder has previously qualified, the Officer of the RFP must certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of this RFP. An RFP Bidder found to be acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator.

IV.5.3. The certifications in this Section IV.5 must be provided exclusively by completing Section 5 of the Part 1 Form, as further explained in Article VII.

IV.6. RFP Bidders Under an Agency Agreement

IV.6.1. The requirements of this Section IV.6 apply only to RFP Bidders submitting a Proposal under an agency authorization ("Agency Agreement"); other RFP Bidders are not subject to the requirements of this Section IV.6.

IV.6.2. Certifications. The Officer of an RFP Bidder submitting a Proposal under an Agency Agreement must make the following certifications.

- Whether or not an RFP has previously qualified, the Officer of such RFP Bidder must certify that the Officer of the RFP Bidder has the authority to bind the Principal(s).
- If an RFP Bidder has not previously qualified, the Officer of the RFP Bidder must acknowledge that an Officers' Certificate, substantially in the form of Appendix 6 to these RFP Rules, must be provided with the Part 2 Proposal.

IV.6.3. Additional Requirements. An RFP Bidder submitting a Proposal under an Agency Agreement must comply with the following additional requirements.

- If such RFP Bidder has not previously qualified, the RFP Bidder must:

  (1) identify the Principal or Principals to the Agency Agreement;

  (2) provide one (1) copy of its Agency Agreement with its Part 1 Proposal, either in hard copy or electronically on a CD;

  (3) identify a Principal as the entity on whose financial standing the RFP Bidder relies, and for which financial information is provided under Section IV.2. If the RFP Bidder is acting as an agent for multiple Principals, the RFP Bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the RFP Bidder relies. If several Principals have the same lowest credit rating, the RFP Bidder must identify the Principal that also has the lowest tangible net worth as the entity on whose financial standing the RFP Bidder relies.

- If such RFP Bidder has previously qualified, the RFP Bidder either must confirm that the previously submitted information remains value or must update this information.

IV.6.4. Draft Officers' Certificate. Whether or not the RFP Bidder has previously qualified, an RFP Bidder submitting a Proposal under an Agency Agreement may, but is not required to, submit a draft Officers' Certificate for evaluation. If an RFP Bidder submits a draft Officers' Certificate for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the Officers' Certificate, along with the Part 1 Notification. This Officers' Certificate will state that: (i) the Agency Agreement submitted in response to this RFP is a true and complete copy of the Agency Agreement as currently in effect; (ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to six (6) business days following the Bid Date; (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement, contemplated by the RFP Bidder, or contemplated by the Principal(s) to the RFP Bidder's knowledge; (iv) each individual who has executed the Officers' Certificate, the Agency Agreement, and the Default Service SMA is (or was at the time of the

execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and (v) the Officer of the RFP Bidder is authorized to execute any Transaction Confirmation(s) pursuant to the Default Service SMA on behalf of the Principal(s).

IV.6.5. The information required by this Section IV.6 must be provided exclusively by completing Section 6 of the Part 1 Form, as further explained in Article VII.

IV.7. Foreign RFP Bidders and Foreign Entities

IV.7.1. The requirements of this Section apply only to: (1) Foreign RFP Bidders that seek to be granted unsecured credit under the terms of the Default Service SMA; or (2) RFP Bidders that that rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). Other RFP Bidders are not subject to the requirements of this Section.

IV.7.2. Additional requirements for Foreign RFP Bidders.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may provide, in addition to supplying all required information and documents under Section IV.2, any additional evidence of creditworthiness so as to provide PECO with comparable assurances of creditworthiness as is applicable for an RFP Bidder that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.
- If such RFP Bidder has not previously qualified, the Officer of a Foreign RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service SMA: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the

Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may, but is not required to, submit a draft of the following documents for evaluation: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel for the Foreign RFP Bidder that is sufficient. If such RFP Bidder submits a draft of these documents for evaluation, the Independent Evaluator will provide this evaluation to such RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.

IV.7.3. Additional requirements for RFP Bidders relying on the financial standing of a Foreign Guarantor.

- Whether or not such RFP Bidder has previously qualified, an RFP Bidder relying on the financial standing of a Foreign Entity as RFP Guarantor may provide, in addition to supplying all required information and documents under Section IV.2, any additional evidence of creditworthiness for the RFP Guarantor so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

- If such RFP Bidder has not previously qualified, the Officer of such RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign Entity as RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Default Service SMA: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA.
- Whether or not such RFP Bidder has previously qualified, the RFP Bidder may, but is not required to, submit with its Part 1 Proposal a draft of the following documents: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has

approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA. Exhibit G to the Default Service SMA includes a sample for the legal opinion of outside counsel that is sufficient for a Foreign Entity as RFP Guarantor. If an RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.

IV.7.4. Additional Requirements for RFP Bidders submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder an RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal may, in addition to supplying all required information and documents under Section IV.2, provide any additional evidence of creditworthiness for the Principal so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.
- If such RFP Bidder has not previously qualified, the Officer of such RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and the Foreign Entity as Principal to be granted unsecured credit under the terms of the Default Service SMA: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary

(or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may, but is not required to, submit with its Part 1 Proposal a draft of the following additional documents: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel that is sufficient for the Foreign Entity as Principal (Seller). If an RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.

IV.7.5. The information required by this Section must be provided exclusively by completing Section 7 of the Part 1 Form, as further explained in Article VII.

ARTICLE V. Part 2 Proposal Requirements

V.1. Contact Information and Representations

V.1.1. Contact Information for the RFP Bidder. The RFP Bidder has an opportunity to update contact information provided in the Part 1 Proposal for the RFP Bidder or any individual. Whether or not the RFP Bidder is previously eligible, the RFP Bidder either must confirm that the contact information remains valid or must update this information.

V.1.2. Representations of the Officer of the RFP Bidder. For a given solicitation, all representations and certifications must be made by a single individual who serves as Officer of the RFP Bidder. All representations and certifications required by this RFP may be made at a single point in time and RFP Bidders have the option to submit the Part 1 Form and the Part 2 Form together during the Part 1 Window. If an RFP Bidder did not avail itself of this option and if the Officer of the RFP Bidder who made the representations and certifications of the Part 1 Form is unavailable to make the representations of the Part 2 Form, the RFP Bidder must re-submit the Part 1 Form in its entirety naming a new individual to serve as Officer of the RFP Bidder by the Part 2 Date, and that Officer of the RFP Bidder must make all representations and certifications required by the Part 1 Form and the Part 2 Form. Whether or not the RFP Bidder is previously eligible, the Officer of the RFP Bidder must certify that:

- the Part 2 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date and if any information provided in the Part 2 Proposal changes or any previous certification fails to remain valid during that time, the RFP Bidder will notify the Independent Evaluator as soon as practicable;
- the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal by another RFP Bidder in response to this solicitation or any future solicitation under this RFP. Such information includes, but is not limited to: the fact that another RFP Bidder is submitting a Proposal in response to this solicitation or a subsequent solicitation under this RFP; the Bids by another RFP Bidder in this or in a subsequent

solicitation under this RFP; the number of tranches bid by another RFP Bidder for any product in this or in a subsequent solicitation under this RFP; the estimation by another RFP Bidder of the value of a tranche of a product; the estimation by another RFP Bidder of the risks associated with providing supply under the Default Service SMA; the preference of another RFP Bidder for bidding on specific products in this or in a subsequent solicitation under the RFP; and the contractual arrangements for power of another RFP Bidder to serve tranches of Default Service Load were that RFP Bidder to become a Default Supplier. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation;

- although the RFP Bidder may disclose aspects of its Proposal in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors (if any), any such communication is made in a manner that can reasonably be expected to maintain the confidentiality of its Proposal;
- with only the exceptions noted in the immediately previous certification, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in any solicitation under the RFP, or on the contents of the Proposal that another RFP Bidder would be willing to submit in response to the RFP. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids in this or in a subsequent solicitation under this RFP; the RFP Bidder's number of tranches bid for any product in this or in a subsequent solicitation under this RFP; the RFP Bidder's estimation of the value of a tranche of a product; the RFP Bidder's estimation of the risks associated with providing supply under the Default Service SMA; and the RFP Bidder's preference for bidding on specific products in this or in a subsequent solicitation under this RFP. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation;

- any Bid on any product submitted in response to this RFP for this solicitation is binding until six (6) business days after the Bid Date and constitutes a binding and irrevocable offer to provide service under the terms of the Default Service SMA at the price specified in the Bid;
- if the Commission approves some or all of the RFP Bidder's Bids, the Officer of the RFP Bidder or the Designee will execute, or will nominate another authorized individual to execute, all Transaction Confirmations required by the Commission's decision under the Default Service SMA by 2 PM of the fourth business day after the Bid Date; and
- In any such Transaction Confirmation, the RFP Bidder will specify a price for each type of AECs (Tier I, Tier I Solar, and Tier II) that is included in the RFP Bidder's winning Bids and each such price must be greater than $0/AEC.

V.1.3. The information required by this Section V.1 must be provided exclusively by completing Section 1 of the Part 2 Form, as further explained in Article VII.

V.2. Pre-Bid Letter of Credit

V.2.1. Whether or not an RFP Bidder is previously eligible, the RFP Bidder must provide an executed Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder and acceptable to PECO, in an amount of at least: $250,000 per tranche bid on products for the RES, SC, and MC Classes and $125,000 per tranche bid on products for the LC&I Class in accordance with the requirements of this Section V.2. A single Pre-Bid Letter of Credit is submitted even if the RFP Bidder bids on more than one product or more than one Class.

V.2.2. The RFP Bidder must either use the Standard Pre-Bid Letter of Credit provided in Appendix 8 to these RFP Rules, or the RFP Bidder must submit a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals. All approved modifications will be posted to the RFP Web site. An RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification. The RFP Bidder cannot, in its Part 2 Proposal, propose or incorporate any modification to its Pre-Bid Letter of Credit other than the modifications approved and posted as such on the RFP Web site.

V.2.3. Payment under the Pre-Bid Letter of Credit can be demanded by PECO if: (i) the RFP Bidder has made a material omission or misrepresentation in its Part 1 Proposal or in its Part 2 Proposal; (ii) the RFP Bidder discloses information relating to its Proposal publicly or to any other party before the Commission has either approved or rejected each of the winning Bids for this solicitation; or (iii) the Commission approves some or all of the RFP Bidder's Bids and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Default Service SMA or fails to meet the creditworthiness requirements of the Default Service SMA upon execution of the Transaction Confirmations.

V.2.4. PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than six (6) business days after the Bid Date. An RFP Bidder may, in Section 2 of the Part 2 Form, provide special instructions for the return of the Pre-Bid Letter of Credit. If the Commission does not approve any of the RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within three (3) business days of the Bid Date.

V.2.5. Acknowledgment of Documents Required. If the Part 2 Form is submitted for early processing and the Pre-Bid Letter of Credit is not included with the Part 2 Form, the Officer of the RFP Bidder acknowledges that the Pre-Bid Letter of Credit is required.

V.2.6. The information required by this Section V.2 must be provided exclusively by completing Section 2 of the Part 2 Form, as further explained in Article VII.

V.3. Default Service SMA Documents

V.3.1. Default Service SMA. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers. The Independent Evaluator, using the information provided by the RFP Bidder in its Part 1 Proposal in response to the requirements of Paragraph IV.3.3, prepares the Default Service SMA, including all necessary exhibits, for execution. Each RFP Bidder that qualified pursuant to a successful Part 1 Proposal receives from the Independent Evaluator the Default Service SMA, which the Independent Evaluator either transmits by secure file transfer or saves electronically on a CD that is sent by overnight delivery service. The individual who signs the

Default Service SMA is either the Officer of the RFP Bidder or the Designee named in the Part 1 Proposal. Whether or not the RFP Bidder is previously eligible:

- the RFP Bidder must print two (2) originals of the Default Service SMA document that the RFP Bidder received directly from the Independent Evaluator upon qualifying pursuant to a successful Part 1 Proposal;
- the Officer of the RFP Bidder or the Designee must sign:
  - The two (2) signature pages of the originals of the Default Service SMA; and
  - The two (2) originals of Exhibit J, the PJM Declaration of Authority.
- The RFP Bidder must submit both originals of the Default Service SMA, including all exhibits.

V.3.2. Guaranty. The Independent Evaluator, using the information provided by the RFP Bidder in its Part 1 Proposal in response to the requirements of Paragraph IV.3.5, prepares the guaranty for execution. With the exception of a Default Supplier that posted a guaranty in an amount equal to its RFP Guarantor's Unsecured Credit Limit, each RFP Bidder that qualified pursuant to a successful Part 1 Proposal and that relies on the financial standing of an RFP Guarantor receives from the Independent Evaluator the guaranty, which the Independent Evaluator either transmits by secure file transfer or saves electronically on a CD that is sent by overnight delivery service. If an RFP Bidder is a Default Supplier, the guaranty submitted under this Paragraph will replace the existing guaranty should the RFP Bidder have winning Bids approved by the Commission in this solicitation and PECO will return the existing guaranty upon execution of the guaranty submitted under this Paragraph. Whether or not the RFP Bidder is previously eligible:

- The RFP Bidder or RFP Guarantor must print two (2) originals of the guaranty received from the Independent Evaluator;
- The RFP Guarantor must fill in the Guaranty Amount, which is the maximum aggregate liability under the terms of the guaranty.
  - If an RFP Bidder is a Default Supplier, the Guaranty Amount must meet or exceed the lesser of (i) the Unsecured Credit Limit corresponding to the RFP Guarantor lowest Credit Rating most recently published by S&P, Fitch and/or Moody's and the RFP

Guarantor TNW Amount; (ii) the sum of the Guaranty Amount of any current guaranty held by PECO under the Default Service SMA with the RFP Bidder and $600,000 per tranche bid.

  - If an RFP Bidder is not a Default Supplier, the Guaranty Amount must meet $600,000 per tranche bid.

- The RFP Guarantor must sign two (2) originals of the guaranty.
- The RFP Bidder must submit the two (2) signed originals of the guaranty and the Guaranty Amount must comply with the requirements of this Paragraph.

V.3.3. Enforceability Opinion for an Alternate Guaranty. The Guaranty Process allows a supplier unable to use the Form of Guaranty provided as Exhibit F to the Default Service SMA to submit for consideration by PECO the guaranty that the supplier uses in its normal course of business. Such a guaranty is called an "alternate guaranty" and the process by which suppliers may obtain approval to use an alternate guaranty is described in Appendix 2. The requirements of this Paragraph only apply to RFP Bidders that obtained approval from PECO to use an alternate guaranty form and that were not previously eligible. Such RFP Bidder must provide, with its Part 2 Proposal, an executed enforceability opinion for its approved alternate guaranty form on the letterhead of a law firm of national standing.

V.3.4. Acknowledgment of Documents Required. The requirements of this Paragraph do not apply to RFP Bidders that are Default Suppliers and that do not rely on the financial standing of an RFP Guarantor. If the Part 2 Form is submitted for early processing, the Officer of an RFP Bidder acknowledges the Default Service SMA documents that are required for the particular circumstances of the RFP Bidder:

- The Officer of an RFP Bidder that is not a Default Supplier and that relies on its own financial standing of an RFP acknowledges that two (2) originals of the Default Service SMA are required;

- The Officer of an RFP Bidder that is not a Default Supplier and that relies on the financial standing of an RFP Guarantor acknowledges that two (2) originals of the Default Service SMA are required and two (2) originals of the guaranty are required.

V.3.5. The information required by this Section V.3 must be provided exclusively by completing Section 3 of the Part 2 Form, as further explained in Article VII

V.4. RFP Bidders under an Agency Agreement

V.4.1. The requirements of this Section V.4 apply only to RFP Bidders submitting a Proposal under an Agency Agreement; other RFP Bidders are not subject to the requirements of this Section V.4.

V.4.2. Officers' Certificate. Whether or not the RFP Bidder is previously eligible, the RFP Bidder must submit an Officers' Certificate substantially in the form of Appendix 6 to these RFP Rules. The Officers' Certificate must be signed by an officer of each Principal.

- The Officers' Certificate must be signed by an officer of each Principal.
- The Officers' Certificate states that: (i) the copy of the Agency Agreement submitted with the Part 1 Proposal is a true and complete copy of the Agency Agreement as currently in effect; (ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to six (6) business days following the Bid Date; (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement; (iv) each individual who has executed the Officers' Certificate, the Agency Agreement, and the Default Service SMA submitted with the Part 2 Proposal is (or was at the time of the execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and (v) the Officer of the RFP Bidder is authorized to execute any Transaction Confirmation pursuant to the Default Service SMA on behalf of the Principal(s).
- An Officers' Certificate submitted by a previously eligible RFP Bidder and that was previously acceptable to PECO will remain acceptable to PECO unless there has been a change in the circumstances of the RFP Bidder submitting a Proposal under an Agency Agreement.

V.4.3. Signatory to the Default Service SMA. If the Principal does not authorize the RFP Bidder to sign the Default Service SMA or to execute a Transaction Confirmation, such RFP Bidder must name a representative of the Principal who will sign the Default Service SMA and all necessary exhibits as required by Section V.3 and who will be authorized to sign any Transaction Confirmation should such RFP Bidders have winning Bids that are approved by the Commission.

- If such RFP Bidder is not previously eligible, the RFP Bidder must name a representative of a Principal authorized to sign the Default Service SMA and any Transaction Confirmation and provide contact information for this individual (address, phone number, and email address).
- If such RFP Bidder is previously eligible, the RFP Bidder either: (i) must confirm that the representative of the Principal remains authorized to sign the Default Service SMA and any Transaction Confirmation and that the previously submitted contact information remains valid; or: (ii) must update this information.

V.4.4. An RFP Bidder that relies on the financial standing of a Principal that is a Foreign Entity must also comply with requirements detailed in Section V.5.

V.4.5. The information required by this Section V.4 must be provided exclusively by completing Section 4 of the Part 2 Form, as further explained in Article VII.

V.5. Foreign RFP Bidders and Foreign Entities

V.5.1. The requirements of this Section V.5 apply only to Foreign RFP Bidders that seek to be granted unsecured credit under the terms of the Default Service SMA or to RFP Bidders that rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). Other RFP Bidders are not subject to the requirements of this Section V.5.

V.5.2. Required Documents for Foreign RFP Bidders. A Foreign RFP Bidder receives from the Independent Evaluator upon successfully completing the Part 1 Proposal a provisional creditworthiness assessment that presumes the receipt of the following fully executed additional documents: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign

RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel for the Foreign RFP Bidder that is sufficient.

- If the Foreign RFP Bidder is not previously eligible, such RFP Bidder must submit these fully executed documents in a form acceptable to PECO for the Independent Evaluator to confirm the creditworthiness assessment provided with the Part 1 Notification. If the Foreign RFP Bidder submits these fully executed documents in a form acceptable to PECO, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit.
- If the Foreign RFP Bidder is previously eligible and has previously submitted these additional documents in a form acceptable to PECO, such RFP Bidder either: (i) must confirm that these documents remain valid; or (ii) must update any document that failed to remain valid. The Independent Evaluator confirms the creditworthiness assessment in the Part 2 Notification if all required documents are submitted and are acceptable to PECO. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit.

V.5.3. Required Documents for RFP Bidders with a Foreign Entity as RFP Guarantor. If a Default Supplier relies on the financial standing of an RFP Guarantor and the Guaranty Amount under the guaranty currently held by PECO is equal to the RFP Guarantor's Unsecured Credit Limit, then such Default

Supplier is exempted from the requirements of this Paragraph. An RFP Bidder that relies on the financial standing of a Foreign Entity as RFP Guarantor receives, with its Part 1 Notification, a provisional creditworthiness assessment for its RFP Guarantor that presumes the receipt of the following fully executed additional documents in a form acceptable to PECO: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel that is sufficient for the Foreign Entity as RFP Guarantor.

- If such RFP Bidder is not previously eligible, such RFP Bidder must submit these fully executed documents in a form acceptable to PECO for the Independent Evaluator to confirm the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder submits these fully executed documents and these documents are acceptable to PECO, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder does not submit these documents, or if these documents are not acceptable to PECO, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign Entity as RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any

guaranty submitted in the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional information regarding the RFP Bidder under Section IV.2.

- If such RFP Bidder is previously eligible and has submitted these additional documents in a form acceptable to PECO, such RFP Bidder either: (i) must confirm that these documents remain valid; or (ii) must update any document that failed to remain valid. The Independent Evaluator confirms the creditworthiness assessment provided with the Part 1 Notification if the RFP Bidder all required documents are submitted and are acceptable to PECO. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any guaranty submitted with the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional information regarding the RFP Bidder under Section IV.2.

V.5.4. Required Documents for RFP Bidders with a Foreign Entity as Principal. An RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal receives, with its Part 1 Notification, a provisional creditworthiness assessment that presumes the receipt of the following documents fully executed and acceptable to PECO: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel that is sufficient for a Foreign Entity as Principal (Seller).

- If such RFP Bidder is not previously eligible, such RFP Bidder must submit these fully executed documents in a form acceptable to PECO for the Independent Evaluator to confirm

the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder submits these fully executed documents and these documents are acceptable to PECO, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder does not submit these documents, or if these documents are not acceptable to PECO, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and the Foreign Entity as Principal are not granted unsecured credit.

- If such RFP Bidder is previously eligible, such RFP Bidder either: (i) must confirm that these documents remain valid; or (ii) must update any document that failed to remain valid. The Independent Evaluator confirms the creditworthiness assessment provided with the Part 1 Notification if the RFP Bidder all required documents are submitted and are acceptable to PECO. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and the Foreign Entity as Principal are not granted unsecured credit.

V.5.5. The information required by this Section V.5 must be provided exclusively by completing Section 5 of the Part 2 Form, as further explained in Article VII.

ARTICLE VI. Bid Submission

VI.1.1. The Independent Evaluator prepares an electronic Bid Form for each RFP Bidder qualified pursuant to a successful Part 1 Proposal. If the RFP Bidder cannot bid on all tranches available of a product because of the Load Cap to which such product belongs and because of tranches previously won by the RFP Bidder, the Bid Form reflects that fact. The Independent Evaluator sends at the same time instructions for completion of the Bid Form, for the optional encryption of the Bid Form, for electronic transfer of the completed Bid Form to the Independent Evaluator, for an alternate submission method for Bids in case of technical difficulties with the electronic transfer, as well as information used for authenticating the Bids, including the RFP Bidder's unique username, password, and security codes. The Independent Evaluator transmits these materials, the Part 1 Materials, by secure file transfer or sends these materials saved electronically to a CD by overnight delivery service within two (2) business days of the Part 1 Notification Date. The Independent Evaluator requires a confirmation of receipt of these materials by fax or email.

VI.1.2. The exclusive method for submitting an RFP Bidder's Bids is the Bid Form. An RFP Bidder must fill out all required information on the Bid Form according to the instructions provided by the Independent Evaluator. An RFP Bidder may, but is not required to, encrypt its Bid Form. Encryption provides an additional layer of protection for the confidentiality of the RFP Bidder's data. An RFP Bidder must submit the Bid Form to the Independent Evaluator through a secure file transfer system according to the instructions provided by the Independent Evaluator. An RFP Bidder must fill out contact information on its Bid Form and the Independent Evaluator will use that information to confirm receipt of the Bids. All instructions noted in this Paragraph are included in the Part 1 Materials.

VI.1.3. In case of technical difficulties while using the secure file transfer system, the Independent Evaluator will instruct the RFP Bidder to print the Bid Form and fax it to the Independent Evaluator. If the RFP Bidder does not have immediate fax capabilities, the Independent Evaluator will accept an email submission; however, the Independent Evaluator will recommend that the Bid

Form in this case be encrypted and the Independent Evaluator will note for the RFP Bidder that such transmission may not be secure. An RFP Bidder that is not able to use the secure file transfer system must advise the Independent Evaluator of that fact by phone and must at that time provide authenticating information. The Independent Evaluator will provide additional instructions for such a contingency that will be included with the Part 1 Materials.

VI.1.4. All Bid Forms must be received between 10 AM and 12 PM (noon) on the Bid Date. No late Bid Forms will be accepted regardless of the method used by the RFP Bidder to submit its Bid Form.

VI.1.5. A Bid for a tranche for any product is a price in U.S. Dollars per MWh, in the format $xx.xx or $xxx.xx, rounded to the nearest cent. The number of tranches bid on a product is the number of tranches of that product for which a Bid is provided.

VI.1.6. A Bid that is not expressed in dollars per MWh will automatically be rejected. A Bid that that has more than two (2) decimals will be automatically rounded to the nearest cent.

VI.1.7. The RFP Bidder may not bid on less than a full tranche for a product. The RFP Bidder may not bid on fractions, portions, or parts of tranches.

VI.1.8. The RFP Bidder may not submit any additional instructions, contingencies, or conditions on its Bids. Any such additional instructions, contingencies, or conditions will be ignored.

VI.1.9. An RFP Bidder may not submit Bids that exceed the Load Caps and the Bid Form will include guidance for the RFP Bidder so that the RFP Bidder submits Bids that conform with the Load Caps. The Load Caps are described in Paragraph I.2.8.

VI.1.10. The number of tranches bid for an RFP Bidder may not exceed the number of tranches supported by the Pre-Bid Letter of Credit. The amount of the Pre-Bid Letter of Credit is described in Paragraph V.2.1. The procedure used by the Independent Evaluator to modify the Bid Form is described in Paragraph VI.1.10.

VI.1.11. Bids are evaluated on a price-only basis, in accordance with the process described in Section VII.2.

ARTICLE VII. Process

VII.1. Part 1 and Part 2 Proposals: Submission and Processing

VII.1.1. The Independent Evaluator, for the purposes of this RFP, transmits all communications to the Representative of the RFP Bidder. In its Part 1 Proposal, the RFP Bidder elects whether to receive notifications from the Independent Evaluator by email or by fax. In its Part 1 Proposal, the RFP Bidder elects whether documents and manuals from the Independent Evaluator are transmitted by secure file transfer or are saved electronically to a CD that is sent by overnight delivery service. If the RFP Bidder elects to receive communications from the Independent Evaluator by email and secure file transfer, the Representative or the Officer of the RFP Bidder may designate up to three (3) Nominees who will also receive communications from the Independent Evaluator.

VII.1.2. Any notification or written communication will be deemed received by the RFP Bidder at the time of delivery or transmission, provided that when delivery or transmission occurs after 6 PM on a business day or occurs on a day that is not a business day, receipt will be deemed to occur at 9 AM on the following business day.

VII.1.3. The exclusive method of responding to the qualification standards for the Part 1 Proposal listed in Article IV of these RFP Rules is the use of the Part 1 Form. RFP Bidders that did not qualify in a previous solicitation under DSP II must use the Standard Part 1 Form provided as Appendix 3 of these RFP Rules to respond to the qualification standards described in Article IV. Previously qualified RFP Bidders may participate in an abbreviated Part 1 Proposal process by using the Short Part 1 Form provided as Appendix 4. The generic term "Part 1 Form" refers either to the Standard Part 1 Form or to the Short Part 1 Form. Responses to the qualification standards of Article IV that do not use the Part 1 Form will not be considered and the Part 1 Proposal will be considered deficient.

VII.1.4. An RFP Bidder must provide contact information for the RFP Bidder, name an Officer of the RFP Bidder who designates a Representative of the RFP Bidder, make elections on the method that the Independent Evaluator will use to transmit notifications and to transmit documents to the RFP

Bidder, and make general representations as required by Section IV.1, exclusively by completing Section 1 of the Part 1 Form. An RFP Bidder must show compliance with the financial requirements of Section IV.2 exclusively by completing Section 2 of the Part 1 Form and by providing all documents supporting the financial information and credit information as requested in that section of the Part 1 Form. The RFP Bidder must provide all information to prepare the Default Service SMA and guaranty (if applicable), as required by Section IV.3, exclusively by completing Section 3 of the Part 1 Form. The RFP Bidder must show that it has all regulatory authorizations necessary for it to legally perform its obligations under the Default Service SMA and the Transaction Confirmations as required by Section IV.4, exclusively by completing Section 4 of the Part 1 Form. An RFP Bidder must make any additional representations required by Section IV.5 exclusively by completing Section 5 of the Part 1 Form. An RFP Bidder submitting a Proposal under an Agency Agreement must provide any additional information required by Section IV.6, exclusively by completing Section 6 of the Part 1 Form. A Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Default Service SMA, or an RFP Bidder relying on the financial standing of a Foreign Entity, either an RFP Guarantor or a Principal, must provide any additional information required by Section IV.7, exclusively by completing Section 7 of the Part 1 Form.

VII.1.5. The Part 1 Proposal consists of one (1) electronic copy and two (2) hardcopy original Part 1 Forms and one (1) copy of all documents requested in the Part 1 Form and in Article IV of these RFP Rules. One (1) copy of the Part 1 Form, as well as any Draft Letter of Credit, must be submitted electronically in Microsoft Word, either on a CD that is included with the Part 1 Proposal or by email to the Independent Evaluator at PecoProcurement@nera.com. Any documents required by the Part 1 Form must be submitted either electronically (on a CD that is included with the Part 1 Proposal or by email to the Independent Evaluator at Pecoprocurement@nera.com) or in hard copy.

VII.1.6. An RFP Bidder must deliver its hardcopy Part 1 Forms and any documents that the RFP Bidder submits in hardcopy by certified mail, registered mail, hand delivery, or overnight delivery service to the Independent Evaluator by 12 PM (noon) on the Part 1 Date at the following address: NERA - Independent Evaluator, PECO Default Service Program RFPs, 1835 Market Street, Suite 1205,

Philadelphia, PA 19103. Photocopies and facsimiles of the Part 1 Form will not be considered. No late Part 1 Proposals will be accepted under any circumstances.

VII.1.7. The Independent Evaluator receives and processes the Part 1 Proposals during the Part 1 Window. If a Part 1 Proposal is received by mail or email, the Independent Evaluator sends an acknowledgment to the RFP Bidder consisting of the first page of the Part 1 Form stamped with the time and the date that it was received; the Independent Evaluator sends such acknowledgment by email or fax, at the RFP Bidder's option. If a Part 1 Proposal is hand-delivered, the Independent Evaluator provides an acknowledgment to the individual making the delivery consisting of a photocopy of the first page of the Part 1 Form stamped with the time and the date that it was received. The Independent Evaluator only processes Part 1 Proposals during the Part 1 Window and, if the Part 1 Proposal arrives before the Part 1 Window opens the Independent Evaluator confirms receipt no later than on the first day of the Part 1 Window.

VII.1.8. If the Part 1 Proposal arrives before 12 PM (noon) on any business day during the Part 1 Window, the Independent Evaluator sends the acknowledgment confirming receipt on the day the Part 1 Proposal is received with the results of an initial review. The initial review states either that the Part 1 Proposal is complete and is being considered, or the initial review lists items of the Part 1 Proposal that are deficient or require clarification. If a Part 1 Proposal arrives after 12 PM (noon) on any business day during the Part 1 Window prior to the Part 1 Date, the Independent Evaluator sends the acknowledgment along with the initial review by 12 PM (noon) of the next business day. The Independent Evaluator sends such acknowledgments by fax or email, at the RFP Bidder's option.

VII.1.9. An RFP Bidder that submits a Draft Pre-Bid Letter of Credit will receive a review of any proposed modifications within two (2) business days. the Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. The RFP Bidder can only submit one (1) Draft Pre-Bid Letter of Credit. Any review communicated to the RFP Bidder of the Draft Pre-Bid Letter of Credit is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this review. All modifications accepted to the Standard Pre-Bid Letter of Credit for the benefit of a single RFP Bidder will be made available to all RFP Bidders on an optional basis. All such modifications will be

posted in a single document on the RFP Web site that will be updated daily during the Part 1 Window. By 12 PM (noon) on the day the Part 2 Window opens, the final document containing all accepted modifications will be posted.

VII.1.10. An RFP Bidder that submits a Draft Post-Bid Letter of Credit will receive a review of any proposed modifications within seven (7) business days. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option The RFP Bidder can only submit one (1) Draft Post-Bid Letter of Credit. Any review communicated to the RFP Bidder of the Draft Post-Bid Letter of Credit is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this review. All modifications accepted to the Standard Post-Bid Letter of Credit for the benefit of a single RFP Bidder will be made available to all RFP Bidders on an optional basis. All such modifications will be posted in a single document on the RFP Web site that will be posted no later than 6 PM on the Part 2 Date.

VII.1.11. An RFP Bidder submitting a Proposal under an Agency Agreement that submits a Draft Officers' Certificate will receive an evaluation of this document by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of the Draft Officers' Certificate is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.12. A Foreign RFP Bidder that submits a draft of any of the documents described in Paragraph IV.7.2 will receive an evaluation of these documents by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.13. An RFP Bidder that relies on the financial standing of a Foreign Entity as RFP Guarantor and that submits a draft of any of the documents described in Paragraph IV.7.3 will receive an evaluation of these documents along by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.14. An RFP Bidder submitting a Proposal under an Agency Agreement that relies on the financial standing of a Foreign Entity as Principal and that submits a draft of any of the documents described in Paragraph IV.7.4 will receive an evaluation of these documents by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.15. The RFP Bidder includes, in its Part 1 Proposal, a certification from the Officer of the RFP Bidder that the RFP Bidder is bidding independently and is not acting in concert with another RFP Bidder. The Independent Evaluator may request additional information to ascertain that the RFP Bidder is bidding independently of other RFP Bidders. An RFP Bidder that is not bidding independently of another RFP Bidder may fail to qualify.

VII.1.16. If an RFP Bidder receives any notice from the Independent Evaluator that any item of the Part 1 Proposal is deficient or requires clarification, the RFP Bidder has until 12 PM (noon) on the Part 1 Date, or until 6 PM on the business day following the business day during which the Independent Evaluator transmits such notice, whichever comes later, to respond. If the RFP Bidder does not correct or adequately explain the deficiency within the time allowed, the Part 1 Proposal may be rejected. The Independent Evaluator sends such notice by fax or email, at the RFP Bidder's option.

VII.1.17. An RFP Bidder meets the qualification standards of this RFP if its Part 1 Proposal is received on or before 12 PM (noon) on the Part 1 Date, if its Part 1 Proposal is complete, and if its Part 1 Proposal fully complies with all requirements of Article IV.

VII.1.18. The Independent Evaluator informs each RFP Bidder of whether it has met all qualification standards of Article IV through a Part 1 Notification that the Independent Evaluators sends no later than 6 PM on the Part 1 Notification Date.

VII.1.19. If the RFP Bidder has a successful Part 1 Proposal, within two (2) business days of the Part 1 Notification Date, the Independent Evaluator transmits to the RFP Bidder a number of documents and instructions, called the Part 1 Materials. The Part 1 Materials include: (i) the Bid Form; (ii) instructions for filling out and optionally encrypting the Bid Form; (iii) instructions for the submission of the completed Bid Form from the RFP Bidder to the Independent Evaluator by secure

file transfer system; (iv) instructions for an alternate method for submission of the Bids in case of technical difficulties with the secure file transfer system; (v) an invitation to a training session on the Bid submission process; and (vi) a username, a password, and security codes to be used for Bid submission uniquely by that RFP Bidder. For an RFP Bidder that is required to submit a guaranty with the Part 2 Proposal, the Part 1 Materials also include the guaranty. For an RFP Bidder that is required to submit the Default Service SMA documents with the Part 2 Proposal, the Part 1 Materials also include such documents. The Part 1 Materials may also include other training materials or important notifications to RFP Bidders. The Independent Evaluator transmits the Part 1 Materials by secure file transfer or sends a CD to which the Part 1 Materials are saved electronically by overnight delivery service, at the RFP Bidder's option.

VII.1.20. If an RFP Bidder fails to qualify, the Independent Evaluator notifies the RFP Bidder of that fact and returns one (1) copy of the Part 1 Form by overnight delivery service. The Independent Evaluator also sends the notification by fax or email, at the RFP Bidder's option.

VII.1.21. The Independent Evaluator requires an acknowledgment from the RFP Bidder that the RFP Bidder has received intact the information necessary to submit Bids and that no one but authorized personnel of the RFP Bidder has had access to this information. The RFP Bidder may make this acknowledgment by fax or email, at the RFP Bidder's option. The RFP Bidder's Bids are only evaluated if this acknowledgment is received.

VII.1.22. The exclusive method of responding to the requirements for Part 2 Proposals listed in Article V of these RFP Rules is the use of the Part 2 Form provided as Appendix 7. Responses to the requirements of Article V that do not use the Part 2 Form will not be considered and the Part 2 Proposal will be considered deficient.

VII.1.23. An RFP Bidder must confirm its contact information and make any general representations required by Section V.1 exclusively by completing Section 1 of the Part 2 Form. An RFP Bidder must submit the Pre-Bid Letter of Credit as required by Section V.2 and as instructed in Section 2 of the Part 2 Form. An RFP Bidder, if required to confirm that it is submitting documents related to the Default Service SMA by Section V.3, will also be instructed to do so by Section 3 of the Part 2 Form. An RFP Bidder submitting a Proposal under an Agency Agreement must submit additional

documents as required by Section V.4 and as instructed in Section 4 of the Part 2 Form. A Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Default Service SMA, or an RFP Bidder that seeks to rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal), must submitting any additional documents as required by Section V.5 ans as instructed by Section 5 of the Part 2 Form. If the RFP Bidder submitted the Part 2 Form for early processing, the Officer of the RFP Bidder will be required to acknowledge that the submission of the documents specified by Article V is required. Responses to the requirements of Article V that do not use the Part 2 Form will not be considered and the Part 2 Proposal will be considered deficient.

VII.1.24. The Part 2 Proposal consists of electronic copy and two (2) hardcopy original Part 2 Forms, the Pre-Bid Letter of Credit, as well as one (1) hard copy of any other document requested of the RFP Bidder in the Part 2 Form and in Article V of these RFP Rules. In particular:

- For RFP Bidders that are not Default Suppliers, the Part 2 Proposal must include two (2) signed originals of the Default Service SMA, including two (2) signed originals of Exhibit J, the PJM Declaration of Authority.
- For an RFP Bidder relying on the financial standing of an RFP Guarantor, except in the case of a Default Supplier whose RFP Guarantor already has with PECO a guaranty for its full Unsecured Credit Limit, the Part 2 Proposal also includes two (2) signed originals of the guaranty.
- For an RFP Bidder submitting a Proposal under an Agency Agreement, the Part 2 Proposal also includes an executed Officers' Certificate.
- For an RFP Bidder that: (i) is submitting a Proposal under an Agency Agreement and relying on the financial standing of a Foreign Entity as Principal; or (ii) is a Foreign RFP Bidder; or (iii) relies on the financial standing of a Foreign Entity as RFP Guarantor; the Part 2 proposal also includes any documents required by Section V.5 as a condition of being granted unsecured credit. These documents may include an executed legal opinion of outside counsel and a sworn certificate of the corporate secretary.

VII.1.25. An RFP Bidder must deliver its original hardcopy Part 2 Forms and all documents required by the Part 2 Proposal by certified mail, registered mail, hand delivery or overnight delivery service to the Independent Evaluator by 12 PM (noon) on the Part 2 Date at the following address: NERA - Independent Evaluator, PECO Default Service Program RFPs, 1835 Market Street, Suite 1205, Philadelphia, PA 19103. Photocopies and facsimiles of the Part 2 Form will not be considered. No late Part 2 Proposals will be accepted under any circumstances.

VII.1.26. Each solicitation has a Part 2 Window during which Part 2 Proposals may be submitted. The last day of the Part 2 Window is the Part 2 Date. RFP Bidders must provide the Part 2 Proposal to the Independent Evaluator by 12 PM (noon) on the Part 2 Date. RFP Bidders also have the option to submit the Part 2 Form during the Part 1 Window for early processing. If a Part 2 Proposal is received by post, the Independent Evaluator sends an acknowledgment to the RFP Bidder consisting of the first page of the Part 2 Form stamped with the time and the date that it was received; the Independent Evaluator sends such acknowledgment by email or fax, at the RFP Bidder's option. If a Part 2 Proposal is hand-delivered, the Independent Evaluator provides an acknowledgment to the individual making the delivery consisting of a photocopy of the first page of the Part 2 Form stamped with the time and the date that it was received. The Independent Evaluator confirms receipt as long as the Part 2 Proposal arrives after the opening of the Part 1 Window. However, Part 2 Proposals are only processed during the Part 1 Window or during the Part 2 Window.

VII.1.27. If the Part 2 Proposal arrives before 12 PM (noon) on any business day after the opening of the Part 1 Window, the Independent Evaluator sends the acknowledgment confirming receipt on the day the Part 2 Proposal is received with the results of an initial review. The initial review states either that the Part 2 Proposal is complete and is being considered, or the initial review lists items of the Part 2 Proposal that are deficient or require clarification. If a Part 2 Proposal arrives after 12 PM (noon) on any business day during the Part 2 Window prior to the Part 2 Date, the Independent Evaluator sends the acknowledgment along with the initial review by 12 PM (noon) of the next business day. The Independent Evaluator sends such acknowledgments by fax or email, at the RFP Bidder's option.

VII.1.28. An RFP Bidder's Part 2 Proposal is automatically deficient if the Pre-Bid Letter of Credit proposes or includes modifications to the Standard Pre-Bid Letter of Credit included as Appendix 8 of these RFP Rules other than those accepted modifications posted in a single document on the RFP Web site. If an RFP Bidder receives notice from the Independent Evaluator that its Pre-Bid Letter of Credit is deficient, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. The Independent Evaluator sends such notices by fax or email, at the RFP Bidder's option.

VII.1.29. The amount of the Pre-Bid Letter of Credit must be at least: $250,000 per tranche bid on products for the RES, SC, and MC Classes and $125,000 per tranche bid on products for the LC&I Class. The Guaranty Amount for RFP Bidders that are not Default Suppliers must be equal or exceed $600,000 per tranche bid. The Guaranty Amount for RFP Bidders that are Default Suppliers must be equal or exceed the lesser of: (i) the Guaranty Amount of any current guaranty with PECO under a Default Service SMA, plus an amount equal to $600,000 per tranche bid; (ii) the Unsecured Credit Limit of the RFP Guarantor. A Default Supplier whose RFP Guarantor has a current guaranty with PECO under a Default Service SMA for the RFP Guarantor's Unsecured Credit Limit is not required to submit a guaranty. An RFP Bidder's Part 2 Proposal is automatically deficient if the amount of the Pre-Bid Letter of Credit is not consistent with the Guaranty Amount. If an RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. The Independent Evaluator provides such notice by fax or email, at the RFP Bidder's option.

VII.1.30. For an RFP Bidder submitting a Proposal under an Agency Agreement that provides the documents required under Paragraph V.4.1, PECO and the Independent Evaluator will determine whether the documents provided are sufficient, without any liability or obligation to the RFP Bidder or its Principal(s). If the documents are insufficient and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until

12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the documents remain insufficient, the RFP Bidder's Part 2 Proposal may be rejected. The Independent Evaluator provides such notice by fax or email, at the RFP Bidder's option.

VII.1.31. For a Foreign RFP Bidder that submits the documents required under Paragraph V.5.2, PECO and the Independent Evaluator will determine whether the documents provided are acceptable to PECO, without any liability or obligation to the Foreign RFP Bidder. If the documents are not acceptable to PECO and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the deficiency remains, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit. If the Foreign RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the Foreign RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered acceptable to PECO. The Independent Evaluator provides such notices by fax or email, at the RFP Bidder's option.

VII.1.32. For an RFP Bidder relying on the financial standing of a Foreign Entity as RFP Guarantor and that submits the documents required under Paragraph V.5.3, PECO and the Independent Evaluator will determine whether the documents provided are acceptable to PECO, without any liability or obligation to the RFP Bidder or the RFP Guarantor. If the documents are acceptable to PECO and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the deficiency remains, the RFP Bidder the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor and the Independent Evaluator may request additional

information regarding the RFP Bidder under Section IV.2. If the RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered acceptable to PECO. The Independent Evaluator provides such notices by fax or email, at the RFP Bidder's option.

VII.1.33. For an RFP Bidder relying on a Foreign Entity as Principal that provides the documents required under Paragraph V.5.4, PECO and the Independent Evaluator will determine whether the documents provided are acceptable to PECO, without any liability or obligation to the RFP Bidder or its Principal(s). If the documents are not acceptable to PECO and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the deficiency remains, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and its Principal are not granted unsecured credit. If the RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered acceptable to PECO. The Independent Evaluator provides such notices by fax or email, at the RFP Bidder's option.

VII.1.34. With the exceptions noted in the Paragraphs of this section, if an RFP Bidder receives any notice from the Independent Evaluator that an item of the Part 2 Proposal is deficient or requires clarification, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the RFP Bidder does not correct or adequately explain the deficiency within the time allowed, the Part 2 Proposal may be rejected.

VII.1.35. An RFP Bidder's Part 2 Proposal is successful if its Part 2 Proposal is received on or before 12 PM (noon) on the Part 2 Date, if its Part 2 Proposal is complete, and if its Part 2 Proposal fully complies with the requirements of Article V of these RFP Rules.

VII.1.36. An RFP Bidder that submits a Part 2 Proposal will be notified whether it is eligible to submit Bids no later than 6 PM on the Part 2 Notification Date. The Independent Evaluator provides such notification by fax or email, at the RFP Bidder's option.

VII.1.37. If the RFP Bidder has not qualified to submit Bids, the Independent Evaluator notifies the RFP Bidder of that fact, returns one (1) copy of the Part 2 Form, and returns all documents submitted for the Part 2 Proposal except for the Pre-Bid Letter of Credit by overnight delivery service. The Independent Evaluator also provides the notification by fax or email, at the RFP Bidder's option.

VII.2. Bids: Submission, Processing, and Evaluation

VII.2.1. An RFP Bidder must submit its Bids in accordance with the instructions provided in the Part 1 Materials and in accordance with the requirements of Article VI. An RFP Bidder's Bids must be received between 10 AM and 12 PM (noon) on the Bid Date. The requirements for Bid submission are the same for all RFP Bidders, regardless of whether they were previously eligible to submit Bids.

VII.2.2. The Bid Form, as provided to each RFP Bidder with the Part 1 Notification, is the exclusive method for the submission of Bids. A sample of the Bid Form is provided for illustrative purposes as Appendix 9 of these RFP Rules. The Bid Form is prepared specifically for each RFP Bidder. The Bid Form must be filled out completely and transferred according to the instructions provided by the Independent Evaluator in the Part 1 Materials. The RFP Bidder may encrypt the Bid Form using the instructions provided by the Independent Evaluator. Bids on any Bid Form that is incompletely or inconsistently filled out will be considered deficient and will not be evaluated.

VII.2.3. An RFP Bidder submits its Bids electronically, by transferring its Bid Form through a secure file transfer system. The RFP Bidder must use the username and the password provided by the Independent Evaluator to access the secure file transfer system. The Independent Evaluator supplies a security code that the RFP Bidder may use to encrypt the Bid Form.

VII.2.4. An RFP Bidder that must resort to an alternate method for submitting its Bid Form by fax because of technical difficulties with the secure file transfer system must follow the instructions provided by the Independent Evaluator for this contingency. These instructions will include a representative of

the RFP Bidder phoning the Independent Evaluator to advise the Independent Evaluator of the use of an alternate method for the submission of the Bid Form and to provide authenticating information. The primary alternate submission method is fax; the Independent Evaluator will accept an email submission but the Independent Evaluator will recommend that the Bid Form in this case be encrypted and the Independent Evaluator will note for the RFP Bidder that such transmission may not be secure.

VII.2.5. All Bid Forms must be received between 10 AM and 12 PM (noon) on the Bid Date. No late Bid Forms will be considered regardless of the method used by the RFP Bidder to submit its Bid Form.

VII.2.6. If an RFP Bidder submits its Bid Form more than once between 10 AM and 12 PM (noon) on the Bid Date, the last Bid Form submitted in accordance with all requirements of the Bid Form and of Article VI automatically supersedes all previously submitted Bid Form(s).

VII.2.7. The Independent Evaluator acknowledges receipt of the Bid Form with each RFP Bidder by telephone. The telephone number used is the telephone number provided on the Bid Form. If the Bid Form received by the Independent Evaluator is not encrypted by the RFP Bidder, the Independent Evaluator will require that the RFP Bidder provide the security code to the Independent Evaluator before the Bid Form is acknowledged and evaluated. The Independent Evaluator makes this acknowledgment within fifteen (15) minutes of receipt of the Bid Form. An RFP Bidder that does not receive an acknowledgment within fifteen (15) minutes of submitting its Bid Form should assume technical difficulties, should proceed to submitting its Bid Form by and alternate method, and should phone the Independent Evaluator immediately.

VII.2.8. If the Bid Form received by the Independent Evaluator is incomplete or inconsistent with all requirements of the Bid Form and of Article VI, the Independent Evaluator will advise the RFP Bidder of that fact when confirming receipt of the Bid Form. The RFP Bidder may correct and resubmit the Bid Form as long as the Bid Form is received between 10 AM and 12 PM (noon) on the Bid Date. If the corrected Bid Form is not received between 10 AM and 12 PM (noon) on the Bid Date, the Bids on the Bid Form will not be evaluated.

VII.2.9. It is the responsibility of the RFP Bidder to ensure that a completely and consistently filled out Bid Form is submitted between 10 AM and 12 PM (noon) on the Bid Date. The Independent Evaluator

will hold a training session for RFP Bidders to practice the Bid submission process. RFP Bidders are encouraged to participate to minimize the possibility of technical difficulties with the submission of their Bid Forms.

VII.2.10. The Independent Evaluator will verify that the Pre-Bid Letter of Credit is in an amount sufficient to support the number of tranches bid by each RFP Bidder. If an RFP Bidder's Pre-Bid Letter of Credit is insufficient to support the number of tranches bid by the RFP Bidder, the Independent Evaluator will contact the RFP Bidder on a best efforts basis. The RFP Bidder may correct and resubmit the Bid Form as long as the Bid Form is received between 10 AM and 12 PM (noon) on the Bid Date. If the Independent Evaluator is not able to contact the RFP Bidder in time or if the RFP Bidder has not submitted a revised Bid Form between 10 AM and 12 PM (noon) on the Bid Date, the Independent Evaluator will modify the Bid Form. The Independent Evaluator will determine for such RFP Bidder the greatest number of whole tranches that its Pre-Bid Letter of Credit is sufficient to support. The Independent Evaluator will strike a Bid from a Bid Form for any tranche that is not supported by the Pre-Bid Letter of Credit. The Independent Evaluator will remove a Bid first from the product where there is most competition, as measured by the ratio of the number of tranches bid to the number of tranches needed. For that product, the Independent Evaluator will start with the tranche that has the highest Bid. If more than one RFP Bidder submitted Pre-Bid Letters of Credit that are insufficient to support the number of tranches bid by each such RFP Bidder, the Independent Evaluator will first modify the Bid Form from the RFP Bidder whose Bid Form is received last.

VII.2.11. By submitting a Proposal in response to an RFP, each RFP Bidder is authorizing the Independent Evaluator to modify the RFP Bidder's Bid Form as specified Paragraph VII.2.10. Each RFP Bidder acknowledges and accepts that the methodology may result in removal of a Bid that would have been approved by the Commission or the retention of a Bid that was not approved by the Commission.

VII.2.12. The Bids supported by adequate Pre-Bid Letters of Credit will be evaluated on a price-only basis. The Bids for each product will be ranked from lowest to highest price until all Bids are ranked or until the number of Bids that are ranked equals the number of tranches available for the product.

VII.2.13. If two or more RFP Bidders submit Bids that are identical for a product, these Bids will be considered "Tied Bids" at that price. The Independent Evaluator will use the tie-breaking procedure described in the next paragraph if: i) in total, more Bids must be ranked for a product than there are tranches available for that product; ii) the tie among two or more Tied Bids must be broken in order to determine the RFP Bidders that have submitted the lowest Bids on that product.

VII.2.14. The tie-breaking procedure will award tranches in the following order: (1) to the RFP Bidder which, if awarded the tranche, would hold the fewest tranches for the product for any one month during the product term; (2) to the RFP Bidder which, if awarded the tranche, would hold the fewest tranches for the Class in question for any one month during the product term; and then (3) to the RFP Bidder which, if awarded the tranche, would hold the fewest tranches in aggregate for any one month during the product term. If a tie were to remain, it would be broken by random selection.

VII.2.15. An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator on behalf of the Company in its sole and exclusive discretion. The RFP Bidder will be considered to have made a material misrepresentation in its Part 2 Proposal and payment under the Pre-Bid Letter of Credit can be demanded by PECO.

VII.2.16. For each product in this solicitation, a Default Supplier will be paid a supplier-specific price for each MWh of electric load served as specified in the Transaction Confirmation for that product. The supplier-specific price will be the average of approved Bids for that product.

VII.3. Post-Bid Process

VII.3.1. The Independent Evaluator phones each RFP Bidder that has submitted Bids by 6 PM on the Bid Date and identifies the RFP Bidder's Bids that are provided to the Commission as winning Bids. The Independent Evaluator also provides a notification by fax or email, at the RFP Bidder's option.

VII.3.2. The Independent Evaluator presents the results of the solicitation to the PUC on the first business day after the Bid Date in a confidential report. This confidential report will include the winning Bids determined during the evaluation. The Independent Evaluator also provides this confidential report to PECO and the Pennsylvania Office of Consumer Advocate ("OCA") in redacted format.

VII.3.3. The PUC will have one (1) business day to consider the report of the Independent Evaluator and to approve or reject each of the winning Bids. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

VII.3.4. The Independent Evaluator notifies all RFP Bidders that have approved Bids. Such RFP Bidders are called Default Suppliers. When referring specifically to RFP Bidders that were not already Default Suppliers, the term New Default Suppliers will be used. When referring specifically to RFP Bidders that were already Default Suppliers, the term Existing Default Suppliers will be used. The Independent Evaluator provides to PECO the name of each Default Supplier, the number of tranches won by each Default Supplier in this solicitation, and the Default Supplier's price for each product in this solicitation. The price for each such Default Supplier and for a given product is the average of the Default Supplier's approved Bids for that product in this solicitation.

VII.3.5. If an RFP Bidder is not awarded tranche(s), within three (3) business days of the Bid Date, the Independent Evaluator will destroy the two (2) signed originals of the Default Service SMA, and (if applicable) the two (2) signed originals of the guaranty to the RFP Bidder. The Independent Evaluator will send a notification to such RFP Bidder that the Independent Evaluator does not retain these documents. At the request of the RFP Bidder, the Independent Evaluator will return the signature pages rather than destroying the documents.

VII.3.6. For New Default Suppliers, PECO executes the two (2) originals of the Default Service SMA, including the PJM Declaration of Authority, by the third business day after the Bid Date. PECO sends one (1) original Default Service SMA to the New Default Supplier.

VII.3.7. For Default Suppliers that rely on the financial standing of an RFP Guarantor, PECO executes the two (2) originals of the guaranty by the third business day after the Bid Date. PECO sends one (1) original guaranty to the Default Supplier. For an Existing Default Supplier, PECO returns at the same time any existing guaranty that PECO holds for the Default Supplier.

VII.3.8. By 12 PM (noon) of the third business day after the Bid Date, PECO partially executes all Transaction Confirmations for each Default Supplier and sends by fax one (1) copy of each Transaction Confirmation to the Default Supplier. PECO also sends at that time three (3) partially executed originals of each Transaction Confirmation by overnight delivery service to the Default

Supplier. PECO also provides a copy of Exhibit I with the Transaction Confirmation(s), which specifies the AEPS percentage obligations in effect on the Bid Date for the period covered by each Transaction Confirmation. There is one (1) Transaction Confirmation for each product, for each approved Default Supplier, and for each solicitation.

VII.3.9. By 2 PM on the fourth business day after the Bid Date, the Default Supplier executes each Transaction Confirmation and sends a copy by fax of all Transaction Confirmations to PECO. The Officer of the Default Supplier named in the Part 1 Proposal or the Designee is expected to sign the Transaction Confirmation(s). If these individuals are unavailable to sign the Transaction Confirmation(s), the Default Supplier will advise PECO of this fact, will name another individual to sign the Transaction Confirmation(s), and will confirm that this individual is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service SMA) and bind the Default Supplier. The Default Supplier also sends to PECO two (2) originals of each Transaction Confirmation by overnight delivery service.

VII.3.10. As provided in the PUC's directive dated October 12, 2010 (Docket No. M-2009-2082042), the Independent Evaluator will release, within fifteen (15) days of the close of the solicitation, the weighted average price and the percentage of load represented by each tranche for each product procured through this RFP. The Independent Evaluator will issue an announcement on behalf of PECO with this information and the announcement will also be posted to the RFP Web site.

VII.3.11. Within fifteen (15) days of the close of the solicitation, the Independent Evaluator provides to PECO a report on the solicitation. This report is based on the confidential report provided to the Commission, except that no losing bid information specific to a particular RFP Bidder is provided and that any information that an RFP Bidder may consider confidential or proprietary is also redacted.

VII.3.12. As provided in the PUC's directive dated October 12, 2010 (Docket No. M-2009-2082042), PECO will continue to provide a default service rate calculation model. The model shows the methodology for translating RFP results into default service rates. This calculation model is posted to the PECO Web site:

https://www.peco.com/CustomerService/RatesandPricing/EnergyChoice/Pages/PricetoCompare.aspx.

VII.4. Personnel and Confidentiality

VII.4.1. Any information provided by an RFP Bidder in its Part 1 Proposal is provided on a confidential basis to the Independent Evaluator and may be provided on a confidential basis to the Commission Staff. PECO representatives will review the information provided to fulfill the requirements of Section IV.2, Section IV.3, Section IV.6, and Section IV.7 and will participate in the evaluation of the creditworthiness of each RFP Bidder.

VII.4.2. Any information provided by an RFP Bidder in its Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Commission Staff. PECO representatives will review the Pre-Bid Letter of Credit with the name of the RFP Bidder and the amount redacted and will participate in the evaluation of this Pre-Bid Letter of Credit. PECO representatives will also review the documents provided to fulfill the requirements of Section V.4 and Section V.5.

VII.4.3. The Independent Evaluator and representatives from PECO involved in the evaluation of Proposals will consider all data and information provided by RFP Bidders in response to this RFP to be confidential and will attempt to limit its disclosure to the public in accordance with the provisions of this Section. PECO will also take reasonable action to ensure that its employees, representatives and agents authorized to consider and evaluate all Proposals protect the confidentiality of such data and information. Each representative of the Independent Evaluator and PECO that has access to any portion of the Proposals is required to sign a Confidentiality Statement in the form of Appendix 11 to these RFP Rules prior to evaluation of any portion of the Proposals. The list of all signatories is available to an RFP Bidder upon request.

VII.4.4. However, absolute protection from public disclosure of the RFP Bidders' data and information filed in response to this RFP cannot be provided and is not intended. By submitting a Proposal in response to this RFP, each RFP Bidder acknowledges and agrees to the limitations of the confidentiality provisions set forth in this Section.

VII.4.5. In addition, the RFP Bidders' data and information filed in response to the RFP will be disclosed if required by any federal, state or local agency (including, without limitation, the Commission) or by a court of competent jurisdiction. PECO or the Independent Evaluator will notify the RFP Bidder in advance of such disclosure and cooperate with such RFP Bidder, to the extent deemed reasonable by PECO, and at the expense of the RFP Bidder, to prevent the disclosure of such materials. In any event, PECO, its employees, and agents including the Independent Evaluator will not be responsible to the RFP Bidders or any other party or liable for any disclosure of such designated materials before, during or subsequent to this RFP.

ARTICLE VIII. Reserved Rights

VIII.1.1. PECO will not be liable to any RFP Bidder or any other party for failure to execute a Default Service SMA or any Transaction Confirmation. Nothing herein may be construed to bind PECO unless and until the Commission has approved winning Bids, and the Default Service SMA and each Transaction Confirmation with an approved Default Supplier has been executed and is effective. Once effective, it is the Default Service SMA and not the RFP Rules or any documents relating thereto that will govern the relationship between and the responsibilities of the parties.

VIII.1.2. The Independent Evaluator reserves the right to reject Proposals submitted in response to this RFP that are incomplete, or do not conform with the requirements of this RFP, or are submitted beyond the deadline for submission, or are submitted by an RFP Bidder that tries to unduly influence in any way the evaluation process.

Appendix 1 to the RFP Rules

DEFAULT SERVICE PROGRAM
SUPPLY MASTER AGREEMENT

Guaranty Process

This Guaranty Process has two parts with two distinct purposes. First, the Guaranty Process allows a prospective supplier unable to use the Form of Guaranty provided as Exhibit F to the Default Service Program Supply Master Agreement ("Default Service SMA") to submit for consideration by PECO Energy Company ("PECO") an alternate guaranty form that the prospective supplier uses in its normal course of business. This first process is explained in Section 1 of this document. Second, the Guaranty Process allows a prospective supplier able to use the Form of Guaranty to propose modifications to the Form of Guaranty that are non-material in nature or are modifications advantageous to both PECO and the prospective supplier. This second process is explained in Section 2 of this document.

Section 1. Guaranty Process: Submission of an Alternate Guaranty Form

Any prospective supplier can apply to use an alternate guaranty form. Any alternate guaranty form, as is the case with the Form of Guaranty, must be a financial guaranty. While alternate forms of financial guaranty may be acceptable, performance guaranties are not acceptable.

The process for submitting an alternate guaranty form and the ground rules for PECO's consideration of alternate guaranty forms are as follows:

1. PECO will consider alternate guaranty forms only if the guaranty is for unlimited liability. (A prospective supplier can utilize the safe harbor provided by the Form of Guaranty, which has a liability limit.)

2. PECO has specified a list of minimum requirements that any alternate guaranty form must satisfy. This list is under the heading: "Minimum Requirements for the Alternate Guaranty Form" below.

3. The Independent Evaluator will receive the alternate guaranty form, remove any information identifying the prospective supplier, and forward it to PECO and to outside counsel retained on behalf of PECO. PECO will determine, with the consultation of outside counsel and the Independent Evaluator as necessary, whether the alternate guaranty form provides sufficient assurances of payment, taking into account the following general considerations:

    a. whether the alternate guaranty form conforms to the minimum requirements identified by PECO;

    b. whether the alternate guaranty form, which is not subject to a monetary limit, provides credit protections comparable to the credit protections provided to PECO by the Form of Guaranty; and

    c. whether the alternate guaranty form includes defenses in favor of the guarantor not found in the Form of Guaranty.

    PECO may also identify specific changes that would permit the alternate guaranty form to be acceptable.

4. The Independent Evaluator will inform the prospective supplier of PECO's decision. The Independent Evaluator will inform the prospective supplier of any specific changes that may be required for the proposed alternate guaranty form to be acceptable to PECO. Prospective suppliers will be given an opportunity to resubmit the alternate guaranty form if changes are identified by PECO. Alternate guaranty forms that have been resubmitted may be rejected if they do not include the changes identified by PECO.

5. An alternate guaranty form approved through this Guaranty Process will be acceptable to PECO. This alternate guaranty form may be used by the prospective supplier through the end of DSP II barring changes in the applicable law or changes to the RFP as may be ordered by the Pennsylvania Public Utility Commission.

Minimum Requirements for the Alternate Guaranty Form

Below are the minimum requirements that must be met in order for any alternate guaranty form to be acceptable. As stated above, in determining whether an alternate guaranty form is acceptable and provides sufficient assurances of payment, PECO takes into account several general considerations, including whether the alternate guaranty form fulfills the following minimum requirements:

1. The guaranty must be an unconditional guaranty of payment of all amounts due by the Seller to PECO under the applicable SMA(s). To clarify the meaning of the term "unconditional guaranty of payment", sample language is provided in the last section of this document. The SMA(s) must be expressly identified and the satisfaction of obligations through performance may not be authorized.

2. The guaranty may be terminated upon no less than thirty (30) calendar days advance written notice to PECO and termination will not discharge liabilities and obligations of the guarantor that have been incurred up to and including the effective date of the termination. The termination of an alternate guaranty will be effective only upon the receipt of substitute security or credit support that is acceptable to PECO.

3. The guaranty must not be subject to any monetary limit.

4. The guaranty must be accompanied by a certification from the guarantor that the alternate guaranty form, subject to changes needed to conform to the minimum requirements specified herein or to the specific changes identified by PECO, has been in general use by the prospective supplier in its ordinary course of business over the past twelve (12) months.

5. The guaranty must be a guaranty of payment and not of collection.

6. Assignment of the guaranty will not be permitted except with the prior written consent of PECO, except in the case of a Successor Guarantor as defined below (see sample assignment language).

7. The prospective supplier must provide an enforceability opinion with respect to the alternate guaranty form from its outside counsel. The enforceability opinion must be from a law firm of national (i.e., United States) standing. The prospective supplier must name the law firm that is offering the enforceability opinion in its submission. The enforceability opinion must not be weaker than would be the industry norm and must contain only those qualifications that would

be typical. The opinion will name PECO and explicitly state that PECO is entitled to rely on the opinion. The enforceability opinion must not be qualified by or conditioned on any of the following:

a. the valid existence and good standing of the parties to the SMA;

b. the power and authority of the prospective supplier and guarantor to execute, deliver, and perform their respective agreements;

c. due execution of the SMA and the alternate guaranty form; or

d. that the SMA is legal, valid, binding, and enforceable against all parties.

At the time that the prospective supplier submits its alternate guaranty form and supporting documentation, the opinion may be unsigned. If the prospective supplier becomes an RFP Bidder, the RFP Bidder will be required to submit, with its Part 2 Proposal, the enforceability opinion exactly as approved, duly signed, and on letterhead of a law firm of national standing.

Timetable

Prospective suppliers that wish to secure approval of an alternate guaranty form must make their submission according to the following timetable. This timetable ensures that a prospective supplier is aware of whether its alternate guaranty form is accepted before the prospective supplier must submit its qualifications in the Part 1 Proposal. No late submission will be accepted under any circumstances.

The deadline to submit an alternate guaranty form, with all the required documentation including a certification from the guarantor and an enforceability opinion as specified in the Minimum Requirements above, is 12 PM (noon[1]) on August 17, 2012. Materials must be submitted electronically by email to the Independent Evaluator at pecoprocurement@nera.com.

By August 21, 2012, the Independent Evaluator will inform each prospective supplier whether its alternate guaranty form is acceptable or whether it must modify its alternate guaranty form for it to be acceptable to PECO. A prospective supplier will have no less than two (2) business days to incorporate any necessary changes identified by PECO and to resubmit the alternate guaranty form. The deadline for resubmitting a revised enforceability opinion is 6 PM on August 23, 2012. The deadline for resubmitting the alternate guaranty form and any other supporting documentation is 6 PM on August 23, 2012. The Independent Evaluator will advise prospective suppliers of the final decision with respect to the alternate guaranty form in writing on or before August 24, 2012.

[1] All times are Eastern Prevailing Times.

Timetable for Submission of Alternate Guaranty Forms	
Deadline to submit alternate guaranty form and all required documentation	Noon on Friday, August 17, 2012
Independent Evaluator informs prospective suppliers of any required changes	Tuesday, August 21, 2012
Deadline to submit required modifications or revisions to the alternate guaranty form or other required documents	6PM on Thursday, August 23, 2012
Deadline to submit revised enforceability opinion	6PM on Thursday, August 23, 2012
Independent Evaluator informs prospective suppliers of PECO's decision	Friday, August 24, 2012

Sample Language

The process for submission of alternate guaranty forms is designed to give prospective suppliers some flexibility while at the same time assuring adequate credit protection for PECO and its customers. PECO provides sample language below for the purpose of clarifying certain aspects of the minimum requirements for alternate guaranty forms. This language is not required, but would be deemed acceptable to PECO. PECO reserves the right to reject alternate guaranty forms that do not contain language that, in PECO's view, provides substantially comparable protections to the language set forth below.

Subject	Sample Language
Unconditional Guaranty	"Guarantor agrees that its obligations hereunder are unconditional and will not be discharged except by complete payment of all amounts due under the Default Service SMA, irrespective of any claim or dispute as to the Default Service SMA's validity, regularity or enforceability, or the lack of authority of the RFP Bidder to enter into the Default Service SMA."
Assignment	"Guarantor may not assign its rights nor delegate its obligations under this Guaranty, in whole or in part, without the prior written consent of PECO, and any purported assignment or delegation absent such consent is void, except for an assignment and delegation of all of Guarantor's rights and obligations hereunder to a Successor Guarantor. For purposes of this paragraph, a "Successor Guarantor" means a partnership, corporation, trust or other organization in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes all of the Guarantor's obligations hereunder by contract or operation of law; provided, that, such Successor Guarantor will have a long-term unsubordinated debt rating that is not lower than the lesser of (i) A2/A or (ii) the rating of the Guarantor immediately prior to such assumption."

Section 2. Process to Propose Modifications to the Form of Guaranty

A prospective supplier can utilize the safe harbor provided by the Form of Guaranty appended as Exhibit F to the SMA. This section describes the process by which a prospective supplier may request modifications to this Form of Guaranty.

A prospective supplier may request modifications to the Form of Guaranty that are non-material in nature, or that are advantageous to both PECO and the prospective supplier. A prospective supplier requests modifications to the Form of Guaranty by submitting a Draft Guaranty using substantially the Form of Guaranty and indicating clearly any and all modifications to the Form of Guaranty. A Draft Guaranty that does not substantially use the Form of Guaranty will not be considered or evaluated.

The prospective supplier can only submit one (1) Draft Guaranty. Any review communicated to the prospective supplier of the Draft Guaranty is final. The prospective supplier cannot submit a subsequent request for changes on the basis of this review.

All approved modifications to the Form of Guaranty will be posted to the RFP Web site. All modifications accepted to the Form of Guaranty for the benefit of a single prospective supplier will be made available to all prospective suppliers using the Form of Guaranty on an optional basis.

Timetable

Prospective suppliers that wish to propose modifications to the Form of Guaranty must make their submission according to the timetable below. This timetable ensures that a prospective supplier is aware of whether its proposed modifications accepted before the prospective supplier must submit its qualifications in the Part 1 Proposal. No late submission will be accepted under any circumstances.

The Draft Guaranty must be submitted electronically by email, in Microsoft Word with tracked changes, to the Independent Evaluator at pecoprocurement@nera.com.

The deadline to submit proposed modifications to the Form of Guaranty is 12 PM (noon) on August 17, 2012. By August 24, 2012, the Independent Evaluator will inform the prospective supplier whether its proposed modifications are acceptable to PECO.

The document containing all acceptable modifications will be posted to the RFP Web site by 6 PM on August 24, 2012.

Timetable for Process to Propose Modifications to the Form of Guaranty	
Deadline to submit proposed modifications to the Form of Guaranty	Noon on Friday, August 17, 2012
Independent Evaluator informs proposing parties of PECO's decision and posts document containing all acceptable modifications	Friday, August 24, 2012

_____
Name of RFP Bidder

STANDARD PART 1 FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS
PART 1 DATE: October 24, 2012

PECO Energy Company ("Company" or "PECO") is intending to obtain full requirements electric supply to meet a portion of its obligations as Default Service Provider through this Request for Proposals ("RFP").

This Standard Part 1 Form is the only form that may be used to submit a Part 1 Proposal if you have not submitted a successful Part 1 Proposal in a previous solicitation for this RFP.

Before completing this Part 1 Form, please review the RFP, including the Default Service Program Supply Master Agreement, so that you understand the conditions under which the RFP will be conducted. These documents are posted at www.pecoprocurement.com.

By submitting a Part 1 Proposal in response to this RFP, you are agreeing to all terms and conditions of this RFP.

Any information provided by an RFP Bidder in this Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission. PECO representatives will review the information provided to fulfill the requirements of Section 2, Section 3, Section 6, and Section 7, and will participate in the evaluation of the creditworthiness of each RFP Bidder. Information regarding the content or status of any Part 1 Proposal will not be released publically or to any individual RFP Bidder during the evaluation process.

INSTRUCTIONS FOR PROPOSAL

RFP Bidders submit this Part 1 Form and all documents required herein to respond to the qualification standards for the RFP.

This Part 1 Form must be used to submit a Part 1 Proposal by all RFP Bidders that have not submitted a successful Part 1 Proposal in a previous solicitation under DSP II.

Please complete all sections.

I. Part 1 Proposal Submission

An RFP Bidder must:

- Submit **two (2) original** completed Part 1 Forms (with original signatures) by mail;
- Submit **one (1) electronic copy** (on a CD via mail or by email to pecoprocurement@nera.com) of the completed Part 1 Form in **Microsoft Word**;
- Submit **one (1) copy** (one hard copy or one electronic copy on a CD via mail or by email to pecoprocurement@nera.com) of documents required to support the Part 1 Form as specified in Section 2, Section 3, and Section 6; and
- Manually insert the name of the RFP Bidder **on every page** of the Part 1 Form.

The completed Part 1 Proposal MUST be received by the Independent Evaluator no later than 12 PM (noon) EPT[1] on October 24, 2012 (the Part 1 Date) at:

NERA - Independent Evaluator
PECO Default Service Program RFP
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Inquiries may be directed to the Independent Evaluator by:

- telephone (215) 568-0200
- fax (215) 568-9358
- through the "Ask a Question" page on the RFP Web site at www.pecoprocurement.com

Photocopies and facsimiles of completed forms will not be accepted under any circumstances.

[1] All times are Eastern Prevailing Times ("EPT").

_____
Name of RFP Bidder

II. Part 1 Proposal Submission

Notifications

The Independent Evaluator sends you notifications by email or fax, at your option.

Confirmation

If your Part 1 Proposal is received by mail or email, a confirmation consisting of the first page of your Part 1 Form stamped with the time and the date that it was received will be sent to you. This confirmation of receipt will be sent after an initial review, either with a confirmation that your proposal is complete, or with a deficiency notice (see below). If your Part 1 Proposal is hand-delivered, a confirmation consisting of a photocopy of the first page of your Part 1 Form stamped with the time and the date that it was received will be provided to the deliverer.

Timing of Part 1 Proposal Review

The Part 1 Window opens at 8 AM on October 19, 2012 and closes at 12 PM (noon) on October 24, 2012. The last day of the Part 1 Window, October 24, 2012, is called the Part 1 Date. The Independent Evaluator performs an initial review of all Part 1 Proposals during the Part 1 Window. Part 1 Proposals received prior to the Part 1 Window are processed on October 19, 2012. Part 1 Proposals received during the Part 1 Window are processed on the day they are received. Proposals received after the Part 1 Window are late proposals and are not processed.

Incomplete Part 1 Proposals

If your Part 1 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you. You will have until noon on the Part 1 Date, or until 6 PM on the business day following the business day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Proposal may be rejected and you may be unable to participate in the RFP. One copy of your Part 1 Form will be returned to you.

Late Part 1 Proposals

No late Part 1 Proposals will be accepted under any circumstances.

Part 1 Notification

Each RFP Bidder that submits a Part 1 Proposal will be notified by fax or email whether it met all qualification standards of this RFP no later than 6 PM on October 26, 2012 (the Part 1 Notification Date).

_____
Name of RFP Bidder

RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to provide additional information in Section 6 of this Part 1 Form.

Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity") is required to provide additional information in Section 7 of this Part 1 Form.

Name of RFP Bidder

PART 1 FORM

1. Contact Information and Representations

COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 1 FORM.

First Item: Name and Address of the RFP Bidder

Legal Name of RFP Bidder

Street Address

City *State* *Zip Code*

Second Item: Officer of the RFP Bidder and Designee

The contact information in this section is the contact information for an individual who is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder. **The Officer of the RFP Bidder named below must**:

- make all representations required by the Part 1 Form; and
- make all representations required by the Part 2 Form.

THE CONTACT INFORMATION FOR THE OFFICER OF THE RFP BIDDER APPEARS BELOW.

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

The Officer of the RFP Bidder may name a Designee. Either the Officer of the Bidder or the Designee must sign the Default Service Program Supply Master Agreement.

Does the Officer of the RFP Bidder opt to name a Designee?

☐ yes ☐ no

If yes, please continue providing the information required by this section.
If no, please proceed to the next item.

_____ (the Officer of the RFP Bidder named above) hereby names _____, whose contact information is immediately below, to serve as the Designee. I certify that this individual is authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder.

_____ _____
Signature of Officer Date

_____
Printed Name

THE CONTACT INFORMATION FOR THE DESIGNEE APPEARS BELOW.

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

_____
Name of RFP Bidder

Third Item: Communications with the RFP Bidder

1) Please elect the method by which the Independent Evaluator will provide notifications to the RFP Bidder and by which the RFP Bidder will respond to the Independent Evaluator. Such notifications include all notices assessing the completeness of the Part 1 Proposal or the Part 2 Proposal, as well as the Part 1 Notification and the Part 2 Notification.

   ☐ fax ☐ email

   If the RFP Bidder elected to receive notifications by fax, please provide a fax number for the Representative of the RFP Bidder.
   Fax No.
   _____

2) Please elect the method by which the Independent Evaluator will provide documents necessary for participation to the RFP Bidder. Such documents include the Default Service SMA documents, the confidential information required to submit Bids on the Bid Date, as well as any training materials prepared by the Independent Evaluator. These documents are either provided electronically by secure electronic file transfer or these documents are saved to a CD sent by overnight delivery service.

   ☐ secure electronic file transfer ☐ overnight delivery service

NOTIFICATIONS SENT BY OVERNIGHT DELIVERY SERVICE WILL BE SENT TO THE ADDRESS PROVIDED FOR THE REPRESENTATIVE. ANY SUCH NOTIFICATION WILL BE DEEMED RECEIVED BY THE RFP BIDDER AT THE TIME OF DELIVERY OR TRANSMISSION, PROVIDED THAT WHERE DELIVERY OR TRANSMISSION OCCURS AFTER 6 PM ON A BUSINESS DAY OR OCCURS ON A DAY THAT IS NOT A BUSINESS DAY, RECEIPT WILL BE DEEMED TO OCCUR AT 9 AM ON THE FOLLOWING BUSINESS DAY. NOTIFICATIONS SENT BY EMAIL OR SECURE FILE TRANSFER WILL BE SENT TO THE EMAIL ADDRESS(ES) PROVIDED FOR THE REPRESENTATIVE AND FOR UP TO THREE (3) NOMINEES AS DESIGNATED IN THE NOMINATION FORM.

_____
Name of RFP Bidder

Fourth Item: Representative of the RFP Bidder

The Officer of the RFP Bidder must designate an individual to serve as Representative of the RFP Bidder. The Officer of the RFP Bidder may name himself or herself as the Representative.

The Independent Evaluator uses the Representative as the main point of contact for the RFP Bidder. The Independent Evaluator always contacts the Representative if the Independent Evaluator requires additional information regarding the RFP Bidder's Proposal. The Independent Evaluator always sends correspondence related to the solicitation to the Representative, including confidential information required to submit Bids on the Bid Date.

IF THE RFP BIDDER OPTED FOR COMMUNICATIONS BY EMAIL AND/OR SECURE FILE TRANSFER, THE REPRESENTATIVE MAY DESIGNATE UP TO THREE (3) OTHER AUTHORIZED INDIVIDUALS TO RECEIVE COMMUNICATIONS FROM THE INDEPENDENT EVALUATOR IN ADDITION TO THE REPRESENTATIVE. THE REPRESENTATIVE DESIGNATES EACH INDIVIDUAL BY COMPLETING THE NOMINATION FORM ATTACHED TO THE PART 1 FORM FOR EACH INDIVIDUAL. THIS IS NOT A REQUIREMENT OF THE PART 1 PROPOSAL AS THE REPRESENTATIVE MAY DESIGNATE SUCH NOMINEES AT ANY TIME.

Below, the Representative is designated by the Officer of the RFP Bidder.

____ (the Officer of the RFP Bidder named above) hereby designates ____, whose contact information is immediately below, to serve as the Representative of the RFP Bidder.

_____ _____
Signature of Officer Date

_____
Printed Name

THE CONTACT INFORMATION FOR THE REPRESENTATIVE OF THE RFP BIDDER APPEARS BELOW.

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Alternate Telephone No. (if available)* | *Email Address*

_____
Name of RFP Bidder

Fifth Item: Representations of the Officer of the RFP Bidder

THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.

I certify that:

(1) I am an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder.

(2) This Part 1 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date.

(3) To the best of my knowledge and belief, all information provided in this Part 1 Proposal is true and accurate.

(4) If, for any reason or due to any circumstance, any information provided in this Part 1 Proposal changes or any previous certification fails to remain valid before the sixth business day after the Bid Date, I or the Representative will notify the Independent Evaluator of such changes as soon as practicable.

_____ _____

Signature of Officer Date

_____ _____

Signature and Seal from Notary Public Date

Name of RFP Bidder

2. Financial Requirements

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 1 FORM.

First Item: Name of Entity on Whose Financial Standing the RFP Bidder Is Relying

For purposes of a creditworthiness evaluation, the RFP Bidder must clearly select whether the RFP Bidder is: (a) relying on its own financial standing; or (b) relying on the financial standing of another entity. The other entity on whose financial standing the RFP Bidder is relying must be named below and is either an RFP Guarantor, or a Principal if the RFP Bidder is submitting a Proposal under an Agency Agreement.

CHECK ONE OF THE TWO BOXES BELOW:

☐ **(a)** the RFP Bidder is relying on its own financial standing

☐ **(b)** the RFP Bidder is relying on the financial standing of **[name of the entity]**, which is either (check one): ☐ an RFP Guarantor or: ☐ a Principal

If the RFP Bidder is relying on the financial standing of another entity, please provide that entity's legal name and address.

Legal Name of Entity

Street Address

City | *State* | *Zip Code*

The financial and credit information provided in this section must pertain to the entity named above (the RFP Bidder, or an RFP Guarantor, or a Principal). All RFP Bidders submitting a Proposal under an Agency Agreement must select option (b) above. If the RFP Bidder is acting as an agent for multiple Principals, the RFP Bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the RFP Bidder relies.

Second Item: Financial Information

PLEASE PROVIDE THE REQUESTED INFORMATION EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD OR BY EMAIL. IF PROVIDING HARD COPIES OF FINANCIAL STATEMENTS, ONE COPY IS SUFFICIENT.

IF THE RFP BIDDER IS RELYING ON ITS OWN FINANCIAL STANDING, AND IF FINANCIAL INFORMATION IS UNAVAILABLE FOR THE RFP BIDDER, THE RFP BIDDER MUST CLEARLY STATE THIS FACT IN SECTION 8 OF THIS PART 1 FORM. IF THE RFP BIDDER IS RELYING ON THE FINANCIAL STANDING OF ANOTHER ENTITY, FINANCIAL INFORMATION MUST BE AVAILABLE FOR THAT ENTITY.

_____
Name of RFP Bidder

The required financial information is the most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement.

If the SEC Form 10-Q or 10-K is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 5 of the RFP Rules.

Please indicate here the information provided (check only one):

☐ SEC Form 10-Q or 10-K (most recent); or

☐ Other quarterly, monthly, or bi-annual financial information with an attestation of the Chief Financial Officer.

Third Item: Credit Ratings

The RFP Bidder must submit all available ratings for the entity from the following rating agencies: Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings ("Fitch").

1. Is the entity rated by S&P?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating _____
   - The type of rating _____

2. Is the entity rated by Moody's?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating _____
   - The type of rating _____

3. Is the entity rated by Fitch?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating _____
   - The type of rating _____

_____
Name of RFP Bidder

3. Letters of Credit and Default Service Supply Master Agreement Documents

COMPLETE ALL INFORMATION REQUESTED IN THIS SECTION 3 OF THIS PART 1 FORM.

First Item: Pre-Bid Letter of Credit

Are you submitting a Draft Pre-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.

ALL APPROVED MODIFICATIONS TO THE STANDARD PRE-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

THE DRAFT PRE-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

Second Item: Post-Bid Letter of Credit

Are you submitting a Draft Post-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. A Draft Post-Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

_____
Name of RFP Bidder

THE DRAFT POST-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

ALL APPROVED MODIFICATIONS TO THE STANDARD POST-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

_____
Name of RFP Bidder

Third Item: Information Needed to Prepare the Default Service Program Supply Master Agreement and Its Exhibits

The Independent Evaluator transmits the Default Service Program Supply Master Agreement to each RFP Bidder that qualified pursuant to a successful Part 1 Proposal. The RFP Bidder, in its Part 1 Proposal, must provide all information needed to prepare the Default Service Program Supply Master Agreement for execution, including all exhibits.

1. Under Section 12.3 of the Default Service Program Supply Master Agreement, the Seller may, in its sole discretion, add the following subsection 12.3(c).

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

   Do you intend for subsection 12.3(c) to be included as part of the Default Service Program Supply Master Agreement?
   ☐ yes ☐ no

2. The information that you provide below will be used to complete Exhibit H (Form of Notice) to the Default Service Program Supply Master Agreement.

   (a) All Notices:

   Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

   Street Address

   City | *State* | *Zip Code*

   Telephone No. | *Fax No.*

   DUNS | *Federal Tax I.D. Number*

(b) Invoices:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(c) Scheduling:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(d) Payments:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(e) Wire Transfer:

Bank
ABA | *ACCT*

(f) Credit and Collections:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(g) Additional Notices of an Event of Default to:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

Name of RFP Bidder

IF ANY OF THE INFORMATION REQUESTED TO PREPARE THE DEFAULT SERVICE PROGRAM SUPPLY MASTER AGREEMENT AND ITS EXHIBITS IS UNAVAILABLE, PLEASE ENTER N/A IN THE FIELDS OR STATE BELOW THAT THE INFORMATION FOR ALL FIELDS LEFT BLANK IS UNAVAILABLE.

Fourth Item: Ability to Perform

The Officer of the RFP Bidder must sign the following certification.

I certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service Program Supply Master Agreement and each Transaction Confirmation.

Signature of Officer _____ Date _____

Fifth Item: Information Needed to Prepare the Guaranty

Is the RFP Bidder relying on the financial standing of an RFP Guarantor?

☐ yes ☐ no

If no, please proceed to Section 4, "Regulatory Representations".
If yes, please continue to the following question:

Does the RFP Guarantor already have an existing guaranty *from a previous solicitation under this RFP* for the maximum amount of the Unsecured Credit Limit?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations".
If no, please provide:

(a) The following information regarding the RFP Guarantor:

Name of RFP Guarantor

_____
Name of RFP Bidder

Whether the RFP Guarantor is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Guarantor is existing and organized.

Name of relevant and binding corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws

(b) The following information regarding the RFP Bidder

Whether the RFP Bidder is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Bidder is existing and organized

(c) The name and contact information for the person to whom notices and other communications will be sent under the guaranty:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City *State* *Zip Code*

Phone Number *Fax*

(d) The name and title of the person who will be signing the guaranty:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

(e) Elections to the Form of Guaranty:

Is the RFP Guarantor using the Form of Guaranty without any modifications and without electing any of the optional changes below?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations". Do not elect any modifications below.

If no, please indicate whether the RFP Guarantor is adopting each change. All such optional changes are shown in redline below.

(Optional Change #1) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, ~~less~~ excluding the value of other liquid securities posted by the Seller under the Agreement(s)] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #1?

☐ yes ☐ no

(Optional Change #2) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #2?

☐ yes ☐ no

(Optional Change #3) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. For the avoidance of doubt, this Guaranty guarantees only payment obligations of Seller and does not guarantee physical delivery or, to the extent applicable, reporting obligations of Seller.

Do you want to adopt optional change #3?
☐ yes ☐ no

(Optional Change #4) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed [$____], less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #4?
☐ yes ☐ no

(Optional Change #5) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations only and Guarantor shall have no obligation to perform under any Agreement, including, without limitation, to sell, deliver, supply or transport gas, electricity or any other commodity.

Do you want to adopt optional change #5?
☐ yes ☐ no

_____
Name of RFP Bidder

(Optional Change #6) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. By acceptance of this Guaranty, the Guaranteed Party agrees that this Guaranty replaces, supersedes and renders null and void the Guaranty dated [_____] from the Guarantor to the Guaranteed Party in the maximum aggregate liability of [_____] USD.

PLEASE NOTE *that Optional Change #6 is only acceptable if the RFP Bidder has an existing outstanding guaranty with PECO from a previous solicitation under the Default Service RFP, and references such guaranty in the brackets above. Please note that the guaranty is only "accepted" once it is signed by PECO; if the RFP Bidder submits a guaranty with its Part 2 Proposal and incorporates the above modification, but the RFP Bidder does not win at the RFP in that solicitation, the submitted guaranty will be returned without a signature from PECO and the previous guaranty will remain in force.*

Do you want to adopt optional change #6?
☐ yes ☐ no

If yes, you must provide:

Date of Existing Guaranty	*Amount of Existing Guaranty*

(Optional Change #7) Paragraph 2:

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to (except as explicitly provided herein), any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

Do you want to adopt optional change #7?
☐ yes ☐ no

(Optional Change #8) Paragraph 4:

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller~~,~~ or the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

Do you want to adopt optional change #8?
☐ yes ☐ no

(Optional Change #9) Paragraph 5:

5. Until such time as the Guaranteed Obligations have been paid in full, the~~The~~ Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

Do you want to adopt optional change #9?
☐ yes ☐ no

(Optional Change #10) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon ~~the effectiveness of any~~ such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #10?
☐ yes ☐ no

(Optional Change #11) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to ~~the time the~~ such expiration or termination ~~is effective~~, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #11?
☐ yes ☐ no

(Optional Change #12) Paragraph 12:

12. All payment demands, requests, instructions, notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received).

Do you want to adopt optional change #12?
☐ yes ☐ no

(Optional Change #13) Paragraph 13:

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as such enforcement may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its Articles of Incorporation and by-laws or any law, regulation or contractual restriction binding on it or its assets.

Do you want to adopt optional change #13?
☐ yes ☐ no

(Optional Change #14) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to such venue ~~or~~, including the defense of inconvenient forum.

Do you want to adopt optional change #14?
☐ yes ☐ no

(Optional Change #15) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the ~~Commonwealth of Pennsylvania~~ State of New York. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum.

Do you want to adopt optional change #15?
☐ yes ☐ no

(Optional Change #16) Paragraph 17:

17. ~~If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.~~

You may only adopt optional change #16 if the Guarantor is not a trust. Do you want to adopt optional change #16?

☐ yes ☐ no

If <u>yes</u>, the Representative of the RFP Bidder or the Officer of the RFP Bidder must make the following representations:

I certify that the Guarantor, on whose financial standing the RFP Bidder will be relying, is not a trust.

_____ _____

Signature of Officer or Representative Date

(Optional Change #17) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

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

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

Do you want to adopt optional change #17?
☐ yes ☐ no

_____
Name of RFP Bidder

(Optional Changes #18, #19 & #20): If the RFP Bidder wishes to add an Additional Guarantor to the Standard Form of Guaranty, all three changes below must be made.

Do you want to adopt optional changes #18, #19 & #20?
☐ yes ☐ no

If yes, you must provide:

Name of Additional Guarantor _____ *Place of Incorporation of Additional Guarantor* _____

(Optional Change #18) Preamble:

THIS GUARANTY (this "Guaranty"), dated as of _____, 20__, is made by _____ (the "Guarantor"), a_____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia] and _____ (the "Additional Guarantor"), a _____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Supply Master Agreement dated _____, 20__(as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and _____, a _____ organized and existing under the laws of _____(the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

(Optional Change #19) Additional Paragraph:

18. Additional Guarantor joins this Guaranty and agrees to be jointly and severally liable with Guarantor for each and all of the obligations and responsibilities of the Guarantor pursuant to this Guaranty. Guarantor agrees and acknowledges that Additional Guarantor has assumed the obligations described in this Paragraph 18 and that such assumption in no way limits or restricts Guarantor's obligations hereunder or Guaranteed Party's rights to enforce said obligations.

(Optional Change #20) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Additional Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

[ADDITIONAL GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

_____
Name of RFP Bidder

4. Regulatory Representations

First Item: FERC Authorization

A copy of the FERC Order granting authority to make sales at market-based rates in PJM is not required; however, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

I certify that the RFP Bidder has FERC authorization to make sales of energy, capacity, and ancillary services at market-based rates in PJM. I acknowledge that although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

_____ _____

Signature of Officer of the RFP Bidder Date

Second Item: PJM Load Serving Entity

By the time service begins, a Default Supplier must be a Load Serving Entity ("LSE") in PJM and must be a signatory of the Reliability Assurance Agreement ("RAA").

Is the RFP Bidder an LSE in PJM?
☐ yes ☐ no

If yes, please provide a copy of the signature page of the RAA.

If no, please make the following certification.

I certify that the RFP Bidder has investigated the requirements to become an LSE in PJM and that there exist no impediments for the RFP Bidder to become an LSE by the start of the supply period and to remain an LSE for the duration of the supply period.

_____ _____

Signature of Officer of the RFP Bidder that is not an LSE Date

_____
Name of RFP Bidder

5. Additional Representations

THIS CERTIFICATION MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER.

(1) I understand the terms of the Default Service Program Supply Master Agreement. The RFP Bidder accepts all of the terms of the Default Service Program Supply Master Agreement without modifications, and the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.

(2) The submission of this Part 1 Proposal constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of the RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

(3) I certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this Full Requirements RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs.

_____ _____

Signature of Officer Date

An RFP Bidder found to be acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator.

_____
Name of RFP Bidder

6. RFP Bidders Under Agency Agreements

Is the RFP Bidder submitting a Proposal under an Agency Agreement?
☐ yes ☐ no

If no, please proceed to Section 7, "Foreign RFP Bidders and Foreign Entities".
If yes, please continue and fill in all required information in this section.

First Item: Certifications

THE OFFICER OF THE RFP BIDDER MUST MAKE THE FOLLOWING REPRESENTATION.

I certify that I have the authority to bind the Principal(s) under the Agency Agreement provided with this Part 1 Proposal. I acknowledge that with the Part 2 Proposal, I will be required to submit an Officers' Certificate signed by an officer of each Principal substantially in the form of Appendix 6 to the RFP Rules.

_____ _____

Signature of Officer submitting a Proposal under an Agency Agreement — Date

Second Item: Principals and Agency Agreement

If more than one entity is serving as Principal, please list each entity under "Name of Principal or Principals".

Name of Principal or Principals

Agency Agreement

A copy of the Agency Agreement is required. Please submit one copy (either in hard copy or electronically on a CD via mail or by email) with this Part 1 Proposal.

Financial Information

In Section 2, you must select option (b) and name the Principal with the lowest credit rating as the entity on whose financial standing you are relying. If several Principals have the same lowest credit rating, please identify the Principal that also has the lowest tangible net worth as the entity on whose financial standing the RFP Bidder relies.

_____
Name of RFP Bidder

Third Item: Draft Officers' Certificate

The RFP Bidder may, but is not required to, submit a draft Officers' Certificate for evaluation. If a draft Officers' Certificate is submitted for evaluation, the Independent Evaluator will inform the RFP Bidder of any changes required.

Is the RFP Bidder submitting a draft Officers' Certificate?
☐ yes ☐ no

_____
Name of RFP Bidder

7. Foreign RFP Bidders and Foreign Entities

Is the RFP Bidder a Foreign RFP Bidder?
☐ yes ☐ no
Is the RFP Bidder relying on the financial standing of a Foreign Entity (RFP Guarantor or Principal)?
☐ yes ☐ no

If no to both questions, please proceed to Section 8, "Justification of Omissions".
If yes to one of these questions, please complete all information required in this section.

First Item: Evidence of Creditworthiness

In addition to supplying all required information and documents under Section 2 of this Part 1 Form, a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity may provide any additional evidence of creditworthiness for the Foreign RFP Bidder or the Foreign Entity so as to provide PECO with comparable assurances of creditworthiness applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

Are you submitting additional evidence of creditworthiness for the Foreign RFP Bidder or for a Foreign Entity on whose financial standing the RFP Bidder relies?
☐ yes ☐ no

Second Item: Representations

THE OFFICER OF A FOREIGN RFP BIDDER MUST MAKE THE FOLLOWING CERTIFICATION:

I acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service Program Supply Master Agreement: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service Program Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement on behalf of the Foreign RFP Bidder has the authority to execute the Default Service Program Supply Master Agreement and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service Program Supply Master Agreement; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service Program Supply Master Agreement.

_____ _____
Signature of Officer of the Foreign RFP Bidder Date

_____
Name of RFP Bidder

THE OFFICER OF AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY AND THAT DOES NOT ALREADY HAVE AN EXISTING GUARANTY FROM A PREVIOUS SOLICITATION UNDER THIS RFP FOR THE MAXIMUM AMOUNT OF THE UNSECURED CREDIT LIMIT MUST MAKE THE FOLLOWING CERTIFICATION:

I acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Default Service Program Supply Master Agreement: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service Program Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service Program Supply Master Agreement on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service Program Supply Master Agreement and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement.

_____ _____

Signature of Officer of the RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity — Date

THE OFFICER OF AN RFP BIDDER THAT IS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY MUST MAKE THE FOLLOWING CERTIFICATION:

I acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and its Principal to be granted unsecured credit under the terms of the Default Service Program Supply Master Agreement: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service Program Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service Program Supply Master Agreement.

_____ _____

Signature of Officer of the RFP Bidder submitting a Proposal Under an Agency Agreement and the Principal is a Foreign Entity — Date

_____
Name of RFP Bidder

Third Item: Draft Documents

The Officer of the RFP Bidder has acknowledged in the immediately preceding certifications that additional documents are required with the Part 2 Proposal for unsecured credit to be granted under the terms of the Default Service Program Supply Master Agreement. The RFP Bidder may, but is not required to, submit a draft of these documents, in hard copy or electronically on a CD via mail or by email, with its Part 1 Proposal.

Are you submitting draft of any of these additional documents for evaluation?
☐ yes ☐ no

If no, please proceed to Section 8, "Justification of Omissions".
If yes, please check all that apply:

FOR FOREIGN RFP BIDDERS:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

FOR RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past.

_____
Name of RFP Bidder

FOR RFP BIDDERS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

_____
Name of RFP Bidder

8. Justification of Omissions

If you are unable to provide all documents or information required with this Part 1 Form, please justify fully any omissions in the space provided below.

_____
Name of RFP Bidder

Checklist

This is a checklist of required documents that must be included in the Part 1 Proposal.

☐ **Two (2) originals** of the completed Part 1 Form (with original signatures and original notarized signatures where required) *[Instructions]*

☐ **One (1) copy** (electronically on a CD via mail or by email) of the completed Part 1 Form in **Microsoft Word**; *[Instructions]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): If submitting a Proposal under an Agency Agreement, a copy of the Agency Agreement. *[Section 6]*

For the entity (the RFP Bidder, a Guarantor, or a Principal) on whose financial standing the RFP Bidder relies:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): most recent SEC Form 10-Q or 10-K (whichever is more recent); if unavailable, the most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. *[Section 2]*

This is a checklist of optional documents that the RFP Bidder may use to prepare the Part 1 Proposal:

☐ **One (1) copy** (electronically on a CD or via email): Draft Pre-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (electronically on a CD or via email): Draft Post-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Documentation showing the name of the rating agency, the type of rating, and the rating of the entity *[Section 2]*

An RFP Bidder submitting a Proposal under an Agency Agreement may also provide the following draft document for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft Officers' Certificate. *[Section 6]*

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

_____
Name of RFP Bidder

A Foreign RFP Bidder may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past. *[Section 7]*

End of Part 1 Form

ATTACHMENT TO THE PART 1 FORM
NOMINATION FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS

An RFP Bidder that has elected to receive notifications by email and/or has elected to receive documents by secure file transfer system in Section 1 of the Part 1 Form may designate up to three (3) authorized individuals who will receive notifications and/or documents in addition to the Representative of the RFP Bidder. The RFP Bidder may designate other authorized individuals at any time during the solicitation using this Nomination FORM and is not required to do so in the Part 1 Proposal.

_____ (the Officer of the RFP Bidder or Representative of the RFP Bidder) authorizes the individual whose contact information is immediately below to receive notifications and documents.

_____ _____
Signature of Officer or Representative Date

_____
Printed Name

Contact Information for Nominee

Last Name	*GivenName(s)*	*Mr/Mrs/Ms/Dr/(other)*

Title

Telephone No.	*Alternate Telephone No. (if available)*	*Email Address*

Notes (such as period during which the Nominee is authorized or the individual that the Nominee is replacing)

_____
Name of RFP Bidder

SHORT PART 1 FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS
PART 1 DATE: October 24, 2012

PECO Energy Company ("Company" or "PECO") is intending to obtain full requirements electric supply to meet a portion of its obligations as Default Service Provider through this Request for Proposals ("RFP").

This Short Part 1 Form may only be used by an entity that has submitted a successful Part 1 Proposal in a previous solicitation under DSP II. **If you have not submitted a successful Part 1 Proposal in a previous solicitation under DSP II, you must use the Standard Part 1 Form to submit your Part 1 Proposal.**

Before completing this Part 1 Form, please review the RFP, including the Default Service Program Supply Master Agreement, so that you understand the conditions under which the RFP will be conducted. These documents are posted at www.pecoprocurement.com.

By submitting a Part 1 Proposal in response to this RFP, you are agreeing to all terms and conditions of this RFP.

Any information provided by an RFP Bidder in this Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission. PECO representatives will review the information provided to fulfill the requirements of Section 2, Section 3, Section 6, and Section 7, and will participate in the evaluation of the creditworthiness of each RFP Bidder. Information regarding the content or status of any Part 1 Proposal will not be released publically or to any individual RFP Bidder during the evaluation process.

Under this first solicitation under DSP II, no RFP Bidder is eligible to use the Short Part 1 Form. The Short Part 1 Form is issued to provide RFP Bidders with an example of the form that they may be able to use in a future solicitation.

Name of RFP Bidder

INSTRUCTIONS FOR PROPOSAL

RFP Bidders submit this Part 1 Form and all documents required herein to respond to the qualification standards for the RFP.

This Part 1 Form may be used to submit a Part 1 Proposal by all RFP Bidders that have submitted a successful Part 1 Proposal in a previous solicitation under DSP II.

Please complete all sections.

I. Part 1 Proposal Submission

An RFP Bidder must:

- Submit **two (2) original** completed Part 1 Forms (with original signatures);
- Submit **one (1) electronic copy** (on a CD via mail or by email to pecoprocurement@nera.com) of the completed Part 1 Form in **Microsoft Word**;
- Submit **one (1) copy** (one hard copy or one electronic copy on a CD via mail or by email to pecoprocurement@nera.com) of documents required to support the Part 1 Form as specified in Section 2, Section 3, and Section 6; and
- Manually insert the name of the RFP Bidder **on every page** of the Part 1 Form.

The completed Part 1 Proposal MUST be received by the Independent Evaluator no later than 12:00 PM (noon) EPT[1] on October 24, 2012 (the Part 1 Date) at:

NERA - Independent Evaluator
PECO Default Service Program RFP
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Inquiries may be directed to the Independent Evaluator by:

- telephone (215) 568-0200
- fax (215) 568-9358
- through the "Ask a Question" page on the RFP Web site at www.pecoprocurement.com

Photocopies and facsimiles of completed forms will not be accepted under any circumstances.

[1] All times are Eastern Prevailing Times ("EPT").

Name of RFP Bidder

II. Part 1 Proposal Submission

Notifications

The Independent Evaluator sends you notifications by email or fax, at your option.

Confirmation

If your Part 1 Proposal is received by mail or email, a confirmation consisting of the first page of your Part 1 Form stamped with the time and the date that it was received will be sent to you. This confirmation of receipt will be sent after an initial review, either with a confirmation that your proposal is complete, or with a deficiency notice (see below). If your Part 1 Proposal is hand-delivered, a confirmation consisting of a photocopy of the first page of your Part 1 Form stamped with the time and the date that it was received will be provided to the deliverer.

Timing of Part 1 Proposal Review

The Part 1 Window opens at 8 AM on October 19, 2012 and closes at 12 PM (noon) on October 24, 2012. The last day of the Part 1 Window, October 24, 2012, is called the Part 1 Date. The Independent Evaluator performs an initial review of all Part 1 Proposals during the Part 1 Window. Part 1 Proposals received prior to the Part 1 Window are processed on October 19, 2012. Part 1 Proposals received during the Part 1 Window are processed on the day they are received. Proposals received after the Part 1 Window are late proposals and are not processed.

Incomplete Part 1 Proposals

If your Part 1 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you. You will have until noon on the Part 1 Date, or until 6 PM on the business day following the business day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Proposal may be rejected and you may be unable to participate in the RFP. One copy of your Part 1 Form will be returned to you.

Late Part 1 Proposals

No late Part 1 Proposals will be accepted under any circumstances.

Part 1 Notification

Each RFP Bidder that submits a Part 1 Proposal will be notified by fax or email whether it met all qualification standards of this RFP no later than 6 PM on October 26, 2012 (the Part 1 Notification Date).

Name of RFP Bidder

RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to provide additional information in Section 6 of this Part 1 Form.

Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity") is required to provide additional information in Section 7 of this Part 1 Form.

Name of RFP Bidder

PART 1 FORM

Did you submit a successful Part 1 Proposal in a previous solicitation under DSP II?
☐ yes ☐ no

If yes, please **CONTINUE** filling out this form, beginning with "Contact Information and Representations" below.

If no, STOP. You cannot use this Short Part 1 Form. **You must use the Standard Part 1 Form** instead.

1. Contact Information and Representations

First Item: Name and Address of the RFP Bidder

Have the name and address of the RFP Bidder changed since you previously submitted this information?
☐ yes ☐ no

If no, please proceed to the next item below in this section, "Officer of the RFP Bidder".
If yes, and the change is only to the legal name and address of the RFP Bidder please make all necessary corrections and provide evidence as described below. If there was a change in the corporate structure, through a merger for example, **please use the Standard Part 1 Form.**

IF THE LEGAL NAME OF THE RFP BIDDER HAS CHANGED, PLEASE PROVIDE EVIDENCE OF THE CHANGE OF NAME. PLEASE PROVIDE ONE COPY OF THE REQUESTED INFORMATION EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD VIA MAIL OR BY EMAIL.

Legal Name of RFP Bidder

Street Address

City *State* *Zip Code*

Name of RFP Bidder

Second Item: Officer of the RFP Bidder and Designee

THE OFFICER OF THE RFP BIDDER MUST BE AVAILABLE TO MAKE ALL REPRESENTATIONS FOR THIS SOLICITATION.

1) Will the previously named Officer of the RFP Bidder be available to make all representations required by the Part 1 and Part 2 Proposal?

☐ yes ☐ no

2) Is the contact information for the Officer of the RFP Bidder the same as was previously submitted?

☐ yes ☐ no

3) Does the Officer of the RFP Bidder waive its option to designate a Designee for this solicitation?

☐ yes ☐ no

If yes to ALL questions above, please proceed to the next item below in this section, "Representative of the RFP Bidder".

If you answered NO to the question 1), please name another individual as Officer of the RFP Bidder by filling the information below. The individual named as Officer of the RFP Bidder must be an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder. **If you answered NO to question 2)**, please make all necessary corrections below.

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.* | *Email Address*

If you answered NO to question 3), please designate a Designee below.

_____
Name of RFP Bidder

The Officer of the RFP Bidder may name a Designee. Either the Officer of the Bidder or the Designee must sign the Default Service Program Supply Master Agreement.

____ (the Officer of the RFP Bidder named above) hereby names ____, whose contact information is immediately below, to serve as the Designee. I certify that this individual is authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder.

_____ _____
Signature of Officer Date

_____
Printed Name

CONTACT INFORMATION FOR THE DESIGNEE APPEARS BELOW.

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

_____
Name of RFP Bidder

Third Item: Communications with the RFP Bidder

THE INDEPENDENT EVALUATOR SENDS NOTIFICATIONS BY FAX OR EMAIL AND DOCUMENTS BY SECURE FILE TRANSFER OR SAVED ON A CD SENT BY OVERNIGHT DELIVERY.

Do you want to change the manner in which you receive notifications and documents from the Independent Evaluator?

☐ yes ☐ no

If no, please proceed to the next item below in this section, "Representations of the Officer of the RFP Bidder".
If yes, please make all elections below.

1) Please elect the method by which the Independent Evaluator will provide notifications to the RFP Bidder and by which the RFP Bidder will respond to the Independent Evaluator. Such notifications include all notices assessing the completeness of the Part 1 Proposal or the Part 2 Proposal, as well as the Part 1 Notification and the Part 2 Notification.

   ☐ fax ☐ email

   If the RFP Bidder elected to receive notifications by fax, please provide a fax number for the Representative of the RFP Bidder.
   Fax No.
   [ ]

2) Please elect the method by which the Independent Evaluator will provide documents necessary for participation to the RFP Bidder. Such documents include the Default Service SMA documents, the confidential information required to submit Bids on the Bid Date, as well as any training materials prepared by the Independent Evaluator.

   ☐ secure electronic file transfer ☐ overnight delivery service

NOTIFICATIONS SENT BY OVERNIGHT DELIVERY SERVICE WILL BE SENT TO THE ADDRESS PROVIDED FOR THE REPRESENTATIVE. ANY SUCH NOTIFICATION WILL BE DEEMED RECEIVED BY THE RFP BIDDER AT THE TIME OF DELIVERY OR TRANSMISSION, PROVIDED THAT WHERE DELIVERY OR TRANSMISSION OCCURS AFTER 6 PM ON A BUSINESS DAY OR OCCURS ON A DAY THAT IS NOT A BUSINESS DAY, RECEIPT WILL BE DEEMED TO OCCUR AT 9 AM ON THE FOLLOWING BUSINESS DAY. NOTIFICATIONS SENT BY EMAIL OR SECURE FILE TRANSFER WILL BE SENT TO THE EMAIL ADDRESS(ES) PROVIDED FOR THE REPRESENTATIVE AND IN ATTACHMENT 1 FOR AUTHORIZED INDIVIDUALS DESIGNATED TO RECEIVE COMMUNICATIONS.

_____
Name of RFP Bidder

Third Item: Representative of the RFP Bidder

THE REPRESENTATIVE PREVIOUSLY NAMED MUST BE AVAILABLE DURING THIS SOLICITATION TO BE THE POINT OF CONTACT FOR THE INDEPENDENT EVALUATOR AND TO RECEIVE CORRESPONDENCE FROM THE INDEPENDENT EVALUATOR.

IF THE RFP BIDDER OPTED FOR COMMUNICATIONS BY EMAIL AND/OR SECURE FILE TRANSFER, THE REPRESENTATIVE MAY DESIGNATE UP TO THREE (3) OTHER AUTHORIZED INDIVIDUALS TO RECEIVE COMMUNICATIONS FROM THE INDEPENDENT EVALUATOR IN ADDITION TO THE REPRESENTATIVE. THE REPRESENTATIVE DESIGNATES EACH INDIVIDUAL BY COMPLETING THE NOMINATION FORM ATTACHED TO THE PART 1 FORM FOR EACH INDIVIDUAL. THIS IS NOT A REQUIREMENT OF THE PART 1 PROPOSAL AS THE REPRESENTATIVE MAY DESIGNATE SUCH NOMINEES AT ANY TIME.

1) Is the previously named Representative available to be the point of contact for the Independent Evaluator and to receive correspondence from the Independent Evaluator?

☐ yes ☐ no

2) Is the contact information for the Representative of the RFP Bidder the same as was previously submitted?

☐ yes ☐ no

If yes to BOTH questions, please proceed to the next item below in this section, "Representations of the Officer of the RFP Bidder".

If you answered NO to question 1), the Officer of the RFP Bidder must name a new Representative of the RFP Bidder and must provide all information requested below. The Officer of the RFP Bidder may name himself or herself as the Representative.

If you answered NO to question 2), please make all necessary corrections to the contact information for the Representative starting on the next page.

THIS REPRESENTATION OF THE OFFICER OF THE RFP BIDDER IS ONLY REQUIRED IF THE PREVIOUSLY NAMED REPRESENTATIVE WILL NOT BE AVAILABLE FOR THIS SOLICITATION AND THE OFFICER OF THE RFP BIDDER IS NAMING A NEW REPRESENTATIVE.

__ (the Officer of the RFP Bidder named above) hereby designates __, whose contact information is immediately below, to serve as the Representative of the RFP Bidder.

_____ _____

Signature of Officer to name a new Representative Date

___

Printed Name

_____

Name of RFP Bidder

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address

City

State

Zip Code

Telephone No.

Alternate Telephone No. (if available)

Email Address

Fax No.

_____
Name of RFP Bidder

Fourth Item: Representations of the Officer of the RFP Bidder

WHETHER OR NOT THE RFP BIDDER HAS PREVIOUSLY QUALIFIED, THE FOLLOWING CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.

I certify that:

(1) I am an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder. This Part 1 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date.

(2) To the best of my knowledge and belief, all information provided in this Part 1 Proposal is true and accurate.

(3) If, for any reason or due to any circumstance, any information provided in this Part 1 Proposal changes or any previous certification fails to remain valid before the sixth business day after the Bid Date, I or the Representative will notify the Independent Evaluator of such changes as soon as practicable.

_____ _____
Signature of Officer Date

_____ _____
Signature and Seal from Notary Public Date

Name of RFP Bidder

2. Financial Requirements

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 1 FORM.

First Item: Name of Entity on Whose Financial Standing the RFP Bidder is Relying

Has the entity on whose financial standing the RFP Bidder relies changed since the last solicitation for which the RFP Bidder was qualified?

☐ yes ☐ no

If yes, **PLEASE USE THE STANDARD PART 1 FORM** to submit your Part 1 Proposal.

If no, please proceed to the next question.

Is the legal name and address of the entity on whose financial standing the RFP Bidder relies provided in the Initial Status Notification correct?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Financial Information".
If no, please make any needed correction below.

Legal Name of Entity

Street Address

City *State* *Zip Code*

The financial and credit information provided in the remainder of this section must pertain to the entity on whose financial standing the RFP Bidder is relying (the RFP Bidder, or an RFP Guarantor, or a Principal).

_____
Name of RFP Bidder

Second Item: Financial Information

PLEASE PROVIDE THE REQUESTED INFORMATION EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD OR BY EMAIL. IF PROVIDING HARD COPIES OF FINANCIAL STATEMENTS, ONE COPY IS SUFFICIENT.

IF THE RFP BIDDER IS RELYING ON ITS OWN FINANCIAL STANDING, AND IF FINANCIAL INFORMATION IS UNAVAILABLE FOR THE RFP BIDDER, THE RFP BIDDER MUST CLEARLY STATE THIS FACT IN SECTION 8 OF THIS PART 1 FORM. IF THE RFP BIDDER IS RELYING ON THE FINANCIAL STANDING OF ANOTHER ENTITY, FINANCIAL INFORMATION MUST BE AVAILABLE FOR THAT ENTITY.

The required financial information is the most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement.

If the SEC Form 10-Q or 10-K is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 5 of the RFP Rules.

Please indicate here the information provided (check only one):
☐ SEC Form 10-Q or 10-K (most recent); or
☐ Other quarterly, monthly, or bi-annual financial information with an attestation of the Chief Financial Officer.

_____
Name of RFP Bidder

Third Item: Credit Ratings

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES THE CREDIT RATINGS FOR THE ENTITY ON WHOSE FINANCIAL STANDING THE RFP BIDDER LAST RELIED.

Are the credit ratings for the entity in the Initial Status Notification up-to-date and accurate?
☐ yes ☐ no

If yes, please proceed to Section 3, "Letters of Credit and Default Service Program Supply Master Agreement".
If no, please fill in the information below.

1. Has the rating from S&P for the entity changed since the last solicitation?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating ___
   - The type of rating ___

2. Has the rating from Moody's for the entity changed since the last solicitation?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating ___
   - The type of rating ___

3. Has the rating from Fitch for the entity changed since the last solicitation?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating ___
   - The type of rating ___

Name of RFP Bidder

3. Letters of Credit, Guaranty and Default Service Program Supply Master Agreement

COMPLETE ALL INFORMATION REQUESTED IN THIS SECTION 3 OF THIS PART 1 FORM.

First Item: Pre-Bid Letter of Credit

Are you submitting a Draft Pre-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.

ALL APPROVED MODIFICATIONS TO THE STANDARD PRE-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

THE DRAFT PRE-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

Second Item: Post-Bid Letter of Credit

Are you submitting a Draft Post-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. A Draft Post-Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

THE DRAFT POST-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

ALL APPROVED MODIFICATIONS TO THE STANDARD POST-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

___
Name of RFP Bidder

Third Item: Information Needed to Prepare the Default Service Program Supply Master Agreement and its Exhibits

Are you a Default Supplier with PECO (i.e., you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation)?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Certification on Pending Legal Proceedings". **If no**, please continue filling in information for this item on the Default Service Program Supply Master Agreement. **THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES ALL INFORMATION NEEDED TO PREPARE THE DEFAULT SERVICE SMA FOR EXECUTION, INCLUDING ALL EXHIBITS, AND THE LAST ELECTIONS OF THE RFP BIDDER.**

Is the information, as provided in the Initial Status Notification, needed to prepare the Default Service SMA and all exhibits, including the last elections of the RFP Bidder, up-to-date and accurate?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Certification on Pending Legal Proceedings". **If no**, please make all necessary corrections below.

1. Under Section 12.3 of the Default Service Program Supply Master Agreement, the Seller may, in its sole discretion, add the following subsection 12.3(c). If you are correcting this election, please do so below.

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

   Do you intend for subsection 12.3(c) to be included as part of the Default Service Program Supply Master Agreement?

   ☐ yes ☐ no

_____
Name of RFP Bidder

2. If you are correcting the information used to complete Exhibit H (Form of Notice) to the Default Service SMA, please enter all corrections below.

(a) All Notices:

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.*

DUNS | *Federal Tax I.D. Number*

(b) Invoices:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Telephone No. | *Fax No.*

(c) Scheduling:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Telephone No. | *Fax No.*

(d) Payments:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Telephone No. | *Fax No.*

_____
Name of RFP Bidder

(e) Wire Transfer:

Bank

ABA *ACCT*

(f) Credit and Collections:

ATTN:
Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Telephone No. *Fax No.*

(g) Additional Notices of an Event of Default to:

ATTN:
Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Telephone No. *Fax No.*

Fourth Item: Ability to Perform

Are you a Default Supplier with PECO (i.e., you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation)?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Information Needed to Prepare the Guaranty".
If no, the Officer of the RFP Bidder must sign the following certification.

I certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service Program Supply Master Agreement and each Transaction Confirmation.

_____ _____

Signature of Officer Date

_____
Name of RFP Bidder

Fifth Item: Information Needed to Prepare the Guaranty

Is the RFP Bidder relying on the financial standing of an RFP Guarantor?

☐ yes ☐ no

If no, please proceed to Section 4, "Regulatory Representations".
If yes, please continue to the following question:

Does the RFP Guarantor already have an existing guaranty *from a previous solicitation under this RFP* for the maximum amount of the Unsecured Credit Limit?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations".
If no, please continue to the following question:

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES ALL INFORMATION NEEDED TO PREPARE THE GUARANTY FOR EXECUTION, INCLUDING THE LAST ELECTIONS OF THE RFP BIDDER.

Is the information, as provided in the Initial Status Notification, needed to prepare the Guaranty for execution including the last elections of the RFP Bidder, up-to-date and accurate?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Optional Modifications to the Guaranty".
If no, please make all necessary corrections below.

To correct the information regarding the RFP Guarantor, please use the fields below:

Name of RFP Guarantor

Whether the RFP Guarantor is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Guarantor is existing and organized .

Name of relevant and binding corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws.

Name of RFP Bidder

To correct the information regarding the RFP Bidder, please use the fields below:

Whether the RFP Bidder is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Bidder is existing and organized .

To correct the name and contact information for the person to whom notices and other communications will be sent under the guaranty, please use the fields below:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City *State* *Zip Code*

Phone Number *Fax*

To correct the name and title of the person who will be signing the guaranty, please use the fields below:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

_____
Name of RFP Bidder

Sixth Item: Optional Modifications to the Guaranty

Is the RFP Guarantor using the Form of Guaranty without any modifications and without electing any of the optional changes below?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations". **Do not** elect any modifications below.

If no, please indicate whether the RFP Guarantor is adopting each change. All such optional changes are shown in redline below.

Name of RFP Bidder

(Optional Change #1) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, ~~less~~ excluding the value of other liquid securities posted by the Seller under the Agreement(s)] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #1?

☐ yes ☐ no

Name of RFP Bidder

(Optional Change #2) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #2?
☐ yes ☐ no

(Optional Change #3) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. For the avoidance of doubt, this Guaranty guarantees only payment obligations of Seller and does not guarantee physical delivery or, to the extent applicable, reporting obligations of Seller.

Do you want to adopt optional change #3?
☐ yes ☐ no

(Optional Change #4) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed [$____], less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #4?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #5) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations only and Guarantor shall have no obligation to perform under any Agreement, including, without limitation, to sell, deliver, supply or transport gas, electricity or any other commodity.

Do you want to adopt optional change #5?
☐ yes ☐ no

(Optional Change #6) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. By acceptance of this Guaranty, the Guaranteed Party agrees that this Guaranty replaces, supersedes and renders null and void the Guaranty dated [_____] from the Guarantor to the Guaranteed Party in the maximum aggregate liability of [_____] USD.

PLEASE NOTE *that Optional Change #6 is only acceptable if the RFP Bidder has an existing outstanding guaranty with PECO from a previous solicitation under the Default Service RFP, and references such guaranty in the brackets above. Please note that the guaranty is only "accepted" once it is signed by PECO; if the RFP Bidder submits a guaranty with its Part 2 Proposal and incorporates the above modification, but the RFP Bidder does not win at the RFP in that solicitation, the submitted guaranty will be returned without a signature from PECO and the previous guaranty will remain in force.*

Do you want to adopt optional change #6?
☐ yes ☐ no

If yes, you must provide:

Date of Existing Guaranty	*Amount of Existing Guaranty*

Name of RFP Bidder

(Optional Change #7) Paragraph 2:

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to (except as explicitly provided herein), any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

Do you want to adopt optional change #7?
☐ yes ☐ no

(Optional Change #8) Paragraph 4:

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller~~,~~ or the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

Do you want to adopt optional change #8?
☐ yes ☐ no

(Optional Change #9) Paragraph 5:

5. Until such time as the Guaranteed Obligations have been paid in full, the~~The~~ Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

Do you want to adopt optional change #9?
☐ yes ☐ no

_____
Name of RFP Bidder

(Optional Change #10) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon ~~the effectiveness of any~~ such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #10?
☐ yes ☐ no

(Optional Change #11) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to ~~the time the~~ such expiration or termination ~~is effective~~, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #11?
☐ yes ☐ no

(Optional Change #12) Paragraph 12:

12. All payment demands, requests, instructions, notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received).

Do you want to adopt optional change #12?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #13) Paragraph 13:

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as such enforcement may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its Articles of Incorporation and by-laws or any law, regulation or contractual restriction binding on it or its assets.

Do you want to adopt optional change #13?
☐ yes ☐ no

(Optional Change #14) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to such venue ~~or~~, including the defense of inconvenient forum.

Do you want to adopt optional change #14?
☐ yes ☐ no

(Optional Change #15) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the ~~Commonwealth of Pennsylvania~~ State of New York. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum.

Do you want to adopt optional change #15?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #16) Paragraph 17:

17. ~~If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.~~

You may only adopt optional change #16 if the Guarantor is not a trust. Do you want to adopt optional change #16?

☐ yes ☐ no

If <u>yes</u>, the Representative of the RFP Bidder or the Officer of the RFP Bidder must make the following representations:

I certify that the Guarantor, on whose financial standing the RFP Bidder will be relying, is not a trust.

_____ _____

Signature of Officer or Representative Date

_____
Name of RFP Bidder

(Optional Change #17) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

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

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

Do you want to adopt optional change #17?
☐ yes ☐ no

_____
Name of RFP Bidder

(Optional Changes #18, #19 & #20): If the RFP Bidder wishes to add an Additional Guarantor to the Standard Form of Guaranty, all three changes below must be made.

Do you want to adopt optional changes #18, #19 & #20?
☐ yes ☐ no

If yes, you must provide:

Name of Additional Guarantor | *Place of Incorporation of Additional Guarantor*

(Optional Change #18) Preamble:

THIS GUARANTY (this "Guaranty"), dated as of _____, 20__, is made by _____ (the "Guarantor"), a_____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia] and _____ (the "Additional Guarantor"), a _____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Supply Master Agreement dated _____, 20__(as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and _____, a _____ organized and existing under the laws of _____(the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

(Optional Change #19) Additional Paragraph:

18. Additional Guarantor joins this Guaranty and agrees to be jointly and severally liable with Guarantor for each and all of the obligations and responsibilities of the Guarantor pursuant to this Guaranty. Guarantor agrees and acknowledges that Additional Guarantor has assumed the obligations described in this Paragraph 18 and that such assumption in no way limits or restricts Guarantor's obligations hereunder or Guaranteed Party's rights to enforce said obligations.

_____
Name of RFP Bidder

(Optional Change #20) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Additional Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

[ADDITIONAL GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

_____
Name of RFP Bidder

4. Regulatory Representations

Are you a Default Supplier with PECO (i.e., you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation)?

☐ yes ☐ no

If yes, please proceed to Section 5, "Additional Representations".
If no, please make the following certification.

FERC Authorization

A copy of the FERC Order granting authority to make sales at market-based rates in PJM is not required; however, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

I certify that the RFP Bidder has FERC authorization to make sales of energy, capacity, and ancillary services at market-based rates in PJM. I acknowledge that although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

_____ _____

Signature of Officer Date

Name of RFP Bidder

5. Additional Representations

THIS CERTIFICATION MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER.

I certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs.

Signature of Officer

Date

An RFP Bidder found to be acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator.

Name of RFP Bidder

6. RFP Bidders Under Agency Agreements

Is the RFP Bidder submitting a Proposal under an Agency Agreement?
☐ yes ☐ no

If no, please proceed to Section 7, "Foreign RFP Bidders and Foreign Entities".
If yes, please continue and fill in all required information in this Section.

First Item: Certifications

THE OFFICER OF THE RFP BIDDER MUST MAKE THE FOLLOWING REPRESENTATION.

I certify that I have the authority to bind the Principal(s).

Signature of Officer _____ Date _____

Second Item: Principals and Agency Agreement

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES THE NAME OF EACH PRINCIPAL.

1) Is the information regarding the Principals in the Initial Status Notification up-to-date and accurate?
☐ yes ☐ no

2) Can the RFP Bidder confirm that there have been no changes to the Agency Agreement?
☐ yes ☐ no

If yes to BOTH questions, please proceed to the next item below in this section, "Draft Officers' Certificate".
If no to question 1) please make all necessary corrections below.
If no to question 2), please provide one copy of the Agency (either in hard copy or electronically on a CD via mail or by email) with this Part 1 Proposal.

Name of Principal or Principals

____
Name of RFP Bidder

Third Item: Draft Officers' Certificate

The RFP Bidder may, but is not required to, submit a draft Officers' Certificate for evaluation. If a draft Officers' Certificate is submitted for evaluation, the Independent Evaluator will inform the RFP Bidder of any changes required.

Is the RFP Bidder submitting a draft Officers' Certificate?

☐ yes ☐ no

Name of RFP Bidder

7. Foreign RFP Bidders and Foreign Entities

Is the RFP Bidder a Foreign RFP Bidder?
☐ yes ☐ no
Is the RFP Bidder relying on the financial standing of a Foreign Entity (RFP Guarantor or Principal)?
☐ yes ☐ no

If no to both questions, please proceed to Section 8, "Justification of Omissions".
If yes to one or both of these questions, please complete all information required in this section.

First Item: Evidence of Creditworthiness

In addition to supplying all required information and documents under Section 2 of this Part 1 Form, a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity may provide any additional evidence of creditworthiness for the Foreign RFP Bidder or the Foreign Entity so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

Are you submitting additional evidence of creditworthiness for the Foreign RFP Bidder or for a Foreign Entity on whose financial standing the RFP Bidder relies?
☐ yes ☐ no

Second Item: Draft Documents

The Officer of the RFP Bidder has previously acknowledged additional documents are required with the Part 2 Proposal for unsecured credit to be granted under the terms of the Default Service Program Supply Master Agreement. The RFP Bidder may, but is not required to, submit a draft of these documents, in hard copy or electronically on a CD via mail or by email, with its Part 1 Proposal.

Are you submitting draft of any of these additional documents for evaluation?
☐ yes ☐ no

If no, please proceed to Section 8, "Justification of Omissions".
If yes, please check all that apply:

_____
Name of RFP Bidder

FOR FOREIGN RFP BIDDERS:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

FOR RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past.

FOR RFP BIDDERS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

Name of RFP Bidder

8. Justification of Omissions

If you are unable to provide all documents or information required with this Part 1 Form, please justify fully any omissions in the space provided below.

_____
Name of RFP Bidder

Checklist

This is a checklist of documents that must be included in the Part 1 Proposal.

☐ **Two (2) originals** of the completed Part 1 Form (with original signatures and original notarized signatures where required) *[Instructions]*

☐ **One (1) copy** (electronically on a CD via mail or by email) of the completed Part 1 Form in **Microsoft Word**;

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email) of evidence of a change of name if the legal name of the RFP Bidder has changed. *[Section 1]*

For the entity (the RFP Bidder, a Guarantor, or a Principal) on whose financial standing the RFP Bidder relies:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): most recent SEC Form 10-Q or 10-K (whichever is more recent); if unavailable, the most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. *[Section 2]*

This is a checklist of optional documents that the RFP Bidder may use to prepare the Part 1 Proposal:

☐ **One (1) copy** (electronically on a CD via mail or by email): Draft Pre-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (electronically on a CD via mail or by email): Draft Post-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Documentation showing the name of the rating agency, the type of rating, and the rating of the entity, if not submitted in a previous RFP *[Section 2]*

An RFP Bidder submitting a Proposal under an Agency Agreement may provide the Agency Agreement if it has changed. Such RFP Bidder may also provide the following draft document for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft Officers' Certificate. *[Section 6]*

_____
Name of RFP Bidder

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

Name of RFP Bidder

A Foreign RFP Bidder may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past. *[Section 7]*

End of Part 1 Form

Requirements for Chief Financial Officer Attestation

The attestation by the Chief Financial Officer, if required by Article IV, must fulfill the following requirements:

1. the attestation is a notarized affidavit attached to the financial information provided by the entity;
2. the attestation identifies the person making the affidavit as the Chief Financial Officer (or equivalent position);
3. the Chief Financial Officer (or equivalent) attests that "the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of _____[name of entity]".

Officers' Certificate
(RFP Bidders Under an Agency Agreement)

Sample

The undersigned hereby certify that they are duly elected, qualified and acting officers holding the offices set forth below their respective names of _____ [name of Principal(s)], the "Principal" or together the "Principals". As such, they are familiar with the affairs of the Principal(s) and the Proposal submitted in response to PECO Energy Company's Default Service Program RFP under DSP II, including the agency authorization submitted with the Proposal (the "Agency Agreement"). They are authorized to execute and deliver this certificate on behalf of the Principal(s).

They further certify that:

(i) the copy of the Agency Agreement submitted with the Proposal is a true and complete copy of the Agency Agreement as currently in effect;

(ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to six (6) business days following the Bid Date;

(iii) there are no proceedings pending for the amendment or termination of the Agency Agreement, contemplated by the RFP Bidder, or contemplated by the Principal(s) to the RFP Bidder's knowledge;

(iv) each individual who has executed this officers' certificate, the Agency Agreement, and the Default Service Program Supply Master Agreement ("Default Service SMA") submitted with the Part 2 Proposal is (or was at the time of the execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and

(v) _____ [insert name], the Officer of the RFP Bidder named in the Part 1 Proposal, is authorized to execute any Transaction Confirmation(s) pursuant to the Default Service SMA on behalf of the Principal(s).

Capitalized terms used in this officers' certificate without definition have the meanings assigned to such terms in the RFP Rules.

_____
Name of RFP Bidder

PART 2 FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS
PART 2 DATE: November 1, 2012

PECO Energy Company ("Company" or "PECO") is intending to obtain full requirements electric supply to meet a portion of its obligations as Default Service Provider through this Request for Proposals ("RFP").

This Part 2 Form is the only form that may be used to submit a Part 2 Proposal. Before completing this Part 2 Form, please review the RFP including the Default Service Program Supply Master Agreement so that you understand the conditions under which the RFP will be conducted. These documents are posted at www.pecoprocurement.com.

By having submitted a Part 1 Proposal in response to this RFP, you agreed to all terms and conditions of this RFP.

Any information provided by an RFP Bidder in this Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission ("Commission"). PECO representatives will review the information provided to fulfill the requirements of Section 4 and Section 5, and will participate in the evaluation of the Pre-Bid Letter of Credit with the name of the RFP Bidder and the amount redacted.

____
Name of RFP Bidder

INSTRUCTIONS FOR PROPOSAL

RFP Bidders use the Part 2 Form to submit a Part 2 Proposal in the RFP.

Please complete all sections.

I. Part 2 Proposal Submission

An RFP Bidder must:

- Submit **two (2) original** completed Part 2 Forms (with original signatures);
- Submit **one (1) electronic copy** (on CD via mail or by email to pecoprocurement@nera.com) of the completed Part 2 Form in **Microsoft Word**;
- Submit documents required to support the Part 2 Form as specified in Sections 2 and 3; and
- Manually insert the name of the RFP Bidder **on every page** of the Part 2 Form.

In addition, an RFP Bidder must respond to Sections 4 and 5 of the Part 2 Form and submit documents requested as applicable to the RFP Bidder.

The completed Part 2 Proposal MUST be received by the Independent Evaluator no later than 12 PM (noon) EPT[1] on November 1, 2012 (the Part 2 Date) at:

NERA - Independent Evaluator
PECO Default Service Program RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Inquiries may be directed to the Independent Evaluator by:

- telephone (215) 568-0200
- fax (215) 568-9358
- through the "Ask a Question" page on the Web site at www.pecoprocurement.com

Photocopies and facsimiles of completed forms will not be accepted under any circumstances.

[1] Unless noted otherwise, all times refer to the Eastern Prevailing Time (EPT) zone.

____
Name of RFP Bidder

II. Part 2 Proposal Submission

Notifications

The Independent Evaluator sends you notifications by email or fax, at your option.

Confirmation

If your Part 2 Proposal is received by mail or email, a confirmation consisting of the first page of your Part 2 Form stamped with the time and the date that it was received will be sent to you. This confirmation of receipt will be sent after an initial review, either with a confirmation that your proposal is complete, or with a deficiency notice (see below). If your Part 2 Proposal is hand-delivered, a confirmation consisting of a photocopy of the first page of your Part 2 Form stamped with the time and the date that it was received will be provided to the deliverer.

Timing of Part 2 Proposal Review

The Part 2 Window opens at 8 AM on October 29, 2012 and closes at 12 PM (noon) on November 1, 2012. The last day of the Part 2 Window, November 1, 2012, is called the Part 2 Date. Part 2 Proposals received during the Part 2 Window are processed on the day they are received. RFP Bidders also have the option to submit the Part 2 Form during the Part 1 Window for early processing. If the Part 2 Form is received during the Part 1 Window, the Evaluation team will review the Part 2 Form as soon as practicable. If a Part 2 Form is received before the Part 1 Window opens, the evaluation team will review the Part 2 Form as soon as practicable after the Part 1 Window opens. Proposals received after the Part 2 Date are late proposals and are not processed.

Incomplete Part 2 Proposals

If your Part 2 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you. If the deficiency or request for clarification concerns your Pre-Bid Letter of Credit, or your guaranty, or documents required to fulfill the requirements of Section 4 and Section 5 of this Part 2 Form, you will have until noon on the Part 2 Date, or until 6 PM of the second business day following the business day during which you are notified, whichever comes later, to respond. For any other deficiencies or requests for clarification you will have until 12 PM (noon) on the Part 2 Date, or until 6 PM on the business day following the business day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 2 Proposal may be rejected and you may be unable to participate in the RFP. One (1) copy of the Part 2 Form and all documents except for the Pre-Bid Letter of Credit will be returned to you.

Late Part 2 Proposals

No late Part 2 Proposals will be accepted under any circumstances.

_____
Name of RFP Bidder

Part 2 Notification

When your Part 2 Proposal is complete, the Independent Evaluator will send a complete notice to your Representative with a copy of the first page of your Part 2 Form stamped "complete". Each RFP Bidder that submits a Part 2 Proposal will be notified whether it is eligible to submit a Bid on the Bid Date for the RFP no later than 6 PM on November 5, 2012 (the Part 2 Notification Date).

RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to submit additional documents as specified in Section 4.

Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity"), is required to provide additional information in Section 5 of this Part 2 Form. Please note that if the RFP bidder has previously qualified and submitted these additional documents, fully executed, and deemed sufficient in a previous solicitation, re-submission may not be required provided that the documents remain certifiably up-to-date and valid.

Name of RFP Bidder

PART 2 FORM

1. Contact Information and Representations

COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 2 FORM.

Name and Address of the RFP Bidder

Is the contact information in provided in your Part 1 Form still valid?
☐ yes ☐ no

If yes, please proceed to the Representations on page 8 of this form.

If no, please make any corrections in the space provided below.

Legal Name of RFP Bidder

Street Address

City *State* *Zip Code*

THE OFFICER OF THE RFP BIDDER NAMED IN THE PART 1 PROPOSAL WILL MAKE ALL REPRESENTATIONS AND CERTIFICATIONS IN THIS PART 2 PROPOSAL. IF THE RFP BIDDER MUST CHANGE THE INDIVIDUAL WHO SERVES AS OFFICER OF THE RFP BIDDER, THE RFP BIDDER MUST RE-SUBMIT BY THE PART 2 DATE ITS PART 1 FORM IN ITS ENTIRETY NAMING THE NEW INDIVIDUAL AS OFFICER OF THE RFP BIDDER, AND THE NEW OFFICER OF THE RFP BIDDER MUST MAKE ALL REPRESENTATIONS AND CERTIFICATIONS REQUIRED IN THIS RFP FOR THIS SOLICITATION.

Last Name of Officer of the RFP Bidder *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title of Officer of the RFP Bidder

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

Name of RFP Bidder

In the Part 1 Proposal, the Officer of the RFP Bidder was given the option to name a Designee of the RFP Bidder. Please use the space below to update contact information for the Designee of the RFP Bidder if necessary.

Last Name of the Designee | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.* | *Email Address*

The Independent Evaluator, for the purposes of this RFP, will always send all communications to the Representative and will also send communications by email or secure file transfer to other authorized individuals designated in Attachment 1 to the Part 1 Form. Please use the fields below to make any correction to the contact information for the Representative.

Last Name of Representative | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. of Representative | *Alternate Telephone No.* | *Email Address of Representative*

Fax No. of Representative

____
Name of RFP Bidder

Representations of the Officer of the RFP Bidder

THE FOLLOWING CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.

(1) I certify that this Part 2 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date.

(2) I certify that the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal by another RFP Bidder in response to this solicitation or any future solicitation under this RFP. Such information includes, but is not limited to: the fact that another RFP Bidder is submitting a Proposal in response to this solicitation or a subsequent solicitation under this RFP; the Bids by another RFP Bidder in this or in a subsequent solicitation under this RFP; the number of tranches bid by another RFP Bidder for any product in this or in a subsequent solicitation under this RFP; the estimation by another RFP Bidder of the value of a tranche of a product; the estimation by another RFP Bidder of the risks associated with providing supply under the Default Service SMA; the preference of another RFP Bidder for bidding on specific products in this or in a subsequent solicitation under the RFP; and the contractual arrangements for power of another RFP Bidder to serve tranches of Default Service Load were that RFP Bidder to become a Default Supplier. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.

(3) I certify that although the RFP Bidder may disclose aspects of its Proposal in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors (if any), any such communication is made in a manner that can reasonably be expected to maintain the confidentiality of this Proposal.

(4) I certify that, with only the exceptions noted in (4) above, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in any solicitation under the RFP, or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to the RFP. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids in this or in a subsequent solicitation under this RFP; the RFP Bidder's number of tranches bid for any product in this or in a subsequent solicitation under this RFP; the RFP Bidder's estimation of the value of a tranche of a product; the RFP Bidder's estimation of the risks associated with providing supply under the Default Service SMA; and the RFP Bidder's preference for bidding on specific products in this or in a subsequent solicitation under this RFP. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.

(5) I certify that any Bid on any product submitted in response to this RFP for this solicitation is binding until six (6) business days after the Bid Date and constitutes a binding and irrevocable offer to provide service under the terms of the Default Service SMA at the price specified in the Bid.

____
Name of RFP Bidder

(6) I certify that if the Commission approves some or all of the RFP Bidder's Bids, I or the Designee will execute, or will nominate another authorized individual to execute, all Transaction Confirmation(s) required by the Commission's decision under the Default Service SMA by 2 PM of the fourth business day after the Bid Date.

(7) I certify that in any such Transaction Confirmation, the RFP Bidder will specify a price for each type of AECs (Tier I, Tier I Solar, and Tier II) that is included in the RFP Bidder's winning Bids and each such price will be greater than $0/AEC.

Signature of Officer	Date
Signature and Seal from Notary Public	Date

____
Name of RFP Bidder

2. Pre-Bid Letter of Credit

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 2 FORM.

First Item: Use of Standard Pre-Bid Letter of Credit

The RFP Bidder must either use the Standard Pre-Bid Letter of Credit, provided on www.pecoprocurement.com, or the RFP Bidder must submit a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals.

The RFP bidder is submitting an executed Pre-Bid Letter of Credit (check one):

☐ using the Standard Pre-Bid Letter of Credit; or

☐ incorporating only approved modifications.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?
☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in this Section 2, "Amount of the Pre-Bid Letter of Credit".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit an executed Pre-Bid Letter of Credit.

_____ _____

Signature of Officer of the RFP Bidder Date

Second Item: Amount of the Pre-Bid Letter of Credit

INSTRUCTION: THE RFP BIDDER MUST PROVIDE AN EXECUTED PRE-BID LETTER OF CREDIT, DRAWN FOR THE ACCOUNT OF THE RFP BIDDER AND ACCEPTABLE TO PECO, IN AN AMOUNT OF $250,000 PER TRANCHE BID ON PRODUCTS FOR THE RESIDENTIAL, SMALL COMMERCIAL AND MEDIUM COMMERCIAL CLASSES, AND $125,000 PER TRANCHE BID ON PRODUCTS FOR THE LARGE COMMERCIAL AND INDUSTRIAL CLASS. A SINGLE PRE-BID LETTER OF CREDIT IS SUBMITTED EVEN IF THE RFP BIDDER BIDS ON MORE THAN ONE PRODUCT OR MORE THAN ONE CLASS.

____
Name of RFP Bidder

Third Item: Instructions for Release of the Pre-Bid Letter of Credit

PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than six (6) business days after the Bid Date. If the Commission does not approve any of the RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within three (3) business days of the Bid Date. Please provide any special instructions for returning the Pre-Bid Letter of Credit below.

Name of RFP Bidder

3. Default Service SMA Documents

Are you a Default Supplier with PECO such that you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation?

☐ yes ☐ no

If yes, please proceed to the next item in this Section 3, "RFP Bidders Relying on the Financial Standing of an RFP Guarantor".

If no, please continue filling in information for this item on the Default Service Program Supply Master Agreement.

PROVIDE ALL INFORMATION AS INSTRUCTED IN THIS SECTION 3 OF THIS PART 2 FORM.

The Default Service SMA and Exhibits

Each RFP Bidder that qualified pursuant to a successful Part 1 Proposal receives from the Independent Evaluator the Default Service SMA, which the Independent Evaluator either transmits by secure file transfer or saves electronically on a CD that is sent by overnight delivery service.

AN RFP BIDDER MUST PROVIDE TWO (2) SIGNED ORIGINALS OF THE DEFAULT SERVICE SMA WITH ALL EXHIBITS, INCLUDING TWO (2) SIGNED ORIGINALS OF THE PJM DECLARATION OF AUTHORITY (EXHIBIT J). EITHER THE OFFICER OF THE RFP BIDDER OR DESIGNEE OF THE RFP BIDDER SIGNS TWO (2) ORIGINALS OF THE DEFAULT SERVICE SMA AND OF EXHIBIT J.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?
☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in this Section 3, "RFP Bidders Relying on the Financial Standing of an RFP Guarantor".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit two (2) signed originals of the Default Service SMA with all exhibits, including two (2) signed originals of the PJM Declaration of Authority (Exhibit J).

_____ _____

Signature of Officer of the RFP Bidder Date

____
Name of RFP Bidder

RFP Bidders Relying on the Financial Standing of an RFP Guarantor

Are you relying on the financial standing of an RFP Guarantor?
☐ yes ☐ no

If no, please proceed to Section 4.
If yes, please continue to the following question:

Does the RFP Guarantor already have an existing guaranty *from a previous solicitation under this RFP* for the maximum amount of the Unsecured Credit Limit?
☐ yes ☐ no

If yes, please proceed to Section 4.
If no, please continue to the following section:

Guaranty

An RFP Bidder relying on the financial standing of an RFP Guarantor must provide two (2) signed originals of the guaranty with the Part 2 Proposal.

FOR RFP BIDDERS THAT ARE NOT CURRENTLY SUPPLIERS AND THAT ARE USING THE FORM OF GUARANTY, THE GUARANTY AMOUNT MUST MEET OR EXCEED $600,000 PER TRANCHE BID ON THE FIXED-PRICE PRODUCTS. FOR RFP BIDDERS THAT ARE CURRENTLY SUPPLIERS AND THAT ARE USING THE FORM OF GUARANTY, THE GUARANTY AMOUNT MUST MEET OR EXCEED THE LESSER OF (I) THE UNSECURED CREDIT LIMIT; (II) THE SUM OF THE GUARANTY AMOUNT OF ANY CURRENT GUARANTY HELD BY PECO UNDER THE DEFAULT SERVICE SMA AND $600,000 PER TRANCHE BID ON THE FIXED-PRICE PRODUCTS.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in this Section 3, "Enforceability Opinion for an Alternate Guaranty".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit two (2) signed originals of the guaranty.

_____ _____

Signature of Officer relying on the Financial Standing of an RFP Guarantor

Date

____
Name of RFP Bidder

Enforceability Opinion for an Alternate Guaranty

Are you using an Alternate Guaranty Form?
☐ yes ☐ no

If no, please proceed to Section 4 of this form.
If yes, please continue filling out this section.

Have you obtained approval from PECO to use an alternate guaranty form in a previous solicitation and submitted a successful Part 2 Proposal in that previous solicitation?
☐ yes ☐ no

If yes, please proceed to Section 4 of this form.
If no, please continue completing this section.

RFP Bidders using an alternate guaranty form approved by PECO are required to provide an executed enforceability opinion for this alternate guaranty form on the letterhead of a law firm of national standing.

AN RFP BIDDER USING AN ALTERNATE GUARANTY FORM APPROVED BY PECO PURSUANT TO THE GUARANTY PROCESS MUST SUBMIT A GUARANTY WITH NO MONETARY LIMIT.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to Section 4.

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit an executed enforceability opinion.

_____ _____

Signature of Officer of the RFP Bidder Date

___
Name of RFP Bidder

4. RFP Bidders Under Agency Agreements

Are you submitting a Proposal under an Agency Agreement?
☐ yes ☐ no

If no, please proceed to Section 5, "Foreign RFP Bidders and Foreign Entities".
If yes, please complete the requirements of this Section.

Officer's Certificate

PLEASE PROVIDE THE REQUIRED OFFICERS' CERTIFICATE, SIGNED BY AN OFFICER OF EACH PRINCIPAL, WITH THIS PART 2 FORM. The Independent Evaluator and PECO will determine whether the document provided is sufficient, without any liability or obligation to the RFP Bidder or its Principal(s). A previously eligible RFP Bidder will have presented an Officers' Certificate acceptable to PECO at the time of the previously successful Part 2 Proposal; such Officers' Certificate in the same form will remain acceptable to PECO unless there has been a change in the circumstances of the RFP Bidder submitting a Proposal under an Agency Agreement.

Signatory to the Default Service SMA

Is a representative of the RFP Bidder authorized to execute Transaction Confirmations pursuant to the Default Service SMA?
☐ yes ☐ no

If yes, please proceed to Section 5.
If no, the RFP Bidder must name a representative of a Principal that is so authorized. This individual must also execute the two (2) originals of the Default Service SMA signature page and the two (2) originals of the PJM Declaration of Authority that are submitted with the Part 2 Proposal.

Is the RFP Bidder in the following situation: (1) the RFP Bidder is previously eligible; (2) the RFP Bidder provided information for a representative of a Principal in that previous solicitation and that Principal remains authorized to sign the Default Service SMA and any Transaction Confirmation; and (3) the RFP Bidder can confirm that the information for the representative of a Principal provided in the Notification of Qualification accurate and up-to-date?
☐ yes ☐ no

If yes, please proceed to Section 5.
Otherwise, please provide the information requested below.

____

Name of RFP Bidder

Please provide the name and contact information of this representative below.

Last Name of Representative	*Given Name(s)*	*Mr/Mrs/Ms/Dr/(other)*

Telephone No. of Representative	*Alternate Telephone No.*	*Email Address of Representative*

Fax No. of Representative

Name of RFP Bidder

5. Foreign RFP Bidders and Foreign Entities

Are you a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity (RFP Guarantor or Principal)?

☐ yes ☐ no

If no, please proceed to Section 6.
If yes, please complete all information required in this Section 5 of this Part 2 Form.

Foreign RFP Bidder

A FOREIGN RFP BIDDER MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE FOREIGN RFP BIDDER TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE DEFAULT SERVICE SMA.

Have you submitted all additional documents listed below, fully executed, and deemed sufficient in the Part 2 Proposal of a previous solicitation?

☐ yes ☐ no

If yes, please confirm by checking here ☐ that these documents remain up-to-date and valid and proceed to the next item in this Section 5 of this Part 2 Form.
If no, or if any additional document previously submitted is not up-to-date and valid, please complete this section and provide the documents listed below.

- **one (1) executed original** legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Default Service SMA includes a sample of this legal opinion.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service SMA.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

If the Foreign RFP Bidder does not submit these documents, or if these documents are not sufficient, the Foreign RFP Bidder is not granted unsecured credit under the terms of the Default Service SMA.

____
Name of RFP Bidder

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in Section 5, "Foreign RFP Guarantor".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit additional documents listed above for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service SMA.

_____ _____

Signature of Officer of the RFP Bidder Date

Name of RFP Bidder

Foreign RFP Guarantor

AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE RFP GUARANTOR TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE DEFAULT SERVICE SMA.

Have you submitted all additional documents listed below, fully executed, and deemed sufficient in the Part 2 Proposal of a previous solicitation?

☐ yes ☐ no

If yes, please confirm by checking here ☐ that these documents remain up-to-date and valid and proceed to the next item in this Section 5 of this Part 2 Form.
If no, or if any of the additional documents is not up-to-date and valid, please complete this section and provide the documents listed below.

- **one (1) executed original** legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Default Service SMA includes a sample of this legal opinion.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service SMA;

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA.

If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the Foreign RFP Guarantor is not granted unsecured credit under the terms of the Default Service SMA. In that case, the RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any guaranty submitted with the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional financial or credit information regarding the RFP Bidder.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement on the next page.

If no, please proceed to the next item in Section 5, "Agency Agreement with a Foreign Principal".

____
Name of RFP Bidder

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit additional documents listed above for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service SMA.

_____ _____

Signature of Officer of the RFP Bidder Date

____
Name of RFP Bidder

Agency Agreement with a Foreign Principal

AN RFP BIDDER SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE RFP BIDDER AND ITS PRINCIPAL TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE DEFAULT SERVICE SMA.

Have you submitted all additional documents listed below, fully executed, and deemed sufficient in the Part 2 Proposal of a previous solicitation?

☐ yes ☐ no

If yes, please confirm by checking here ☐ that these documents remain up-to-date and valid and proceed to Section 6 of this Part 2 Form.
If no, or if any of the additional documents is not up-to-date and valid, please complete this section and provide the documents listed below.

- **one (1) executed original** legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Default Service SMA includes a sample of this legal opinion.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the RFP Bidder and its Principal(s) are not granted unsecured credit under the terms of the Default Service SMA.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement on the next page.

If no, please proceed to Section 6.

____
Name of RFP Bidder

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit additional documents listed above for the Foreign RFP Bidder and its Principal to be granted unsecured credit under the terms of the Default Service SMA.

_____ _____

Signature of Officer of the RFP Bidder Date

____
Name of RFP Bidder

6. Justification of Omissions

If you are unable to provide all documents or information with this Part 2 Form, please justify fully any omissions in the space provided below.

____
Name of RFP Bidder

Checklist

This is a checklist of documents that must be included in the Part 2 Proposal.

☐ **Two (2) originals** of the completed Part 2 Form (with original signatures and original notarized signatures where required) *[Instructions Part I]*

☐ **One (1) copy** (on CD via mail or by email to pecoprocurement@nera.com) of the completed Part 1 Form in **Microsoft Word** *[Instructions Part I]*

☐ **One (1) executed original** Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder and acceptable to PECO, in an amount of $250,000 per tranche bid on products for the Residential, Small Commercial and Medium Commercial Classes, and in an amount of $125,000 per tranche bid on products for the Large Commercial and Industrial Class, that either uses the Standard Pre-Bid Letter of Credit provided in Appendix 11 to the RFP Rules, or a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals. *[Section 2]*

☐ **Two (2) signed originals** of the Default Service SMA, including exhibits if the RFP Bidder is not a current Default Supplier. *[Section 3]*

☐ **Two (2) signed originals** of the guaranty if the RFP Bidder is relying on the financial standing of an RFP Guarantor. *[Section 3]*

☐ **One (1) executed original** Enforceability Opinion Letter if the RFP Bidder is submitting an alternate guaranty approved by PECO pursuant to the Guaranty Process and if the RFP Bidder did not submit the Enforceability Opinion Letter pursuant to a successful Part 2 Proposal in a previous solicitation. *[Section 3]*

☐ **One (1) executed** Officers' Certificate if the RFP Bidder is submitting a Proposal under an Agency Agreement. *[Section 4]*

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity, as a condition of being granted unsecured credit, must also provide the following executed documents, unless these documents were deemed sufficient when provided in a previous solicitation and are up-to-date:

☐ **One (1) executed** legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service SMA is binding. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service SMA in the past. *[Section 5]*

____
Name of RFP Bidder

A Foreign RFP Bidder, as a condition of being granted unsecured credit, must also provide the following documents, unless these documents were deemed sufficient when provided in a previous solicitation and are up-to-date:

☐ **One (1) executed** legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service SMA is binding. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service SMA is so authorized and that its governing board has approved the execution of the Default Service SMA. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service SMA in the past. *[Section 5]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity, as a condition of being granted unsecured credit, must also provide the following documents, unless these documents were deemed sufficient when provided in a previous solicitation and are up-to-date:

☐ **One (1) executed** legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service SMA is binding. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service SMA. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service SMA in the past. *[Section 5]*

End of Part 2 Form

Standard Pre-Bid Letter of Credit

[On Issuing Bank's Letterhead]

IRREVOCABLE STANDBY LETTER OF CREDIT

_____ ("Date of Issuance")

Letter of Credit No. _____

Beneficiary:
PECO Energy Company ("PECO")
c/o NERA Economic Consulting, Inc. ("NERA")
Independent Evaluator
PECO Default Service Program
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Applicant:
[Name of RFP Bidder]
[Address]

1. We, _____(the "Issuing Bank"), hereby establish this Irrevocable Standby Letter of Credit (this "Letter of Credit") in your favor in the amount of USD $_____, effective immediately and available to you at sight upon demand at our counters at _____[designate Issuing Bank's location for presentments] and expiring at 5:00 PM (New York, NY time[1]) on _____[no earlier than October 2, 2012 which is at least fifteen days following the Bid Date] (the "Expiration Date"), unless terminated earlier in accordance with the provisions of Paragraph 9 hereof.

2. This Letter of Credit is issued at the request and for the account of _____ (including its successors and assigns, the "Bidder"). This Letter of Credit may be drawn by presenting the documents required by paragraph 3 hereof, including your certificate stating that:

   a) "the Bidder has made a material omission or misrepresentation in the Part 1 Proposal or the Part 2 Proposal submitted in connection with this solicitation"; or

   b) "the Bidder has disclosed information relating to its Proposal publicly or to any other party before the PUC has rendered its decision on the results of the solicitation"; or

   c) "the Bidder has one or more Bids approved by the PUC and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Default Service SMA".

[1] If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly, here and in Paragraphs 5 and 9.

3. We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the amount available under this Letter of Credit from time to time, subject to reduction as provided in Paragraph 8. A partial or full drawing hereunder may be presented by you on any Business Day on or prior to the Expiration Date by delivering or transmitting to the Issuing Bank at _____, (a) Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of PECO, which is your notice, and (b) Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of PECO, which is your draft.

4. Drafts, document(s) and other communications hereunder may be presented or delivered to us by facsimile transmission. Presentation of documents to effect a draw by facsimile must be made to the following facsimile number: _____, and confirmed by telephone to us at the following number: _____. In the event of a presentation via facsimile transmission, no mail confirmation is necessary and the facsimile transmission will constitute the operative drawing documents.

5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or transmitted to us in connection with such drawing to the account designated as provided below, by 3:00 PM (New York, NY time) on the date of such drawing, if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (New York, NY time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (New York, NY time) on any Business Day.

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you notice not later than the time provided in Paragraph 5 above for honor of a drawing presented to us, that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

7. Unless otherwise hereafter designated in writing to us by an Authorized Officer of PECO, all payments made by us under this Letter of Credit shall be transmitted by wire transfer to PECO pursuant to the following instructions:

   PECO Energy Company
   Account No.: _____
   Bank: _____
   Bank's Address: _____
   _____
   ABA Routing No.: _____
   Contact: _____
   Telephone No.: _____

8. Partial drawings are permitted hereunder and multiple drawings are permitted hereunder. The amount available for drawing by you under this Letter of Credit shall be automatically reduced by

the amount of any drawings paid through us referencing this Letter of Credit. Presentation of demands for drawings in amounts that exceed the amount available to be drawn hereunder shall not be deemed a failure to comply with the requirements of Paragraph 3 hereof, provided that the amounts payable on any such demand shall thus be limited to the amount then available to be drawn under this Letter of Credit.

9. This Letter of Credit shall terminate on the earliest of the date (a) you have made drawings which exhaust the amounts available to be drawn under this Letter of Credit, (b) we receive from you a Certificate of Cancellation in the form of Annex 3 hereto together with the original of this Letter of Credit returned for cancellation, or (c) 5:00 PM (New York, NY time) on the Expiration Date.

10. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the "UCP"). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

11. Article 36 of the UCP as it applies to this Letter of Credit is hereby modified to provide as follows:

    If on the last Business Day for presentation the place for presentation stated in this Letter of Credit is for any reason closed, then the last day for presentation is automatically extended to the day occurring thirty calendar days after the place for presentation re-opens for business.

    Article 36 of the UCP as it applies to this Letter of Credit is hereby further modified by providing that any alternate place for presentation we may designate pursuant to this rule must be in the United States.

12. As used herein:

    "Authorized Officer" shall mean President, Treasurer, any Vice President or Senior Vice President or any Assistant Treasurer.

    "Bids" shall mean the price offers submitted by the Applicant in response to PECO Energy Company's Default Service Program RFP for Full Requirements Products.

    "Bid Date" shall mean the day on which the Bidder may submit Bids in the solicitation.

    "Bidder" shall mean an entity that has successfully completed the Part 1 Proposal, and that submits the Part 2 Proposal.

    "Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, NY and any day on which payments can be effected on the Fedwire system.

    "Default Service SMA" shall mean the Default Service Program Supply Master Agreement by which PECO can contract with winners of full requirements products from this solicitation.

    "Independent Evaluator" shall mean the administrator of PECO Energy Company's Default Service Program RFP for Full Requirements Products.

    "PUC" shall mean the Pennsylvania Utility Commission.

"Proposal" shall mean a response by the Applicant to PECO Energy Company's Default Service Program RFP for Full Requirements Products in a solicitation, including the Part 1 Proposal and the Part 2 Proposal.

"Transaction Confirmation" shall mean an agreement pursuant to the Default Service SMA that documents certain terms of a transaction between the Applicant and PECO Energy Company.

13. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above. Except as otherwise expressly stated herein, this Letter of Credit may not be amended or modified by us without the consent of an Authorized Officer of PECO or an Authorized Officer of the Independent Evaluator on behalf of PECO.

14. We, the Issuing Bank, certify that as of the Date of Issuance our senior unsecured debt is rated "A" or better by Standard & Poor's, or "A2" or higher from Moody's Investors Service.

15. This original Letter of Credit has been sent to the Independent Evaluator at 1835 Market Street, Suite 1205, Philadelphia, PA 19103 (as per Bidder's instructions, the Independent Evaluator holds the Letter of Credit for the benefit of PECO). The aggregate amount paid to PECO during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of PECO. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Officer of PECO or an Authorized Officer of the Independent Evaluator on behalf of PECO.

Very truly yours,
[Issuing Bank]

_____

Signature:_____
Name:
Title:
Date:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: [Issuing Bank]
[Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under Your Letter of Credit No. _____ (the "Letter of Credit") in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are not defined herein shall have the meanings ascribed thereto in the Letter of Credit.

2. The undersigned is making a drawing under the Letter of Credit. The amount to be received by PECO is (USD) $_____.

3. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, the undersigned is entitled to make a drawing under the Letter of Credit in as much as the Bidder has _____ [state a reason from conditions (a) – (c) of Paragraph 2 of the Letter of Credit].

4. The undersigned acknowledges that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by the amount of this drawing honored by you.

Very truly yours,

PECO Energy Company
By _____
Name:
Title:
Date:

cc: _____[Bidder]

Annex 2 to Letter of Credit

SIGHT DRAFT

Amount: $_____

Date: _____, 20__

At sight, pay to the order of PECO Energy Company the sum of _____ U.S. Dollars.

Drawn under Irrevocable Letter of Credit No. _____ of _____
[identify Issuing Bank] dated _____, 200_.

To: _____ [Issuing Bank]
_____ [Address]
_____

PECO Energy Company

By _____
Name:
Title:
Date:

Annex 3 to Letter of Credit

CERTIFICATE OF CANCELLATION

_____, 20__

To: [Issuing Bank]
[Address]

Attention: Standby Letter of Credit Unit/Your Letter of Credit No. _____

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without further payment. Attached hereto is the original Letter of Credit, marked cancelled.

PECO Energy Company

By _____
Name:
Title:
Date:

cc: _____ [Bidder]

PECO Energy Company
Default Service Program RFP
November 2012 Solicitation

General Information
Bid Date: Tuesday, November 6, 2012

Template Information:

In addition to this 'General Information' sheet, this Bid Form contains the 'Bids' sheet.
The 'Bids' sheet is for entering Bids for all 4 Fixed-Price products.

Bidder Information:

Company Name	
Contact Name	
Phone Number	

Bidder Information is incomplete. All fields are mandatory.

Class & Product Information:

A "Class" is a grouping of PECO's retail customers. PECO will procure full requirements products for three Classes under this RFP: Residential ("R"), Small Commercial ("SC"), and Medium Commercial ("MC").

Number of tranches available

Class	Supply Period	Available Tranches
Residential	June 2013 - November 2013	17
Residential	June 2013 - May 2014	3
Residential	June 2013 - November 2014	7
Small Commercial	June 2013 - November 2013	12

The Load Caps for a Class are set so that the customers of that Class have no more than a 67% exposure to any one Default Supplier at any given time. The Load Caps apply to the list of products that contribute to Default Supply for a Class at a given point in time. The Load Cap for an RFP Bidder that is a Default Supplier will take into account tranches won in previous solicitations.

R Class: An RFP Bidder is limited to 22 tranches of the RES-6-Jun13, RES-12-Jun13, and RES-18-Jun13 products combined.

SC Class: An RFP Bidder can bid on all available SC Class tranches in this November 2012 Solicitation.

Complete and Sign Certification:

I, _____, certify under penalty of perjury that I am authorized to submit these Bids.

By affixing my electronic signature below I understand and agree with the following: Any Bid on any product submitted in response to this RFP for this solicitation is binding until six (6) business days after the Bid Date and constitutes a binding and irrevocable offer to provide service under the terms of the Default Service Program Supply Master Agreement at the price specified in the Bid.

_____
Company Name

_____
Signature

Please enter your Name, Company Name, and Electronic Signature.

PECO Energy Company
Default Service Program RFP
November 2012 Solicitation

Bids
Bid Date: Tuesday, November 6, 2012

Bids

- A 'Bid' is a price in $/MWh for one tranche of a given product.
- A 'Bid' is rounded to the nearest cent.
- An RFP Bidder may submit different Bids for different tranches of a given product.
- Bids should be entered from top to bottom, without skipping rows.

Bids (All Bids are in $/MWh)

	Residential	Residential	Residential	Small Commercial
	June 2013 - November 2013	June 2013 - May 2014	June 2013 - November 2014	June 2013 - November 2013
	Bid ($/MWh)	Bid ($/MWh)	Bid ($/MWh)	Bid ($/MWh)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				

Number of Tranches bid

Residential	Residential	Residential	Small Commercial
June 2013 - November 2013	June 2013 - May 2014	June 2013 - November 2014	June 2013 - November 2013
-	-	-	-

Total	Total
Residential	Small Commercial
-	-

Future Solicitations

Tentative Schedule for Future Solicitations

The tentative schedules for future solicitations are provided in this Appendix 10. These schedules may be modified in accordance with Paragraph I.1.11 of the RFP Rules.

Activity	Date
November 2012 Solicitation	
Bidder Information Session	Thursday, November 29, 2012
Part 1 Proposal Window Opens	Friday, November 30, 2012
Part 1 Date (Part 1 Proposal Window Closes)	Wednesday, December 05, 2012
Part 1 Notification Date	Friday, December 07, 2012
Part 2 Proposal Window Opens	Monday, December 10, 2012
Bid Submission training	Wednesday, December 12, 2012
Part 2 Date (Part 2 Proposal Window Closes)	Thursday, December 13, 2012
Part 2 Notification Date	Monday, December 17, 2012
Bid Date (Bids are Due)	Tuesday, December 18, 2012
IE provides its report to the PUC	Wednesday, December 19, 2012
PUC Decision (close of business)	Thursday, December 20,2012
<u>If Bids are approved by the PUC:</u>	
PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon on the third business day after the Bid Date
Default Service Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fourth business day after the Bid Date

Activity	Date
January 2013 Solicitation	
Prospective suppliers participate in the Guaranty Process	Thursday, December 20, 2012
Approved modifications to Form of Guaranty posted	Friday, December 21, 2012
Decision on alternate guaranty forms	Monday, January 7, 2013
Bidder Information Session	Monday, January 7, 2013
Part 1 Proposal Window Opens	Thursday, January 10, 2013
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, January 15, 2013
Part 1 Notification Date	Thursday, January 17, 2013
Part 2 Proposal Window Opens	Friday, January 18, 2013
Bid Submission training	Tuesday, January 22, 2013
Part 2 Date (Part 2 Proposal Window Closes)	Thursday, January 24, 2013
Part 2 Notification Date	Monday, January 28, 2013
Bid Date (Bids are Due)	Tuesday, January 29, 2013
IE provides its report to the PUC	Wednesday, January 30, 2013
PUC Decision (close of business)	Thursday, January 31, 2013
<u>If Bids are approved by the PUC:</u>	
PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the fourth business day after the Bid Date
Default Service Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fifth business day after the Bid Date

September 2013 Solicitation

Prospective suppliers participate in the Guaranty Process	Monday, August 26, 2013
Bidder Information Session	Tuesday, August 27, 2013
Approved modifications to Form of Guaranty posted	Tuesday, September 3, 2013
Decision on alternate guaranty forms	Tuesday, September 3, 2013
Part 1 Proposal Window Opens	Friday, September 6, 2013
Part 1 Date (Part 1 Proposal Window Closes)	Wednesday, September 11, 2013
Part 1 Notification Date	Friday, September 13, 2013
Part 2 Proposal Window Opens	Monday, September 16, 2013
Bid Submission training	Tuesday, September 17, 2013
Part 2 Date (Part 2 Proposal Window Closes)	Thursday, September 19, 2013
Part 2 Notification Date	Monday, September 23, 2013
Bid Date (Bids are Due)	Tuesday, September 24, 2013
IE provides its report to the PUC	Wednesday, September 25, 2013
PUC Decision (close of business)	Thursday, September 26, 2013

<u>If Bids are approved by the PUC:</u>

PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Default Service Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fourth business day after the Bid Date

January 2014 Solicitation

Prospective suppliers participate in the Guaranty Process	Wednesday, December 18, 2013
Approved modifications to Form of Guaranty posted	Thursday, December 19, 2013
Decision on alternate guaranty forms	Monday, January 6, 2014
Bidder Information Session	Monday, January 6, 2014
Part 1 Proposal Window Opens	Thursday, January 9, 2014
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, January 14, 2014
Part 1 Notification Date	Thursday, January 16, 2014
Part 2 Proposal Window Opens	Friday, January 17, 2014
Bid Submission training	Tuesday, January 21, 2014
Part 2 Date (Part 2 Proposal Window Closes)	Thursday, January 23, 2014
Part 2 Notification Date	Monday, January 27, 2014
Bid Date (Bids are Due)	Tuesday, January 28, 2014
IE provides its report to the PUC	Wednesday, January 29, 2014
PUC Decision (close of business)	Thursday, January 30, 2014
<u>If Bids are approved by the PUC:</u>	
PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Default Service Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fourth business day after the Bid Date

September 2014 Solicitation

Prospective suppliers participate in the Guaranty Process	Monday, August 25, 2014
Approved modifications to Form of Guaranty posted	Tuesday, August 26, 2014
Decision on alternate guaranty forms	Tuesday, September 2, 2014
Bidder Information Session	Tuesday, September 2, 2014
Part 1 Proposal Window Opens	Friday, September 5, 2014
Part 1 Date (Part 1 Proposal Window Closes)	Wednesday, September 10, 2014
Part 1 Notification Date	Friday, September 12, 2014
Part 2 Proposal Window Opens	Monday, September 15, 2014
Bid Submission training	Tuesday, September 16, 2014
Part 2 Date (Part 2 Proposal Window Closes)	Thursday, September 18, 2014
Part 2 Notification Date	Monday, September 22, 2014
Bid Date (Bids are Due)	Tuesday, September 23, 2014
IE provides its report to the PUC	Wednesday, September 24, 2014
PUC Decision (close of business)	Thursday, September 25, 2014

<u>If Bids are approved by the PUC:</u>

PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Default Service Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fourth business day after the Bid Date

Confidentiality Statement

I, _____**{name of person},** am employed by _____**{name of employer}.**

I will be considering, reviewing and evaluating responses from RFP Bidders or I will have access to information submitted by RFP Bidders that is not publically released. In this capacity, I sign below and hereby acknowledge and understand the Confidentiality Provisions of the RFP Rules and, consistent with those rules, agree to take all reasonable precautions to ensure that all data and information supplied by all RFP Bidders are maintained in confidence and not disclosed to individuals other than those that have signed this Confidentiality Statement. My signature is witnessed by the Independent Evaluator.

A list of signatories of this Confidentiality Statement is maintained by the Independent Evaluator and available to all signatories and to RFP Bidders upon request. I undertake to consult this list of signatories before communication RFP information to another person.

If any data or information supplied by an RFP Bidder is disclosed publicly by that RFP Bidder itself or by the Pennsylvania Public Utility Commission, such information will cease to be Confidential.

_____	_____
Signature	Witness Name
_____	_____
Title	Witness Signature
_____	_____
Date	Title
	_____
	Date

EXHIBIT C

(continued)

PECO Energy Company
Default Service Program
Request for Proposals

**(includes Redlines only
of Revised Rules and Appendices)**

PECO Exhibit CL-2

PECO Energy Company

Default Service Program

Request for Proposals

December 11, 2012

Deleted: January 13

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NERA
ECONOMIC CONSULTING

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ARTICLE I. INTRODUCTION

I.1. Overview

I.1.1. Capitalized terms in this document, which are not defined explicitly herein, are defined in the Supply Master Agreement ("Default Service SMA"). The Default Service SMA is attached as Appendix 1 to this document.

I.1.2. As part of its second Default Service Plan ("DSP II"), PECO Energy Company ("Company" or "PECO") is proposing a competitive bidding process to obtain full requirements electric supply for the Company to meet a portion of its obligations as Default Service Provider pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812. This competitive bidding process is consistent with Chapter 28, with P.L. 1592 No. 129 ("Act 129"), with the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Default Service regulations in its Final Rulemaking Order in Docket No. L-2009-2095604, and the Commission's Final Policy Statement on Default Service in Docket No. M-2009-2140580.

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I.1.3. PECO currently provides electric generation service to all customers within its service territory who do not select an electric generation supplier ("EGS"). Such customers are "Default Service" customers. The competitive bidding process would procure supply for the period beginning June 1, 2013 when PECO's first Default Service Plan ("DSP I") expires.

I.1.4. The competitive bidding process will be conducted through a series of Requests for Proposals ("RFPs") issued twice yearly. The RFP consists of a total of thirteen (13) documents. This main document is called the "RFP Rules" and it describes how the RFP will be conducted. The following documents are appended to, and shall be considered an integral part of, the RFP Rules:

Appendix 1: Default Service SMA
Appendix 2: Guaranty Process
Appendix 3: Standard Part 1 Form (including the Nomination Form as an Attachment)
Appendix 4: Short Part 1 Form (including the Nomination Form as an Attachment)
Appendix 5: Chief Financial Officer Attestation
Appendix 6: Officers' Certificate (for RFP Bidders under an Agency Agreement)
Appendix 7: Part 2 Form
Appendix 8: Standard Pre-Bid Letter of Credit
Appendix 9: Sample Bid Form
Appendix 10: Tentative Schedule for Future Solicitations
Appendix 11: Confidentiality Statement

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I.1.5. DSP II plans for the procurement of full requirements supply through the competitive procurement process described in this document for four (4) Classes of Default Service customers: Residential ("RES"), Small Commercial ("SC"), Medium Commercial ("MC"), and Large Commercial and Industrial ("LC&I"). Each such Class is a group of specific rate schedules as provided in the following table:

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Table I-1. Customer Classes

Class	Customers Included	Rate Schedule	Description
Residential	All residential customers	R	Residence Service
		RH	Residential Heating Service
Small Commercial	Non-residential customers in rate schedules GS, HT, and PD with Peak Load Contribution < 100kW and customers in rate schedules AL, TLCL, POL, SLE and SLS	GS	General Service
		HT	High-Tension Power
		PD	Primary – Distribution Power
		AL	Alley Lighting
		TLCL	Traffic Lighting Service
		POL	Private Outdoor Lighting
		SLE	Street Lighting Customer-Owned Facilities Street Lighting in City of Philadelphia
		SLS	Street Lighting-Suburban Counties
Medium Commercial	Non-residential customers with Peak Load Contribution between 100kW and 500kW	GS	General Service
		HT	High-Tension Power
		PD	Primary –Distribution Power
Large Commercial and Industrial	Non-residential customers with Peak Load Contribution > 500k	GS	General Service
		HT	High-Tension Power
		PD	Primary –Distribution
		EP	Electric Propulsion

I.1.6. The Company will solicit bids under this Request for Proposals ("RFP") for the procurement of full requirements service for the RES, SC and MC Classes on a fixed-price basis. The Company will solicit bids under this Request for Proposals ("RFP") for the procurement of full requirements service with energy priced to the PJM day-ahead spot market for the LC&I Class. The Default Service supply ("Default Supply") for a Class is the full requirements electricity supply based on the load of the retail customers in that Class measured and recorded by the Company and settled by PJM. The load of the Default Service customers in a Class is the Default Load of that Class. An

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electric supplier selected through this competitive bidding process to provide Default Supply for a particular Class and approved by the Commission becomes a Default Supplier for that Class.

I.1.7. A Default Service customer may choose to begin receiving service from an EGS on any meter reading date in accordance with the Company's standard switching requirements as described in the Company's Electric Generation Supplier Coordination Tariff including, without limitation, prior advance notice to the Company. A customer served by an EGS may return to Default Service on any meter reading date in accordance with the Company's standard switching requirements as described in the Company's Electric Generation Supplier Coordination Tariff including, without limitation, prior advance notice to the Company.

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I.1.8. The rates of Default Service customers for a Class are determined on the basis of the prices determined through this RFP for that Class. For the RES Class, rates also incorporate block energy purchases from DSP I as well as any purchases and sales through the hourly spot market energy in PJM as PECO balances the blocks of energy and load on an hourly basis. No additional block purchases for the RES Class are proposed under DSP II. As provided in the PUC's directive dated October 12, 2010 (Docket No. M-2009-2082042), PECO provides a Default Service rate calculation model that translates the prices determined through this RFP into Default Service rates. This calculation model is posted to the PECO Web site:

https://www.peco.com/CustomerService/RatesandPricing/EnergyChoice/Pages/PricetoCompare.aspx

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I.1.9. There are five (5) solicitations under DSP II that will select electricity suppliers to provide Default Supply for the period June 1, 2013 through May 31, 2015, and for a portion of the Company's requirements for the period June 1, 2015 through November 31, 2016. Each solicitation will be identified by the month and year during which it will take place. Solicitations will be held in November 2012, January 2013, September 2013, January 2014, and September 2014. A typical schedule for a solicitation is provided in Section II. The Independent Evaluator and the Company may advise the Commission to postpone or modify the schedule of a solicitation when market conditions are impacted by extraordinary events, such as the advent of war, terrorism, or an act of God.

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I.1.10. For each solicitation, these RFP Rules will be updated to include the dates for that solicitation and to refer to the particular products to be procured in that solicitation. The RFP Rules may be further updated to reflect additional decisions by the Commission, relevant changes in law, or non-material modifications to the processing of Proposals expected to improve potential participation by suppliers. Further, the Independent Evaluator and the Company may amend the RFP Rules if necessary to correct typographical errors, cure inconsistencies in the provisions of this RFP, or clarify the intent of the provisions of this RFP.

I.2. Products and Bids

I.2.1. Default Load for each of the RES, SC, MC, and LC&I Classes is divided into tranches. A tranche for a Class represents a fixed percentage of the Default Load for that Class. A Default Supplier serving one tranche in a particular Class provides full requirements service for the percentage of that Class' Default Load represented by that one tranche for a specified period.

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I.2.2. The total number of tranches of Default Load is based on that Class' annual Peak Load Contribution ("PLC") on the PECO system in accordance with PJM. The MW-Measure is calculated as the annual PLC for the Default Load of the Class divided by the total number of tranches. This figure is calculated for reference purposes only. The total number of tranches, the percentage size of each tranche, and the MW-Measure of each tranche are also shown in the following table.

Table I-2. Number of Tranches and Size of a Tranche for Default Load

Class	Total Tranches	% Size of a Tranche	Total Peak (MW)	Default Peak (MW)	MW-Measure of a Tranche
RES	60	1.60%	3,568.91	2,444.52	40.74
SC	24	4.17%	1,329.98	562.63	23.44
MC	12	8.33%	996.10	167.11	13.93
LC&I	18	5.56%	2,480.81	81.82	4.55

I.2.3. The total tranches and the tranche size for the SC, MC, and LC&I Classes are subject to change. The Independent Evaluator and PECO may revise the total number of tranches for a Class if doing so is expected to increase supplier interest. The Independent Evaluator informs Commission Staff of

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such a revision and announces the revision to potential suppliers in advance of suppliers presenting their qualifications.

I.2.4. The actual Default Load for the RES, SC, MC, or LC&I Class will depend upon many factors including, but not limited to, customer migration to EGSs and weather conditions. The maximum peak load of each Class may be higher or lower than the PLC utilized to determine the MW-Measure of tranches for each Class. Each participant is responsible for evaluating the uncertainties associated with Default Service Load for each of the Classes during the supply periods.

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I.2.5. Under DSP I, PECO met a portion of the expected seasonal energy requirements of the RES Class using blocks of energy. A block of 50 MW of around-the-clock energy purchased under DSP I expires on December 31, 2015 and thus will contribute to supply of the RES Class during the entire period of DSP II. A block of 160 MW of around-the-clock energy will expire on December 31, 2013 and a block of 100 MW of around-the-clock energy will expire on December 31, 2014. Both these blocks will be replaced by full requirements tranches.

I.2.6. A product for purposes of this RFP is defined by three characteristics: a) the Class to which it contributes Default Supply; b) the length of the supply period; and c) the date at which the supply period begins. A product will typically be identified with these three characteristics; for example, the RES-12-Jun13 product represents Default Supply for the RES Class for the supply period June 1, 2013 through May 31, 2014. A product name may be abbreviated when the context is clear; for example, RES-12 refers to all products for the Residential Class that are twelve (12) months in duration, regardless of the start date of the supply period.

I.2.7. The table below provides the schedule of procurement for the products under DSP II.

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Table I-3. Schedule of Procurement for Products.

Product	Solicitation				
	November 2012	*January 2013*	*September 2013*	*January 2014*	*September 2014*
RES-6-Jun13	17	0	0	0	0
RES-12-Jun13	3	0	0	0	0
RES-18-Jun13	7	0	0	0	0
RES-24-Jun13	0	7	0	0	0
RES-12-Dec13	0	0	10	0	0
RES-17-Jan14	0	0	7	0	0
RES-18-Dec13	0	0	7	0	0
RES-12-Jun14	0	0	0	10	0
RES-24-Jun14	0	0	0	7	0
RES-12-Dec14	0	0	0	0	10
RES-24-Dec14	0	0	0	0	7
RES-5-Jan15	0	0	0	0	5
SC-6-Jun13	12	0	0	0	0
SC-12-Jun13	0	12	0	0	0
SC-12-Dec13	0	0	12	0	0
SC-12-Jun14	0	0	0	12	0
SC-12-Dec14	0	0	0	0	12
MC-6-Jun13	0	12	0	0	0
MC-6-Dec13	0	0	12	0	0
MC-6-Jun14	0	0	0	12	0
MC-6-Dec14	0	0	0	0	12
LC&I-12-Jun13	0	18	0	0	0
LC&I-12-Jun14	0	0	0	18	0

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I.2.8. Each Class has Load Caps, which are limits on the number of tranches of Default Supply that an RFP Bidder can bid and serve for that Class. The Load Caps ensure that there will be a diversified pool of Default Suppliers for each Class. The Load Caps for a Class are set so that the customers of that Class have no more than a 50% exposure to any one Default Supplier at any given time. If two or more Default Suppliers are affiliated, the Load Caps will apply jointly to such group of Default Suppliers. The Load Caps apply to the list of products that contribute to Default Supply for a Class at a given point in time. The table below provides the Load Caps for the products under DSP II. For example, at any given point in time in the period from June 1, 2014 to November 30, 2014, the following products contribute to Default Supply for the Residential Class: RES-18-Jun13, RES-24-Jun13, RES-12-Dec 13, RES-18-Dec 13, RES-17-Jan14, RES-12-Jun14, and RES-24-Jun14. The number of tranches for these products combined is 55 tranches. For Residential customers to have no more than a 50% exposure to any one Default Supplier during this period, a single Default Supplier would need to bid and win no more than 27 tranches of all these products combined.

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Table I-4. Load Caps for DSP II.

Class	Time Period	Product or Products that contribute to Default Supply during time period	*Tranches Available*	*Load Cap*
RES	Jun-Nov 13	RES-6-Jun13 and RES-12-Jun13 and RES-18-Jun13 and RES-24-Jun13	34	17
	Dec 13	RES-12-Jun13 and RES-18-Jun13 and RES-24-Jun13 and RES-12-Dec13 and RES-18-Dec13	34	17
	Jan-May 14	RES-12-Jun13 and RES-18-Jun13 and RES-24-Jun13 and RES-12-Dec13 and RES-18-Dec13 and RES-17-Jan14	41	20
	June-Nov 14	RES-18-Jun13 and RES-24-Jun13 and RES-12-Dec13 and RES-18-Dec13 and RES-17-Jan14 and RES-12-Jun14 and RES-24-Jun14	55	27
	Dec 14	RES-24-Jun13 and RES-18-Dec13 and RES-17-Jan14 and RES-12-Jun14 and RES-24-Jun14 and RES-12-Dec14 and RES-24-Dec14	55	27
	Jan-May 15	RES-24-Jun13 and RES-18-Dec13 and RES-17-Jan14 and RES-12-Jun14 and RES-24-Jun14 and RES-12-Dec14 and RES-24-Dec14 and RES-5-Jan15	60	30
SC	Jun-Nov 13	SC-6-Jun13 and SC-12-Jun13	24	12
	Dec 13-May 14	SC-12-Jun13 and SC-12-Dec13	24	12
	Jun-Nov 14	SC-12-Dec13 and SC-12-Jun14	24	12
	Dec 14-May 15	SC-12-Jun14 and SC-12-Dec14	24	12

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Class	Time Period	Product or Products that contribute to Default Supply during time period	*Tranches Available*	*Load Cap*
MC	Any	MC-6	12	6
LC&I	Any	LC&I-12	18	9

I.2.9. The RFP Rules for each solicitation will contain a table with the available tranches and Load Caps for that solicitation specifically as well as an explanation of the Load Caps for that solicitation. This Paragraph includes as an example the explanation for the Load Caps in the January 2013 Solicitation with the associated table below. The Load Caps apply as follows:

- The Load Cap for the R Class will apply as follows. An RFP bidder is limited to 17 tranches for the RES-6-Jun13, RES-12-Jun13, RES-18-Jun13, and RES-24-Jun13 products combined. An RFP bidder may bid on all available tranches for the RES-24-Jun13 product in the January 2013 Solicitation unless the RFP bidder won more than 10 Residential tranches in the November 2012 solicitation. In that case, the RFP Bidder would be limited to bidding on 17 tranches less the number of tranches won in the November 2012 solicitation.
- The Load Cap for the SC Class will apply as follows. An RFP Bidder is limited to 12 tranches for the SC-6-Jun13 and SC-12-Jun13 products combined. An RFP bidder may bid on all available tranches for the SC-12-Jun13 product in the January 2013 Solicitation unless the RFP Bidder won 1 or more Small Commercial tranches in the November 2012 solicitation. In that case, the RFP bidder would be limited to bidding on 12 tranches less the number of tranches won in the November 2012 solicitation.
- The Load Cap for the MC Class will apply as follows: In the January 2013 solicitation, an RFP bidder is limited to 6 tranches for the MC-6-Jun13 product.
- The Load Cap for the LC&I Class will apply as follows: In the January 2013 solicitation, an RFP bidder is limited to 9 tranches for the LC&I-12-Jun13 product.

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Table I-5. Sample Table for Illustrative Purposes. January 2013 Solicitation.

Products	Available Tranches	Load Caps Apply to an RFP Bidder When an RFP Bidder has	Maximum Number of Tranches Bid if Load Caps Apply
RES-24-Jun13	7	More than 10 RES tranches won in Nov 2012 Solicitation	17 less RES tranches won in Nov 2012 Solicitation
SC-12-Jun13	12	1 or more SC tranches won in Nov 2012 Solicitation	12 less SC tranches won in Nov 2012 Solicitation
MC-6-Jun13	12	Load Caps apply always	6
LC&I-12-Jun13	18	Load Caps apply always	9

I.2.10. An electric supplier participating in this RFP bids to provide Default Supply for one or more of the RES, SC, MC, and LC&I Classes, and for one or more supply periods. An electric supplier selected through this RFP to provide Default Supply for a particular Class and approved by the Commission becomes a Default Supplier for that Class. The obligations of the Default Supplier are described in the Default Service SMA. The main provisions of the Default Service SMA are summarized in Section I.4.

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I.2.11. A Proposal is a response to this RFP for a solicitation pursuant to these RFP Rules. An entity that submits any part of a response to this RFP for a solicitation is an RFP Bidder. A Bid for a tranche for any product is a price in dollars per MWh rounded to the nearest cent. An RFP Bidder may submit different Bids for different tranches of a given product.

I.2.12. The contingency plan for products that are more than six (6) months in duration is as follows. In the event that PECO is unable to obtain Default Supply for all tranches in a solicitation, PECO will assume responsibility for the unfilled tranches as a PJM Load Serving Entity ("LSE") for the first six (6) months of the supply period, acquiring the necessary supply through PJM-administered markets and obtaining sufficient Alternate Energy Credits ("AECs") at market prices to satisfy any near-term obligations under the AEPS Act. The unfilled tranches, with a supply period that starts six (6) months later than tranches that were unfilled, will be placed for re-bid in the next solicitation. For products that are six (6) months or shorter, PECO will assume responsibility for the unfilled

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tranches as a LSE and will acquire the necessary supply through PJM-administered markets for the entire supply period. PECO reserves the right to file an alternate plan with the Commission.

I.2.13. Any prospective supplier that meets the qualification standards established in these RFP Rules, and that is willing to provide prices at which to serve tranches of Default Service Load can respond to this RFP, including any PECO affiliates.

I.3. Process

I.3.1. PECO and the Independent Evaluator will hold a Guaranty Process, described in more detail in Appendix 2. The Guaranty Process allows a supplier unable to use the Form of Guaranty provided as Exhibit F to the Default Service SMA to submit for consideration by PECO the guaranty that the supplier uses in its normal course of business. The Guaranty Process also allows a supplier able to use the Form of Guaranty provided as Exhibit F to the Default Service SMA to propose modifications to the Form of Guaranty that are non-material in nature, or that are advantageous to both PECO and the prospective supplier. All approved modifications will be posted in a single document on the RFP Web site in advance of the date at which RFP Bidders must respond to qualification standards. An RFP Bidder using the Form of Guaranty may elect to incorporate any or all of the approved modifications to the Form of Guaranty, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.

I.3.2. RFP Bidders that did not qualify in a previous solicitation under DSP II use the Standard Part 1 Form provided as Appendix 3 of these RFP Rules to respond to the qualification standards described in Article IV. Previously qualified RFP Bidders under DSP II may participate in an abbreviated qualification by using the Short Part 1 Form provided as Appendix 4 of these RFP Rules to respond to the qualification standards described in Article IV. The qualification standards include the submission of contact information, general representations, and the submission of financial information for a creditworthiness assessment. Part 1 Proposals are submitted during the "Part 1 Window". The generic term "Part 1 Form" refers either to the Standard Part 1 Form or the Short Part 1 Form. The Standard Part 1 Form and the Short Part 1 Form, as well as other forms

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mentioned in these RFP Rules, are provided as Appendices to these RFP Rules and are also available electronically on the RFP Web site: www.pecoprocurement.com.

I.3.3. RFP Bidders use the Part 2 Form provided as Appendix 7 of these RFP Rules to respond to the Part 2 Proposal requirements described in Article V of these RFP Rules. The Part 2 Proposal requirements include additional representations, submission of the Default Service SMA for an RFP Bidder that is not a Default Supplier, and a Pre-Bid Letter of Credit in an amount sufficient to support the Bids. Part 2 Proposals are submitted during the "Part 2 Window".

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I.3.4. RFP Bidders use the Bid Form provided with the Part 1 Notification to submit their Bids. A sample Bid Form is provided for illustrative purposes as Appendix 9 of these RFP Rules. Each RFP Bidder's Bids must be received between 10 AM and 12 PM (noon) on the "Bid Date".

I.3.5. On the first business day after the Bid Date, the Independent Evaluator presents to the Commission the results of that solicitation in a confidential report to the Commission. The PUC has one (1) business day to consider the report of the Independent Evaluator and to approve or reject each of the winning Bids. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

I.3.6. PECO and each RFP Bidder with Bids that are approved by the Commission proceed to the execution of the Transaction Confirmations within three (3) business days of the Commission decision. Within fifteen (15) days of the close of the solicitation, the Independent Evaluator releases the weighted average price as well as the percentage of load represented by each tranche for each product procured.

I.4. Supplier's Obligations

I.4.1. An electric supplier selected through this RFP to provide Default Supply for a particular Class and approved by the PUC becomes a Default Supplier for that Class. A Default Supplier may be providing Default Supply for one or more of the RES, SC, MC, and LC&I Classes.

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I.4.2. This section describes in general terms several provisions of the Default Service SMA. This is a summary only and is subject to and qualified in its entirety by the Default Service SMA provided as

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Appendix 1 to the RFP Rules. Each RFP Bidder accepts the obligations and associated rights to provide Default Service as defined in the Default Service SMA as part of its Proposal.

I.4.3. Default Suppliers for a Class will serve the Company's Default Load for that Class. Default Service for one of these Classes is the Company's full requirements electricity service including, without limitation, energy, capacity, transmission (excluding Network Integration Transmission Service), ancillary services, applicable losses, congestion management costs, and such other services or products that are required to serve the Default Load for that Class (excluding distribution service).

I.4.4. Default Suppliers are also responsible for providing AECs during the term of the Default Service SMA necessary for PECO to meet its obligations under the AEPS Act, as well as other Orders, regulations and rules that may be promulgated by the PUC with respect to the AEPS. Default Suppliers will be required to participate in the PJM Generation Attribute Tracking System ("PJM-EIS GATS") to transfer AECs to PECO. Default Suppliers will transfer AECs to PECO at the end of the first six months of an AEPS reporting period as well as at the end of period.

I.4.5. A Default Supplier that fails to provide AECs required by the Default Service SMA will be required to pay liquidated damages based on the applicable AEC Non-Solar Penalty or the AEC Solar Penalty as defined in the Default Service SMA and the AECs that the Default Supplier has failed to provide. If the PUC subsequently establishes an alternative compliance payment under the AEPS Act for non-compliance with the Tier I (solar) requirements in excess of the AEC Solar Penalty, the Default Supplier shall also pay PECO the amount in excess of the AEC Solar Penalty; if the Tier I (solar) alternative compliance payment is less than AEC Solar Penalty, PECO shall refund the difference to the Default Supplier.

I.4.6. PECO has obtained AECs from separate AEPS procurement(s) approved by the Commission and PECO will reduce the amount of AECs that Default Suppliers must provide. Prior to this procurement, PECO will inform RFP Bidders of the amounts of AECs allocated for this purpose.

I.4.7. A Default Supplier for the RES, SC, and MC Classes will be paid a supplier-specific price for each MWh of electric load served as specified in the Transaction Confirmation for that product. The supplier-specific price will be the average of approved Bids for that RFP Bidder and for that product. A Default Supplier for the LC&I Class will be paid a supplier-specific price for each MWh of

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electric load served as specified in the Transaction Confirmation for that product. The supplier-specific price will be the average of approved Bids for that RFP Bidder and for that product. A Default Supplier for the LC&I Class will also be paid the PJM day-ahead price for energy and the RPM price for capacity.

I.4.8. The Default Supplier will specify in the Transaction Confirmation the price of each type of AECs included in its supplier-specific price.

I.4.9. PECO will transfer the Auction Revenue Rights ("ARRs") to Default Suppliers in proportion to the percentage of Default Load that they serve. A Default Supplier will participate in the PJM process for the nominations of ARRs to the extent that the supply period under the Transaction Confirmation is inclusive of the PJM Planning Period for which the ARRs are nominated; otherwise, PECO will participate in the PJM ARR nomination process.

I.4.10. On April 29, 2011, the Commission initiated an investigation into Pennsylvania's retail electricity market in its Order entered in Docket I-2011-2237952. The Commission adopted a Final Order on December 15, 2011 with recommended directives for each Electric Distribution Company's ("EDC") upcoming Default Service Programs and adopted a Tentative Order on the same date regarding the structure of retail auctions for residential customers. PECO's Default Service Program is consistent with the Commission's recommendations to file a two-year plan in case any long term changes proposed in the Investigation need to be implemented. Additionally, the Default Service SMA includes additional acknowledgments by the Default Supplier of the possibility of changes in Default Load in light of the Commission's Retail Markets Investigation and its consideration of whether entities other than EDCs should be Default Service providers in the future, as well as additional retail market enhancements.

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ARTICLE II. Information and Schedule

II.1. RFP Web Site

II.1.1. PECO and its Independent Evaluator have established an RFP Web site that is the main source of information. RFP Bidders and other stakeholders can visit this RFP Web site to obtain information and documents related to this RFP. The RFP Web site address is www.pecoprocurement.com.

II.1.2. The RFP Web site contains the sections described below. New sections may be added as necessary to assist RFP Bidders.

Home: This section provides announcements of interest to RFP Bidders and to other interested parties, an outline of the RFP process, a search function, and a summary of important dates.

Background: These sections provide background information on the regulatory process, the results of the previous PECO solicitations and archives of documents, FAQs and announcements from previous solicitations provided for reference purposes only.

Supplier Information: This section provides documents regarding the RFP as well as frequently asked questions ("FAQs"), RFP-related announcements, and information about rates. All stakeholders, including RFP Bidders, are able to ask questions via a web form. The Independent Evaluator provides an answer to the question via email to the questioner, and a copy of the question and answer is posted so that all stakeholders and RFP Bidders have access to the same information. Aspects of the question and/or answer that might identify the party asking the question will be removed before posting.

Data Room: This section provides historical data to assist prospective suppliers. Links to the PJM Web site and related documents can also be found in this Section.

Calendar: This section provides the timeline for the main events in the current and upcoming solicitations.

Contact Us: This section gives any stakeholder an opportunity to register its email address to receive updates and announcements regarding this RFP. The section also provides the contact information for the Independent Evaluator, an electronic web form to submit questions to the

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Independent Evaluator, and a web form for prospective suppliers to register for bidder information sessions.

II.2. RFP Schedule

II.2.1. Each solicitation will follow the general schedule provided below, except for the first solicitation during which a Guaranty Process will not be held. Specific times for submission of materials for the Part 1 Proposals, the Part 2 Proposals, and the Bids are provided elsewhere in this RFP. All such times are EPT unless specifically noted. This schedule may be amended if circumstances warrant. Any such amendments will be posted to the RFP Web site.

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Table II-1. Typical RFP Schedule

RFP Schedule	
Guaranty Process begins	Day -8
Bidder Information Session	Day -7
Approved modifications to Form of Guaranty posted	Day -3
Decision on alternate guaranty forms	Day -3
Part 1 Window Opens	Day 0
Part 1 Date (Part 1 Window Closes)	Day 3
Part 1 Notification Date	Day 5
Part 2 Proposal Window Opens	Day 6
Bid Submission training	Day 7
Part 2 Date (Part 2 Window Closes)	Day 9
Part 2 Notification Date	Day 11
Bid Date (Bids are Due)	Day 12
IE provides its report to the PUC	Day 13
PUC Decision (close of business)	No later than Day 14
If Bids are approved by the PUC:	
PECO executes the Default Service SMA	Within three business days of the Bid Date
PECO sends Transaction Confirmations	By noon on the third business day after the Bid Date
Default Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2 PM on the fourth business day after the Bid Date

II.2.2. A total of five (5) solicitations are planned under DSP II. The Bid Dates for each of the solicitations are provided below.

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PECO Exhibit CL-2

Table II-2. Bid Dates

Solicitation	Bid Dates
November 2012	Tuesday, December 18, 2012
January 2013	Tuesday, January 29, 2013
September 2013	Tuesday, September 24, 2013
January 2014	Tuesday, January 28, 2014
September 2014	Tuesday, September 23, 2014

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ARTICLE III. General Requirements for Proposals

III.1.1. An entity that submits any part of a response to this RFP for a solicitation is an RFP Bidder. Each RFP Bidder can submit at most one Part 1 Proposal and one Part 2 Proposal for each solicitation. An RFP Bidder that qualifies for this solicitation by submitting a Part 1 Proposal that fulfills all requirements described in Article IV and that submits a Part 2 Proposal that fulfills all the requirements described in Article V is eligible to submit Bids. All Part 1 Proposals and all Part 2 Proposals are submitted to the Independent Evaluator in accordance with the instructions provided in Article VII.

III.1.2. The submission of a Part 1 Proposal or a Part 2 Proposal to the Independent Evaluator constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

III.1.3. Each solicitation will have a Part 1 Window during which Part 1 Proposals may be submitted. The last day of the Part 1 Window is called the Part 1 Date. The requirements of the Part 1 Proposal are described in Article IV. "Previously qualified RFP Bidder" means an RFP Bidder that met the qualification standards in a previous solicitation under DSP II by submitting a Part 1 Proposal that fulfilled all the requirements of Article IV. A previously qualified RFP Bidder may participate in an abbreviated Part 1 Proposal process.

III.1.4. The Part 1 Proposal for an RFP Bidder includes one (1) electronic copy and two (2) hardcopy original completed Part 1 Forms, as well as one (1) copy of all documents required by the Part 1 Form. One (1) copy of the Part 1 Form, as well as any Draft Letter of Credit, must be submitted electronically in Microsoft Word, either on a CD that is included with the hardcopy Part 1 Forms or by email to the Independent Evaluator at Pecoprocurement@nera.com. Any documents required by the Part 1 Form must be submitted either electronically (on a CD that is included with the Part 1 Proposal or by email to the Independent Evaluator at Pecoprocurement@nera.com) or in hard copy.

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III.1.5. Each RFP Bidder must comply with all Part 1 Proposal requirements described in Article IV. Section IV.1 describes the contact information and representations required. Section IV.2 describes financial requirements. Section IV.3 describes the process by which RFP Bidders may propose modifications to the Standard Pre-Bid and Post-Bid Letters of Credit and describes the information that RFP Bidders must provide for the Independent Evaluator to prepare the Default Service SMA documents. Section IV.4 describes the regulatory representations required. Section IV.5 lists additional representations that are required. Section IV.6 lists additional requirements applicable only to RFP Bidders submitting a Proposal under an Agency Agreement. Section IV.7 lists additional requirements applicable only to RFP Bidders that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidders"), or to RFP Bidders that rely on the financial standing of an entity that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign Entity"). Each of the Sections of Article IV explains the abbreviated Part 1 Proposal process in which previously qualified RFP Bidders may participate.

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III.1.6. The Independent Evaluator informs each RFP Bidder of whether it has met all qualification standards of Article IV through a Part 1 Notification that the Independent Evaluator sends to the RFP Bidder by the Part 1 Notification Date. The Independent Evaluator transmits within two business days of the Part 1 Notification Date a number of documents and instructions, called the Part 1 Materials, to each RFP Bidder that has a successful Part 1 Proposal.

III.1.7. All information provided and certifications made in the Part 1 Proposal must remain valid and remain in full force and effect until six (6) business days after the Bid Date. Regardless of the reason, if any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Independent Evaluator as soon as practicable. Failing to do so may result in disqualification of the RFP Bidder and of its Proposal. The Independent Evaluator reserves the right to change the assessment of an RFP Bidder's qualifications based on any revised information provided by the RFP Bidder.

III.1.8. Each solicitation will have a Part 2 Window during which Part 2 Proposals may be submitted. The last day of the Part 2 Window is the Part 2 Date. RFP Bidders also have the option to submit the

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Part 2 Form during the Part 1 Window for early processing. The requirements of the Part 2 Proposal are described in this Article V. "Previously eligible RFP Bidder" means an RFP Bidder that became eligible to submit Bids in a previous solicitation held under DSP II by submitting a Part 1 Proposal that fulfilled all the requirements of Article IV and a Part 2 Proposal that fulfilled all the requirements of Article V. A previously eligible RFP Bidder may participate in an abbreviated Part 2 Proposal process.

III.1.9. The Part 2 Proposal for an RFP Bidder includes one (1) electronic copy and two (2) hardcopy original completed Part 2 Forms, a Pre-Bid Letter of Credit, as well as two (2) originals of all Default Service SMA documents required by the Part 2 Form. One (1) copy of the Part 2 Form must be submitted electronically in Microsoft Word, either on a CD that is sent with the hardcopy Part 2 Forms or by email to the Independent Evaluator at Pecoprocurement@nera.com. Any documents must be submitted in hard copy in the number of originals specified required by the Part 2 Form. The RFP Bidder uses for purposes of submission of the Part 2 Proposal the Default Service SMA documents received from the Independent Evaluator as part of the Part 1 Materials.

III.1.10. Each RFP Bidder must comply with all Part 2 Proposal requirements described in Article V. Section V.1 describes the contact information and representations required by the Part 2 Proposal. Section V.2 describes the Pre-Bid Letter of Credit required to support the RFP Bidder's Bids. Section V.3 lists the Default Service SMA documents required of an RFP Bidder, including the guaranty required of RFP Bidders relying on the financial standing of an RFP Guarantor. Section V.4 lists additional requirements applicable only to RFP Bidders submitting a Proposal under an Agency Agreement. Section V.5 lists additional requirements applicable only to Foreign RFP Bidders or to RFP Bidders that rely on the financial standing of a Foreign Entity. Each of the Sections of Article V explains the abbreviated Part 2 Proposal process in which previously eligible RFP Bidders may participate.

III.1.11. The Independent Evaluator informs each RFP Bidder of whether it has met all qualification standards of Article IV and all requirements of Article V so that it is eligible to submit Bids through a Part 2 Notification. The Independent Evaluator sends the Part 2 Notification to the RFP Bidder on the Part 2 Notification Date.

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III.1.12. All information provided and certifications made in the Part 2 Proposal must remain valid and remain in full force and effect until six (6) business days after the Bid Date. Regardless of the reason, if any information provided in the Part 2 Proposal changes or any previous certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Independent Evaluator as soon as practicable. Failing to do so may result in disqualification of the RFP Bidder and of its Proposal. The Independent Evaluator reserves the right to change the assessment of an RFP Bidder's eligibility to submit Bids based on any revised information provided by the RFP Bidder.

III.1.13. For a given solicitation, all representations and certifications required by this RFP must be made by a single individual who serves as Officer of the RFP Bidder. An Officer of the RFP Bidder is an individual authorized to undertake contracts (including the Default Service SMA) and bind that RFP Bidder. As a requirement of the Part 1 Proposal, the RFP Bidder must name an individual who serves as Officer of the RFP Bidder and must provide full contact information for this individual. The Officer of the Bidder may sign all representations and certifications of the Part 1 Form and Part 2 Form at one time and RFP Bidders have the option to submit the Part 2 Form during the Part 1 Window for early processing.

III.1.14. The Officer of the RFP Bidder named in the Part 1 Proposal is expected to sign the Default Service SMA as well as any Transaction Confirmations if any of the RFP Bidder's Bids are approved by the Commission. In the Part 1 Proposal, the Officer of the RFP Bidder may nominate a substitute Officer to sign the Default Service SMA and/or the Transaction Confirmations in case the Officer of the Bidder is not available.

III.1.15. Each RFP Bidder must comply with the instructions for the submission of Bids provided with its Part 1 Notification. Article VI describes in general terms the requirements for the submission of Bids.

III.1.16. Proposals that do not adhere to the terms and conditions of this RFP, or that do not fulfill all requirements of Article IV, Article V, and Article VI of this RFP, or that are not submitted in accordance with the process of Article VII, will not be considered.

III.1.17. The Independent Evaluator will send to each RFP Bidder that submitted a successful Part 1 Proposal in a previous solicitation under DSP II an email confirming its status as a previously

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qualified RFP Bidder. Such RFP Bidder may participation in an abbreviated Part 1 Proposal process. The Independent Evaluator will send to each RFP Bidder that submitted a successful Part 1 Proposal and a successful Part 2 Proposal in a previous solicitation under DSP II an email confirming its status as a previously eligible RFP Bidder. Such RFP Bidder may participate in an abbreviated Part 1 Proposal process and an abbreviated Part 2 Proposal process.

III.1.18. The RFP Bidder, at its own cost and expense, shall defend PECO, and the Independent Evaluator and their subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, other than entities that are also RFP Bidders, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statement in the Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PECO, the Independent Evaluator, their parent companies, subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns, other than entities that are RFP Bidders, against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, penalties, costs or expenses which in any manner relate to, arise out of, or result from any false statement or misrepresentation in the Proposal or breach of any warranty by the RFP Bidder as set forth herein.

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ARTICLE IV. Part 1 Proposal Requirements

IV.1. Contact Information and Representations

IV.1.1. Contact Information for the RFP Bidder. Each RFP Bidder must provide the RFP Bidder's legal name and address.

- An RFP Bidder that has not previously qualified must submit this contact information in its Part 1 Proposal.
- A previously qualified RFP Bidder either must confirm that the previously provided contact information remains valid or must update this information. If the RFP Bidder updates the RFP Bidder's legal name, the RFP Bidder must provide evidence of the change of name and represent that this is a change in only in the RFP Bidder's name and not a change in the corporate structure of the RFP Bidder. If there was a change in the corporate structure of the RFP Bidder, through a merger for example, the RFP Bidder may not participate in the abbreviated Part 1 Proposal or Part 2 Proposal process.

IV.1.2. Officer of the RFP Bidder. The Officer of the RFP Bidder must be an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder. The Officer of the RFP Bidder whose contact information is provided in the Part 1 Proposal must make all representations required by the Part 1 Form. Should the RFP Bidder submit a Part 2 Proposal, the individual named as Officer of the RFP Bidder in the Part 1 Proposal must make the representations required by the Part 2 Form. The Officer of the Bidder may sign all representations and certifications of the Part 1 Form and Part 2 Form at one time and RFP Bidders have the option to submit the Part 2 Form during the Part 1 Window for early processing.

- If an RFP Bidder has not previously qualified, or if the individual who served as Officer of the Bidder for a previously qualified RFP Bidder is not available in this solicitation, then the RFP Bidder must provide the name, title, and full contact information (address, phone number, email address) of the individual who will serve as Officer of the RFP Bidder.

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- If the RFP Bidder has previously qualified and the individual who served as Officer of the Bidder in a previous solicitation is available for this solicitation, the RFP Bidder either must confirm that the previously submitted contact information for the Officer of the RFP Bidder remains valid or must update this information.
- Whether or not the RFP Bidder has previously qualified, the Officer of the RFP Bidder may name a Designee. The Officer of the Bidder will represent that the Designee is an individual authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder. Either the Officer of the RFP Bidder or the Designee must sign the Default Service SMA. It is expected that either the Officer of the RFP Bidder or the Designee will sign the Transaction Confirmations should any of the RFP Bidder's Bids be approved by the Commission. Should neither the Officer of the Bidder or the Designee be available to sign the Transaction Confirmations, the RFP Bidder will advise PECO of this fact, will name another individual to sign the Transaction Confirmations, and will confirm that this individual is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder.

IV.1.3. Communications with the RFP Bidder. The RFP Bidder must elect the method by which the Independent Evaluator will provide notifications to the RFP Bidder and by which the RFP Bidder will respond to the Independent Evaluator. The RFP Bidder must also elect the method by which the Independent Evaluator will provide documents necessary for participation to the RFP Bidder.

- If the RFP Bidder has not previously qualified, the RFP Bidder must elect whether the RFP Bidder will receive notifications from the Independent Evaluator and send responses to the Independent Evaluator by fax or by email. If the RFP Bidder elects to receive notifications by fax, a fax number must be provided for the Representative of the RFP Bidder. Such notifications include all notices assessing the completeness of the Part 1 Proposal or the Part 2 Proposal, as well as the Part 1 Notification and the Part 2 Notification. The RFP Bidder must also elect whether the RFP Bidder will receive documents needed for participation from the Independent Evaluator by overnight delivery service or by secure file transfer.

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Such documents include the Default Service SMA documents, the confidential information required to submit Bids on the Bid Date, as well as any training materials prepared by the Independent Evaluator. The files for such documents may be large or may contain particularly sensitive information and thus are not typically suitable for delivery by email. However, if special circumstances warrant, the Independent Evaluator may transmit by email a particular document needed for participation in a solicitation upon agreement by the RFP Bidder.

- A previously qualified RFP Bidder either must confirm that the methods of communication that it previously elected remain valid or must update this information.
- Whether or not an RFP Bidder has previously qualified, an RFP Bidder that has elected to receive notifications by email may designate up to three (3) authorized individuals who will receive notifications in addition to the Representative of the RFP Bidder. Similarly, an RFP Bidder that has elected to receive documents by secure file transfer system may designate up to three (3) authorized individuals who will receive documents in addition to the Representative of the RFP Bidder. Each such authorized individual is a Nominee. Either the Representative of the RFP Bidder or the Officer of the RFP Bidder may use the Nomination section of the Part 1 Form for this purpose, providing for each authorized individual the individual's name and title, as well as contact information (phone number and email address). The Representative of the RFP Bidder or the Officer of the RFP Bidder may designate such other authorized individuals at any time during the solicitation using the Nomination section of the Part 1 Form and is not required to do so in the Part 1 Proposal provided, however, that the total number of Nominees not exceed three (3) individuals at any one time.

IV.1.4. Representative of the RFP Bidder. The Independent Evaluator uses the Representative as the main point of contact for the RFP Bidder. The Independent Evaluator always contacts the Representative if the Independent Evaluator requires additional information regarding the RFP Bidder's Proposal. The Independent Evaluator always sends correspondence related to the solicitation to the

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Representative, including confidential information required to submit Bids on the Bid Date. The Representative of the RFP Bidder may, in the Part 1 Proposal or at any time during a solicitation, designate other authorized individuals to receive communications from the Independent Evaluator as well.

- If the RFP Bidder has not previously qualified, the Officer of the RFP Bidder must designate an individual to serve as Representative of the RFP Bidder. The RFP Bidder must provide the name, title, and full contact information (address, phone number, email address) of the individual named by the Officer of the RFP Bidder who will serve as Representative of the RFP Bidder.
- A previously qualified RFP Bidder either must confirm that the previously submitted contact information for the Representative of the RFP Bidder remains valid or must update this information. The Officer of the RFP Bidder may, at his or her option, name another individual to serve as Representative by providing all the required contact information.

IV.1.5. Representations by the Officer of the RFP Bidder. Whether or not the RFP Bidder has previously qualified, the Officer of the RFP Bidder must certify that:

- he/she is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder;
- the Part 1 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date;
- all information provided in the Part 1 Proposal is true and accurate to the best of the Officer's knowledge and belief; and
- if, for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid before the sixth business day after the Bid Date, the Officer of the RFP Bidder or the Representative will notify the Independent Evaluator of such changes as soon as practicable but in no event later than one (1) day before the Bid Date.

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IV.1.6. All information and certifications in this Section IV.1 must be provided exclusively by completing Section 1 of the Part 1 Form, as further explained in Article VII.

IV.2. Financial Requirements

IV.2.1. An RFP Bidder includes in its Part 1 Proposal one (1) copy of any document required in this Section IV.2, either in hard copy or electronically on a CD.

IV.2.2. Election of Entity on Whose Financial Standing the RFP Bidder is Relying. For purposes of a creditworthiness evaluation, each RFP Bidder elects either: (a) to rely on its own financial standing; or: (b) to rely on the financial standing of another entity. The other entity on whose financial standing the RFP Bidder is relying is either a guarantor (the "RFP Guarantor"), or a Principal if the RFP Bidder is submitting a Proposal under an Agency Agreement. The requirements for an RFP Bidder submitting a Proposal under an Agency Agreement are further explained in Section IV.6.

- An RFP Bidder that has not previously qualified must clearly select one of these two (2) options in its Part 1 Proposal. If the RFP Bidder is relying on the financial standing of another entity, the RFP Bidder must provide that entity's legal name and address.
- A previously qualified RFP Bidder must confirm that the identity of the entity on whose financial standing the RFP Bidder last relied remains valid in order to participate in the abbreviated Part 1 Proposal process. If the RFP Bidder changes the identity of the entity on whose financial standing the RFP Bidder relies, the RFP Bidder must use the Standard Part 1 Form and submit all information required for the Part 1 Proposal if the RFP Bidder had not previously qualified.

IV.2.3. Financial Information. The financial information submitted in the Part 1 Proposal pertains to the entity on whose financial standing the RFP Bidder is relying, as specified in response to Paragraph IV.2.2.

- Whether or not the RFP Bidder has previously qualified, an RFP Bidder that selects option (a) in Paragraph IV.2.2 must include available financial information for the RFP Bidder in its Part 1 Proposal. If available, the RFP Bidder must submit its most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any

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accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement. If the SEC Form 10-Q/10-K is unavailable, the RFP Bidder must submit its most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the RFP Bidder's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the RFP Bidder. The requirements for this attestation are more specifically provided in Appendix 5 of these RFP Rules. If such financial information is unavailable for the RFP Bidder, the RFP Bidder must clearly state this fact.

- Whether or not the RFP Bidder has previously qualified, an RFP Bidder that selects option (b) in Paragraph IV.2.2 relies on the financial standing of another entity (an RFP Guarantor or a Principal) and financial information must be available for such an entity. An RFP Bidder must submit, if available, the entity's most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent SEC Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement. If the SEC Form 10-Q/10-K is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 5 of these RFP Rules.

IV.2.4. Credit Ratings. The credit ratings submitted in the Part 1 Proposal pertain to the entity on whose financial standing the RFP Bidder is relying, as specified in response to Paragraph IV.2.2.

- An RFP Bidder that has not previously qualified must submit all available credit ratings for the entity on whose financial standing it is relying. This entity is the RFP Bidder if the RFP

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Bidder selects option (a) in Paragraph IV.2.2. This entity is the RFP Guarantor or a Principal if the RFP Bidder selects option (b) in Paragraph IV.2.2. The RFP Bidder must submit all available ratings from the following rating agencies: Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings ("Fitch"). If no ratings are available for the entity, the RFP Bidder must clearly state this fact.

- A previously qualified RFP Bidder must confirm that the credit ratings last submitted for the entity on whose financial standing the RFP Bidder relies remain valid or the RFP Bidder must update this information with respect to any or all of the credit ratings. The Independent Evaluator uses the information submitted by such RFP Bidder in the most recent solicitation under this RFP for which the RFP Bidder submitted a successful Part 1 Proposal. If the RFP Bidder updates the information, the RFP Bidder must state the name of the rating agency that has updated its credit rating, the updated credit rating, and the type of rating. The Independent Evaluator may also inquire specifically about one or more credit ratings on file for the entity on whose financial standing the RFP Bidder and ask the RFP Bidder to confirm that no updates have been issued.

IV.2.5. All information and certifications in this Section IV.2 must be provided exclusively by completing Section 2 of the Part 1 Form, as further explained in Article VII.

IV.3. Letters of Credit and Default Service SMA Documents

IV.3.1. Standard Pre-Bid Letter of Credit. RFP Bidders have an opportunity, in the Part 1 Proposal, to propose modifications to the Pre-Bid Letter of Credit.

- Whether or not the RFP Bidder has previously qualified, an RFP Bidder must, in its Part 2 Proposal, submit a Pre-Bid Letter of Credit in an amount of at least: $250,000 per tranche bid on products for the RES, SC, and MC Classes and $125,000 per tranche bid on products for the LC&I Class.

  This Pre-Bid Letter of Credit must be in the form of the Standard Pre-Bid Letter of Credit provided as Appendix 8 to these RFP Rules or must incorporate only modifications that have been approved by PECO and the Independent Evaluator.

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- As part of the Part 1 Proposal, an RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. The Draft Pre-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with the Part 1 Proposal, or it may be emailed to the Independent Evaluator at PecoProcurement@nera.com. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.
- All approved modifications to the Standard Pre-Bid Letter of Credit will be posted to the RFP Web site. Each RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.

IV.3.2. Standard Post-Bid Letter of Credit. RFP Bidders have an opportunity, in the Part 1 Proposal, to propose modifications to the Post-Bid Letter of Credit.

- The Default Service SMA includes, as Exhibit C, a Form of Letter of Credit that may be used to post security under the terms of the Default Service SMA. This paragraph refers to this letter of credit as the "Standard Post-Bid Letter of Credit".
- Whether or not the RFP Bidder has previously qualified, an RFP Bidder may, in its Part 1 Proposal, request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. The Draft Post-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with the Part 1 Proposal, or it may be emailed to the Independent Evaluator at PecoProcurement@nera.com. A Draft Post-

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Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

- All approved modifications to the Standard Post-Bid Letter of Credit will be posted to the RFP Web site. Each RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.

IV.3.3. Information to Prepare the Default Service SMA. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers. Such RFP Bidder must, in its Part 2 Proposal, submit two (2) signed original Default Service SMAs, including all exhibits. The Default Service SMA is a document that the Independent Evaluator transmits to the RFP Bidder pursuant to a successful Part 1 Proposal. The Independent Evaluator transmits this document electronically either on a CD sent by overnight delivery to the Representative of the RFP Bidder or by secure file transfer, depending on the RFP Bidder's election under Paragraph IV.1.3.

- Such RFP Bidder that has not previously qualified must provide all information needed to prepare for execution the Default Service SMA, including all exhibits. The RFP Bidder will be required to specify any elections to be made in the Default Service SMA and to provide the contact information to prepare the form of notice, which is appended as Exhibit H to the Default Service SMA.
- Such previously qualified RFP Bidder either must confirm that all previously submitted information for preparation of the Default Service SMA and all exhibits remains valid or the RFP Bidder must update this information.

IV.3.4. Ability to Perform. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers.

- Whether or not the RFP Bidder has previously qualified, the Officer of the Bidder must certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service SMA and each Transaction Confirmation.

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IV.3.5. Guaranty. The requirements of this Paragraph apply only to RFP Bidders that rely on the financial standing of an RFP Guarantor. The requirements of this Paragraph apply to all RFP Bidders that rely on the financial standing of an RFP Guarantor, whether or not such RFP Bidders are previously qualified RFP Bidders or Default Suppliers, with one exception. If a Default Supplier relies on the financial standing of an RFP Guarantor and the Guaranty Amount under the guaranty currently held by PECO is equal to the RFP Guarantor's Unsecured Credit Limit, then such Default Supplier is exempted from the requirements of this Paragraph and of Paragraph IV.7.3. All other RFP Bidders that rely on the financial standing of an RFP Guarantor must, in the Part 1 Proposal, provide all information that will be needed to prepare the guaranty for execution. The Independent Evaluator uses this information to prepare the guaranty. The guaranty is a document that the Independent Evaluator transmits to each such RFP Bidder pursuant to a successful Part 1 Proposal. The Independent Evaluator transmits this document electronically either on a CD sent by overnight delivery to the Representative of the RFP Bidder or by secure file transfer, depending on such RFP Bidder's election under Paragraph IV.1.3.

- Such RFP Bidder that has not previously qualified will be required: (i) to specify the governing laws under which the RFP Guarantor is organized; (ii) to provide contact information for the RFP Guarantor, including the name and title of the signatory of the guaranty for notices under the guaranty; (iii) to make its elections to incorporate any or all of the approved modifications to the Form of Guaranty.
- Such previously qualified RFP Bidder either must confirm that the previously submitted information needed to prepare the guaranty, including any previous elections, remains valid or must update this information. Further, if there are any modifications to the Form of Guaranty newly approved for the current solicitation, such RFP Bidder must submit its elections for these modifications.
- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may participate in the Guaranty Process, as explained in Paragraph I.3.1 and in Appendix 2.

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IV.3.6. All information and certifications in this Section IV.3 must be provided exclusively by completing Section 3 of the Part 1 Form, as further explained in Article VII.

IV.4. Regulatory Representations

IV.4.1. FERC Authorization. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers.

- Whether or not such RFP Bidder has previously qualified, the Officer of such RFP Bidder must certify that the RFP Bidder has FERC authorization to make sales of energy, capacity, and ancillary services at market-based rates in PJM.
- Although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if such RFP Bidder becomes a Default Supplier.

IV.4.1. PJM Load Serving Entity. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers and that are not previously qualified RFP Bidders. A Default Supplier must be a Load Serving Entity ("LSE") by the start of the supply period.

- Such RFP Bidder that has not previously qualified must, in its Part 1 Proposal, either: (i) demonstrate that the RFP Bidder is a Load Serving Entity ("LSE") in PJM by providing the signature page of the Reliability Assurance Agreement ("RAA"); or (ii) certify that the RFP Bidder has investigated the requirements to become an LSE in PJM and that there exist no impediments for the RFP Bidder to become an LSE by the start of the supply period and to remain an LSE for the duration of the supply period.
- Such RFP Bidder that previously qualified has already satisfied this requirement and is not required to submit information anew.

IV.4.2. The certifications and documents in this Section IV.4 must be provided exclusively by completing Section 4 of the Part 1 Form, as further explained in Article VII.

IV.5. Additional Representations

IV.5.1. The Officer of an RFP Bidder that has not previously qualified must, in the Part 1 Proposal, affirmatively accept the terms of the Default Service SMA and of the RFP.

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- The Officer of the RFP Bidder must certify that the he/she understands the terms of the Default Service SMA, that the RFP Bidder accepts all of the terms of the Default Service SMA without modifications, and that the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.
- The Officer of the RFP Bidder must acknowledge that the submission of the Part 1 Proposal constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of the RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

IV.5.2. Whether or not an RFP Bidder has previously qualified, the Officer of the RFP must certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of this RFP. An RFP Bidder found to be acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator.

IV.5.3. The certifications in this Section IV.5 must be provided exclusively by completing Section 5 of the Part 1 Form, as further explained in Article VII.

IV.6. RFP Bidders Under an Agency Agreement

IV.6.1. The requirements of this Section IV.6 apply only to RFP Bidders submitting a Proposal under an agency authorization ("Agency Agreement"); other RFP Bidders are not subject to the requirements of this Section IV.6.

IV.6.2. Certifications. The Officer of an RFP Bidder submitting a Proposal under an Agency Agreement must make the following certifications.

- Whether or not an RFP has previously qualified, the Officer of such RFP Bidder must certify that the Officer of the RFP Bidder has the authority to bind the Principal(s).
- If an RFP Bidder has not previously qualified, the Officer of the RFP Bidder must acknowledge that an Officers' Certificate, substantially in the form of Appendix 6 to these RFP Rules, must be provided with the Part 2 Proposal.

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IV.6.3. Additional Requirements. An RFP Bidder submitting a Proposal under an Agency Agreement must comply with the following additional requirements.

- If such RFP Bidder has not previously qualified, the RFP Bidder must:
  (1) identify the Principal or Principals to the Agency Agreement;
  (2) provide one (1) copy of its Agency Agreement with its Part 1 Proposal, either in hard copy or electronically on a CD;
  (3) identify a Principal as the entity on whose financial standing the RFP Bidder relies, and for which financial information is provided under Section IV.2. If the RFP Bidder is acting as an agent for multiple Principals, the RFP Bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the RFP Bidder relies. If several Principals have the same lowest credit rating, the RFP Bidder must identify the Principal that also has the lowest tangible net worth as the entity on whose financial standing the RFP Bidder relies.
- If such RFP Bidder has previously qualified, the RFP Bidder either must confirm that the previously submitted information remains value or must update this information.

IV.6.4. Draft Officers' Certificate. Whether or not the RFP Bidder has previously qualified, an RFP Bidder submitting a Proposal under an Agency Agreement may, but is not required to, submit a draft Officers' Certificate for evaluation. If an RFP Bidder submits a draft Officers' Certificate for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the Officers' Certificate, along with the Part 1 Notification. This Officers' Certificate will state that: (i) the Agency Agreement submitted in response to this RFP is a true and complete copy of the Agency Agreement as currently in effect; (ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to six (6) business days following the Bid Date; (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement, contemplated by the RFP Bidder, or contemplated by the Principal(s) to the RFP Bidder's knowledge; (iv) each individual who has executed the Officers' Certificate, the Agency Agreement, and the Default Service SMA is (or was at the time of the

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execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and (v) the Officer of the RFP Bidder is authorized to execute any Transaction Confirmation(s) pursuant to the Default Service SMA on behalf of the Principal(s).

IV.6.5. The information required by this Section IV.6 must be provided exclusively by completing Section 6 of the Part 1 Form, as further explained in Article VII.

IV.7. Foreign RFP Bidders and Foreign Entities

IV.7.1. The requirements of this Section apply only to: (1) Foreign RFP Bidders that seek to be granted unsecured credit under the terms of the Default Service SMA; or (2) RFP Bidders that that rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). Other RFP Bidders are not subject to the requirements of this Section.

IV.7.2. Additional requirements for Foreign RFP Bidders.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may provide, in addition to supplying all required information and documents under Section IV.2, any additional evidence of creditworthiness so as to provide PECO with comparable assurances of creditworthiness as is applicable for an RFP Bidder that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.
- If such RFP Bidder has not previously qualified, the Officer of a Foreign RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service SMA: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the

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Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may, but is not required to, submit a draft of the following documents for evaluation: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel for the Foreign RFP Bidder that is sufficient. If such RFP Bidder submits a draft of these documents for evaluation, the Independent Evaluator will provide this evaluation to such RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.

IV.7.3. Additional requirements for RFP Bidders relying on the financial standing of a Foreign Guarantor.

- Whether or not such RFP Bidder has previously qualified, an RFP Bidder relying on the financial standing of a Foreign Entity as RFP Guarantor may provide, in addition to supplying all required information and documents under Section IV.2, any additional evidence of creditworthiness for the RFP Guarantor so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

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- If such RFP Bidder has not previously qualified, the Officer of such RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign Entity as RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Default Service SMA: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA.
- Whether or not such RFP Bidder has previously qualified, the RFP Bidder may, but is not required to, submit with its Part 1 Proposal a draft of the following documents: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has

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approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA. Exhibit G to the Default Service SMA includes a sample for the legal opinion of outside counsel that is sufficient for a Foreign Entity as RFP Guarantor. If an RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.

IV.7.4. Additional Requirements for RFP Bidders submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder an RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal may, in addition to supplying all required information and documents under Section IV.2, provide any additional evidence of creditworthiness for the Principal so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.
- If such RFP Bidder has not previously qualified, the Officer of such RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and the Foreign Entity as Principal to be granted unsecured credit under the terms of the Default Service SMA: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary

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(or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

- Whether or not such RFP Bidder has previously qualified, such RFP Bidder may, but is not required to, submit with its Part 1 Proposal a draft of the following additional documents: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel that is sufficient for the Foreign Entity as Principal (Seller). If an RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.

IV.7.5. The information required by this Section must be provided exclusively by completing Section 7 of the Part 1 Form, as further explained in Article VII.

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ARTICLE V. Part 2 Proposal Requirements

V.1. Contact Information and Representations

V.1.1. Contact Information for the RFP Bidder. The RFP Bidder has an opportunity to update contact information provided in the Part 1 Proposal for the RFP Bidder or any individual. Whether or not the RFP Bidder is previously eligible, the RFP Bidder either must confirm that the contact information remains valid or must update this information.

V.1.2. Representations of the Officer of the RFP Bidder. For a given solicitation, all representations and certifications must be made by a single individual who serves as Officer of the RFP Bidder. All representations and certifications required by this RFP may be made at a single point in time and RFP Bidders have the option to submit the Part 1 Form and the Part 2 Form together during the Part 1 Window. If an RFP Bidder did not avail itself of this option and if the Officer of the RFP Bidder who made the representations and certifications of the Part 1 Form is unavailable to make the representations of the Part 2 Form, the RFP Bidder must re-submit the Part 1 Form in its entirety naming a new individual to serve as Officer of the RFP Bidder by the Part 2 Date, and that Officer of the RFP Bidder must make all representations and certifications required by the Part 1 Form and the Part 2 Form. Whether or not the RFP Bidder is previously eligible, the Officer of the RFP Bidder must certify that:

- the Part 2 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date and if any information provided in the Part 2 Proposal changes or any previous certification fails to remain valid during that time, the RFP Bidder will notify the Independent Evaluator as soon as practicable;
- the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal by another RFP Bidder in response to this solicitation or any future solicitation under this RFP. Such information includes, but is not limited to: the fact that another RFP Bidder is submitting a Proposal in response to this solicitation or a subsequent solicitation under this RFP; the Bids by another RFP Bidder in this or in a subsequent

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solicitation under this RFP; the number of tranches bid by another RFP Bidder for any product in this or in a subsequent solicitation under this RFP; the estimation by another RFP Bidder of the value of a tranche of a product; the estimation by another RFP Bidder of the risks associated with providing supply under the Default Service SMA; the preference of another RFP Bidder for bidding on specific products in this or in a subsequent solicitation under the RFP; and the contractual arrangements for power of another RFP Bidder to serve tranches of Default Service Load were that RFP Bidder to become a Default Supplier. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation;

- although the RFP Bidder may disclose aspects of its Proposal in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors (if any), any such communication is made in a manner that can reasonably be expected to maintain the confidentiality of its Proposal;
- with only the exceptions noted in the immediately previous certification, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in any solicitation under the RFP, or on the contents of the Proposal that another RFP Bidder would be willing to submit in response to the RFP. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids in this or in a subsequent solicitation under this RFP; the RFP Bidder's number of tranches bid for any product in this or in a subsequent solicitation under this RFP; the RFP Bidder's estimation of the value of a tranche of a product; the RFP Bidder's estimation of the risks associated with providing supply under the Default Service SMA; and the RFP Bidder's preference for bidding on specific products in this or in a subsequent solicitation under this RFP. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation;

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- any Bid on any product submitted in response to this RFP for this solicitation is binding until six (6) business days after the Bid Date and constitutes a binding and irrevocable offer to provide service under the terms of the Default Service SMA at the price specified in the Bid;
- if the Commission approves some or all of the RFP Bidder's Bids, the Officer of the RFP Bidder or the Designee will execute, or will nominate another authorized individual to execute, all Transaction Confirmations required by the Commission's decision under the Default Service SMA by 2 PM of the fourth business day after the Bid Date; and
- In any such Transaction Confirmation, the RFP Bidder will specify a price for each type of AECs (Tier I, Tier I Solar, and Tier II) that is included in the RFP Bidder's winning Bids and each such price must be greater than $0/AEC.

V.1.3. The information required by this Section V.1 must be provided exclusively by completing Section 1 of the Part 2 Form, as further explained in Article VII.

V.2. Pre-Bid Letter of Credit

V.2.1. Whether or not an RFP Bidder is previously eligible, the RFP Bidder must provide an executed Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder and acceptable to PECO, in an amount of at least: $250,000 per tranche bid on products for the RES, SC, and MC Classes and $125,000 per tranche bid on products for the LC&I Class in accordance with the requirements of this Section V.2. A single Pre-Bid Letter of Credit is submitted even if the RFP Bidder bids on more than one product or more than one Class.

V.2.2. The RFP Bidder must either use the Standard Pre-Bid Letter of Credit provided in Appendix 8 to these RFP Rules, or the RFP Bidder must submit a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals. All approved modifications will be posted to the RFP Web site. An RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification. The RFP Bidder cannot, in its Part 2 Proposal, propose or incorporate any modification to its Pre-Bid Letter of Credit other than the modifications approved and posted as such on the RFP Web site.

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V.2.3. Payment under the Pre-Bid Letter of Credit can be demanded by PECO if: (i) the RFP Bidder has made a material omission or misrepresentation in its Part 1 Proposal or in its Part 2 Proposal; (ii) the RFP Bidder discloses information relating to its Proposal publicly or to any other party before the Commission has either approved or rejected each of the winning Bids for this solicitation; or (iii) the Commission approves some or all of the RFP Bidder's Bids and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Default Service SMA or fails to meet the creditworthiness requirements of the Default Service SMA upon execution of the Transaction Confirmations.

V.2.4. PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than six (6) business days after the Bid Date. An RFP Bidder may, in Section 2 of the Part 2 Form, provide special instructions for the return of the Pre-Bid Letter of Credit. If the Commission does not approve any of the RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within three (3) business days of the Bid Date.

V.2.5. Acknowledgment of Documents Required. If the Part 2 Form is submitted for early processing and the Pre-Bid Letter of Credit is not included with the Part 2 Form, the Officer of the RFP Bidder acknowledges that the Pre-Bid Letter of Credit is required.

V.2.6. The information required by this Section V.2 must be provided exclusively by completing Section 2 of the Part 2 Form, as further explained in Article VII.

V.3. Default Service SMA Documents

V.3.1. Default Service SMA. The requirements of this Paragraph apply only to RFP Bidders that are not Default Suppliers. The Independent Evaluator, using the information provided by the RFP Bidder in its Part 1 Proposal in response to the requirements of Paragraph IV.3.3, prepares the Default Service SMA, including all necessary exhibits, for execution. Each RFP Bidder that qualified pursuant to a successful Part 1 Proposal receives from the Independent Evaluator the Default Service SMA, which the Independent Evaluator either transmits by secure file transfer or saves electronically on a CD that is sent by overnight delivery service. The individual who signs the

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Default Service SMA is either the Officer of the RFP Bidder or the Designee named in the Part 1 Proposal. Whether or not the RFP Bidder is previously eligible:

- the RFP Bidder must print two (2) originals of the Default Service SMA document that the RFP Bidder received directly from the Independent Evaluator upon qualifying pursuant to a successful Part 1 Proposal;
- the Officer of the RFP Bidder or the Designee must sign:
  - The two (2) signature pages of the originals of the Default Service SMA; and
  - The two (2) originals of Exhibit J, the PJM Declaration of Authority.
- The RFP Bidder must submit both originals of the Default Service SMA, including all exhibits.

V.3.2. Guaranty. The Independent Evaluator, using the information provided by the RFP Bidder in its Part 1 Proposal in response to the requirements of Paragraph IV.3.5, prepares the guaranty for execution. With the exception of a Default Supplier that posted a guaranty in an amount equal to its RFP Guarantor's Unsecured Credit Limit, each RFP Bidder that qualified pursuant to a successful Part 1 Proposal and that relies on the financial standing of an RFP Guarantor receives from the Independent Evaluator the guaranty, which the Independent Evaluator either transmits by secure file transfer or saves electronically on a CD that is sent by overnight delivery service. If an RFP Bidder is a Default Supplier, the guaranty submitted under this Paragraph will replace the existing guaranty should the RFP Bidder have winning Bids approved by the Commission in this solicitation and PECO will return the existing guaranty upon execution of the guaranty submitted under this Paragraph. Whether or not the RFP Bidder is previously eligible:

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- The RFP Bidder or RFP Guarantor must print two (2) originals of the guaranty received from the Independent Evaluator;
- The RFP Guarantor must fill in the Guaranty Amount, which is the maximum aggregate liability under the terms of the guaranty.
  - If an RFP Bidder is a Default Supplier, the Guaranty Amount must meet or exceed the lesser of (i) the Unsecured Credit Limit corresponding to the RFP Guarantor lowest Credit Rating most recently published by S&P, Fitch and/or Moody's and the RFP

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Guarantor TNW Amount; (ii) the sum of the Guaranty Amount of any current guaranty held by PECO under the Default Service SMA with the RFP Bidder and $600,000 per tranche bid.

- If an RFP Bidder is not a Default Supplier, the Guaranty Amount must meet $600,000 per tranche bid.

- The RFP Guarantor must sign two (2) originals of the guaranty.
- The RFP Bidder must submit the two (2) signed originals of the guaranty and the Guaranty Amount must comply with the requirements of this Paragraph.

V.3.3. Enforceability Opinion for an Alternate Guaranty. The Guaranty Process allows a supplier unable to use the Form of Guaranty provided as Exhibit F to the Default Service SMA to submit for consideration by PECO the guaranty that the supplier uses in its normal course of business. Such a guaranty is called an "alternate guaranty" and the process by which suppliers may obtain approval to use an alternate guaranty is described in Appendix 2. The requirements of this Paragraph only apply to RFP Bidders that obtained approval from PECO to use an alternate guaranty form and that were not previously eligible. Such RFP Bidder must provide, with its Part 2 Proposal, an executed enforceability opinion for its approved alternate guaranty form on the letterhead of a law firm of national standing.

V.3.4. Acknowledgment of Documents Required. The requirements of this Paragraph do not apply to RFP Bidders that are Default Suppliers and that do not rely on the financial standing of an RFP Guarantor. If the Part 2 Form is submitted for early processing, the Officer of an RFP Bidder acknowledges the Default Service SMA documents that are required for the particular circumstances of the RFP Bidder:

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- The Officer of an RFP Bidder that is not a Default Supplier and that relies on its own financial standing of an RFP acknowledges that two (2) originals of the Default Service SMA are required;

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- The Officer of an RFP Bidder that is not a Default Supplier and that relies on the financial standing of an RFP Guarantor acknowledges that two (2) originals of the Default Service SMA are required and two (2) originals of the guaranty are required.

V.3.5. The information required by this Section V.3 must be provided exclusively by completing Section 3 of the Part 2 Form, as further explained in Article VII

V.4. RFP Bidders under an Agency Agreement

V.4.1. The requirements of this Section V.4 apply only to RFP Bidders submitting a Proposal under an Agency Agreement; other RFP Bidders are not subject to the requirements of this Section V.4.

V.4.2. Officers' Certificate. Whether or not the RFP Bidder is previously eligible, the RFP Bidder must submit an Officers' Certificate substantially in the form of Appendix 6 to these RFP Rules. The Officers' Certificate must be signed by an officer of each Principal.

- The Officers' Certificate must be signed by an officer of each Principal.
- The Officers' Certificate states that: (i) the copy of the Agency Agreement submitted with the Part 1 Proposal is a true and complete copy of the Agency Agreement as currently in effect; (ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to six (6) business days following the Bid Date; (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement; (iv) each individual who has executed the Officers' Certificate, the Agency Agreement, and the Default Service SMA submitted with the Part 2 Proposal is (or was at the time of the execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and (v) the Officer of the RFP Bidder is authorized to execute any Transaction Confirmation pursuant to the Default Service SMA on behalf of the Principal(s).
- An Officers' Certificate submitted by a previously eligible RFP Bidder and that was previously acceptable to PECO will remain acceptable to PECO unless there has been a change in the circumstances of the RFP Bidder submitting a Proposal under an Agency Agreement.

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V.4.3. Signatory to the Default Service SMA. If the Principal does not authorize the RFP Bidder to sign the Default Service SMA or to execute a Transaction Confirmation, such RFP Bidder must name a representative of the Principal who will sign the Default Service SMA and all necessary exhibits as required by Section V.3 and who will be authorized to sign any Transaction Confirmation should such RFP Bidders have winning Bids that are approved by the Commission.

- If such RFP Bidder is not previously eligible, the RFP Bidder must name a representative of a Principal authorized to sign the Default Service SMA and any Transaction Confirmation and provide contact information for this individual (address, phone number, and email address).
- If such RFP Bidder is previously eligible, the RFP Bidder either: (i) must confirm that the representative of the Principal remains authorized to sign the Default Service SMA and any Transaction Confirmation and that the previously submitted contact information remains valid; or: (ii) must update this information.

V.4.4. An RFP Bidder that relies on the financial standing of a Principal that is a Foreign Entity must also comply with requirements detailed in Section V.5.

V.4.5. The information required by this Section V.4 must be provided exclusively by completing Section 4 of the Part 2 Form, as further explained in Article VII.

V.5. Foreign RFP Bidders and Foreign Entities

V.5.1. The requirements of this Section V.5 apply only to Foreign RFP Bidders that seek to be granted unsecured credit under the terms of the Default Service SMA or to RFP Bidders that rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). Other RFP Bidders are not subject to the requirements of this Section V.5.

V.5.2. Required Documents for Foreign RFP Bidders. A Foreign RFP Bidder receives from the Independent Evaluator upon successfully completing the Part 1 Proposal a provisional creditworthiness assessment that presumes the receipt of the following fully executed additional documents: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign

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RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel for the Foreign RFP Bidder that is sufficient.

- If the Foreign RFP Bidder is not previously eligible, such RFP Bidder must submit these fully executed documents in a form acceptable to PECO for the Independent Evaluator to confirm the creditworthiness assessment provided with the Part 1 Notification. If the Foreign RFP Bidder submits these fully executed documents in a form acceptable to PECO, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit.
- If the Foreign RFP Bidder is previously eligible and has previously submitted these additional documents in a form acceptable to PECO, such RFP Bidder either: (i) must confirm that these documents remain valid; or (ii) must update any document that failed to remain valid. The Independent Evaluator confirms the creditworthiness assessment in the Part 2 Notification if all required documents are submitted and are acceptable to PECO. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit.

V.5.3. Required Documents for RFP Bidders with a Foreign Entity as RFP Guarantor. If a Default Supplier relies on the financial standing of an RFP Guarantor and the Guaranty Amount under the guaranty currently held by PECO is equal to the RFP Guarantor's Unsecured Credit Limit, then such Default

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Supplier is exempted from the requirements of this Paragraph. An RFP Bidder that relies on the financial standing of a Foreign Entity as RFP Guarantor receives, with its Part 1 Notification, a provisional creditworthiness assessment for its RFP Guarantor that presumes the receipt of the following fully executed additional documents in a form acceptable to PECO: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel that is sufficient for the Foreign Entity as RFP Guarantor.

- If such RFP Bidder is not previously eligible, such RFP Bidder must submit these fully executed documents in a form acceptable to PECO for the Independent Evaluator to confirm the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder submits these fully executed documents and these documents are acceptable to PECO, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder does not submit these documents, or if these documents are not acceptable to PECO, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign Entity as RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any

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guaranty submitted in the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional information regarding the RFP Bidder under Section IV.2.

- If such RFP Bidder is previously eligible and has submitted these additional documents in a form acceptable to PECO, such RFP Bidder either: (i) must confirm that these documents remain valid; or (ii) must update any document that failed to remain valid. The Independent Evaluator confirms the creditworthiness assessment provided with the Part 1 Notification if the RFP Bidder all required documents are submitted and are acceptable to PECO. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any guaranty submitted with the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional information regarding the RFP Bidder under Section IV.2.

V.5.4. Required Documents for RFP Bidders with a Foreign Entity as Principal. An RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal receives, with its Part 1 Notification, a provisional creditworthiness assessment that presumes the receipt of the following documents fully executed and acceptable to PECO: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA. Exhibit G to the Default Service SMA includes a sample of the legal opinion of outside counsel that is sufficient for a Foreign Entity as Principal (Seller).

- If such RFP Bidder is not previously eligible, such RFP Bidder must submit these fully executed documents in a form acceptable to PECO for the Independent Evaluator to confirm

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the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder submits these fully executed documents and these documents are acceptable to PECO, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. If the RFP Bidder does not submit these documents, or if these documents are not acceptable to PECO, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and the Foreign Entity as Principal are not granted unsecured credit.

- If such RFP Bidder is previously eligible, such RFP Bidder either: (i) must confirm that these documents remain valid; or (ii) must update any document that failed to remain valid. The Independent Evaluator confirms the creditworthiness assessment provided with the Part 1 Notification if the RFP Bidder all required documents are submitted and are acceptable to PECO. Otherwise, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and the Foreign Entity as Principal are not granted unsecured credit.

V.5.5. The information required by this Section V.5 must be provided exclusively by completing Section 5 of the Part 2 Form, as further explained in Article VII.

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ARTICLE VI. Bid Submission

VI.1.1. The Independent Evaluator prepares an electronic Bid Form for each RFP Bidder qualified pursuant to a successful Part 1 Proposal. If the RFP Bidder cannot bid on all tranches available of a product because of the Load Cap to which such product belongs and because of tranches previously won by the RFP Bidder, the Bid Form reflects that fact. The Independent Evaluator sends at the same time instructions for completion of the Bid Form, for the optional encryption of the Bid Form, for electronic transfer of the completed Bid Form to the Independent Evaluator, for an alternate submission method for Bids in case of technical difficulties with the electronic transfer, as well as information used for authenticating the Bids, including the RFP Bidder's unique username, password, and security codes. The Independent Evaluator transmits these materials, the Part 1 Materials, by secure file transfer or sends these materials saved electronically to a CD by overnight delivery service within two (2) business days of the Part 1 Notification Date. The Independent Evaluator requires a confirmation of receipt of these materials by fax or email.

VI.1.2. The exclusive method for submitting an RFP Bidder's Bids is the Bid Form. An RFP Bidder must fill out all required information on the Bid Form according to the instructions provided by the Independent Evaluator. An RFP Bidder may, but is not required to, encrypt its Bid Form. Encryption provides an additional layer of protection for the confidentiality of the RFP Bidder's data. An RFP Bidder must submit the Bid Form to the Independent Evaluator through a secure file transfer system according to the instructions provided by the Independent Evaluator. An RFP Bidder must fill out contact information on its Bid Form and the Independent Evaluator will use that information to confirm receipt of the Bids. All instructions noted in this Paragraph are included in the Part 1 Materials.

VI.1.3. In case of technical difficulties while using the secure file transfer system, the Independent Evaluator will instruct the RFP Bidder to print the Bid Form and fax it to the Independent Evaluator. If the RFP Bidder does not have immediate fax capabilities, the Independent Evaluator will accept an email submission; however, the Independent Evaluator will recommend that the Bid

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Form in this case be encrypted and the Independent Evaluator will note for the RFP Bidder that such transmission may not be secure. An RFP Bidder that is not able to use the secure file transfer system must advise the Independent Evaluator of that fact by phone and must at that time provide authenticating information. The Independent Evaluator will provide additional instructions for such a contingency that will be included with the Part 1 Materials.

VI.1.4. All Bid Forms must be received between 10 AM and 12 PM (noon) on the Bid Date. No late Bid Forms will be accepted regardless of the method used by the RFP Bidder to submit its Bid Form.

VI.1.5. A Bid for a tranche for any product is a price in U.S. Dollars per MWh, in the format $xx.xx or $xxx.xx, rounded to the nearest cent. The number of tranches bid on a product is the number of tranches of that product for which a Bid is provided.

VI.1.6. A Bid that is not expressed in dollars per MWh will automatically be rejected. A Bid that that has more than two (2) decimals will be automatically rounded to the nearest cent.

VI.1.7. The RFP Bidder may not bid on less than a full tranche for a product. The RFP Bidder may not bid on fractions, portions, or parts of tranches.

VI.1.8. The RFP Bidder may not submit any additional instructions, contingencies, or conditions on its Bids. Any such additional instructions, contingencies, or conditions will be ignored.

VI.1.9. An RFP Bidder may not submit Bids that exceed the Load Caps and the Bid Form will include guidance for the RFP Bidder so that the RFP Bidder submits Bids that conform with the Load Caps. The Load Caps are described in Paragraph I.2.8.

VI.1.10. The number of tranches bid for an RFP Bidder may not exceed the number of tranches supported by the Pre-Bid Letter of Credit. The amount of the Pre-Bid Letter of Credit is described in Paragraph V.2.1. The procedure used by the Independent Evaluator to modify the Bid Form is described in Paragraph VI.1.10.

VI.1.11. Bids are evaluated on a price-only basis, in accordance with the process described in Section VII.2.

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ARTICLE VII. Process

VII.1. Part 1 and Part 2 Proposals: Submission and Processing

VII.1.1. The Independent Evaluator, for the purposes of this RFP, transmits all communications to the Representative of the RFP Bidder. In its Part 1 Proposal, the RFP Bidder elects whether to receive notifications from the Independent Evaluator by email or by fax. In its Part 1 Proposal, the RFP Bidder elects whether documents and manuals from the Independent Evaluator are transmitted by secure file transfer or are saved electronically to a CD that is sent by overnight delivery service. If the RFP Bidder elects to receive communications from the Independent Evaluator by email and secure file transfer, the Representative or the Officer of the RFP Bidder may designate up to three (3) Nominees who will also receive communications from the Independent Evaluator.

VII.1.2. Any notification or written communication will be deemed received by the RFP Bidder at the time of delivery or transmission, provided that when delivery or transmission occurs after 6 PM on a business day or occurs on a day that is not a business day, receipt will be deemed to occur at 9 AM on the following business day.

VII.1.3. The exclusive method of responding to the qualification standards for the Part 1 Proposal listed in Article IV of these RFP Rules is the use of the Part 1 Form. RFP Bidders that did not qualify in a previous solicitation under DSP II must use the Standard Part 1 Form provided as Appendix 3 of these RFP Rules to respond to the qualification standards described in Article IV. Previously qualified RFP Bidders may participate in an abbreviated Part 1 Proposal process by using the Short Part 1 Form provided as Appendix 4. The generic term "Part 1 Form" refers either to the Standard Part 1 Form or to the Short Part 1 Form. Responses to the qualification standards of Article IV that do not use the Part 1 Form will not be considered and the Part 1 Proposal will be considered deficient.

VII.1.4. An RFP Bidder must provide contact information for the RFP Bidder, name an Officer of the RFP Bidder who designates a Representative of the RFP Bidder, make elections on the method that the Independent Evaluator will use to transmit notifications and to transmit documents to the RFP

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Bidder, and make general representations as required by Section IV.1, exclusively by completing Section 1 of the Part 1 Form. An RFP Bidder must show compliance with the financial requirements of Section IV.2 exclusively by completing Section 2 of the Part 1 Form and by providing all documents supporting the financial information and credit information as requested in that section of the Part 1 Form. The RFP Bidder must provide all information to prepare the Default Service SMA and guaranty (if applicable), as required by Section IV.3, exclusively by completing Section 3 of the Part 1 Form. The RFP Bidder must show that it has all regulatory authorizations necessary for it to legally perform its obligations under the Default Service SMA and the Transaction Confirmations as required by Section IV.4, exclusively by completing Section 4 of the Part 1 Form. An RFP Bidder must make any additional representations required by Section IV.5 exclusively by completing Section 5 of the Part 1 Form. An RFP Bidder submitting a Proposal under an Agency Agreement must provide any additional information required by Section IV.6, exclusively by completing Section 6 of the Part 1 Form. A Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Default Service SMA, or an RFP Bidder relying on the financial standing of a Foreign Entity, either an RFP Guarantor or a Principal, must provide any additional information required by Section IV.7, exclusively by completing Section 7 of the Part 1 Form.

VII.1.5. The Part 1 Proposal consists of one (1) electronic copy and two (2) hardcopy original Part 1 Forms and one (1) copy of all documents requested in the Part 1 Form and in Article IV of these RFP Rules. One (1) copy of the Part 1 Form, as well as any Draft Letter of Credit, must be submitted electronically in Microsoft Word, either on a CD that is included with the Part 1 Proposal or by email to the Independent Evaluator at PecoProcurement@nera.com. Any documents required by the Part 1 Form must be submitted either electronically (on a CD that is included with the Part 1 Proposal or by email to the Independent Evaluator at Pecoprocurement@nera.com) or in hard copy.

VII.1.6. An RFP Bidder must deliver its hardcopy Part 1 Forms and any documents that the RFP Bidder submits in hardcopy by certified mail, registered mail, hand delivery, or overnight delivery service to the Independent Evaluator by 12 PM (noon) on the Part 1 Date at the following address: NERA - Independent Evaluator, PECO Default Service Program RFPs, 1835 Market Street, Suite 1205,

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Philadelphia, PA 19103. Photocopies and facsimiles of the Part 1 Form will not be considered. No late Part 1 Proposals will be accepted under any circumstances.

VII.1.7. The Independent Evaluator receives and processes the Part 1 Proposals during the Part 1 Window. If a Part 1 Proposal is received by mail or email, the Independent Evaluator sends an acknowledgment to the RFP Bidder consisting of the first page of the Part 1 Form stamped with the time and the date that it was received; the Independent Evaluator sends such acknowledgment by email or fax, at the RFP Bidder's option. If a Part 1 Proposal is hand-delivered, the Independent Evaluator provides an acknowledgment to the individual making the delivery consisting of a photocopy of the first page of the Part 1 Form stamped with the time and the date that it was received. The Independent Evaluator only processes Part 1 Proposals during the Part 1 Window and, if the Part 1 Proposal arrives before the Part 1 Window opens the Independent Evaluator confirms receipt no later than on the first day of the Part 1 Window.

VII.1.8. If the Part 1 Proposal arrives before 12 PM (noon) on any business day during the Part 1 Window, the Independent Evaluator sends the acknowledgment confirming receipt on the day the Part 1 Proposal is received with the results of an initial review. The initial review states either that the Part 1 Proposal is complete and is being considered, or the initial review lists items of the Part 1 Proposal that are deficient or require clarification. If a Part 1 Proposal arrives after 12 PM (noon) on any business day during the Part 1 Window prior to the Part 1 Date, the Independent Evaluator sends the acknowledgment along with the initial review by 12 PM (noon) of the next business day. The Independent Evaluator sends such acknowledgments by fax or email, at the RFP Bidder's option.

VII.1.9. An RFP Bidder that submits a Draft Pre-Bid Letter of Credit will receive a review of any proposed modifications within two (2) business days. the Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. The RFP Bidder can only submit one (1) Draft Pre-Bid Letter of Credit. Any review communicated to the RFP Bidder of the Draft Pre-Bid Letter of Credit is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this review. All modifications accepted to the Standard Pre-Bid Letter of Credit for the benefit of a single RFP Bidder will be made available to all RFP Bidders on an optional basis. All such modifications will be

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posted in a single document on the RFP Web site that will be updated daily during the Part 1 Window. By 12 PM (noon) on the day the Part 2 Window opens, the final document containing all accepted modifications will be posted.

VII.1.10. An RFP Bidder that submits a Draft Post-Bid Letter of Credit will receive a review of any proposed modifications within seven (7) business days. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option The RFP Bidder can only submit one (1) Draft Post-Bid Letter of Credit. Any review communicated to the RFP Bidder of the Draft Post-Bid Letter of Credit is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this review. All modifications accepted to the Standard Post-Bid Letter of Credit for the benefit of a single RFP Bidder will be made available to all RFP Bidders on an optional basis. All such modifications will be posted in a single document on the RFP Web site that will be posted no later than 6 PM on the Part 2 Date.

VII.1.11. An RFP Bidder submitting a Proposal under an Agency Agreement that submits a Draft Officers' Certificate will receive an evaluation of this document by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of the Draft Officers' Certificate is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.12. A Foreign RFP Bidder that submits a draft of any of the documents described in Paragraph IV.7.2 will receive an evaluation of these documents by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.13. An RFP Bidder that relies on the financial standing of a Foreign Entity as RFP Guarantor and that submits a draft of any of the documents described in Paragraph IV.7.3 will receive an evaluation of these documents along by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

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VII.1.14. An RFP Bidder submitting a Proposal under an Agency Agreement that relies on the financial standing of a Foreign Entity as Principal and that submits a draft of any of the documents described in Paragraph IV.7.4 will receive an evaluation of these documents by the Part 1 Notification Date. The Independent Evaluator sends such review by email or fax, at the RFP Bidder's option. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.15. The RFP Bidder includes, in its Part 1 Proposal, a certification from the Officer of the RFP Bidder that the RFP Bidder is bidding independently and is not acting in concert with another RFP Bidder. The Independent Evaluator may request additional information to ascertain that the RFP Bidder is bidding independently of other RFP Bidders. An RFP Bidder that is not bidding independently of another RFP Bidder may fail to qualify.

VII.1.16. If an RFP Bidder receives any notice from the Independent Evaluator that any item of the Part 1 Proposal is deficient or requires clarification, the RFP Bidder has until 12 PM (noon) on the Part 1 Date, or until 6 PM on the business day following the business day during which the Independent Evaluator transmits such notice, whichever comes later, to respond. If the RFP Bidder does not correct or adequately explain the deficiency within the time allowed, the Part 1 Proposal may be rejected. The Independent Evaluator sends such notice by fax or email, at the RFP Bidder's option.

VII.1.17. An RFP Bidder meets the qualification standards of this RFP if its Part 1 Proposal is received on or before 12 PM (noon) on the Part 1 Date, if its Part 1 Proposal is complete, and if its Part 1 Proposal fully complies with all requirements of Article IV.

VII.1.18. The Independent Evaluator informs each RFP Bidder of whether it has met all qualification standards of Article IV through a Part 1 Notification that the Independent Evaluators sends no later than 6 PM on the Part 1 Notification Date.

VII.1.19. If the RFP Bidder has a successful Part 1 Proposal, within two (2) business days of the Part 1 Notification Date, the Independent Evaluator transmits to the RFP Bidder a number of documents and instructions, called the Part 1 Materials. The Part 1 Materials include: (i) the Bid Form; (ii) instructions for filling out and optionally encrypting the Bid Form; (iii) instructions for the submission of the completed Bid Form from the RFP Bidder to the Independent Evaluator by secure

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file transfer system; (iv) instructions for an alternate method for submission of the Bids in case of technical difficulties with the secure file transfer system; (v) an invitation to a training session on the Bid submission process; and (vi) a username, a password, and security codes to be used for Bid submission uniquely by that RFP Bidder. For an RFP Bidder that is required to submit a guaranty with the Part 2 Proposal, the Part 1 Materials also include the guaranty. For an RFP Bidder that is required to submit the Default Service SMA documents with the Part 2 Proposal, the Part 1 Materials also include such documents. The Part 1 Materials may also include other training materials or important notifications to RFP Bidders. The Independent Evaluator transmits the Part 1 Materials by secure file transfer or sends a CD to which the Part 1 Materials are saved electronically by overnight delivery service, at the RFP Bidder's option.

VII.1.20. If an RFP Bidder fails to qualify, the Independent Evaluator notifies the RFP Bidder of that fact and returns one (1) copy of the Part 1 Form by overnight delivery service. The Independent Evaluator also sends the notification by fax or email, at the RFP Bidder's option.

VII.1.21. The Independent Evaluator requires an acknowledgment from the RFP Bidder that the RFP Bidder has received intact the information necessary to submit Bids and that no one but authorized personnel of the RFP Bidder has had access to this information. The RFP Bidder may make this acknowledgment by fax or email, at the RFP Bidder's option. The RFP Bidder's Bids are only evaluated if this acknowledgment is received.

VII.1.22. The exclusive method of responding to the requirements for Part 2 Proposals listed in Article V of these RFP Rules is the use of the Part 2 Form provided as Appendix 7. Responses to the requirements of Article V that do not use the Part 2 Form will not be considered and the Part 2 Proposal will be considered deficient.

VII.1.23. An RFP Bidder must confirm its contact information and make any general representations required by Section V.1 exclusively by completing Section 1 of the Part 2 Form. An RFP Bidder must submit the Pre-Bid Letter of Credit as required by Section V.2 and as instructed in Section 2 of the Part 2 Form. An RFP Bidder, if required to confirm that it is submitting documents related to the Default Service SMA by Section V.3, will also be instructed to do so by Section 3 of the Part 2 Form. An RFP Bidder submitting a Proposal under an Agency Agreement must submit additional

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documents as required by Section V.4 and as instructed in Section 4 of the Part 2 Form. A Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Default Service SMA, or an RFP Bidder that seeks to rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal), must submitting any additional documents as required by Section V.5 ans as instructed by Section 5 of the Part 2 Form. If the RFP Bidder submitted the Part 2 Form for early processing, the Officer of the RFP Bidder will be required to acknowledge that the submission of the documents specified by Article V is required. Responses to the requirements of Article V that do not use the Part 2 Form will not be considered and the Part 2 Proposal will be considered deficient.

VII.1.24. The Part 2 Proposal consists of electronic copy and two (2) hardcopy original Part 2 Forms, the Pre-Bid Letter of Credit, as well as one (1) hard copy of any other document requested of the RFP Bidder in the Part 2 Form and in Article V of these RFP Rules. In particular:

- For RFP Bidders that are not Default Suppliers, the Part 2 Proposal must include two (2) signed originals of the Default Service SMA, including two (2) signed originals of Exhibit J, the PJM Declaration of Authority.
- For an RFP Bidder relying on the financial standing of an RFP Guarantor, except in the case of a Default Supplier whose RFP Guarantor already has with PECO a guaranty for its full Unsecured Credit Limit, the Part 2 Proposal also includes two (2) signed originals of the guaranty.
- For an RFP Bidder submitting a Proposal under an Agency Agreement, the Part 2 Proposal also includes an executed Officers' Certificate.
- For an RFP Bidder that: (i) is submitting a Proposal under an Agency Agreement and relying on the financial standing of a Foreign Entity as Principal; or (ii) is a Foreign RFP Bidder; or (iii) relies on the financial standing of a Foreign Entity as RFP Guarantor; the Part 2 proposal also includes any documents required by Section V.5 as a condition of being granted unsecured credit. These documents may include an executed legal opinion of outside counsel and a sworn certificate of the corporate secretary.

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VII.1.25. An RFP Bidder must deliver its original hardcopy Part 2 Forms and all documents required by the Part 2 Proposal by certified mail, registered mail, hand delivery or overnight delivery service to the Independent Evaluator by 12 PM (noon) on the Part 2 Date at the following address: NERA - Independent Evaluator, PECO Default Service Program RFPs, 1835 Market Street, Suite 1205, Philadelphia, PA 19103. Photocopies and facsimiles of the Part 2 Form will not be considered. No late Part 2 Proposals will be accepted under any circumstances.

VII.1.26. Each solicitation has a Part 2 Window during which Part 2 Proposals may be submitted. The last day of the Part 2 Window is the Part 2 Date. RFP Bidders must provide the Part 2 Proposal to the Independent Evaluator by 12 PM (noon) on the Part 2 Date. RFP Bidders also have the option to submit the Part 2 Form during the Part 1 Window for early processing. If a Part 2 Proposal is received by post, the Independent Evaluator sends an acknowledgment to the RFP Bidder consisting of the first page of the Part 2 Form stamped with the time and the date that it was received; the Independent Evaluator sends such acknowledgment by email or fax, at the RFP Bidder's option. If a Part 2 Proposal is hand-delivered, the Independent Evaluator provides an acknowledgment to the individual making the delivery consisting of a photocopy of the first page of the Part 2 Form stamped with the time and the date that it was received. The Independent Evaluator confirms receipt as long as the Part 2 Proposal arrives after the opening of the Part 1 Window. However, Part 2 Proposals are only processed during the Part 1 Window or during the Part 2 Window.

VII.1.27. If the Part 2 Proposal arrives before 12 PM (noon) on any business day after the opening of the Part 1 Window, the Independent Evaluator sends the acknowledgment confirming receipt on the day the Part 2 Proposal is received with the results of an initial review. The initial review states either that the Part 2 Proposal is complete and is being considered, or the initial review lists items of the Part 2 Proposal that are deficient or require clarification. If a Part 2 Proposal arrives after 12 PM (noon) on any business day during the Part 2 Window prior to the Part 2 Date, the Independent Evaluator sends the acknowledgment along with the initial review by 12 PM (noon) of the next business day. The Independent Evaluator sends such acknowledgments by fax or email, at the RFP Bidder's option.

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VII.1.28. An RFP Bidder's Part 2 Proposal is automatically deficient if the Pre-Bid Letter of Credit proposes or includes modifications to the Standard Pre-Bid Letter of Credit included as Appendix 8 of these RFP Rules other than those accepted modifications posted in a single document on the RFP Web site. If an RFP Bidder receives notice from the Independent Evaluator that its Pre-Bid Letter of Credit is deficient, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. The Independent Evaluator sends such notices by fax or email, at the RFP Bidder's option.

VII.1.29. The amount of the Pre-Bid Letter of Credit must be at least: $250,000 per tranche bid on products for the RES, SC, and MC Classes and $125,000 per tranche bid on products for the LC&I Class. The Guaranty Amount for RFP Bidders that are not Default Suppliers must be equal or exceed $600,000 per tranche bid. The Guaranty Amount for RFP Bidders that are Default Suppliers must be equal or exceed the lesser of: (i) the Guaranty Amount of any current guaranty with PECO under a Default Service SMA, plus an amount equal to $600,000 per tranche bid; (ii) the Unsecured Credit Limit of the RFP Guarantor. A Default Supplier whose RFP Guarantor has a current guaranty with PECO under a Default Service SMA for the RFP Guarantor's Unsecured Credit Limit is not required to submit a guaranty. An RFP Bidder's Part 2 Proposal is automatically deficient if the amount of the Pre-Bid Letter of Credit is not consistent with the Guaranty Amount. If an RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. The Independent Evaluator provides such notice by fax or email, at the RFP Bidder's option.

VII.1.30. For an RFP Bidder submitting a Proposal under an Agency Agreement that provides the documents required under Paragraph V.4.1, PECO and the Independent Evaluator will determine whether the documents provided are sufficient, without any liability or obligation to the RFP Bidder or its Principal(s). If the documents are insufficient and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until

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12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the documents remain insufficient, the RFP Bidder's Part 2 Proposal may be rejected. The Independent Evaluator provides such notice by fax or email, at the RFP Bidder's option.

VII.1.31. For a Foreign RFP Bidder that submits the documents required under Paragraph V.5.2, PECO and the Independent Evaluator will determine whether the documents provided are acceptable to PECO, without any liability or obligation to the Foreign RFP Bidder. If the documents are not acceptable to PECO and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the deficiency remains, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit. If the Foreign RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the Foreign RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered acceptable to PECO. The Independent Evaluator provides such notices by fax or email, at the RFP Bidder's option.

VII.1.32. For an RFP Bidder relying on the financial standing of a Foreign Entity as RFP Guarantor and that submits the documents required under Paragraph V.5.3, PECO and the Independent Evaluator will determine whether the documents provided are acceptable to PECO, without any liability or obligation to the RFP Bidder or the RFP Guarantor. If the documents are acceptable to PECO and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the deficiency remains, the RFP Bidder the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor and the Independent Evaluator may request additional

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information regarding the RFP Bidder under Section IV.2. If the RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered acceptable to PECO. The Independent Evaluator provides such notices by fax or email, at the RFP Bidder's option.

VII.1.33. For an RFP Bidder relying on a Foreign Entity as Principal that provides the documents required under Paragraph V.5.4, PECO and the Independent Evaluator will determine whether the documents provided are acceptable to PECO, without any liability or obligation to the RFP Bidder or its Principal(s). If the documents are not acceptable to PECO and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the second business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the deficiency remains, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and its Principal are not granted unsecured credit. If the RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered acceptable to PECO. The Independent Evaluator provides such notices by fax or email, at the RFP Bidder's option.

VII.1.34. With the exceptions noted in the Paragraphs of this section, if an RFP Bidder receives any notice from the Independent Evaluator that an item of the Part 2 Proposal is deficient or requires clarification, the RFP Bidder has until 12 PM (noon) on the Part 2 Date, or until 6 PM on the business day following the business day during which such a notice is sent to the RFP Bidder, whichever comes later, to respond. If the RFP Bidder does not correct or adequately explain the deficiency within the time allowed, the Part 2 Proposal may be rejected.

VII.1.35. An RFP Bidder's Part 2 Proposal is successful if its Part 2 Proposal is received on or before 12 PM (noon) on the Part 2 Date, if its Part 2 Proposal is complete, and if its Part 2 Proposal fully complies with the requirements of Article V of these RFP Rules.

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VII.1.36. An RFP Bidder that submits a Part 2 Proposal will be notified whether it is eligible to submit Bids no later than 6 PM on the Part 2 Notification Date. The Independent Evaluator provides such notification by fax or email, at the RFP Bidder's option.

VII.1.37. If the RFP Bidder has not qualified to submit Bids, the Independent Evaluator notifies the RFP Bidder of that fact, returns one (1) copy of the Part 2 Form, and returns all documents submitted for the Part 2 Proposal except for the Pre-Bid Letter of Credit by overnight delivery service. The Independent Evaluator also provides the notification by fax or email, at the RFP Bidder's option.

VII.2. Bids: Submission, Processing, and Evaluation

VII.2.1. An RFP Bidder must submit its Bids in accordance with the instructions provided in the Part 1 Materials and in accordance with the requirements of Article VI. An RFP Bidder's Bids must be received between 10 AM and 12 PM (noon) on the Bid Date. The requirements for Bid submission are the same for all RFP Bidders, regardless of whether they were previously eligible to submit Bids.

VII.2.2. The Bid Form, as provided to each RFP Bidder with the Part 1 Notification, is the exclusive method for the submission of Bids. A sample of the Bid Form is provided for illustrative purposes as Appendix 9 of these RFP Rules. The Bid Form is prepared specifically for each RFP Bidder. The Bid Form must be filled out completely and transferred according to the instructions provided by the Independent Evaluator in the Part 1 Materials. The RFP Bidder may encrypt the Bid Form using the instructions provided by the Independent Evaluator. Bids on any Bid Form that is incompletely or inconsistently filled out will be considered deficient and will not be evaluated.

VII.2.3. An RFP Bidder submits its Bids electronically, by transferring its Bid Form through a secure file transfer system. The RFP Bidder must use the username and the password provided by the Independent Evaluator to access the secure file transfer system. The Independent Evaluator supplies a security code that the RFP Bidder may use to encrypt the Bid Form.

VII.2.4. An RFP Bidder that must resort to an alternate method for submitting its Bid Form by fax because of technical difficulties with the secure file transfer system must follow the instructions provided by the Independent Evaluator for this contingency. These instructions will include a representative of

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the RFP Bidder phoning the Independent Evaluator to advise the Independent Evaluator of the use of an alternate method for the submission of the Bid Form and to provide authenticating information. The primary alternate submission method is fax; the Independent Evaluator will accept an email submission but the Independent Evaluator will recommend that the Bid Form in this case be encrypted and the Independent Evaluator will note for the RFP Bidder that such transmission may not be secure.

VII.2.5. All Bid Forms must be received between 10 AM and 12 PM (noon) on the Bid Date. No late Bid Forms will be considered regardless of the method used by the RFP Bidder to submit its Bid Form.

VII.2.6. If an RFP Bidder submits its Bid Form more than once between 10 AM and 12 PM (noon) on the Bid Date, the last Bid Form submitted in accordance with all requirements of the Bid Form and of Article VI automatically supersedes all previously submitted Bid Form(s).

VII.2.7. The Independent Evaluator acknowledges receipt of the Bid Form with each RFP Bidder by telephone. The telephone number used is the telephone number provided on the Bid Form. If the Bid Form received by the Independent Evaluator is not encrypted by the RFP Bidder, the Independent Evaluator will require that the RFP Bidder provide the security code to the Independent Evaluator before the Bid Form is acknowledged and evaluated. The Independent Evaluator makes this acknowledgment within fifteen (15) minutes of receipt of the Bid Form. An RFP Bidder that does not receive an acknowledgment within fifteen (15) minutes of submitting its Bid Form should assume technical difficulties, should proceed to submitting its Bid Form by and alternate method, and should phone the Independent Evaluator immediately.

VII.2.8. If the Bid Form received by the Independent Evaluator is incomplete or inconsistent with all requirements of the Bid Form and of Article VI, the Independent Evaluator will advise the RFP Bidder of that fact when confirming receipt of the Bid Form. The RFP Bidder may correct and resubmit the Bid Form as long as the Bid Form is received between 10 AM and 12 PM (noon) on the Bid Date. If the corrected Bid Form is not received between 10 AM and 12 PM (noon) on the Bid Date, the Bids on the Bid Form will not be evaluated.

VII.2.9. It is the responsibility of the RFP Bidder to ensure that a completely and consistently filled out Bid Form is submitted between 10 AM and 12 PM (noon) on the Bid Date. The Independent Evaluator

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will hold a training session for RFP Bidders to practice the Bid submission process. RFP Bidders are encouraged to participate to minimize the possibility of technical difficulties with the submission of their Bid Forms.

VII.2.10. The Independent Evaluator will verify that the Pre-Bid Letter of Credit is in an amount sufficient to support the number of tranches bid by each RFP Bidder. If an RFP Bidder's Pre-Bid Letter of Credit is insufficient to support the number of tranches bid by the RFP Bidder, the Independent Evaluator will contact the RFP Bidder on a best efforts basis. The RFP Bidder may correct and resubmit the Bid Form as long as the Bid Form is received between 10 AM and 12 PM (noon) on the Bid Date. If the Independent Evaluator is not able to contact the RFP Bidder in time or if the RFP Bidder has not submitted a revised Bid Form between 10 AM and 12 PM (noon) on the Bid Date, the Independent Evaluator will modify the Bid Form. The Independent Evaluator will determine for such RFP Bidder the greatest number of whole tranches that its Pre-Bid Letter of Credit is sufficient to support. The Independent Evaluator will strike a Bid from a Bid Form for any tranche that is not supported by the Pre-Bid Letter of Credit. The Independent Evaluator will remove a Bid first from the product where there is most competition, as measured by the ratio of the number of tranches bid to the number of tranches needed. For that product, the Independent Evaluator will start with the tranche that has the highest Bid. If more than one RFP Bidder submitted Pre-Bid Letters of Credit that are insufficient to support the number of tranches bid by each such RFP Bidder, the Independent Evaluator will first modify the Bid Form from the RFP Bidder whose Bid Form is received last.

VII.2.11. By submitting a Proposal in response to an RFP, each RFP Bidder is authorizing the Independent Evaluator to modify the RFP Bidder's Bid Form as specified Paragraph VII.2.10. Each RFP Bidder acknowledges and accepts that the methodology may result in removal of a Bid that would have been approved by the Commission or the retention of a Bid that was not approved by the Commission.

VII.2.12. The Bids supported by adequate Pre-Bid Letters of Credit will be evaluated on a price-only basis. The Bids for each product will be ranked from lowest to highest price until all Bids are ranked or until the number of Bids that are ranked equals the number of tranches available for the product.

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VII.2.13. If two or more RFP Bidders submit Bids that are identical for a product, these Bids will be considered "Tied Bids" at that price. The Independent Evaluator will use the tie-breaking procedure described in the next paragraph if: i) in total, more Bids must be ranked for a product than there are tranches available for that product; ii) the tie among two or more Tied Bids must be broken in order to determine the RFP Bidders that have submitted the lowest Bids on that product.

VII.2.14. The tie-breaking procedure will award tranches in the following order: (1) to the RFP Bidder which, if awarded the tranche, would hold the fewest tranches for the product for any one month during the product term; (2) to the RFP Bidder which, if awarded the tranche, would hold the fewest tranches for the Class in question for any one month during the product term; and then (3) to the RFP Bidder which, if awarded the tranche, would hold the fewest tranches in aggregate for any one month during the product term. If a tie were to remain, it would be broken by random selection.

VII.2.15. An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator on behalf of the Company in its sole and exclusive discretion. The RFP Bidder will be considered to have made a material misrepresentation in its Part 2 Proposal and payment under the Pre-Bid Letter of Credit can be demanded by PECO.

VII.2.16. For each product in this solicitation, a Default Supplier will be paid a supplier-specific price for each MWh of electric load served as specified in the Transaction Confirmation for that product. The supplier-specific price will be the average of approved Bids for that product.

VII.3. Post-Bid Process

VII.3.1. The Independent Evaluator phones each RFP Bidder that has submitted Bids by 6 PM on the Bid Date and identifies the RFP Bidder's Bids that are provided to the Commission as winning Bids. The Independent Evaluator also provides a notification by fax or email, at the RFP Bidder's option.

VII.3.2. The Independent Evaluator presents the results of the solicitation to the PUC on the first business day after the Bid Date in a confidential report. This confidential report will include the winning Bids determined during the evaluation. The Independent Evaluator also provides this confidential report to PECO and the Pennsylvania Office of Consumer Advocate ("OCA") in redacted format.

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VII.3.3. The PUC will have one (1) business day to consider the report of the Independent Evaluator and to approve or reject each of the winning Bids. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

VII.3.4. The Independent Evaluator notifies all RFP Bidders that have approved Bids. Such RFP Bidders are called Default Suppliers. When referring specifically to RFP Bidders that were not already Default Suppliers, the term New Default Suppliers will be used. When referring specifically to RFP Bidders that were already Default Suppliers, the term Existing Default Suppliers will be used. The Independent Evaluator provides to PECO the name of each Default Supplier, the number of tranches won by each Default Supplier in this solicitation, and the Default Supplier's price for each product in this solicitation. The price for each such Default Supplier and for a given product is the average of the Default Supplier's approved Bids for that product in this solicitation.

VII.3.5. If an RFP Bidder is not awarded tranche(s), within three (3) business days of the Bid Date, the Independent Evaluator will destroy the two (2) signed originals of the Default Service SMA, and (if applicable) the two (2) signed originals of the guaranty to the RFP Bidder. The Independent Evaluator will send a notification to such RFP Bidder that the Independent Evaluator does not retain these documents. At the request of the RFP Bidder, the Independent Evaluator will return the signature pages rather than destroying the documents.

VII.3.6. For New Default Suppliers, PECO executes the two (2) originals of the Default Service SMA, including the PJM Declaration of Authority, by the third business day after the Bid Date. PECO sends one (1) original Default Service SMA to the New Default Supplier.

VII.3.7. For Default Suppliers that rely on the financial standing of an RFP Guarantor, PECO executes the two (2) originals of the guaranty by the third business day after the Bid Date. PECO sends one (1) original guaranty to the Default Supplier. For an Existing Default Supplier, PECO returns at the same time any existing guaranty that PECO holds for the Default Supplier.

VII.3.8. By 12 PM (noon) of the third business day after the Bid Date, PECO partially executes all Transaction Confirmations for each Default Supplier and sends by fax one (1) copy of each Transaction Confirmation to the Default Supplier. PECO also sends at that time three (3) partially executed originals of each Transaction Confirmation by overnight delivery service to the Default

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Supplier. PECO also provides a copy of Exhibit I with the Transaction Confirmation(s), which specifies the AEPS percentage obligations in effect on the Bid Date for the period covered by each Transaction Confirmation. There is one (1) Transaction Confirmation for each product, for each approved Default Supplier, and for each solicitation.

VII.3.9. By 2 PM on the fourth business day after the Bid Date, the Default Supplier executes each Transaction Confirmation and sends a copy by fax of all Transaction Confirmations to PECO. The Officer of the Default Supplier named in the Part 1 Proposal or the Designee is expected to sign the Transaction Confirmation(s). If these individuals are unavailable to sign the Transaction Confirmation(s), the Default Supplier will advise PECO of this fact, will name another individual to sign the Transaction Confirmation(s), and will confirm that this individual is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service SMA) and bind the Default Supplier. The Default Supplier also sends to PECO two (2) originals of each Transaction Confirmation by overnight delivery service.

VII.3.10. As provided in the PUC's directive dated October 12, 2010 (Docket No. M-2009-2082042), the Independent Evaluator will release, within fifteen (15) days of the close of the solicitation, the weighted average price and the percentage of load represented by each tranche for each product procured through this RFP. The Independent Evaluator will issue an announcement on behalf of PECO with this information and the announcement will also be posted to the RFP Web site.

VII.3.11. Within fifteen (15) days of the close of the solicitation, the Independent Evaluator provides to PECO a report on the solicitation. This report is based on the confidential report provided to the Commission, except that no losing bid information specific to a particular RFP Bidder is provided and that any information that an RFP Bidder may consider confidential or proprietary is also redacted.

VII.3.12. As provided in the PUC's directive dated October 12, 2010 (Docket No. M-2009-2082042), PECO will continue to provide a default service rate calculation model. The model shows the methodology for translating RFP results into default service rates. This calculation model is posted to the PECO Web site:

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https://www.peco.com/CustomerService/RatesandPricing/EnergyChoice/Pages/PricetoCompare.aspx.

VII.4. Personnel and Confidentiality

VII.4.1. Any information provided by an RFP Bidder in its Part 1 Proposal is provided on a confidential basis to the Independent Evaluator and may be provided on a confidential basis to the Commission Staff. PECO representatives will review the information provided to fulfill the requirements of Section IV.2, Section IV.3, Section IV.6, and Section IV.7 and will participate in the evaluation of the creditworthiness of each RFP Bidder.

VII.4.2. Any information provided by an RFP Bidder in its Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Commission Staff. PECO representatives will review the Pre-Bid Letter of Credit with the name of the RFP Bidder and the amount redacted and will participate in the evaluation of this Pre-Bid Letter of Credit. PECO representatives will also review the documents provided to fulfill the requirements of Section V.4 and Section V.5.

VII.4.3. The Independent Evaluator and representatives from PECO involved in the evaluation of Proposals will consider all data and information provided by RFP Bidders in response to this RFP to be confidential and will attempt to limit its disclosure to the public in accordance with the provisions of this Section. PECO will also take reasonable action to ensure that its employees, representatives and agents authorized to consider and evaluate all Proposals protect the confidentiality of such data and information. Each representative of the Independent Evaluator and PECO that has access to any portion of the Proposals is required to sign a Confidentiality Statement in the form of Appendix 11 to these RFP Rules prior to evaluation of any portion of the Proposals. The list of all signatories is available to an RFP Bidder upon request.

VII.4.4. However, absolute protection from public disclosure of the RFP Bidders' data and information filed in response to this RFP cannot be provided and is not intended. By submitting a Proposal in response to this RFP, each RFP Bidder acknowledges and agrees to the limitations of the confidentiality provisions set forth in this Section.

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VII.4.5. In addition, the RFP Bidders' data and information filed in response to the RFP will be disclosed if required by any federal, state or local agency (including, without limitation, the Commission) or by a court of competent jurisdiction. PECO or the Independent Evaluator will notify the RFP Bidder in advance of such disclosure and cooperate with such RFP Bidder, to the extent deemed reasonable by PECO, and at the expense of the RFP Bidder, to prevent the disclosure of such materials. In any event, PECO, its employees, and agents including the Independent Evaluator will not be responsible to the RFP Bidders or any other party or liable for any disclosure of such designated materials before, during or subsequent to this RFP.

ARTICLE VIII. Reserved Rights

VIII.1.1. PECO will not be liable to any RFP Bidder or any other party for failure to execute a Default Service SMA or any Transaction Confirmation. Nothing herein may be construed to bind PECO unless and until the Commission has approved winning Bids, and the Default Service SMA and each Transaction Confirmation with an approved Default Supplier has been executed and is effective. Once effective, it is the Default Service SMA and not the RFP Rules or any documents relating thereto that will govern the relationship between and the responsibilities of the parties.

VIII.1.2. The Independent Evaluator reserves the right to reject Proposals submitted in response to this RFP that are incomplete, or do not conform with the requirements of this RFP, or are submitted beyond the deadline for submission, or are submitted by an RFP Bidder that tries to unduly influence in any way the evaluation process.

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Name of RFP Bidder

STANDARD PART 1 FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS
PART 1 DATE: October 24, 2012

PECO Energy Company ("Company" or "PECO") is intending to obtain full requirements electric supply to meet a portion of its obligations as Default Service Provider through this Request for Proposals ("RFP").

This Standard Part 1 Form is the only form that may be used to submit a Part 1 Proposal if you have not submitted a successful Part 1 Proposal in a previous solicitation for this RFP.

Before completing this Part 1 Form, please review the RFP, including the Default Service Program Supply Master Agreement, so that you understand the conditions under which the RFP will be conducted. These documents are posted at www.pecoprocurement.com.

By submitting a Part 1 Proposal in response to this RFP, you are agreeing to all terms and conditions of this RFP.

Any information provided by an RFP Bidder in this Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission. PECO representatives will review the information provided to fulfill the requirements of Section 2, Section 3, Section 6, and Section 7, and will participate in the evaluation of the creditworthiness of each RFP Bidder. Information regarding the content or status of any Part 1 Proposal will not be released publically or to any individual RFP Bidder during the evaluation process.

Name of RFP Bidder

INSTRUCTIONS FOR PROPOSAL

RFP Bidders submit this Part 1 Form and all documents required herein to respond to the qualification standards for the RFP.

This Part 1 Form must be used to submit a Part 1 Proposal by all RFP Bidders that have not submitted a successful Part 1 Proposal in a previous solicitation under DSP II.

Please complete all sections.

I. Part 1 Proposal Submission

An RFP Bidder must:

- Submit **two (2) original** completed Part 1 Forms (with original signatures) by mail;
- Submit **one (1) electronic copy** (on a CD via mail or by email to pecoprocurement@nera.com) of the completed Part 1 Form in **Microsoft Word**;
- Submit **one (1) copy** (one hard copy or one electronic copy on a CD via mail or by email to pecoprocurement@nera.com) of documents required to support the Part 1 Form as specified in Section 2, Section 3, and Section 6; and
- Manually insert the name of the RFP Bidder **on every page** of the Part 1 Form.

The completed Part 1 Proposal MUST be received by the Independent Evaluator no later than 12 PM (noon) EPT[1] on October 24, 2012 (the Part 1 Date) at:

NERA - Independent Evaluator
PECO Default Service Program RFP
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Inquiries may be directed to the Independent Evaluator by:

- telephone (215) 568-0200
- fax (215) 568-9358
- through the "Ask a Question" page on the RFP Web site at www.pecoprocurement.com

Photocopies and facsimiles of completed forms will not be accepted under any circumstances.

[1] All times are Eastern Prevailing Times ("EPT").

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Name of RFP Bidder

II. Part 1 Proposal Submission

Notifications

The Independent Evaluator sends you notifications by email or fax, at your option.

Confirmation

If your Part 1 Proposal is received by mail or email, a confirmation consisting of the first page of your Part 1 Form stamped with the time and the date that it was received will be sent to you. This confirmation of receipt will be sent after an initial review, either with a confirmation that your proposal is complete, or with a deficiency notice (see below). If your Part 1 Proposal is hand-delivered, a confirmation consisting of a photocopy of the first page of your Part 1 Form stamped with the time and the date that it was received will be provided to the deliverer.

Timing of Part 1 Proposal Review

The Part 1 Window opens at 8 AM on October 19, 2012 and closes at 12 PM (noon) on October 24, 2012. The last day of the Part 1 Window, October 24, 2012, is called the Part 1 Date. The Independent Evaluator performs an initial review of all Part 1 Proposals during the Part 1 Window. Part 1 Proposals received prior to the Part 1 Window are processed on October 19, 2012. Part 1 Proposals received during the Part 1 Window are processed on the day they are received. Proposals received after the Part 1 Window are late proposals and are not processed.

Incomplete Part 1 Proposals

If your Part 1 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you. You will have until noon on the Part 1 Date, or until 6 PM on the business day following the business day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Proposal may be rejected and you may be unable to participate in the RFP. One copy of your Part 1 Form will be returned to you.

Late Part 1 Proposals

No late Part 1 Proposals will be accepted under any circumstances.

Part 1 Notification

Each RFP Bidder that submits a Part 1 Proposal will be notified by fax or email whether it met all qualification standards of this RFP no later than 6 PM on October 26, 2012 (the Part 1 Notification Date).

_____
Name of RFP Bidder

RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to provide additional information in Section 6 of this Part 1 Form.

Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity") is required to provide additional information in Section 7 of this Part 1 Form.

Name of RFP Bidder

PART 1 FORM

1. Contact Information and Representations

COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 1 FORM.

First Item: Name and Address of the RFP Bidder

Legal Name of RFP Bidder

Street Address

City *State* *Zip Code*

Second Item: Officer of the RFP Bidder and Designee

The contact information in this section is the contact information for an individual who is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder. **The Officer of the RFP Bidder named below must**:

- make all representations required by the Part 1 Form; and
- make all representations required by the Part 2 Form.

THE CONTACT INFORMATION FOR THE OFFICER OF THE RFP BIDDER APPEARS BELOW.

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

_____
Name of RFP Bidder

The Officer of the RFP Bidder may name a Designee. Either the Officer of the Bidder or the Designee must sign the Default Service Program Supply Master Agreement.

Does the Officer of the RFP Bidder opt to name a Designee?

☐ yes ☐ no

If yes, please continue providing the information required by this section.
If no, please proceed to the next item.

_____ (the Officer of the RFP Bidder named above) hereby names _____, whose contact information is immediately below, to serve as the Designee. I certify that this individual is authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder.

_____ _____
Signature of Officer Date

_____
Printed Name

THE CONTACT INFORMATION FOR THE DESIGNEE APPEARS BELOW.

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

_____
Name of RFP Bidder

Third Item: Communications with the RFP Bidder

1) Please elect the method by which the Independent Evaluator will provide notifications to the RFP Bidder and by which the RFP Bidder will respond to the Independent Evaluator. Such notifications include all notices assessing the completeness of the Part 1 Proposal or the Part 2 Proposal, as well as the Part 1 Notification and the Part 2 Notification.

☐ fax ☐ email

If the RFP Bidder elected to receive notifications by fax, please provide a fax number for the Representative of the RFP Bidder.

Fax No.

2) Please elect the method by which the Independent Evaluator will provide documents necessary for participation to the RFP Bidder. Such documents include the Default Service SMA documents, the confidential information required to submit Bids on the Bid Date, as well as any training materials prepared by the Independent Evaluator. These documents are either provided electronically by secure electronic file transfer or these documents are saved to a CD sent by overnight delivery service.

☐ secure electronic file transfer ☐ overnight delivery service

NOTIFICATIONS SENT BY OVERNIGHT DELIVERY SERVICE WILL BE SENT TO THE ADDRESS PROVIDED FOR THE REPRESENTATIVE. ANY SUCH NOTIFICATION WILL BE DEEMED RECEIVED BY THE RFP BIDDER AT THE TIME OF DELIVERY OR TRANSMISSION, PROVIDED THAT WHERE DELIVERY OR TRANSMISSION OCCURS AFTER 6 PM ON A BUSINESS DAY OR OCCURS ON A DAY THAT IS NOT A BUSINESS DAY, RECEIPT WILL BE DEEMED TO OCCUR AT 9 AM ON THE FOLLOWING BUSINESS DAY. NOTIFICATIONS SENT BY EMAIL OR SECURE FILE TRANSFER WILL BE SENT TO THE EMAIL ADDRESS(ES) PROVIDED FOR THE REPRESENTATIVE AND FOR UP TO THREE (3) NOMINEES AS DESIGNATED IN THE NOMINATION FORM.

_____
Name of RFP Bidder

Fourth Item: Representative of the RFP Bidder

The Officer of the RFP Bidder must designate an individual to serve as Representative of the RFP Bidder. The Officer of the RFP Bidder may name himself or herself as the Representative.

The Independent Evaluator uses the Representative as the main point of contact for the RFP Bidder. The Independent Evaluator always contacts the Representative if the Independent Evaluator requires additional information regarding the RFP Bidder's Proposal. The Independent Evaluator always sends correspondence related to the solicitation to the Representative, including confidential information required to submit Bids on the Bid Date.

IF THE RFP BIDDER OPTED FOR COMMUNICATIONS BY EMAIL AND/OR SECURE FILE TRANSFER, THE REPRESENTATIVE MAY DESIGNATE UP TO THREE (3) OTHER AUTHORIZED INDIVIDUALS TO RECEIVE COMMUNICATIONS FROM THE INDEPENDENT EVALUATOR IN ADDITION TO THE REPRESENTATIVE. THE REPRESENTATIVE DESIGNATES EACH INDIVIDUAL BY COMPLETING THE NOMINATION FORM ATTACHED TO THE PART 1 FORM FOR EACH INDIVIDUAL. THIS IS NOT A REQUIREMENT OF THE PART 1 PROPOSAL AS THE REPRESENTATIVE MAY DESIGNATE SUCH NOMINEES AT ANY TIME.

Below, the Representative is designated by the Officer of the RFP Bidder.

____ (the Officer of the RFP Bidder named above) hereby designates ____, whose contact information is immediately below, to serve as the Representative of the RFP Bidder.

_____ _____
Signature of Officer Date

_____
Printed Name

THE CONTACT INFORMATION FOR THE REPRESENTATIVE OF THE RFP BIDDER APPEARS BELOW.

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Alternate Telephone No. (if available)* | *Email Address*

_____
Name of RFP Bidder

Fifth Item: Representations of the Officer of the RFP Bidder

THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.

I certify that:

(1) I am an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder.

(2) This Part 1 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date.

(3) To the best of my knowledge and belief, all information provided in this Part 1 Proposal is true and accurate.

(4) If, for any reason or due to any circumstance, any information provided in this Part 1 Proposal changes or any previous certification fails to remain valid before the sixth business day after the Bid Date, I or the Representative will notify the Independent Evaluator of such changes as soon as practicable.

_____ _____

Signature of Officer Date

_____ _____

Signature and Seal from Notary Public Date

_____
Name of RFP Bidder

2. Financial Requirements

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 1 FORM.

First Item: Name of Entity on Whose Financial Standing the RFP Bidder Is Relying

For purposes of a creditworthiness evaluation, the RFP Bidder must clearly select whether the RFP Bidder is: (a) relying on its own financial standing; or (b) relying on the financial standing of another entity. The other entity on whose financial standing the RFP Bidder is relying must be named below and is either an RFP Guarantor, or a Principal if the RFP Bidder is submitting a Proposal under an Agency Agreement.

CHECK ONE OF THE TWO BOXES BELOW:

☐ **(a)** the RFP Bidder is relying on its own financial standing

☐ **(b)** the RFP Bidder is relying on the financial standing of **[name of the entity]**, which is either (check one): ☐ an RFP Guarantor or: ☐ a Principal

If the RFP Bidder is relying on the financial standing of another entity, please provide that entity's legal name and address.

Legal Name of Entity

Street Address

City | *State* | *Zip Code*

The financial and credit information provided in this section must pertain to the entity named above (the RFP Bidder, or an RFP Guarantor, or a Principal). All RFP Bidders submitting a Proposal under an Agency Agreement must select option (b) above. If the RFP Bidder is acting as an agent for multiple Principals, the RFP Bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the RFP Bidder relies.

Second Item: Financial Information

PLEASE PROVIDE THE REQUESTED INFORMATION EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD OR BY EMAIL. IF PROVIDING HARD COPIES OF FINANCIAL STATEMENTS, ONE COPY IS SUFFICIENT.

IF THE RFP BIDDER IS RELYING ON ITS OWN FINANCIAL STANDING, AND IF FINANCIAL INFORMATION IS UNAVAILABLE FOR THE RFP BIDDER, THE RFP BIDDER MUST CLEARLY STATE THIS FACT IN SECTION 8 OF THIS PART 1 FORM. IF THE RFP BIDDER IS RELYING ON THE FINANCIAL STANDING OF ANOTHER ENTITY, FINANCIAL INFORMATION MUST BE AVAILABLE FOR THAT ENTITY.

_____
Name of RFP Bidder

The required financial information is the most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement.

If the SEC Form 10-Q or 10-K is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 5 of the RFP Rules.

Please indicate here the information provided (check only one):

☐ SEC Form 10-Q or 10-K (most recent); or

☐ Other quarterly, monthly, or bi-annual financial information with an attestation of the Chief Financial Officer.

Third Item: Credit Ratings

The RFP Bidder must submit all available ratings for the entity from the following rating agencies: Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings ("Fitch").

1. Is the entity rated by S&P?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating _____
   - The type of rating _____

2. Is the entity rated by Moody's?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating _____
   - The type of rating _____

3. Is the entity rated by Fitch?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating _____
   - The type of rating _____

_____
Name of RFP Bidder

3. Letters of Credit and Default Service Supply Master Agreement Documents

COMPLETE ALL INFORMATION REQUESTED IN THIS SECTION 3 OF THIS PART 1 FORM.

First Item: Pre-Bid Letter of Credit

Are you submitting a Draft Pre-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.

ALL APPROVED MODIFICATIONS TO THE STANDARD PRE-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

THE DRAFT PRE-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

Second Item: Post-Bid Letter of Credit

Are you submitting a Draft Post-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. A Draft Post-Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

_____
Name of RFP Bidder

THE DRAFT POST-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

ALL APPROVED MODIFICATIONS TO THE STANDARD POST-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

_____
Name of RFP Bidder

Third Item: Information Needed to Prepare the Default Service Program Supply Master Agreement and Its Exhibits

The Independent Evaluator transmits the Default Service Program Supply Master Agreement to each RFP Bidder that qualified pursuant to a successful Part 1 Proposal. The RFP Bidder, in its Part 1 Proposal, must provide all information needed to prepare the Default Service Program Supply Master Agreement for execution, including all exhibits.

1. Under Section 12.3 of the Default Service Program Supply Master Agreement, the Seller may, in its sole discretion, add the following subsection 12.3(c).

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

   Do you intend for subsection 12.3(c) to be included as part of the Default Service Program Supply Master Agreement?
   ☐ yes ☐ no

2. The information that you provide below will be used to complete Exhibit H (Form of Notice) to the Default Service Program Supply Master Agreement.

   (a) All Notices:

   Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

   Street Address

   City | *State* | *Zip Code*

   Telephone No. | *Fax No.*

   DUNS | *Federal Tax I.D. Number*

(b) Invoices:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(c) Scheduling:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(d) Payments:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(e) Wire Transfer:

Bank
ABA | *ACCT*

(f) Credit and Collections:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

(g) Additional Notices of an Event of Default to:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*
Telephone No. | *Fax No.*

Name of RFP Bidder

IF ANY OF THE INFORMATION REQUESTED TO PREPARE THE DEFAULT SERVICE PROGRAM SUPPLY MASTER AGREEMENT AND ITS EXHIBITS IS UNAVAILABLE, PLEASE ENTER N/A IN THE FIELDS OR STATE BELOW THAT THE INFORMATION FOR ALL FIELDS LEFT BLANK IS UNAVAILABLE.

Fourth Item: Ability to Perform

The Officer of the RFP Bidder must sign the following certification.

I certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service Program Supply Master Agreement and each Transaction Confirmation.

Signature of Officer _____ Date _____

Fifth Item: Information Needed to Prepare the Guaranty

Is the RFP Bidder relying on the financial standing of an RFP Guarantor?
☐ yes ☐ no

If no, please proceed to Section 4, "Regulatory Representations".
If yes, please continue to the following question:

Does the RFP Guarantor already have an existing guaranty *from a previous solicitation under this RFP* for the maximum amount of the Unsecured Credit Limit?
☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations".
If no, please provide:

(a) The following information regarding the RFP Guarantor:

Name of RFP Guarantor

Name of RFP Bidder

Whether the RFP Guarantor is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Guarantor is existing and organized.

Name of relevant and binding corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws

(b) The following information regarding the RFP Bidder

Whether the RFP Bidder is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Bidder is existing and organized

(c) The name and contact information for the person to whom notices and other communications will be sent under the guaranty:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City *State* *Zip Code*

Phone Number *Fax*

(d) The name and title of the person who will be signing the guaranty:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

(e) Elections to the Form of Guaranty:

Is the RFP Guarantor using the Form of Guaranty without any modifications and without electing any of the optional changes below?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations". Do not elect any modifications below.

If no, please indicate whether the RFP Guarantor is adopting each change. All such optional changes are shown in redline below.

(Optional Change #1) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, ~~less~~ excluding the value of other liquid securities posted by the Seller under the Agreement(s)] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #1?

☐ yes ☐ no

(Optional Change #2) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #2?

☐ yes ☐ no

(Optional Change #3) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. For the avoidance of doubt, this Guaranty guarantees only payment obligations of Seller and does not guarantee physical delivery or, to the extent applicable, reporting obligations of Seller.

Do you want to adopt optional change #3?
☐ yes ☐ no

(Optional Change #4) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed [$____], less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #4?
☐ yes ☐ no

(Optional Change #5) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations only and Guarantor shall have no obligation to perform under any Agreement, including, without limitation, to sell, deliver, supply or transport gas, electricity or any other commodity.

Do you want to adopt optional change #5?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #6) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. By acceptance of this Guaranty, the Guaranteed Party agrees that this Guaranty replaces, supersedes and renders null and void the Guaranty dated [_____] from the Guarantor to the Guaranteed Party in the maximum aggregate liability of [_____] USD.

PLEASE NOTE *that Optional Change #6 is only acceptable if the RFP Bidder has an existing outstanding guaranty with PECO from a previous solicitation under the Default Service RFP, and references such guaranty in the brackets above. Please note that the guaranty is only "accepted" once it is signed by PECO; if the RFP Bidder submits a guaranty with its Part 2 Proposal and incorporates the above modification, but the RFP Bidder does not win at the RFP in that solicitation, the submitted guaranty will be returned without a signature from PECO and the previous guaranty will remain in force.*

Do you want to adopt optional change #6?
☐ yes ☐ no

If yes, you must provide:

Date of Existing Guaranty	*Amount of Existing Guaranty*

(Optional Change #7) Paragraph 2:

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to (except as explicitly provided herein), any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

Do you want to adopt optional change #7?
☐ yes ☐ no

(Optional Change #8) Paragraph 4:

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller~~,~~ or the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

Do you want to adopt optional change #8?
☐ yes ☐ no

(Optional Change #9) Paragraph 5:

5. Until such time as the Guaranteed Obligations have been paid in full, the~~The~~ Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

Do you want to adopt optional change #9?
☐ yes ☐ no

(Optional Change #10) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon ~~the effectiveness of any~~ such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #10?
☐ yes ☐ no

(Optional Change #11) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to ~~the time the~~ such expiration or termination ~~is effective~~, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #11?
☐ yes ☐ no

(Optional Change #12) Paragraph 12:

12. All payment demands, requests, instructions, notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received).

Do you want to adopt optional change #12?
☐ yes ☐ no

(Optional Change #13) Paragraph 13:

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as such enforcement may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its Articles of Incorporation and by-laws or any law, regulation or contractual restriction binding on it or its assets.

Do you want to adopt optional change #13?
☐ yes ☐ no

(Optional Change #14) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to such venue ~~or~~, including the defense of inconvenient forum.

Do you want to adopt optional change #14?
☐ yes ☐ no

(Optional Change #15) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the ~~Commonwealth of Pennsylvania~~ State of New York. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum.

Do you want to adopt optional change #15?
☐ yes ☐ no

_____
Name of RFP Bidder

(Optional Change #16) Paragraph 17:

17. ~~If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.~~

You may only adopt optional change #16 if the Guarantor is not a trust. Do you want to adopt optional change #16?

☐ yes ☐ no

If <u>yes</u>, the Representative of the RFP Bidder or the Officer of the RFP Bidder must make the following representations:

I certify that the Guarantor, on whose financial standing the RFP Bidder will be relying, is not a trust.

_____ _____

Signature of Officer or Representative Date

(Optional Change #17) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

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

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

Do you want to adopt optional change #17?
☐ yes ☐ no

_____
Name of RFP Bidder

(Optional Changes #18, #19 & #20): If the RFP Bidder wishes to add an Additional Guarantor to the Standard Form of Guaranty, all three changes below must be made.

Do you want to adopt optional changes #18, #19 & #20?
☐ yes ☐ no

If yes, you must provide:

Name of Additional Guarantor	*Place of Incorporation of Additional Guarantor*

(Optional Change #18) Preamble:

THIS GUARANTY (this "Guaranty"), dated as of _____, 20__, is made by _____ (the "Guarantor"), a_____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia] and _____(the "Additional Guarantor"), a _____ organized and existing under the laws of _____[a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Supply Master Agreement dated _____, 20__(as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and _____, a _____ organized and existing under the laws of _____(the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

(Optional Change #19) Additional Paragraph:

18. Additional Guarantor joins this Guaranty and agrees to be jointly and severally liable with Guarantor for each and all of the obligations and responsibilities of the Guarantor pursuant to this Guaranty. Guarantor agrees and acknowledges that Additional Guarantor has assumed the obligations described in this Paragraph 18 and that such assumption in no way limits or restricts Guarantor's obligations hereunder or Guaranteed Party's rights to enforce said obligations.

(Optional Change #20) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Additional Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

[ADDITIONAL GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

_____
Name of RFP Bidder

4. Regulatory Representations

First Item: FERC Authorization

A copy of the FERC Order granting authority to make sales at market-based rates in PJM is not required; however, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

I certify that the RFP Bidder has FERC authorization to make sales of energy, capacity, and ancillary services at market-based rates in PJM. I acknowledge that although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

_____ _____

Signature of Officer of the RFP Bidder Date

Second Item: PJM Load Serving Entity

By the time service begins, a Default Supplier must be a Load Serving Entity ("LSE") in PJM and must be a signatory of the Reliability Assurance Agreement ("RAA").

Is the RFP Bidder an LSE in PJM?
☐ yes ☐ no

If yes, please provide a copy of the signature page of the RAA.

If no, please make the following certification.

I certify that the RFP Bidder has investigated the requirements to become an LSE in PJM and that there exist no impediments for the RFP Bidder to become an LSE by the start of the supply period and to remain an LSE for the duration of the supply period.

_____ _____

Signature of Officer of the RFP Bidder that is not an LSE Date

_____
Name of RFP Bidder

5. Additional Representations

THIS CERTIFICATION MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER.

(1) I understand the terms of the Default Service Program Supply Master Agreement. The RFP Bidder accepts all of the terms of the Default Service Program Supply Master Agreement without modifications, and the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.

(2) The submission of this Part 1 Proposal constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of the RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

(3) I certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this Full Requirements RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs.

_____ _____

Signature of Officer Date

An RFP Bidder found to be acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator.

_____
Name of RFP Bidder

6. RFP Bidders Under Agency Agreements

Is the RFP Bidder submitting a Proposal under an Agency Agreement?
☐ yes ☐ no

If no, please proceed to Section 7, "Foreign RFP Bidders and Foreign Entities".
If yes, please continue and fill in all required information in this section.

First Item: Certifications

THE OFFICER OF THE RFP BIDDER MUST MAKE THE FOLLOWING REPRESENTATION.

I certify that I have the authority to bind the Principal(s) under the Agency Agreement provided with this Part 1 Proposal. I acknowledge that with the Part 2 Proposal, I will be required to submit an Officers' Certificate signed by an officer of each Principal substantially in the form of Appendix 6 to the RFP Rules.

_____ _____

Signature of Officer submitting a Proposal under an Agency Agreement — Date

Second Item: Principals and Agency Agreement

If more than one entity is serving as Principal, please list each entity under "Name of Principal or Principals".

Name of Principal or Principals

Agency Agreement

A copy of the Agency Agreement is required. Please submit one copy (either in hard copy or electronically on a CD via mail or by email) with this Part 1 Proposal.

Financial Information

In Section 2, you must select option (b) and name the Principal with the lowest credit rating as the entity on whose financial standing you are relying. If several Principals have the same lowest credit rating, please identify the Principal that also has the lowest tangible net worth as the entity on whose financial standing the RFP Bidder relies.

_____
Name of RFP Bidder

Third Item: Draft Officers' Certificate

The RFP Bidder may, but is not required to, submit a draft Officers' Certificate for evaluation. If a draft Officers' Certificate is submitted for evaluation, the Independent Evaluator will inform the RFP Bidder of any changes required.

Is the RFP Bidder submitting a draft Officers' Certificate?
☐ yes ☐ no

_____
Name of RFP Bidder

7. Foreign RFP Bidders and Foreign Entities

Is the RFP Bidder a Foreign RFP Bidder?
☐ yes ☐ no
Is the RFP Bidder relying on the financial standing of a Foreign Entity (RFP Guarantor or Principal)?
☐ yes ☐ no

If no to both questions, please proceed to Section 8, "Justification of Omissions".
If yes to one of these questions, please complete all information required in this section.

First Item: Evidence of Creditworthiness

In addition to supplying all required information and documents under Section 2 of this Part 1 Form, a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity may provide any additional evidence of creditworthiness for the Foreign RFP Bidder or the Foreign Entity so as to provide PECO with comparable assurances of creditworthiness applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

Are you submitting additional evidence of creditworthiness for the Foreign RFP Bidder or for a Foreign Entity on whose financial standing the RFP Bidder relies?
☐ yes ☐ no

Second Item: Representations

THE OFFICER OF A FOREIGN RFP BIDDER MUST MAKE THE FOLLOWING CERTIFICATION:

I acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service Program Supply Master Agreement: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service Program Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement on behalf of the Foreign RFP Bidder has the authority to execute the Default Service Program Supply Master Agreement and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service Program Supply Master Agreement; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service Program Supply Master Agreement.

_____ _____
Signature of Officer of the Foreign RFP Bidder Date

_____
Name of RFP Bidder

THE OFFICER OF AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY AND THAT DOES NOT ALREADY HAVE AN EXISTING GUARANTY FROM A PREVIOUS SOLICITATION UNDER THIS RFP FOR THE MAXIMUM AMOUNT OF THE UNSECURED CREDIT LIMIT MUST MAKE THE FOLLOWING CERTIFICATION:

I acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Default Service Program Supply Master Agreement: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service Program Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service Program Supply Master Agreement on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service Program Supply Master Agreement and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement.

_____ _____

Signature of Officer of the RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity — Date

THE OFFICER OF AN RFP BIDDER THAT IS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY MUST MAKE THE FOLLOWING CERTIFICATION:

I acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and its Principal to be granted unsecured credit under the terms of the Default Service Program Supply Master Agreement: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service Program Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service Program Supply Master Agreement.

_____ _____

Signature of Officer of the RFP Bidder submitting a Proposal Under an Agency Agreement and the Principal is a Foreign Entity — Date

_____
Name of RFP Bidder

Third Item: Draft Documents

The Officer of the RFP Bidder has acknowledged in the immediately preceding certifications that additional documents are required with the Part 2 Proposal for unsecured credit to be granted under the terms of the Default Service Program Supply Master Agreement. The RFP Bidder may, but is not required to, submit a draft of these documents, in hard copy or electronically on a CD via mail or by email, with its Part 1 Proposal.

Are you submitting draft of any of these additional documents for evaluation?
☐ yes ☐ no

If no, please proceed to Section 8, "Justification of Omissions".
If yes, please check all that apply:

FOR FOREIGN RFP BIDDERS:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

FOR RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past.

_____
Name of RFP Bidder

FOR RFP BIDDERS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

_____
Name of RFP Bidder

8. Justification of Omissions

If you are unable to provide all documents or information required with this Part 1 Form, please justify fully any omissions in the space provided below.

_____
Name of RFP Bidder

Checklist

This is a checklist of required documents that must be included in the Part 1 Proposal.

☐ **Two (2) originals** of the completed Part 1 Form (with original signatures and original notarized signatures where required) *[Instructions]*

☐ **One (1) copy** (electronically on a CD via mail or by email) of the completed Part 1 Form in **Microsoft Word**; *[Instructions]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): If submitting a Proposal under an Agency Agreement, a copy of the Agency Agreement. *[Section 6]*

For the entity (the RFP Bidder, a Guarantor, or a Principal) on whose financial standing the RFP Bidder relies:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): most recent SEC Form 10-Q or 10-K (whichever is more recent); if unavailable, the most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. *[Section 2]*

This is a checklist of optional documents that the RFP Bidder may use to prepare the Part 1 Proposal:

☐ **One (1) copy** (electronically on a CD or via email): Draft Pre-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (electronically on a CD or via email): Draft Post-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Documentation showing the name of the rating agency, the type of rating, and the rating of the entity *[Section 2]*

An RFP Bidder submitting a Proposal under an Agency Agreement may also provide the following draft document for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft Officers' Certificate. *[Section 6]*

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

_____
Name of RFP Bidder

A Foreign RFP Bidder may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past. *[Section 7]*

End of Part 1 Form

_____
Name of RFP Bidder

SHORT PART 1 FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS
PART 1 DATE: October 24, 2012

PECO Energy Company ("Company" or "PECO") is intending to obtain full requirements electric supply to meet a portion of its obligations as Default Service Provider through this Request for Proposals ("RFP").

This Short Part 1 Form may only be used by an entity that has submitted a successful Part 1 Proposal in a previous solicitation under DSP II. **If you have not submitted a successful Part 1 Proposal in a previous solicitation under DSP II, you must use the Standard Part 1 Form to submit your Part 1 Proposal.**

Before completing this Part 1 Form, please review the RFP, including the Default Service Program Supply Master Agreement, so that you understand the conditions under which the RFP will be conducted. These documents are posted at www.pecoprocurement.com.

By submitting a Part 1 Proposal in response to this RFP, you are agreeing to all terms and conditions of this RFP.

Any information provided by an RFP Bidder in this Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission. PECO representatives will review the information provided to fulfill the requirements of Section 2, Section 3, Section 6, and Section 7, and will participate in the evaluation of the creditworthiness of each RFP Bidder. Information regarding the content or status of any Part 1 Proposal will not be released publically or to any individual RFP Bidder during the evaluation process.

Under this first solicitation under DSP II, no RFP Bidder is eligible to use the Short Part 1 Form. The Short Part 1 Form is issued to provide RFP Bidders with an example of the form that they may be able to use in a future solicitation.

Name of RFP Bidder

INSTRUCTIONS FOR PROPOSAL

RFP Bidders submit this Part 1 Form and all documents required herein to respond to the qualification standards for the RFP.

This Part 1 Form may be used to submit a Part 1 Proposal by all RFP Bidders that have submitted a successful Part 1 Proposal in a previous solicitation under DSP II.

Please complete all sections.

I. Part 1 Proposal Submission

An RFP Bidder must:

- Submit **two (2) original** completed Part 1 Forms (with original signatures);
- Submit **one (1) electronic copy** (on a CD via mail or by email to pecoprocurement@nera.com) of the completed Part 1 Form in **Microsoft Word**;
- Submit **one (1) copy** (one hard copy or one electronic copy on a CD via mail or by email to pecoprocurement@nera.com) of documents required to support the Part 1 Form as specified in Section 2, Section 3, and Section 6; and
- Manually insert the name of the RFP Bidder **on every page** of the Part 1 Form.

The completed Part 1 Proposal MUST be received by the Independent Evaluator no later than 12:00 PM (noon) EPT[1] on October 24, 2012 (the Part 1 Date) at:

NERA - Independent Evaluator
PECO Default Service Program RFP
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Inquiries may be directed to the Independent Evaluator by:

- telephone (215) 568-0200
- fax (215) 568-9358
- through the "Ask a Question" page on the RFP Web site at www.pecoprocurement.com

Photocopies and facsimiles of completed forms will not be accepted under any circumstances.

[1] All times are Eastern Prevailing Times ("EPT").

Name of RFP Bidder

II. Part 1 Proposal Submission

Notifications

The Independent Evaluator sends you notifications by email or fax, at your option.

Confirmation

If your Part 1 Proposal is received by mail or email, a confirmation consisting of the first page of your Part 1 Form stamped with the time and the date that it was received will be sent to you. This confirmation of receipt will be sent after an initial review, either with a confirmation that your proposal is complete, or with a deficiency notice (see below). If your Part 1 Proposal is hand-delivered, a confirmation consisting of a photocopy of the first page of your Part 1 Form stamped with the time and the date that it was received will be provided to the deliverer.

Timing of Part 1 Proposal Review

The Part 1 Window opens at 8 AM on October 19, 2012 and closes at 12 PM (noon) on October 24, 2012. The last day of the Part 1 Window, October 24, 2012, is called the Part 1 Date. The Independent Evaluator performs an initial review of all Part 1 Proposals during the Part 1 Window. Part 1 Proposals received prior to the Part 1 Window are processed on October 19, 2012. Part 1 Proposals received during the Part 1 Window are processed on the day they are received. Proposals received after the Part 1 Window are late proposals and are not processed.

Incomplete Part 1 Proposals

If your Part 1 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you. You will have until noon on the Part 1 Date, or until 6 PM on the business day following the business day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Proposal may be rejected and you may be unable to participate in the RFP. One copy of your Part 1 Form will be returned to you.

Late Part 1 Proposals

No late Part 1 Proposals will be accepted under any circumstances.

Part 1 Notification

Each RFP Bidder that submits a Part 1 Proposal will be notified by fax or email whether it met all qualification standards of this RFP no later than 6 PM on October 26, 2012 (the Part 1 Notification Date).

____
Name of RFP Bidder

RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to provide additional information in Section 6 of this Part 1 Form.

Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity") is required to provide additional information in Section 7 of this Part 1 Form.

Name of RFP Bidder

PART 1 FORM

Did you submit a successful Part 1 Proposal in a previous solicitation under DSP II?
☐ yes ☐ no

If yes, please **CONTINUE** filling out this form, beginning with "Contact Information and Representations" below.

If no, STOP. You cannot use this Short Part 1 Form. **You must use the Standard Part 1 Form** instead.

1. Contact Information and Representations

First Item: Name and Address of the RFP Bidder

Have the name and address of the RFP Bidder changed since you previously submitted this information?
☐ yes ☐ no

If no, please proceed to the next item below in this section, "Officer of the RFP Bidder".
If yes, and the change is only to the legal name and address of the RFP Bidder please make all necessary corrections and provide evidence as described below. If there was a change in the corporate structure, through a merger for example, **please use the Standard Part 1 Form.**

IF THE LEGAL NAME OF THE RFP BIDDER HAS CHANGED, PLEASE PROVIDE EVIDENCE OF THE CHANGE OF NAME. PLEASE PROVIDE ONE COPY OF THE REQUESTED INFORMATION EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD VIA MAIL OR BY EMAIL.

Legal Name of RFP Bidder

Street Address

City *State* *Zip Code*

Name of RFP Bidder

Second Item: Officer of the RFP Bidder and Designee

THE OFFICER OF THE RFP BIDDER MUST BE AVAILABLE TO MAKE ALL REPRESENTATIONS FOR THIS SOLICITATION.

1) Will the previously named Officer of the RFP Bidder be available to make all representations required by the Part 1 and Part 2 Proposal?

☐ yes ☐ no

2) Is the contact information for the Officer of the RFP Bidder the same as was previously submitted?

☐ yes ☐ no

3) Does the Officer of the RFP Bidder waive its option to designate a Designee for this solicitation?

☐ yes ☐ no

If yes to ALL questions above, please proceed to the next item below in this section, "Representative of the RFP Bidder".

If you answered NO to the question 1), please name another individual as Officer of the RFP Bidder by filling the information below. The individual named as Officer of the RFP Bidder must be an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder. **If you answered NO to question 2)**, please make all necessary corrections below.

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.* | *Email Address*

If you answered NO to question 3), please designate a Designee below.

_____
Name of RFP Bidder

The Officer of the RFP Bidder may name a Designee. Either the Officer of the Bidder or the Designee must sign the Default Service Program Supply Master Agreement.

____ (the Officer of the RFP Bidder named above) hereby names ____, whose contact information is immediately below, to serve as the Designee. I certify that this individual is authorized to undertake contracts (including the Default Service SMA) and bind the RFP Bidder. _____ _____ Signature of Officer Date _____ Printed Name

CONTACT INFORMATION FOR THE DESIGNEE APPEARS BELOW.

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.* | *Email Address*

Name of RFP Bidder

Third Item: Communications with the RFP Bidder

THE INDEPENDENT EVALUATOR SENDS NOTIFICATIONS BY FAX OR EMAIL AND DOCUMENTS BY SECURE FILE TRANSFER OR SAVED ON A CD SENT BY OVERNIGHT DELIVERY.

Do you want to change the manner in which you receive notifications and documents from the Independent Evaluator?

☐ yes ☐ no

If no, please proceed to the next item below in this section, "Representations of the Officer of the RFP Bidder".
If yes, please make all elections below.

1) Please elect the method by which the Independent Evaluator will provide notifications to the RFP Bidder and by which the RFP Bidder will respond to the Independent Evaluator. Such notifications include all notices assessing the completeness of the Part 1 Proposal or the Part 2 Proposal, as well as the Part 1 Notification and the Part 2 Notification.

   ☐ fax ☐ email

   If the RFP Bidder elected to receive notifications by fax, please provide a fax number for the Representative of the RFP Bidder.
   Fax No.

2) Please elect the method by which the Independent Evaluator will provide documents necessary for participation to the RFP Bidder. Such documents include the Default Service SMA documents, the confidential information required to submit Bids on the Bid Date, as well as any training materials prepared by the Independent Evaluator.

   ☐ secure electronic file transfer ☐ overnight delivery service

NOTIFICATIONS SENT BY OVERNIGHT DELIVERY SERVICE WILL BE SENT TO THE ADDRESS PROVIDED FOR THE REPRESENTATIVE. ANY SUCH NOTIFICATION WILL BE DEEMED RECEIVED BY THE RFP BIDDER AT THE TIME OF DELIVERY OR TRANSMISSION, PROVIDED THAT WHERE DELIVERY OR TRANSMISSION OCCURS AFTER 6 PM ON A BUSINESS DAY OR OCCURS ON A DAY THAT IS NOT A BUSINESS DAY, RECEIPT WILL BE DEEMED TO OCCUR AT 9 AM ON THE FOLLOWING BUSINESS DAY. NOTIFICATIONS SENT BY EMAIL OR SECURE FILE TRANSFER WILL BE SENT TO THE EMAIL ADDRESS(ES) PROVIDED FOR THE REPRESENTATIVE AND IN ATTACHMENT 1 FOR AUTHORIZED INDIVIDUALS DESIGNATED TO RECEIVE COMMUNICATIONS.

_____
Name of RFP Bidder

Third Item: Representative of the RFP Bidder

THE REPRESENTATIVE PREVIOUSLY NAMED MUST BE AVAILABLE DURING THIS SOLICITATION TO BE THE POINT OF CONTACT FOR THE INDEPENDENT EVALUATOR AND TO RECEIVE CORRESPONDENCE FROM THE INDEPENDENT EVALUATOR.

IF THE RFP BIDDER OPTED FOR COMMUNICATIONS BY EMAIL AND/OR SECURE FILE TRANSFER, THE REPRESENTATIVE MAY DESIGNATE UP TO THREE (3) OTHER AUTHORIZED INDIVIDUALS TO RECEIVE COMMUNICATIONS FROM THE INDEPENDENT EVALUATOR IN ADDITION TO THE REPRESENTATIVE. THE REPRESENTATIVE DESIGNATES EACH INDIVIDUAL BY COMPLETING THE NOMINATION FORM ATTACHED TO THE PART 1 FORM FOR EACH INDIVIDUAL. THIS IS NOT A REQUIREMENT OF THE PART 1 PROPOSAL AS THE REPRESENTATIVE MAY DESIGNATE SUCH NOMINEES AT ANY TIME.

1) Is the previously named Representative available to be the point of contact for the Independent Evaluator and to receive correspondence from the Independent Evaluator?

☐ yes ☐ no

2) Is the contact information for the Representative of the RFP Bidder the same as was previously submitted?

☐ yes ☐ no

If yes to BOTH questions, please proceed to the next item below in this section, "Representations of the Officer of the RFP Bidder".

If you answered NO to question 1), the Officer of the RFP Bidder must name a new Representative of the RFP Bidder and must provide all information requested below. The Officer of the RFP Bidder may name himself or herself as the Representative.

If you answered NO to question 2), please make all necessary corrections to the contact information for the Representative starting on the next page.

THIS REPRESENTATION OF THE OFFICER OF THE RFP BIDDER IS ONLY REQUIRED IF THE PREVIOUSLY NAMED REPRESENTATIVE WILL NOT BE AVAILABLE FOR THIS SOLICITATION AND THE OFFICER OF THE RFP BIDDER IS NAMING A NEW REPRESENTATIVE.

__ (the Officer of the RFP Bidder named above) hereby designates __, whose contact information is immediately below, to serve as the Representative of the RFP Bidder.

_____ _____

Signature of Officer to name a new Representative Date

___

Printed Name

Name of RFP Bidder

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address

City

State

Zip Code

Telephone No.

Alternate Telephone No. (if available)

Email Address

Fax No.

_____
Name of RFP Bidder

Fourth Item: Representations of the Officer of the RFP Bidder

WHETHER OR NOT THE RFP BIDDER HAS PREVIOUSLY QUALIFIED, THE FOLLOWING CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.

I certify that:

(1) I am an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Supply Master Agreement) and bind the RFP Bidder. This Part 1 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date.

(2) To the best of my knowledge and belief, all information provided in this Part 1 Proposal is true and accurate.

(3) If, for any reason or due to any circumstance, any information provided in this Part 1 Proposal changes or any previous certification fails to remain valid before the sixth business day after the Bid Date, I or the Representative will notify the Independent Evaluator of such changes as soon as practicable.

_____ _____
Signature of Officer Date

_____ _____
Signature and Seal from Notary Public Date

Name of RFP Bidder

2. Financial Requirements

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 1 FORM.

First Item: Name of Entity on Whose Financial Standing the RFP Bidder is Relying

Has the entity on whose financial standing the RFP Bidder relies changed since the last solicitation for which the RFP Bidder was qualified?

☐ yes ☐ no

If yes, **PLEASE USE THE STANDARD PART 1 FORM** to submit your Part 1 Proposal.

If no, please proceed to the next question.

Is the legal name and address of the entity on whose financial standing the RFP Bidder relies provided in the Initial Status Notification correct?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Financial Information".
If no, please make any needed correction below.

Legal Name of Entity

Street Address

City *State* *Zip Code*

The financial and credit information provided in the remainder of this section must pertain to the entity on whose financial standing the RFP Bidder is relying (the RFP Bidder, or an RFP Guarantor, or a Principal).

_____
Name of RFP Bidder

Second Item: Financial Information

PLEASE PROVIDE THE REQUESTED INFORMATION EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD OR BY EMAIL. IF PROVIDING HARD COPIES OF FINANCIAL STATEMENTS, ONE COPY IS SUFFICIENT.

IF THE RFP BIDDER IS RELYING ON ITS OWN FINANCIAL STANDING, AND IF FINANCIAL INFORMATION IS UNAVAILABLE FOR THE RFP BIDDER, THE RFP BIDDER MUST CLEARLY STATE THIS FACT IN SECTION 8 OF THIS PART 1 FORM. IF THE RFP BIDDER IS RELYING ON THE FINANCIAL STANDING OF ANOTHER ENTITY, FINANCIAL INFORMATION MUST BE AVAILABLE FOR THAT ENTITY.

The required financial information is the most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q or 10-K (whichever is more recent) must be submitted to fulfill this requirement.

If the SEC Form 10-Q or 10-K is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 5 of the RFP Rules.

Please indicate here the information provided (check only one):
☐ SEC Form 10-Q or 10-K (most recent); or
☐ Other quarterly, monthly, or bi-annual financial information with an attestation of the Chief Financial Officer.

_____
Name of RFP Bidder

Third Item: Credit Ratings

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES THE CREDIT RATINGS FOR THE ENTITY ON WHOSE FINANCIAL STANDING THE RFP BIDDER LAST RELIED.

Are the credit ratings for the entity in the Initial Status Notification up-to-date and accurate?

☐ yes ☐ no

If yes, please proceed to Section 3, "Letters of Credit and Default Service Program Supply Master Agreement".
If no, please fill in the information below.

1. Has the rating from S&P for the entity changed since the last solicitation?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating ___
   - The type of rating ___

2. Has the rating from Moody's for the entity changed since the last solicitation?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating ___
   - The type of rating ___

3. Has the rating from Fitch for the entity changed since the last solicitation?
   ☐ yes ☐ no

   If yes, please provide:
   - The entity's rating ___
   - The type of rating ___

Name of RFP Bidder

3. Letters of Credit, Guaranty and Default Service Program Supply Master Agreement

COMPLETE ALL INFORMATION REQUESTED IN THIS SECTION 3 OF THIS PART 1 FORM.

First Item: Pre-Bid Letter of Credit

Are you submitting a Draft Pre-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.

ALL APPROVED MODIFICATIONS TO THE STANDARD PRE-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

THE DRAFT PRE-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

Second Item: Post-Bid Letter of Credit

Are you submitting a Draft Post-Bid Letter of Credit?
☐ yes ☐ no

An RFP Bidder may request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. A Draft Post-Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

THE DRAFT POST-BID LETTER OF CREDIT MUST BE SUBMITTED ELECTRONICALLY, IN MICROSOFT WORD WITH TRACKED CHANGES, AND MAY BE SAVED TO A CD THAT IS INCLUDED WITH THIS PART 1 PROPOSAL, OR IT MAY BE EMAILED TO THE INDEPENDENT EVALUATOR AT PECOPROCUREMENT@NERA.COM.

ALL APPROVED MODIFICATIONS TO THE STANDARD POST-BID LETTER OF CREDIT ARE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.
http://pecoprocurement.com/index.cfm?s=supplierInformation&p=documents

Name of RFP Bidder

Third Item: Information Needed to Prepare the Default Service Program Supply Master Agreement and its Exhibits

Are you a Default Supplier with PECO (i.e., you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation)?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Certification on Pending Legal Proceedings". **If no**, please continue filling in information for this item on the Default Service Program Supply Master Agreement. **THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES ALL INFORMATION NEEDED TO PREPARE THE DEFAULT SERVICE SMA FOR EXECUTION, INCLUDING ALL EXHIBITS, AND THE LAST ELECTIONS OF THE RFP BIDDER.**

Is the information, as provided in the Initial Status Notification, needed to prepare the Default Service SMA and all exhibits, including the last elections of the RFP Bidder, up-to-date and accurate?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Certification on Pending Legal Proceedings". **If no**, please make all necessary corrections below.

1. Under Section 12.3 of the Default Service Program Supply Master Agreement, the Seller may, in its sole discretion, add the following subsection 12.3(c). If you are correcting this election, please do so below.

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

   Do you intend for subsection 12.3(c) to be included as part of the Default Service Program Supply Master Agreement?

   ☐ yes ☐ no

_____
Name of RFP Bidder

2. If you are correcting the information used to complete Exhibit H (Form of Notice) to the Default Service SMA, please enter all corrections below.

(a) All Notices:

Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.*

DUNS | *Federal Tax I.D. Number*

(b) Invoices:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Telephone No. | *Fax No.*

(c) Scheduling:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Telephone No. | *Fax No.*

(d) Payments:

ATTN:
Last Name | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Telephone No. | *Fax No.*

Name of RFP Bidder

(e) Wire Transfer:

Bank

ABA *ACCT*

(f) Credit and Collections:

ATTN:
Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Telephone No. *Fax No.*

(g) Additional Notices of an Event of Default to:

ATTN:
Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Telephone No. *Fax No.*

Fourth Item: Ability to Perform

Are you a Default Supplier with PECO (i.e., you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation)?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Information Needed to Prepare the Guaranty".
If no, the Officer of the RFP Bidder must sign the following certification.

I certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service Program Supply Master Agreement and each Transaction Confirmation.

Signature of Officer Date

_____
Name of RFP Bidder

Fifth Item: Information Needed to Prepare the Guaranty

Is the RFP Bidder relying on the financial standing of an RFP Guarantor?

☐ yes ☐ no

If no, please proceed to Section 4, "Regulatory Representations".
If yes, please continue to the following question:

Does the RFP Guarantor already have an existing guaranty *from a previous solicitation under this RFP* for the maximum amount of the Unsecured Credit Limit?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations".
If no, please continue to the following question:

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES ALL INFORMATION NEEDED TO PREPARE THE GUARANTY FOR EXECUTION, INCLUDING THE LAST ELECTIONS OF THE RFP BIDDER.

Is the information, as provided in the Initial Status Notification, needed to prepare the Guaranty for execution including the last elections of the RFP Bidder, up-to-date and accurate?

☐ yes ☐ no

If yes, please proceed to the next item below in this section, "Optional Modifications to the Guaranty".
If no, please make all necessary corrections below.

To correct the information regarding the RFP Guarantor, please use the fields below:

Name of RFP Guarantor

Whether the RFP Guarantor is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Guarantor is existing and organized .

Name of relevant and binding corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws.

Name of RFP Bidder

To correct the information regarding the RFP Bidder, please use the fields below:

Whether the RFP Bidder is a Corporation, Partnership, etc.

Jurisdiction under whose laws the RFP Bidder is existing and organized .

To correct the name and contact information for the person to whom notices and other communications will be sent under the guaranty, please use the fields below:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

Company

Street Address

City *State* *Zip Code*

Phone Number *Fax*

To correct the name and title of the person who will be signing the guaranty, please use the fields below:

Last Name *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title

_____
Name of RFP Bidder

Sixth Item: Optional Modifications to the Guaranty

Is the RFP Guarantor using the Form of Guaranty without any modifications and without electing any of the optional changes below?

☐ yes ☐ no

If yes, please proceed to Section 4, "Regulatory Representations". **Do not** elect any modifications below.

If no, please indicate whether the RFP Guarantor is adopting each change. All such optional changes are shown in redline below.

Name of RFP Bidder

(Optional Change #1) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, ~~less~~ excluding the value of other liquid securities posted by the Seller under the Agreement(s)] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #1?

☐ yes ☐ no

Name of RFP Bidder

(Optional Change #2) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). ~~[~~Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).~~]~~ All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #2?
☐ yes ☐ no

(Optional Change #3) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. For the avoidance of doubt, this Guaranty guarantees only payment obligations of Seller and does not guarantee physical delivery or, to the extent applicable, reporting obligations of Seller.

Do you want to adopt optional change #3?
☐ yes ☐ no

(Optional Change #4) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed [$____], less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

Do you want to adopt optional change #4?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #5) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. Guarantor's obligations and liability under this Guaranty shall be limited to payment obligations only and Guarantor shall have no obligation to perform under any Agreement, including, without limitation, to sell, deliver, supply or transport gas, electricity or any other commodity.

Do you want to adopt optional change #5?
☐ yes ☐ no

(Optional Change #6) Paragraph 1:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed $____, less the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection. By acceptance of this Guaranty, the Guaranteed Party agrees that this Guaranty replaces, supersedes and renders null and void the Guaranty dated [_____] from the Guarantor to the Guaranteed Party in the maximum aggregate liability of [_____] USD.

PLEASE NOTE *that Optional Change #6 is only acceptable if the RFP Bidder has an existing outstanding guaranty with PECO from a previous solicitation under the Default Service RFP, and references such guaranty in the brackets above. Please note that the guaranty is only "accepted" once it is signed by PECO; if the RFP Bidder submits a guaranty with its Part 2 Proposal and incorporates the above modification, but the RFP Bidder does not win at the RFP in that solicitation, the submitted guaranty will be returned without a signature from PECO and the previous guaranty will remain in force.*

Do you want to adopt optional change #6?
☐ yes ☐ no

If yes, you must provide:

Date of Existing Guaranty	*Amount of Existing Guaranty*

Name of RFP Bidder

(Optional Change #7) Paragraph 2:

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to (except as explicitly provided herein), any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

Do you want to adopt optional change #7?
☐ yes ☐ no

(Optional Change #8) Paragraph 4:

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller~~,~~ or the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

Do you want to adopt optional change #8?
☐ yes ☐ no

(Optional Change #9) Paragraph 5:

5. Until such time as the Guaranteed Obligations have been paid in full, the~~The~~ Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

Do you want to adopt optional change #9?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #10) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon ~~the effectiveness of any~~ such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #10?
☐ yes ☐ no

(Optional Change #11) Paragraph 11:

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to ~~the time the~~ such expiration or termination ~~is effective~~, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

Do you want to adopt optional change #11?
☐ yes ☐ no

(Optional Change #12) Paragraph 12:

12. All payment demands, requests, instructions, notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received).

Do you want to adopt optional change #12?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #13) Paragraph 13:

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as such enforcement may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its Articles of Incorporation and by-laws or any law, regulation or contractual restriction binding on it or its assets.

Do you want to adopt optional change #13?
☐ yes ☐ no

(Optional Change #14) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to such venue ~~or~~, including the defense of inconvenient forum.

Do you want to adopt optional change #14?
☐ yes ☐ no

(Optional Change #15) Paragraph 14:

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the ~~Commonwealth of Pennsylvania~~ State of New York. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum.

Do you want to adopt optional change #15?
☐ yes ☐ no

Name of RFP Bidder

(Optional Change #16) Paragraph 17:

17. ~~If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.~~

You may only adopt optional change #16 if the Guarantor is not a trust. Do you want to adopt optional change #16?

☐ yes ☐ no

If <u>yes</u>, the Representative of the RFP Bidder or the Officer of the RFP Bidder must make the following representations:

I certify that the Guarantor, on whose financial standing the RFP Bidder will be relying, is not a trust.

_____ _____

Signature of Officer or Representative Date

_____
Name of RFP Bidder

(Optional Change #17) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

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

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

Do you want to adopt optional change #17?
☐ yes ☐ no

Name of RFP Bidder

(Optional Changes #18, #19 & #20): If the RFP Bidder wishes to add an Additional Guarantor to the Standard Form of Guaranty, all three changes below must be made.

Do you want to adopt optional changes #18, #19 & #20?
☐ yes ☐ no

If yes, you must provide:

Name of Additional Guarantor | *Place of Incorporation of Additional Guarantor*

(Optional Change #18) Preamble:

THIS GUARANTY (this "Guaranty"), dated as of _____, 20__, is made by _____ (the "Guarantor"), a_____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia] and _____ (the "Additional Guarantor"), a _____ organized and existing under the laws of _____ [a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Supply Master Agreement dated _____, 20__(as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and _____, a _____ organized and existing under the laws of _____(the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

(Optional Change #19) Additional Paragraph:

18. Additional Guarantor joins this Guaranty and agrees to be jointly and severally liable with Guarantor for each and all of the obligations and responsibilities of the Guarantor pursuant to this Guaranty. Guarantor agrees and acknowledges that Additional Guarantor has assumed the obligations described in this Paragraph 18 and that such assumption in no way limits or restricts Guarantor's obligations hereunder or Guaranteed Party's rights to enforce said obligations.

_____
Name of RFP Bidder

(Optional Change #20) Closing Paragraph and Signature Block:

IN WITNESS WHEREOF, the Guarantor and the Additional Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

[ADDITIONAL GUARANTOR]
Signature: _____
Name: _____
Title: _____
Date: _____

PECO ENERGY COMPANY
Signature: _____
Name: _____
Title: _____
Date: _____

_____
Name of RFP Bidder

4. Regulatory Representations

Are you a Default Supplier with PECO (i.e., you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation)?

☐ yes ☐ no

If yes, please proceed to Section 5, "Additional Representations".
If no, please make the following certification.

FERC Authorization

A copy of the FERC Order granting authority to make sales at market-based rates in PJM is not required; however, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

I certify that the RFP Bidder has FERC authorization to make sales of energy, capacity, and ancillary services at market-based rates in PJM. I acknowledge that although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if the RFP Bidder becomes a Default Supplier.

_____ _____

Signature of Officer Date

Name of RFP Bidder

5. Additional Representations

THIS CERTIFICATION MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER.

I certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs.

Signature of Officer

Date

An RFP Bidder found to be acting in concert with another RFP Bidder may be disqualified by the Independent Evaluator.

Name of RFP Bidder

6. RFP Bidders Under Agency Agreements

Is the RFP Bidder submitting a Proposal under an Agency Agreement?
☐ yes ☐ no

If no, please proceed to Section 7, "Foreign RFP Bidders and Foreign Entities".
If yes, please continue and fill in all required information in this Section.

First Item: Certifications

THE OFFICER OF THE RFP BIDDER MUST MAKE THE FOLLOWING REPRESENTATION.

I certify that I have the authority to bind the Principal(s).

Signature of Officer _____ Date _____

Second Item: Principals and Agency Agreement

THE INITIAL STATUS NOTIFICATION THAT A PREVIOUSLY QUALIFIED RFP BIDDER RECEIVES FROM THE INDEPENDENT EVALUATOR PROVIDES THE NAME OF EACH PRINCIPAL.

1) Is the information regarding the Principals in the Initial Status Notification up-to-date and accurate?
☐ yes ☐ no

2) Can the RFP Bidder confirm that there have been no changes to the Agency Agreement?
☐ yes ☐ no

If yes to BOTH questions, please proceed to the next item below in this section, "Draft Officers' Certificate".
If no to question 1) please make all necessary corrections below.
If no to question 2), please provide one copy of the Agency (either in hard copy or electronically on a CD via mail or by email) with this Part 1 Proposal.

Name of Principal or Principals

_____
Name of RFP Bidder

Third Item: Draft Officers' Certificate

The RFP Bidder may, but is not required to, submit a draft Officers' Certificate for evaluation. If a draft Officers' Certificate is submitted for evaluation, the Independent Evaluator will inform the RFP Bidder of any changes required.

Is the RFP Bidder submitting a draft Officers' Certificate?

☐ yes ☐ no

Name of RFP Bidder

7. Foreign RFP Bidders and Foreign Entities

Is the RFP Bidder a Foreign RFP Bidder?
☐ yes ☐ no
Is the RFP Bidder relying on the financial standing of a Foreign Entity (RFP Guarantor or Principal)?
☐ yes ☐ no

If no to both questions, please proceed to Section 8, "Justification of Omissions".
If yes to one or both of these questions, please complete all information required in this section.

First Item: Evidence of Creditworthiness

In addition to supplying all required information and documents under Section 2 of this Part 1 Form, a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity may provide any additional evidence of creditworthiness for the Foreign RFP Bidder or the Foreign Entity so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

Are you submitting additional evidence of creditworthiness for the Foreign RFP Bidder or for a Foreign Entity on whose financial standing the RFP Bidder relies?
☐ yes ☐ no

Second Item: Draft Documents

The Officer of the RFP Bidder has previously acknowledged additional documents are required with the Part 2 Proposal for unsecured credit to be granted under the terms of the Default Service Program Supply Master Agreement. The RFP Bidder may, but is not required to, submit a draft of these documents, in hard copy or electronically on a CD via mail or by email, with its Part 1 Proposal.

Are you submitting draft of any of these additional documents for evaluation?
☐ yes ☐ no

If no, please proceed to Section 8, "Justification of Omissions".
If yes, please check all that apply:

_____
Name of RFP Bidder

FOR FOREIGN RFP BIDDERS:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

FOR RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past.

FOR RFP BIDDERS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY:

☐ Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. Exhibit G to the Default Service Program Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past.

Name of RFP Bidder

8. Justification of Omissions

If you are unable to provide all documents or information required with this Part 1 Form, please justify fully any omissions in the space provided below.

_____
Name of RFP Bidder

Checklist

This is a checklist of documents that must be included in the Part 1 Proposal.

☐ **Two (2) originals** of the completed Part 1 Form (with original signatures and original notarized signatures where required) *[Instructions]*

☐ **One (1) copy** (electronically on a CD via mail or by email) of the completed Part 1 Form in **Microsoft Word**;

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email) of evidence of a change of name if the legal name of the RFP Bidder has changed. *[Section 1]*

For the entity (the RFP Bidder, a Guarantor, or a Principal) on whose financial standing the RFP Bidder relies:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): most recent SEC Form 10-Q or 10-K (whichever is more recent); if unavailable, the most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. *[Section 2]*

This is a checklist of optional documents that the RFP Bidder may use to prepare the Part 1 Proposal:

☐ **One (1) copy** (electronically on a CD via mail or by email): Draft Pre-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (electronically on a CD via mail or by email): Draft Post-Bid Letter of Credit. *[Section 2]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Documentation showing the name of the rating agency, the type of rating, and the rating of the entity, if not submitted in a previous RFP *[Section 2]*

An RFP Bidder submitting a Proposal under an Agency Agreement may provide the Agency Agreement if it has changed. Such RFP Bidder may also provide the following draft document for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft Officers' Certificate. *[Section 6]*

_____
Name of RFP Bidder

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

____
Name of RFP Bidder

A Foreign RFP Bidder may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Supply Master Agreement in the past. *[Section 7]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity may also provide the following draft documents for evaluation:

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Supply Master Agreement is binding. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Supply Master Agreement. *[Section 7]*

☐ **One (1) copy** (hard copy or electronically on a CD via mail or by email): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Supply Master Agreement in the past. *[Section 7]*

End of Part 1 Form

_____
Name of RFP Bidder

PART 2 FORM
DEFAULT SERVICE PROGRAM
REQUEST FOR PROPOSALS
PART 2 DATE: November 1, 2012

PECO Energy Company ("Company" or "PECO") is intending to obtain full requirements electric supply to meet a portion of its obligations as Default Service Provider through this Request for Proposals ("RFP").

This Part 2 Form is the only form that may be used to submit a Part 2 Proposal. Before completing this Part 2 Form, please review the RFP including the Default Service Program Supply Master Agreement so that you understand the conditions under which the RFP will be conducted. These documents are posted at www.pecoprocurement.com.

By having submitted a Part 1 Proposal in response to this RFP, you agreed to all terms and conditions of this RFP.

Any information provided by an RFP Bidder in this Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission ("Commission"). PECO representatives will review the information provided to fulfill the requirements of Section 4 and Section 5, and will participate in the evaluation of the Pre-Bid Letter of Credit with the name of the RFP Bidder and the amount redacted.

_____
Name of RFP Bidder

INSTRUCTIONS FOR PROPOSAL

RFP Bidders use the Part 2 Form to submit a Part 2 Proposal in the RFP.

Please complete all sections.

I. Part 2 Proposal Submission

An RFP Bidder must:

- Submit **two (2) original** completed Part 2 Forms (with original signatures);
- Submit **one (1) electronic copy** (on CD via mail or by email to pecoprocurement@nera.com) of the completed Part 2 Form in **Microsoft Word**;
- Submit documents required to support the Part 2 Form as specified in Sections 2 and 3; and
- Manually insert the name of the RFP Bidder **on every page** of the Part 2 Form.

In addition, an RFP Bidder must respond to Sections 4 and 5 of the Part 2 Form and submit documents requested as applicable to the RFP Bidder.

The completed Part 2 Proposal MUST be received by the Independent Evaluator no later than 12 PM (noon) EPT[1] on November 1, 2012 (the Part 2 Date) at:

NERA - Independent Evaluator
PECO Default Service Program RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Inquiries may be directed to the Independent Evaluator by:

- telephone (215) 568-0200
- fax (215) 568-9358
- through the "Ask a Question" page on the Web site at www.pecoprocurement.com

Photocopies and facsimiles of completed forms will not be accepted under any circumstances.

[1] Unless noted otherwise, all times refer to the Eastern Prevailing Time (EPT) zone.

____
Name of RFP Bidder

II. Part 2 Proposal Submission

Notifications

The Independent Evaluator sends you notifications by email or fax, at your option.

Confirmation

If your Part 2 Proposal is received by mail or email, a confirmation consisting of the first page of your Part 2 Form stamped with the time and the date that it was received will be sent to you. This confirmation of receipt will be sent after an initial review, either with a confirmation that your proposal is complete, or with a deficiency notice (see below). If your Part 2 Proposal is hand-delivered, a confirmation consisting of a photocopy of the first page of your Part 2 Form stamped with the time and the date that it was received will be provided to the deliverer.

Timing of Part 2 Proposal Review

The Part 2 Window opens at 8 AM on October 29, 2012 and closes at 12 PM (noon) on November 1, 2012. The last day of the Part 2 Window, November 1, 2012, is called the Part 2 Date. Part 2 Proposals received during the Part 2 Window are processed on the day they are received. RFP Bidders also have the option to submit the Part 2 Form during the Part 1 Window for early processing. If the Part 2 Form is received during the Part 1 Window, the Evaluation team will review the Part 2 Form as soon as practicable. If a Part 2 Form is received before the Part 1 Window opens, the evaluation team will review the Part 2 Form as soon as practicable after the Part 1 Window opens. Proposals received after the Part 2 Date are late proposals and are not processed.

Incomplete Part 2 Proposals

If your Part 2 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you. If the deficiency or request for clarification concerns your Pre-Bid Letter of Credit, or your guaranty, or documents required to fulfill the requirements of Section 4 and Section 5 of this Part 2 Form, you will have until noon on the Part 2 Date, or until 6 PM of the second business day following the business day during which you are notified, whichever comes later, to respond. For any other deficiencies or requests for clarification you will have until 12 PM (noon) on the Part 2 Date, or until 6 PM on the business day following the business day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 2 Proposal may be rejected and you may be unable to participate in the RFP. One (1) copy of the Part 2 Form and all documents except for the Pre-Bid Letter of Credit will be returned to you.

Late Part 2 Proposals

No late Part 2 Proposals will be accepted under any circumstances.

_____
Name of RFP Bidder

Part 2 Notification

When your Part 2 Proposal is complete, the Independent Evaluator will send a complete notice to your Representative with a copy of the first page of your Part 2 Form stamped "complete". Each RFP Bidder that submits a Part 2 Proposal will be notified whether it is eligible to submit a Bid on the Bid Date for the RFP no later than 6 PM on November 5, 2012 (the Part 2 Notification Date).

RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to submit additional documents as specified in Section 4.

Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity"), is required to provide additional information in Section 5 of this Part 2 Form. Please note that if the RFP bidder has previously qualified and submitted these additional documents, fully executed, and deemed sufficient in a previous solicitation, re-submission may not be required provided that the documents remain certifiably up-to-date and valid.

Name of RFP Bidder

PART 2 FORM

1. Contact Information and Representations

COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 2 FORM.

Name and Address of the RFP Bidder

Is the contact information in provided in your Part 1 Form still valid?
☐ yes ☐ no

If yes, please proceed to the Representations on page 8 of this form.

If no, please make any corrections in the space provided below.

Legal Name of RFP Bidder

Street Address

City *State* *Zip Code*

THE OFFICER OF THE RFP BIDDER NAMED IN THE PART 1 PROPOSAL WILL MAKE ALL REPRESENTATIONS AND CERTIFICATIONS IN THIS PART 2 PROPOSAL. IF THE RFP BIDDER MUST CHANGE THE INDIVIDUAL WHO SERVES AS OFFICER OF THE RFP BIDDER, THE RFP BIDDER MUST RE-SUBMIT BY THE PART 2 DATE ITS PART 1 FORM IN ITS ENTIRETY NAMING THE NEW INDIVIDUAL AS OFFICER OF THE RFP BIDDER, AND THE NEW OFFICER OF THE RFP BIDDER MUST MAKE ALL REPRESENTATIONS AND CERTIFICATIONS REQUIRED IN THIS RFP FOR THIS SOLICITATION.

Last Name of Officer of the RFP Bidder *Given Name(s)* *Mr/Mrs/Ms/Dr/(other)*

Title of Officer of the RFP Bidder

Street Address

City *State* *Zip Code*

Telephone No. *Fax No.* *Email Address*

Name of RFP Bidder

In the Part 1 Proposal, the Officer of the RFP Bidder was given the option to name a Designee of the RFP Bidder. Please use the space below to update contact information for the Designee of the RFP Bidder if necessary.

Last Name of the Designee | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. | *Fax No.* | *Email Address*

The Independent Evaluator, for the purposes of this RFP, will always send all communications to the Representative and will also send communications by email or secure file transfer to other authorized individuals designated in Attachment 1 to the Part 1 Form. Please use the fields below to make any correction to the contact information for the Representative.

Last Name of Representative | *Given Name(s)* | *Mr/Mrs/Ms/Dr/(other)*

Title

Street Address

City | *State* | *Zip Code*

Telephone No. of Representative | *Alternate Telephone No.* | *Email Address of Representative*

Fax No. of Representative

____
Name of RFP Bidder

Representations of the Officer of the RFP Bidder

THE FOLLOWING CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.

(1) I certify that this Part 2 Proposal will remain valid and remain in full force and effect until six (6) business days after the Bid Date.

(2) I certify that the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal by another RFP Bidder in response to this solicitation or any future solicitation under this RFP. Such information includes, but is not limited to: the fact that another RFP Bidder is submitting a Proposal in response to this solicitation or a subsequent solicitation under this RFP; the Bids by another RFP Bidder in this or in a subsequent solicitation under this RFP; the number of tranches bid by another RFP Bidder for any product in this or in a subsequent solicitation under this RFP; the estimation by another RFP Bidder of the value of a tranche of a product; the estimation by another RFP Bidder of the risks associated with providing supply under the Default Service SMA; the preference of another RFP Bidder for bidding on specific products in this or in a subsequent solicitation under the RFP; and the contractual arrangements for power of another RFP Bidder to serve tranches of Default Service Load were that RFP Bidder to become a Default Supplier. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.

(3) I certify that although the RFP Bidder may disclose aspects of its Proposal in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors (if any), any such communication is made in a manner that can reasonably be expected to maintain the confidentiality of this Proposal.

(4) I certify that, with only the exceptions noted in (4) above, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in any solicitation under the RFP, or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to the RFP. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids in this or in a subsequent solicitation under this RFP; the RFP Bidder's number of tranches bid for any product in this or in a subsequent solicitation under this RFP; the RFP Bidder's estimation of the value of a tranche of a product; the RFP Bidder's estimation of the risks associated with providing supply under the Default Service SMA; and the RFP Bidder's preference for bidding on specific products in this or in a subsequent solicitation under this RFP. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.

(5) I certify that any Bid on any product submitted in response to this RFP for this solicitation is binding until six (6) business days after the Bid Date and constitutes a binding and irrevocable offer to provide service under the terms of the Default Service SMA at the price specified in the Bid.

____
Name of RFP Bidder

(6) I certify that if the Commission approves some or all of the RFP Bidder's Bids, I or the Designee will execute, or will nominate another authorized individual to execute, all Transaction Confirmation(s) required by the Commission's decision under the Default Service SMA by 2 PM of the fourth business day after the Bid Date.

(7) I certify that in any such Transaction Confirmation, the RFP Bidder will specify a price for each type of AECs (Tier I, Tier I Solar, and Tier II) that is included in the RFP Bidder's winning Bids and each such price will be greater than $0/AEC.

Signature of Officer	Date
Signature and Seal from Notary Public	Date

____
Name of RFP Bidder

2. Pre-Bid Letter of Credit

PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 2 FORM.

First Item: Use of Standard Pre-Bid Letter of Credit

The RFP Bidder must either use the Standard Pre-Bid Letter of Credit, provided on www.pecoprocurement.com, or the RFP Bidder must submit a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals.

The RFP bidder is submitting an executed Pre-Bid Letter of Credit (check one):

☐ using the Standard Pre-Bid Letter of Credit; or

☐ incorporating only approved modifications.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?
☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in this Section 2, "Amount of the Pre-Bid Letter of Credit".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit an executed Pre-Bid Letter of Credit.

_____ _____

Signature of Officer of the RFP Bidder Date

Second Item: Amount of the Pre-Bid Letter of Credit

INSTRUCTION: THE RFP BIDDER MUST PROVIDE AN EXECUTED PRE-BID LETTER OF CREDIT, DRAWN FOR THE ACCOUNT OF THE RFP BIDDER AND ACCEPTABLE TO PECO, IN AN AMOUNT OF $250,000 PER TRANCHE BID ON PRODUCTS FOR THE RESIDENTIAL, SMALL COMMERCIAL AND MEDIUM COMMERCIAL CLASSES, AND $125,000 PER TRANCHE BID ON PRODUCTS FOR THE LARGE COMMERCIAL AND INDUSTRIAL CLASS. A SINGLE PRE-BID LETTER OF CREDIT IS SUBMITTED EVEN IF THE RFP BIDDER BIDS ON MORE THAN ONE PRODUCT OR MORE THAN ONE CLASS.

Deleted: Fixed-Price products.

Deleted: several products

____
Name of RFP Bidder

Third Item: Instructions for Release of the Pre-Bid Letter of Credit

PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than six (6) business days after the Bid Date. If the Commission does not approve any of the RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within three (3) business days of the Bid Date. Please provide any special instructions for returning the Pre-Bid Letter of Credit below.

____
Name of RFP Bidder

3. Default Service SMA Documents

Are you a Default Supplier with PECO such that you have a current and fully executed Default Service Program Supply Master Agreement with PECO for Bids approved by the Commission in a previous solicitation?

☐ yes ☐ no

If yes, please proceed to the next item in this Section 3, "RFP Bidders Relying on the Financial Standing of an RFP Guarantor".

If no, please continue filling in information for this item on the Default Service Program Supply Master Agreement.

PROVIDE ALL INFORMATION AS INSTRUCTED IN THIS SECTION 3 OF THIS PART 2 FORM.

The Default Service SMA and Exhibits

Each RFP Bidder that qualified pursuant to a successful Part 1 Proposal receives from the Independent Evaluator the Default Service SMA, which the Independent Evaluator either transmits by secure file transfer or saves electronically on a CD that is sent by overnight delivery service.

AN RFP BIDDER MUST PROVIDE TWO (2) SIGNED ORIGINALS OF THE DEFAULT SERVICE SMA WITH ALL EXHIBITS, INCLUDING TWO (2) SIGNED ORIGINALS OF THE PJM DECLARATION OF AUTHORITY (EXHIBIT J). EITHER THE OFFICER OF THE RFP BIDDER OR DESIGNEE OF THE RFP BIDDER SIGNS TWO (2) ORIGINALS OF THE DEFAULT SERVICE SMA AND OF EXHIBIT J.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?
☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in this Section 3, "RFP Bidders Relying on the Financial Standing of an RFP Guarantor".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit two (2) signed originals of the Default Service SMA with all exhibits, including two (2) signed originals of the PJM Declaration of Authority (Exhibit J).

_____ _____

Signature of Officer of the RFP Bidder Date

_____
Name of RFP Bidder

RFP Bidders Relying on the Financial Standing of an RFP Guarantor

Are you relying on the financial standing of an RFP Guarantor?
☐ yes ☐ no

If no, please proceed to Section 4.
If yes, please continue to the following question:

Does the RFP Guarantor already have an existing guaranty *from a previous solicitation under this RFP* for the maximum amount of the Unsecured Credit Limit?
☐ yes ☐ no

If yes, please proceed to Section 4.
If no, please continue to the following section:

Guaranty

An RFP Bidder relying on the financial standing of an RFP Guarantor must provide two (2) signed originals of the guaranty with the Part 2 Proposal.

FOR RFP BIDDERS THAT ARE NOT CURRENTLY SUPPLIERS AND THAT ARE USING THE FORM OF GUARANTY, THE GUARANTY AMOUNT MUST MEET OR EXCEED $600,000 PER TRANCHE BID ON THE FIXED-PRICE PRODUCTS. FOR RFP BIDDERS THAT ARE CURRENTLY SUPPLIERS AND THAT ARE USING THE FORM OF GUARANTY, THE GUARANTY AMOUNT MUST MEET OR EXCEED THE LESSER OF (I) THE UNSECURED CREDIT LIMIT; (II) THE SUM OF THE GUARANTY AMOUNT OF ANY CURRENT GUARANTY HELD BY PECO UNDER THE DEFAULT SERVICE SMA AND $600,000 PER TRANCHE BID ON THE FIXED-PRICE PRODUCTS.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in this Section 3, "Enforceability Opinion for an Alternate Guaranty".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit two (2) signed originals of the guaranty.

_____ _____

Signature of Officer relying on the Financial Standing of an RFP Guarantor

Date

____
Name of RFP Bidder

Enforceability Opinion for an Alternate Guaranty

Are you using an Alternate Guaranty Form?
☐ yes ☐ no

If no, please proceed to Section 4 of this form.
If yes, please continue filling out this section.

Have you obtained approval from PECO to use an alternate guaranty form in a previous solicitation and submitted a successful Part 2 Proposal in that previous solicitation?
☐ yes ☐ no

If yes, please proceed to Section 4 of this form.
If no, please continue completing this section.

RFP Bidders using an alternate guaranty form approved by PECO are required to provide an executed enforceability opinion for this alternate guaranty form on the letterhead of a law firm of national standing.

AN RFP BIDDER USING AN ALTERNATE GUARANTY FORM APPROVED BY PECO PURSUANT TO THE GUARANTY PROCESS MUST SUBMIT A GUARANTY WITH NO MONETARY LIMIT.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to Section 4.

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit an executed enforceability opinion.

_____ _____

Signature of Officer of the RFP Bidder Date

____
Name of RFP Bidder

4. RFP Bidders Under Agency Agreements

Are you submitting a Proposal under an Agency Agreement?
☐ yes ☐ no

If no, please proceed to Section 5, "Foreign RFP Bidders and Foreign Entities".
If yes, please complete the requirements of this Section.

Officer's Certificate

PLEASE PROVIDE THE REQUIRED OFFICERS' CERTIFICATE, SIGNED BY AN OFFICER OF EACH PRINCIPAL, WITH THIS PART 2 FORM. The Independent Evaluator and PECO will determine whether the document provided is sufficient, without any liability or obligation to the RFP Bidder or its Principal(s). A previously eligible RFP Bidder will have presented an Officers' Certificate acceptable to PECO at the time of the previously successful Part 2 Proposal; such Officers' Certificate in the same form will remain acceptable to PECO unless there has been a change in the circumstances of the RFP Bidder submitting a Proposal under an Agency Agreement.

Signatory to the Default Service SMA

Is a representative of the RFP Bidder authorized to execute Transaction Confirmations pursuant to the Default Service SMA?
☐ yes ☐ no

If yes, please proceed to Section 5.
If no, the RFP Bidder must name a representative of a Principal that is so authorized. This individual must also execute the two (2) originals of the Default Service SMA signature page and the two (2) originals of the PJM Declaration of Authority that are submitted with the Part 2 Proposal.

Is the RFP Bidder in the following situation: (1) the RFP Bidder is previously eligible; (2) the RFP Bidder provided information for a representative of a Principal in that previous solicitation and that Principal remains authorized to sign the Default Service SMA and any Transaction Confirmation; and (3) the RFP Bidder can confirm that the information for the representative of a Principal provided in the Notification of Qualification accurate and up-to-date?
☐ yes ☐ no

If yes, please proceed to Section 5.
Otherwise, please provide the information requested below.

Appendix 7 to the RFP Rules

Name of RFP Bidder

Please provide the name and contact information of this representative below.

Last Name of Representative	*Given Name(s)*	*Mr/Mrs/Ms/Dr/(other)*

Telephone No. of Representative	*Alternate Telephone No.*	*Email Address of Representative*

Fax No. of Representative

____
Name of RFP Bidder

5. Foreign RFP Bidders and Foreign Entities

Are you a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity (RFP Guarantor or Principal)?

☐ yes ☐ no

If no, please proceed to Section 6.
If yes, please complete all information required in this Section 5 of this Part 2 Form.

Foreign RFP Bidder

A FOREIGN RFP BIDDER MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE FOREIGN RFP BIDDER TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE DEFAULT SERVICE SMA.

Have you submitted all additional documents listed below, fully executed, and deemed sufficient in the Part 2 Proposal of a previous solicitation?

☐ yes ☐ no

If yes, please confirm by checking here ☐ that these documents remain up-to-date and valid and proceed to the next item in this Section 5 of this Part 2 Form.
If no, or if any additional document previously submitted is not up-to-date and valid, please complete this section and provide the documents listed below.

- **one (1) executed original** legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Default Service SMA includes a sample of this legal opinion.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service SMA on behalf of the Foreign RFP Bidder has the authority to execute the Default Service SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service SMA.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

If the Foreign RFP Bidder does not submit these documents, or if these documents are not sufficient, the Foreign RFP Bidder is not granted unsecured credit under the terms of the Default Service SMA.

____
Name of RFP Bidder

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement below.

If no, please proceed to the next item in Section 5, "Foreign RFP Guarantor".

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit additional documents listed above for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service SMA.

_____ _____
Signature of Officer of the RFP Bidder Date

Name of RFP Bidder

Foreign RFP Guarantor

AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE RFP GUARANTOR TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE DEFAULT SERVICE SMA.

Have you submitted all additional documents listed below, fully executed, and deemed sufficient in the Part 2 Proposal of a previous solicitation?

☐ yes ☐ no

If yes, please confirm by checking here ☐ that these documents remain up-to-date and valid and proceed to the next item in this Section 5 of this Part 2 Form.
If no, or if any of the additional documents is not up-to-date and valid, please complete this section and provide the documents listed below.

- **one (1) executed original** legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Default Service SMA includes a sample of this legal opinion.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service SMA;

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA.

If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the Foreign RFP Guarantor is not granted unsecured credit under the terms of the Default Service SMA. In that case, the RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any guaranty submitted with the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional financial or credit information regarding the RFP Bidder.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement on the next page.

If no, please proceed to the next item in Section 5, "Agency Agreement with a Foreign Principal".

____
Name of RFP Bidder

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit additional documents listed above for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service SMA.

_____ _____

Signature of Officer of the RFP Bidder Date

____
Name of RFP Bidder

Agency Agreement with a Foreign Principal

AN RFP BIDDER SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE RFP BIDDER AND ITS PRINCIPAL TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE DEFAULT SERVICE SMA.

Have you submitted all additional documents listed below, fully executed, and deemed sufficient in the Part 2 Proposal of a previous solicitation?

☐ yes ☐ no

If yes, please confirm by checking here ☐ that these documents remain up-to-date and valid and proceed to Section 6 of this Part 2 Form.
If no, or if any of the additional documents is not up-to-date and valid, please complete this section and provide the documents listed below.

- **one (1) executed original** legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Default Service SMA includes a sample of this legal opinion.

- **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service SMA.

If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the RFP Bidder and its Principal(s) are not granted unsecured credit under the terms of the Default Service SMA.

Are you submitting this Part 2 Proposal during the Part 1 Window for early processing?

☐ yes ☐ no

If yes, the Officer of the RFP Bidder must make the acknowledgement on the next page.

If no, please proceed to Section 6.

Appendix 7 to the RFP Rules

____
Name of RFP Bidder

Acknowledgement of Documents Required

I acknowledge that with the Part 2 Proposal, I will be required to submit additional documents listed above for the Foreign RFP Bidder and its Principal to be granted unsecured credit under the terms of the Default Service SMA.

_____ _____

Signature of Officer of the RFP Bidder Date

____
Name of RFP Bidder

6. Justification of Omissions

If you are unable to provide all documents or information with this Part 2 Form, please justify fully any omissions in the space provided below.

____
Name of RFP Bidder

Checklist

This is a checklist of documents that must be included in the Part 2 Proposal.

☐ **Two (2) originals** of the completed Part 2 Form (with original signatures and original notarized signatures where required) *[Instructions Part 1]*

☐ **One (1) copy** (on CD via mail or by email to pecoprocurement@nera.com) of the completed Part 1 Form in **Microsoft Word** *[Instructions Part 1]*

☐ **One (1) executed original** Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder and acceptable to PECO, in an amount of $250,000 per tranche bid on products for the Residential, Small Commercial and Medium Commercial Classes, and in an amount of $125,000 per tranche bid on products for the Large Commercial and Industrial Class, that either uses the Standard Pre-Bid Letter of Credit provided in Appendix 11 to the RFP Rules, or a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals. *[Section 2]*

Deleted: Fixed-Price products

☐ **Two (2) signed originals** of the Default Service SMA, including exhibits if the RFP Bidder is not a current Default Supplier. *[Section 3]*

☐ **Two (2) signed originals** of the guaranty if the RFP Bidder is relying on the financial standing of an RFP Guarantor. *[Section 3]*

☐ **One (1) executed original** Enforceability Opinion Letter if the RFP Bidder is submitting an alternate guaranty approved by PECO pursuant to the Guaranty Process and if the RFP Bidder did not submit the Enforceability Opinion Letter pursuant to a successful Part 2 Proposal in a previous solicitation. *[Section 3]*

☐ **One (1) executed** Officers' Certificate if the RFP Bidder is submitting a Proposal under an Agency Agreement. *[Section 4]*

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity, as a condition of being granted unsecured credit, must also provide the following executed documents, unless these documents were deemed sufficient when provided in a previous solicitation and are up-to-date:

☐ **One (1) executed** legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service SMA is binding. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service SMA in the past. *[Section 5]*

____
Name of RFP Bidder

A Foreign RFP Bidder, as a condition of being granted unsecured credit, must also provide the following documents, unless these documents were deemed sufficient when provided in a previous solicitation and are up-to-date:

☐ **One (1) executed** legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the Default Service SMA is binding. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service SMA is so authorized and that its governing board has approved the execution of the Default Service SMA. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service SMA in the past. *[Section 5]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity, as a condition of being granted unsecured credit, must also provide the following documents, unless these documents were deemed sufficient when provided in a previous solicitation and are up-to-date:

☐ **One (1) executed** legal opinion of outside counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service SMA is binding. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service SMA. *[Section 5]*

☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service SMA in the past. *[Section 5]*

End of Part 2 Form

EXHIBIT D

PECO Energy Company

Electric Generation Supplier
Opt-In Competitive Offer Program
Request for Proposals and Program Rules

January xx, 2013

ARTICLE 1
INTRODUCTION

1.1 In this Request for Proposals ("RFP"), PECO Energy Company ("PECO" or the "Company") is soliciting proposals by electric generation suppliers ("EGSs") to provide competitive retail offers to one hundred percent (100%) of its non-shopping default service residential customers, exclusive of Customer Assistance Program ("CAP") customers and to one hundred percent (100%) of its non-shopping default service small commercial customers with annual peak loads less than 25 kW ("Eligible Customers"). Participating EGSs in this program (the "Opt-In Competitive Offer Program" or "Program") will provide twelve-month fixed-price electric generation service offers (a four-month introductory price, followed by an eight-month price) to Eligible Customers beginning on or after June 1, 2013 (the "Opt-In Service Period"). This document describes the process by which EGSs may qualify to participate in the Program, the rules with which participating suppliers (the "Opt-In Suppliers") must comply, the process for allocation of Eligible Customer accounts to Opt-In Suppliers for offer mailings, and the standard terms and conditions for Opt-In Supplier offers to customers under this Program. In addition, although marketing, notifications, and consumer education efforts for this Program will be targeted to Eligible Customers, Opt-In Suppliers must extend offers to residential and small commercial (less than 25 kW) shopping customers, upon a customer's request, under the same terms and conditions.

1.2 PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal corporate office in Philadelphia, Pennsylvania. PECO is an electric distribution company under Pennsylvania law and provides electric delivery service to approximately 1.6 million retail customers in Southeastern Pennsylvania. PECO is also the default service provider in its service territory, and currently provides electric generation service to approximately [_____] residential customers and approximately [_____] small commercial customers with annual peak loads less than 25 kW.

1.3 PECO is implementing this RFP in two stages. RFP Participants ("Participant") must first qualify by submitting an application (an "Application") to PECO demonstrating their qualifications, as described in detail in Section 3.2. These qualifications include a current EGS license issued by the Pennsylvania Public Utility Commission ("the PA PUC") and the ability to comply with provisions of PECO's Electric Generation Supplier Tariff ("Supplier Tariff"). As part of the qualifying process, a Participant will be required execute a Participant Agreement in which the Participant agrees to various requirements, including payment of a pro rata portion of the costs of this RFP in the event the Participant becomes an Opt-In Supplier.

1.4 Following qualification, Participants may submit a proposal ("Proposal") which consists of two components: (1) the maximum number, if any, of residential customers to which the Participant is prepared to offer its fixed price product; and (2) the maximum number, if any, of small commercial customers to which the Participant is prepared to offer its fixed price product. The initial four months of the fixed-price product offered by a

Participant must be five percent (5%) lower than the PECO's applicable price-to-compare for the quarterly period beginning on June 1, 2013 (the "June 2013 PECO PTC").

1.5 Residential Eligible Customers will be allocated to Opt-In Suppliers on a random basis with the assistance of an independent statistical consultant. If any Opt-In Supplier's initial allocation is greater than the maximum specified in its Proposal, the excess Eligible Customers will be allocated to the remaining Opt-In Suppliers whose maximums have not been reached or who did not specify a maximum. This process will be repeated until all residential Eligible Customers are assigned. If all Opt-In Suppliers specify maximums which are met and Eligible Customers have not yet been allocated, those Eligible Customers will not receive an offer. This same allocation process will be used for Eligible Customers that are small commercial customers (less than 25kW).

1.6 PECO will mail, at the Opt-In Supplier's expense, a standardized offer letter and prepaid return envelope to the allocated Eligible Customers for each Opt-In Supplier. If a customer wishes to accept the offer and become an Opt-In Supplier Customer, the customer will be required to contact the Opt-In Supplier and the Opt-In Supplier will then submit a switching request in accordance with the Supplier Tariff.

1.7 The PA PUC has approved the procedures and rules described in this RFP by order dated _____, 2012, in Pa. PUC Docket No. P-2012-_____. The RFP process will be managed by PECO. **Potential Participants are strongly urged to review this RFP and to consult with counsel with respect to requirements and obligations under this RFP and the Participant Agreement.**

1.8 This RFP includes the following attached documents:

Exhibit 1: Participant Application (including Participant Agreement)
Exhibit 2: Proposal Form

ARTICLE 2
SCHEDULE AND PARTICIPANT INFORMATION

2.1 RFP Schedule. The following table sets forth significant dates (the "Program Schedule") for the Competitive Offer Program. The time for each deadline on each specified date is 5:00 pm Eastern Prevailing Time (EPT). PECO reserves the right to modify these dates at its discretion.

RFP Overview and Pre-Proposal Technical Conference	January 18, 2013
Participant Inquiries Deadline	TBD
Participant Applications Due Date	February 6, 2013
Notification of Participant Qualification	February 11, 2013
Notification to Qualified Participants of Number of Eligible Customers (by rate class and rate)	February 19, 2013
Publication of Price-to-Compare beginning June 1, 2013 and notification of "Not-to-Exceed" Cost per Allocated Customer	March 14, 2013
Proposal Due Date	March 19, 2013
Notification of Final Participants and number of customer accounts assigned (by rate class and rate).	March 20, 2013
PECO Sends Offer Letters to Customers	April 1-15, 2013
Customer Opt-In Period	30 days
Deadline for Opt-In Supplier Submission of Customer Enrollments to PECO	May 20, 2013
Commencement of Supply by Opt-In Suppliers	Beginning June 1, 2013
Report by Opt-In Suppliers and PECO on Results of the Program	August 1, 2013
Each Opt-In Supplier must file the terms and conditions of its eight-month product offering with the PA PUC for review and approval	At least 45 days before offer for the eight-month product is extended to Opt-In Customers.
Each Opt-In Supplier must provide the eight-month product offering and associated notices to Opt-In Customers	In accordance with PUC regulations.
Opt-In Suppliers mail $50 bonus checks to all Opt-In Customers who have been participating in the Opt-In Program for four billing cycles	After customers qualify and in time for customers to receive bonus check before the end of the customer's fifth billing cycle.

2.2 RFP Overview and Technical Conference. On January 18, 2013, at ___ p.m. EPT, PECO will conduct a web conference to outline the Program, including the RFP process. PECO will notify all registered EGSs of the Participant conference by EGS bulletin and by email to the PA PUC/OCMO email distribution list. Potential Participants are urged to review this RFP, including exhibits, prior to the teleconference. PECO will answer questions raised at this teleconference to the extent possible. Any party wishing to participate in this web conference must send an e-mail to _____@peco-energy.com with the subject line "Opt-In Competitive Offer Program" PECO will provide participation information for the web conference by return e-mail.

2.3 Participant Inquiries. On or before the Participant Inquiries Deadline, Participants may submit questions to PECO via electronic mail (_____@peco-energy.com). To the extent possible, questions submitted prior to the RFP Overview Conference will be addressed by PECO at the web conference. Additional questions submitted and answered by PECO thereafter shall be posted with answers. The person or company submitting the question shall not be identified. While PECO will review and attempt to answer questions in good faith, PECO reserves the right not to answer any question. The RFP Overview Conference and this Participant inquiry procedure are the exclusive methods for inquiring about this RFP, and questions submitted to individual PECO employees or the Company by other means will not be answered and may result in disqualification of the Participant.

2.4 Informational Website and Updates. PECO has established a website – ***[www.peco.com/_____]*** – for electronic copies of RFP materials, posting of questions and answers, and other updates on this RFP. The website also includes the standard offer letter and other materials that will be used with customers by Opt-In Suppliers. Participants are encouraged to review this website regularly. In its sole discretion, PECO will endeavor to provide e-mail notification of important website updates to qualified Participants.

ARTICLE 3
PARTICIPANT QUALIFICATION

3.1 Participant Application. In order to submit a Proposal in response to this RFP, a Participant must submit a printed original and three printed copies of an Application for approval by PECO using the form attached hereto as Exhibit 2 (Participant Application). All Applications shall be submitted by overnight delivery to the submission address specified in Section 8.2. Applications which are incomplete, do not conform to the form attached hereto, or otherwise do not satisfy all requirements of this RFP shall not be considered. Submission of a Participant Application constitutes a Participant's agreement to and acceptance of all terms and conditions of this RFP. An electronic copy of the Applications may be provided initially via electronic email to _____@peco-energy.com to meet the Participant application deadline as long as the required hard copies are received by 5:00 p.m. EPT the business day immediately following the application deadline day.

3.2 Participant Qualifications. In order to qualify to submit a Proposal, a Participant must demonstrate and document in the Application that it satisfies the following criteria (the "Participant Qualifications"):

(a) The Participant is certified to serve load in the PECO territory at the time of the Participant Applications Due Date.

(b) The Participant agrees that any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines. No Program charges may be separately billed.

(c) The Participant certifies that it has the financial resources to make a bonus payment under the offer of $50.00 to all customers who enroll with them and who remain with the Program for four complete billing cycles.

(d) The Participant certifies that it has the capability to provide customers with three ways to accept its offer: (1) processing a response post card from the customer, included in the offer mailing, and pre-populated with as much customer information as possible; (2) through calls on a toll-free phone number provided by the Opt-In Supplier; and (3) through a website provided by the Opt-In Supplier.

3.3 Participant Agreement. Each Participant must also execute a Participant Agreement in the form included in the Participant Application. In the event the Participant does not become an Opt-In Supplier, the Participant Agreement will be returned to the Participant unexecuted by PECO.

3.4 Additional Information. PECO may, but is not obligated to, request additional information and materials from any Participant for evaluation of an Application. Information submitted by a Participant absent a request by PECO which is not in the nature of a correction or clarification to the Application will not be considered by PECO. If any information in an Application is no longer true, Participant shall immediately notify PECO of the changed information. Failure to provide such notification or respond to a request for additional information and materials may result in disqualification of the Participant and rejection of any Proposal. PECO shall have no duty to inform any Participant of any deficiency in its Application.

3.5 Application Evaluation and Notification of Applicants. PECO will evaluate each Application using a standard protocol for its completeness and satisfaction of the Participant Qualifications. PECO will provide each Participant with notice of its satisfaction or failure to satisfy the Participant Qualifications by the date for Notification of Participant Qualification set forth in Section 2.1 hereof.

3.6 PECO Affiliates. Affiliates of PECO are permitted to submit Applications and to participate in this RFP to the same extent as any other entity.

ARTICLE 4
PROCEDURE FOR SUBMISSION OF PROPOSALS

4.1 Notification of Number of Eligible Customers, Price-to-Compare, and "Not-to-Exceed" Cost per Allocated Customer. In accordance with the Program Schedule, PECO will provide qualified Participants with the following information: (1) the total number of Eligible Customers (by rate class and rate); (2) the applicable June 2013 PECO PTCs; and (3) a "Not-to-Exceed" Cost per Allocated Customer. Qualified Participants will not be required to submit Proposals until this information has been provided. The "Not-to-Exceed" cost or actual cost (whichever is lower) will be the cost used to invoice Opt-In Suppliers to recover the cost of the Program.

4.2 Submission of Proposals. As described in the Introduction, a Proposal consists of two components: (1) the maximum number, if any, of residential customers to which the Participant is prepared to offer its fixed-price product; and (2) the maximum number, if any, of small commercial customers to which the Participant is prepared to offer its fixed-price product. The initial four months of the fixed-price product offered by a Participant must be five percent (5%) lower than the applicable June 2013 PECO PTC. Only Participants who submit an Application and receive notice of qualification as provided in Article 3 will be permitted to submit a Proposal. PECO will provide Proposal forms to qualified Participants substantially in the form of Exhibit 2. A Participant must submit an original and two copies of its Proposal to the address specified on the Proposal form provided by PECO no later than the Proposal Due Date. Each Proposal shall be submitted in a sealed envelope clearly marked "OPT-IN OFFER PROPOSAL."

4.3 Price. The price in all Proposals must be a fixed price in cents per kilowatt-hour, which is five percent (5%) lower than the June 2013 PECO PTC. The price is the price at which the supplier must be ready and willing to serve a residential or small commercial customer for four monthly billing periods under the standard terms and conditions of the Program beginning on a customer's next meter read date on or after June 1, 2013.

4.4 Reserved.

4.5 Reserved.

4.6 Other Limitations. Proposals that are incomplete, unsigned, or otherwise do not conform to the form of the Proposal shall be rejected by PECO. No Proposal may be conditioned on any other Proposal. Any bid that is contingent in any way shall be rejected as non-conforming. Each Participant must act independently and without knowledge of other bids, and PECO may reject any Proposal which it determines, in its sole discretion, is submitted by a Participant in violation of these limitations or in coordination or in concert with any other Participant. Nothing in this RFP shall restrict a Participant from seeking relief from the PA PUC in the event that the Participant believes that PECO has not acted in accordance with the terms of this RFP.

ARTICLE 5
EVALUATION OF PROPOSALS

5.1 Evaluation of Proposals. PECO will evaluate Proposals to ensure consistency with these RFP rules. All compliant Proposals will be accepted. Once a Proposal is accepted, the qualified Participant becomes an Opt-In Supplier.

5.2 Selection of Successful Participants. Upon completion of the evaluation of Proposals, the PECO shall prepare a report of the RFP results, summarizing the Participant qualification process and the Proposals and identifying the successful and unsuccessful Participants (if any), along with successful and unsuccessful Proposals (if any). PECO will notify Participants of their individual results and will provide the RFP report to the PA PUC, the OSBA, and the OCA, on a confidential basis, for their information.

ARTICLE 6
CUSTOMER ALLOCATION AND CUSTOMER OFFERS

6.1 Allocation Methodology. Eligible Customer accounts shall be selected for allocation to Opt-In Suppliers as described in Section 1.5 pursuant to a random selection process employed by a neutral independent third party who has expertise in the use of established statistical procedures for random selection (the "Statistical Expert"). Prior to such selection, Opt-In Suppliers shall be entitled to review the random selection and allocation methodology and procedure with the Statistical Expert and PECO.

6.2 Provision of Customer Accounts. Not later than two (2) business days following the selection and allocation of Eligible Customer accounts by the Statistical Expert, PECO shall provide each Opt-In Supplier a list of customer accounts with account information (including account number, rate class, and rate) for the customer accounts selected by the Statistical Expert for offers from that supplier.

6.3 Offer Process. All Opt-In Suppliers shall provide offers to their allocated customers in the following manner:

6.3.1 At the sole expense of the Opt-In Supplier, determined based on the lesser of the "Not-to-Exceed" cost or actual cost and the number of allocated customers, PECO shall mail all of an Opt-In Supplier's allocated customers an offer package which includes an offer letter with the 4-month fixed price which is 5% lower than the June 2013 PECO PTC, a description of the Program terms and conditions for the 4-month offer, an explanation that the Opt-In Supplier will provide a fixed-price offer for the subsequent 8 month period in advance of the end of the 4-month period, and the procedure by which the customer can accept the initial 4-month offer. This procedure shall include three ways to accept the 4-month offer: 1) a response post card, included in the offer mailing, and pre-populated with as much customer information as possible; 2) a toll-free phone number provided by the Opt-In Supplier; and 3) a website provided by the Opt-In Supplier. The offer shall be valid until the end of the Customer Opt-In Period specified in the Program Schedule. The Opt-In Supplier shall provide PECO with the following information, within three business days of being notified as a final Participant: mailing address for the response post card; toll-free phone number for enrollments under the Program; and website address for enrollments under the Program. The offer package will instruct the customer to contact the Opt-In Supplier for more information and to enroll in the Program, and will not include a PECO phone number. Offer packages will provide information about the customer participation cap. The PA PUC staff, OCA, OSBA, and EGSs will have the opportunity to review a draft of the Offer Package template. PECO will make a good faith effort to resolve all feedback and will provide a final version by February 19, 2013.

6.3.2 The offer packages will be mailed by PECO at a rate of approximately 50,000 mailings per day in accordance with a schedule provided by PECO based on the

number of Opt-In Suppliers, the number of total offers and the billing cycles of the Eligible Customers.

6.3.3 As described in Section 6.3.1, customers will be able to accept an Opt-In Supplier offer by either mailing the enrollment post card to the Opt-In Supplier, or by calling the Opt-In Supplier, or by submitting information electronically on the Opt-In Supplier's website. Contact information for PECO will not be included in the offer package; however, PECO will process any timely "Opt-In" requests it receives from default service customers by notifying the Opt-In Supplier of the customer's decision to participate in the Program.

6.3.4 Offers are open to default service residential and small commercial customers and shopping residential and small commercial customers. If PECO receives a request to enroll by a shopping customer who becomes aware of the offer, PECO will notify the Opt-In Supplier of the customer's request. PECO will enable the customer to select from participating Opt-In Suppliers if the customer does not specify a particular Opt-In Supplier during the inquiry.

6.3.5 The Program will cap customer participation at 50% of Eligible Customers in a particular rate class as follows. Each Opt-In Supplier may enroll a number of customers up to 50% of the number of customers allocated to the Opt-In Supplier in a particular rate class under the Program. Opt-In Suppliers shall be solely responsible for administering this requirement.

6.4 EDI Enrollment. Opt-In Suppliers must submit the EDI enrollment transactions for the customers who have accepted the supplier's offer to PECO on or before sixteen (16) days prior to the respective customer's meter read date to ensure that the customer's switch is effective as of that date.

6.5 Reporting to PA PUC. In order for PECO to comply with its reporting obligations to the PA PUC (which includes providing a confidential copy to the Office of Consumer Advocate and the Office of Small Business Advocate) and in accordance with the Program Schedule, each Opt-In Supplier shall prepare and submit a confidential report to PECO, with the following Program Statistics. Any tracking of enrolled accounts after allocation will be the sole responsibility of Opt-In Suppliers:

6.5.1 Number of customer accounts sent offer packages (by Rate); Number of customer accounts that accepted the offer (by Rate); Form of acceptance (by Rate) (i.e. % Post Card, % Website; and % Phone, totaling 100%).

6.5.2 Upon PECO's request, each Opt-In Supplier shall prepare and submit this confidential report to PECO within thirty days of the conclusion of the Program.

ARTICLE 7
OPT-IN SUPPLIER STANDARD TERMS AND CONDITIONS

The following standard terms and conditions shall apply to all Opt-In Suppliers:

7.1 All Opt-In Supplier billing for customers who accept offers under the Program shall be Consolidated EDC Billing.

7.2 Each customer shall have the option to return to PECO default service or to switch to another EGS, or to the Opt-In Supplier under a different offer, at any time and without incurring switching fees or other penalties.

7.3 The Opt-In Supplier shall pay a fifty dollar ($50.00) bonus payment to any and all customers who remain with the Program for four complete billing cycles as a condition for receiving the bonus.

7.4 The bonus shall be in the form of a check to the customer name on the account, and mailed to the billing address for the account.

7.5 All bonus checks shall be mailed shortly after the customer completes four complete billing cycles on the program, and such that the customer receives the check before the end of the subsequent billing cycle.

7.6 The Opt-In Supplier may not impose any additional requirements on the customer as a condition of receiving the bonus payment.

7.7 The Opt-In Supplier shall track the following information related to the payment of bonus checks and shall provide this information to PA PUC Staff and/or the Office of Consumer Advocate and/or the Office of Small Business Advocate, on a confidential basis, upon request: Customer Name; Address; Account Number; Date that the customer qualified to receive the bonus check; Date the bonus check was mailed; and an indicator of whether the bonus check was cashed.

7.8 Within ten business days of satisfying all of its bonus payment obligations under the Program, the Opt-In Supplier shall provide written notice (by email) of such satisfaction to the PA PUC Staff, the OCA (for residential customers) and the OSBA (for small commercial customers).

7.9 Any offers made by a customer's Opt-In Supplier to the customer to switch to another product before the completion of the four billing cycles required to qualify for the bonus check shall include clear language explaining the risk of forfeiting the bonus.

7.10 The Opt-In Supplier shall have sole responsibility to make bonus payments. PECO has no liability to the customer for bonus payments if the Opt-In Supplier defaults on its obligation.

7.11 Only PECO shall be entitled to terminate service to customers for non-payment of EGS charges under the terms of its approved Purchase of Receivables program. Except as

otherwise permitted in the Supplier Tariff, in no event may an Opt-In Supplier discontinue service to a customer who accepted its offer under the Program before the end of the Opt-In Service Period.

7.12 Each Opt-In Supplier must offer an eight-month fixed price product, with terms and conditions, for the eight months immediately following the initial 4-month 5% discount period. Such offers and associated notices of any renewal and/or price change shall be as required under PA PUC regulations and orders.

7.13 Each Opt-In Supplier must file the terms and conditions of its eight-month product offering with the PA PUC at least forty-five days before the offers for the *eight-month fixed price product* are extended to customers. An EGS that elects to participate in the Opt-In Program *may* submit its filing in advance of that deadline (including the submission of its filing before its initial customer offer letter is mailed), but will not be required to do so.

7.14 All Opt-In Suppliers must provide notice prior to the end of the Opt-In Service Period regarding any renewal and/or price change as required under PA PUC regulations and orders.

7.15 Notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, an Opt-In Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

ARTICLE 8
ADDITIONAL PROGRAM PROVISIONS

8.1 RFP Costs. All estimated costs of this RFP incurred by PECO, including the service of the Statistical Expert, and all incremental costs of developing, printing, and mailing the offer package (including return postage) will be used to develop a "Not-to-Exceed Cost per Allocated Customer." Each Opt-In Supplier shall be responsible for the product of : (1) the Not-to-Exceed Cost per Allocated Customer or actual cost per allocated customer (whichever is smaller); and (2) the number of Eligible Customers allocated to that Opt-In Supplier. PECO shall invoice each Opt-In Supplier within thirty days of the Opt-In Supplier receipt of its allocated customer list, with the amount due payable within thirty days of the date of the invoice. If an Opt-In Supplier fails to make the required payment, PECO may reduce the amount due to that Opt-In Supplier from that Opt-In Supplier's next Purchase of Receivable payment by the Opt-In Program amount due (but not from that amounts are subject to a bona fide POR payment dispute).

8.2 Address for submissions. All submissions to PECO, unless otherwise communicated at the Participant Conference and subsequently posted to the _____ website , for this RFP shall be delivered via overnight delivery to the following address:

PECO Competitive Opt-In Supplier Program
c/o [Name],
PECO Energy Company
S14-2
2301 Market Street
Philadelphia, PA 19103

Participant is solely responsible for the timely delivery of any submission for this RFP. Applications and other materials received after the applicable date specified in this RFP shall be accepted only in PECO's sole discretion; however, any Proposal submitted after the date and time specified will be returned unopened and without consideration. Electronic emails of materials other than Proposals (which may not be sent electronically) shall be sent to: _____@peco-energy.com.

8.3 No Unauthorized Modifications. No interpretation or change to this RFP shall be valid unless it is signed by a duly authorized representative designated by an Officer of PECO.

8.4 Ownership of RFP Materials. All materials submitted to PECO pursuant to this RFP shall be the property of PECO.

8.5 Presentation and Formatting. All information submitted by a Participant must be in the English language.

8.6 Costs. PECO shall have no responsibility whatsoever with respect to the costs of any Participant in considering or responding to this RFP, including but not limited to any costs of preparing any materials submitted to PECO.

8.7 Use of PECO Mark. PECO will have final approval regarding the use of any PECO mark and any other reference to PECO in the offer package and/or on the offer package envelope.

8.8 Publicity. Each Participant understands and agrees that PECO does not participate in, nor does it allow, Participants to utilize media releases of any kind to publicize Participant's business relationship with PECO. Each Participant shall not use any trade name, trademark, service mark or any other information which identifies PECO in such Participant's sales, marketing and publicity activities, including interviews with representatives of any written publication, or television or radio station or network, without PECO's express prior written consent. For all other other references to PECO not requiring PECO's prior consent, the references must be factual and cannot infer an endorsement by or affiliation with PECO

8.9 Disclaimer. PECO makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP and its exhibits or any statements made by representatives of PECO during the RFP process. Each Participant is responsible for making its own evaluation of information and data contained in this RFP and in preparing and submitting responses to this RFP. The issuance of this RFP and the receipt of information in response to this RFP shall not, in any way, cause PECO to incur

any liability (whether contractual, financial or otherwise) to any Participant participating in the RFP process. By submitting an Application, Participant releases PECO, its affiliates, officers, employees, and agents from any and all claims, demands, actions, losses, liabilities, and expenses (including reasonable legal fees and expenses) (collectively, "Claims") relating to this RFP and agrees to indemnify PECO, its affiliates, officers, employees and agents from any Claims arising from any false representation or violation of these RFP rules by Participant.

8.10 Not an Offer. This RFP is issued to elicit responses to PECO's inquiry and is not an offer. The issuance of the RFP and the submission of Participant's information do not create any obligation upon PECO, and PECO reserves the right to accept or reject any or all proposals received. PECO also reserves the right to amend, suspend, or terminate the RFP process at any time, without reason and without liability, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more Participants. No contract or other binding obligation on PECO will be implied unless and until an agreement has been executed on terms and conditions acceptable to PECO. PECO also reserves the right to not execute agreements with any or all Participants should the Company determine, in its sole discretion, that such agreement would violate existing regulatory standards.

8.11 Non-conforming Applications and Proposals. PECO reserves the right to reject any Application or Proposal at any time on the grounds that it does not conform to the terms and conditions of this RFP or the Participant has not complied with the provisions of this RFP.

EXHIBIT 1 - FORM OF PARTICIPANT APPLICATION

Name of Participant:			
Contact:		Title:	
E-mail:		Phone:	
Address:	City:	State:	Zip Code:

INSTRUCTIONS

Two signed originals of Attachment A (Participant Agreement) must be attached to Participant's original Application, with a copy attached to each of the three required additional copies. All terms used herein have the meaning set forth in PECO's Opt-In Competitive Offer Program Request for Proposals and Program Rules.

As an officer or other authorized representative of the Participant, I certify that: (a) the Participant is certified to serve load in the PECO territory at the time by the Participant Applications Due Date; (b) the Participant agrees that any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines, and no Program charges may be separately billed; (c) the Participant certifies that it has the financial resources to make a bonus payment equal to $50.00 to each customer who enrolls with them and who remain with the Program for four complete billing cycles; and (d) the Participant certifies that it has the capability to provide customers with three ways to accept its offer: (1) processing a response post card from the customer, included in the offer mailing, and pre-populated with as much customer information as possible; (2) through calls on a toll-free phone number provided by the Opt-In Supplier; and (3) through a website provided by the Opt-In Supplier.

SIGNATURE OF AUTHORIZED REPRESENTATIVE

I am an officer or other authorized representative of the Participant and certify that all of the information and certifications in this Application are true and acknowledge that this submission constitutes acceptance and agreement to all terms of the RFP.

Signature:	Date:
Name:	Title:

EXHIBIT 1 - ATTACHMENT A - FORM OF OPT-IN SUPPLIER AGREEMENT

AGREEMENT

This Agreement ("Agreement") is made as of March 22, 2013 (the "Effective Date"), by and between *[Opt-In Supplier]* and PECO Energy Company, a public utility authorized to supply electric service in the Commonwealth of Pennsylvania ("PECO") (each a "Party", and collectively "the Parties").

1. Definitions. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Electric Generation Supplier Opt-In Competitive Offer Program Request for Proposals and Program Rules issued by PECO on January 18, 2013 (the "Program") and PECO's Electric Generation Supplier Coordination Tariff (the "Supplier Tariff").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect through the Opt-In Service Period (the "Term") unless terminated as provided in this Agreement.

3. Opt-In Enrollment Offer. In accordance with the Program, PECO shall mail a standardized offer letter for electric generation service to the Eligible Customers allocated to the Opt-In Supplier.

4. Fixed Price to Customers. In accordance with the Program, the Opt-In Supplier shall provide fixed-price Competitive Energy Supply for a twelve-month period to each customer that accepts its offer under the Program (an "Opt-In Supplier Customer"). The initial four months of the fixed-price product must be five percent (5%) lower than the applicable June 2013 PECO PTC.

5. Bonus Payment. In accordance with the Program, the Opt-In Supplier shall pay a fifty dollar ($50.00) bonus payment to any and all customers who remain with the Program for four complete billing cycles at the Opt-In Supplier's sole expense. PECO will have no obligation whatsoever with respect to the bonus payment due to any customers, which shall be the sole responsibility of the Opt-In Supplier.

6. Terms and Conditions. During the Term, the Opt-In Supplier agrees that: (a) all Opt-In Supplier billing for each Opt-In Supplier Customer shall be Consolidated EDC Billing; (b) each Opt-In Supplier Customer shall have the option to return to PECO default service or to switch to another EGS, or to the Opt-In Supplier under a different Opt-In Supplier offer, at any time and without incurring switching fees or other penalties; (c) only PECO shall be entitled to terminate service to Opt-In Supplier Customers for non-payment of EGS charges under the terms of PECO's approved Purchase of Receivables program in the Supplier Tariff; (d) except as otherwise permitted in the Supplier Tariff, in no event may an Opt-In Supplier discontinue service to an Opt-In Supplier Customer before the end of the Opt-In Service Period; (e) the Opt-In Supplier shall provide notice to the Opt-In Supplier Customer prior to the end of the Opt-In Service Period regarding any renewal and/or price change as required under the Supplier Tariff and/or PA PUC regulations or Policy Statements; and (f) notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, an Opt-In Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

7. Representations and Warranties of Opt-In Supplier. The Opt-In Supplier represents and warrants that, on the Effective Date and throughout the Term: (a) it is certified to serve load in the PECO territory at the time of Participant Applications Due Date; and (b) any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines.

8. Termination. This Agreement may be terminated by PECO upon written notice of a material breach of this Agreement by the Opt-In Supplier.

9. Payment of Program Costs. All estimated costs of this RFP incurred by PECO, including the service of the Statistical Expert, and all incremental costs of developing, printing, and mailing the offer package will be used to develop a "Not-to-Exceed Cost per Allocated Customer." Each Opt-In Supplier shall be responsible for the product of : (1) the Not-to-Exceed Cost per Allocated Customer or actual cost per Allocated Customer (whichever is smaller); and (2) the number of Eligible Customers allocated to that Opt-In Supplier. PECO shall invoice each Opt-In Supplier within thirty days of the Opt-In Supplier receipt of its allocated customer list, with the amount due payable within thirty days of the date of the invoice. If an Opt-In Supplier fails to make the required payment, PECO may reduce the amount due to that Opt-In Supplier from that Opt-In Supplier's next Purchase of Receivables payment by the Opt-In Program amount due (but not from amounts that are subject to a bona fide POR payment dispute).

10. Limitations. Notwithstanding any provision of this Agreement or the Program, the Opt-In Supplier acknowledges that (a) the Opt-In Supplier has obtained certain benefits from participating in the Program, but that PECO has made no representation regarding the number of customers (if any) the Opt-In Supplier may obtain as a result of the Program, or the amount of electric load that will be required by such customers; (b) PECO has no obligation to provide electric supply other than default service in accordance with the Pennsylvania Public Utility Code to any customer that may be served by the Opt-In Supplier in the event that the Opt-In Supplier no longer serves that customer for any reason; and (c) the Opt-In Supplier waives any right to claim any loss of business, consequential damage or any monetary or other direct damages from PECO of any kind whatsoever arising from or relating to this Agreement or the Program.

11. Indemnification. The Opt-In Supplier shall indemnify, save and hold PECO harmless from and against any and all third party losses, costs, liabilities, damages and expenses (including, without limitation, attorneys' fees and expenses) incurred or suffered as a result of or in connection with the Opt-In Supplier's material breach of this Agreement, failure to comply with any applicable laws, or intentional, negligent or willful misconduct.

12. Other Provisions. This Agreement represents the entire agreement between PECO and Opt-In Supplier and no amendment of this Agreement will be valid unless in writing and signed by representatives of both parties. Each Party represents that this Agreement is a legally valid and binding obligation enforceable against it in accordance with its terms, and that the execution, delivery and performance of this Agreement are within its powers and have been duly authorized by all necessary action and do not violate any terms and conditions in its governing documents, any contracts to which it is a party, or any applicable law, rule, regulation or order. Neither Party may assign this Agreement without consent of the other Party, not to be unreasonably withheld. All notices required under this Agreement shall be provided to the parties and addresses listed directly below or to such other address as either party may designate from time to time by providing written notice to the other Party. Nothing in this Agreement is intended to convey benefits, rights or remedies to any person other than Opt-In Supplier and PECO, and no third party shall have the right to enforce the provisions of this Agreement, except that the PA PUC may enforce the provisions of this Agreement, the Program, the Supplier Tariff and any provision of the Pennsylvania Public Utility Code or PA PUC regulations applicable to this Agreement. This Agreement is not intended to create any partnership or joint venture between PECO and the Opt-In Supplier, and neither Party shall have the power to bind or obligate the other Party. In the event that any provision of the Agreement shall be found to be void or unenforceable, such findings shall not be construed to render any other provision either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either Party. This Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws provisions. In the event of any conflict between this Agreement, the Program, and the Supplier Tariff,

this Agreement shall be controlling.

PECO ENERGY COMPANY

By: _____

Name: _____

Title: _____

PECO Energy Company
ATTN:
2301 Market Street
Philadelphia, PA
Phone:
Fax:
E-mail: ____@peco-energy.com

[OPT-IN SUPPLIER]

By: _____

Name: _____

Title: _____

[Company name]
[Address]

Phone:
Fax:
E-mail:

EXHIBIT 2
PROPOSAL FORM

(not to be submitted with Participant Application)

Legal Name of Participant:

RESIDENTIAL CUSTOMER PROGRAM:

Fixed Price for initial four monthly billing cycle periods: (xx.xx cents/kwh): (amount to be specified and equal to 0.95 x the June 2013 PECO PTC)

Desired Number of Allocated Eligible Customers (CHECK ONE):

- ☐ We do not wish to participate in the Residential Customer Program
- ☐ No Maximum
- ☐ Maximum of _____ Eligible Customers (specify maximum)

SMALL COMMERCIAL CUSTOMER PROGRAM (with annual peak loads less than 25 kW):

Fixed Price for initial four monthly billing cycle periods (cents/kwh): xx.xx (different prices for different rates will be specified equal to the June 2013 PECO PTC for each small commercial customer rate class)

Desired Number of Allocated Eligible Customers (CHECK ONE):

- ☐ We do not wish to participate in the Small Commercial Customer Program
- ☐ No Maximum
- ☐ Maximum of _____ Eligible Customers (specify maximum)

I hereby certify that I am an officer or other authorized representative of the Participant named above and submit this Proposal on behalf of the Participant. By submitting this Proposal, Participant acknowledges and accepts all terms of PECO's Request for Proposal dated _____.

By: _____
Name: _____
Title: _____
Date: _____

~~[Exhibit JJM-4S]~~

PECO Energy Company

Electric Generation Supplier Opt-In Competitive Offer Program Request for Proposals and Program Rules

[_____]January xx, 2013

ARTICLE 1
INTRODUCTION

1.1 In this Request for Proposals ("RFP"), PECO Energy Company ("PECO" or the "Company") is soliciting proposals by electric generation suppliers ("EGSs") to provide competitive retail offers to one hundred percent (100%) of its non-shopping default service residential customers, exclusive of Customer Assistance Program ("CAP") customers **and to one hundred percent (100%) of its non-shopping default service small commercial customers with annual peak loads less than 25 kW** ("Eligible Customers"). Participating EGSs in this program (the "Opt-In Competitive Offer Program" or "Program") will [~~submit bids to~~]provide **twelve-month** fixed-price electric generation service offers [~~to residential customers for a six-month period~~]**(a four-month introductory price, followed by an eight-month price) to Eligible Customers** beginning on or after June 1, [~~2013.~~]**2013 (the "Opt-In Service Period").** This document describes the process by which [~~bidders~~]**EGSs** may qualify [~~and submit bids and~~]**to participate in the Program,** the rules with which [~~winning bidders~~]**participating suppliers** (the "Opt-In Suppliers") must comply, the process for allocation of [~~default service residential customer~~]**Eligible Customer** accounts to Opt-In Suppliers for offer mailings, and the standard terms and conditions for Opt-In Supplier offers to customers under this Program. In addition, although marketing, notifications, and consumer education efforts for this Program will be targeted to [~~non-shopping residential default service customers~~]**Eligible Customers**, Opt-In Suppliers must extend offers to residential **and small commercial (less than 25 kW)** shopping customers, upon a customer's request, under the same terms and conditions.

1.2 PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal corporate office in Philadelphia, Pennsylvania. PECO is an electric distribution company under Pennsylvania law and provides electric delivery service to approximately 1.6 million retail customers in Southeastern Pennsylvania. PECO is also the default service provider in its service territory, and currently provides electric generation service to approximately [_____] residential customers **and approximately [_____] small commercial customers with annual peak loads less than 25 kW**.

1.3 PECO is implementing this RFP in two stages. [~~Bidders~~]**RFP Participants ("Participant")** must first qualify by submitting an application (an "Application") to PECO demonstrating their qualifications, as described in detail in Section 3.2. These qualifications include a current EGS license issued by the Pennsylvania Public Utility Commission ("the [~~Commission~~]**PA PUC**") and the ability to comply with provisions of PECO's Electric Generation Supplier Tariff ("Supplier Tariff"). As part of the qualifying process, a [~~bidder~~]**Participant** will be required execute a [~~Bidder~~]**Participant** Agreement in which the [~~bidder~~]**Participant** agrees to various requirements, including payment of a pro rata portion of the costs of this RFP in the event the [~~bidder~~]**Participant** becomes an Opt-In Supplier.

1.4 Following qualification, [~~bidders~~]**Participants** may submit a [~~bid~~]proposal ("[~~Bid~~]Proposal") which consists of two components: (1) [~~a fixed price, in cents per kilowatt-hour, which the bidder is prepared to offer residential customers for six monthly billing cycle periods (the "Opt-In Service Period"); and (2) the number of tranches of residential~~]**the maximum number, if any, of residential customers to which the Participant is prepared to offer its fixed price product; and (2) the maximum number, if any, of small commercial** customers to which the [~~bidder~~]**Participant** is prepared to offer its fixed price[~~, with a minimum quantity of one tranche, where one tranche is equal to 5% of Eligible Customers and a maximum quantity of ten tranches, or fifty percent (50%) of the number of Eligible Customers. The~~] **product. The initial four months of the** fixed ~~-~~price **product** offered by a [~~bidder~~]**Participant** must be [~~at least~~]five percent (5%) lower than **the** PECO's applicable price-to-compare for the quarterly period beginning on June 1, 2013 (the "June 2013 PECO PTC")[~~. In order to determine which EGSs are successful bidders, the bids will be tabulated in ascending order, with the price associated with the bid that results in the cumulative number of potential customers equaling or exceeding the number of Eligible Customers establishing a final price for Eligible Customers (the "Clearing Price"). Upon approval of the results by the Commission, each winning bidder who offered the Clearing Price (or a lower price) will be an Opt-In Supplier and allocated a portion of the Eligible Customers corresponding to its winning bid~~].

1.5 Residential Eligible Customers will be allocated to Opt-In Suppliers on a random basis with the assistance of an independent statistical consultant. If any Opt-In Supplier's initial allocation is greater than the maximum specified in its Proposal, the excess Eligible Customers will be allocated to the remaining Opt-In Suppliers whose maximums have not been reached or who did not specify a maximum. This process will be repeated until all residential Eligible Customers are assigned. If all Opt-In Suppliers specify maximums which are met and Eligible Customers have not yet been allocated, those Eligible Customers will not receive an offer. This same allocation process will be used for Eligible Customers that are small commercial customers (less than 25kW).

1.6 PECO will mail, at the Opt-In Supplier's expense, a standardized offer letter **and prepaid return envelope** to the allocated [~~customers~~]**Eligible Customers** for each Opt-In Supplier. If a customer wishes to accept the offer **and become an Opt-In Supplier Customer**, the customer will be required to contact the Opt-In Supplier and the Opt-In Supplier will then submit a switching request in accordance with the Supplier Tariff.

1.7 The [~~Pennsylvania Public Utility Commission ("~~]PA PUC[~~")~~] has approved the procedures and rules described in this RFP by order dated _____, 2012, in Pa. PUC Docket No. P-2012-_____. The RFP process will be managed by PECO[~~, with the qualification of bidders and opening and ranking of bids monitored by [company name] (the "RFP Monitor"). Potential bidders~~]**. Potential Participants are strongly urged to review this RFP and to consult with counsel with respect to requirements and obligations under this RFP and the [~~Bidder~~]Participant Agreement.**

1.8 This RFP includes the following attached documents:

Exhibit 1: [~~Bidder~~]**Participant** Application (including [~~Bidder~~]**Participant** Agreement)

Exhibit 2: [~~Bid~~]Proposal Form

ARTICLE 2
SCHEDULE AND [~~BIDDER~~]PARTICIPANT INFORMATION

2.1 RFP Schedule. The following table sets forth significant dates (the "Program Schedule") for the Competitive Offer Program. The time for each deadline on each specified date is 5:00 pm Eastern Prevailing Time (EPT). PECO reserves the right to modify these dates at its discretion.

RFP Overview and Pre-[~~Bid~~]**Proposal** Technical Conference	January 18, 2013
Participant Inquiries Deadline	**TBD**
[~~Bidder~~]**Participant** Applications Due Date	February 6, 2013
Notification of [~~Bidder~~]**Participant** Qualification	February 11, 2013
Notification to Qualified [~~Bidders~~]**Participants** of Number of Eligible Customers **(by rate class and rate)**	February 19, 2013
Publication of Price-to-Compare beginning June 1, 2013 **and notification of "Not-to-Exceed" Cost per Allocated Customer**	March 14, 2013
[~~Bid~~]Proposal Due Date	March [~~18,~~]**19,** 2013
Notification of [~~Winning Bidders~~]**Final Participants and number of customer accounts assigned (by rate class and rate).**	March [~~22,~~]**20,** 2013
PECO Sends Offer Letters to Customers	April 1-15, 2013
Customer Opt-In Period	30 days
Deadline for Opt-In Supplier Submission of Customer Enrollments to PECO	May [~~15,~~]**20,** 2013
Commencement of Supply by Opt-In Suppliers	Beginning June 1, 2013
Report by Opt-In Suppliers and PECO on Results of the Program	[~~July~~]**August** 1, 2013
Each Opt-In Supplier must file the terms and conditions of its eight-month product offering with the PA PUC for review and approval	**At least 45 days before offer for the eight-month product is extended to Opt-In Customers.**
Each Opt-In Supplier must provide the eight-month product offering and associated notices to Opt-In Customers	**In accordance with PUC regulations.**
Opt-In Suppliers mail $50 bonus checks to all Opt-In Customers who have been participating in the Opt-In Program for four billing cycles	**After customers qualify and in time for customers to receive bonus check before the end of the customer's fifth billing cycle.**

2.2 RFP Overview and Technical Conference. On January 18, 2013, at ___ p.m. EPT, PECO will conduct a web conference to outline the[~~Competitive Offer~~] Program, including the RFP process. [~~Potential bidders~~]**PECO will notify all registered EGSs of the Participant conference by EGS bulletin and by email to the PA PUC/OCMO email distribution list. Potential Participants** are urged to review this RFP, including exhibits, prior to the teleconference. PECO will answer questions raised at this teleconference to the extent possible. Any party wishing to participate in this web conference must send an e-mail to _____@peco-energy.com with the subject line "Opt-In Competitive Offer Program" PECO will provide participation information for the web conference by return e-mail.

2.3 [~~Bidder~~]**Participant** Inquiries. On or before the [~~Bidder~~]**Participant** Inquiries Deadline, [~~bidders~~]**Participants** may submit questions to PECO via electronic mail (_____@peco-energy.com). To the extent possible, questions submitted prior to the RFP Overview Conference will be addressed by PECO at the web conference. Additional questions submitted and answered by PECO thereafter shall be posted with answers. The person or company submitting the question shall not be identified. While PECO will review and attempt to answer questions in good faith, PECO reserves the right not to answer any question. The RFP Overview Conference and this [~~bidder~~]**Participant** inquiry procedure are the exclusive methods for inquiring about this RFP, and questions submitted to individual PECO employees[~~,~~] **or** the Company[~~, or the RFP Monitor~~] by other means will not be answered and may result in disqualification of the [~~bidder~~]**Participant**.

2.4 Informational Website and Updates. PECO has established a website – ***[www.peco.com/_____]*** – for electronic copies of RFP materials, posting of questions and answers, and other updates on this RFP. The website also includes the standard offer letter and other materials that will be used with customers by Opt-In Suppliers. [~~Bidders~~]**Participants** are encouraged to review this website regularly. In its sole discretion, PECO will endeavor to provide e-mail notification of important website updates to qualified [~~bidders~~]**Participants**.

ARTICLE 3
[~~BIDDER~~]PARTICIPANT QUALIFICATION

3.1 [~~Bidder~~]**Participant** Application. In order to submit a [~~bid proposal~~]**Proposal** in response to this RFP, a [~~bidder~~]**Participant** must submit a printed original and three printed copies of an Application for approval by PECO using the form attached hereto as Exhibit 2 ([~~Bidder~~]**Participant** Application). All Applications shall be submitted by overnight delivery to the submission address specified in Section 8.2. Applications which are incomplete, do not conform to the form attached hereto, or otherwise do not satisfy all requirements of this RFP shall not be considered. Submission of a [~~Bidder~~]**Participant** Application constitutes a [~~bidder~~]**Participant**'s agreement to and acceptance of all terms and conditions of this RFP. An electronic copy of the Applications may be provided initially via electronic email to _____@peco-energy.com to meet the [~~bidder~~]**Participant** application deadline as long as the required hard copies are received by 5:00 p.m. EPT the business day immediately following the application deadline day.

3.2 [~~Bidder~~]**Participant** Qualifications. In order to qualify to submit a [~~bid proposal~~]**Proposal**, a [~~bidder~~]**Participant** must demonstrate and document in the Application that it satisfies the following criteria (the "[~~Bidder~~]**Participant** Qualifications"):

(a) The [~~bidder is licensed to operate as an EGS in Pennsylvania;~~]**Participant is certified to serve load in the PECO territory at the time of the Participant Applications Due Date.**

[~~(b) The bidder is a member of PJM and meets all applicable PJM obligations for load serving entities, including credit requirements;~~]

[~~(c) The bidder is in compliance, and agrees to continue to comply, with all applicable obligations, requirements, rules, and regulations of the Supplier Tariff and PECO's Electric Service Tariff;~~]

[~~(d) The bidder does not have any past due outstanding supplier-related charges owed to PECO;~~]

[~~(e) The bidder has been certified by PECO to have the data exchange capabilities required for all applicable EDI/EDEWG transactions, or submits a plan with its proposal (acceptable to PECO in its sole discretion) demonstrating that the bidder will be certified in such EDI capabilities by June 1, 2013; and~~]

[~~(f) The bidder agrees to comply with the following operational requirements:~~]

[~~(i) Maintenance of the ability to cancel supplier charges via the 810 Bill Purpose Codes 17 and 18 as described in the EDEWG Implementation Guidelines for Electronic Data Interchange, and~~]

[~~(ii) Maintenance of the ability to submit 'rate level' 810 EDI transactions. For customers with two rates on the same account, the supplier will be required to submit separate billing charges for each rate.~~]

(b) The [~~bidder~~]**Participant** agrees that any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines. No Program charges may be separately billed.

(c) The [~~bidder agrees to comply with any increased bonding requirements imposed by the PA PUC during the Opt-In Service Period.~~]

[~~(i) The bidder~~]**Participant** certifies that it has the financial resources to make a bonus payment under the offer of $50.00 to all customers who enroll with them and who remain with the [~~program~~]**Program** for [~~three~~]**four** complete billing cycles.

(d) The [~~bidder~~]**Participant** certifies that it has the capability to provide customers with three ways to accept [~~their~~]**its** offer: (1) processing a response post card from the customer, included in the offer mailing, and pre-populated with as much customer information as possible; (2) through calls on a toll-free phone number provided by the Opt-In Supplier; and (3) through a website **provided by the Opt-In Supplier**.

3.3 [~~Bidder~~]**Participant** Agreement. Each [~~bidder~~]**Participant** must also execute a [~~Bidder~~]**Participant** Agreement in the form included in the [~~Bidder~~]**Participant** Application. In the event the [~~bidder~~]**Participant** does not become an Opt-In Supplier, the [~~Bidder~~]**Participant** Agreement will be returned to the [~~bidder~~]**Participant** unexecuted by PECO.

3.4 Additional Information. PECO may, but is not obligated to, request additional information and materials from any [~~bidder~~]**Participant** for evaluation of an Application. Information submitted by a [~~bidder~~]**Participant** absent a request by PECO which is not in the nature of a correction or clarification to the Application will not be considered by PECO. If any information in an Application is no longer true, [~~Bidder~~]**Participant** shall immediately notify PECO of the changed information. Failure to provide such notification or respond to a request for additional information and materials may result in disqualification of the [~~bidder~~]**Participant** and rejection of any [~~Bid~~]Proposal. PECO shall have no duty to inform any [~~bidder~~]**Participant** of any deficiency in its Application.

3.5 Application Evaluation and Notification of Applicants. PECO[~~, in its sole discretion,~~] will evaluate each Application using a standard protocol for its completeness and satisfaction of the [~~Bidder~~]**Participant** Qualifications[~~. The RFP Monitor will oversee this evaluation~~]. PECO will provide each [~~bidder~~]**Participant** with notice of its satisfaction or failure to satisfy the [~~Bidder~~]**Participant** Qualifications by the date for Notification of [~~Bidder~~]**Participant** Qualification set forth in Section [~~2.3~~]**2.1** hereof. [~~Qualified bidders will be provided with a unique bidder number for use in this RFP.~~]

3.6 PECO Affiliates. Affiliates of PECO are permitted to submit Applications and to participate in this RFP to the same extent as any other entity.

ARTICLE 4
[~~BID~~]PROCEDURE [~~AND BID~~]FOR SUBMISSION OF PROPOSALS

4.1 Notification of Number of Eligible Customers[~~ and~~], Price-to-Compare[~~.~~], **and "Not-to-Exceed" Cost per Allocated Customer. In accordance with the Program Schedule,** PECO will provide qualified [~~bidders with~~]**Participants with the following information: (1)** the total number of Eligible Customers **(by rate class** and **rate); (2)** the [~~June 2013 PECO PTC in accordance with the Program Schedule.~~]**applicable June 2013 PECO PTCs; and (3) a "Not-to-Exceed" Cost per Allocated Customer. Qualified Participants will not be required to submit Proposals until this information has been provided. The "Not-to-Exceed" cost or actual cost (whichever is lower) will be the cost used to invoice Opt-In Suppliers to recover the cost of the Program.**

4.2 Submission of[~~Bid~~] Proposals. As described in the Introduction, a[~~Bid~~] Proposal consists [~~of a fixed price in cents per kilowatt hour and a number of tranches the bidder~~]**, of two components: (1) the maximum number, if any, of residential customers to which the Participant is prepared to offer its fixed-price product; and (2) the maximum number, if any, of small commercial customers to which the Participant** is prepared to [~~serve during the Opt-In Service Period at that~~]**offer its** fixed[~~price. Bidders must bid a whole number of tranches up to a maximum of 10 tranches. Only bidders~~]**-price product. The initial four months of the fixed-price product offered by a Participant must be five percent (5%) lower than the applicable June 2013 PECO PTC. Only Participants** who submit an Application and receive notice of qualification as provided in Article 3 will be permitted to submit a [~~Bid~~]Proposal. PECO will provide [~~Bid~~]Proposal forms to qualified [~~bidders~~]**Participants** substantially in the form of Exhibit 2. A [~~bidder~~]**Participant** must submit an original and two copies of its [~~Bid~~]Proposal to the address specified on the [~~Bid~~]Proposal form provided by PECO no later than the [~~Bid~~]Proposal Due Date. Each [~~Bid~~]Proposal shall be submitted in a sealed envelope clearly marked "[~~BID~~]**OPT-IN OFFER** PROPOSAL**.**" [~~with bidder's previously assigned bid number on the outside of the sealed envelope.~~]

4.3 [~~Bid~~]Price. The price in all [~~Bid~~]Proposals must be a fixed price in cents per kilowatt-hour, which is [~~at least~~]five percent (5%) lower than the June 2013 PECO PTC. The[~~bid~~] price is the price at which the supplier must be ready and willing to serve a residential **or small commercial** customer for [~~six~~]**four** monthly billing periods under the standard terms and conditions of the Program beginning on a customer's next meter read date on or after June 1, 2013.

4.4 [~~Minimum and Maximum Bid Quantities. Eligible Customers will be divided into twenty tranches, each equal to five percent (5%) of Eligible Customers. Bidders must bid to serve a minimum of one tranche, or 5% of Eligible Customers, and may not bid to serve more than ten tranches, or fifty percent (50%) of the Eligible Customers. Any bid greater than the permitted maximum bid will be deemed to be equal to the permitted maximum bid.~~]**Reserved.**

4.5 [~~Multiple Bids. A bidder may submit up to five bids at different prices, all of which may be accepted by PECO. The total number of Eligible Customers in multiple bids may not exceed the maximum bid quantity. In the event a bidder submits multiple bids cumulatively totaling a number more than the number of Eligible Customers, the bid(s) with the highest price will be disqualified until the remaining bids are within the number of Eligible Customers.~~]**Reserved.**

4.6 Other Limitations. [~~Bid~~]Proposals that are incomplete, unsigned, or otherwise do not conform to the form of the[~~Bid~~] Proposal shall be rejected by PECO. No [~~Bid~~]Proposal may be conditioned on any other[~~Bid~~] Proposal. Any bid that is contingent in any way shall be rejected as non-conforming. Each [~~bidder~~]**Participant** must act independently and without knowledge of other bids, and PECO may reject any[~~Bid~~] Proposal which it determines, in its sole discretion, is submitted by a [~~bidder~~]**Participant** in violation of these limitations or in coordination or in concert with any other [~~bidder~~]**Participant. Nothing in this RFP shall restrict a Participant from seeking relief from the PA PUC**

in the event that the Participant believes that PECO has not acted in accordance with the terms of this RFP.

ARTICLE 5
EVALUATION OF[~~BID~~] PROPOSALS

5.1 Evaluation of [~~Bid Proposals. All Bid Proposals will be opened by the RFP Monitor, who will rank proposals from the lowest price to the highest price and record the cumulative number of Eligible Customers bid for each bid price. The price offered under the bid, or bids, whose quantity of Eligible Customers result in the cumulative tally equaling or exceeding the number of Eligible Customers will determine a common Clearing Price for offers. A bidder who offers the Clearing Price (or a lower price) will be a successful bidder (an Opt-In Supplier). If necessary, the bid quantity of bidders which bid at the clearing price will be equally reduced so that the total number customers to receive offers from winning bidders will be equal to the number of Eligible Customers.~~]**Proposals. PECO will evaluate Proposals to ensure consistency with these RFP rules. All compliant Proposals will be accepted. Once a Proposal is accepted, the qualified Participant becomes an Opt-In Supplier.**

5.2 Selection of Successful [~~Bidders and PA PUC Approval~~]**Participants**. Upon completion of the evaluation of [~~Bid~~]Proposals, the [~~RFP Monitor~~]**PECO** shall prepare a report of the RFP results[~~ in consultation with, and on behalf of PECO~~], summarizing the [~~bidder~~]**Participant** qualification process and the [~~Bid~~]Proposals and identifying the successful and unsuccessful [~~bidders~~]**Participants (if any)**, along with successful and unsuccessful [~~Bid Proposals. The PA PUC will have three business days to review and approve, or disapprove results.~~]**Proposals (if any). PECO will notify Participants of their individual results and will provide the RFP report to the PA PUC, the OSBA, and the OCA, on a confidential basis, for their information.**

[~~5.3 Release of Winning Bid Price Information. Upon approval of any results by the PA PUC, PECO will inform all bidders of the total number of bidders, the names of the winning bidders, the number of customers to be allocated to each bidder, and the applicable clearing price. The names and other information of the non-winning bidders will not be reported.~~]

ARTICLE 6
CUSTOMER ALLOCATION AND CUSTOMER OFFERS

6.1 Allocation Methodology. Eligible [~~Customers will be randomly allocated to Opt-In Suppliers in accordance with the number of customers contained in their respective winning bids, as may be adjusted as provided in this RFP. Customers~~]**Customer accounts** shall be selected for allocation to Opt-In Suppliers **as described in Section 1.5** pursuant to a random selection process employed by a neutral independent third party who has expertise in the use of established statistical procedures for random selection (the "Statistical Expert"). Prior to such selection, Opt-In Suppliers shall be entitled to review the random selection and allocation methodology and procedure with the Statistical Expert and PECO.

6.2 Provision of Customer Accounts. Not later than two (2) business days following the selection and allocation of Eligible [~~Customers~~]**Customer accounts** by the Statistical Expert, PECO shall provide each Opt-In Supplier a list of customer accounts with account information (including account number**, rate class,** and rate[~~-class~~]) for the [~~customers~~]**customer accounts** selected by the Statistical Expert for offers from that supplier.

6.3 Offer Process. All Opt-In Suppliers shall provide offers to their allocated customers in the following manner:

6.3.1 At the sole expense of the Opt-In Supplier, **determined based on the lesser of the "Not-to-Exceed" cost or actual cost and the number of allocated customers,** PECO shall mail all of an Opt-In Supplier's allocated customers an offer package which includes an offer letter with the [~~Clearing Price~~]**4-month fixed price which is 5% lower than the June 2013 PECO PTC**, a description of the Program terms and conditions for the [~~six-month offer~~]**4-month offer, an explanation that the Opt-In Supplier will provide a fixed-price offer for the subsequent 8 month period in advance of the end of the 4-month period,** and the procedure by which the customer can accept the **initial 4-month** offer. This procedure shall include three ways to accept the **4-month** offer: 1) a response post card, included in the offer mailing, and pre-populated with as much customer information as possible; 2) a toll-free phone number provided by the Opt-In Supplier; and 3) a website provided by the Opt-In Supplier. The offer shall be valid until the end of the Customer Opt-In Period specified in the Program Schedule. The Opt-In Supplier shall provide PECO with the following information, within three business days of being notified as a [~~winning bidder~~]**final Participant**: mailing address for the response post card; toll-free phone number for enrollments under the [~~program~~]**Program**; and website address for enrollments under the [~~program~~]**Program**. The offer package will instruct the customer to contact the Opt-In Supplier for more information and to enroll in the [~~program~~]**Program**, and will not include a PECO phone number. Offer packages will provide information about the customer participation cap. **The PA PUC staff, OCA, OSBA, and EGSs will have the opportunity to review a draft of the Offer Package template. PECO will make a good faith effort to resolve all feedback and will provide a final version by February 19, 2013.**

6.3.2 The offer packages will be mailed by PECO at a rate of approximately 50,000 mailings per day in accordance with a schedule provided by PECO based on the number of Opt-In Suppliers[~~-and~~]**, the number of** total offers **and the billing cycles of the Eligible Customers**.

6.3.3 As described in Section 6.3.1, customers will be able to accept an Opt-In Supplier offer by either mailing the enrollment post card to the Opt-In Supplier, or by calling the Opt-In Supplier, or by submitting information electronically on the Opt-In Supplier's website. Contact information for PECO will not be included in the offer package; however, PECO will process any timely "Opt-In" requests it

receives from default **service** customers by notifying the Opt-In Supplier of the customer's decision to [~~Opt-In~~]**participate in the Program**.

6.3.4 Offers are open to[~~both residential~~] default service [~~and~~]residential **and small commercial customers and** shopping **residential and small commercial** customers. If PECO receives a request to enroll by a shopping customer who becomes aware of the offer, PECO will notify the Opt-In Supplier of the customer's request. PECO will enable the customer to select from participating Opt-In Suppliers if the customer does not specify a particular Opt-In Supplier during the inquiry.

6.3.5 The Program will cap customer participation at 50% of Eligible Customers **in a particular rate class** as follows. Each Opt-In Supplier may enroll a number of customers up to 50% of the number of customers allocated to the Opt-In Supplier **in a particular rate class** under the Program. Opt-In Suppliers shall be solely responsible for administering this requirement.

6.4 EDI Enrollment. Opt-In Suppliers must submit the EDI enrollment transactions for the customers who have accepted the supplier's offer to PECO on or before sixteen (16) days prior to **the** respective customer's meter read date to ensure that the customer's switch is effective as of that date.

6.5 Reporting to PA PUC. In order for PECO to comply with its reporting obligations to the **PA** PUC (which includes providing a confidential copy to the Office of Consumer **Advocate and the Office of Small Business** Advocate) and in accordance with the Program Schedule, each Opt-In Supplier shall prepare and submit a confidential report to PECO, [~~listing the customer accounts sent offer packages, the customer accounts that enrolled with the Opt-In Supplier; and statistics on the form of offer acceptance (i.e. post card, website or phone call)~~]**with the following Program Statistics**. Any tracking of enrolled accounts after allocation will be the sole responsibility of Opt-In Suppliers[~~. Upon PECO's request, each Opt-In Supplier shall prepare and submit an updated confidential report to PECO within thirty days of the conclusion of the Program.~~]**:**

6.5.1 Number of customer accounts sent offer packages (by Rate); Number of customer accounts that accepted the offer (by Rate); Form of acceptance (by Rate) (i.e. % Post Card, % Website; and % Phone, totaling 100%).

6.5.2 Upon PECO's request, each Opt-In Supplier shall prepare and submit this confidential report to PECO within thirty days of the conclusion of the Program.

ARTICLE 7
OPT-IN SUPPLIER STANDARD TERMS AND CONDITIONS

The following standard terms and conditions shall apply to all Opt-In Suppliers:

7.1 All Opt-In Supplier billing for customers who accept offers under the Program shall be Consolidated EDC Billing.

7.2 Each customer shall have the option to return to PECO default service or to switch to another EGS, or to the Opt-In Supplier under a different offer, at any time and without incurring switching fees or other penalties.

7.3 The Opt-In Supplier shall pay a fifty dollar ($50.00) bonus payment to any and all customers who remain with the [~~program~~]**Program** for [~~three~~]**four** complete billing cycles as a condition for receiving the bonus.

7.4 The bonus shall be in the form of a check to the customer name on the account, and mailed to the billing address for the account.

7.5 All bonus checks shall be mailed [~~within five business days~~]**shortly** after the customer completes [~~three~~]**four** complete billing cycles on the program**, and such that the customer receives the check before the end of the subsequent billing cycle**.

7.6 The Opt-In Supplier may not impose any additional requirements on the customer as a condition of receiving the bonus payment.

7.7 The Opt-In Supplier shall track the following information related to the payment of bonus checks and shall provide this information to [~~Commission~~]**PA PUC** Staff and/or the Office of Consumer **Advocate and/or the Office of Small Business** Advocate, on a confidential basis, upon request: **Customer Name; Address; Account Number; Date that the customer qualified to receive the bonus check; Date the bonus check was mailed; and an indicator of whether the bonus check was cashed.**

[~~7.7.1 Customer Name; Address; Account Number; Date that the customer qualified to receive the bonus check; Date the bonus check was mailed; and an indicator of whether the bonus check was cashed.~~]

7.8 Within [~~three~~]**ten** business days of satisfying all of its bonus payment obligations under the Program, the Opt-In Supplier shall provide written notice **(by email)** of such satisfaction to [~~PECO at~~][~~_____@peco-energy.com~~][~~.~~]**the PA PUC Staff, the OCA (for residential customers) and the OSBA (for small commercial customers).**

7.9 Any offers made by a customer's Opt-In Supplier to the customer to switch to another product before the completion of the [~~three~~]**four** billing cycles required to qualify for the bonus check shall include clear language explaining the risk of forfeiting the bonus.

7.10 The Opt-In Supplier shall have sole responsibility to make bonus payments. PECO has no liability to the customer for bonus payments if the Opt-In Supplier defaults on its obligation.

7.11 Only PECO shall be entitled to terminate service to customers for non-payment of EGS charges under the terms of its approved Purchase of Receivables program. [~~In~~]**Except as otherwise permitted in the Supplier Tariff, in** no event may an Opt-In Supplier discontinue service to a customer who accepted its offer under the Program before the end of the Opt-In Service Period.

7.12 Each Opt-In Supplier must offer an eight-month fixed price product, with terms and conditions, for the eight months immediately following the initial 4-month 5% discount period. Such offers and associated notices of any renewal and/or price change shall be as required under PA PUC regulations and orders.

7.13 Each Opt-In Supplier must file the terms and conditions of its eight-month product offering with the PA PUC at least forty-five days before the offers for the *eight-month fixed price product* are extended to customers. An EGS that elects to participate in the Opt-In Program *may* submit its filing in advance of that deadline (including the submission of its filing before its initial customer offer letter is mailed), but will not be required to do so.

7.14 All Opt-In Suppliers must provide notice prior to the end of the Opt-In Service Period regarding any renewal and/or price change as required under[~~the Supplier Tariff and/or~~] PA PUC regulations and orders.

7.15 Notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, an Opt-In Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

ARTICLE 8
ADDITIONAL PROGRAM PROVISIONS

8.1 RFP Costs. All **estimated** costs of this RFP incurred by PECO, including the service of the[~~RFP Monitor and~~] Statistical Expert, and all incremental costs of developing, printing, and mailing the offer package **(including return postage)** will be [~~prorated and charged to Opt-In Suppliers in proportion to~~]**used to develop a "Not-to-Exceed Cost per Allocated Customer." Each Opt-In Supplier shall be responsible for the product of : (1) the Not-to-Exceed Cost per Allocated Customer or actual cost per allocated customer (whichever is smaller); and (2)** the number of Eligible Customers allocated to [~~the supplier~~]**that Opt-In Supplier**. PECO shall invoice each Opt-In Supplier within thirty days of the Opt-In Supplier receipt of its allocated customer list, with the amount due payable within thirty days of the date of the invoice. **If an Opt-In Supplier fails to make the required payment, PECO may reduce the amount due to that Opt-In Supplier from that Opt-In Supplier's next Purchase of Receivable**

payment by the Opt-In Program amount due (but not from that amounts are subject to a bona fide POR payment dispute).

8.2 Address for submissions. All submissions to PECO, unless otherwise communicated at the [~~Bidder~~]**Participant** Conference and subsequently posted to the _____ website , for this RFP shall be delivered via overnight delivery to the following address:

PECO Competitive Opt-In Supplier Program
c/o [Name],
PECO Energy Company
S14-2
2301 Market Street
Philadelphia, PA 19103

[~~Bidder~~]**Participant** is solely responsible for the timely delivery of any submission for this RFP. Applications and other materials received after the applicable date specified in this RFP shall be accepted only in PECO's sole discretion; however, any[~~-Bid~~] Proposal submitted after the date and time specified will be returned unopened and without consideration. Electronic emails of materials other than[~~-Bid~~] Proposals (which may not be sent electronically) shall be sent to: _____@peco-energy.com.

8.3 No Unauthorized Modifications. No interpretation or change to this RFP shall be valid unless it is signed by a duly authorized representative designated by an Officer of PECO.

8.4 Ownership of RFP Materials. All materials submitted to PECO pursuant to this RFP shall be the property of PECO.

8.5 Presentation and Formatting. All information submitted by a [~~bidder~~]**Participant** must be in the English language.

8.6 Costs. PECO shall have no responsibility whatsoever with respect to the costs of any [~~bidder~~]**Participant** in considering or responding to this RFP, including but not limited to any costs of preparing any materials submitted to PECO.

8.7 Use of PECO Mark. PECO will have final approval regarding the use of any PECO mark and any other reference to PECO in the offer package and/or on the offer package envelope.

8.8 Publicity. [~~Bidders are not permitted to announce or release any information regarding this RFP or PECO's evaluation process without PECO's prior written approval, which PECO may withhold approval in its sole discretion. Each bidder~~]**Each Participant** understands and agrees that PECO does not participate in, nor does it allow, [~~bidders~~]**Participants** to utilize media releases of any kind to publicize [~~bidder~~]**Participant**'s business relationship with PECO. Each [~~bidder~~]**Participant** shall not use any trade name, trademark, service mark or any other information which identifies PECO in such [~~bidder~~]**Participant**'s sales, marketing and publicity activities, including interviews with representatives of any written publication, or television or radio station or network, without PECO's express prior written consent. [~~Successful bidders agree to cooperate with PECO in preparation of any press release announcing the results of this RFP.~~]**For all other other references to PECO not requiring PECO's prior consent, the references must be factual and cannot infer an endorsement by or affiliation with PECO**

8.9 Disclaimer. PECO makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP and its exhibits or any statements made by representatives of PECO during the RFP process. Each [~~bidder~~]**Participant** is responsible for making its own evaluation of information and data contained in this RFP and in preparing and submitting responses to this RFP. The issuance of this RFP and the receipt of information in response to this RFP shall not, in any way, cause PECO to incur any liability (whether contractual, financial or otherwise) to any [~~bidder~~]**Participant** participating in the RFP process. By submitting an Application, [~~bidder~~]**Participant** releases PECO, its affiliates, officers, employees, and agents from any and all claims, demands, actions, losses, liabilities, and expenses (including reasonable legal fees and expenses) (collectively, "Claims") relating to this RFP and agrees to indemnify PECO, its affiliates, officers, employees and agents from any Claims arising from any false representation or violation of these RFP rules by [~~bidder.~~]**Participant.**

8.10 Not an Offer. This RFP is issued to elicit responses to PECO's inquiry and is not an offer. The issuance of the RFP and the submission of [~~bidder~~]**Participant**'s information do not create any obligation upon PECO, and PECO reserves the right to accept or reject any or all proposals received. PECO also reserves the right to amend, suspend, or terminate the RFP process at any time, without reason and without liability, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more [~~bidders~~]**Participants**. No contract or other binding obligation on PECO will be implied unless and until an agreement has been executed on terms and conditions acceptable to PECO. PECO also reserves the right to not execute agreements with any or all [~~bidders~~]**Participants** should the Company determine, in its sole discretion, that such agreement would violate existing regulatory standards.

8.11 Non-conforming Applications and[~~-Bid~~] Proposals. PECO reserves the right to reject any Application or [~~Bid -~~]Proposal at any time on the grounds that it does not conform to the terms and conditions of this RFP or the [~~bidder~~]**Participant** has not complied with the provisions of this RFP.

EXHIBIT 1 - FORM OF [~~BIDDER~~]PARTICIPANT APPLICATION

Name of [~~Bidder~~]**Participant**:			
Contact:		Title:	
E-mail:		Phone:	
Address:	City:	State:	Zip Code:

INSTRUCTIONS

Two signed originals of Attachment A ([~~Bidder~~]Participant Agreement) must be attached to [~~Bidder~~]Participant's original Application, with a copy attached to each of the three required additional copies. All terms used herein have the meaning set forth in PECO's Opt-In Competitive Offer Program Request for Proposals and Program Rules.

[]As an officer or other authorized representative of the [~~Bidder~~]**Participant**, I certify that: (a) the [~~Bidder is licensed to operate as an EGS in Pennsylvania; (b) the Bidder is a member of PJM and meets all applicable PJM obligations for load serving entities, including credit requirements; (c) the Bidder is in compliance, and agrees to continue to comply, with all applicable obligations, requirements, rules, and regulations of the Supplier Tariff and PECO's Electric Service Tariff; (d) the Bidder does not have any past due outstanding supplier related charges owed to PECO; (e) the Bidder has been certified by PECO to have the data exchange capabilities required for all applicable EDI/EDEWG transactions, or submits the attached plan for PECO's consideration which demonstrates that the bidder will be certified in such EDI capabilities before submitting bids; (f) the Bidder will comply with the following operational requirements: (1) maintenance of the ability to cancel supplier charges via the 810 Bill Purpose Codes 17 and 18 as described in the EDEWG Implementation Guidelines for Electronic Data Interchange, and (2) maintenance of the ability to submit 'rate level' 810 EDI transactions; (g) the bidder~~]**Participant is certified to serve load in the PECO territory at the time by the Participant Applications Due Date; (b) the Participant** agrees that any delayed charges must be billed pursuant to all applicable [~~EDEWG~~]**Electronic Data Exchange Working Group** "Final Bill" implementation guidelines, and no Program charges may be separately billed; ([~~h) the Bidder will comply with any increased bonding requirements imposed by the PA PUC during the Opt-In Service Period; and (i) the bidder~~]**c) the Participant** certifies that it has the financial resources to make a bonus payment [~~under the offer of~~]**equal to** $50.00 to [~~all customers~~]**each customer** who [~~enroll~~]**enrolls** with them and who remain with the [~~program~~]**Program** for [~~three~~]**four** complete billing cycles; and ([~~j~~]**d**) the [~~bidder~~]**Participant** certifies that it has the capability to provide customers with three ways to accept [~~their~~]**its** offer: (1) processing a response post card from the customer, included in the offer mailing, and pre-populated with as much customer information as possible; (2) [~~providing~~]**through calls on** a toll-free phone number provided by the Opt-In Supplier; and (3) [~~providing~~]**through** a website **provided by the Opt-In Supplier**.

SIGNATURE OF AUTHORIZED REPRESENTATIVE

I am an officer or other authorized representative of the [~~Bidder~~]**Participant** and certify that all of the information and certifications in this Application are true and acknowledge that this submission constitutes

acceptance and agreement to all terms of the RFP.	
Signature:	Date:
Name:	Title:

EXHIBIT 1 - ATTACHMENT A - FORM OF OPT-IN SUPPLIER AGREEMENT

AGREEMENT

This Agreement ("Agreement") is made as of March 22, 2013 (the "Effective Date"), by and between *[Opt-In Supplier]* and PECO Energy Company, a public utility authorized to supply electric service in the Commonwealth of Pennsylvania ("PECO") **(each a "Party", and collectively "the Parties")**.

1. Definitions. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Electric Generation Supplier Opt-In Competitive Offer Program Request for Proposals and Program Rules issued by PECO on January 18, 2013 (the "Program") and PECO's Electric Generation Supplier Coordination Tariff (the "Supplier Tariff").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect through the Opt-In Service Period (the "Term") unless terminated as provided in this Agreement.

3. Opt-In Enrollment Offer. In accordance with the Program, PECO shall mail a standardized offer letter for electric generation service to the Eligible Customers allocated to the Opt-In Supplier.

4. Fixed Price to Customers. In accordance with the Program, the Opt-In Supplier shall provide **fixed-price** Competitive Energy Supply **for a twelve-month period** to each customer that accepts its offer under the Program (an "Opt-In Supplier Customer")[~~at the Clearing Price~~]. **The initial four months of the fixed-price product must be five percent (5%) lower than the applicable June 2013 PECO PTC.**

[~~4.~~]5. Bonus Payment. In accordance with the Program, the Opt-In Supplier shall pay a fifty dollar ($50.00) bonus payment to any and all customers who remain with the [~~program~~]**Program** for [~~three~~]**four** complete billing cycles at the Opt-In Supplier's sole expense. PECO will have no obligation whatsoever with respect to the bonus payment due to any customers, which shall be the sole responsibility of the Opt-In Supplier.

[~~5.~~]6. Terms and Conditions. During the Term, the Opt-In Supplier agrees that: (a) all Opt-In Supplier billing for each Opt-In Supplier Customer shall be Consolidated EDC Billing; (b) each Opt-In Supplier [~~customer~~]**Customer** shall have the option to return to PECO default service or to switch to another EGS, or to the Opt-In Supplier under a different Opt-In Supplier offer, at any time and without incurring switching fees or other penalties; (c) only PECO shall be entitled to terminate service to Opt-In Supplier Customers for non-payment of EGS charges under the terms of PECO's approved Purchase of Receivables program in the Supplier Tariff; (d) **except as otherwise permitted in the Supplier Tariff,** in no event may an Opt-In Supplier discontinue service to an Opt-In Supplier Customer before the end of the Opt-In Service Period; (e) the Opt-In Supplier shall provide notice **to the Opt-In Supplier Customer** prior to the end of the Opt-In Service Period regarding any renewal and/or price change as required under the Supplier Tariff and/or PA PUC regulations **or Policy Statements**; and (f) notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, an Opt-In Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

[~~6.~~]7. Representations and Warranties of Opt-In Supplier. The Opt-In Supplier represents and warrants that, on the Effective Date and throughout the Term: (a) it is [~~licensed to operate as an EGS in~~

~~Pennsylvania; (b) it is a member of PJM and meets all applicable PJM obligations for load serving entities, including credit requirements; (c) it is in compliance with all applicable obligations, requirements, rules, and regulations of the Supplier Tariff and PECO's Electric Service Tariff; (d) it has no past due outstanding supplier-related charges owed to PECO; (e) it has been certified by PECO to have the data exchange capabilities required for all applicable Electronic Data Interchange ("EDI")/Electronic Data Exchange Working Group ("EDEWG") transactions under this Agreement; (f) it has the ability to cancel supplier charges via the 810 Bill Purpose Codes 17 and 18 as described in the EDEWG Implementation Guidelines for Electronic Data Interchange, and submit 'rate level' 810 EDI transactions. For customers with two rates on the same account; (g)~~**certified to serve load in the PECO territory at the time of Participant Applications Due Date; and (b)** any delayed charges must be billed pursuant to [~~EDEWG~~]**all applicable Electronic Data Exchange Working Group** "Final Bill" implementation guidelines[~~; and (h) it will comply with any increased bonding requirements imposed by the PA PUC during the Opt-In Service Period~~].

[~~7.~~]**8. Termination**. This Agreement may be terminated by PECO upon written notice of a material breach of this Agreement [~~or~~]**by** the[~~ Supplier Tariff by~~] Opt-In Supplier.

[~~8.~~]**9. Payment of Program Costs**. [~~The Opt-In Supplier agrees to pay all Program costs incurred by PECO on a pro rata basis with all other Opt-In Suppliers in the Program based upon the number of customers allocated to the Opt-In Supplier by the Statistical Expert~~]**All estimated costs of this RFP incurred by PECO, including the service of the Statistical Expert, and all incremental costs of developing, printing, and mailing the offer package will be used to develop a "Not-to-Exceed Cost per Allocated Customer." Each Opt-In Supplier shall be responsible for the product of : (1) the Not-to-Exceed Cost per Allocated Customer or actual cost per Allocated Customer (whichever is smaller); and (2) the number of Eligible Customers allocated to that Opt-In Supplier**. PECO shall invoice [~~the~~]**each** Opt-In Supplier within thirty days of the Opt-In Supplier receipt of its allocated customer list[~~ under the Program, and the Opt-In Supplier shall pay the invoice in full~~]**, with the amount due payable** within thirty days of the date of the invoice. **If an Opt-In Supplier fails to make the required payment, PECO may reduce the amount due to that Opt-In Supplier from that Opt-In Supplier's next Purchase of Receivables payment by the Opt-In Program amount due (but not from amounts that are subject to a bona fide POR payment dispute).**

[~~9.~~]**10. Limitations**. Notwithstanding any provision of this Agreement or the Program, the Opt-In Supplier acknowledges that (a) the Opt-In Supplier has obtained certain benefits from participating in the Program, but that PECO has made no representation regarding the number of customers (if any) the Opt-In Supplier may obtain as a result of the Program, or the amount of electric load that will be required by such customers; (b) PECO has no obligation to provide electric supply other than default service in accordance with the Pennsylvania Public Utility Code to any customer that may be served by the Opt-In Supplier in the event that the Opt-In Supplier no longer serves that customer for any reason; and (c) the Opt-In Supplier waives any right to claim any loss of business, consequential damage or any monetary or other direct damages from PECO of any kind whatsoever arising from or relating to this Agreement or the Program.

[~~10.~~]**11. Indemnification.** The Opt-In Supplier shall indemnify, save and hold PECO harmless from and against any and all third party losses, costs, liabilities, damages and expenses (including, without limitation, attorneys' fees and expenses) incurred or suffered as a result of or in connection with the Opt-In Supplier's material breach of this Agreement, failure to comply with any applicable laws, or intentional, negligent or willful misconduct.

[~~11.~~]**12. Other Provisions.** This Agreement represents the entire agreement between PECO and Opt-In Supplier and no amendment of this Agreement will be valid unless in writing and signed by

representatives of both parties. Each [~~party~~]**Party** represents that this Agreement is a legally valid and binding obligation enforceable against it in accordance with its terms, and that the execution, delivery and performance of this Agreement are within its powers and have been duly authorized by all necessary action and do not violate any terms and conditions in its governing documents, any contracts to which it is a party, or any applicable law, rule, regulation or order. [~~Opt-In Supplier~~]**Neither Party** may[~~not~~] assign this Agreement without [~~PECO's~~]consent **of the other Party, not to be unreasonably withheld**. All notices required under this Agreement shall be provided to the parties and addresses listed directly below or to such other address as either party may designate from time to time by providing written notice to the other [~~party~~]**Party**. Nothing in this Agreement is intended to convey benefits, rights or remedies to any person other than Opt-In Supplier and PECO, and no third party shall have the right to enforce the provisions of this Agreement, except that the PA PUC may enforce the provisions of this Agreement, the Program, the Supplier Tariff and any provision of the Pennsylvania Public Utility Code or PA PUC regulations applicable to this Agreement. This Agreement is not intended to create any partnership or joint venture between PECO and the Opt-In Supplier, and neither [~~party~~]**Party** shall have the power to bind or obligate the other [~~party~~]**Party**. In the event that any provision of the Agreement shall be found to be void or unenforceable, such findings shall not be construed to render any other provision either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either [~~party~~]**Party**. This Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws provisions. In the event of any conflict between this Agreement, the Program, and the Supplier Tariff, this Agreement shall be controlling.

PECO ENERGY COMPANY	**[OPT-IN SUPPLIER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
PECO Energy Company ATTN: 2301 Market Street Philadelphia, PA Phone: Fax: E-mail: ____@peco-energy.com	[Company name] [Address] Phone: Fax: E-mail:

EXHIBIT 2
[~~BID~~]PROPOSAL FORM

(not to be submitted with [~~Bidder~~]Participant Application)

Legal Name of [~~Bidder~~]**Participant**:

[~~Bidder #:~~]
RESIDENTIAL CUSTOMER PROGRAM:

Fixed Price for [~~six~~]**initial four** monthly billing cycle periods**:** (**xx.xx** cents/kwh):
[~~_____~~]**(amount to be specified and equal to 0.95 x the June 2013 PECO PTC)**

Desired Number of Allocated Eligible Customers (CHECK ONE):

- ☐ **We do not wish to participate in the Residential Customer Program**
- ☐ **No Maximum**
- ☐ **Maximum of _____ Eligible Customers (specify maximum)**

SMALL COMMERCIAL CUSTOMER PROGRAM (with annual peak loads less than 25 kW):

[~~Bid Quantity (Number of Tranches, not to exceed 10 tranches):~~ ~~_____~~]
Fixed Price for initial four monthly billing cycle periods (cents/kwh): xx.xx (different prices for different rates will be specified equal to the June 2013 PECO PTC for each small commercial customer rate class)

Desired Number of Allocated Eligible Customers (CHECK ONE):

- ☐ **We do not wish to participate in the Small Commercial Customer Program**
- ☐ **No Maximum**
- ☐ [☐][~~Bidder has submitted multiple bids in response to this RFP (check box if applicable; multiple bids may not exceed 100%~~]**Maximum** of _____ Eligible Customers[~~).~~] **(specify maximum)**

I hereby certify that I am an officer or other authorized representative of the [~~Bidder~~]**Participant** named above and submit this [~~Bid~~]Proposal on behalf of the [~~Bidder~~]**Participant**. By submitting this [~~Bid~~]Proposal, [~~Bidder~~]**Participant** acknowledges and accepts all terms of PECO's Request for Proposal dated _____.[~~.~~]

By: _____
Name: _____

Title: _____

Date: _____

EXHIBIT E

PECO Energy Company

Electric Generation Supplier Standard Offer Program Request for Proposals and Program Rules

January XX, 2013

ARTICLE 1
INTRODUCTION

1.1 In this Request for Proposals ("RFP"), PECO Energy Company ("PECO" or the "Company") is soliciting proposals by electric generation suppliers ("EGSs") to provide competitive retail service to residential customers. Participating EGSs in this program (the "Standard Offer Program" or "Program") will have the opportunity to submit applications to provide fixed-price electric generation service to residential customers for twelve monthly billing cycle periods, on a month by month basis beginning approximately three weeks after the application is submitted. This document describes the process by which EGSs may qualify and submit applications and the rules with which each accepted applicant (the "Standard Offer Supplier") must comply and the standard terms and conditions for service provided by the Standard Offer Supplier under this Program.

1.2 Program Duration. The Standard Offer Program will begin at the conclusion of the enrollment period for PECO's EGS Opt-In Competitive Offer Program, which is expected to conclude on or about May 15, 2013. The initial Standard Offer Month will be June 2013; the final Standard Offer Month will be May 2015.

1.3 PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal corporate office in Philadelphia, Pennsylvania. PECO is an electric distribution company under Pennsylvania law and provides electric delivery service to approximately 1.6 million retail customers in Southeastern Pennsylvania. PECO is also the default service provider in its service territory, and currently provides electric generation service to approximately [_____] residential customers.

1.4 Participating EGSs must qualify by submitting an application (an "Application") to PECO demonstrating their qualifications to become a Standard Offer Supplier, as described in detail in Section 3.2. These qualifications include certification to serve load in the PECO territory at the time of Standard Offer Supplier Application Due Date. As part of the qualifying process, an Applicant will be required to execute a Standard Offer Supplier Agreement in which the Applicant agrees to various requirements. In the Standard Offer Supplier Agreement, the Applicant agrees to offer all interested residential customers a fixed price, in cents per kilowatt-hour, for which the supplier is prepared to provide electric generation service to residential customers for twelve monthly billing cycle periods (the "Standard Offer Period"). The fixed price to be offered by the Applicant must be seven percent (7%) lower than the PECO default service rate (the "Price-to-Compare") in effect at the time of the offer.

1.5 Although applications may be submitted at any time, PECO will activate Standard Offer Suppliers only for whole calendar months. An Applicant must be deemed qualified by PECO at least ten business days in advance of first day of the next calendar month in order to be activated as a Standard Offer Supplier for that month. A Standard Offer Supplier may request removal from the list of Standard Offer Suppliers upon thirty days

written notice to PECO. Absent a request to be removed from the list, Standard Offer Suppliers will continue to be listed from month to month.

1.6 This RFP includes the following attached documents:

Exhibit 1: Standard Offer Supplier Application (including Standard Offer Supplier Agreement)

ARTICLE 2
SCHEDULE AND STANDARD OFFER SUPPLIER INFORMATION

2.1 Monthly RFP Schedule. The following table sets forth significant dates each month (the "Program Schedule") for the Standard Offer Supplier Program. The time for each deadline on each specified date is 5:00 pm Eastern Prevailing Time (EPT). PECO reserves the right to modify these dates at its discretion.

RFP Overview and Technical Conference	Scheduled during the first week of the month prior to the upcoming Standard Offer Month
Standard Offer Supplier Application Due Date	Twenty business days before Standard Offer Month
Notification of Standard Offer Supplier Qualification	Ten business days before Standard Offer Month
Standard Offer Month	Calendar month
Commencement of Supply by Standard Offer Supplier	Based on enrolled customer's switching date

2.2 RFP Overview and Technical Conference. PECO will post a schedule of technical web conferences to outline the Standard Offer Program, including the RFP process. PECO will notify all registered EGSs of the technical conferences by EGS bulletin and by email to the PUC/OCMO distribution list. Potential Applicants are urged to review this RFP, including exhibits, prior to the web conference. PECO will answer questions raised at each web conference to the extent possible. Any party wishing to participate in each web conference must send an e-mail to *[e-mail address to be provided]* with the subject line "Standard Offer Program" PECO will provide participation information for the web conference by return e-mail.

2.3 Applicant Inquiries. Before each technical conference, participants may submit questions to PECO via electronic mail *[e-mail address to be provided]*. To the extent possible, questions submitted prior to the technical conference will be addressed by PECO at the conference. Additional questions submitted and answered by PECO thereafter shall be posted with answers. The person or company submitting the question shall not be identified. While PECO will review and attempt to answer questions in good faith, PECO reserves the right not to answer any question. The conference and this Applicant

inquiry procedure are the exclusive methods for inquiring about this RFP, and questions submitted to individual PECO employees or the Company by other means will not be answered and may result in disqualification of the Applicant.

2.4 Informational Website and Updates. PECO has established a website – *[www.peco.com/_____]* – for electronic copies of RFP materials, posting of questions and answers, the RFP schedule, and other updates on this RFP. Applicants are encouraged to review this website regularly. In its sole discretion, PECO will endeavor to provide e-mail notification of important website updates to qualified Applicants.

ARTICLE 3
STANDARD OFFER SUPPLIER QUALIFICATION

3.1 Standard Offer Supplier Application. In order to submit an Application in response to this RFP, an Applicant must submit a printed original and three printed copies of an Application for approval by PECO using the form attached hereto as Exhibit 1, Attachment A (Form of Standard Offer Supplier Application). All Applications shall be submitted to the submission address specified in Section 8.2. Applications which are incomplete, do not conform to the form attached hereto, or otherwise do not satisfy all requirements of this RFP shall not be considered. Submission of a Standard Offer Supplier Application constitutes an Applicant's agreement to and acceptance of all terms and conditions of this RFP. An electronic copy of the Applications may be provided initially via electronic email to *[e-mail address to be provided]* to meet the bidder application deadline as long as the required hard copies are received by 5:00 p.m. EPT on the business day immediately following.

3.2 Standard Offer Supplier Qualifications. In order to qualify to submit a Proposal, an Applicant must certify in the Application that it satisfies the following criteria (the "Standard Offer Supplier Qualifications"):

(a) The Applicant is certified to serve load in the PECO territory at the time of the Standard Offer Supplier Application Due Date.

(b) The Applicant does not have any past due outstanding supplier-related charges owed to PECO (excluding any pending disputed charges).

(c) The Applicant agrees that any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines. No Program charges may be separately billed.

3.3 Standard Offer Supplier Agreement. Each Applicant must also execute a Standard Offer Supplier Agreement in the form included in the Standard Offer Supplier Application. In the event the Applicant does not become a Standard Offer Supplier, the Standard Offer Supplier Agreement will be returned to the Applicant unexecuted by PECO upon request of the Applicant.

3.4 Additional Information. PECO may, but is not obligated to, request additional information and materials from any Applicant for evaluation of an Application.

Information submitted by an Applicant absent a request by PECO which is not in the nature of a correction or clarification to the Application will not be considered by PECO. If any information in an Application or Standard Offer Supplier Agreement is no longer true, Applicants shall immediately notify PECO of the changed information. Failure to provide such notification or respond to a request for additional information and materials may result in disqualification of the Applicant and rejection of its Application. PECO shall have no duty to inform any Applicant of any deficiency in its Application.

3.5 Prior Qualification. An Applicant who has previously qualified under the Standard Offer Supplier Program is not required to submit a second application for succeeding months, but must inform PECO of any change its status or ability to satisfy the qualification requirements as provided in Section 3.4. An Applicant who has previously qualified under the Standard Offer Supplier Program need not execute a new Standard Offer Supplier Agreement unless requested by PECO.

3.6 Application Evaluation and Notification of Applicants. PECO will evaluate each Application using a standard protocol for its completeness and satisfaction of the Standard Offer Supplier Qualifications. PECO will provide each Applicant with notice of its satisfaction or failure to satisfy the Standard Offer Supplier Qualifications by the date for Notification of Standard Offer Supplier Qualification set forth in the Program Schedule.

3.7 PECO Affiliates. Affiliates of PECO are permitted to submit Applications and to participate in this RFP to the same extent as any other entity.

ARTICLE 4
CUSTOMER ENROLLMENT

4.1 Enrollment. Residential customers may enroll with the Standard Offer Supplier through the PECO website or by telephone using an interactive voice response ("IVR") system maintained and operated by PECO or a dedicated call center referral group. Customers may select a Standard Offer Supplier from a list, or choose to have PECO randomly assign a Standard Offer Supplier.

4.2 Enrollment Report. Once every business day, PECO will electronically transmit a report of enrollment requests received to each EGS serving as Standard Offer Supplier. The Enrollment Report will contain the information needed to enable the EGS to submit EDI 814 enrollment requests to PECO. Each Standard Offer Supplier shall submit EDI 814 enrollments within one business day of receipt of the enrollment request report from PECO. The contract date in the EDI 814 transaction must match the date of the applicable Enrollment Report.

4.3 Enrollment Processing. Upon receipt by PECO of the EDI 814 enrollment, the standard EDC Enrollment Letter (or other Pennsylvania Public Utility Commission ("Commission")-approved form of notification) will be mailed by PECO to the customer.

4.4 Sales Agreement. Each Standard Offer Supplier shall send a sales agreement, which meets all PUC regulations and includes the terms and conditions set forth in Article 5, to the customer within one business day after sending the EDI 814 enrollment transaction. The sales agreement will provide the terms of service for the initial 12-monthly billing cycle period and also provide information about how the terms may change after the initial 12-month period. This shall include the date by which the customer must take action to exercise his or her options at the end of the term.

4.5 Report to PA PUC. In order to monitor the success of the Standard Offer Supplier Program, PECO will produce two confidential reports to the Commission and the Office of the Consumer Advocate annually, with the first report submitted within 45 days after PECO has operated the program for 12 complete months. The second report will be submitted by June 15, 2015. In order to obtain statistics to prepare this report, Standard Offer Suppliers shall provide metrics on a monthly basis in the form of electronic reports to PECO, including, for each offer month, the number of accounts that enrolled in the program for the Standard Offer Month, the number of accounts that have dropped from the program in each month before the end of the 12-month Standard Offer Period (e.g. number of accounts dropped in the first month of the term, number of accounts dropped in the second month, etc.); and the number of accounts retained by the EGS for at the end of the 12-month Standard Offer Period. PECO will provide a template for this reporting to facilitate compilation of data.

ARTICLE 5
STANDARD OFFER SUPPLIER STANDARD TERMS AND CONDITIONS

The following standard terms and conditions shall apply to all Standard Offer Suppliers:

5.1 At the time of the first contact between the Standard Offer Supplier and the Standard Offer Customer, the customer will be reminded of the terms and conditions of the standard offer, including the date by which the customer must take action to exercise his or her options at the end of the term.

5.2 All Standard Offer Supplier billing for customers who enroll under the Program shall be Consolidated EDC Billing.

5.3 Each customer shall have the option to return to PECO default service or to switch to another EGS, or to the Standard Offer Supplier under a different offer, at any time and without incurring switching fees or other penalties.

5.4 Only PECO shall be entitled to terminate service to customers for non-payment of EGS charges under the terms of its approved Purchase of Receivables program. Except as otherwise permitted in the Supplier Tariff, in no event may a Standard Offer Supplier discontinue service to a customer who accepted its offer under the Program before the end of the Standard Offer Period.

5.5 All Standard Offer Suppliers must provide notice prior to the end of the Standard Offer Period regarding any renewal and/or price change as required under PA PUC regulations and orders.

5.6 Notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, a Standard Offer Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

ARTICLE 6
ADDITIONAL PROGRAM PROVISIONS

6.1 Program Costs. All costs associated with implementation of the Standard Offer Supplier Program, including this RFP, will be recovered through a discount in the Purchase of Receivables payment to all suppliers serving residential customers. Costs include information system implementation costs for website and IVR changes, incremental call center support for the program and other associated administrative costs.

6.2 Address for submissions. All submissions to PECO for this RFP and Program, unless otherwise communicated at a technical conference and subsequently posted to the _____ website, shall be delivered via overnight delivery to the following address:

PECO Standard Offer Supplier Program
c/o [Name],
PECO Energy Company
S14-2
2301 Market Street
Philadelphia, PA 19103

Applicant is solely responsible for the timely delivery of any submission for this RFP. Applications and other materials received after the applicable date specified in this RFP shall be accepted only in PECO's sole discretion. Electronic emails shall be sent to: *[e-mail address to be provided]*

6.3 No Unauthorized Modifications. No interpretation or change to this RFP shall be valid unless it is signed by a duly authorized representative designated by an Officer of PECO.

6.4 Ownership of RFP Materials. All materials submitted to PECO pursuant to this RFP shall be the property of PECO.

6.5 Presentation and Formatting. All information submitted by an Applicant must be in the English language.

6.6 Costs. PECO shall have no responsibility whatsoever with respect to the costs of any Applicant in considering or responding to this RFP, including but not limited to any costs of preparing any materials submitted to PECO.

6.7 Use of PECO Mark. PECO will have final approval regarding the use of any PECO mark and any other reference to PECO in materials related to the Standard Offer Supplier Program.

6.8 Publicity. Each Applicant understands and agrees that PECO does not participate in, nor does it allow, Applicants to utilize media releases of any kind to publicize Applicant's business relationship with PECO. Each Applicant shall not use any trade name, trademark, service mark or any other information which identifies PECO in such Applicant's sales, marketing and publicity activities, including interviews with representatives of any written publication, or television or radio station or network, without PECO's express prior written consent. Standard Offer Suppliers are not permitted to promote their role as Standard Offer Supplier, either before, during or after their Offer Month, without PECO's prior written approval, which PECO may withhold approval in its sole discretion. For all other references to PECO not requiring PECO's prior consent, the references must be factual and cannot infer an endorsement by or affiliation with PECO.

6.9 Disclaimer. PECO makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP and its exhibits or any statements made by representatives of PECO during the RFP process. Each Applicant is responsible for making its own evaluation of information and data contained in this RFP and in preparing and submitting responses to this RFP. The issuance of this RFP and the receipt of information in response to this RFP shall not, in any way, cause PECO to incur any liability (whether contractual, financial or otherwise) to any Applicant participating in the RFP process. By submitting an Application, Applicant releases PECO, its affiliates, officers, employees, and agents from any and all claims, demands, actions, losses, liabilities, and expenses (including reasonable legal fees and expenses) (collectively, "Claims") relating to this RFP and agrees to indemnify PECO, its affiliates, officers, employees and agents from any Claims arising from any false representation or violation of these RFP rules by Applicant.

6.10 Not an Offer. This RFP is issued to elicit responses to PECO's inquiry and is not an offer. The issuance of the RFP and the submission of Applicant's information do not create any obligation upon PECO, and PECO reserves the right to accept or reject any or all proposals received. PECO also reserves the right to amend, suspend, or terminate the RFP process at any time, without reason and without liability, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more Applicants. No contract or other binding obligation on PECO will be implied unless and until an agreement has been executed on terms and conditions acceptable to PECO. PECO also reserves the right to not execute agreements with any or all Applicants should the Company determine, in its sole discretion, that such agreement would violate existing regulatory standards.

6.11 Non-conforming Applications. PECO reserves the right to reject any Application at any time on the grounds that it does not conform to the terms and conditions of this RFP or the Applicant has not complied with the provisions of this RFP.

EXHIBIT 1 - FORM OF STANDARD OFFER SUPPLIER APPLICATION

Name of Applicant:			
Contact:		Title:	
E-mail:		Phone:	
Address:	City:	State:	Zip Code:

INSTRUCTIONS

Two signed originals of Attachment A (Standard Offer Supplier Agreement) must be attached to Applicant's original Application, with a copy attached to each of the three required additional copies. All terms used herein have the meaning set forth in PECO's Standard Offer Supplier Program Request for Proposals and Program Rules.

As an officer or other authorized representative of the Applicant, I certify that: (a) the Applicant is certified to serve load in the PECO territory at the time of the Opt-In Supplier Application Due Date; (b) the Applicant does not have any past due outstanding supplier-related charges owed to PECO (excluding any pending disputed charges); and (c) the Applicant agrees that any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines, and no Program charges may be separately billed.

SIGNATURE OF AUTHORIZED REPRESENTATIVE

I am an officer or other authorized representative of the Applicant and certify that all of the information and certifications in this Application are true and acknowledge that this submission constitutes acceptance and agreement to all terms of the RFP.

Signature:	Date:
Name:	Title:

EXHIBIT 1 - ATTACHMENT A

FORM OF STANDARD OFFER SUPPLIER AGREEMENT

This Agreement ("Agreement") is made as of _____, 201_ (the "Effective Date"), by and between *[Standard Offer Supplier]* and PECO Energy Company, a public utility authorized to supply electric service in the Commonwealth of Pennsylvania ("PECO") (each a "Party" and collectively "the Parties").

1. Definitions. All capitalized terms not otherwise defined herein shall have the meaning set forth in the EGS Standard Offer Program Request for Proposals and Program Rules issued by PECO on _____, 2013 (the "Program") and PECO's Electric Generation Supplier Coordination Tariff (the "Supplier Tariff").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect unless terminated as provided in this Agreement.

3. Fixed Price to Customers. In accordance with the Program, the Standard Offer Supplier shall provide Competitive Energy Supply to each customer that enrolls with the Standard Offer Supplier (a "Standard Offer Customer") at effective Standard Offer Price at the time of each customer's date of enrollment. The Standard Offer Price shall be a fixed cents/kWh comprised of a seven percent (7 %) reduction from the effective PECO Energy residential default service Price to Compare on the date the standard offer is made. The Standard Offer Price will be available to the Standard Offer Customer over twelve complete billing cycles ("Standard Offer Period").

4. Terms and Conditions. During the Term, the Standard Offer Supplier agrees that: (a) all Standard Offer Supplier billing for each Standard Offer Customer shall be Consolidated EDC Billing; (b) each Standard Offer customer shall have the option to return to PECO default service or to switch to another EGS, or to the Standard Offer Supplier under a different offer, at any time and without incurring switching fees or other penalties; (c) only PECO shall be entitled to terminate service to Standard Offer Customers for non-payment of EGS charges under the terms of PECO's approved Purchase of Receivables program in the Supplier Tariff; (d) except as otherwise permitted in the Supplier Tariff, in no event may a Standard Offer Supplier discontinue service to a Standard Offer Customer before the end of the Standard Offer Period; (e) the Standard Offer Supplier shall provide notice prior to the end of the Standard Offer Period regarding any renewal and/or price change as required under the Supplier Tariff and/or PA PUC regulations or Policy Statements; (f) Standard Offer Customers may choose to be assigned to the Standard Offer Supplier of their choice or may choose a random assignment by PECO; and (f) notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, a Standard Offer Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

5. Representations and Warranties of Standard Offer Supplier. The Standard Offer Supplier represents and warrants that, on the Effective Date and throughout the Term: (a) it is certified to serve load in the PECO territory at the time of the Opt-In Supplier Application Due Date; (b) it has no past due outstanding supplier-related charges owed to PECO (excluding any pending disputed charges); and (c) any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines.

6. Termination and Withdrawal from Supplier List. This Agreement may be terminated (i) by PECO upon written notice of a material breach of this Agreement by the Standard Offer Supplier; (ii) by PECO

upon the termination of the Program; or (iii) by the Standard Offer Supplier upon thirty (30) days written notice, provided that the Standard Offer Supplier shall no longer be serving any Standard Offer Supplier customers who remain on a fixed rate offered by the Standard Offer Supplier under the Program during the Standard Offer Period applicable to such customer. A Standard Offer Supplier shall be removed from PECO's Standard Offer Supplier list upon 30 days written notice, but the Agreement shall not terminate except as provided in the preceding sentence.

7. Limitations. Notwithstanding any provision of this Agreement or the Program, the Standard Offer Supplier acknowledges that (a) the Standard Offer Supplier has obtained certain benefits from participating in the Program, but that PECO has made no representation regarding the number of customers (if any) the Standard Offer Supplier may obtain as a result of the Program, or the amount of electric load that will be required by such customers; (b) PECO has no obligation to provide electric supply other than default service in accordance with the Pennsylvania Public Utility Code to any customer that may be served by the Standard Offer Supplier in the event that the Standard Offer Supplier no longer serves that customer for any reason; and (c) the Standard Offer Supplier waives any right to claim any loss of business, consequential damage or any monetary or other direct damages from PECO of any kind whatsoever arising from or relating to this Agreement or the Program.

8. Indemnification. The Standard Offer Supplier shall indemnify, save and hold PECO harmless from and against any and all third party losses, costs, liabilities, damages and expenses (including, without limitation, attorneys' fees and expenses) incurred or suffered as a result of or in connection with the Standard Offer Supplier's material breach of this Agreement, failure to comply with any applicable laws, or intentional, negligent or willful misconduct.

9. Other Provisions. This Agreement represents the entire agreement between PECO and Standard Offer Supplier and no amendment of this Agreement will be valid unless in writing and signed by representatives of both parties. Each Party represents that this Agreement is a legally valid and binding obligation enforceable against it in accordance with its terms, and that the execution, delivery and performance of this Agreement are within its powers and have been duly authorized by all necessary action and do not violate any terms and conditions in its governing documents, any contracts to which it is a party, and any applicable law, rule, regulation or order. Neither Party may assign this Agreement without consent of the other Party, not to be unreasonably withheld. All notices required under this Agreement shall be provided to the Parties and addresses listed directly below or to such other address as either Party may designate from time to time by providing written notice to the other Party. Nothing in this Agreement is intended to convey benefits, rights or remedies to any person other than Standard Offer Supplier and PECO, and no third party shall have the right to enforce the provisions of this Agreement, except that the PA PUC may enforce the provisions of this Agreement, the Program, the Supplier Tariff and any provision of the Pennsylvania Public Utility Code or PA PUC regulations applicable to this Agreement. This Agreement is not intended to create any partnership or joint venture between PECO and the Standard Offer Supplier, and neither Party shall have the power to bind or obligate the other Party. In the event that any provision of the Agreement shall be found to be void or unenforceable, such findings shall not be construed to render any other provision either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either Party. This Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws provisions. In the event of any conflict between this Agreement, the Program, and the

Supplier Tariff, this Agreement shall be controlling.

PECO ENERGY COMPANY

By: _____

Name: _____

Title: _____

PECO Energy Company
ATTN:
2301 Market Street
Philadelphia, PA
Phone:
Fax:
E-mail: ____@peco-energy.com

[STANDARD OFFER SUPPLIER]

By: _____

Name: _____

Title: _____

[Company name]
[Address]

Phone:
Fax:
E-mail:

PECO Energy Company

Electric Generation Supplier Standard Offer Program Request for Proposals and Program Rules

January XX, 2013

ARTICLE 1
INTRODUCTION

1.1 In this Request for Proposals ("RFP"), PECO Energy Company ("PECO" or the "Company") is soliciting proposals by electric generation suppliers ("EGSs") to provide competitive retail service to residential customers. Participating EGSs in this program (the "Standard Offer Program" or "Program") will have the opportunity to submit applications to provide fixed-price electric generation service to residential customers for twelve monthly billing cycle periods, on a month by month basis beginning approximately three weeks after the application is submitted. This document describes the process by which EGSs may qualify and submit applications and the rules with which each accepted applicant (the "Standard Offer Supplier") must comply and the standard terms and conditions for service provided by the Standard Offer Supplier under this Program.

1.2 Program Duration. The Standard Offer Program will begin at the conclusion of the enrollment period for PECO's EGS Opt-In Competitive Offer Program, which is expected to conclude on or about May 15, 2013. The initial Standard Offer Month will be June 2013; the final Standard Offer Month will be May 2015.

1.3 PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal corporate office in Philadelphia, Pennsylvania. PECO is an electric distribution company under Pennsylvania law and provides electric delivery service to approximately 1.6 million retail customers in Southeastern Pennsylvania. PECO is also the default service provider in its service territory, and currently provides electric generation service to approximately [_____] residential customers.

1.4 Participating EGSs must qualify by submitting an application (an "Application") to PECO demonstrating their qualifications to become a Standard Offer Supplier, as described in detail in Section 3.2. These qualifications include [~~a current EGS license issued by the Pennsylvania Public Utility Commission ("the Commission") and the ability to comply with provisions of PECO's Electric Generation Supplier Tariff ("Supplier Tariff")~~]**certification to serve load in the PECO territory at the time of Standard Offer Supplier Application Due Date**. As part of the qualifying process, an [~~applicant~~]**Applicant** will be required to execute a Standard Offer Supplier Agreement in which the [~~applicant~~]**Applicant** agrees to various requirements. In the Standard Offer Supplier Agreement, the [~~applicant~~]**Applicant** agrees to offer all interested residential customers a fixed price, in cents per kilowatt-hour, for which the supplier is prepared to provide electric generation service to residential customers for twelve monthly billing cycle periods (the "Standard Offer Period"). The fixed price to be offered by the [~~applicant~~]**Applicant** must be seven percent (7%) lower than the PECO default service rate (the "Price-to-Compare") in effect at the time of the offer.

1.5 Although applications may be submitted at any time, PECO will activate Standard Offer Suppliers only for whole calendar months. An [~~applicant~~]**Applicant** must be deemed qualified by PECO at least ten business days in advance of first day of the next calendar

month in order to be activated as a Standard Offer Supplier for that month. A Standard Offer Supplier may request removal from the list of Standard Offer Suppliers upon thirty days written notice to PECO. Absent a request to be removed from the list, Standard Offer Suppliers will continue to be listed from month to month.

1.6 This RFP includes the following attached documents:

Exhibit 1: Standard Offer Supplier Application (including Standard Offer Supplier Agreement)

ARTICLE 2
SCHEDULE AND STANDARD OFFER SUPPLIER INFORMATION

2.1 Monthly RFP Schedule. The following table sets forth significant dates each month (the "Program Schedule") for the Standard Offer Supplier Program. The time for each deadline on each specified date is 5:00 pm Eastern Prevailing Time (EPT). PECO reserves the right to modify these dates at its discretion.

RFP Overview and Technical Conference	Scheduled during the first week of the month prior to the upcoming Standard Offer Month
Standard Offer Supplier Application Due Date	Twenty business days before Standard Offer Month
Notification of Standard Offer Supplier Qualification	Ten business days before Standard Offer Month
Standard Offer Month	Calendar month
Commencement of Supply by Standard Offer Supplier	Based on enrolled customer's switching date

2.2 RFP Overview and Technical Conference. PECO will post a schedule of technical web conferences to outline the Standard Offer Program, including the RFP process. [~~Potential applicants~~]**PECO will notify all registered EGSs of the technical conferences by EGS bulletin and by email to the PUC/OCMO distribution list. Potential Applicants** are urged to review this RFP, including exhibits, prior to the web conference. PECO will answer questions raised at each web conference to the extent possible. Any party wishing to participate in each web conference must send an e-mail to *[e-mail address to be provided]* with the subject line "Standard Offer Program" PECO will provide participation information for the web conference by return e-mail.

2.3 Applicant Inquiries. Before each technical conference, participants may submit questions to PECO via electronic mail *[e-mail address to be provided]*. To the extent possible, questions submitted prior to the technical conference will be addressed by PECO at the conference. Additional questions submitted and answered by PECO thereafter shall be posted with answers. The person or company submitting the question shall not be

identified. While PECO will review and attempt to answer questions in good faith, PECO reserves the right not to answer any question. The conference and this [~~applicant~~]**Applicant** inquiry procedure are the exclusive methods for inquiring about this RFP, and questions submitted to individual PECO employees or the Company by other means will not be answered and may result in disqualification of the [~~applicant~~]**Applicant**.

2.4 Informational Website and Updates. PECO has established a website – ***[www.peco.com/_____]*** – for electronic copies of RFP materials, posting of questions and answers, the RFP schedule, and other updates on this RFP. Applicants are encouraged to review this website regularly. In its sole discretion, PECO will endeavor to provide e-mail notification of important website updates to qualified [~~applicants~~]**Applicants**.

ARTICLE 3
STANDARD OFFER SUPPLIER QUALIFICATION

3.1 Standard Offer Supplier Application. In order to submit [~~a proposal~~]**an Application** in response to this RFP, an [~~applicant~~]**Applicant** must submit a printed original and three printed copies of an Application for approval by PECO using the form attached hereto as Exhibit 1, Attachment A (Form of Standard Offer Supplier Application). All Applications shall be submitted to the submission address specified in Section 8.2. Applications which are incomplete, do not conform to the form attached hereto, or otherwise do not satisfy all requirements of this RFP shall not be considered. Submission of a Standard Offer Supplier Application constitutes an [~~applicant~~]**Applicant**'s agreement to and acceptance of all terms and conditions of this RFP. An electronic copy of the Applications may be provided initially via electronic email to *[e-mail address to be provided]* to meet the bidder application deadline as long as the required hard copies are received by 5:00 p.m. EPT on the business day immediately following.

3.2 Standard Offer Supplier Qualifications. In order to qualify to submit a [~~bid proposal~~]**Proposal**, an [~~applicant~~]**Applicant** must certify in the Application that it satisfies the following criteria (the "Standard Offer Supplier Qualifications"):

(a) The [~~applicant is licensed to operate as an EGS in Pennsylvania;~~]**Applicant is certified to serve load in the PECO territory at the time of the Standard Offer Supplier Application Due Date.**

[~~(b) The applicant is a member of PJM and meets all applicable PJM obligations for load serving entities, including credit requirements;~~]

[~~(c) The applicant is in compliance, and agrees to continue to comply, with all applicable obligations, requirements, rules, and regulations of the Supplier Tariff and PECO's Electric Service Tariff;~~]

(b) The [~~applicant does not have any past due outstanding supplier-related charges owed to PECO; ~~]**Applicant does not have any past due**

outstanding supplier-related charges owed to PECO (excluding any pending disputed charges).

[~~(e) The applicant has been certified by PECO to have the data exchange capabilities required for all applicable EDI/EDEWG transactions, or submits a plan with its proposal (acceptable to PECO in its sole discretion) demonstrating that the applicant will be certified in such EDI capabilities by before submitting bids; and~~]

[~~(f) The applicant agrees to comply with the following operational requirements:~~]

[~~(i) Maintenance of the ability to cancel supplier charges via the 810 Bill Purpose Codes 17 and 18 as described in the EDEWG Implementation Guidelines for Electronic Data Interchange, and~~]

[~~(ii) Maintenance of the ability to submit 'rate level' 810 EDI transactions. For customers with two rates on the same account, the supplier will be required to submit separate billing charges for each rate.~~]

(c) The [~~applicant~~]**Applicant** agrees that any delayed charges must be billed pursuant to all applicable Electronic Data Exchange Working Group "Final Bill" implementation guidelines. No Program charges may be separately billed.

[~~(h) The applicant agrees to comply with any increased bonding requirements imposed by the PA PUC during the Standard Offer Period.~~]

3.3 Standard Offer Supplier Agreement. Each [~~applicant~~]**Applicant** must also execute a Standard Offer Supplier Agreement in the form included in the Standard Offer Supplier Application. In the event the [~~applicant~~]**Applicant** does not become a Standard Offer Supplier, the Standard Offer Supplier Agreement will be returned to the [~~applicant~~]**Applicant** unexecuted by PECO upon request of the [~~applicant~~]**Applicant**.

3.4 Additional Information. PECO may, but is not obligated to, request additional information and materials from any [~~applicant~~]**Applicant** for evaluation of an Application. Information submitted by an [~~applicant~~]**Applicant** absent a request by PECO which is not in the nature of a correction or clarification to the Application will not be considered by PECO. If any information in an Application or Standard Offer Supplier Agreement is no longer true, Applicants shall immediately notify PECO of the changed information. Failure to provide such notification or respond to a request for additional information and materials may result in disqualification of the [~~applicant~~]**Applicant** and rejection of its [~~application~~]**Application**. PECO shall have no duty to inform any [~~applicant~~]**Applicant** of any deficiency in its Application.

3.5 Prior Qualification. An [~~applicant~~]**Applicant** who has previously qualified under the Standard Offer Supplier Program is not required to submit a second application for succeeding months, but must inform PECO of any change its status or ability to satisfy the qualification requirements as provided in Section 3.4. An [~~applicant~~]**Applicant** who has previously qualified under the Standard Offer Supplier Program need not execute a new Standard Offer Supplier Agreement unless requested by PECO.

3.6 Application Evaluation and Notification of Applicants. PECO[~~, in its sole discretion,~~] will evaluate each Application using a standard protocol for its completeness and satisfaction of the Standard Offer Supplier Qualifications. PECO will provide each [~~applicant~~]**Applicant** with notice of its satisfaction or failure to satisfy the Standard Offer Supplier Qualifications by the date for Notification of Standard Offer Supplier Qualification set forth in the Program Schedule.

3.7 PECO Affiliates. Affiliates of PECO are permitted to submit Applications and to participate in this RFP to the same extent as any other entity.[]

ARTICLE 4
CUSTOMER ENROLLMENT

4.1 Enrollment. Residential customers may enroll with the Standard Offer Supplier through the PECO website or by telephone using an interactive voice response ("IVR") system maintained and operated by PECO or a dedicated call center referral group. Customers may select a Standard Offer Supplier from a list, or choose to have PECO randomly assign a Standard Offer Supplier.

4.2 Enrollment Report. Once every business day, PECO will electronically transmit a report of enrollment requests received to each EGS serving as Standard Offer Supplier. The Enrollment Report will contain the information needed to enable the EGS to submit EDI 814 enrollment requests to PECO. Each Standard Offer Supplier shall submit EDI 814 enrollments within one business day of receipt of the enrollment request report from PECO. The contract date in the EDI 814 transaction must match the date of the applicable Enrollment Report.

4.3 Enrollment Processing. Upon receipt by PECO of the EDI 814 enrollment, the standard EDC Enrollment Letter (or other **Pennsylvania Public Utility Commission ("Commission")**-approved form of notification) will be mailed by PECO to the customer.

4.4 Sales Agreement. Each Standard Offer Supplier shall send a sales agreement, which meets all PUC regulations and includes the terms and conditions set forth in Article [~~7,~~]**5.** to the customer within one business day after sending the EDI 814 enrollment transaction. The sales agreement will provide the terms of service for the initial 12-monthly billing cycle period and also provide information about how the terms may change after the initial 12-month period. This shall include the date by which the customer must take action to exercise his or her options at the end of the term.

4.5 Report to PA PUC. In order to monitor the success of the Standard Offer Supplier Program, PECO will produce two confidential reports to the Commission and the Office of the Consumer Advocate[~~("OCA")~~] annually, with the first report submitted within 45 days after PECO has operated the program for 12 complete months. The second report will be submitted by June 15, 2015. In order to obtain statistics to prepare this report, Standard Offer Suppliers shall provide metrics on a monthly basis in the form of electronic reports to PECO, including, for each offer month, the number of accounts that enrolled in the program for the Standard Offer Month, the number of accounts that have dropped from the program in each month before the end of the 12-month Standard Offer Period (e.g. number of accounts dropped in the first month of the term, number of accounts dropped in the second month, etc.); and the number of accounts retained by the EGS for at the end of the 12-month Standard Offer Period. PECO will provide a template for this reporting to facilitate compilation of data.

ARTICLE 5
STANDARD OFFER SUPPLIER STANDARD TERMS AND CONDITIONS

The following standard terms and conditions shall apply to all Standard Offer Suppliers:

5.1 At the time of the first contact between the Standard Offer Supplier and the Standard Offer Customer, the customer will be reminded of the terms and conditions of the standard offer, including the date by which the customer must take action to exercise his or her options at the end of the term.

5.2 All Standard Offer Supplier billing for customers who enroll under the Program shall be Consolidated EDC Billing.

5.3 Each customer shall have the option to return to PECO default service or to switch to another EGS, or to the Standard Offer Supplier under a different offer, at any time and without incurring switching fees or other penalties.

5.4 Only PECO shall be entitled to terminate service to customers for non-payment of EGS charges under the terms of its approved Purchase of Receivables program. [~~In~~]**Except as otherwise permitted in the Supplier Tariff, in** no event may a Standard Offer Supplier discontinue service to a customer who accepted its offer under the Program before the end of the Standard Offer Period.

5.5 All Standard Offer Suppliers must provide notice prior to the end of the Standard Offer Period regarding any renewal and/or price change as required under [~~the Supplier Tariff and/or~~]PA PUC regulations **and orders**.

5.6 Notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, a Standard Offer Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

ARTICLE 6
ADDITIONAL PROGRAM PROVISIONS

6.1 Program Costs. All costs associated with implementation of the Standard Offer Supplier Program, including this RFP, will be recovered through a discount in the Purchase of Receivables payment to all suppliers **serving residential customers**. Costs include information system implementation costs for website and IVR changes, incremental call center support for the program and other associated administrative costs.

6.2 Address for submissions. All submissions to PECO for this RFP and Program, unless otherwise communicated at a technical conference and subsequently posted to the _____ website, shall be delivered via overnight delivery to the following address:

PECO Standard Offer Supplier Program
c/o [Name],
PECO Energy Company
S14-2
2301 Market Street
Philadelphia, PA 19103

Applicant is solely responsible for the timely delivery of any submission for this RFP. Applications and other materials received after the applicable date specified in this RFP shall be accepted only in PECO's sole discretion. Electronic emails shall be sent to: *[e-mail address to be provided]*

6.3 No Unauthorized Modifications. No interpretation or change to this RFP shall be valid unless it is signed by a duly authorized representative designated by an Officer of PECO.

6.4 Ownership of RFP Materials. All materials submitted to PECO pursuant to this RFP shall be the property of PECO.

6.5 Presentation and Formatting. All information submitted by an [~~applicant~~]**Applicant** must be in the English language.

6.6 Costs. PECO shall have no responsibility whatsoever with respect to the costs of any [~~applicant~~]**Applicant** in considering or responding to this RFP, including but not limited to any costs of preparing any materials submitted to PECO.

6.7 Use of PECO Mark. PECO will have final approval regarding the use of any PECO mark and any other reference to PECO in materials related to the Standard Offer Supplier Program.

6.8 Publicity. [~~Applicants are not permitted to announce or release any information regarding this RFP or PECO's evaluation process without PECO's prior written approval, which PECO may withhold approval in its sole discretion. Each applicant~~]**Each Applicant** understands and agrees that PECO does not participate in, nor does it allow, [~~applicants~~]**Applicants** to utilize media releases of any kind to publicize [~~applicant~~]**Applicant**'s business relationship with PECO. Each [~~applicant~~]**Applicant**

shall not use any trade name, trademark, service mark or any other information which identifies PECO in such [~~applicant~~]**Applicant**'s sales, marketing and publicity activities, including interviews with representatives of any written publication, or television or radio station or network, without PECO's express prior written consent. [~~Standard Offer Suppliers agree to cooperate with PECO in preparation of any press release announcing the results of this RFP.~~]Standard Offer Suppliers are not permitted to promote their role as Standard Offer Supplier, either before, during or after their Offer Month, without PECO's prior written approval, which PECO may withhold approval in its sole discretion**. For all other references to PECO not requiring PECO's prior consent, the references must be factual and cannot infer an endorsement by or affiliation with PECO**.

6.9 Disclaimer. PECO makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP and its exhibits or any statements made by representatives of PECO during the RFP process. Each [~~applicant~~]**Applicant** is responsible for making its own evaluation of information and data contained in this RFP and in preparing and submitting responses to this RFP. The issuance of this RFP and the receipt of information in response to this RFP shall not, in any way, cause PECO to incur any liability (whether contractual, financial or otherwise) to any [~~applicant~~]**Applicant** participating in the RFP process. By submitting an Application, [~~applicant~~]**Applicant** releases PECO, its affiliates, officers, employees, and agents from any and all claims, demands, actions, losses, liabilities, and expenses (including reasonable legal fees and expenses) (collectively, "Claims") relating to this RFP and agrees to indemnify PECO, its affiliates, officers, employees and agents from any Claims arising from any false representation or violation of these RFP rules by [~~applicant~~]**Applicant**.

6.10 Not an Offer. This RFP is issued to elicit responses to PECO's inquiry and is not an offer. The issuance of the RFP and the submission of [~~applicant~~]**Applicant**'s information do not create any obligation upon PECO, and PECO reserves the right to accept or reject any or all proposals received. PECO also reserves the right to amend, suspend, or terminate the RFP process at any time, without reason and without liability, and makes no commitments, implied or otherwise, that this process will result in a business transaction with one or more [~~applicants~~]**Applicants**. No contract or other binding obligation on PECO will be implied unless and until an agreement has been executed on terms and conditions acceptable to PECO. PECO also reserves the right to not execute agreements with any or all [~~applicants~~]**Applicants** should the Company determine, in its sole discretion, that such agreement would violate existing regulatory standards.

6.11 Non-conforming Applications. PECO reserves the right to reject any Application at any time on the grounds that it does not conform to the terms and conditions of this RFP or the [~~applicant~~]**Applicant** has not complied with the provisions of this RFP.

EXHIBIT 1 - FORM OF STANDARD OFFER SUPPLIER APPLICATION

Name of Applicant:			
Contact:		Title:	
E-mail:		Phone:	
Address:	City:	State:	Zip Code:

INSTRUCTIONS

Two signed originals of Attachment A (Standard Offer Supplier Agreement) must be attached to Applicant's original Application, with a copy attached to each of the three required additional copies. All terms used herein have the meaning set forth in PECO's Standard Offer Supplier Program Request for Proposals and Program Rules.

As an officer or other authorized representative of the Applicant, I certify that: (a) the Applicant is [~~licensed~~]**certified** to [~~operate as an EGS in Pennsylvania; (b) the Applicant is a member of PJM and meets all applicable PJM obligations for load serving entities, including credit requirements; (c) the Applicant is in compliance, and agrees to continue to comply, with all applicable obligations, requirements, rules, and regulations of the Supplier Tariff and PECO's Electric Service Tariff; (d)~~]**serve load in the PECO territory at the time of the Opt-In Supplier Application Due Date; (b)** the Applicant does not have any past due outstanding supplier-related charges owed to PECO[~~; (e) the Applicant has been certified by PECO to have the data exchange capabilities required for all applicable EDI/EDEWG transactions, or submits the attached plan for PECO's consideration which demonstrates that the Applicant will be certified in such EDI capabilities before submitting bids; (f) the Applicant will comply with the following operational requirements: (i) maintenance of the ability to cancel supplier charges via the 810 Bill Purpose Codes 17 and 18 as described in the EDEWG Implementation Guidelines for Electronic Data Interchange, and (ii) maintenance of the ability to submit 'rate level' 810 EDI transactions; (g)~~] **(excluding any pending disputed charges); and (c)** the Applicant agrees that any delayed charges must be billed pursuant to all applicable [~~EDEWG~~]**Electronic Data Exchange Working Group** "Final Bill" implementation guidelines, and no Program charges may be separately billed[~~; and (h) the Applicant will comply with any increased bonding requirements imposed by the PA PUC during the Standard Offer Period~~].

SIGNATURE OF AUTHORIZED REPRESENTATIVE

I am an officer or other authorized representative of the Applicant and certify that all of the information and certifications in this Application are true and acknowledge that this submission constitutes acceptance and agreement to all terms of the RFP.

Signature:	Date:
Name:	Title:

EXHIBIT 1 - ATTACHMENT A

FORM OF STANDARD OFFER SUPPLIER AGREEMENT

This Agreement ("Agreement") is made as of _____, 201_ (the "Effective Date"), by and between *[Standard Offer Supplier]* and PECO Energy Company, a public utility authorized to supply electric service in the Commonwealth of Pennsylvania ("PECO") **(each a "Party" and collectively "the Parties")**.

1. Definitions. All capitalized terms not otherwise defined herein shall have the meaning set forth in the EGS Standard Offer Program Request for Proposals and Program Rules issued by PECO on _____, 2013 (the "Program") and PECO's Electric Generation Supplier Coordination Tariff (the "Supplier Tariff").

2. Term. This Agreement shall commence on the Effective Date and shall remain in effect unless terminated as provided in this Agreement.

3. Fixed Price to Customers. In accordance with the Program, the Standard Offer Supplier shall provide Competitive Energy Supply to each customer that enrolls with the Standard Offer Supplier (a "Standard Offer Customer") at effective Standard Offer Price at the time of each customer's date of enrollment. The Standard Offer Price shall be a fixed cents/kWh comprised of a seven percent (7 %) reduction from the effective PECO Energy residential default service Price to Compare on the date the standard offer is made. The Standard Offer Price will be available to the Standard Offer Customer over twelve complete billing cycles ("Standard Offer Period").

4. Terms and Conditions. During the Term, the Standard Offer Supplier agrees that: (a) all Standard Offer Supplier billing for each Standard Offer Customer shall be Consolidated EDC Billing; (b) each Standard Offer customer shall have the option to return to PECO default service or to switch to another EGS, or to the Standard Offer Supplier under a different offer, at any time and without incurring switching fees or other penalties; (c) only PECO shall be entitled to terminate service to Standard Offer Customers for non-payment of EGS charges under the terms of PECO's approved Purchase of Receivables program in the Supplier Tariff; (d) **except as otherwise permitted in the Supplier Tariff,** in no event may a Standard Offer Supplier discontinue service to a Standard Offer Customer before the end of the Standard Offer Period; (e) the Standard Offer Supplier shall provide notice prior to the end of the Standard Offer Period regarding any renewal and/or price change as required under the Supplier Tariff and/or PA PUC regulations **or Policy Statements**; (f) Standard Offer Customers may choose to be assigned to the Standard Offer Supplier of their choice or may choose a random assignment by PECO; and (f) notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, a Standard Offer Supplier shall not have the right to terminate service to its customers obtained through this Program because of a change in applicable rules, regulations, tariffs, or orders.

5. Representations and Warranties of Standard Offer Supplier. The Standard Offer Supplier represents and warrants that, on the Effective Date and throughout the Term: (a) it is [~~licensed to operate as an EGS in Pennsylvania; (b) it is a member of PJM and meets all applicable PJM obligations for load serving entities, including credit requirements; (c) it is in compliance with all applicable obligations, requirements, rules, and regulations of the Supplier Tariff and PECO's Electric Service Tariff;~~ ~~(d)~~]**certified to serve load in the PECO territory at the time of the Opt-In Supplier Application Due Date; (b)** it has no past due outstanding supplier-related charges owed to PECO[~~; (e) it has been certified by PECO to have the data exchange capabilities required for all applicable Electronic Data Interchange~~

~~("EDI")/Electronic Data Exchange Working Group ("EDEWG") transactions under this Agreement; (f) it has the ability to cancel supplier charges via the 810 Bill Purpose Codes 17 and 18 as described in the EDEWG Implementation Guidelines for Electronic Data Interchange, and submit 'rate level' 810 EDI transactions. For customers with two rates on the same account; (g)~~ **(excluding any pending disputed charges); and (c)** any delayed charges must be billed pursuant to [~~EDEWG~~]**all applicable Electronic Data Exchange Working Group** "Final Bill" implementation guidelines[~~; and (h) it will comply with any increased bonding requirements imposed by the PA PUC during the Standard Offer Period~~].

6. Termination and Withdrawal from Supplier List. This Agreement may be terminated (i) by PECO upon written notice of a material breach of this Agreement[~~ or the Supplier Tariff~~] by the Standard Offer Supplier; (ii) by PECO upon the termination of the Program; or (iii) by the Standard Offer Supplier upon thirty (30) days written notice, provided that the Standard Offer Supplier shall no longer be serving any Standard Offer Supplier customers who remain on a fixed rate offered by the Standard Offer Supplier under the Program during the Standard Offer Period applicable to such customer. A Standard Offer Supplier shall be removed from PECO's Standard Offer Supplier list upon 30 days written notice, but the Agreement shall not terminate except as provided in the preceding sentence.

7. Limitations. Notwithstanding any provision of this Agreement or the Program, the Standard Offer Supplier acknowledges that (a) the Standard Offer Supplier has obtained certain benefits from participating in the Program, but that PECO has made no representation regarding the number of customers (if any) the Standard Offer Supplier may obtain as a result of the Program, or the amount of electric load that will be required by such customers; (b) PECO has no obligation to provide electric supply other than default service in accordance with the Pennsylvania Public Utility Code to any customer that may be served by the Standard Offer Supplier in the event that the Standard Offer Supplier no longer serves that customer for any reason; and (c) the Standard Offer Supplier waives any right to claim any loss of business, consequential damage or any monetary or other direct damages from PECO of any kind whatsoever arising from or relating to this Agreement or the Program.

8. Indemnification. The Standard Offer Supplier shall indemnify, save and hold PECO harmless from and against any and all third party losses, costs, liabilities, damages and expenses (including, without limitation, attorneys' fees and expenses) incurred or suffered as a result of or in connection with the Standard Offer Supplier's material breach of this Agreement, failure to comply with any applicable laws, or intentional, negligent or willful misconduct.

9. Other Provisions. This Agreement represents the entire agreement between PECO and Standard Offer Supplier and no amendment of this Agreement will be valid unless in writing and signed by representatives of both parties. Each [~~party~~]**Party** represents that this Agreement is a legally valid and binding obligation enforceable against it in accordance with its terms, and that the execution, delivery and performance of this Agreement are within its powers and have been duly authorized by all necessary action and do not violate any terms and conditions in its governing documents, any contracts to which it is a party, and any applicable law, rule, regulation or order. [~~Standard Offer Supplier may not~~]**Neither Party may** assign this Agreement without [~~PECO's~~]consent **of the other Party, not to be unreasonably withheld**. All notices required under this Agreement shall be provided to the [~~parties~~]**Parties** and addresses listed directly below or to such other address as either [~~party~~]**Party** may designate from time to time by providing written notice to the other [~~party~~]**Party**. Nothing in this Agreement is intended to convey benefits, rights or remedies to any person other than Standard Offer Supplier and PECO, and no third party shall have the right to enforce the provisions of this Agreement, except that the PA PUC may enforce the provisions of this Agreement, the Program, the Supplier Tariff and any provision of the Pennsylvania Public Utility Code or PA PUC regulations applicable to this Agreement. This Agreement is not intended to create any partnership or joint venture between PECO and the Standard Offer Supplier, and neither [~~party~~]**Party** shall have the power to bind or obligate the

other [~~party~~]**Party**. In the event that any provision of the Agreement shall be found to be void or unenforceable, such findings shall not be construed to render any other provision either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either [~~party~~]**Party**. This Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws provisions. In the event of any conflict between this Agreement, the Program, and the

Supplier Tariff, this Agreement shall be controlling.

PECO ENERGY COMPANY

By: _____

Name: _____

Title: _____

PECO Energy Company
ATTN:
2301 Market Street
Philadelphia, PA
Phone:
Fax:
E-mail: ____@peco-energy.com

[STANDARD OFFER SUPPLIER]

By: _____

Name: _____

Title: _____

[Company name]
[Address]

Phone:
Fax:
E-mail:

EXHIBIT F

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued December 11, 2012

Effective February 14, 2013

ISSUED BY: C. L. Adams – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Generation Supply Adjustment for Procurement Classes 1, 2, 3 Loads up to 500 kW – 13th Revised Page No. 31 and 12th Revised Page No. 32
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641.

Generation Supply Adjustment for Procurement Classes 1, 2, 3 Loads up to 500 kW Transition Period – Original Page No. 31A and Original Revised Page No. 32A
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641.

Generation Supply Adjustment for Procurement Classes 4 – Loads Greater Than 500 kW Rates Thru 5/13/13 – 27th Revised Page No. 33
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641

Generation Supply Adjustment for Procurement Classes 4 – Loads Greater Than 500 kW - Original Page No. 33A
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641

Reconciliation – 4th Revised Page No. 34 and Original Page 34A
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641.

Reconciliation Transition Period – Original Page No. 34B
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641.

Provision for Surcharge Recovery of Alternative Energy Portfolio Standards Costs Transition Period– Original Page No. 35A
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641.

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GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
LOADS UP TO 500KW

Applicability: Effective June 1, 2013 this adjustment shall apply to all customers taking default service from the Company with demands up to 500 kW. The rate contained herein shall be calculated to the nearest one hundredth of a cent. The GSA shall contain the cost of generation supply for each tariff rate. (C)

Pricing: The rates below shall include the cost of procuring power to serve the default service customers including the cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarterly period beginning with the three months ended August 31, 2013. The rates in this tariff shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2013. If the balance of over/(under) recovery gets too large, the Company can file a reconciliation that will mitigate the subsequent impact. The generation service charge shall be calculated using the following formula: (C)

GSA(n) = (C-E+A)/S*1/(1-T)* (1-ALL)/(1-LL) +AEPS/S*1/(1 - T) + WC where; (C)

C= The sum of the amounts paid to the full requirements suppliers providing the power for the quarterly period, the spot market purchases for the quarterly period, plus the cost of any other energy acquired for the quarterly period. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier. This component shall include the proceeds and costs from the exercise of Auction Revenue Rights granted to PECO by PJM. (C)

AEPS = The projected total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the C component above for the quarterly period for each procurement class. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute. (C)

E = experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective during the same period as the GSA.

A = Administrative Cost - This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or is approved in its Act 129 filing. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 that are not recovered from EGSs. (C)

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable.

T = The currently effective gross receipts tax rate.

n = The procurement class for which the GSA is being calculated.

ALL = average line losses for the procurement class.

LL = line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

WC = 0.04¢/kWh to represent the cash working capital for power purchases.

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges (C)

In general the line loss adjustment is applicable to Procurement Class 2 and 3 only as those classes contain rate classes with three different line loss factors. Current charges:

Rate			2013	GSA Price	Phase-In Price
R	All kWh	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
	1st 500 S	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
	Over 500 S	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
RH	1st 600 W	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
	Over 600 W	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
	1st 500 S	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
	Over 500 S	GSA(1)	1.000	$ X.XXXX	$ X.XXXX
GS	Up to 100 kW				
	1st 80 hours use	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Next 80 hrs - S	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Up to 400 Hrs use	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Over 400 Hrs use & 2000 kWh	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Space Heating	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
GS	101-500 kW				
	1st 80 hours use	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Next 80 hrs - S	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Up to 400 Hrs use	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Over 400 Hrs use & 2000 kWh	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Space Heating	GSA(3)	1.000	$ X.XXXX	$ X.XXXX

(C) Denotes Change

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
LOADS UP TO 500KW (CONTINUED)

Rate			2013	GSA Price	Phase-In Price
PD	Up to 100 kW				
	Per KW	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	1st 150 hours use	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Next 150 hours use	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Additional kWh	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
PD	101-500 kW				
	Per KW	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	1st 150 hours use	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Next 150 hours use	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Additional kWh	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
HT	Up to 100 kW				
	Per KW	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	1st 150 hours use	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Next 150 hours use	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
	Additional kWh	GSA(2)	1.000	$ X.XXXX	$ X.XXXX
HT	101-500 kW				
	Per KW	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	1st 150 hours use	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Next 150 hours use	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	Additional kWh	GSA(3)	1.000	$ X.XXXX	$ X.XXXX
	POL	GSA(2)*			$ X.XXXX
	SLS	GSA(2)*			$ X.XXXX
	TLCL	GSA(2)*			$ X.XXXX
	SLE	GSA(2)*			$ X.XXXX
	AL	GSA(2)*			$ X.XXXX

* Prices shall exclude capacity from the Procurement Class 2 RFP results

Procedure: For Procurement Classes 1, 2 and 3 the GSA shall be filed 45 days before the effective dates of June 1, September 1, December 1 and March 1 in conjunction with the Reconciliation Schedule. (C)

(C) Denotes Change

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
LOADS UP TO 500KW-TRANSITION PERIOD (C)

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands up to 500 kW. The rate contained herein shall be calculated to the nearest one hundredth of a cent. The GSA shall contain the cost of generation supply for each tariff rate.

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarter. There will be a tariff rate for the interim two month transition (C) period April 1, 2013 through May 31, 2013 for alignment with the PJM planning year which will include recovery of estimated April 2013 and May 2013 costs. The rates in this tariff shall be updated quarterly unless the balance of over/(under) recovery gets too large, at which time the Company can file for a shorter reconciliation period. The generation service charge shall be calculated using the following formula:

GSA(n) = (C-E+A)/S*1/(1-T)* (1-ALL)/(1-LL) + WC where;

C= The sum of the amounts paid to the full requirements suppliers providing the power for the period the rate is in effect, the spot (C) market purchases for the period the rate is in effect, plus the cost of any other energy acquired through short or long term contracts for the period the rate is in effect. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier.

E = experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective during the same period as the GSA.

A = Administrative Cost - This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as super-peak pricing that is required of the Company or is approved in its Act 129 filing.

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable.

T = The currently effective gross receipts tax rate.

n = The procurement class for which the GSA is being calculated.

ALL = average line losses for the procurement class.

LL = line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

WC = 0.04¢/kWh to represent the cash working capital for power purchases. (C)

In general the line loss adjustment is applicable to Procurement Class 2 and 3 only as those classes contain rate classes with three different line loss factors. Current charges:

Rate			2013		GSA Price	Phase-In Price	
R	All kWh	GSA(1)	1.000		$ 0.0766	$ 0.0766	(C)
	1st 500 S	GSA(1)	1.000		$ 0.0766	$ 0.0766	
	Over 500 S	GSA(1)	1.000		$ 0.0766	$ 0.0766	
RH	1st 600 W	GSA(1)	1.000		$ 0.0766	$ 0.0766	
	Over 600 W	GSA(1)	1.000		$ 0.0766	$ 0.0766	
	1st 500 S	GSA(1)	1.000		$ 0.0766	$ 0.0766	
	Over 500 S	GSA(1)	1.000		$ 0.0766	$ 0.0766	
OP		GSA(1)	1.000		$ 0.0766	$ 0.0766	
GS	Up to 100 kW						
	1st 80 hours use	GSA(2)	1.000		$ 0.0770	$ 0.0770	
	Next 80 hrs - S	GSA(2)	1.000		$ 0.0770	$ 0.0770	
	Up to 400 Hrs use	GSA(2)	1.000		$ 0.0770	$ 0.0770	
	Over 400 Hrs use & 2000 kWh	GSA(2)	1.000		$ 0.0770	$ 0.0770	
	Space Heating	GSA(2)	1.000		$ 0.0770	$ 0.0770	
GS	101-500 kW						
	1st 80 hours use	GSA(3)	1.000		$ 0.0760	$ 0.0760	
	Next 80 hrs - S	GSA(3)	1.000		$ 0.0760	$ 0.0760	
	Up to 400 Hrs use	GSA(3)	1.000		$ 0.0760	$ 0.0760	
	Over 400 Hrs use & 2000 kWh	GSA(3)	1.000		$ 0.0760	$ 0.0760	
	Space Heating	GSA(3)	1.000		$ 0.0760	$ 0.0760	

(C) Denotes Change

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
LOADS UP TO 500KW-TRANSITION PERIOD (CONTINUED) (C)

Rate			2013		GSA Price	Phase-In Price	
PD	Up to 100 kW						(C)
	Per KW	GSA(2)	1.000		$ -	$ -	
	1st 150 hours use	GSA(2)	1.000		$ 0.0756	$ 0.0756	
	Next 150 hours use	GSA(2)	1.000		$ 0.0756	$ 0.0756	
	Additional kWh	GSA(2)	1.000		$ 0.0756	$ 0.0756	
PD	101-500 kW						
	Per KW	GSA(3)	1.000		$ -	$ -	
	1st 150 hours use	GSA(3)	1.000		$ 0.0748	$ 0.0748	
	Next 150 hours use	GSA(3)	1.000		$ 0.0748	$ 0.0748	
	Additional kWh	GSA(3)	1.000		$ 0.0748	$ 0.0748	
HT	Up to 100 kW						
	Per KW	GSA(2)	1.000		$ -	$ -	
	1st 150 hours use	GSA(2)	1.000		$ 0.0726	$ 0.0726	
	Next 150 hours use	GSA(2)	1.000		$ 0.0726	$ 0.0726	
	Additional kWh	GSA(2)	1.000		$ 0.0726	$ 0.0726	
HT	101-500 kW						
	Per KW	GSA(3)	1.000		$ -	$ -	
	1st 150 hours use	GSA(3)	1.000		$ 0.0717	$ 0.0717	
	Next 150 hours use	GSA(3)	1.000		$ 0.0717	$ 0.0717	
	Additional kWh	GSA(3)	1.000		$ 0.0717	$ 0.0717	
	POL	GSA(2)*				$ 0.0602	
	SLS	GSA(2)*				$ 0.0602	
	TLCL	GSA(2)				$ 0.0770	
	SLE	GSA(2)*				$ 0.0602	
	AL	GSA(2)*				$ 0.0602	

* Prices shall exclude capacity from the Procurement Class 2 RFP results

Procedure: The GSA shall be filed 45 days before the effective date in conjunction with the Reconcillation Schedule.

(C) Denotes Change

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 4
LOADS GREATER THAN 500KW – RATES THRU 5/31/2013 (C)

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands greater than 500kw.

Hourly Pricing Service

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The cost for this hourly service rate shall be as follows:

Generation Supply Cost (GSC) = (C+R+AS+AC-E)/(1-T)+WCA where;

C= The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

$$\Sigma PJM_{DA} \text{ x usage / (1-LL)}$$

PJM_{DA} – PJM on day ahead hourly price.

Usage - electricity used by an end use customer.

R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment.

PLC x (1+ RM) x P_{RPM} x Bill Days

PLC = peak load contribution

RM = reserve margin adjustment per PJM

P_{RPM} = capacity price per MW-day

AC = Administrative Cost - This includes an allocation of the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month.

A / S x Usage

A = administrative cost

S = Default service sales

AS = The cost, on a $/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

$$((PJM_{AS} \text{ x Usage}*1/(1\text{-LL}) + AEPS/S_{AEPS} \text{ x Usage})$$

PJM_{AS} = $/MWH charged by PJM for ancillary services

AEPS = cost of complying with the alternative energy portfolio standard

S_{AEPS} = sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).

LL = line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP

T = The currently effective gross receipts tax rate

E - $\Sigma O/(U)/S_4$ x usage where

E = over/under recovery as calculated in the reconciliation

S_4 = Procurement class four sales

WC = 0.04¢/kWh for working capital associated with power purchases

WCA = individual customer sales x WC

Procedure: The "E" factor shall be updated monthly in conjunction with the Reconciliation. The first reconciliation shall be for the months of January 2011 and February 2011, and shall be effective May 1, 2011 to be recovered over 12 months. Subsequent monthly reconciliations shall be recovered over a one month period after the occurrence of a quarter.

Tariff Rate	GS	PD	HT	EP
Hourly Pricing Adder* (cents/kWh)	(2.23)	(2.23)	(2.26)	(2.26)

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC).

Fixed Price Contract

The Fixed Price Contract option is eliminated effective January 1, 2012.

(C) Denotes Change

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 4
LOADS GREATER THAN 500KW

Applicability: Effective June 1, 2013 this adjustment shall apply to all customers taking default service from the Company with demands greater than 500kw. (C)

Hourly Pricing Service

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The rates for GSA 4 Hourly shall be effective the first of each month. If the balance of over/(under) recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. The cost for this hourly service rate shall be as follows: (C)

Generation Supply Cost (GSC) = (C+R+AS+AC-E)/(1-T)+WCA where;

C= The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

$$\Sigma PJM_{DA} \times usage / (1\text{-}LL)$$

PJM_{DA} – PJM on day ahead hourly price.

Usage - electricity used by an end use customer.

R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment.

PLC x (1+ RM) x P_{RPM} x Bill Days

PLC = peak load contribution

RM = reserve margin adjustment per PJM

P_{RPM} = capacity price per MW-day

AC = Administrative Cost - This includes an allocation of the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 that are not recovered from EGSs. (C)

A / S x Usage

A = administrative cost

S = Default service sales

AS = The cost, on a $/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges including the proceeds and costs from the exercise of Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier. (C)

$$((PJM_{AS} \times Usage^{*}1/(1\text{-}LL) + AEPS/S_{AEPS} \times Usage)$$

PJM_{AS} = $/MWH charged by PJM for ancillary services

AEPS = cost of complying with the alternative energy portfolio standard

S_{AEPS} = sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges (C)

LL = line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP

T = The currently effective gross receipts tax rate

E - $\Sigma O/(U)/S_4$ x usage where

E = over/under recovery as calculated in the reconciliation

S_4 = Procurement class four sales

WC = 0.04¢/kWh for working capital associated with power purchases

WCA = individual customer sales x WC

Procedure: The "E" factor shall be updated monthly in conjunction with the Reconciliation. Monthly reconciliations shall be recovered over a one month period after the occurrence of a quarter. (C)

Tariff Rate	GS	PD	HT	EP
Hourly Pricing Adder* (cents/kWh)	x.xx	x.xx	x.xx	x.xx

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC). (C)

(C) Denotes Change

RECONCILIATION

Applicability: Effective June 1, 2013 this adjustment shall apply to all customers who received default service during the period the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing. (C)

This adjustment shall be calculated on a quarterly basis for Procurement Classes 1, 2 and 3. The reconciliation period will include the three month period beginning December 1, March 1, June 1 and September 1. The initial reconciliation period will include the three month period beginning December 1, 2012 through February 28, 2013 with recovery occurring during the three month period June 1, 2013 through August 31, 2013. For Procurement Class 4 Hourly, the adjustment shall be calculated on a monthly basis with recovery commencing after the occurrence of a quarter. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatthour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected after the occurrence of three months from the end of the reconciliation period. For Procurement Classes 1, 2 and 3 recovery shall be over a quarter. For Procurement Class 4 Hourly, recovery shall be monthly. For purposes of this rider the reconciliation shall be calculated 45 days before the effective date of recovery.. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential, Class 2 – Small C&I < 100 kW, and Class 3 – Medium C&I 101 kW to 500 kW and Class 4 Large C&I over 500 kW. (C)

Reconciliation Formula

$E_N = \Sigma O/(U) + I$

Migration Provision $E_M = [\Sigma O/(U) + I]/S/(1\text{-}GRT)*(1\text{-}ALL)/(1\text{-}LL)$

Where:

E = experienced over or under collection plus associated interest

N = Procurement class

M = Migration Rider

O/(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEPS Cost and Administrative Cost. (C)

Revenue = amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the period being reconciled through the GSA. (C)

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the period being reconciled, the spot market purchases for the period being reconciled, plus the cost of any other energy acquired for the period being reconciled. Cost shall include energy, capacity and ancillary services as well as the proceeds and costs of auction revenue rights for Procurement Classes 1, 2 and 3. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller. (C)

AEPS = The total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the Cost component above for the reconciliation period for Procurement Classes 1, 2 and 3 and not included in the ancillary services component for Procurement Class 4 Hourly Service. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute. (C)

Note that no AEPS rate will be filed for April 1, 2013, and costs otherwise recovered under that rate will be included in the GSA. Effective June 1, 2013, all AEPS costs shall be recovered in the GSA. By March 31, 2013, the Company shall file an AEPS over/under reconciliation statement for the 13 months ended February 2013 and any over/under recovery balance shall be combined with the over/under balance in the corresponding GSA at the end of February 2013 for recovery through the reconciliation provision of the GSA. Over/under recoveries occurring during the March 2013 to May 2013 period shall be combined with the corresponding GSA over/under recovery in future GSA reconciliations. (C)

Administrative Cost = This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or approved in its Act 129 filing. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 that are not recovered from EGS's. (C)

Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement. Also included shall be the proceeds and costs from the exercise of auction revenue rights for Procurement Class 4 Hourly Service. (C)

(C) Denotes Change

RECONCILIATION
(CONTINUED)

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges. (C)

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM)
I = interest on the over or under collection where a rate of 8% is used on over-collection and 6% on under-collections.

S= estimated default service retail sales in kWh for the period the cost of which is being reconciled (C)

ALL = the average line losses in a procurement class as a percent of generation
LL = the average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6
GRT = The current gross receipts tax rate

Procurement Class – set of customers for which the company has a common procurement plan

Procedural Schedule

The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment for Procurement Classes 1, 2, 3 and 4 Hourly shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by one quarter. For Procurement Classes 1, 2 and 3 the GSA will be effective June 1, September 1, December 1 and March 1 commencing June 1, 2013 with over/under collection recovery occurring over a quarter. GSA 4 Hourly rates shall be effective the first of each month with over/under collection recovery occurring over a month. The data provided in the reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits. (C)

RECONCILIATION-TRANSITION PERIOD

Applicability: This adjustment shall apply to all customers who received default service during the period the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing. (C)

This adjustment shall be calculated on a quarterly basis for Procurement Classes 1, 2 and 3 and on a monthly basis for Procurement Class 4 Hourly. There will be an interim adjustment calculated for alignment with the PJM planning year that will include over/under collections for the two month period October 1, 2012 through November 30, 2012 to be collected during the two month transition period April 1, 2013 through May 31, 2013 for Procurement Classes 1, 2 and 3. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatthour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected in the first quarter after the reconciliation is calculated. For purposes of this rider the reconciliation shall be calculated 45 days after the end of the quarter. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential, Class 2 – Small C&I < 100 kW, and Class 3 – Medium C&I 101 kW to 500 kW and Class 4 Large C&I over 500 kW. (C)

Reconciliation Formula

$E_N = \Sigma O/(U) + I$
Migration Provision $E_M = [\Sigma O/(U) + I]/S/(1\text{-}GRT)*(1\text{-}ALL)/(1\text{-}LL)$

Where:

E = experienced over or under collection plus associated interest

N = Procurement class
M = Migration Rider
O/(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost and Administrative Cost

Revenue = amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the period being reconciled through the GSA. (C)

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the period being reconciled, the spot market purchases for the period being reconciled, plus the cost of any other energy acquired through short or long term contracts during the period being reconciled. Cost shall include energy, capacity and ancillary services. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller____. (C)

Administrative Cost = This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as super-peak pricing that is required of the Company or approved in its Act 129 filing. (C)
Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM)
I = interest on the over or under collection where a rate of 8% is used on over-collection and 6% on under-collections.

S= estimated default service retail sales in kWh for the period the cost of which is being reconciled (C)

ALL = the average line losses in a procurement class as a percent of generation
LL = the average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6
GRT = The current gross receipts tax rate

Procurement Class – set of customers for which the company has a common procurement plan

Procedural Schedule

The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date of recovery. The over/under collection adjustment shall then be effective no earlier than the first day in the upcoming quarter such that the recovery shall lag by one quarter. Quarterly adjustments shall be effective on July 1, October 1, January 1, and April 1 of each year. The first reconciliation, however shall be effective on July 1, 2011 and shall be recovered over 12 months. Monthly only customers shall be effective the first of the month. For Procurement Classes 1, 2 and 3 the calculation of the over/under collection and the proposed adjustment to the GSA that includes the interim two month period October 1, 2012 through November 30, 2012 shall be calculated and filed 45 days before the effective date of April 1, 2013. The data provided in the reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits. (C)

(C) Denotes Change

Provision for Surcharge Recovery of Alternative Energy Portfolio Standard Costs-Transition Period (C)

The energy charge for electric service for all rate schedules shall include:

$0.0007 per kWh for Procurement Class 1;	(I)
$0.0011 per kWh for Procurement Class 2;	(I)
$0.0021 per kWh for Procurement Class 3;	(I)
$0.0052 per kWh for Procurement Class 4	(I)

recovery of the costs associated with compliance with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act"). The rate associated with the recovery of these costs shall change once per year on June 1 with the exception of the first charge, which shall go into effect on January 1, 2011. The rate shall be calculated in the manner described below for procurement class 1, 2, 3 and 4.

Transition to Recovery in the GSA – No AEPS rate will be filed for April 1, 2013, and costs otherwise recovered under that rate will be included in the GSA. Effective June 1, 2013, all AEPS costs shall be recovered in the GSA. By March 31, 2013, the Company shall file an AEPS over/under reconciliation statement for the 13 months ended February 2013 and any over/under recovery balance shall be combined with the over/under balance in the corresponding GSA at the end of February 2013 for recovery through the reconciliation provision of the GSA. Over/under recoveries occurring during the March 2013 to May 2013 period shall be combined with the corresponding GSA over/under recovery in future GSA reconciliations. (C)

Calculation of the AEPS Charge:

The AEPS charge per kWh shall be computed to the nearest one hundredth of a cent in accordance with the formula below:

AEPS Charge (n) = [(C-E)/S + RCC/S]/(1-T)

In calculating the AEPS Charge above, the following definitions shall apply:

AEC – Alternative Energy Credit, as such credit is defined by the Act.

AEPS – Alternative Energy Portfolio Standard.

AEPS Charge(n) – The charge for procurement class n, including over/(under) recovery and associated interest determined to the nearest one hundredth of a cent that will recover the cost of complying with the Act.

Alternative Compliance Payment (ACP) – Amount paid by the Company to meet its AEPS compliance target when there are not sufficient altern resources available, which shall be $45 per megawatt hour.

Alternative Energy – Energy generated by Alternative Energy Sources, as defined by the Act.

C – The projected total cost of complying with the Act for the calculation period for each procurement class. Costs include the amount paid for Alternative Energy and/or AECs purchased for compliance with the Act (including the cost of banked AECs to be used by PECO during a compliance period), the cost of administering and conducting any procurement of Alternative Energy and/or AECs, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AECs sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AECs and complying with the AEPS statute.

E – The under/(over) collection of AEPS costs for each procurement class in the reconciliation period. Interest on any over/(under) recovery shall be at the statutory rate of 6%.

Calculation/Application Period – A projected 12-month period commencing on June 1 of the filing year and ending on May 31 of the following year.

Filing date – The AEPS charge shall be filed each year on April 1 with the exception of the first AEPS charge filing which shall be made on November 1, 2010.

Application Year – The year in which the monthly AEPS charge is billed to customers.

Reconciliation Period – The 12-month period ending January 31 of the filing year with the exception of the first reconciliation period which shall be for the 13 months ending January 31, 2012.

TDC – Rate cap costs or cost deferred in accordance with the AEPS Statute during the Cost Recovery Period.

(C) Denotes Change
(I) Denotes Increase

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
LOADS UP TO 500KW

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands up to 500 kW. The rate contained herein shall be calculated to the nearest one hundredth of a cent. The GSA shall contain the cost of generation supply for each tariff rate.

Pricing: The rates below shall include the cost of procuring power to serve the default service customers including the cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarterly period, beginning with the three months ended August 31, 2013. The rates in this tariff shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2013. If the balance of over/(under) recovery gets too large, the Company can file a reconciliation that will mitigate the subsequent impact. The generation service charge shall be calculated using the following formula: (C)

GSA(n) = (C-E+A)/S*1/(1-T)* (1-ALL)/(1-LL) + AEPS/S*1/(1-T) + **WC** where; (C)

C= The sum of the amounts paid to the full requirements suppliers providing the power for the quarterly period, the spot market purchases for the quarterly period, plus the cost of any other energy acquired for the quarterly period. Cost shall include energy, capacity and ancillary services, distribution line losses, default service supplier cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier. This component shall include the proceeds and cost from the exercise of Auction Revenue Rights granted to PECO by PJM. (C)

AEPS = The projected total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the C component above for the quarterly period for each procurement class. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AECs, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AECs sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AECs and complying with the AEPS statute.

E = experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective during the same period as the GSA.

A = Administrative Cost - This includes the cost of the independent evaluator, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan including the cost of pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as super-peak pricing that is required of the Company or is approved in its Act 129 filing. Administrative cost also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 that are not recovered from EGSs. (C)

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable. Annual estimated sales are used for the E factor for the effective period June 1 of the current year through May 31 of the following year beginning with the June 1, 2013 through May 31, 2014 annual period. (C)

T = The currently effective gross receipts tax rate.

n = The procurement class for which the GSA is being calculated.

ALL = average line losses for the procurement class.

LL = line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

WC = 0.04¢/kWh to represent the cash working capital for power purchases.

Auction Revenue Rights (ARR) – Allocated annually by PJM to Firm transmission customers, the ARRs allow a Company to select rights to specific transmission paths in order to avoid congestion charges. (C)

In general the line loss adjustment is applicable to Procurement Class 2 and 3 only as those classes contain rate classes with three different line loss factors. Current charges:

GSA 1	GSA 2	GSA 3
Rate R xx	Rate GS xx	Rate GS xx
Rate RH xx	Rate PD xx	Rate PD xx
Rate OP xx	Rate HT xx	Rate HT xx
	Rate POL xx	
	Rate SLS xx	
	Rate TLCL xx	
	Rate SLE xx	
	Rate AL xx	

Procedure: For Procurement Classes 1, 2 and 3 the GSA shall be filed 45 days before the effective dates of June 1, September 1, December 1 and March 1 in conjunction with the Reconciliation Schedule. (C)

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Deleted: Capital costs associated with implementing the Company's Default Service Plan shall generally be amortized over five years and earn a return on the unamortized balance at the Company's cost of capital. The cost of capital shall be based upon the capital structure and cost of debt and preferred stock in the Company's most recent Quarterly Earnings Report filed with the Commission. The return on equity shall be at the rate allowed in the Smart Meter Surcharge.

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 4
LOADS GREATER THAN 500KW

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands greater than 500kw.
Hourly Pricing Service
Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The rates for GSA 4 Hourly shall be effective the first of each month. If the balance of over/(under) recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. The cost for this hourly service rate shall be as follows: (C)
Generation Supply Cost (GSC) = (C+R+AS+AC-E)/(1-T)+WCA where;
C= The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

$$\Sigma PJM_{DA} \times usage / (1-LL)$$

PJM_{DA} – PJM on day ahead hourly price.
Usage - electricity used by an end use customer.
R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment.
PLC x (1+ RM) x P_{RPM} x Bill Days
PLC = peak load contribution
RM = reserve margin adjustment per PJM
P_{RPM} = capacity price per MW-day
AC = Administrative Cost - This includes an allocation of the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month. . Administrative cost also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 that are not recovered from EGSs.

A / S x Usage
A = administrative cost
S = Default service sales

AS = The cost, on a $/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges including the proceeds and costs from the exercise of Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

$$((PJM_{AS} \times Usage * 1/(1-LL) + AEPS/S_{AEPS} \times Usage)$$

PJM_{AS} = $/MWH charged by PJM for ancillary services
AEPS = cost of complying with the alternative energy portfolio standard
S_{AEPS} = sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).
Auction Revenue Rights (ARR) – Allocated annually by PJM to Firm transmission customers, the ARRs allow a Company to select rights to specific transmission paths in order to avoid congestion charges. (C)
LL = line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP
T = The currently effective gross receipts tax rate
E - $\Sigma O/(U)/S_4$ x usage where
E = over/under recovery as calculated in the reconciliation
S_4 = Procurement class four sales
WC = 0.04¢/kWh for working capital associated with power purchases
WCA = individual customer sales x WC

Procedure: The "E" factor shall be updated monthly in conjunction with the Reconciliation. Monthly reconciliations shall be recovered over a one month period after the occurrence of a quarter. (C)

Tariff Rate	GS	PD	HT	EP
Hourly Pricing Adder* (cents/kWh)	x.xx	x.xx	x.xx	x.xx

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC).

(C)

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with implementing the Company's Default Service Plan shall generally be amortized over five years and earn a return on the unamortized balance at the Company's cost of capital. The cost of capital shall be based upon the capital structure and cost of debt and preferred stock in the Company's most recent Quarterly Earnings Report filed with the Commission. The return on equity shall be at the rate allowed in the Smart Meter Surcharge.

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RECONCILIATION

Applicability: This adjustment shall apply to all customers who received default service during the period the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the applicable filing if the Migration Provision will be implemented in the filing. (C)

This adjustment shall be calculated on a quarterly basis for Procurement Classes 1, 2 and 3. The reconciliation period will include the three month period beginning March 1, June 1, September 1, and December 1. The initial reconciliation period will include the three month period December 1, 2012 through February 28, 2013 with recovery occurring during the three month period June 1, 2013 through August 31, 2013. For Procurement Class 4 Hourly, the adjustment shall be calculated on a monthly basis with recovery commencing after the occurrence of a quarter. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatthour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected after the occurrence of a quarter from the end of the reconciliation period. For purposes of this rider the reconciliation shall be calculated 45 days before the effective date of recovery. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential, Class 2 – Small C&I < 100 kW, and Class 3 – Medium C&I 101 kW to 500 kW and Class 4 Large C&I over 500 kW.

Reconciliation Formula

$E_N = \Sigma O/(U) + I$

Migration Provision $E_M = [\Sigma O/(U) + I]S/(1-GRT)*(1-ALL)/(1-LL)$

Where:

E = experienced over or under collection plus associated interest

N = Procurement class

M = Migration Rider

O/(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEPS Cost and Administrative Cost. (C)

Revenue = amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the period being reconciled through the GSA. (C)

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the period being reconciled, the spot market purchases for the period being reconciled, plus the cost of any other energy acquired for the period being reconciled. Cost shall include energy, capacity and ancillary services, as well as the proceeds and costs of auction revenue rights for Procurement Classes 1, 2 and 3. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller____. (C)

AEPS = The total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the Cost component above for the reconciliation period for Procurement Classes 1, 2 and 3. For Procurement Class 4 Hourly, these costs are included in ancillary services. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AECs, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AECs sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AECs and complying with the AEPS statute.

Administrative Cost = This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan including the cost of pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as super-peak pricing that is required of the Company or approved in its Act 129 filing. . Administrative cost also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952 that are not recovered from EGSs. (C)

Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement. Also included shall be one half of the value of auction revenue rights for Procurement Class 4 Hourly Service. (C)

Auction Revenue Rights (ARR) – Allocated annually by PJM to Firm transmission customers, the ARRs allow a Company to select rights to specific transmission paths in order to avoid congestion charges. (C)

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM)

I = interest on the over or under collection where a rate of 8% is used on over-collection and 6% on under-collections.

S= estimated default service retail sales in kWh for the period the cost of which is being reconciled (C)

ALL = the average line losses in a procurement class as a percent of generation

LL = the average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6

GRT = The current gross receipts tax rate

Procurement Class – set of customers for which the company has a common procurement plan

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RECONCILIATION

(CONTINUED)

Procedural Schedule

The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment for Procurement Classes 1, 2, 3 and 4 hourly shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by one quarter. For Procurement Classes 1, 2 and 3 the GSA will be effective on June 1, September 1, December 1 and March 1 commencing June 1, 2013 with over/under recovery collection occurring over a quarter. GSA 4 Hourly rates shall be effective the first of each month with over/under recovery collection occurring over a month. The data provided in the reconciliations shall be audited on an annual basis by the PaPUC Bureau of Audits. (C)

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Provision for Surcharge Recovery of Alternative Energy Portfolio Standard Costs

The energy charge for electric service for all rate schedules shall include:

$0.0007 per kWh for Procurement Class 1;
$0.0011 per kWh for Procurement Class 2;
$0.0021 per kWh for Procurement Class 3;
$0.0052 per kWh for Procurement Class 4

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recovery of the costs associated with compliance with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act"). The rate associated with the recovery of these costs shall change once per year on June 1 with the exception of the first charge, which shall go into effect on January 1, 2011. The rate shall be calculated in the manner described below for procurement class 1, 2, 3 and 4.

Transition to recovery in the GSA – Effective June 1, 2013 all AEPS cost shall be recovered in the GSA under PECO's proposed Default Service Plan II. In order to transition to this recovery the following changes are necessary. First, no AEPS rate will be filed on April 1, 2013 but instead the cost will be included in the GSA to be effective June 1, 2013. The Company shall file on April 1, 2013 an over/under statement for the 13 months ended February 2013. The over/under recovery balance at the end of February shall be combined with the over/under balance in the corresponding GSA at the end of February 2013 for recovery through the reconciliation provision of the GSA. Over/under recoveries occurring during the March 2013 to May 2013 period shall be combined with the corresponding GSA over or under recoveries for recovery in future GSA reconciliations. (C)

Calculation of the AEPS Charge:

The AEPS charge per kWh shall be computed to the nearest one hundredth of a cent in accordance with the formula below:

AEPS Charge (n) = [(C-E)/S + RCC/S]/(1-T)

In calculating the AEPS Charge above, the following definitions shall apply:
AEC – Alternative Energy Credit, as such credit is defined by the Act.
AEPS – Alternative Energy Portfolio Standard.
AEPS Charge(n) – The charge for procurement class n, including over/(under) recovery and associated interest determined to the nearest one hundredth of a cent that will recover the cost of complying with the Act.
Alternative Compliance Payment (ACP) – Amount paid by the Company to meet its AEPS compliance target when there are not sufficient altern resources available, which shall be $45 per megawatt hour.
Alternative Energy – Energy generated by Alternative Energy Sources, as defined by the Act.

C – The projected total cost of complying with the Act for the calculation period for each procurement class.
Costs include the amount paid for Alternative Energy and/or AECs purchased for compliance with the Act (including the cost of banked AECs to be used by PECO during a compliance period), the cost of administering and conducting any procurement of Alternative Energy and/or AECs, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AECs sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AECs and complying with the AEPS statute.

E – The under/(over) collection of AEPS costs for each procurement class in the reconciliation period.
Interest on any over/(under) recovery shall be at the statutory rate of 6%.

Calculation/Application Period – A projected 12-month period commencing on June 1 of the filing year and ending on May 31 of the following year.

Filing date – The AEPS charge shall be filed each year on April 1 with the exception of the first AEPS charge filing which shall be made on November 1, 2010.

Application Year – The year in which the monthly AEPS charge is billed to customers.

Reconciliation Period – The 12-month period ending January 31 of the filing year with the exception of the first reconciliation period which shall be for the 13 months ending January 31, 2012.

TDC – Rate cap costs or cost deferred in accordance with the AEPS Statute during the Cost Recovery Period.

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EXHIBIT G

Supplement No. 10 to
Tariff Electric Pa. P.U.C. No. 1S

PECO Energy Company

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19103

Issued: December 11, 2012

Effective: June 1, 2013

ISSUED BY: C. L. Adams – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19103

(C)

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Title Page
C. L. Adams replaces D. P. O'Brien as the Officer responsible for the issuance of the tariff to reflect a change in the Company's management structure.

EDC Consolidated Billing – 4th Revised Page No. 92
Reflects provisions for compliance with the Order at Docket No. P-2012-2283641.

resulting calculation ("EGS Charges") to PECO Energy via VAN or Internet protocol.

4. PECO Energy will provide the EGS up to two lines, each 80 characters in length, on its standard bill for messages directly related to the calculation or understanding of the EGS portion of the bill.

5. PECO Energy and EGSs will transmit Meter Data and billing charges to each other in accordance with the attached interim monthly billing schedule (Attachment E - Data Transfer Schedule.) PECO Energy will provide 60 days advance notice to EGSs before any modification takes effect so that parties that disagree with the discontinuance of the Data Transfer Schedule may request the Commission to overrule or modify PECO's decision. PECO and EGSs will transmit data in accordance with existing EDI standards as adopted by the Commission's Electronic Data Exchange Working Group.

6. EGS Charges must be received by PECO Energy in accordance with the Data Transfer Schedule.

7. If EGS Charges are not received by PECO Energy in accordance with the Data Transfer Schedule, PECO Energy will not place the EGS Charges into the next billing cycle. The Customer's bill for the current billing period will state that the EGS Charges for the current billing period are not available. The remittance period for EGS charges will begin when EGS charges actually appear on the bill. Any transactions with EGS charges sent to PECO Energy after the time periods outlined in the Data Transfer Schedule will be rejected and the EGS will need to resubmit data the following month.

8. PECO Energy will collect Customer's payments and will process payments in accordance with the Commission's payment priority set forth in Docket No. M-00960890F.001 and Rule 17 of PECO's EDC Tariff.

9. PECO Energy will purchase the account receivable of each Consolidated EDC Billing Customer by paying the EGS for the amount owed for all undisputed Customer EGS Charges regardless of whether the Customer has paid PECO. The payment for the account receivable shall be without recourse and without discount, provided, however, that: (1) PECO shall discount the payment for any past due amounts related to an EGS's participation in a retail market enhancement program approved by the Commission at Docket No. P-2012-2283641; and (2) PECO shall discount the payment by an amount not to exceed 0.3% until it has recovered the implementation and ongoing costs of the retail market enhancement programs. Upon termination of those programs, the Company shall refund any over recovery of implementation and ongoing costs. (C)

(C) Denotes Change

resulting calculation ("EGS Charges") to PECO Energy via VAN or Internet protocol.

4. PECO Energy will provide the EGS up to two lines, each 80 characters in length, on its standard bill for messages directly related to the calculation or understanding of the EGS portion of the bill.

5. PECO Energy and EGSs will transmit Meter Data and billing charges to each other in accordance with the attached interim monthly billing schedule (Attachment E - Data Transfer Schedule.) PECO Energy will provide 60 days advance notice to EGSs before any modification takes effect so that parties that disagree with the discontinuance of the Data Transfer Schedule may request the Commission to overrule or modify PECO's decision. PECO and EGSs will transmit data in accordance with existing EDI standards as adopted by the Commission's Electronic Data Exchange Working Group.

6. EGS Charges must be received by PECO Energy in accordance with the Data Transfer Schedule.

7. If EGS Charges are not received by PECO Energy in accordance with the Data Transfer Schedule, PECO Energy will not place the EGS Charges into the next billing cycle. The Customer's bill for the current billing period will state that the EGS Charges for the current billing period are not available. The remittance period for EGS charges will begin when EGS charges actually appear on the bill. Any transactions with EGS charges sent to PECO Energy after the time periods outlined in the Data Transfer Schedule will be rejected and the EGS will need to resubmit data the following month.

8. PECO Energy will collect Customer's payments and will process payments in accordance with the Commission's payment priority set forth in Docket No. M-00960890F.001 and Rule 17 of PECO's EDC Tariff.

9. PECO Energy will purchase the account receivable of each Consolidated EDC Billing Customer by paying the EGS for the amount owed for all undisputed Customer EGS Charges regardless of whether the Customer has paid PECO. The payment for the account receivable shall be without recourse and without discount, provided, however, that(1) PECO shall discount the payment for any past due amounts related to an EGS's participation in a retail market enhancement program approved by the Commission at Docket No. P-2012-2283641; and (2) PECO shall discount the payment by an amount not to exceed 0.3% until it has recovered the implementation and ongoing costs of the retail market enhancement programs. Upon termination of those programs, the Company shall refund any over recovery of implementation and ongoing costs. (C)

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Deleted: PECO shall discount the payment by an (C)¶ amount not to exceed 0.3% to recover the costs of implementing retail market enhancements approved by the Commission's in Docket No. I-2011-2237952 or in the Company's Default Service Plan proceeding. PECO shall notify the Commission and all active EGSs in its service territory upon completion of the recovery of costs of the enhancements and corresponding reduction in the POR discount. ¶