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December 7, 2000

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Via Overnight Delivery

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Secretary
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DEC 07 2000

PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Duquesne Light Company Petition for Approval of
Plan for Post-Transition Period POLR Service,
Docket No. R-00974104

Dear Mr. McNulty:

Pursuant to the Commission's November 30, 2000 Order in the above captioned docket, enclosed for filing is an original and five copies of Duquesne's Light Company's ("Duquesne's") Compliance Filing to implement the terms of its post-transition period provider of last resort ("POLR") service.

This Compliance Filing is submitted in four parts. The first part is the Amended and Restated POLR II Agreement between Duquesne and Orion Power MidWest, L.P., the wholesale supplier of energy to serve Duquesne's POLR customers. This wholesale agreement is submitted for informational purposes only.

The second part of this Compliance Filing is Duquesne's Tariff Electric, PA P.U.C. No. 21, issued December 7, 2000, for which Duquesne seeks Commission approval. Duquesne requests that this Tariff take effect on January 1, 2001, in accordance with the November 30, 2000 Order (at 6) and the Joint Petition

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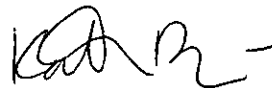
(at 17), in order to implement the switching rules accepted by the Commission in the November 30, 2000 Order. This Tariff replaces the current Tariff No. 20 and all supplements thereto.

The third part of this Compliance Filing is Duquesne's Tariff Electric, for which Duquesne cannot at this time assign a tariff number, issue date, or effective date. Duquesne was required by the November 30, 2000 Order to file this Tariff at this time and therefore seeks approval of it along with the other tariffs submitted in this Compliance Filing. This Tariff incorporates all of the modifications made in Tariff No. 21 pursuant to the November 30, 2000 Order, as well as modifications necessary to implement the post-transition period generation rates and the elimination of the competition transition charge ("CTC"). This Tariff will take effect for each rate class at the time that each rate class completes CTC recovery, and at that time will supersede Tariff No. 21 and all supplements thereto. Duquesne will refile the relevant parts of this Tariff prior to the anticipated effective date of each rate class to incorporate the appropriate tariff number, issue date and effective date.

Finally, this Compliance Filing includes Duquesne's Tariff Electric, PA P.U.C. No. 2S, the Electric Generation Supplier Coordination Tariff, for which Duquesne seeks Commission approval. The revised Supplier Tariff replaces the current Tariff No. 1S and all supplements thereto. Tariff No. 2S incorporates modifications to implement the switching rules accepted in the November 30, 2000 Order, as well as the obligations placed on Duquesne with respect to customer information and the procedures for determining responsibility for control area losses and unaccounted for energy. Duquesne requests that this Tariff take effect on January 1, 2001.

Please return a date-stamped copy of this letter in the enclosed self-addressed, stamped envelope. Thank you for your assistance in this matter.

Sincerely,



Kathleen L. Barrón
Counsel to Duquesne Light Company

Enclosures

cc: All Parties
Ms. K. Moury
Mr. R. Rosenthal

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

**PENNSYLVANIA PUBLIC UTILITY)
COMMISSION)**

v.)

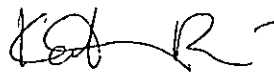
Docket No. R-00974104

**DUQUESNE LIGHT COMPANY)
Application to Approve Restructuring)
Plan Pursuant to 66 Pa.C.S. § 2806(d))**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Compliance Filing of Duquesne Light Company was served, by first class mail, and to the extent required by the Commission's November 30, 2000 order in this docket, via electronic mail, upon the participants on the attached service list in accordance with Section 1.54 of the Commission's regulations.

Dated this 7th day of December, 2000.



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PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

R-00974104

AMENDED AND RESTATED
POLR II AGREEMENT

by and between

DUQUESNE LIGHT COMPANY

and

ORION POWER MIDWEST, L.P, the POLR SUPPLIER

Dated as of December 7, 2000

DOCKETED

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AMENDED AND RESTATED POLR II AGREEMENT

This Amended and Restated POLR II Agreement (this "Agreement") is made and entered into as of December 7, 2000 by and between Duquesne Light Company, a Pennsylvania corporation ("DLC"), and Orion Power MidWest, L.P., a Delaware limited partnership (the "POLR Supplier"). DLC and the POLR Supplier are referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, DLC has sold its generating facilities and other assets associated therewith through an auction process (such sale, the "Asset Sale");

WHEREAS, notwithstanding the Asset Sale, DLC will continue to have and retain its obligation as the electrical energy ("Energy") provider of last resort (the "POLR") for its retail customers during a time period established by the Pennsylvania Public Utility Commission;

WHEREAS, as a result of the Asset Sale, DLC no longer has the generating facilities necessary to supply Energy as the POLR;

WHEREAS, DLC and Orion Power Holdings, Inc., a Delaware corporation and an Affiliate of the POLR Supplier, entered into that certain POLR Agreement dated as of September 24, 1999 (the "POLR I Agreement") to meet DLC's Energy obligations (x) in the case of each Rate Class (as defined herein), as the POLR through the date on which the Transition Period (as defined herein) for each such Rate Class shall have terminated and (y) in the case of Special Contracts (as defined in the POLR I Agreement), through the date on which the last such Special Contract shall have terminated;

WHEREAS, prior to the execution of this Agreement, Orion Power Holdings, Inc. transferred and assigned all of its rights and obligations under the POLR I Agreement and the Asset Purchase Agreement (as defined herein) to the POLR Supplier;

WHEREAS, DLC and the POLR Supplier entered in that certain POLR II Agreement dated as of April 16, 2000 (the "POLR II Agreement"), which POLR II Agreement DLC and the POLR Supplier intend to replace in its entirety with this Agreement;

WHEREAS, the POLR Supplier has or is willing to secure the necessary resources to meet DLC's Energy obligations as the POLR, as provided herein;

WHEREAS, DLC desires to purchase from the POLR Supplier and the POLR Supplier desires to sell to DLC Energy at wholesale rates to meet, among other obligations described herein, DLC's Energy obligations as the POLR for each Rate Class which ceases to be served by the POLR I Agreement, as provided herein;

NOW, THEREFORE, in consideration of the mutual covenants, representations and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I DEFINITIONS; CERTAIN MATTERS

1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below:

"Administration Committee" means a committee for the administration of this Agreement which shall consist of two members appointed by DLC and two members appointed by the POLR Supplier. One member appointed by each Party shall represent system operations and the other member appointed by each Party shall represent finance and billing. DLC shall designate the chairperson of the Administration Committee.

"Affiliate" means, with respect to a corporation, partnership, or other entity, each such other corporation, partnership, or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership, or other entity.

"Agreement" means this Amended and Restated POLR II Agreement together with the Schedules and Exhibits attached hereto, as such may be amended from time to time.

"Ancillary Services" means all services or requirements necessary to support the transmission of capacity and Energy from resources to loads while maintaining

reliable operation of the DLC Control Area in accordance with Good Utility Practice. Ancillary Services includes, but is not limited to, scheduling, system control and dispatch, reactive supply and voltage control from generation sources, regulation and frequency response, energy imbalance, operating reserve – spinning reserve and operating reserve – supplemental reserve.

"Asset Purchase Agreement" means that certain Asset Purchase Agreement by and between DLC, Orion Power Holdings, Inc., a Delaware corporation and an Affiliate of the POLR Supplier, and the Cleveland Electric Illuminating Company, Ohio Edison Company and Pennsylvania Power Company dated as of September 24, 1999.

"Asset Sale" has the meaning set forth in the Recitals.

"Asset Sale Closing" means the transfer of DLC's ownership of its generating facilities and other assets associated therewith through the consummation of the Asset Sale pursuant to the terms of the Asset Purchase Agreement.

"Average Production Cost" means, for each calendar month (or portion thereof), the POLR Supplier's system average variable cost, which includes fuel costs, variable operating and maintenance costs and costs for emissions allowances and credits, as appropriate.

"Billed Generation Revenue" means with respect to each DLC retail customer, the amount that DLC bills, pursuant to the Retail Tariff (except for Rider 10 and Rider 21 thereof and specifically excluding any GRA imposed thereunder), to its retail customers whose Energy requirements DLC secures pursuant to the terms of this Agreement.

"Business Day" means any day other than Saturday, Sunday and any day which is a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or other governmental action to close.

"Certifying Company" means either the POLR Supplier or the Corporate Guarantor, whichever entity has provided the latest dated certification to DLC pursuant to Article III of this Agreement.

"Closing Date" means April 28, 2000, the date on which the Asset Sale Closing occurred.

"Company Use Energy" means all the metered electricity used, in the ordinary course of business, at or by DLC facilities and operations including, but not limited to, substations, operating headquarters, construction and maintenance facilities, office buildings, customer service operations, communications facilities and towers and ash handling, ash treatment and ash disposal facilities (but excluding on site station service electricity at generating stations, which station service electricity shall be the responsibility of the generating station owner). The Parties recognize and agree that, although the Company Use Energy comprises a portion of the POLR Supply Amount, the Company Use Energy to be supplied under this Agreement shall not be sold directly to DLC, but instead the POLR Supplier shall sell such Company Use Energy to DLC's designated marketing affiliate which will, in turn, sell such Company Use Energy to DLC. The Parties recognize and agree that at no time shall the POLR Supplier be responsible for Company Use Energy in excess of 67.5 GWH in any calendar year; such amount will be pro-rated, on a daily basis, for any partial calendar year.

"Company Use Energy Payment" means the sum of the amounts that DLC must cause its marketing affiliate to pay to the POLR Supplier, on a monthly basis, for the Company Use Energy that was included in the POLR Supply Amount (and that the POLR Supplier sold to DLC's designated marketing affiliate for sale to DLC as contemplated in the definition of Company Use Energy) during the calendar month ending on or about forty-five (45) days prior to such date, pursuant to the terms of this Agreement, at a price equal to one hundred and ten percent (110%) of the POLR Supplier's Average Production Cost for such Energy plus Pennsylvania gross receipts taxes (if any) and Pennsylvania sales taxes (if any) then associated therewith, or at such other price upon which the Parties may mutually agree.

"Commercial Bank" means a commercial bank reasonably acceptable to DLC with a minimum credit rating of at least two of the following ratings: (i) AA as determined by Standard & Poor's Corporation, or (ii) Aa2 as determined by Moody's Investors Service, Inc., or (iii) a comparable rating by another nationally recognized rating service reasonably acceptable to DLC.

"Corporate Guarantor" means an Affiliate of the POLR Supplier that (x) has either an investment rating equal to or higher than the Minimum Investment Rating or a Tangible Net Worth equal to or greater than the Minimum Tangible Net Worth and (y) has delivered to DLC a certificate from a duly authorized corporate officer of such Affiliate certifying that such Affiliate meets the foregoing requirements and consents to be the Corporate Guarantor under this Agreement.

"CTC" means the Competitive Transition Charges to be recovered from DLC's retail customers, as approved by the PUC in DLC's restructuring orders.

"DLC Control Area" has the meaning set forth in the OATT, as of the date of this Agreement.

"DLC Transmission System" means the facilities owned, controlled, or operated by DLC that are used to provide transmission service under its OATT, as of the date of this Agreement.

"Dynamically Schedule" means to schedule by means of a telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as a schedule for interchange accounting purposes.

"ECAR" means the East Central Area Reliability Council, a regional reliability council established pursuant to the East Central Area Reliability Coordination Agreement, and any successor entity thereto.

"EGS" means an Electric Generation Supplier as defined in DLC's then-current Supplier Tariff.

"Energy" has the meaning set forth in the Recitals.

"Escrow Account" has the meaning set forth in Section 7.4 hereof.

"Escrow Agreement" has the meaning set forth in Section 7.4 hereof.

"Event of Default" has the meaning set forth in Section 9.1 hereof.

"FE Ancillary Services Agreement" means that certain ancillary services agreement dated as of March 25, 1999 by and between The Cleveland Electric Illuminating Company, Ohio Edison Company and Pennsylvania Power Company, on the one hand, and DLC, on the other hand, relating to regulation and frequency response, operating reserve -- spinning reserve and operating reserve -- supplemental reserve ancillary services.

"FERC" means the Federal Energy Regulatory Commission and any successor agency thereto.

"Force Majeure" has the meaning set forth in Section 8.2 hereof.

"GAAP" means United States generally accepted accounting principles.

"Generation Rates" means the generation rates to be used for the term of this Agreement as set forth on Schedule 3 attached hereto.

"Good Utility Practice" means any of the applicable practices, methods and acts:

required by any Governmental Authority or applicable regional or national reliability council, including NERC or ECAR or the successor of any of them, whether or not the Party whose conduct is at issue is a member thereof; and

otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period, which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with law, regulation and good business practices (which may include aspects of reliability, safety, environmental protection, economy and expediency). Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to practices, methods, or acts generally accepted in the electric utility industry.

"Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, arbitrating body, or other governmental authority.

"Governmental Charges" has the meaning set forth in Section 6.4 hereof.

"GRA" means Generation Rate Adjustment, or GRA, as such terms are used in Section III.E and Exhibit A of that certain Joint Petition for Settlement filed with the PUC in Docket No. R-00974104 on November 29, 2000.

"GRA Payment" means, for a particular day, the sum of the amounts of GRA that DLC has received on such day from those retail customers served under this Agree-

ment upon whom a GRA was imposed pursuant to the Retail Tariff, less any Pennsylvania gross receipts taxes associated therewith.

"Interruptible Service" means, with respect to certain DLC retail customers, Energy service that may be interrupted consistent with DLC's past practice (as set forth on Schedule 1 attached hereto) and pursuant to the terms and conditions of certain tariffs, contracts and arrangements, as identified on Schedule 1 attached hereto, as such Schedule 1 may be amended or modified from time to time pursuant to the terms of this Agreement. The Parties recognize and agree that for purposes of this Agreement, Interruptible Service shall include, at any given time, only those DLC retail customers identified on Schedule 1 attached hereto that both (i) are not served pursuant to a Special Contract (as defined in the POLR I Agreement) and (ii) are classified in a Rate Class for which the Transition Period has terminated.

"ISO" means an independent system operator that, as approved by the FERC, operates the transmission facilities of one or more public utilities.

"Law" means any law, treaty, code, rule, regulation, or order or determination of an arbitrator, court or other Governmental Authority, or any franchise, license, lease, permit, certificate, authorization, qualification, easement, right of way, right or approval binding on a Party or any of its property.

"Minimum Investment Rating" of a Person means that such Person has a minimum investment rating on its senior unsecured debt securities of at least two of the following ratings: (i) BBB- as determined by Standard & Poor's Corporation, or (ii) Baa3 as determined by Moody's Investors Service, Inc., or (iii) BBB- as determined by Duff & Phelps Credit Rating Co.

"Minimum Tangible Net Worth" of a Person means that such Person has a Tangible Net Worth of \$300 million.

"NERC" means the North American Electric Reliability Council and any successor entity thereto.

"Net Billed Generation Revenue" means the sum of the amounts resulting from the following calculations for each DLC retail customer classified in a Rate Class for which the Transition Period has terminated:

(x) the net amount of (i) the product of the Billed Generation Revenue attributable to such customer multiplied by the applicable factors set forth on page one of Schedule 4 attached hereto (which applicable factors shall be applied to the respective components of Billed Generation Revenue with the resultant products thereafter summed as described on Schedule 4 attached hereto) less (ii) DLC's costs attributable to Ancillary Services (except for energy imbalance) associated therewith at the rates then set forth in Schedule 9B to the OATT,

which net amount shall be multiplied by

(y) a factor of nine hundred fifty-six one thousandths (.956).

"OATT" means DLC's Open Access Transmission Tariff, or its successor (including, but not limited to, any applicable RTO or ISO tariff), filed with the FERC.

"Passthrough Power" means Energy that an Interruptible Service customer, that is permitted to do so in the applicable tariff, contract or arrangement, elects, in lieu of an interruption of service, to have DLC purchase, on its behalf, at the prices then available in the regional power market, as contemplated by Section 4.1(f) hereof.

"Party" has the meaning set forth in the Recitals.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization or governmental entity or any department or agency thereof.

"Pilot Program" means that certain pilot program, subject to and to the extent approved by an order of the PUC, that would apply during calendar year 2004 on substantially the following terms: provided that the PUC has determined, pursuant to Section III.B.8 of that certain Joint Petition for Settlement filed with the PUC in Docket No. R-00974104 on November 29, 2000, to institute a market-based POLR program for large C&I customers, DLC's retail customers in the L, GL, GLH and HVPS Rate Classes would not be charged the applicable Generation Rates for Energy as otherwise contemplated by the Retail Tariff, but instead would be charged, pursuant to terms and conditions that are reasonably acceptable to the POLR Supplier, market-based POLR rates that are reasonably acceptable to the POLR Supplier and that are based on a wholesale market price for Energy, adjusted on a regular basis, but in no event less frequently than monthly, comprised of the sum of (i)

transmission and distribution rates and (ii) the market-based generation rate (not subject to any price cap), adjusted for each retail customer's load shape, line losses, ancillary services, any other supplier requirements (e.g., capacity reserves), any retail service adder approved by the PUC, and Pennsylvania gross receipts taxes associated therewith.

"POLR" has the meaning set forth in the Recitals.

"POLR I Agreement" has the meaning set forth in the Recitals.

"POLR II Agreement" has the meaning set forth in the Recitals.

"POLR Energy Imbalance" means any difference between the hourly Energy supplied by the POLR Supplier to the DLC Control Area and the POLR Supply Amount.

"POLR Supplier Ancillary Services Agreement" means that certain ancillary services agreement, dated even date herewith, by and between DLC and the POLR Supplier relating to regulation and frequency response service, operating reserve-spinning reserve service, operating reserve-supplemental reserve service and reactive supply and voltage control.

"POLR Supply Amount" means (x) the actual hourly Energy requirements (including associated losses, as determined under the Supplier Tariff) necessary to supply (i) Energy to serve each DLC retail customer classified in a Rate Class for which the Transition Period has terminated, and (ii) beginning at one minute after 11:59 p.m. (eastern time) on December 31, 2001, Company Use Energy, plus (y) the POLR Supplier's pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to Energy supplied by the POLR Supplier pursuant to this Agreement.

"POLR Supply Forecast" means, for each hour during the term of this Agreement, DLC's forecast of the POLR Supply Amount, as provided to the POLR Supplier in accordance with Section 5.1 hereof.

"POLR Supply Service" means the services and obligations identified in Article IV of this Agreement.

"Power Sales Agreement" means that certain Power Sales Agreement, dated as of April 28, 2000, by and between DLC and the POLR Supplier.

"Preliminary Supplier Charges" means an estimate of Supplier Charges based on forecast Energy requirements (and associated losses) and other data available at the time of the estimate including, if available, actual meter readings.

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

"Rate Class" means each rate classification of DLC's retail customers.

"Rate Class Effective Date" means with respect to each Rate Class, the later of (v) the date on which the PUC issues an order approving the Retail Tariff set forth on Schedule 2 attached hereto and the Generation Rates set forth on Schedule 3 attached hereto, (w) the date on which the PUC issues an order approving modifications to the Supplier Tariff such that each EGS is responsible for its pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to such EGS's load, (x) the date on which the FERC issues an order, in a form reasonably acceptable to the Parties, approving the terms and conditions of this Agreement, (y) the date on which the PUC issues an order approving the Revised POLR I Retail Tariff, and (z) one minute after 11:59 p.m. (eastern time) on the day on which the Transition Period for such Rate Class shall have terminated, provided, however, that for purposes hereof the AL and SH Rate Classes shall be deemed to have terminated on December 31, 2001.

"Required Lenders' Consent" has the meaning set forth in Section 2.1 hereof.

"Residual Losses and Unaccounted For Energy" means the actual hourly Energy requirements of the DLC Control Area, after adjustment for the hourly Energy requirements or transactions (including associated losses) of (i) customers served by an EGS, (ii) wholesale customer(s) of others (including non-utility generators), (iii) customers served under Borderline Purchase Agreements (as defined in the POLR I Agreement) and Borderline Supply Agreements (as defined in the POLR I Agreement), (iv) the owner(s) of the Cheswick, Elrama, Phillips and Brunot Island generating plants included in the Asset Sale or any other generating plants in the DLC Control Area, (v) DLC retail customers served under the POLR I Agreement, (vi) Special Contracts (as defined in the POLR I Agreement), (vii) Company Use

Energy (as defined under the POLR I Agreement and in this Agreement), and (viii) DLC retail customers served under this Agreement.

"Retail Tariff" means the schedules of rates pursuant to which DLC intends to bill its retail customers for generation during the term of this Agreement, as set forth on Schedule 2 attached hereto, as such may be amended or modified from time to time so as to incorporate therein the Generation Rates set forth in Schedule 3 attached hereto.

"Revised POLR I Retail Tariff" means the revised schedules of rates pursuant to which DLC intends to bill its retail customers for generation under the POLR I Agreement, as set forth on Schedule 7 attached hereto, as such may be amended or modified from time to time under the POLR I Agreement so as to incorporate therein the Generation Rates (as defined in the POLR I Agreement) set forth in Schedule 3 attached to the POLR I Agreement.

"RTO" means a regional transmission organization that is approved by the FERC pursuant to Order No. 2000 issued by the FERC.

"Shed Load" means (a) where "Shed Load" is used as a verb, the deliberate interruption of service in the DLC Control Area (other than the interruption of service pursuant to the terms of DLC's tariffs, contracts and arrangements for Interruptible Service), whether manually, automatically, or through requiring location-specific reductions, in accordance with Good Utility Practice to maintain the integrity of the DLC Control Area, and (b) where "Shed Load" is used as a noun, the amount of service, measured in megawatt-hours, that is deliberately interrupted in the DLC Control Area (other than the interruption of service pursuant to the terms of DLC's tariffs, contracts and arrangements for Interruptible Service), whether manually, automatically, or through requiring location-specific reductions, in accordance with Good Utility Practice to maintain the integrity of the DLC Control Area.

"Supplier Charges" means any charges to the POLR Supplier under this Agreement, including Supply Violation Charges, and shall include any adjustments necessary to account for DLC's costs in purchasing Energy for Passthrough Power under the Interruptible Service, the payment for which shall be the responsibility of the POLR Supplier, and the revenues received by DLC from Interruptible Service customers for the incremental charges for Energy related to the amount of Passthrough Power actually supplied to such customers, which revenues shall be credited to the POLR

Supplier to the extent such revenues have not been otherwise included in the Billed Generation Revenue attributable to such Passthrough Power.

"Supplier Tariff" means DLC's Electric Generation Supplier Coordination Tariff, or its successor, filed with and approved by the PUC.

"Supply Violation Charges" means the charges calculated pursuant to Section 4.3 hereof for the failure by the POLR Supplier to deliver to the DLC Control Area, in any hour, the POLR Supply Amount in accordance with Section 4.1 hereof. The Parties recognize and agree that Supply Violation Charges may apply when the POLR Supplier delivers more or less than the POLR Supply Amount.

"Switching Rule" means those certain switching rules relating to retail customers in the DLC Control Area as described in Section III.E of that certain *Joint Petition for Settlement* filed with the PUC in Docket No. R-00974104 on November 29, 2000.

"System Control Center" means DLC's System Control Center currently located in Pittsburgh, PA.

"Tangible Net Worth" of a Person means common stock plus redeemable and unredeemable preferred and preference stock plus additional paid in capital plus retained earnings (or minus accumulated deficits) minus intangible assets determined on the basis of the most recent audited balance sheet of such Person.

"Transition Period" means, with respect to each Rate Class, the period of time between one minute after 11:59 p.m. (eastern time) on the day prior to the Closing Date and the earlier of (i) one minute after 11:59 p.m. (eastern time) on December 31, 2005 and (ii) one minute after 11:59 p.m. (eastern time) on the date on which DLC is no longer authorized to collect the CTC allocated to such Rate Class. The Parties recognize and agree that the Transition Period for each Rate Class shall be calculated separately and, accordingly, may terminate on a date that is different than the termination date for each other Rate Class.

1.2 Certain Interpretive Matters. In this Agreement, unless otherwise specified or the context otherwise requires, the singular shall include the plural, the masculine shall include the feminine and neuter, and vice versa. The term "includes" or "including" shall mean "including without limitation." Unless otherwise specified or the context otherwise requires, references to a Section, Article or Schedule mean a Section, Article or Schedule of this Agreement and reference to a

given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made.

1.3 Effect on POLR II Agreement. DLC and the POLR Supplier hereby amend and restate the POLR II Agreement in its entirety such that the POLR II Agreement, together with the Schedules and Exhibits attached thereto, is replaced in its entirety, for all purposes whatsoever, by this Agreement.

ARTICLE II TERM

2.1 Term. Unless terminated earlier pursuant to the terms of this Agreement, the term of this Agreement shall commence as of the date on which the Required Lenders (as defined in the POLR Supplier's Credit Agreement dated as of April 28, 2000) consent to this Agreement under the terms of such Credit Agreement (such consent, the "Required Lenders' Consent") and continue until December 31, 2004, unless extended by mutual agreement of the Parties. The POLR Supply Service shall commence on the Rate Class Effective Date for each Rate Class.

2.2 Termination. If the Required Lenders' Consent is not received by the Parties on or before December 15, 2000, then this Agreement shall terminate and no Party shall owe any obligations to the other Party hereunder. In addition, this Agreement may be terminated before the end of its term pursuant to Section 9.2 hereof.

ARTICLE III SECURITY AND COMPLIANCE

3.1 Reserved.

3.2 Security. On or before the earliest Rate Class Effective Date hereunder, the POLR Supplier shall comply with one of the following provisions:

(a) The POLR Supplier shall provide a certificate from a duly authorized corporate officer of the POLR Supplier (or the Corporate Guarantor) certifying that, as of such date, the POLR Supplier (or the Corporate Guarantor) has an investment rating equal to or higher than the Minimum Investment Rating; or

(b) The POLR Supplier shall provide a certificate from a duly authorized corporate officer of the POLR Supplier (or the Corporate Guarantor) certifying that, as of such date, the POLR Supplier (or the Corporate Guarantor) has a Tangible Net Worth equal to or greater than the Minimum Tangible Net Worth.

3.3 Letter of Credit.

(a) On or before the earliest Rate Class Effective Date hereunder, the POLR Supplier shall post a \$10 million irrevocable letter of credit issued by a Commercial Bank in form and substance reasonably acceptable to DLC, as such letter of credit may be supplemented or replaced pursuant to the terms of this Agreement, which letter(s) of credit shall remain in place for such amount (or such other amount as may be determined pursuant to Section 3.3(b) hereof) for the entire term of this Agreement. In the event that the POLR Supplier is required to increase the amount of such letter(s) of credit pursuant to the terms of this Agreement, then such letter(s) of credit for such increased amount shall remain in place for such time as may be required under the terms of this Agreement, provided, however, that, notwithstanding any other provision of this Agreement to the contrary, at all times during the term of this Agreement following the earliest Rate Class Effective Date hereunder the minimum amount of any such letter(s) of credit posted by the POLR Supplier shall be equal to or greater than \$10 million (or such other amount as may be determined pursuant to Section 3.3(b) hereof).

(b) On each of January 1, 2003 and January 1, 2004, the minimum amount of the letter(s) of credit required to be posted by the POLR Supplier under Section 3.3(a) hereof shall be reduced by \$3 million.

3.4 Compliance.

(a) If at any time during the term of this Agreement, (i) Standard & Poor's Corporation, Moody's Investors Service, Inc. or Duff & Phelps Credit Rating Co. downgrades the investment rating of the Certifying Company or (ii) the Certifying Company's Tangible Net Worth at the end of an accounting period is below the Minimum Tangible Net Worth, then the POLR Supplier shall provide DLC with written notice of such event within two (2) Business Days of the occurrence of any such event. Within five (5) Business Days of DLC's receipt of such written notice, DLC shall cause the chairperson of the Administration Committee to convene a meeting of the Administration Committee for the purpose of addressing

such event and the POLR Supplier's compliance with the provisions of this Agreement.

(b) Within fifteen days of the end of each calendar quarter during the term of this Agreement, the POLR Supplier shall deliver to DLC a certificate from a duly authorized corporate officer of the Certifying Company certifying that, as of the date of such certification, the Certifying Company has either an investment rating equal to or higher than the Minimum Investment Rating or a Tangible Net Worth equal to or greater than the Minimum Tangible Net Worth (which certification shall include such calculations and evidence as DLC shall reasonably request). The Parties recognize and agree that in addition to, and without limiting in any way, the POLR Supplier's obligation to deliver a certificate from a duly authorized corporate officer of the Certifying Company contained in the immediately preceding sentence, the POLR Supplier may deliver to DLC such a certificate at any time during the term of this Agreement in order to change the Certifying Company or modify any information relating thereto.

(c) Within ninety (90) days after the end of each fiscal year of the Certifying Company, the POLR Supplier shall deliver to DLC the financial statements of the Certifying Company, which financial statements shall have been prepared in conformity with GAAP and certified by a firm of certified public accountants of national standing.

3.5 Additional Security.

(a) If at any time during the term of this Agreement following the earliest Rate Class Effective Date hereunder the Certifying Company's Tangible Net Worth is below the Minimum Tangible Net Worth and the Certifying Company's investment rating is below the Minimum Investment Rating, then DLC, in its sole discretion, may require, upon ten (10) Business Days' written notice to the POLR Supplier, that the POLR Supplier supplement or replace the letter(s) of credit then currently posted pursuant to this Article III with another irrevocable letter of credit issued by a Commercial Bank in form and substance reasonably acceptable to DLC such that the aggregate amount of such letter(s) of credit equals \$50 million (or such other amount as may be determined pursuant to Section 3.5(b) hereof), which letter(s) of credit shall remain in place for such aggregate amount until such time as the Certifying Company's Tangible Net Worth is equal to or greater than the Minimum Tangible Net Worth or the Certifying Company's investment rating is equal to or greater than the Minimum Investment Rating (at which time, although the letter of credit requirements of this Section 3.5 shall not apply, the POLR Supplier shall

continue to comply with any other applicable letter of credit requirements set forth in this Article III).

(b) On each of January 1, 2003 and January 1, 2004, the minimum amount of the letter(s) of credit required to be posted by the POLR Supplier under Section 3.5(a) hereof shall be reduced by \$15 million.

3.6 Effect of Letters of Credit Posted Under the POLR I Agreement. Notwithstanding anything herein to the contrary, DLC agrees that the aggregate amount of any letter(s) of credit required to be posted by the POLR Supplier at any point in time under this Agreement shall be reduced by the aggregate amount of any letter(s) of credit then posted by the POLR Supplier (as defined in the POLR I Agreement) pursuant to the terms of the POLR I Agreement.

3.7 Reserved.

3.8 Administration Committee. Each Party shall inform the Administration Committee of any and all (i) events which arise that may be significant to or otherwise affect the matters contemplated by this Agreement, (ii) matters affecting operating conditions or that could otherwise affect such Party's ability to perform its obligations under this Agreement and (iii) changes that occur with respect to information previously furnished to the Administration Committee. The Administration Committee shall meet at least once every calendar quarter, at such other times as may be provided by this Agreement and at the call of the chairperson of the Administration Committee. The Administration Committee shall act only by unanimous agreement of its members. All appointments to or changes in membership of the Administration Committee by one Party shall be made upon written notice to the other Party. In addition, the Administration Committee shall:

(a) specify, review and revise, as necessary from time to time, suitable operating and accounting procedures to implement the terms of this Agreement and reevaluate, as appropriate from time to time, the security and credit requirements contained in this Article III;

(b) use its good faith best efforts to resolve disputes and other matters arising under this Agreement, including payment disputes and matters relating to marketing statements on DLC's retail customers' bills, consistent with terms of Article X of this Agreement;

- (c) exercise authority as to each Party to make decisions regarding this Agreement;
- (d) perform such other duties as the Parties may determine from time to time;
- (e) in its discretion, establish one or more subcommittees to perform any of its functions hereunder;
- (f) make and maintain a written record of its actions;
- (g) inform the Parties, in writing, as to matters that the Administration Committee cannot resolve, together with any recommendations, if appropriate.

ARTICLE IV POLR SUPPLY SERVICE

4.1 Obligations of POLR Supplier.

(a) (i) POLR Supply Amount Obligation. Subject to the terms and conditions of this Agreement, beginning at one minute after 11:59 p.m. (eastern time) on the day prior to the earliest Rate Class Effective Date hereunder and continuing through the term of this Agreement (or the earlier termination of this Agreement), the POLR Supplier shall deliver to DLC each hour, on a continuous basis, the POLR Supply Amount (excluding for purposes of this sentence, Company Use Energy) at the delivery point(s) described in subparagraph (b) of this Section 4.1. The POLR Supplier recognizes and agrees that it is responsible for delivering the POLR Supply Amount as it may change over time for any reason, including seasonal factors, load fluctuation, increased or decreased usage, extremes in weather, and, subject to the limitations set forth in the Retail Tariff (as applied by the PUC), customer switching decisions regarding whether to receive POLR service or purchase Energy from an EGS.

(ii) Company Use Obligation. Subject to the terms and conditions of this Agreement, beginning at one minute after 11:59 p.m. (eastern time) on December 31, 2001 and continuing through the term of this Agreement (or the earlier termination of this Agreement), the POLR Supplier shall deliver to DLC's

designated marketing affiliate each hour, on a continuous basis, the Company Use Energy at the delivery point(s) described in subparagraph (b) of this Section 4.1.

(b) Points of Delivery. The POLR Supplier shall deliver the POLR Supply Amount (including Company Use Energy) to the DLC Transmission System and shall schedule, except as otherwise provided in Section 4.3(d) hereof, the POLR Supply Amount (including Company Use Energy) to the DLC Control Area.

(c) Pilot Program. If the PUC determines, pursuant to Section III.B.8 of that certain Joint Petition for Settlement filed with the PUC in Docket No. R-00974104 on November 29, 2000, to consider the institution of a market-based POLR program for large C&I customers, then the POLR Supplier shall cooperate in good faith with DLC and use all commercially reasonable efforts to attempt to negotiate and execute any amendments to this Agreement that would be necessary to implement a Pilot Program; provided, however, that, for the avoidance of doubt, if such negotiations are not successful, the POLR Supplier shall have no obligations under this Agreement to provide Energy for the Pilot Program. In addition, the POLR Supplier shall cooperate in good faith with DLC so that DLC can make a neutral filing with the PUC, on or before December 31, 2002, evaluating the wholesale market in the DLC Control Area. The POLR Supplier agrees that any retail service adder billed to DLC's retail customers under a Pilot Program shall be collected by DLC and shared between DLC and the POLR Supplier as follows: DLC shall retain eighty percent (80%) of any such adder and DLC shall pay to the POLR Supplier twenty percent (20%) of any such adder.

(d) Ancillary Services. The POLR Supplier acknowledges and agrees that DLC shall be responsible for securing and providing all Ancillary Services associated with DLC's retail customers classified in a Rate Class for which the Transition Period has terminated and Company Use Energy (provided that by separate, mutual agreement between the POLR Supplier and DLC, the POLR Supplier may provide certain or all of such Ancillary Services) and that DLC's costs attributable to such Ancillary Services (except for energy imbalance) at the rates then set forth in Schedule 9B of the OATT shall be netted against Billed Generation Revenues, as provided under the terms of this Agreement. The POLR Supplier further acknowledges and agrees that any POLR Energy Imbalance shall be hourly energy imbalance attributable to the POLR Supplier for purposes of calculating Supply Violation Charges.

(e) Transmission and Distribution Losses. As part of the POLR Supply Amount, the POLR Supplier shall provide all Energy necessary to compensate for transmission and distribution losses in the DLC Control Area that would be attributable to the POLR Supplier under the Supplier Tariff if the POLR Supplier were an EGS.

(f) Interruptible Service. The POLR Supplier may, by as much advance notice to DLC as is practicable, but in no event less than one hour prior to a desired interruption, request the interruption of the Interruptible Service, provided that any such interruption is consistent with DLC's past practice (as set forth on Schedule 1 attached hereto) and the terms and conditions established by the applicable tariffs, contracts or arrangements under which the Interruptible Service customers are served, including any required notice period, any right of such customers to elect to purchase Passthrough Power and any limitation on the number of hours of interruption permitted in a year, month or other period.

(g) Information. The POLR Supplier shall use its good faith best efforts to cooperate with DLC in exchanging information regarding or relating to the Parties' obligations hereunder.

(h) POLR I Agreement Amendment.

(i) Provided that (w) the PUC has issued an order approving the Retail Tariff set forth on Schedule 2 attached hereto (unless the failure to approve such Retail Tariff is based solely on the absence of a definitive effective date for such Retail Tariff) and the Generation Rates set forth on Schedule 3 attached hereto, (x) the PUC has issued an order approving modifications to the Supplier Tariff such that each EGS is responsible for its pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to such EGS's load, (y) the FERC has issued an order, in a form reasonably acceptable to the Parties, approving the terms and conditions of this Agreement, and (z) the PUC has issued an order approving the Revised POLR I Retail Tariff, the POLR Supplier shall cause to be executed, no later than February 15, 2001, one or more amendments to the POLR I Agreement providing that (i) as of one minute after 11:59 p.m. (eastern time) on December 31, 2001, Company Use Energy shall no longer be provided pursuant to the POLR I Agreement but instead shall be provided exclusively pursuant to the terms of this Agreement, (ii) as of one minute after 11:59 p.m. (eastern time) on December 31, 2000, the POLR Supplier (as defined in the POLR I Agreement) shall

no longer be responsible for providing all Energy necessary to compensate for transmission and distribution losses in the DLC Control Area other than those losses that are the responsibility of others, but rather shall be responsible for providing all Energy necessary to compensate for all transmission and distribution losses in the DLC Control area that would be attributable to the POLR Supplier (as defined in the POLR I Agreement) under the Supplier Tariff if the POLR Supplier were an EGS, (iii) as of one minute after 11:59 p.m. (eastern time) on December 31, 2000, the POLR Supply Amount (as defined in the POLR I Agreement) shall be modified such that the POLR Supplier (as defined in the POLR I Agreement) shall no longer be responsible for all residual losses in the DLC Control Area, but rather for only such POLR Supplier's pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to Energy supplied pursuant to the POLR I Agreement. In addition, as soon as practicable following the date hereof, the POLR Supplier shall cause to be executed one or more amendments to the POLR I Agreement providing that DLC retail customers classified in the AL and SH Rate Classes shall continue to be served under the POLR I Agreement at the rates provided therein through December 31, 2001.

(ii) Provided that conditions (w), (x) and (z) of subsection (i) of this Section 4.1(h) are satisfied, as soon as practicable following the date on which the PUC issues an order approving the Revised POLR I Retail Tariff, the POLR Supplier shall cause to be executed one or more amendments to the POLR I Agreement and the Retail Tariff (as defined in the POLR I Agreement) providing that (i) the Revised POLR I Retail Tariff shall apply to the POLR I Agreement, (ii) GRA shall be specifically excluded from the definition of Billed Generation Revenue (as defined in the POLR I Agreement) and DLC shall pay to the POLR Supplier (as defined in the POLR I Agreement), on a daily basis, the payment for GRA billed under the Revised Retail Tariff, if any, received by DLC as of the close of business on the immediately preceding day, and (iii) DLC shall reasonably cooperate with the efforts by the POLR Supplier, if warranted by available evidence, to seek enforcement of the provisions relating to the Switching Rule and the GRA under the Revised POLR I Retail Tariff, provided, however, that in any such case the POLR Supplier shall reimburse DLC for its reasonable costs (including attorney and consulting fees) incurred to obtain regulatory relief or enforcement on behalf of the POLR Supplier.

(iii) Provided that conditions (w), (x) and (z) of subsection (i) of this Section 4.1(h) are satisfied, the POLR Supplier shall (i) consent, pursuant to the terms of the POLR I Agreement, to such modifications to the Special

Contracts (as defined in the POLR I Agreement) as shall be necessary to effectuate the terms set forth on Schedule 6 attached hereto and (ii) supply, pursuant to the terms of the POLR I Agreement, the Energy necessary to satisfy such modified Special Contracts.

(i) Generating Facility Outages. In addition, the POLR Supplier shall reasonably cooperate with DLC to coordinate planned outages at the generating facilities located in the DLC Control Area and acquired by the POLR Supplier in the Asset Sale to coincide as much as possible with planned outages on the DLC Transmission System or DLC's distribution system.

(j) Power Sales Agreement. As soon as practicable following the date hereof, the POLR Supplier shall execute an amendment to the Power Sales Agreement that deletes therefrom the second sentence of Section 2.1 of the Power Sales Agreement. In addition, the POLR Supplier agrees that it (i) shall not designate any Designated EGS (as defined in the Power Sales Agreement) for any period of time after December 31, 2001 and (ii) shall, prior to January 1, 2002, terminate that certain EGS Power Sales Agreement, dated as of April 28, 2000, by and between the POLR Supplier and that certain Designated EGS.

4.2 Obligations of DLC.

(a) Receipt of POLR Supply Amount. DLC shall take delivery of the POLR Supply Amount (excluding for purposes of this sentence, Company Use Energy) in the amounts and at the points of delivery set forth in Sections 4.1(a) and 4.1(b), respectively, provided that the POLR Supplier has satisfied its obligations thereunder.

(b) Company Use Energy. DLC shall cause its designated marketing affiliate to take delivery of Company Use Energy in the amounts and at the points of delivery set forth in Sections 4.1(a) and 4.1(b), respectively, provided that the POLR Supplier has satisfied its obligations thereunder. DLC shall then, in turn, cause its designated marketing affiliate to sell such Company Use Energy, in the same amount and at the same points of delivery, to DLC. DLC shall, at its own cost, meter the amount of Company Use Energy that is consumed.

(c) Dynamic Scheduling. At the request of the POLR Supplier, DLC shall, at no cost to the POLR Supplier, cooperate to Dynamically Schedule the POLR Supply Amount, provided that (i) it is technically feasible to do

so, and (ii) the POLR Supplier executes a service agreement in form and substance reasonably acceptable to DLC.

(d) Interruptible Service. Upon the receipt of a request from the POLR Supplier to interrupt the Interruptible Service, and provided that DLC received such request no less than one hour before the desired interruption, DLC shall interrupt the Interruptible Service to the extent that any such interruption is consistent with DLC's past practice (as set forth on Schedule 1 attached hereto) and the terms and conditions established by the applicable tariffs, contracts or arrangements under which the Interruptible Service customers are served, including any required notice period, any right of such customers to elect to purchase Passthrough Power and any limitation on the number of hours of interruption permitted in a year, month or other period. Upon any Interruptible Service customer's election to purchase Passthrough Power, DLC shall notify the POLR Supplier of such customer's election and DLC's costs in purchasing Passthrough Power on behalf of such customer. DLC shall update Schedule 1 attached hereto whenever necessary to incorporate any significant changes to such Schedule 1, including the modification or termination of any existing, or the entering into of any additional, contracts or arrangements for Interruptible Service, as well as any other changes in interruption rights relating to DLC retail customers; provided, however, DLC shall not modify, terminate or extend any existing or enter into any additional contracts or arrangements for Interruptible Service during the term of this Agreement without the prior consent of the POLR Supplier, which consent shall not be unreasonably withheld.

(e) Marketing Statement on DLC's Retail Customers' Bills. During the term of this Agreement, DLC shall, to the extent permitted by Law and upon sufficient notice from the POLR Supplier, include on DLC's retail customers' bills such information relating to the POLR Supplier's provision of Energy as the POLR Supplier shall reasonably request and DLC shall reasonably approve, including the name and logo of the POLR Supplier, and such other information upon which the Parties shall mutually agree.

(f) Retail Services. DLC, or its designated agent or contractor, shall continue to perform, at no cost to the POLR Supplier, all retail functions and services associated with DLC's retail customers, and all functions and services associated with Company Use Energy supplied under this Agreement, including, as applicable, distribution, metering, billing, customer collections, and universal service programs, in accordance with Good Utility Practice.

(g) Transmission and Distribution Outages. As long as DLC is maintaining and operating the DLC Transmission System and DLC's distribution system in accordance with Good Utility Practice, DLC shall not be responsible to the POLR Supplier for (i) any lost revenues associated with the interruption by DLC of POLR load due to outages on the DLC Transmission System or DLC's distribution system or actions taken by DLC to protect the security and integrity of the DLC Transmission System or DLC's distribution system, nor (ii) any costs associated with *the interruption by DLC of POLR load due to failures on the DLC Transmission System or DLC's distribution system or actions taken by DLC to protect the security and integrity of the DLC Transmission System or DLC's distribution system.* In addition, DLC shall reasonably cooperate with the POLR Supplier to coordinate planned outages on the DLC Transmission System or DLC's distribution system to coincide as much as practicable with planned outages at the generating facilities located in the DLC Control Area and acquired by the POLR Supplier in the Asset Sale.

(h) Information.

(i) Upon such notice from the POLR Supplier as is sufficient to permit DLC to compile the requested information, DLC shall provide the POLR Supplier such information regarding DLC's retail customers as the POLR Supplier shall reasonably request, including customer account numbers, names, addresses, phone numbers, rate classes and historical usage information, provided that (x) the POLR Supplier agrees to reimburse DLC for the incremental costs incurred in compiling and providing such information and (y) the release of such information does not conflict with any Law or agreement by which DLC is bound, including those respecting the privacy of, or confidentiality of information regarding, DLC's retail customers.

(ii) DLC shall use its good faith best efforts to cooperate with the POLR Supplier in exchanging information regarding or relating to the Parties' obligations hereunder.

(iii) The POLR Supplier shall have the right to audit the books and records of DLC to confirm the accuracy of the Billed Generation Revenues and the Net Billed Generation Revenues, provided that any

such audit shall be at the POLR Supplier's expense, consistent with standard business practices and following reasonable notice to DLC.

(i) Ancillary Services. DLC shall be responsible for securing and providing all Ancillary Services associated with DLC's retail customers classified in a Rate Class for which the Transition Period has terminated and Company Use Energy (provided that by separate, mutual agreement between the POLR Supplier and DLC, the POLR Supplier may provide certain or all of such Ancillary Services) and shall net DLC's costs attributable to such Ancillary Services (except for energy imbalance) at the rates then set forth in Schedule 9B to the OATT against Billed Generation Revenue, as provided under the terms of this Agreement. If at any time DLC's costs for regulation and frequency response, operating reserve -- spinning reserve and operating reserve -- supplemental reserve ancillary services change, DLC shall file with the FERC an amendment to Schedule 9B to the OATT to reflect any such change. At the expiration of the FE Ancillary Services Agreement, DLC agrees to use commercially reasonable efforts to provide a means by which the POLR Supplier can provide the Ancillary Services requirements associated with its POLR obligations under this Agreement such that the amounts deducted from Billed Generation Revenue are equal to the amounts paid to the POLR Supplier pursuant to the POLR Supplier Ancillary Services Agreement, but only in the event that doing so can be accomplished without causing DLC to under-recover the Ancillary Services costs that it incurs on behalf of retail customers being served under this Agreement.

(j) Regulatory Cooperation. DLC agrees to reasonably cooperate with efforts by the POLR Supplier, if warranted by available evidence, to seek (i) regulatory relief from unfair practices by residential customers who elect to receive Energy from an EGS at certain times of the year and who return to POLR service at other times of the year, and (ii) enforcement of the provisions relating to the Switching Rule and GRA contained in that certain Joint Petition for Settlement filed with the PUC in Docket No. R-00974104 on November 29, 2000; provided, however, that in any such case, the POLR Supplier shall reimburse DLC for its reasonable costs (including attorney and consulting fees) incurred to obtain regulatory relief or enforcement on behalf of the POLR Supplier. In addition, DLC agrees to refrain from filing with the PUC any request for modification of the Generation Rates, unless the Parties shall mutually agree otherwise.

(k) POLR I Agreement Amendment.

(i) Provided that (w) the PUC has issued an order approving the Retail Tariff set forth on Schedule 2 attached hereto (unless the failure to approve such Retail Tariff is based solely on the absence of a definitive effective date for such Retail Tariff) and the Generation Rates set forth on Schedule 3 attached hereto, (x) the PUC has issued an order approving modifications to the Supplier Tariff such that each EGS is responsible for its pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to such EGS's load, (y) the FERC has issued an order, in form reasonably acceptable to the Parties, approving the terms and conditions of this Agreement, and (z) the PUC has issued an order approving the Revised POLR I Retail Tariff, DLC shall execute, no later than February 15, 2001, one or more amendments to the POLR I Agreement providing that (i) as of one minute after 11:59 p.m. (eastern time) on December 31, 2001, Company Use Energy shall no longer be provided pursuant to the POLR I Agreement but instead shall be provided exclusively pursuant to the terms of this Agreement, (ii) as of one minute after 11:59 p.m. (eastern time) on December 31, 2000, the POLR Supplier (as defined in the POLR I Agreement) shall no longer be responsible for providing all Energy necessary to compensate for transmission and distribution losses in the DLC Control Area other than those losses that are the responsibility of others, but rather shall be responsible for providing all Energy necessary to compensate for all transmission and distribution losses in the DLC Control area that would be attributable to the POLR Supplier (as defined in the POLR I Agreement) under the Supplier Tariff if the POLR Supplier were an EGS, (iii) as of one minute after 11:59 p.m. (eastern time) on December 31, 2000, the POLR Supply Amount (as defined in the POLR I Agreement) shall be modified such that the POLR Supplier (as defined in the POLR I Agreement) shall no longer be responsible for all residual losses in the DLC Control Area, but rather for only such POLR Supplier's pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to Energy supplied pursuant to the POLR I Agreement. In addition, as soon as practicable following the date hereof, DLC shall execute one or more amendments to the POLR I Agreement providing that DLC retail customers classified in the AL and SH Rate Classes shall continue to be served under the POLR I Agreement at the rates provided therein through December 31, 2001.

(ii) Provided that conditions (w), (x) and (z) of subsection (i) of this Section 4.2(k) are satisfied, as soon as practicable following the date

on which the PUC issues an order approving the Revised POLR I Retail Tariff, DLC shall execute one or more amendments to the POLR I Agreement and the Retail Tariff (as defined in the POLR I Agreement) providing that (i) the Revised POLR I Retail Tariff shall apply to the POLR I Agreement, (ii) GRA shall be specifically excluded from the definition of Billed Generation Revenue (as defined in the POLR I Agreement) and DLC shall pay to the POLR Supplier (as defined in the POLR I Agreement), on a daily basis, the payment for GRA billed under the Revised POLR I Retail Tariff, if any, received by DLC as of the close of business on the immediately preceding day, and (iii) DLC shall reasonably cooperate with the efforts by the POLR Supplier, if warranted by available evidence, to seek enforcement of the provisions relating to the Switching Rule and the GRA under the Revised POLR I Retail Tariff, provided, however, that in any such case the POLR Supplier shall reimburse DLC for its reasonable costs (including attorney and consulting fees) incurred to obtain regulatory relief or enforcement on behalf of the POLR Supplier.

(iii) Provided that conditions (w), (x) and (z) of subsection (i) of this Section 4.2(k) are satisfied, DLC shall cause to be made, pursuant to the terms of the POLR I Agreement, such modifications to the Special Contracts (as defined in the POLR I Agreement) as shall be necessary to effectuate the terms set forth on Schedule 6 attached hereto.

(l) Pilot Program. If the PUC determines, pursuant to Section III.B.8 of that certain Joint Petition for Settlement filed with the PUC in Docket No. R-00974104 on November 29, 2000, to consider the institution of a market-based POLR program for large C&I customers, then DLC shall cooperate in good faith with the POLR Supplier and use all commercially reasonable efforts to attempt to negotiate and execute any amendments to this Agreement that would be necessary to implement a Pilot Program; provided, however, that, for the avoidance of doubt, if such negotiations are not successful, the POLR Supplier shall have no obligations under this Agreement to provide Energy for the Pilot Program. In addition, DLC shall make a neutral filing with the PUC, on or before December 31, 2002, evaluating the wholesale market in the DLC Control Area. DLC agrees that any retail service adder billed to DLC's retail customers under a Pilot Program shall be collected by DLC and shared between DLC and the POLR Supplier as follows: DLC shall retain eighty percent (80%) of any such adder and DLC shall pay to the POLR Supplier twenty percent (20%) of any such adder.

(m) Maintenance. DLC shall maintain and operate the DLC Transmission System and DLC's distribution system in accordance with Good Utility Practice.

(n) Power Sales Agreement. As soon as practicable following the date hereof, DLC shall execute an amendment to the Power Sales Agreement that deletes therefrom the second sentence of Section 2.1 of the Power Sales Agreement.

4.3 POLR Energy Imbalance and Supply Violations Charges. For any hour during which there is POLR Energy Imbalance, the POLR Supplier shall pay to DLC, in accordance with the billing procedures set forth in Article VII of this Agreement, the following amounts, as applicable:

(a) POLR Supplier Self-Schedules the POLR Supply Amount. In the event that the POLR Supplier does not either schedule the POLR Supply Amount according to the POLR Supply Forecast, as contemplated by Section 4.3(b) hereof, or Dynamically Schedule the POLR Supply Amount, as contemplated by Section 4.3(c) hereof, then:

(i) If the POLR Supplier delivers, in any hour, an amount of Energy that is between 90% and 110% of the POLR Supply Amount for that hour, the POLR Supplier shall, in the event of an under-delivery, pay to DLC an amount of dollars equal to the charge under the OATT applicable to an under-delivery of an amount of Energy equal to the POLR Energy Imbalance, and, in the event of an over-delivery, receive a credit from DLC in an amount of dollars equal to the credit under the OATT applicable to an over-delivery of an amount of Energy equal to the POLR Energy Imbalance (net of any costs DLC incurs in disposing of such excess Energy).

(ii) If the POLR Supplier delivers, in any hour, an amount of Energy that is at least 75% but less than 90% of the POLR Supply Amount for that hour, the POLR Supplier shall pay to DLC an amount of dollars equal to 110% of the charge under the OATT applicable to an under-delivery of an amount of Energy equal to the POLR Energy Imbalance. If the POLR Supplier delivers, in any hour, an amount of Energy that is less than 75% of the POLR Supply Amount for that hour, the POLR Supplier shall pay to DLC an amount of dollars equal to 125% of the charge under the OATT applicable to an under-delivery of an amount of Energy equal to the POLR Energy Imbalance.

(iii) If the POLR Supplier delivers, in any hour, an amount of Energy that is greater than 110% of the POLR Supply Amount for that hour, the POLR Supplier shall receive from DLC a credit in an amount of dollars equal to the credit under the OATT applicable to an over-delivery of an amount of Energy equal to that portion of the POLR Energy Imbalance attributable to the portion of such over-delivery that does not exceed 110% of such POLR Supply Amount (net of any costs DLC incurs in disposing of such excess Energy) as contemplated by Section 4.3(a) hereof and, for the balance of such POLR Energy Imbalance, attributable to the portion of such over-delivery that exceeds 110% of such POLR Supply Amount, reimburse DLC for any costs it incurs in disposing of such excess Energy.

(iv) If the POLR Supplier's failure to deliver the POLR Supply Amount in accordance with Section 4.1 hereof causes DLC to Shed Load during any hour, the POLR Supplier shall pay to DLC, in addition to any amounts due under Sections 4.3 (a) – (c) hereunder, \$1,000 per megawatt-hour of Shed Load attributable to such failure plus any out-of-pocket costs incurred by DLC as the result of claims, penalties, repairs, expenses or other damages resulting from such Shed Load; provided, however, that if during any such hour (x) the POLR Supplier delivers the full output of all of its operable generation (e.g., all generation that is not on forced outage and/or forced curtailments) to the DLC Control Area (and delivers to DLC a certificate executed by a duly authorized officer of the POLR Supplier to such effect) and nevertheless fails to deliver the POLR Supply Amount and (y) DLC is unable to procure alternative sources of Energy in the market sufficient to compensate for the POLR Supplier's under-delivery, then the POLR Supplier shall pay to DLC, in addition to any amounts due under Sections 4.3(a) - (c) hereunder, but in lieu of the \$1,000 per megawatt-hour of Shed Load described above, \$100 per megawatt-hour of Shed Load attributable to such failure plus any of the aforementioned out-of-pocket costs incurred by DLC. For purposes of this Section 4.3(a)(iv), DLC shall determine the amount of such Shed Load using Good Utility Practice.

(b) POLR Supplier Schedules the POLR Supply Amount According to the POLR Supply Forecast. In the event that the POLR Supplier schedules to the DLC Control Area, in any hour, an amount of Energy that is between 98% and 102% of the amount of Energy forecast by DLC for such hour in the POLR Supply Forecast for such hour last delivered by DLC to the POLR Supplier pursuant to Section 5.1(a) hereof, the provisions of Section 4.3(a) and (c) hereof shall not apply and in such an instance, if the POLR Supplier fails to deliver to the DLC Control Area the POLR Supply Amount in accordance with Section 4.1

hereof for such hour, the POLR Supplier shall, in the event of an under-delivery, pay to DLC an amount of dollars equal to the charge under the OATT applicable to an under-delivery of an amount of Energy equal to the POLR Energy Imbalance and, in the event of an over-delivery, receive a credit from DLC in an amount of dollars equal to the credit under the OATT applicable to an over-delivery of an amount of Energy equal to the POLR Energy Imbalance (net of any costs DLC incurs in disposing of such Energy).

(c) POLR Supplier Dynamically Schedules the POLR Supply Amount. In the event that the POLR Supplier Dynamically Schedules the POLR Supply Amount to the DLC Control Area, subject to the terms of Section 4.2(c) hereof, in any hour, the provisions of Section 4.3(a) and (b) hereof shall not apply and in such an instance, if the POLR Supplier fails to deliver to the DLC Control Area the POLR Supply Amount in accordance with Section 4.1 hereof for such hour, the POLR Supplier shall, in the event of an under-delivery, pay to DLC an amount of dollars equal to the charge under the OATT applicable to an under-delivery of an amount of Energy equal to the POLR Energy Imbalance and, in the event of an over-delivery, receive a credit from DLC in an amount of dollars equal to the credit under the OATT applicable to an over-delivery of an amount of Energy equal to the POLR Energy Imbalance (net of any costs DLC incurs in disposing of such Energy).

(d) Effect of Force Majeure and DLC T&D Outages. The Parties agree that in the event that the POLR Supplier's failure to deliver the POLR Supply Amount in accordance with Section 4.1 hereof resulted from (x) an event of Force Majeure (and provided that the POLR Supplier complied with the provisions of Article VIII hereof relating to events of Force Majeure) or (y) outages on the DLC Transmission System or DLC's distribution system, the provisions of Section 4.3(a) through (c) hereof shall not apply and in such an instance, the POLR Supplier shall, in the event of an under-delivery, pay to DLC an amount of dollars equal to the charge under the OATT applicable to an under-delivery of an amount of Energy equal to the POLR Energy Imbalance and, in the event of an over-delivery, receive a credit from DLC in an amount of dollars equal to the credit under the OATT applicable to an over-delivery of an amount of Energy equal to the POLR Energy Imbalance (net of any costs DLC incurs in disposing of such Energy).

(e) Liquidated Damages. The Parties agree that the foregoing payment provisions are an integral part of this Agreement and form a portion of the consideration for the execution of this Agreement. The Parties

recognize and agree that the amounts set forth in this Section 4.3 represent a reasonable estimate of the damages that would be incurred by DLC in the event the POLR Supplier in any hour fails to deliver the POLR Supply Amount in accordance with Section 4.1 hereof. The Parties further recognize and agree that the payment of such amounts by the POLR Supplier is an appropriate remedy in the event of such a failure and that any such payment does not constitute a forfeiture or penalty of any kind but rather constitutes liquidated damages under the terms of this Agreement.

4.4 Demonstration of Ability to Perform. Each April 1 and September 1 during the term of this Agreement, the POLR Supplier shall demonstrate to DLC's reasonable satisfaction that the POLR Supplier has the ability to perform its obligations under this Agreement during the following calendar year. Such demonstration shall include a list of all resources, including generation assets owned or operated by the POLR Supplier and Energy purchase contracts, from which the POLR Supplier intends to obtain the Energy necessary to satisfy its obligations under this Agreement, and shall provide reasonable assurance that such resources satisfy any reserve margin or other requirements then required by any Governmental Authority or applicable regional or national reliability council, including NERC or ECAR, whether or not the POLR Supplier is a member thereof. On or before the 15th day of each month during the term of this Agreement, the POLR Supplier shall provide DLC with notice of any significant changes in the POLR Supplier's list of resources described in the preceding sentence.

4.5 POLR Supplier Operating Representative. The Parties agree that DLC and the POLR Supplier (or the POLR Supplier's operating representative, as made available under the POLR I Agreement) shall cooperate to reasonably balance the POLR Supply Forecast and the POLR Supply Amount. Any access to the System Control Center provided to the POLR Supplier or its operating representative shall be in accordance with all applicable laws, including FERC's Order No. 889.

ARTICLE V
LOAD FORECASTING, SCHEDULING AND RECONCILIATION

5.1 Load Forecasting.

(a) DLC shall provide POLR Supply Forecasts for each hour during the term of this Agreement following the earliest Rate Class Effective Date hereunder to the POLR Supplier in accordance with the terms and conditions of Article 6 -- Load Forecasting -- of the Supplier Tariff (including any future modifications to such tariff), which terms and conditions are hereby incorporated into this Agreement. DLC may update any such POLR Supply Forecast delivered to the POLR Supplier by delivering to the POLR Supplier another POLR Supply Forecast for such hour no later than three (3) hours prior to such hour (or such shorter period of time in the event of emergency operations as contemplated by the Supplier Tariff).

(b) In addition, DLC shall deliver to the POLR Supplier, as often as is practicable but in no event later than the end of each month, a report listing known changes in the POLR Supply Amount, as well as any known changes to the Schedules attached hereto, which changes shall be incorporated into and become a part of the Schedules to which they relate, subject, however, to the prior consent of the POLR Supplier to such changes to such Schedules if such consent is required under this Agreement.

5.2 Supply Scheduling. The terms and conditions of Article 7 -- Supply Scheduling -- of the Supplier Tariff (including any future modifications to such tariff) are hereby incorporated into this Agreement.

5.3 Reconciliation. Notwithstanding the terms and conditions of Article 8 -- Reconciliation -- of the Supplier Tariff (including any future modifications to such tariff), any POLR Energy Imbalance shall be hourly energy imbalance attributable to the POLR Supplier for purposes of calculating Supply Violation Charges.

**ARTICLE VI
PAYMENT FOR POLR SUPPLY SERVICE**

6.1 Payment. The payment for the POLR Supply Service shall be the Net Billed Generation Revenue, the Company Use Energy Payment and the GRA Payment.

6.2 Generation Rates. The Generation Rates to be used for the term of this Agreement are set forth on Schedule 3 attached hereto.

6.3 Reserved.

6.4 Taxes. The payment of any local, state and federal taxes, fees, and levies ("Governmental Charges") imposed on or with respect to the POLR Supplier's delivery of the POLR Supply Amount to the DLC Transmission System shall be the responsibility of the POLR Supplier. The payment of any Governmental Charges on or with respect to such POLR Supply Amount following its delivery by the POLR Supplier to the DLC Transmission System shall be the responsibility of DLC. The payment of any Pennsylvania gross receipts taxes attributable to DLC's sale of Energy to its retail customers shall be the responsibility of DLC.

**ARTICLE VII
PAYMENT, INVOICING, ESCROW and OFFSET**

7.1 Daily Payment of Net Billed Generation Revenues; Monthly Payment of the Company Use Energy Payment; and Daily Payment of the GRA Payment. (a) Except as may otherwise be provided in this Article VII, beginning on the thirty-fifth day following the earliest Rate Class Effective Date hereunder and continuing until the end of the term of this Agreement (or the earlier termination of this Agreement), DLC shall pay to the POLR Supplier the dollar amount equal to the aggregate amount of the sum of the Net Billed Generation Revenue attributable to each of DLC's retail customers that was billed by DLC, and whose Energy requirements were included in the POLR Supply Amount, on the date that was thirty-five (35) days prior to such day, whether or not such billed amounts have been paid by such retail customers or EGSs. The Parties recognize and agree that in calculating such Net Billed Generation Revenue, DLC shall, as necessary, pro rate by kilowatt-hour usage the total amount of Net Billed Generation Revenue attributable to such customers during such billing period in order to account for that portion of such

billing period during which the POLR Supplier (as defined in the POLR I Agreement) supplied a portion of such customer's Energy requirements and that portion of such billing period during which the POLR Supplier supplied the POLR Supply Amount. DLC shall bill all DLC retail customers on a current basis.

(b) Beginning on March 15, 2002 and continuing on the fifteenth day of each calendar month thereafter until the end of the term of this Agreement (or the earlier termination of this Agreement), DLC shall cause its designated marketing affiliate pay to the POLR Supplier the Company Use Energy Payment calculated for the Company Use Energy that was included in the POLR Supply Amount during the calendar month ending on or about forty-five (45) days prior to such date.

(c) Beginning on the earliest Rate Class Effective Date hereunder and continuing on a daily basis until the end of the term of this Agreement (or the earlier termination of this Agreement), DLC shall pay to the POLR Supplier the GRA Payment, if any, received by DLC as of the close of business on the immediately preceding day.

7.2 Monthly Invoicing for Preliminary Supplier Charges. DLC shall, within ten (10) days following the end of each calendar month, invoice the POLR Supplier for all Preliminary Supplier Charges attributable to such month. Invoices rendered pursuant to this Section 7.2 shall be immediately due from the POLR Supplier and payable to DLC by offset pursuant to Section 7.5 hereof. Credits owing to the POLR Supplier reflected on any invoices rendered pursuant to this Section 7.2 shall be immediately due from DLC and netted against any payments owing to DLC on such invoice with any excess amount payable to the POLR Supplier by increasing by the amount of any such excess the amount of Net Billed Generation Revenue to be paid to the POLR Supplier under Section 7.1 hereof on the day that the invoice reflecting such excess is rendered.

7.3 Monthly Statement of Account for Supplier Charges (True-up and Adjustments). DLC shall, after all customer accounts have been fully metered for a calendar month (which shall occur approximately forty-five (45) days following the end of such calendar month), provide a statement of account to the POLR Supplier adjusting one or more prior months' invoices rendered pursuant to Section 7.2 hereof for the difference between Preliminary Supplier Charges and Supplier Charges for such prior months. Payments owing to DLC reflected on such statements of account rendered pursuant to this Section 7.3 shall be immediately due from

the POLR Supplier and payable to DLC by offset pursuant to Section 7.5 hereof. Credits owing to the POLR Supplier reflected on any statement of account rendered pursuant to this Section 7.3 shall be immediately due from DLC and netted against any payments owing to DLC on such statement of account with any excess amount payable to the POLR Supplier by increasing by the amount of any such excess the amount of Net Billed Generation Revenue to be paid to the POLR Supplier under Section 7.1 hereof on the day that the statement of account reflecting such excess is rendered.

7.4 DLC Right to Escrow. In addition to any other right to escrow funds under this Agreement, DLC shall have the right to withhold payment of Net Billed Generation Revenues otherwise owing to the POLR Supplier pursuant to Section 7.1 hereof and to place such funds into an escrow account (the "Escrow Account") subject to the terms and conditions of an escrow agreement substantially in the form of that certain escrow agreement attached to the POLR I Agreement (the "Escrow Agreement"), in the amounts and under the circumstances provided below:

(a) Each Monday, DLC shall estimate the total Net Billed Generation Revenue that was billed by DLC to DLC's retail customers within the preceding seven (7) days. The amount so estimated is defined as the "Weekly NBGR Estimate."

(b) Each Monday, DLC shall estimate that portion of the Preliminary Supplier Charges that would be invoiced to the POLR Supplier under Section 7.2 hereof and is attributable to the preceding (7) days. The amount so estimated is defined as the "Weekly Supplier Charge Estimate."

(c) Each Monday, DLC shall sum all Weekly NBGR Estimates made during the current calendar month (including the Weekly NBGR Estimate made that day). The sum so calculated is defined as the "Cumulative Weekly NBGR Estimate."

(d) Each Monday, DLC shall sum all Weekly Supplier Charge Estimates made during the current calendar month (including the Weekly Supplier Charge Estimate made that day together with any known adjustments included in any statement of account prepared by DLC pursuant to Section 7.3 hereof). The sum so calculated is defined as the "Cumulative Weekly Supplier Charge Estimate."

(e) On any Monday of a calendar month, if the Cumulative Weekly Supplier Charge Estimate calculated pursuant to Section 7.4 (d) is greater than the Cumulative Weekly NBGR Estimate calculated pursuant to Section 7.4 (c), then, except as may otherwise be provided in Section 7.5 hereof, DLC may direct payment to the Escrow Account of the Net Billed Generation Revenue that would otherwise be payable to the POLR Supplier pursuant to Section 7.1 hereof, until the earlier of the end of that calendar month or the next Monday in that calendar month.

(f) If DLC is unable to escrow any amount of funds pursuant to Section 7.4 (e) because the funds are also subject to offset pursuant to Section 7.5 hereof (the "Escrow Shortfall"), then DLC may extend the period for escrow under Section 7.4 (e) until the dollar amount of the Escrow Shortfall has been withheld from payment of Net Billed Generation Revenues otherwise owing to the POLR Supplier pursuant to Section 7.1 hereof and placed into the Escrow Account.

7.5 DLC Right to Offset. In addition to any other right to offset against payments to the POLR Supplier under this Agreement, DLC shall have the right to offset any amounts the POLR Supplier owes to DLC pursuant to Sections 7.2 and 7.3 hereof (except for such amounts reasonably disputed by the POLR Supplier), against the amounts owed by DLC pursuant to Section 7.1 hereof. DLC may exercise the right to offset granted by this Section 7.5 in the amounts and under the circumstances provided below:

(a) If the amount owing to DLC on the invoice to be rendered by DLC pursuant to Section 7.2 hereof, or the statement of account to be rendered by DLC pursuant to Section 7.3 hereof, is less than or equal to the balance of the Escrow Account on the last day of the month (the "Month-End Escrow Balance"), then any amounts in the Escrow Account up to the amount owing to DLC on such invoice or statement of account shall be released to DLC as an offset in satisfaction thereof, and the difference between the Month-End Escrow Balance and the amount owing to DLC on such invoice or statement of account shall be released to the POLR Supplier.

(b) If the amount owing to DLC on the invoice to be rendered by DLC pursuant to Section 7.2 hereof, or the statement of account to be rendered by DLC pursuant to Section 7.3 hereof, is greater than the Month-End Escrow Balance, then any amounts in the Escrow Account up to the Month-End Escrow Balance shall be released and retained by DLC as an offset, and DLC may withhold further payments of Net Billed Generation Revenue otherwise owing to the

POLR Supplier under Section 7.1 hereof as an offset until the difference between the Month-End Escrow Balance and the amount owing to DLC on such invoice or statement of account has been fully recovered by DLC.

(c) DLC's right to offset Net Billed Generation Revenue under Section 7.5 (b) shall take precedence over DLC's right to escrow Net Billed Generation Revenue under Section 7.4 (e) hereof.

7.6 Right to Immediate Payment and to Draw on Letter of Credit.

In addition to the rights to escrow under Section 7.4 hereof and the rights to offset under Section 7.5 hereof, DLC shall further have the right to immediate payment from the POLR Supplier, and to draw upon the letter(s) of credit posted by the POLR Supplier under the terms of this Agreement, in the amounts and under the circumstances provided below:

(a) In each calendar month, as of the date of the invoice rendered pursuant to Section 7.2 hereof, DLC shall estimate the Net Billed Generation Revenue that would become payable to the POLR Supplier under Section 7.1 hereof during the remainder of such month (ignoring any potential escrow of funds pursuant to Section 7.4 hereof or potential offset of funds pursuant to Section 7.5 hereof). The amount so estimated is defined as the "Residual Monthly NBGR Estimate."

(b) If in any calendar month the sum of the net amount of the most recent invoice rendered pursuant to Section 7.2 hereof and the net amount of the most recent statement of account rendered pursuant to Section 7.3 hereof (and less any offset from the Escrow Account made pursuant to Section 7.5 hereof) is greater than the Residual Monthly NBGR Estimate for the current month, then the difference between such sum and the Residual Monthly NBGR Estimate is defined as the "Forecast Supplier Charge Shortfall."

(c) DLC may give notice to the POLR Supplier of a Forecast Supplier Charge Shortfall, and, upon receipt thereof, the POLR Supplier shall make immediate payment to DLC of the dollar amount of the Forecast Supplier Charge Shortfall in immediately available funds to the bank account designated by DLC in Section 15.3 hereof.

(d) If, within ten (10) days following notice to the POLR Supplier given by DLC pursuant to Section 7.6 (c), DLC has not received payment in

full of the Forecast Supplier Charge Shortfall so noticed, then DLC has the right to draw upon the letter(s) of credit posted by the POLR Supplier under the terms of this Agreement in an amount up to, but not exceeding, any portion of the Forecast Supplier Charge Shortfall then unpaid by the POLR Supplier, and, regardless of whether DLC draws on such letter(s) of credit, DLC shall also have the right to terminate this Agreement upon ten (10) days written notice to the POLR Supplier.

7.7 Payments. Except as may otherwise be provided in this Agreement, beginning on the Closing Date and continuing on each Business Day thereafter until the end of the term of this Agreement (or the earlier termination of this Agreement), all payments then due hereunder shall be made to the Party owed such payments by electronic transmission to the bank account designated by such Party in Section 15.3 hereof. All such payments shall be denominated and paid in U.S. dollars.

7.8 Payment Disputes. The Parties shall use their good faith best efforts to resolve all disputes relating to payments hereunder pursuant to the dispute resolution provisions of Article X of this Agreement.

7.9 Survival. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this Article VII, and the rights and obligations of the Parties thereunder, shall survive the expiration of the term of this Agreement (or earlier termination of this Agreement) for a period not to exceed one hundred twenty (120) days from the date of the expiration or termination of this Agreement for the purpose of satisfying the rights and obligations of the Parties under this Article VII relating to the POLR Supply Service provided through the date of expiration or termination of this Agreement.

ARTICLE VIII FORCE MAJEURE

8.1 Force Majeure. Notwithstanding anything in this Agreement to the contrary, neither Party shall be liable in damages, or otherwise responsible to the other Party, for its failure to perform or observe any of its obligations under this Agreement if and only to the extent that it is unable to so perform or is prevented from performing by an event of Force Majeure; provided, however, that to the extent that the POLR Supplier fails in any hour to deliver the POLR Supply Amount in accordance with Section 4.1 hereof, whether as a result of an event of Force Majeure or for any other reason, the provisions of Section 4.3 hereof shall apply to such

failure. The Parties recognize and agree that an event of Force Majeure will not relieve any Party of its obligation to make payments when due hereunder.

8.2 Definition of Force Majeure. The term "Force Majeure" as used herein means those causes beyond the reasonable control of the Party affected that, by the exercise of reasonable diligence, including Good Utility Practice, such Party is unable to prevent, avoid, mitigate, or overcome, including an act of God, labor dispute (including a strike), act of the public enemy, war, civil disturbance, insurrection, riot, fire (unless resulting from the fault or negligence of the Party asserting Force Majeure), storm or flood, lightning, explosion (unless resulting from the fault or negligence of the Party asserting Force Majeure), order, government decree or rule, regulation or restriction imposed by governmental, military or lawfully-established civilian authorities, or any other cause of a similar nature beyond such Party's reasonable control. Events that cause a change in the market value of Energy, the POLR Supplier's generation costs or otherwise affect the POLR Supplier's cost of performance under this Agreement shall not be considered Force Majeure events.

8.3 Force Majeure Procedures. Upon the occurrence of an event of Force Majeure, the Party affected by such event shall (a) provide prompt written notice of such Force Majeure event to the other Party, including an estimation of its expected duration and the probable impact on the performance of its obligations hereunder; (b) exercise all reasonable efforts in accordance with Good Utility Practice to continue to perform its obligations under this Agreement; (c) expeditiously take action to correct or cure the event or condition excusing performance, provided, however, that settlement of labor disputes will be completely within the sole discretion of the Party affected by such labor dispute; (d) exercise all reasonable efforts to mitigate or limit damages to the other Party; and (e) provide prompt notice to the other Party of the cessation of the event or condition giving rise to its excuse from performance. Any obligation under this Agreement shall be suspended only to the extent caused by such Force Majeure event and only during the continuance of any inability of performance caused by such Force Majeure event but for no longer period.

**ARTICLE IX
DEFAULT AND TERMINATION**

9.1 Event of Default. Unless excused by Force Majeure, each of the following events shall be considered an Event of Default:

(a) The material breach by either Party of any agreement, covenant or obligation under this Agreement; provided that such breach is not caused by the material breach of the other Party, and provided further that, if such breach is curable, a default shall not occur until the Party in breach has failed to cure such breach within thirty (30) days after receipt of written notice thereof by the non-defaulting Party;

(b) The failure by the POLR Supplier to post, supplement, replace or maintain any letter of credit required to be so posted, supplemented, replaced or maintained pursuant to the terms of this Agreement; provided that if the POLR Supplier fails to replace or supplement any letter of credit as required by the terms of such letter of credit, a default shall not occur unless the POLR Supplier shall fail to replace or supplement such letter of credit within ten (10) days of receiving written notice by DLC of such failure;

(c) The discovery that any representation, warranty or certification made by a Party (or the Certifying Company, if applicable) hereunder was false or misleading in any material respect when made that is not cured within thirty (30) days and which has a material adverse effect on the ability of the Party making such representation or warranty to perform its obligations hereunder;

(d) The filing of an involuntary petition in bankruptcy against either Party (or the Certifying Company) or the appointment of a receiver or liquidator or trustee for either Party (or the Certifying Company) or of any substantial part of the property of a Party (or the Certifying Company), provided that if such Party (or the Certifying Company) is working diligently to have such petition, receiver, liquidator or trustee stayed, dismissed or discharged, a default shall not occur unless such petition, receiver, liquidator or trustee is not stayed, dismissed or discharged within thirty (30) days ;

(e) The entry of a decree adjudicating a Party (or the Certifying Company) or any substantial part of the property of a Party (or the

Certifying Company) bankrupt or insolvent, provided that if such Party (or the Certifying Company) is working diligently to have such decree discharged or stayed, a default shall not occur unless such decree is continued undischarged and unstayed for a period of thirty (30) days;

(f) The filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law by a Party (or the Certifying Company) or against it;

(g) The failure of DLC to pay the POLR Supplier undisputed amounts owed within ten (10) days after receiving written notice from the POLR Supplier that any such amount is overdue;

(h) A failure by the POLR Supplier to deliver the POLR Supply Amount in accordance with Section 4.1 hereof that causes DLC to Shed Load during any hour (other than any such failure that results from an event of Force Majeure or outages on the DLC Transmission System or DLC's distribution system), provided that DLC has requested reasonable assurances from the POLR Supplier that the circumstances that caused such failure have been corrected and the POLR Supplier has not, within sixty (60) days of such request, provided DLC with such assurances;

(i) A default by the POLR Supplier (or the Certifying Company) on its indebtedness to third parties, resulting in obligations of the POLR Supplier (or the Certifying Company) in an amount of \$50,000,000 or more being accelerated;

9.2 Termination. (a) Upon the occurrence of an Event of Default, the non-defaulting Party may terminate this Agreement by providing sixty (60) days' written notice to the defaulting Party of a specified date of termination; provided, however, that upon the occurrence of an Event of Default specified in Section 9.1 (d), (e) and (f) hereof, the non-defaulting Party may terminate this Agreement by delivering to the defaulting Party a written notice of termination, which termination shall be effective upon the defaulting Party's receipt of such notice. The non-defaulting Party may exercise all such rights and remedies as may be available to it to recover damages caused by such Event of Default.

(b) If by February 15, 2001 (w) the PUC has failed to issue an order approving the Retail Tariff set forth on Schedule 2 attached hereto (unless

the failure to approve such Retail Tariff is based solely on the absence of a definitive effective date for such Retail Tariff) and the Generation Rates set forth on Schedule 3 attached hereto, (x) the PUC has failed to issue an order approving modifications to the Supplier Tariff such that each EGS is responsible for its pro rata allocation of the Residual Losses and Unaccounted For Energy based on the amount of retail Energy consumed during each hour (including average losses) attributable to such EGS's load, (y) the FERC has failed to issue an order, in a form reasonably acceptable to the Parties, approving the terms and conditions of this Agreement, or (z) the PUC has failed to issue an order approving the Revised POLR I Retail Tariff, then for a period not to exceed thirty (30) days thereafter either Party may terminate this Agreement by providing written notice of such termination to the other Party. Upon any such termination, neither Party shall have any further liability to the other Party under this Agreement.

(c) Following the earliest Rate Class Effective Date hereunder, if:

(i) the PUC issues an order requiring a change that will directly or indirectly reduce or increase the Generation Rates or that will result in any other material change to the Retail Tariff,

(ii) the PUC issues an order requiring a change to the Supplier Tariff that materially affects the rights or obligations of the Parties as provided hereunder,

(iii) the FERC issues an order requiring a change (other than those changes to Schedule 9B to the OATT contemplated hereunder) that materially affects the rights or obligations of the Parties as provided hereunder,

(iv) there is any change in the rates of any Governmental Charges imposed on or with respect to the Parties rights or obligations hereunder, or in the manner in which any such Governmental Charges are imposed, in either case that materially affects the rights or obligations of the Parties as provided hereunder, or

(v) the policies of any RTO that DLC joins, or for a region in which the POLR Supplier's generation assets are located, differ, or are reasonably likely to differ, materially from the terms of this Agreement, and if such policies will materially affect either Party to this Agreement, including, but not

limited to, the imposition of costs or obligations on either Party or the ability of either Party to perform its obligations under this Agreement, and if the Parties have exhausted their remedies under Section III.B.5(b) of that certain Joint Petition for Settlement filed with the PUC in Docket No. R-00974104 on November 29, 2000

then, either Party may deliver written notice of the occurrence of any such event(s) to the other Party (such notice, a "Renegotiation Notice"). Promptly after the delivery and receipt of a Renegotiation Notice, the Parties shall, in good faith, attempt to negotiate a mutually satisfactory amendment to this Agreement to restore the respective rights and obligations of the Parties under this Agreement as they existed immediately prior to such event(s). If within thirty (30) days following the delivery of any such Renegotiation Notice the Parties fail to agree upon any such amendment, either Party may then terminate the Agreement by providing the other Party with fifteen (15) days' prior written notice of such termination. Any amendment to this Agreement negotiated as a result of a Renegotiation Notice shall be deemed to be retroactively effective to the date on which the event(s) described in such Renegotiation Notice occurred; provided, however, that if following any such event, the order giving rise to such event is no longer in effect (or is modified in a manner described in clause (i), (ii) or (iii) hereof) by virtue of a decision by a Governmental Authority that has become final and non-appealable, then any such amendment shall be of no further force and effect and this Agreement shall be read so as not to include such amendment (and in the event such order is modified in a manner described in clause (i), (ii) or (iii) hereof, the Parties may deliver a Renegotiation Notice with respect thereto as otherwise contemplated hereunder). Upon any termination pursuant to this Section 9.2(c), neither Party shall have any further liability to the other Party under this Agreement, except for any obligations that arose or accrued prior to the effective date of such termination.

9.3 Letter(s) of Credit. Upon the occurrence of an Event of Default (other than an Event of Default for which DLC is responsible), DLC may draw on any and all letter(s) of credit posted pursuant to the terms of this Agreement to cure any monetary default. Unless DLC has given written notice of its intent to terminate this Agreement, within five (5) Business Days prior to the expiration of any letter(s) of credit posted pursuant to the terms of this Agreement, or within ten (10) Business Days of the day on which DLC draws on any letter(s) of credit posted pursuant to the terms of this Agreement, the POLR Supplier shall replace such letter(s) of credit with another letter of credit issued by a Commercial Bank of like amount and in form and substance reasonably acceptable to DLC.

9.4 Additional Remedies. The POLR Supplier acknowledges and specifically agrees that its obligations under this Agreement are essential to ensure the reliability of the DLC Control Area; that breach of the POLR Supplier's obligations may result in irreparable harm and damage to DLC which cannot adequately be compensated by a monetary award; and that, as a consequence thereof, DLC shall, in addition to any other remedy to which DLC may be entitled by reason of the POLR Supplier's breach of this Agreement, be entitled to seek and obtain temporary, preliminary and permanent injunctive relief from any court or Governmental Authority of competent jurisdiction restraining the POLR Supplier from committing or continuing any breach of this Agreement.

9.5 Reimbursement for Replacement Costs.

(a) Upon the termination of this Agreement pursuant to Section 9.2(a) hereof as a result of any Event of Default, other than those Events of Default specified in Sections 9.1(d), (e) and (f) hereof, the defaulting Party shall be liable to the non-defaulting Party for all losses and costs reasonably incurred by the non-defaulting Party as a direct result of the defaulting Party's Event of Default, including all reasonable costs associated with replacing the obligations of the defaulting Party hereunder.

(b) Upon the termination of this Agreement pursuant to Section 9.2(a) hereof as a result of an Event of Default specified in Sections 9.1(d), (e) and (f) hereof, the defaulting Party shall be liable to the non-defaulting Party for all of the non-defaulting Party's Losses (as defined in the next sentence) as a result thereof. For purposes of this Section 9.5(b), "Losses" means an amount that the non-defaulting Party, or its agent, determines in good faith and in a commercially reasonable manner to be the total losses and costs that the non-defaulting Party has and/or would incur in replacing the obligations of the defaulting Party for the remaining term of this Agreement. The non-defaulting Party, or its agent, may determine such Losses by using pricing or other valuation models and by reference to information available to it internally or supplied by one or more third parties (including, without limitation, dealers, information vendors and other sources of market information), which information may include, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. The defaulting Party shall pay an amount equal to the Losses to the non-defaulting Party within thirty (30) days after the defaulting Party receives written notice from the non-defaulting Party of such amount.

(c) In addition to the foregoing amounts, the defaulting Party shall be liable for reasonable administrative and legal expenses incurred by the non-defaulting Party as a result of the defaulting Party's Event of Default. The Parties expressly agree that the obligations of each Party under this Section 9.5 shall survive and continue in full force following any termination of this Agreement pursuant to Section 9.2(a) hereof.

ARTICLE X DISPUTE RESOLUTION

10.1 Disputes. A Party with a claim or dispute under this Agreement shall submit to the other Party a notification of such claim or dispute within sixty (60) days of the date on which the Party knew, or should have known, of the occurrence of the circumstances that gave rise to the claim or the question or issue in dispute, and shall provide the Administration Committee with a copy of such notification. Any such notification shall be in writing and shall include a concise statement of the claim or the issue or question in dispute, a statement of the relevant facts and documentation to support the claim. The Administration Committee shall use its good faith best efforts to resolve the claim or dispute within thirty (30) days after its receipt of a notification specifying the claim, issue or question in dispute. If the Administration Committee is unable to do so, the Parties shall refer the claim or dispute to their respective senior management. Subject to Section 10.4 hereof, if, after using their good faith best efforts to resolve the dispute, the Parties' senior management cannot resolve the dispute within thirty (30) days, the Parties may, if they both so agree in writing, utilize the alternative dispute resolution procedures set forth below in Sections 10.2 and 10.3 hereof.

10.2 Arbitration. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties within thirty (30) days of receipt by respondent of the demand for arbitration. If the Parties are unable to agree on an arbitrator, such arbitrator shall be appointed by the American Arbitration Association. Unless the Parties agree otherwise, the arbitrator shall be an attorney or retired judge with at least fifteen (15) years of experience and shall not have any current or past substantial business or financial relationships with any Party to the arbitration. In addition, if possible, the arbitrator shall have significant system operations experience in the electric industry. Unless otherwise agreed, the arbitration shall be conducted in accordance with the American Arbitration Association's Commercial Arbitration Rules, then in effect, in Pittsburgh, Pennsylvania. Any arbitration proceedings, decision or award rendered hereunder and the validity,

effect and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act of the United States, 9 U.S.C. §§ 1 *et seq.*

10.3 Arbitration Terms. The arbitration shall, if possible, be concluded not later than six (6) months after the date that it is initiated. The arbitrator shall be authorized only to interpret and apply the provisions of this Agreement or any related agreements entered into under this Agreement and shall have no power to modify or change any of the above in any manner. The arbitrator shall have no authority to award punitive or multiple damages or any damages inconsistent with this Agreement. The arbitrator shall, within thirty (30) days of the conclusion of any hearing, unless such time is extended by agreement of the Parties, notify the Parties in writing of his or her decision, stating his or her reasons for such decision and separately listing his or her findings of fact and conclusions of law. The decision of the arbitrator rendered in such a proceeding shall be final and binding on the Parties. Judgment on any award made by the arbitrator may be entered in any court having jurisdiction.

10.4 FERC Jurisdiction. Notwithstanding any other provision of this Agreement to the contrary, nothing in this Agreement shall preclude, or be construed to preclude, any Party from filing a petition or complaint with FERC with respect to any arbitrable claim over which FERC has jurisdiction. In such a case, the other Party may request FERC to reject or to waive jurisdiction. If FERC rejects or waives jurisdiction with respect to all or a portion of such claim, the portion of such claim not so accepted by FERC may be resolved through arbitration, as provided in this Agreement. To the extent that FERC asserts or accepts jurisdiction over such claim, the decision, findings of fact or order of FERC shall be final and binding, subject to judicial review under the Federal Power Act, and any arbitration proceedings that may have commenced with respect to such claim prior to the assertion or acceptance of jurisdiction by FERC shall be terminated.

ARTICLE XI ASSIGNMENT

11.1 Assignment. The POLR Supplier shall not assign this Agreement in whole or in part, or any of the rights, interests, or obligations hereunder, without the prior written consent of DLC, which consent shall not be unreasonably withheld; provided, however, that at any time during the term of this Agreement, in order to facilitate the POLR Supplier obtaining or maintaining Exempt Wholesale Generator ("EWG") status, the POLR Supplier may assign to one of its

Affiliates, or to an unaffiliated third party, its obligations hereunder relating to obtaining Energy on behalf of retail customers, including providing Company Use Energy to DLC, so long as the POLR Supplier provides written notice to DLC of any such assignment. For purposes hereof, the merger, consolidation or sale of all or substantially all of the assets of the POLR Supplier shall constitute an assignment subject to this Article XI. It shall not be unreasonable for DLC to refuse to consent to any assignment by the POLR Supplier to a Person that does not have both an investment rating equal to or greater than the Minimum Investment Rating and a Tangible Net Worth equal to or greater than the Minimum Tangible Net Worth or that, in DLC's reasonable judgment, is otherwise unable to perform the obligations of the POLR Supplier hereunder.

Notwithstanding the foregoing, the POLR Supplier, or its permitted assignee, may assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to a trustee, lending institution, or other Person for the purposes of financing or refinancing the POLR Supply Service opportunity or the generating facilities and other assets associated with the Asset Sale, including upon or pursuant to the exercise of remedies under such financing or refinancing, or by way of assignments, transfers, conveyances or dispositions in lieu thereof; provided, however, that no such assignment or disposition shall relieve or in any way discharge the POLR Supplier or any such permitted assignee from the performance of the duties and obligations of the POLR Supplier under this Agreement. DLC agrees to execute and deliver such documents as may be reasonably necessary to accomplish any such assignment, transfer, conveyance, pledge or disposition of rights hereunder for purposes of such financing or refinancing, so long as DLC's rights under this Agreement are not materially altered, amended, diminished or otherwise impaired thereby.

11.2 Release of Rights and Obligations. No assignment (including a merger, consolidation or sale of all or substantially all of the assets of the POLR Supplier), transfer, conveyance, pledge or disposition of rights, interests, duties or obligations under this Agreement by a Party shall relieve that Party from liability and financial responsibility for the performance thereof after any such transfer, assignment, conveyance, pledge or disposition unless and until (i) the transferee or assignee shall agree in writing to assume the obligations and duties of that Party under this Agreement and, in the case of the transferee or assignee of the POLR Supplier, certify in writing that it has either an investment rating equal to or greater than the Minimum Investment Rating or a Tangible Net Worth equal to or greater than the Minimum Tangible Net Worth and (ii) the non-assigning Party has consented in

writing to such assumption and to a release of the assigning Party from such liability, such consent not to be unreasonably conditioned, delayed or withheld.

11.3 Successors & 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.

ARTICLE XII REPRESENTATIONS OF THE PARTIES

12.1 Representations of the POLR Supplier. The POLR Supplier hereby represents and warrants to DLC as follows:

(a) Organization. The POLR Supplier is a limited partnership duly organized, validly existing and in good standing under the laws of the Delaware, and has all requisite power and authority to own, lease and operate its material assets and properties and to carry on its business as now being conducted.

(b) Authority. The POLR Supplier has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and, subject to the procurement of applicable regulatory approvals, to carry out the actions required of it by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action required on the part of the POLR Supplier. This Agreement has been duly and validly executed and delivered by the POLR Supplier and, assuming that it is duly and validly executed and delivered by DLC, constitutes a legal, valid and binding agreement of the POLR Supplier.

(c) Regulatory Approval. The POLR Supplier has obtained any and all approvals or waivers of, and has given any and all notices to, any Governmental Authority that are required for the POLR Supplier to execute and deliver this Agreement. The POLR Supplier has obtained, or will obtain by the earliest Rate Class Effective Date hereunder, any and all approvals or waivers of, and has given, or will give by the earliest Rate Class Effective Date, any and all notices to, any Governmental Authority that are required for the POLR Supplier to consummate the transactions contemplated hereby (including authority from FERC to sell Energy at wholesale market-based rates).

(d) Compliance With Law. The POLR Supplier is not in violation of any applicable law, statute, order, rule, regulation, or judgment promulgated or entered by any federal, state, or local Governmental Authority, which violation could reasonably be expected to materially adversely affect the POLR Supplier's performance of its obligations under this Agreement.

(e) Resource Schedule. The POLR Supplier has sufficient resources owned or under contract to provide the POLR Supply Amount for the first two (2) years of this Agreement and has provided evidence, to DLC's satisfaction, of such resources in the form of a list of such resources that has been certified by a duly authorized officer of the POLR Supplier as to its accuracy.

12.2 Representations of DLC. DLC represents and warrants to the POLR Supplier as follows:

(a) Incorporation. DLC is a corporation duly incorporated, validly existing and is in good standing under the laws of the Commonwealth of Pennsylvania, and has all requisite corporate power and authority to own, lease and operate its material assets and properties and to carry on its business as now being conducted.

(b) Authority. DLC has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and, subject to the procurement of applicable regulatory approvals, to carry out the actions required of it by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action required on the part of DLC. This Agreement has been duly and validly executed and delivered by DLC and, assuming that it is duly and validly executed and delivered by the POLR Supplier, constitutes a legal, valid and binding agreement of DLC.

(c) Regulatory Approval. DLC has obtained any and all approvals or waivers of, and has given any and all notices to, any Governmental Authority that are required for DLC to execute and deliver this Agreement. DLC has obtained, or will obtain by the earliest Rate Class Effective Date hereunder, any and all approvals or waivers of, and has given, or will give by the earliest Rate Class Effective Date, any and all notices to, any Governmental Authority that are required for DLC to consummate the transactions contemplated hereby.

(d) Compliance With Law. DLC is not in violation of any applicable law, statute, order, rule, regulation, or judgment promulgated or entered by any federal, state, or local Governmental Authority, which violation could reasonably be expected to materially adversely affect DLC's performance of its obligations under this Agreement.

12.3 Representations of Both Parties. The representations and warranties in this Article XII shall survive the date hereof and continue in full force and effect for the term of this Agreement.

ARTICLE XIII **INDEMNIFICATION**

13.1 DLC's Indemnification. DLC shall indemnify, hold harmless and defend the POLR Supplier, its parent, its Affiliates, and its and their successors, officers, directors, employees, shareholders, agents, contractors, subcontractors, invitees and successors, from and against any and all claims, demands, suits, obligations, payments, liabilities, costs, losses, judgments, damages and expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements, and compromises relating thereto, reasonable attorneys' and expert fees and reasonable disbursements in connection therewith) for damage to property, injury to or death of any Person, including the POLR Supplier's employees, DLC's employees and their Affiliates' employees, or any third parties, to the extent caused wholly or in part by any act or omission, negligent or otherwise, by DLC or its officers, directors, employees, agents, contractors, subcontractors and invitees arising out of or connected with DLC's performance or breach of this Agreement, or the exercise by DLC of its rights hereunder. In furtherance of the foregoing indemnification and not by way of limitation thereof, DLC hereby waives any defense it otherwise might have under applicable workers' compensation laws.

13.2 POLR Supplier's Indemnification. The POLR Supplier shall indemnify, hold harmless and defend DLC, its parent, Affiliates, and its and their successors, officers, directors, employees, shareholders, agents, contractors, subcontractors, invitees and successors, from and against any and all claims, demands, suits, obligations, payments, liabilities, costs, losses, judgments, damages and expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements, and compromises relating thereto reasonable attorneys' and expert fees and reasonable disbursements in connection therewith) for damage to property, injury to or death of any Person, including DLC's employees,

the POLR Supplier's employees and their Affiliates' employees, or any third parties, to the extent caused wholly or in part by any act or omission, negligent or otherwise, by the POLR Supplier or its officers, directors, employees, agents, contractors, subcontractors and invitees arising out of or connected with the POLR Supplier's performance or breach of this Agreement, or the exercise by the POLR Supplier of its rights hereunder. In furtherance of the foregoing indemnification and not by way of limitation thereof, the POLR Supplier hereby waives any defense it otherwise might have under applicable workers' compensation laws.

13.3 Indemnification Procedures. Any Party seeking indemnification under this Agreement shall give the other Party notice of such claim promptly but in any event on or before the earlier of the fifteenth (15th) day after the Party's actual knowledge of such claim or action or the ninetieth (90th) day from commencement of the event or circumstance giving rise to the claim. 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 indemnification provisions contained in this Agreement. Neither Party may settle or compromise any claim for which indemnification is sought under this Agreement without the prior consent of the other Party, provided that such consent shall not be unreasonably withheld or delayed.

13.4 Survival. The indemnification obligations of each Party under this Article for acts or occurrences that occur prior to expiration, termination, or cancellation of this Agreement shall survive and continue in full force and effect regardless of whether this Agreement expires or terminates, or is canceled, surrendered or completed. Such indemnification obligations shall not be limited in any way by any limitation on insurance, by the amount or types of damages, or by any compensation or benefits payable by the Parties under worker's compensation acts, disability benefit acts or other employee acts, or otherwise.

ARTICLE XIV CONFIDENTIALITY

14.1 Generally.

(a) Each Party (i) shall maintain the confidentiality of all information provided to it by the other Party under the terms of this Agreement

(including all customer data), (ii) shall not disclose such information to third parties (other than its Affiliates, advisors, parties prospectively providing financing and risk management and counterparties to power purchase contracts) without the prior written consent of the other Party, unless otherwise provided hereunder, and (iii) agrees to use such information only for such purposes and in such manner as is contemplated by the terms of this Agreement. Notwithstanding the foregoing, each Party shall be permitted to use any information provided to it by the other Party under the terms of this Agreement in support of any claim or counterclaim respecting an alleged breach of such other Party's obligations under this Agreement.

(b) Upon the other Party's prior written approval (which shall not be unreasonably withheld), either Party may provide information provided to it by the other Party under the terms of this Agreement to the PUC, FERC or other Governmental Authority with jurisdiction, as may be necessary, to obtain required regulatory approvals or to comply generally with any applicable Law. In such an instance, the disclosing Party shall seek confidential treatment for such information provided to any Governmental Authority and will notify the other Party, as far in advance as is practicable, of its intention to release such information to any Governmental Authority.

14.2 Customer Information. The POLR Supplier shall comply with PUC confidentiality guidelines in connection with all customer-specific information supplied to it by DLC and shall not disclose such information to third parties without the prior authorization of such customers.

ARTICLE XV MISCELLANEOUS

15.1 Limitation of Liability. Except as specifically provided in Section 4.3 hereof, Section 9.4 hereof, Section 9.5 hereof and Article XIII hereof, *neither DLC nor the POLR Supplier, nor their respective officers, directors, agents, employees, parents, Affiliates, successors, assigns, contractors or subcontractors* shall be liable to the other Party or its shareholders, subsidiaries, Affiliates, officers, directors, agents, employees, successors, assigns, contractors or subcontractors for claims, suits, actions, causes of action or otherwise for incidental, punitive, special, indirect, multiple, or consequential damages (including attorneys' fees or litigation costs and lost profits) connected with, or resulting from, performance or non-performance of this Agreement, or any actions undertaken in connection with or related to this Agreement, including any such damages which are based upon causes of action

for breach of contract, tort (including negligence and misrepresentation), breach of warranty, or strict liability.

15.2 Amendments. This Agreement may be amended, modified or supplemented only by written agreement of both DLC and the POLR Supplier. Such amendments or modifications shall become effective only after the Parties have received all authorizations, if any, as may be required from the relevant Governmental Authorities.

15.3 Notices and Bank Account Information. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission, or mailed by overnight courier or registered or certified mail (return receipt requested), postage prepaid, to the recipient Party at its address, and all transfer of funds hereunder shall be made to the recipient Party at its bank account, set forth below (or at such other address or facsimile number, or bank account, for a Party as shall be designated by such Party in a notice delivered hereunder; provided however, that notices of a change of address, or change of bank account, shall be effective only upon receipt thereof):

(a) If to the POLR Supplier to:

Orion Power MidWest, L.P.
c/o Orion Power Holdings, Inc.
7 East Redwood Street, 10th Floor
Baltimore, MD 21201
Attn: General Counsel
Fax: 410-234-0994

with a copy to:

W. Thaddeus Miller
Orion Power Holdings, Inc.
7 East Redwood Street, 10th Floor
Baltimore, MD 21201
Fax: 410-234-0994

Bank Account: see Schedule 5

(b) If to DLC to:

Duquesne Light Company
System Operations (N2-S0)
2839 New Beaver Avenue
Pittsburgh, PA 15233
Attn: J.F. Rosser
Fax: 412-393-8647

with a copy to:

Erica A. Ward
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 2005
Fax: 202-393-5760

Bank Account: see Schedule 5

15.4 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer on any other Person except the Parties hereto any rights, interests, obligations or remedies hereunder.

15.5 Waiver. A waiver of any failure of a Party to comply with any obligation, covenant, agreement, or condition herein by the Party entitled to the benefits thereof shall be effective only by a written instrument signed by the Party granting such waiver, but such waiver of such obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply therewith.

15.6 Severability. Each covenant, condition, restriction and other term of this Agreement is intended to be, and shall be construed as, independent and severable from each other covenant, condition, restriction and other term. If any covenant, condition, restriction or other term of this Agreement is held to be invalid by any Governmental Authority, the invalidity of such covenant, condition, restriction or other term shall not affect the validity of the remaining covenants, conditions, restrictions or other terms hereof. In such an event, the Parties shall, to the extent possible, negotiate an equitable adjustment to any provision of this Agreement as necessary to effect the purpose of this Agreement.

15.7 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania, without giving effect to the conflict of law principles thereof (except to the extent that such law is preempted by federal law). THE PARTIES HERETO AGREE THAT VENUE IN ANY AND ALL ACTIONS AND PROCEEDINGS RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT SHALL BE IN THE STATE AND FEDERAL COURTS IN AND FOR PITTSBURGH, PENNSYLVANIA, WHICH COURTS SHALL HAVE EXCLUSIVE PERSONAL AND SUBJECT MATTER JURISDICTION FOR SUCH PURPOSE, AND THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND IRREVOCABLY WAIVE THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING. SERVICE OF PROCESS MAY BE MADE IN ANY MANNER RECOGNIZED BY SUCH COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

15.8 Independent Contractors. The Parties acknowledge and agree that: (i) they are independent contractors, (ii) neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way, and (iii) nothing contained in this Agreement shall create any relationship between DLC and the POLR Supplier other than that of independent contractors.

15.9 Counterparts. This Agreement may be executed in more than one (1) counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.10 Entire Agreement. This Agreement, including the Schedules and Exhibits hereto, embodies the entire agreement and understanding of the Parties in respect of the obligations and requirements set forth in this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter contained herein.

15.11 Article, Section and Schedule Headings. The Article, Section and Schedule headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement.

15.12 Further Assurances. The Parties hereto agree to execute and deliver promptly, at the expense of the Party requesting such action, any and all other and further instruments, documents and information which may be reasonably requested in order to consummate the transactions contemplated hereby. Each Party agrees to cooperate with, assist and accommodate all reasonable requests made by the other Party in respect of any regulatory approval necessary for, or any regulatory proceeding relating to, the execution and deliver of this Agreement and the consummation of the transactions contemplated hereby. Each Party further agrees to comply with all Laws of all Governmental Authorities relating to this Agreement and the consummation of the transactions contemplated hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of DLC and the POLR Supplier has caused this Agreement to be executed as of the date first above written.

DUQUESNE LIGHT COMPANY

By: /s/ Frosina C. Cordisco
Name: Frosina C. Cordisco
Title: Treasurer

ORION POWER MIDWEST, L.P.

By: its general partner,
ORION POWER MIDWEST GP, INC.

By: /s/ Jack A. Fusco
Name: Jack A. Fusco
Title: President

**SCHEDULE 1
INTERRUPTIBLE SERVICE**

The following DLC retail customers receive Interruptible Service from DLC. The Energy service of such customers may be interrupted only in accordance with the terms and conditions set forth in the applicable tariffs (Schedule HVPS or Rider No. 7), contracts and arrangements for Interruptible Service. Pursuant to the terms of the Agreement to which this Schedule 1 is attached and forms a part, any interruption of Interruptible Service customers at the request of the POLR Supplier must be consistent with DLC's past practice, as set forth below on this Schedule 1.

| Customer | Interruptible Load (KW) | Passthrough Power Option ¹ |
|----------------|-------------------------|---------------------------------------|
| A ² | 35,000 | N/A |
| B | 3,800 | No |
| C | 51,000 | Yes |
| D | 5,000 | Yes |
| E | 4,800 | Yes |
| F | 30,000 | Yes |
| G | 1,100 | No |
| H | 6,500 | No |
| I | 15,000 | Yes |

¹ If sufficient power is available from the regional power market to supply these Interruptible Service customers, then DLC must offer to purchase, on behalf of such customers, Passthrough Power, in lieu of interrupting all or part of such customers' load. Upon any such customer's election to purchase Passthrough Power, DLC shall notify the POLR Supplier of such customer's election and DLC's costs in purchasing Passthrough Power on behalf of such customer, as contemplated by the terms of the Agreement to which this Schedule 1 is attached and forms a part.

² This Interruptible Service customer may be interrupted only in the event of a system emergency, as determined by DLC in its sole discretion. Accordingly, the POLR Supplier may not request the interruption of this customer.

DLC's Past Practice

The past practices set forth below have been used by DLC with regard to implementing Interruptible Service, which past practices are hereby incorporated in this Schedule 1 and the Agreement to which this Schedule 1 is attached and forms a part:

1. All interruptible load is treated as a single block (i.e., in the event of an interruption period, all Interruptible Service customers are notified to curtail load).
2. Interruptible Service customers are provided as much advance notice as possible prior to an interruption. The more time the better. A minimum one hour notice is generally acceptable to our Interruptible Service customers. Courtesy calls are also placed to Interruptible Service customers when *periods of tight capacity and a likely interruption are foreseen.*
3. During the interruptible period, frequent and ongoing communications regarding the status of the interruption period are made with the Interruptible Service customers.
4. Interruptible Service customers are provided advance notice or an estimated time of the end of the interruption period.
5. A Passthrough Power option is available with those Interruptible Service customers identified as customers C, D, E, F, I and J on the preceding chart. These customers provide information in advance of an interruption regarding the amount of requested Passthrough Power and the threshold "passthrough price" they are willing to pay for such Passthrough Power. Price changes are communicated to the customer during interruptible periods in order for these customers to maintain and evaluate operating levels and power requirements.
6. Interruptible Service customers with a Passthrough Power option will be *interrupted when their loads cannot be supported with purchases at a \$/MWh price equal to or less than the respective threshold "passthrough prices"* specified by each such customer during communications with DLC regarding a particular interruption.

7. The incremental charge to an Interruptible Service customer for Passthrough Power is any positive difference between DLC's actual costs in securing such Passthrough Power and a base rate of \$55/MWh.

8. During an interruption, the Interruptible Service customer's load must be reduced to a minimum level which is determined by subtracting the amount of contracted interruptible load from the on-peak contract demand (i.e., contract on-peak demand = 40,000 KW; interruptible contract demand = 30,000 KW; customer load reduced to not exceed 10 MW). Customers without load trip equipment not complying with interruption requests by DLC will be removed from interruptible service.

**SCHEDULE 2
RETAIL TARIFF**

**SCHEDULE 3
GENERATION RATES**

POLR II GENERATION RATES BILLED TO RETAIL CUSTOMERS _1/ _2/

| <u>Rate Schedule</u> | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> <u>_3/</u> | |
|----------------------|--|-------------|-------------|-------------|------------------------|------------|
| RS | cents/kWh | 5.5082 | 5.5082 | 5.5082 | 5.5082 | |
| RH | Winter (Nov thru Apr), first 500 kWh | cents/kWh | 4.9856 | 4.9856 | 4.9856 | 4.9856 |
| | Winter (Nov thru Apr), additional kWh | cents/kWh | 1.6702 | 1.6702 | 1.6702 | 1.6702 |
| | Summer (May thru Oct) | cents/kWh | 4.9856 | 4.9856 | 4.9856 | 4.9856 |
| RA | Winter (Nov thru Apr), first 500 kWh | cents/kWh | 7.6506 | 7.6506 | 7.6506 | 7.6506 |
| | Winter (Nov thru Apr), additional kWh | cents/kWh | 2.6110 | 2.6110 | 2.6110 | 2.6110 |
| | Summer (May thru Oct) | cents/kWh | 7.6506 | 7.6506 | 7.6506 | 7.6506 |
| GS/GM | first 550 kWh | cents/kWh | 7.7963 | 7.7963 | 7.7963 | 7.7963 |
| | next 750 kWh | cents/kWh | 7.5151 | 7.5151 | 7.5151 | 7.5151 |
| | additional kWh | cents/kWh | 2.4483 | 2.4483 | 2.4483 | 2.4483 |
| | Demand first 5 kW | \$/kW/mo. | 0.00 | 0.00 | 0.00 | 0.00 |
| | Demand additional kW | \$/kW/mo. | 10.15 | 10.15 | 10.15 | 10.15 |
| GMH | (October-May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 6.5406 | 6.5406 | 6.5406 | 6.5406 |
| | (October-May) additional kWh | cents/kWh | 1.8723 | 1.8723 | 1.8723 | 1.8723 |
| | Demand first 5 kW | \$/kW/mo. | 0.00 | 0.00 | 0.00 | 0.00 |
| | Demand additional kW | \$/kW/mo. | 10.56 | 10.56 | 10.56 | 10.56 |
| | (June thru Sept.) first 550 kWh | cents/kWh | 8.0705 | 8.0705 | 8.0705 | 8.0705 |
| | (June thru Sept.) next 750 kWh | cents/kWh | 7.5342 | 7.5342 | 7.5342 | 7.5342 |
| | (June thru Sept.) additional kWh | cents/kWh | 1.8723 | 1.8723 | 1.8723 | 1.8723 |
| GL | Demand first 300 kW or less | \$/mo. | 3,889.35 | 3,889.35 | 3,889.35 | 3,889.35 |
| | Demand additional kW | \$/kW/mo. | 9.70 | 9.70 | 9.70 | 9.70 |
| | All kWh | cents/kWh | 2.3923 | 2.3923 | 2.3923 | 2.3923 |
| GLH | (October thru May) first 1,250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 7.8615 | 7.8615 | 7.8615 | 7.8615 |
| | additional kWh | cents/kWh | 2.2721 | 2.2721 | 2.2721 | 2.2721 |
| | Demand (Jun thru Sep) 1st 300 kW or less | \$/mo. | 3,827.08 | 3,827.08 | 3,827.08 | 3,827.08 |
| | Demand additional kW | \$/kW/mo. | 9.52 | 9.52 | 9.52 | 9.52 |
| | (June thru Sept.) kWh | cents/kWh | 2.2721 | 2.2721 | 2.2721 | 2.2721 |
| L | Demand first 5,000 kW | \$/mo. | 48,748.48 | 48,748.48 | 48,748.48 | 48,748.48 |
| | Demand next 10,000 kW | \$/kW/mo. | 7.73 | 7.73 | 7.73 | 7.73 |
| | Demand next 25,000 kW | \$/kW/mo. | 7.50 | 7.50 | 7.50 | 7.50 |
| | Demand additional kW | \$/kW/mo. | 7.30 | 7.30 | 7.30 | 7.30 |
| | First 750,000 kWh + 400 kWh per kW of Demand | cents/kWh | 2.3332 | 2.3332 | 2.3332 | 2.3332 |
| | Next 150 kWh per kW of Demand | cents/kWh | 1.4424 | 1.4424 | 1.4424 | 1.4424 |
| HVPS | Demand first 30,000 kW | \$/mo. | 267,583.20 | 267,583.20 | 267,583.20 | 267,583.20 |
| | Demand additional kW | \$/kW/mo. | 9.70 | 9.70 | 9.70 | 9.70 |
| | On-peak kWh | cents/kWh | 3.2729 | 3.2729 | 3.2729 | 3.2729 |
| | Off-peak kWh | cents/kWh | 1.4466 | 1.4466 | 1.4466 | 1.4466 |

_1/ The POLR II generation rates will become effective by rate schedule once the CTC is fully recovered for that class.

_2/ The POLR II generation rates include GRT (at 4.4%) and are based on the ancillary service charges set forth in Schedule 98 in Duquesne's Open Access Tariff as amended April 28, 2000.

_3/ After January 1, 2003 any party may file a petition with the Commission seeking approval of a market-based program for eligible customers in rate schedules L, GL, GLH, and HVPS for implementation in 2004.

POLR II GENERATION RATES BILLED TO RETAIL CUSTOMERS _1/ _2/

| <u>Rate Schedule</u> | | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>_3/</u> |
|----------------------|---------------------------------------|-----------|-------------|-------------|-------------|-------------|------------|
| AL | Demand all kW | \$/kW/mo. | 3.19 | 3.19 | 3.19 | 3.19 | |
| | First 300 kWh | cents/kWh | 4.4685 | 4.4685 | 4.4685 | 4.4685 | |
| | Additional kWh | cents/kWh | 1.0520 | 1.0520 | 1.0520 | 1.0520 | |
| SE | | cents/kWh | 2.5797 | 2.5797 | 2.5797 | 2.5797 | |
| SM | Mercury Vapor (\$/fixture/mo) | 100 | 1.48 | 1.48 | 1.48 | 1.48 | |
| | | 175 | 1.91 | 1.91 | 1.91 | 1.91 | |
| | | 250 | 2.37 | 2.37 | 2.37 | 2.37 | |
| | | 400 | 3.19 | 3.19 | 3.19 | 3.19 | |
| | Sodium Vapor | 1000 | 6.88 | 6.88 | 6.88 | 6.88 | |
| | | 70 | 1.51 | 1.51 | 1.51 | 1.51 | |
| | | 100 | 1.92 | 1.92 | 1.92 | 1.92 | |
| | | 150 | 2.27 | 2.27 | 2.27 | 2.27 | |
| | | 250 | 3.31 | 3.31 | 3.31 | 3.31 | |
| | | 400 | 4.30 | 4.30 | 4.30 | 4.30 | |
| | | 1000 | 8.97 | 8.97 | 8.97 | 8.97 | |
| SH | Mercury Vapor (\$/fixture/mo.) | 175 | 6.19 | 6.19 | 6.19 | 6.19 | |
| | | 250 | 8.07 | 8.07 | 8.07 | 8.07 | |
| | | 400 | 11.84 | 11.84 | 11.84 | 11.84 | |
| | | 1000 | 26.58 | 26.58 | 26.58 | 26.58 | |
| | Sodium Vapor | 100 | 5.98 | 5.98 | 5.98 | 5.98 | |
| | | 150 | 7.34 | 7.34 | 7.34 | 7.34 | |
| | | 200 | 8.72 | 8.72 | 8.72 | 8.72 | |
| | | 250 | 10.06 | 10.06 | 10.06 | 10.06 | |
| | | 400 | 14.13 | 14.13 | 14.13 | 14.13 | |
| 1000 | 31.69 | 31.69 | 31.69 | 31.69 | | | |
| MTS | First 1,300 kWh | cents/kWh | 7.1121 | 7.1121 | 7.1121 | 7.1121 | |
| | Additional kWh | cents/kWh | 1.6087 | 1.6087 | 1.6087 | 1.6087 | |
| PAL | High Pressure Sodium (\$/fixture/mo.) | 70 | 1.51 | 1.51 | 1.51 | 1.51 | |
| | | 100 | 1.92 | 1.92 | 1.92 | 1.92 | |
| | | 150 | 2.27 | 2.27 | 2.27 | 2.27 | |
| | | 250 | 3.31 | 3.31 | 3.31 | 3.31 | |
| | | 400 | 4.30 | 4.30 | 4.30 | 4.30 | |
| | Flood Lighting | 100 | 1.73 | 1.73 | 1.73 | 1.73 | |
| | | 150 | 2.00 | 2.00 | 2.00 | 2.00 | |
| | | 250 | 2.40 | 2.40 | 2.40 | 2.40 | |
| | | 400 | 3.05 | 3.05 | 3.05 | 3.05 | |
| | | Unmetered | 70 | 1.18 | 1.18 | 1.18 | 1.18 |
| | | 100 | 1.88 | 1.88 | 1.88 | 1.88 | |
| | | 150 | 2.72 | 2.72 | 2.72 | 2.72 | |
| | | 250 | 4.06 | 4.06 | 4.06 | 4.06 | |
| | | 400 | 6.30 | 6.30 | 6.30 | 6.30 | |

_1/ The POLR II generation rates will become effective by rate schedule once the CTC is fully recovered for that class.

_2/ The POLR II generation rates include GRT (at 4.4%) and are based on the ancillary service charges set forth in Schedule 9B in Duquesne's Open Access Tariff as amended April 28, 2000.

_3/ After January 1, 2003 any party may file a petition with the Commission seeking approval of a market-based program for eligible customers in rate schedules L, GL, GLH, and HVPS for implementation in 2004.

SCHEDULE 4
FACTORS TO APPLY IN DETERMINING
NET BILLED GENERATION REVENUE

Page one of this Schedule 4 (which immediately follows this cover page) sets forth the factors to be applied pursuant to the terms of this Agreement. For ease of reference, and as a means of example, if the factors applicable to a particular customer set forth on page one of this Schedule 4 are multiplied by the respective components of the amount billed to such customer as set forth on page two of this Schedule 4, the sum of the respective resulting products as set forth on page three of this Schedule 4 would represent the POLR Supplier's share of the amount billed to such customer prior to the adjustment for DLC's costs attributable to Ancillary Services associated therewith (as contemplated by the definition of Net Billed Generation Revenue) and prior to the adjustment achieved by applying the 95.6% multiplier (as contemplated by the definition of Net Billed Generation Revenue).

The intent of the Parties is that, with respect to each DLC retail customer, the amount to be paid to the POLR Supplier as set forth on page 3 of this Schedule 4 equals, with respect to each such customer, \$1.83 (or \$1.75 net) per megawatt hour on average above the amount that would have been paid to the POLR Supplier (as defined in the POLR I Agreement) as calculated under the Generation Rates (as defined in the POLR I Agreement) for 2003 and assuming offsets under the POLR I Agreement for Pennsylvania gross receipts taxes at a rate of 4.4% and for Ancillary Services costs at the rates set forth in Schedule 9B to the OATT on the date of this Agreement.

FINAL SCHEDULE 4 IN POLR II AGREEMENT

ORION BILLED GENERATION RATE COMPONENTS _1/ _2/

| <u>Rate Schedule</u> | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>_3/</u> |
|----------------------|--|-------------|-------------|-------------|-------------|------------|
| RS | cents/kWh | 4.9980 | 4.9980 | 4.9980 | 4.9980 | |
| RH | Winter (Nov thru Apr), first 500 kWh | cents/kWh | 4.5411 | 4.5411 | 4.5411 | 4.5411 |
| | Winter (Nov thru Apr), additional kWh | cents/kWh | 1.6431 | 1.6431 | 1.6431 | 1.6431 |
| | Summer (May thru Oct) | cents/kWh | 4.5411 | 4.5411 | 4.5411 | 4.5411 |
| RA | Winter (Nov thru Apr), first 500 kWh | cents/kWh | 6.8707 | 6.8707 | 6.8707 | 6.8707 |
| | Winter (Nov thru Apr), additional kWh | cents/kWh | 2.4654 | 2.4654 | 2.4654 | 2.4654 |
| | Summer (May thru Oct) | cents/kWh | 6.8707 | 6.8707 | 6.8707 | 6.8707 |
| GS/GM | first 550 kWh | cents/kWh | 6.9826 | 6.9826 | 6.9826 | 6.9826 |
| | next 750 kWh | cents/kWh | 6.7422 | 6.7422 | 6.7422 | 6.7422 |
| | additional kWh | cents/kWh | 2.3626 | 2.3626 | 2.3626 | 2.3626 |
| | Demand first 5 kW | \$/kW/mo. | 0.00 | 0.00 | 0.00 | 0.00 |
| | Demand additional kW | \$/kW/mo. | 8.87 | 8.87 | 8.87 | 8.87 |
| GMH | (October-May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 5.9004 | 5.9004 | 5.9004 | 5.9004 |
| | (October-May) additional kWh | cents/kWh | 1.8197 | 1.8197 | 1.8197 | 1.8197 |
| | Demand first 5 kW | \$/kW/mo. | 0.00 | 0.00 | 0.00 | 0.00 |
| | Demand additional kW | \$/kW/mo. | 9.23 | 9.23 | 9.23 | 9.23 |
| | (June thru Sept.) first 550 kWh | cents/kWh | 7.2377 | 7.2377 | 7.2377 | 7.2377 |
| | (June thru Sept.) next 750 kWh | cents/kWh | 6.7689 | 6.7689 | 6.7689 | 6.7689 |
| | (June thru Sept.) additional kWh | cents/kWh | 1.8197 | 1.8197 | 1.8197 | 1.8197 |
| GL | Demand first 300 kW or less | \$/mo. | 3,399.78 | 3,399.78 | 3,399.78 | 3,399.78 |
| | Demand additional kW | \$/kW/mo. | 8.48 | 8.48 | 8.48 | 8.48 |
| | All kWh | cents/kWh | 2.2743 | 2.2743 | 2.2743 | 2.2743 |
| GLH | (October thru May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 7.0550 | 7.0550 | 7.0550 | 7.0550 |
| | additional kWh | cents/kWh | 2.1692 | 2.1692 | 2.1692 | 2.1692 |
| | Demand (Jun thru Sep) 1st 300 kW or less | \$/mo. | 3,345.35 | 3,345.35 | 3,345.35 | 3,345.35 |
| | Demand additional kW | \$/kW/mo. | 8.32 | 8.32 | 8.32 | 8.32 |
| | (June thru Sept.) kWh | cents/kWh | 2.1692 | 2.1692 | 2.1692 | 2.1692 |

| | | | | | | | |
|------|--|-------------------|------------|------------|------------|------------|------|
| L | Demand first 5000 kW | \$/mo. | 42,612.31 | 42,612.31 | 42,612.31 | 42,612.31 | |
| | Demand next 10,000 kW | \$/kW/mo. | 6.76 | 6.76 | 6.76 | 6.76 | |
| | Demand next 25,000 kW | \$/kW/mo. | 6.56 | 6.56 | 6.56 | 6.56 | |
| | Demand additional kW | \$/kW/mo. | 6.38 | 6.38 | 6.38 | 6.38 | |
| | First 750,000 kWh + 400 kWh per kW of Demand | cents/kWh | 2.2226 | 2.2226 | 2.2226 | 2.2226 | |
| | Next 150 kWh per kW of Demand | cents/kWh | 1.4439 | 1.4439 | 1.4439 | 1.4439 | |
| | Additional kWh | cents/kWh | 1.3058 | 1.3058 | 1.3058 | 1.3058 | |
| HVPS | Demand first 30,000 kW | \$/mo. | 233,901.40 | 233,901.40 | 233,901.40 | 233,901.40 | |
| | Demand additional kW | \$/kW/mo. | 8.48 | 8.48 | 8.48 | 8.48 | |
| | On-peak kWh | cents/kWh | 3.0440 | 3.0440 | 3.0440 | 3.0440 | |
| | Off-peak kWh | cents/kWh | 1.4476 | 1.4476 | 1.4476 | 1.4476 | |
| AL | Demand all kW | \$/kW/mo. | 2.79 | 2.79 | 2.79 | 2.79 | |
| | First 300 kWh | cents/kWh | 4.0891 | 4.0891 | 4.0891 | 4.0891 | |
| | Additional kWh | cents/kWh | 1.1027 | 1.1027 | 1.1027 | 1.1027 | |
| SE | | cents/kWh | 2.4381 | 2.4381 | 2.4381 | 2.4381 | |
| SM | Mercury Vapor (\$/fixture/mo) | 100 | 1.35 | 1.35 | 1.35 | 1.35 | |
| | | 175 | 1.74 | 1.74 | 1.74 | 1.74 | |
| | | Nom. Lamp Wattage | 250 | 2.16 | 2.16 | 2.16 | 2.16 |
| | | | 400 | 2.91 | 2.91 | 2.91 | 2.91 |
| | Sodium Vapor | 1000 | 6.27 | 6.27 | 6.27 | 6.27 | |
| | | 70 | 1.38 | 1.38 | 1.38 | 1.38 | |
| | | 100 | 1.75 | 1.75 | 1.75 | 1.75 | |
| | | 150 | 2.07 | 2.07 | 2.07 | 2.07 | |
| | | 250 | 3.02 | 3.02 | 3.02 | 3.02 | |
| | | 400 | 3.93 | 3.93 | 3.93 | 3.93 | |
| 1000 | 8.18 | 8.18 | 8.18 | 8.18 | | | |
| SH | Mercury Vapor (\$/fixture/mo.) | 175 | 5.65 | 5.65 | 5.65 | 5.65 | |
| | | 250 | 7.36 | 7.36 | 7.36 | 7.36 | |
| | | 400 | 10.81 | 10.81 | 10.81 | 10.81 | |
| | | 1000 | 24.25 | 24.25 | 24.25 | 24.25 | |
| | Sodium Vapor | 100 | 5.46 | 5.46 | 5.46 | 5.46 | |
| | | 150 | 6.70 | 6.70 | 6.70 | 6.70 | |
| | | 200 | 7.96 | 7.96 | 7.96 | 7.96 | |
| | | 250 | 9.18 | 9.18 | 9.18 | 9.18 | |
| | | 400 | 12.89 | 12.89 | 12.89 | 12.89 | |
| 1000 | 28.92 | 28.92 | 28.92 | 28.92 | | | |
| MTS | First 1,300 kWh | cents/kWh | 6.4000 | 6.4000 | 6.4000 | 6.4000 | |
| | Additional kWh | cents/kWh | 1.5893 | 1.5893 | 1.5893 | 1.5893 | |

| | | | | | | |
|-----|---------------------------------------|-----|------|------|------|------|
| PAL | High Pressure Sodium (\$/fixture/mo.) | 70 | 1.38 | 1.38 | 1.38 | 1.38 |
| | | 100 | 1.75 | 1.75 | 1.75 | 1.75 |
| | | 150 | 2.07 | 2.07 | 2.07 | 2.07 |
| | | 250 | 3.02 | 3.02 | 3.02 | 3.02 |
| | | 400 | 3.93 | 3.93 | 3.93 | 3.93 |
| | Flood Lighting | 100 | 1.58 | 1.58 | 1.58 | 1.58 |
| | | 150 | 1.83 | 1.83 | 1.83 | 1.83 |
| | | 250 | 2.19 | 2.19 | 2.19 | 2.19 |
| | | 400 | 2.79 | 2.79 | 2.79 | 2.79 |
| | Unmetered | 70 | 1.08 | 1.08 | 1.08 | 1.08 |
| | | 100 | 1.71 | 1.71 | 1.71 | 1.71 |
| | | 150 | 2.48 | 2.48 | 2.48 | 2.48 |
| | | 250 | 3.71 | 3.71 | 3.71 | 3.71 |
| | | 400 | 5.75 | 5.75 | 5.75 | 5.75 |

_1/ The POLR II generation rates will become effective by rate schedule once the CTC is fully recovered for that class.

_2/ The POLR II generation rates include GRT (at 4.4%) and are based on the ancillary service charges set forth in Schedule 9B in Duquesne's Open Access Tariff as amended April 28, 2000.

_3/ After January 1, 2003 any party may file a petition with the Commission seeking approval of a market-based program for eligible customers in rate schedules L, GL, GLH, and HVPS for implementation in 2004.

POLR II GENERATION RATES BILLED TO RETAIL CUSTOMERS _1/ _2/

| <u>Rate Schedule</u> | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>_3/</u> |
|----------------------|--|-------------|-------------|-------------|-------------|------------|
| RS | cents/kWh | 5.5082 | 5.5082 | 5.5082 | 5.5082 | |
| RH | Winter (Nov thru Apr), first 500 kWh | cents/kWh | 4.9856 | 4.9856 | 4.9856 | 4.9856 |
| | Winter (Nov thru Apr), additional kWh | cents/kWh | 1.6702 | 1.6702 | 1.6702 | 1.6702 |
| | Summer (May thru Oct) | cents/kWh | 4.9856 | 4.9856 | 4.9856 | 4.9856 |
| RA | Winter (Nov thru Apr), first 500 kWh | cents/kWh | 7.6506 | 7.6506 | 7.6506 | 7.6506 |
| | Winter (Nov thru Apr), additional kWh | cents/kWh | 2.6110 | 2.6110 | 2.6110 | 2.6110 |
| | Summer (May thru Oct) | cents/kWh | 7.6506 | 7.6506 | 7.6506 | 7.6506 |
| GS/GM | first 550 kWh | cents/kWh | 7.7963 | 7.7963 | 7.7963 | 7.7963 |
| | next 750 kWh | cents/kWh | 7.5151 | 7.5151 | 7.5151 | 7.5151 |
| | additional kWh | cents/kWh | 2.4483 | 2.4483 | 2.4483 | 2.4483 |
| | Demand first 5 kW | \$/kW/mo. | 0.00 | 0.00 | 0.00 | 0.00 |
| | Demand additional kW | \$/kW/mo. | 10.15 | 10.15 | 10.15 | 10.15 |
| GMH | (October-May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 6.5406 | 6.5406 | 6.5406 | 6.5406 |
| | (October-May) additional kWh | cents/kWh | 1.8723 | 1.8723 | 1.8723 | 1.8723 |
| | Demand first 5 kW | \$/kW/mo. | 0.00 | 0.00 | 0.00 | 0.00 |
| | Demand additional kW | \$/kW/mo. | 10.56 | 10.56 | 10.56 | 10.56 |
| | (June thru Sept.) first 550 kWh | cents/kWh | 8.0705 | 8.0705 | 8.0705 | 8.0705 |
| | (June thru Sept.) next 750 kWh | cents/kWh | 7.5342 | 7.5342 | 7.5342 | 7.5342 |
| | (June thru Sept.) additional kWh | cents/kWh | 1.8723 | 1.8723 | 1.8723 | 1.8723 |
| GL | Demand first 300 kW or less | \$/mo. | 3,889.35 | 3,889.35 | 3,889.35 | 3,889.35 |
| | Demand additional kW | \$/kW/mo. | 9.70 | 9.70 | 9.70 | 9.70 |
| | All kWh | cents/kWh | 2.3923 | 2.3923 | 2.3923 | 2.3923 |
| GLH | (October thru May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 7.8615 | 7.8615 | 7.8615 | 7.8615 |
| | additional kWh | cents/kWh | 2.2721 | 2.2721 | 2.2721 | 2.2721 |
| | Demand (Jun thru Sep) 1st 300 kW or less | \$/mo. | 3,827.08 | 3,827.08 | 3,827.08 | 3,827.08 |
| | Demand additional kW | \$/kW/mo. | 9.52 | 9.52 | 9.52 | 9.52 |
| | (June thru Sept.) kWh | cents/kWh | 2.2721 | 2.2721 | 2.2721 | 2.2721 |

| | | | | | | |
|-----|---------------------------------------|-----------|--------|--------|--------|--------|
| MTS | First 1,300 kWh | cents/kWh | 7.1121 | 7.1121 | 7.1121 | 7.1121 |
| | Additional kWh | cents/kWh | 1.6087 | 1.6087 | 1.6087 | 1.6087 |
| PAL | High Pressure Sodium (\$/fixture/mo.) | 70 | 1.51 | 1.51 | 1.51 | 1.51 |
| | | 100 | 1.92 | 1.92 | 1.92 | 1.92 |
| | | 150 | 2.27 | 2.27 | 2.27 | 2.27 |
| | | 250 | 3.31 | 3.31 | 3.31 | 3.31 |
| | | 400 | 4.30 | 4.30 | 4.30 | 4.30 |
| | Flood Lighting | 100 | 1.73 | 1.73 | 1.73 | 1.73 |
| | | 150 | 2.00 | 2.00 | 2.00 | 2.00 |
| | | 250 | 2.40 | 2.40 | 2.40 | 2.40 |
| | | 400 | 3.05 | 3.05 | 3.05 | 3.05 |
| | Unmetered | 70 | 1.18 | 1.18 | 1.18 | 1.18 |
| | | 100 | 1.88 | 1.88 | 1.88 | 1.88 |
| | | 150 | 2.72 | 2.72 | 2.72 | 2.72 |
| | | 250 | 4.06 | 4.06 | 4.06 | 4.06 |
| | | 400 | 6.30 | 6.30 | 6.30 | 6.30 |

_1/ The POLR II generation rates will become effective by rate schedule once the CTC is fully recovered for that class.

_2/ The POLR II generation rates include GRT (at 4.4%) and are based on the ancillary service charges set forth in Schedule 9B in Duquesne's Open Access Tariff as amended April 28, 2000.

_3/ After January 1, 2003 any party may file a petition with the Commission seeking approval of a market-based program for eligible customers in rate schedules L, GL, GLH, and HVPS for implementation in 2004.

FACTORS APPLIED TO DLC BILLED GENERATION REVENUE COMPONENTS

| <u>Rate Schedule</u> | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | |
|----------------------|--|-------------|-------------|-------------|-------------|--------|
| RS | cents/kWh | 0.9074 | 0.9074 | 0.9074 | 0.9074 | |
| RH | Winter (Nov thru Apr), first 500 kWh | 0.9108 | 0.9108 | 0.9108 | 0.9108 | |
| | Winter (Nov thru Apr), additional kWh | 0.9838 | 0.9838 | 0.9838 | 0.9838 | |
| | Summer (May thru Oct) | 0.9108 | 0.9108 | 0.9108 | 0.9108 | |
| RA | Winter (Nov thru Apr), first 500 kWh | 0.8981 | 0.8981 | 0.8981 | 0.8981 | |
| | Winter (Nov thru Apr), additional kWh | 0.9442 | 0.9442 | 0.9442 | 0.9442 | |
| | Summer (May thru Oct) | 0.8981 | 0.8981 | 0.8981 | 0.8981 | |
| GS/GM | first 550 kWh | 0.8956 | 0.8956 | 0.8956 | 0.8956 | |
| | next 750 kWh | 0.8972 | 0.8972 | 0.8972 | 0.8972 | |
| | additional kWh | 0.9650 | 0.9650 | 0.9650 | 0.9650 | |
| | Demand first 5 kW | \$/kW/mo. | | | | |
| | Demand additional kW | \$/kW/mo. | 0.8739 | 0.8739 | 0.8739 | 0.8739 |
| GMH | (October-May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 0.9021 | 0.9021 | 0.9021 | 0.9021 |
| | (October-May) additional kWh | cents/kWh | 0.9719 | 0.9719 | 0.9719 | 0.9719 |
| | Demand first 5 kW | \$/kW/mo. | | | | |
| | Demand additional kW | \$/kW/mo. | 0.8741 | 0.8741 | 0.8741 | 0.8741 |
| | (June thru Sept.) first 550 kWh | cents/kWh | 0.8968 | 0.8968 | 0.8968 | 0.8968 |
| | (June thru Sept.) next 750 kWh | cents/kWh | 0.8984 | 0.8984 | 0.8984 | 0.8984 |
| | (June thru Sept.) additional kWh | cents/kWh | 0.9719 | 0.9719 | 0.9719 | 0.9719 |
| GL | Demand first 300 kW or less | \$/mo. | 0.8741 | 0.8741 | 0.8741 | 0.8741 |
| | Demand additional kW | \$/kW/mo. | 0.8742 | 0.8742 | 0.8742 | 0.8742 |
| | All kWh | cents/kWh | 0.9507 | 0.9507 | 0.9507 | 0.9507 |
| GLH | (October thru May) first 1250 kWh + 150 kWh for each kW of Demand over 6 kW | cents/kWh | 0.8974 | 0.8974 | 0.8974 | 0.8974 |
| | additional kWh | cents/kWh | 0.9547 | 0.9547 | 0.9547 | 0.9547 |
| | Demand (Jun thru Sep) 1st 300 kW or less | \$/mo. | 0.8741 | 0.8741 | 0.8741 | 0.8741 |
| | Demand additional kW | \$/kW/mo. | 0.8739 | 0.8739 | 0.8739 | 0.8739 |
| | (June thru Sept.) kWh | cents/kWh | 0.9547 | 0.9547 | 0.9547 | 0.9547 |

| | | | | | | | | |
|------|--|-------------------|-----------|--------|--------|--------|--------|--------|
| L | Demand first 5000 kW | | \$/mo. | 0.8741 | 0.8741 | 0.8741 | 0.8741 | |
| | Demand next 10,000 kW | | \$/kW/mo. | 0.8745 | 0.8745 | 0.8745 | 0.8745 | |
| | Demand next 25,000 kW | | \$/kW/mo. | 0.8747 | 0.8747 | 0.8747 | 0.8747 | |
| | Demand additional kW | | \$/kW/mo. | 0.8740 | 0.8740 | 0.8740 | 0.8740 | |
| | First 750,000 kWh + 400 kWh per kW of Demand | | cents/kWh | 0.9526 | 0.9526 | 0.9526 | 0.9526 | |
| | Next 150 kWh per kW of Demand | | cents/kWh | 1.0010 | 1.0010 | 1.0010 | 1.0010 | |
| | Additional kWh | | cents/kWh | 1.0167 | 1.0167 | 1.0167 | 1.0167 | |
| HVPS | Demand first 30,000 kW | | \$/mo. | 0.8741 | 0.8741 | 0.8741 | 0.8741 | |
| | Demand additional kW | | \$/kW/mo. | 0.8742 | 0.8742 | 0.8742 | 0.8742 | |
| | On-peak kWh | | cents/kWh | 0.9301 | 0.9301 | 0.9301 | 0.9301 | |
| | Off-peak kWh | | cents/kWh | 1.0007 | 1.0007 | 1.0007 | 1.0007 | |
| AL | Demand all kW | | \$/kW/mo. | 0.8746 | 0.8746 | 0.8746 | 0.8746 | |
| | First 300 kWh | | cents/kWh | 0.9151 | 0.9151 | 0.9151 | 0.9151 | |
| | Additional kWh | | cents/kWh | 1.0482 | 1.0482 | 1.0482 | 1.0482 | |
| SE | | | cents/kWh | 0.9451 | 0.9451 | 0.9451 | 0.9451 | |
| SM | Mercury Vapor (\$/fixture/mo) | 100 | | 0.9122 | 0.9122 | 0.9122 | 0.9122 | |
| | | 175 | | 0.9110 | 0.9110 | 0.9110 | 0.9110 | |
| | | Nom. Lamp Wattage | 250 | | 0.9114 | 0.9114 | 0.9114 | 0.9114 |
| | | | 400 | | 0.9122 | 0.9122 | 0.9122 | 0.9122 |
| | Sodium Vapor | 1000 | | 0.9113 | 0.9113 | 0.9113 | 0.9113 | |
| | | 70 | | 0.9139 | 0.9139 | 0.9139 | 0.9139 | |
| | | 100 | | 0.9115 | 0.9115 | 0.9115 | 0.9115 | |
| | | 150 | | 0.9119 | 0.9119 | 0.9119 | 0.9119 | |
| | | 250 | | 0.9124 | 0.9124 | 0.9124 | 0.9124 | |
| | | 400 | | 0.9140 | 0.9140 | 0.9140 | 0.9140 | |
| | | 1000 | | 0.9119 | 0.9119 | 0.9119 | 0.9119 | |
| SH | Mercury Vapor (\$/fixture/mo.) | 175 | | 0.9128 | 0.9128 | 0.9128 | 0.9128 | |
| | | 250 | | 0.9120 | 0.9120 | 0.9120 | 0.9120 | |
| | | 400 | | 0.9130 | 0.9130 | 0.9130 | 0.9130 | |
| | | 1000 | | 0.9123 | 0.9123 | 0.9123 | 0.9123 | |

| | | | | | | |
|-----|---------------------------------------|-----------|--------|--------|--------|--------|
| | Sodium Vapor | 100 | 0.9130 | 0.9130 | 0.9130 | 0.9130 |
| | | 150 | 0.9128 | 0.9128 | 0.9128 | 0.9128 |
| | | 200 | 0.9128 | 0.9128 | 0.9128 | 0.9128 |
| | | 250 | 0.9125 | 0.9125 | 0.9125 | 0.9125 |
| | | 400 | 0.9122 | 0.9122 | 0.9122 | 0.9122 |
| | | 1000 | 0.9126 | 0.9126 | 0.9126 | 0.9126 |
| MTS | First 1,300 kWh | cents/kWh | 0.8999 | 0.8999 | 0.8999 | 0.8999 |
| | Additional kWh | cents/kWh | 0.9879 | 0.9879 | 0.9879 | 0.9879 |
| PAL | High Pressure Sodium (\$/fixture/mo.) | 70 | 0.9126 | 0.9126 | 0.9126 | 0.9126 |
| | | 100 | 0.9135 | 0.9135 | 0.9135 | 0.9135 |
| | | 150 | 0.9106 | 0.9106 | 0.9106 | 0.9106 |
| | | 250 | 0.9115 | 0.9115 | 0.9115 | 0.9115 |
| | | 400 | 0.9129 | 0.9129 | 0.9129 | 0.9129 |
| | Flood Lighting | 100 | 0.9112 | 0.9112 | 0.9112 | 0.9112 |
| | | 150 | 0.9135 | 0.9135 | 0.9135 | 0.9135 |
| | | 250 | 0.9135 | 0.9135 | 0.9135 | 0.9135 |
| | | 400 | 0.9139 | 0.9139 | 0.9139 | 0.9139 |
| | Unmetered | 70 | 0.9113 | 0.9113 | 0.9113 | 0.9113 |
| | | 100 | 0.9107 | 0.9107 | 0.9107 | 0.9107 |
| | | 150 | 0.9135 | 0.9135 | 0.9135 | 0.9135 |
| | | 250 | 0.9129 | 0.9129 | 0.9129 | 0.9129 |
| | | 400 | 0.9131 | 0.9131 | 0.9131 | 0.9131 |

**SCHEDULE 5
BANK ACCOUNTS**

POLR Supplier 's Bank Account: TO BE PROVIDED PRIOR TO EARLIEST
RATE CLASS EFFECTIVE DATE HERE-
UNDER

DLC's Bank Account: TO BE PROVIDED PRIOR TO EARLIEST
RATE CLASS EFFECTIVE DATE HERE-
UNDER

SCHEDULE 6
SPECIAL CONTRACTS TERM SHEET

[PURSUANT TO THE TERMS OF THE JOINT PETITION FOR SETTLEMENT FILED WITH THE PUC IN DOCKET NO. R-00974104 ON NOVEMBER 29, 2000, THIS TERM SHEET IS CONFIDENTIAL]

SCHEDULE 7
REVISED POLR I RETAIL TARIFF

ELECTRIC - PA. P.U.C. NO. 21
Superseding

ELECTRIC - PA. P.U.C. NO. 20
and Supplements thereto

DUQUESNE LIGHT COMPANY *R-00974101*
SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

RECEIVED

DEC 07 2000

JOHN R. MARSHALL
President

PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ISSUED: DECEMBER 7, 2000

EFFECTIVE: JANUARY 1, 2001

Issued in accordance with the provisions of the Joint Petition for Settlement at R-00974101 approved by Commission Order dated November 30, 2000 and pursuant to the rate changes approved by Commission Order at R-00974101 dated May 29, 1998.

NOTICE

THIS TARIFF CHANGES EXISTING RULES AND RATES AND ADDS A RIDER

DOCUMENT
FOLDER

DOCKETED
DEC 12 2000

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

CTC and Generation rates have been modified pursuant to the Commission's May 29, 1998 Order at R-00974104. Changes noted on:

Original Page No. 33
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Original Page No. 108
Original Page No. 112
Original Page No. 114
Original Page No. 115

This Tariff incorporates provisions of the Joint Petition for Settlement dated November 29, 2000, as approved by the Commission in its November 30, 2000 Order at R-00974104. Changes and additions noted on:

Original Pages No. 31 and 32
Original Pages No. 130 and 131

DUQUESNE LIGHT COMPANY
411 SEVENTH AVENUE
PITTSBURGH, PA. 15230

ELECTRIC - PA. P.U.C. NO. 21
ORIGINAL PAGE NO. 2

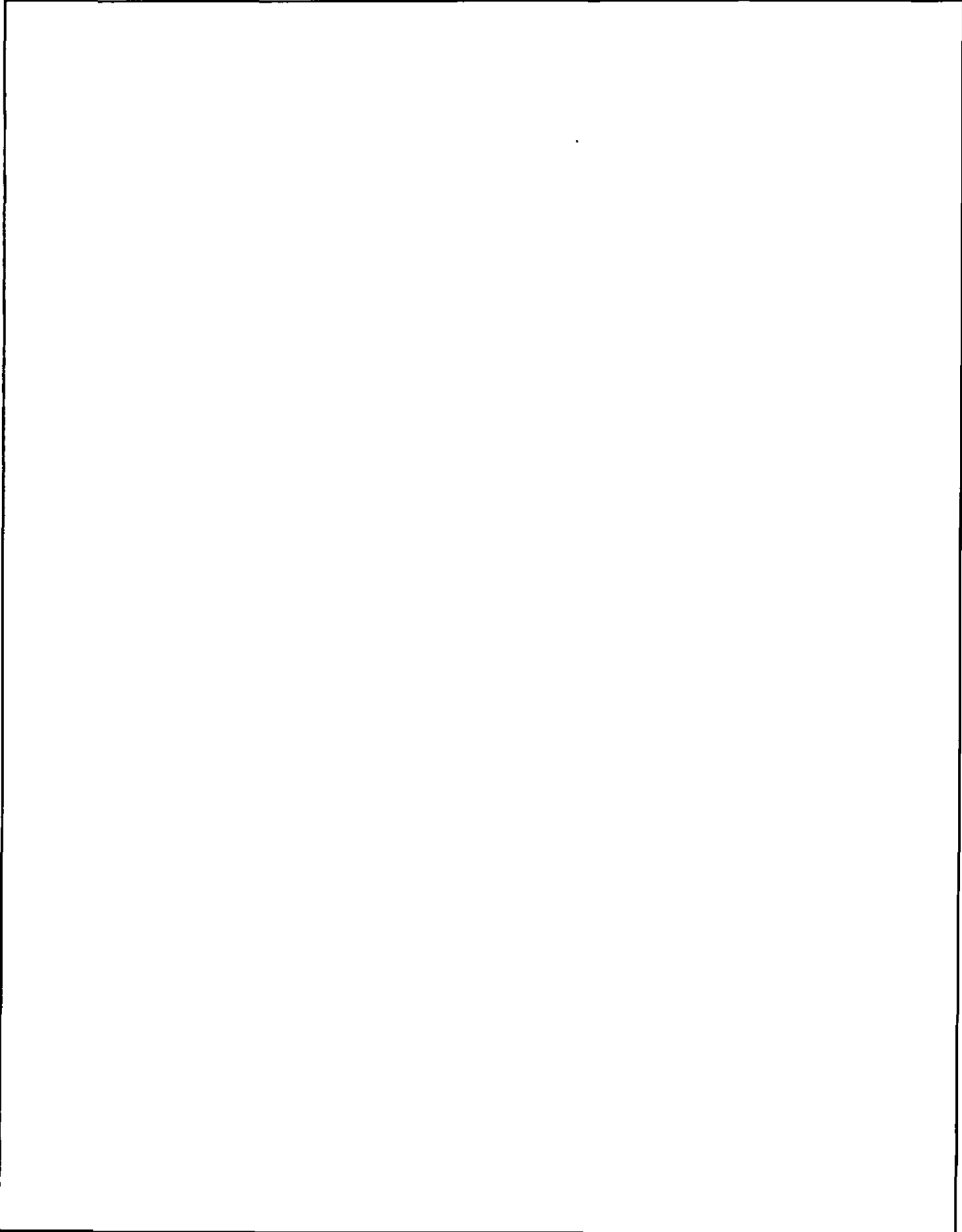


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LIST OF COMMUNITIES SERVED

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

ALLEGHENY COUNTY

Cities and Boroughs

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

Townships

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

LIST OF COMMUNITIES SERVED - (Continued)

BEAVER COUNTY

Cities and Boroughs

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

Townships

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

RULES AND REGULATIONS

THE ELECTRIC SERVICE TARIFF

- FILING AND POSTING** A copy of the tariff, comprising the Rules and Regulations, Rates and Riders, and governing electric service, is filed with the Pennsylvania Public Utility Commission and is posted and open to inspection at the offices of the Company where payments are made by customers.
- REVISIONS** The tariff is subject to such change and modification as may be made from time to time in the manner prescribed by the Public Utility Law. If any rate for electric service is increased, the affected customer shall have the option of discontinuing service, but shall be obligated to pay the increased rate from the effective date thereof until service has been discontinued.
- APPLICATION** Rates of the tariff apply only to the Company's Standard Service delivered from overhead supply lines except in certain restricted areas where the Company is required to provide underground distribution. Riders of the tariff amend or modify the terms governing the electric service under the rates to which they apply. Standard Service is alternating current of sixty cycles frequency, conforming as to voltage and phase with the following list of standard nominal service delivery voltages.

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

Unbundled rates of this tariff apply as a result of the "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28, and shall apply to retail customers accessing Duquesne Light Company's transmission and distribution systems. The supply of generation may be provided by the Company, by an alternative EGS, or by the Company and an alternative EGS. Rates for generation shall apply per applicable tariffs of the Company or the EGS.

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

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

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

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

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

- (11) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to the Act. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).
- (12) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (13) **Generation Charges** - Basic service charges for producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.
- (14) **Marketer or Broker** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy and does not take title to the electric energy.
- (15) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (16) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (17) **Provider of Last Resort** - The Company will provide electricity to the customer in the event that a customer: 1) is not eligible to obtain electricity from an EGS; 2) elects not to obtain electricity from an EGS; 3) elects to have the Company supply electricity after having previously purchased electricity from an EGS, or 4) contracts with an EGS who fails to supply electricity.
- (18) **Transition Charges** - Basic service charges for costs defined as transition or stranded costs, comprised of a CTC, designed to recover the Company's transition or stranded costs as authorized by the Commission.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

(19) Transition or Stranded Costs - The Company's known and measurable net electric generation-related costs, determined on a net present value basis over the life of the asset or liability as part of its restructuring plan, which traditionally would be recoverable under a regulated environment but which may not be recoverable in a competitive electric generation market and which the Commission determines will remain following mitigation by the Company. Transition and stranded costs also include other items as defined in the Act.

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

3.2 ELECTRIC GENERATION SUPPLIER TARIFF The rules and guidelines provided in the Company's "Electric Generation Supplier Coordination Tariff" (Supplier Tariff) shall apply to EGS's accessing the Company's transmission and distribution systems to supply electricity to retail customers. Those rules and guidelines pertaining to direct access procedures shall apply accordingly to customers who elect to purchase part or all of their electricity from an EGS. Copies of these rules may be obtained at the Company's offices.

3.3 COMPETITIVE TRANSITION CHARGE RECONCILIATION Each month, the Company will separately account for competitive transition charge (CTC) revenues collected from each rate class under the applicable interim tariff rates. The revenues collected from each rate class during the interim period prior to the sale of the generation assets will be used to adjust the amount owed by each rate class. Subsequent to the sale of its generation assets, the Company will establish final CTC rates for each rate class considering the amount of divestiture proceeds and revenues recovered under the interim CTC rates. The exact methodology for determining final CTC rates was established by the Commission when it approved the Company's auction plan.

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS

4. CONTRACTS The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and the Act. Extension of such facilities will not be conditioned on the customer's agreement to purchase generation from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service.

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)

4. CONTRACTS - (Continued)

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

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

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

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

For contracts that do not contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract effective as of January 1, 1999, in a manner that retains the customer discount and reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract; terminate the contract and obtain electricity from an EGS on the otherwise applicable tariff rates according to the eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. The customer's discount from the otherwise applicable tariff rates will be allocated equally between the CTC components and the generation components of the unbundled rates. The discount will be applied to the demand and energy components of the unbundled rate elements. Contract expiration shall not affect the applicability of any statutory rate cap.

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

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)

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

INSTALLATION OF SERVICE

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS

A. Definitions

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

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

B. Overhead Areas

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS - (Continued)

B. Overhead Areas - (Continued)

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

C. Underground Areas

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS - (Continued)

D. Rights-of-Way

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

E. Revenue Guarantees

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

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

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

9. RELOCATIONS OF FACILITIES

A. Pole Removal or Relocation for Residential Customers

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

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

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

B. Other Company Facilities for all Customers

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

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

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

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

13.1 UNDERGROUND DISTRIBUTION

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

B. Underground Service Lines from Overhead Supply Lines

(1) Service Line Voltages Under 600 Volts.

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

(2) Service Line Voltages Over 600 Volts.

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS

A. Definitions

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

B. Installation of Distribution and Service Lines

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

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

C. Applicants for Electric Service

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

C. Applicants for Electric Service - (Continued)

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

D. Installing Distribution Lines Beyond Boundary of Development

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

E. Classification of Charges

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

F. Exceptions

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

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

(b) A letter petition setting forth:

(i) the name of the applicant

(ii) the location and size of the development involved

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

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

F. Exceptions - (Continued)

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

G. Applicability

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

H. Subdivisions

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

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

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

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

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

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE

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

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

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

The Company has adopted a program that provides all customers with meters to provide data for normal monthly billing services. In the event that a residential or small commercial customer, or an EGS on behalf of a residential or small commercial customer, requests an upgrade to an Alpha Powerplus meter, which the Company provides for large commercial and industrial customers, installation of that meter will be provided at a cost of \$586.00, plus additional costs if a dedicated phone line is not provided by the customer. These net incremental charges, as set forth in the Company's Advance Meter Catalog, may be paid to the Company by either the customer or the EGS, or jointly by the customer and the EGS pursuant to a mutual agreement.

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

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

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

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

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

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

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

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

BILLS AND NET PAYMENT PERIODS

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

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

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

21. NET PAYMENT Payments made direct at the payment receiving offices of the Company or payments made direct to the Company's agencies by the due date will be accepted by the Company in the amount billed. Payments made by mail may be accepted in the amount billed by the Company, at its option if: (1) the date of mailing as determined by the Post Office date stamp on the enclosing envelope is on or before the due date, or (2) the payment is received within five days after the due date. A Late Payment Charge will be added to Company charges for failure to make payment of the bill in accord with the above.

RULES AND REGULATIONS - (Continued)

BILLS AND NET PAYMENT PERIODS - (Continued)

21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. When the due date for residential service occurs from the 21st day of the month through the 5th day of the following month, the due date may be extended upon request to the 6th day of the latter month for ratepayers receiving Social Security or equivalent monthly checks on or about the first of the month.

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

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

COMPANY PROPERTY ON CUSTOMER'S PREMISES

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

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

RULES AND REGULATIONS - (Continued)

COMPANY PROPERTY ON CUSTOMER'S PREMISES - (Continued)

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

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

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE

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

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

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

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

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

RULES AND REGULATIONS - (Continued)

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

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

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

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

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

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

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

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

RULES AND REGULATIONS - (Continued)

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

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

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

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

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

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

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

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

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

RULES AND REGULATIONS - (Continued)

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

39.2 EMERGENCY ENERGY CONSERVATION - (Continued)

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

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

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

40. RECONNECTION CHARGE Where service has been discontinued under the terms of Rules 26 through 36, inclusive, the Company reserves the right as a condition precedent to the reconnection of service to require the payment of all arrearages for Company charges and a deposit, and to require the payment of costs incurred by the Company to reconnect the service. When a residential ratepayer or residence is involved, the Company will comply with the provisions of 52 Pa Code Chapter 56, "Standards and Billing Practices for Residential Utility Service."

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

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

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

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

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

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

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS

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

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

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

A. Availability

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

B. Billing

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

C. Payment Terms

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

D. Contract Term

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

E. Termination of the Service

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

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS- (Continued)

44. SURGE PROTECTION SERVICE - (Continued)

F. Liability

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

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

45.1 SWITCHING PROTOCOLS Upon receipt of the request by the Company from the customer or authorized party to change the EGS, the Company will send the customer a confirmation letter notifying the customer of the proposed change and their right to rescind. If the customer does not contact the Company within 10 days of the date on the confirmation letter, then the Company will process the selection. The selection will be effective as of the next scheduled meter read date and the EGS will become the EGS of record for delivery provided that: (1) the Company has received at least 15 days prior notice from the EGS; (2) and all required customer information including the customer's name, service address, customer account number, current EGS, proposed EGS and confirmation that the proposed EGS has agreed to provide the services is provided to the Company is accurate and complete; (3) the 10-day waiting period has expired; and (4) the customer has not contacted the Company to dispute the EGS selection. If the required information to process a change to an EGS is not provided, the customer shall either call the Company with the necessary information or supply signed written authorization before the change is processed. If during the 10-day waiting period, the Customer elects to rescind its new EGS selection, the Company will notify the rejected EGS of the rescission. In the event the customer rescinds their EGS selection after the 10-day waiting period, the customer will be required to remain with the selected EGS for a minimum of one billing cycle. (C)

45.2 SUPPLIER SWITCHING BY RESIDENTIAL CUSTOMERS Upon receipt of notice from an EGS of its intention to terminate a customer, Duquesne will provide the customer with an Options Notice, which shall include a description of the options available to the customer upon termination of service from the EGS, and shall include a copy of the OCA Shopping Guide. (C)

A. Residential Switching Options

- (1) The residential customer may contract with an EGS for service prior to returning to POLR service, provided such notice is made to Duquesne in accordance with the standard switching protocols; or
- (2) The residential customer may return to POLR service at the applicable tariff rates in effect at the time service is rendered to the customer.

Except as set forth in 45.2 B, a residential customer who returns to POLR service shall be free to switch to an EGS at any time.

(C) - Indicates Change

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS- (Continued)

45.2 SUPPLIER SWITCHING BY RESIDENTIAL CUSTOMERS - (Continued)

B. Residential Switching Options Restriction

Beginning on January 1, 2001, if, in any rolling three-month period, more than 50,000 customers return from EGS to POLR service, residential customers will receive the same Options Notice set forth in 45.2, but they will be advised that if they choose to return to POLR service, they must remain on that service for at least twelve consecutive monthly billing cycles, but in no event beyond December 31, 2004. Following the expiration of this twelve-billing cycle period, the residential customer is free to choose an EGS at any time. (The calculation of 50,000 customers in a given three-month rolling period will include: (i) the number of residential customers receiving Options Notices from Duquesne under the terms of this section during the period, plus (ii) other residential customers who return from EGS to POLR service per EDI notices during the period, minus (iii) residential customers who leave POLR service during the period, minus (iv) residential customers who receive an Options Notice under the terms of this section but then switch to an EGS per EDI notices during the period.)

45.3 SUPPLIER SWITCHING BY NON-RESIDENTIAL CUSTOMERS Duquesne shall semi-annually provide to non-residential customers, via a bill insert or message, notification of the switching rules described in this section. (C)

A. Non-Residential Switching Options

- (1) The non-residential customer may contract with an EGS for service prior to returning to POLR service, provided such notice is made to Duquesne in accordance with the standard switching protocols; or
- (2) The non-residential customer may return to POLR service with the requirement that it receive service from Duquesne at the applicable tariff rates in effect at the time service is rendered for twelve consecutive monthly billing cycles, except that the customer shall be permitted to depart POLR service at any time, subject to payment of the Generation Rate Adjustment (if any) calculated under Rider No. 23 of this tariff. If, however, the customer stays on POLR service for more than twelve consecutive monthly billing cycles, in subsequent years the GRA will be calculated only over the period of time that the customer is on POLR service following its most recent anniversary date. If a customer that switches to an EGS fails to pay the GRA within 60 days of the bill date or otherwise disputes the calculation pursuant to Duquesne's tariff, the customer shall be returned to POLR service and remain there until the GRA is paid.

On the customer's twelve-month service anniversary, the customer will have the option of receiving service from an EGS without the payment of a GRA or continuing to receive POLR service pursuant to this section. Ninety days prior to the customer's service anniversary date, Duquesne will provide the customer with an Options Notice, describing the switching rules set forth in this section, informing the customer of its ability to contract with an EGS for service and advising the customer of its service anniversary date.

(C) - Indicates Change

RULES AND REGULATIONS - (Continued)

GENERAL PROVISIONS- (Continued)

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

47. TAX INDEMNIFICATION If Duquesne Light Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, Pa. C.S. §§ 2806(g) and 2809(f), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify Duquesne for the amount of additional state tax liability imposed upon Duquesne by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 of Title 66.

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

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

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$6.38

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge Cents per Kilowatt-hour</u> |
|--------------------|--|--|--|--|
| All kilowatt-hours | 3.0212 | 3.3928 | 0.2483 | 4.6349 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

(C) - Indicates Change

RATE RS - RESIDENTIAL SERVICE - (Continued)

MONTHLY RATE - (Continued)

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

COMBINED RESIDENTIAL AND NON-RESIDENTIAL SERVICE

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

SPECIAL PROVISIONS

RESIDENTIAL GARAGE

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

OPTIONAL BUDGET PAYMENT PLAN

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

RATE RH - RESIDENTIAL SERVICE HEATING

AVAILABILITY

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

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$6.38

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|---------------------------|--|--|--|--|
| First 500 kilowatt-hours | 1.4427 | 5.5908 | 0.2081 | 4.0556 |
| Additional kilowatt-hours | 0.5271 | 2.0425 | 0.2081 | 1.3495 |

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|--------------------|--|--|--|--|
| All kilowatt-hours | 1.4427 | 5.5908 | 0.2081 | 4.0556 |

(C) - Indicates Change

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the *Distribution and Competitive Transition Charges* by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)

SPECIAL PROVISIONS

COMBINED RESIDENTIAL AND NON-RESIDENTIAL SERVICE

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

RESIDENTIAL GARAGE

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

SPACE HEATING EQUIPMENT

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

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

OPTIONAL BUDGET PAYMENT PLAN

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

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP

AVAILABILITY

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

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$6.38

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|---------------------------|--|--|--|--|
| First 500 kilowatt-hours | 1.5569 | 3.2941 | 0.2534 | 6.1928 |
| Additional kilowatt-hours | 0.5688 | 1.2034 | 0.2534 | 2.1016 |

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|--------------------|--|--|--|--|
| All kilowatt-hours | 1.5569 | 3.2941 | 0.2534 | 6.1928 |

(C) - Indicates Change

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

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

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

SPECIAL PROVISIONS

COMBINED RESIDENTIAL AND NON-RESIDENTIAL SERVICE

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

SPACE HEATING EQUIPMENT

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

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

OPTIONAL BUDGET PAYMENT PLAN

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

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

DEMAND CHARGES

| | <u>Distribution Charge</u> \$ per kilowatt | <u>Competitive Transition Charge</u> \$ per kilowatt | <u>Transmission Charge</u> \$ per kilowatt | <u>Generation Charge</u> \$ per kilowatt |
|-------------------------------------|---|---|---|---|
| First 5 kilowatts or less of Demand | No Charge | No Charge | No Charge | No Charge |
| Additional kilowatts of Demand | 3.54 | 5.06 | 0.55 | 9.19 |

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|---------------------------|---|---|---|---|
| First 550 kilowatt-hours | 2.6274 | 3.7529 | 0.1582 | 7.0687 |
| Next 750 kilowatt-hours | 2.4575 | 3.5102 | 0.1582 | 6.6013 |
| Additional kilowatt-hours | 0.6637 | 0.9480 | 0.1582 | 1.6673 |

(C) - Indicates Change

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

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

MAXIMUM AVERAGE CHARGE

For customers who elect to purchase all of their electricity from the Company, the total average charge for distribution, competitive transition charge, transmission and generation calculated under the above rates shall not exceed 31.2972 cents per kilowatt-hour except by reason of the Minimum Charge.

For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 31.2972 cents per kilowatt-hour had they purchased all of their electricity from the Company, the combined average charge for distribution and competitive transition charge shall not exceed 15.0016 cents per kilowatt-hour.

The maximum average charges shall be allocated among distribution, competitive transition charge, transmission and generation and billed as follows:

| Maximum Average Distribution Charge cents per kilowatt-hour | Maximum Average Competitive Transition Charge cents per kilowatt-hour | Maximum Average Transmission Charge cents per kilowatt-hour | Maximum Average Generation Charge cents per kilowatt-hour |
|--|--|--|--|
| 6.5398 | 8.4618 | 0.9399 | 15.3558 |

This provision is only applicable for those bills that include demand billed on the above Demand Charges.

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

MONTHLY RATE - (Continued)

MINIMUM CHARGE

The Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand during the preceding eleven months, but not less than the Customer Distribution Charge. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

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

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

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above.

CONTRACT PROVISIONS

Contracts will be written for a period of not less than one year.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

RATE GMH - GENERAL SERVICE MEDIUM HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

For the Billing Months of October through May:

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|---|--|--|--|--|
| First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt of Demand over 6 kilowatts | 1.7603 | 3.8086 | 0.1946 | 5.3337 |
| Additional kilowatt-hours | 0.5452 | 1.1797 | 0.1946 | 1.5177 |

For the Billing Months of June through September:

DEMAND CHARGES

| | <u>Distribution Charge</u> \$ per kilowatt | <u>Competitive Transition Charge</u> \$ per kilowatt | <u>Transmission Charge</u> \$ per kilowatt | <u>Generation Charge</u> \$ per kilowatt |
|-------------------------------------|---|---|---|---|
| First 5 kilowatts or less of Demand | No Charge | No Charge | No Charge | No Charge |
| Additional kilowatts of Demand | 2.91 | 6.29 | 0.54 | 8.60 |

(C) - Indicates Change

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

For the Billing Months of June through September: - (Continued)

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|---------------------------|--|--|--|--|
| First 550 kilowatt-hours | 2.1584 | 4.6700 | 0.1946 | 6.5842 |
| Next 750 kilowatt-hours | 2.0188 | 4.3680 | 0.1946 | 6.1458 |
| Additional kilowatt-hours | 0.5452 | 1.1797 | 0.1946 | 1.5177 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

(C) - Indicates Change

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

MAXIMUM AVERAGE CHARGE

For customers who elect to purchase all of their electricity from the Company, the total average charge for distribution, competitive transition charge, transmission and generation calculated under the above rates shall not exceed 31.2972 cents per kilowatt-hour except by reason of the Minimum Charge.

For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 31.2972 cents per kilowatt-hour had they purchased all of their electricity from the Company, the combined average charge for distribution and competitive transition charge shall not exceed 15.9195 cents per kilowatt-hour.

The maximum average charges shall be allocated among distribution, competitive transition charge, transmission and generation and billed as follows:

| <u>Maximum Average Distribution Charge cents per kilowatt-hour</u> | <u>Maximum Average Competitive Transition Charge cents per kilowatt-hour</u> | <u>Maximum Average Transmission Charge cents per kilowatt-hour</u> | <u>Maximum Average Generation Charge cents per kilowatt-hour</u> |
|--|--|--|--|
| 5.3253 | 10.5942 | 0.9228 | 14.4549 |

This provision is only applicable for those bills that include demand billed on the above Demand Charges.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be \$9.07 for the first kilowatt (kW) of demand plus a transmission charge of \$0.54 per kW, a distribution charge of \$1.11 per kW, a CTC charge of \$2.41 per kW and a generation charge of \$3.30 per kW for each additional kilowatt, but not less than \$9.07. For the months of June through September, the Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand during the preceding eleven months, but not less than the Customer Distribution Charge. The Demand Charge shall be determined using the distribution and competitive transition charges and the transmission and generation charges associated with Company supplied transmission and generation, if any.

RIDERS

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

LATE PAYMENT CHARGE

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

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GS/GM.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

SPECIAL PROVISION

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

RATE GL : GENERAL SERVICE LARGE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the demand is not less than 300 kilowatts.

MONTHLY RATE

DEMAND CHARGES

| | <u>Distribution Charge - \$</u> | <u>Competitive Transition Charge - \$</u> | <u>Transmission Charge - \$</u> | <u>Generation Charge - \$</u> |
|---------------------------------------|--|--|--|--|
| First 300 kilowatts or less of Demand | 719.38 | 1,403.74 | 144.00 | 3,259.88 |
| | <u>Distribution Charge \$ per kilowatt</u> | <u>Competitive Transition Charge \$ per kilowatt</u> | <u>Transmission Charge \$ per kilowatt</u> | <u>Generation Charge \$ per kilowatt</u> |
| Additional kilowatts of Demand | 1.82 | 3.55 | 0.48 | 8.13 |

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|--------------------|--|--|--|--|
| All kilowatt-hours | 0.4474 | 0.8730 | 0.1126 | 2.0042 |

(C) - Indicates Change

RATE GL - GENERAL SERVICE LARGE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 50% of the Contract On-Peak Demand. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$2,123.12.

RIDERS

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

LATE PAYMENT CHARGE

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

RATE GL - GENERAL SERVICE LARGE - (Continued)

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

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

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above, but not less than 50% of the Contract On-Peak Demand nor less than 300 kilowatts, whichever is the greater.

CONTRACT DEMAND

The Contract Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver to the customer.

The Customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

CONTRACT PROVISIONS

Contracts will be written for a period of not less than one year.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 300 kilowatts if the customer remains on this rate.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

RATE GLH - GENERAL SERVICE LARGE HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

For the Billing Months of October through May:

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|--|--|--|--|--|
| First 1,250 kilowatt-hours plus 150 kilowatt hours for each kilowatt of Demand over 6 kilowatts | 0.8846 | 3.4553 | 0.2063 | 6.5510 |
| Additional kilowatt-hours | 0.2740 | 1.0702 | 0.2063 | 1.8867 |

(C) - Indicates Change

RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)

MONTHLY RATE - (Continued)

For the Billing Months of June through September:

DEMAND CHARGES

| | <u>Distribution Charge - \$</u> | <u>Competitive Transition Charge - \$</u> | <u>Transmission Charge - \$</u> | <u>Generation Charge - \$</u> |
|---------------------------------------|--|--|--|--|
| First 300 kilowatts or less of Demand | 440.57 | 1,720.92 | 180.00 | 3,185.51 |
| | <u>Distribution Charge \$ per kilowatt</u> | <u>Competitive Transition Charge \$ per kilowatt</u> | <u>Transmission Charge \$ per kilowatt</u> | <u>Generation Charge \$ per kilowatt</u> |
| Additional kilowatts of Demand | 1.11 | 4.35 | 0.60 | 7.92 |

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|--------------------|--|--|--|--|
| All kilowatt-hours | 0.2740 | 1.0702 | 0.2063 | 1.8867 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

(C) - Indicates Change

RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)

MONTHLY RATE - (Continued)

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be \$9.07 for the first kilowatt (kW) of demand plus a transmission charge of \$0.60 per kW, a distribution charge of \$0.56 per kW, a CTC charge of \$2.20 per kW and a generation charge of \$4.00 per kW for each additional kilowatt, but not less than \$9.07. For the months of June through September, the Minimum Charge shall be the Demand Charge based on 50% of the Contract On-Peak Demand. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$2,161.49.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GL.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

SPECIAL PROVISION

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

RATE L - LARGE POWER SERVICE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the Contract Demand is not less than 5,000 kilowatts.

MONTHLY RATE

DEMAND CHARGES

| | <u>Distribution Charge - \$</u> | <u>Competitive Transition Charge - \$</u> | <u>Transmission Charge - \$</u> | <u>Generation Charge - \$</u> |
|---|--|--|--|--|
| First 5,000 kilowatts or less of Demand | 9,074.96 | 19,060.58 | 2,150.00 | 41,003.46 |
| | <u>Distribution Charge \$ per kilowatt</u> | <u>Competitive Transition Charge \$ per kilowatt</u> | <u>Transmission Charge \$ per kilowatt</u> | <u>Generation Charge \$ per kilowatt</u> |
| Next 10,000 kilowatts of Demand | 1.46 | 3.06 | 0.43 | 6.50 |
| Next 25,000 kilowatts of Demand | 1.42 | 2.98 | 0.43 | 6.30 |
| Additional kilowatts of Demand | 1.38 | 2.90 | 0.43 | 6.13 |

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|---|--|--|--|--|
| First 750,000 kilowatt-hours plus 400 kilowatt-hours per kilowatt of Demand | 0.4375 | 0.9190 | 0.1188 | 1.9619 |
| Next 150 kilowatt-hours per kilowatt of Demand | 0.2797 | 0.5875 | 0.1188 | 1.2112 |
| Additional kilowatt-hours | 0.2517 | 0.5286 | 0.1188 | 1.0781 |

(C) - Indicates Change

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

UNTRANSFORMED SERVICE CREDIT

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

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

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$28,135.54.

RIDERS

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

(C) - Indicates Change

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

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

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above, but not less than 70% of the Contract On-Peak Demand nor less than 5,000 kilowatts, whichever is the greater.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

CONTRACT DEMAND

The Contract Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver to the customer.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

RATE L - LARGE POWER SERVICE - (Continued)

CONTRACT PROVISIONS

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Effective on January 26, 1985, such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term. Contract cancellations for which written notice of such was received prior to January 26, 1985, shall be effective on January 26, 1986, unless cancellation under such notice would have been effective under the prior three year cancellation provision of Rate L before January 26, 1986, in which case the appropriate contract cancellation date shall prevail.

When a customer takes delivery at 69 Kv or higher for delivery into its own electric system operated at either of such voltages, and has a Contract Demand of at least 100,000 kilowatts, the customer may apply for service at two or more delivery points interconnected by the customer's facilities. If the Company is satisfied that such multiple delivery points will protect the Company from substantial loss of load and otherwise will be consistent with operation of the Company's system, it will provide such multiple delivery points. In such case the various delivery points will be billed as if metered at one point, but the 5,000 kilowatt, 10,000 kilowatt and 25,000 kilowatt blocks of the Capacity Charge, and the 750,000 kilowatt-hour block of the Energy Charge, will be multiplied by the number of delivery points before the rates stated for them are applied.

The Company reserves the right to refuse contracts hereunder if, in its judgement, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 5,000 kilowatts if the customer remains on this rate.

VOLTAGE CONTROL PROVISION

The customer shall be required to operate his equipment in such a manner that the voltage fluctuations produced thereby on the Company's system shall not exceed the following limits, the measurements to be made at the Company's substation nearest (electrically) the customer.

1. Instantaneous voltage fluctuations, defined as a change in voltage consuming two seconds or less, shall not exceed 1-1/4% more than six times a day, of which not more than one such fluctuation shall occur between 6:00 PM and midnight, and in no case shall such fluctuations exceed 3%.
2. Periodic voltage fluctuations, where the change in voltage consumes a period from 2 seconds to 1 minute, shall not exceed 1-1/4% more than five times an hour, and in no case shall such fluctuations exceed 3%.

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

Available to customers with Contract On-Peak Demands greater than 30,000 kilowatts where service is supplied at 69,000 volts or higher.

MONTHLY RATE

DEMAND CHARGES

| | <u>Distribution Charge - \$</u> | <u>Competitive Transition Charge - \$</u> | <u>Transmission Charge - \$</u> | <u>Generation Charge - \$</u> |
|--|--|--|--|--|
| First 30,000 kilowatts or less of On-Peak Demand | 2,795.10 | 83,003.38 | 15,000.00 | 229,737.52 |
| | <u>Distribution Charge \$ per kilowatt</u> | <u>Competitive Transition Charge \$ per kilowatt</u> | <u>Transmission Charge \$ per kilowatt</u> | <u>Generation Charge \$ per kilowatt</u> |
| Additional kilowatts of Demand | 0.10 | 2.99 | 0.50 | 8.33 |

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|----------|--|--|--|--|
| On-Peak | 0.0335 | 0.9962 | 0.1265 | 2.8110 |
| Off-Peak | 0.0156 | 0.4639 | 0.1265 | 1.2412 |

WHERE

Monthly Kilowatt-Hours billed at the Off-Peak Kilowatt-Hour Charge cannot exceed 75% of the total Kilowatt-Hours.

NOR

Monthly Kilowatt-Hours billed at the Off-Peak Kilowatt-Hour Charge cannot exceed 500 Kilowatt-Hours per Kilowatt of the Billing Demand.

All excess Off-Peak Energy will be billed at the on-peak delivery charges.

(C) - Indicates Change

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers may purchase their electricity from the Company or from an EGS. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand. The Demand Charge shall be determined using the distribution and competitive transition charges, and the transmission and generation charges associated with Company supplied transmission and generation, if any, but in total not less than \$85,798.48.

RIDERS

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

(C) - Indicates Change

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands will be adjusted for power factor by multiplying by

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

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above, but not less than 70% of the Contract On-Peak Demand, nor less than 33 1/3% of the Contract Off-Peak Demand nor less than 30,000 kilowatts, whichever is the greater.

ON-PEAK AND OFF-PEAK CONTRACT DEMAND

The Contract On-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver during the On-Peak hours to the customer.

The Contract Off-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to deliver during the Off-Peak hours to the customer.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours.

The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand.

Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 a.m. to 9:00 p.m.

Friday
10:00 a.m. to 5:00 p.m.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rate and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

CONTRACT PROVISION

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term.

The Company reserves the right to refuse contracts hereunder if, in its judgement, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 30,000 kilowatts if the customer remains on this rate.

VOLTAGE CONTROL PROVISION

The customer shall be required to operate his equipment in such a manner that the voltage fluctuations produced thereby on the Company's system shall not exceed the following limits, the measurements to be made at the Company's substation nearest (electrically) the customer.

1. Instantaneous voltage fluctuations, defined as a change in voltage consuming two seconds or less, shall not exceed 1-1/4% more than six times a day, of which not more than one such fluctuation shall occur between 6:00 p.m. and midnight, and in no case shall such fluctuations exceed 3%.
2. Periodic voltage fluctuations, where the change in voltage consumes a period from 2 seconds to 1 minute, shall not exceed 1-1/4% more than five times an hour, and in no case shall such fluctuations exceed 3%.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

INTERRUPTIBLE SERVICE

A customer who is supplied electricity from the Company may contract for interruptible load by agreeing to the "Special Terms and Conditions" listed below. The Demand Charge of this rate will be reduced by a \$2.02 per kW credit of contracted interruptible load. Where a customer purchases part of their electricity from an Electric Generation Supplier (EGS) and contracts under this rider, the credit defined in this rider will be available and applicable only to the load purchased from the Company and which the Company has control to interrupt as required per the "Special Terms and Conditions" listed below.

SPECIAL TERMS AND CONDITIONS

To be eligible for Interruptible Service the customer must agree to the following terms and conditions:

1. The Company must have unilateral, irrevocable control of the customers equipment used to disconnect the interruptible load from its electric supply. The irrevocable control of the customers equipment used to disconnect the interruptible load applies to the period of the interruption.
2. The system would be designed to provide a warning to the customer of imminent interruptions. However, Duquesne Light would reserve the right to interrupt service to the interruptible load at any time without advance notice to the customer. Subject to this reservation, the Company will endeavor to make available to the customer capacity equal to the demand specified in the contract for at least 80% of the hours in any calendar month and 90% of the hours in any calendar year. In all cases it is the customers responsibility to restore the load following notification from Duquesne that the interruption period is over.
3. The Company shall not be liable for any loss, cost, damage, or expense to customer caused by the disconnection of contracted-for interruptible load from its electric supply.
4. The interruptible portion must be load from facilities that the customer utilizes on a regular basis between 10:00 a.m. and 9:00 p.m. on each day throughout the year except Saturdays, Sundays and generally observed holidays. If the customer ceases to utilize such facilities for more than 60 days, the customer must notify the Company.
5. Customers will be responsible for installing breakers, an interfacing relay, and for making any necessary wiring, structural, or equipment location changes to allow isolation of the interruptible portion of the load without affecting the remainder of the service.
6. The Company will install, own (or control the lease), and maintain the transmitter, communication channel, receiver, and relaying equipment utilized to operate the customer-owned and installed and customer-maintained circuit breaker utilized to interrupt the interruptible load. The Company will install appropriate monitoring equipment on the interruptible service or circuit breaker to enable the Company to determine at a later date that the interruptible load was interrupted. The customer is responsible for the safety and proper operation of the customer's circuit breaker and associated equipment.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

SPECIAL TERMS AND CONDITIONS - (Continued)

7. Interruptible load will be interrupted as a result of overloads on the transmission, subtransmission, and distribution systems on exactly the same basis as firm load customers are interrupted.
8. Where the customer's entire load is under a load management device, the customer must make provisions so that the load management device does not recognize the loss of the interruptible load.
9. The amount of interruptible load that is available will be determined solely by the Company and will be contracted for a first-come first-served basis.

GENERATION AVOIDANCE

Generation Avoidance energy provides an option to customers who produce electricity for their own use by utilizing their own internal generating equipment. The customer may purchase energy in excess of that contracted for on this rate and avoid the increased use of alternate energy sources.

Prior to the start of each billing month, the customer must inquire as to the availability of generation avoidance energy for the billing month. When generation avoidance energy is available, the Company and the customer will mutually establish the demand threshold for generation avoidance energy. All kilowatt-hours in any 15 minute on-peak metered period that exceed the monthly stipulated demand level will be considered generation avoidance energy. Generation Avoidance energy will be billed at the average base rate price resulting from the charges calculated for the demand and energy under this rate.

FACILITIES CHARGE

Customer must pay for all new or additional facilities installed on the premises with the exception of meters and metering equipment.

RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

Available for separately metered circuitry connected solely to outdoor architectural lighting equipment, with demand of 5 kilowatts or greater, to be operated during non-peak periods.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.07

DEMAND CHARGES

| | <u>Distribution Charge</u> \$ per kilowatt | <u>Competitive Transition Charge</u> \$ per kilowatt | <u>Transmission Charge</u> \$ per kilowatt | <u>Generation Charge</u> \$ per kilowatt |
|-------------------------|---|---|---|---|
| All kilowatts of Demand | 0.88 | 3.43 | 0.09 | 2.62 |

ENERGY CHARGES

| | <u>Distribution Charge</u> cents per kilowatt-hour | <u>Competitive Transition Charge</u> cents per kilowatt-hour | <u>Transmission Charge</u> cents per kilowatt-hour | <u>Generation Charge</u> cents per kilowatt-hour |
|---------------------------|---|---|---|---|
| First 300 kilowatt-hours | 1.2179 | 4.7447 | 0.0666 | 3.6680 |
| Additional kilowatt-hours | 0.3023 | 1.1778 | 0.0666 | 0.8605 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

(C) - Indicates Change

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

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

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

MINIMUM CHARGE

The minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which may exceed 30 kilowatts will be adjusted for power factor by multiplying by

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

where such multiplier will be not less than 1.00 or more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above.

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

SPECIAL TERMS AND CONDITIONS

1. The service must supply only non-essential lighting facilities installed for decorative purposes and is not applicable to security lighting or the lighting of streets, highways, parking lots or athletic fields.
2. The lights must be controlled by a device that limits the equipment to operation during dusk to dawn hours only.
3. Responsibility for the provision and maintenance of all equipment used in the decorative lighting will remain with the customer.
4. In the event of a system emergency, the Company reserves the right to curtail the usage under this rate.
5. The Company reserves the right to require payment of connection and disconnection costs when a customer requests seasonal service under this rate.

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

Available for the entire electric energy requirements of municipal street lighting systems where the municipality has not less than 15,000 street lamp installations and provides for the ownership, operation, and maintenance of its own street lamp installations and takes its entire energy requirements for street lighting under this rate.

MONTHLY RATE

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|--------------------|--|--|--|--|
| All kilowatt-hours | 5.2417 | 3.2682 | 0.0612 | 2.0861 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

(C) - Indicates Change

RATE SE - STREET LIGHTING ENERGY - (Continued)

MONTHLY RATE - (Continued)

DETERMINATION OF ENERGY FOR BILLING PURPOSES

Series Street Lights

Applicable to the supply of series street lighting energy delivered to the street lighting fixtures at 7.5 amperes unless otherwise agreed upon.

The energy delivered or delivered and supplied each month shall be the product of the connected load in kilowatts as of the fifteenth day of the month for which billed and 350 hours per month, which is the monthly average of the annual burning hours. The connected load on the primary side of the substation or pole-type constant current transformers will be the sum of the rated wattages of all lamps connected, including the rated wattages of their individual transformers and ballasts, if any, and subject to values of circuit efficiency of 85 percent.

Multiple Street Lights

Applicable to the supply of multiple street lighting energy delivered to the street lighting fixtures at 120/240 volts unless otherwise agreed upon.

(a) For Standard Dusk to Dawn Operation Where the Customer Supplies Controls Approved by the Company. The energy delivered each month shall be the product of the connected load in kilowatts as of the fifteenth day of the month for which billed and 350 hours per month, which is the monthly average of the annual burning hours. The connected load shall be the sum of the rated wattages of all lamps connected, including the rated wattages of their individual ballasts, subject to power factor correction, if any.

(b) For Other than Standard Dusk to Dawn Operation. The energy delivered or delivered and supplied each month shall be the product of the connected load in kilowatts as of the fifteenth day of the month for which billed and 730 hours per month or less as may be agreed upon. The connected load shall be the sum of the rated wattages of all lamps connected, including the rated wattages of their individual ballasts, subject to power factor correction, if any.

CREDIT FOR OUTAGE

Company will use reasonable diligence to provide a continuous, regular and uninterrupted supply of service and the Customer will use reasonable diligence to protect the lighting system. In lieu of determination of the actual lamp-hour outages resulting from a failure of any light to burn for any reason, a deduction of 0.2% of the delivery charges or delivery and energy charges will be made on the monthly bill.

RIDERS

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

RATE SE - STREET LIGHTING ENERGY - (Continued)

MONTHLY RATE - (Continued)

LATE PAYMENT CHARGE

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

CHARGES FOR SPECIAL FACILITIES

| | |
|--|-------------------|
| Conduit used exclusively for street lighting service between lamps in the customer's area and installed prior to July 1, 1969..... | \$0.0100 per foot |
| Cable used exclusively for street lighting service between lamps in the customer's area | \$0.0030 per foot |
| Parkway-type cable used exclusively for street lighting service between lamps in the customer's area | \$0.0080 per foot |
| Standard junction boxes, for street lighting service located within the customer's area and installed prior to July 1, 1969..... | \$0.4528 each |
| Insulating transformers..... | \$0.4126 each |
| Ballasts for Mercury Vapor Lamps..... | \$0.9056 each |

The total of the Charges for Special Facilities shall be multiplied by 0.97 in order to express such charges at net prices.

RATE SE - STREET LIGHTING ENERGY - (Continued)

SPECIAL PROVISIONS

1. Ballasts for multiple mercury vapor street lights, when installed by the customer, shall be power factor corrected, having a power factor of not less than 90 percent. For ballasts not so corrected, the wattage of each lamp plus ballasts shall be increased by the following ratio: 90% divided by the actual power factor, expressed in percent, of the lamp plus the ballast.
2. Series street lighting circuits will be energized and de-energized in accordance with an agreed upon schedule of burning hours, except where such circuits are controlled by photo electric cells. During other hours, circuits will not be energized except upon sufficient notice to the customer.
3. On all poles, except ornamental poles used exclusively for street lighting purposes, the Company will terminate its facilities at the bracket to which the lighting fixture is attached. On ornamental poles, used exclusively for street lighting purposes, the Company will terminate its facilities at the top of the pole if served from overhead circuits or at the bottom of the pole if served from the underground system.
4. The Company, to protect continuity of service, the general public, and the safety of men engaged in work on poles, reserves the right to install insulating transformers between the Company's circuit and the wiring of the customer's installation. Where insulating transformers are installed, charges will be made therefore as herein before specified.
5. The customer upon request shall supply the Company periodically, but not more often than at six month intervals, with certified tests made by the Electrical Testing Laboratories, Inc. of New York, or a similar accredited organization, showing the mean life input in watts for each size and type of lamp, and the wattage and power factor for each size and type of mercury vapor ballast used by the customer in street lamp installations served under this rate.
6. Energy will normally be supplied under this rate by overhead circuits, but if the Company is required to supply or the customer requests delivery service from underground facilities, the specified unit charges for underground facilities will apply.
7. All installations, on and after July 1, 1969, of standard junction boxes used for street lighting service and of conduit and multiple service cable used exclusively for street lighting service will be installed, owned and maintained by the customer.

TERM OF CONTRACT

Contracts under this rate shall be for a term of not less than ten years.

RATE SM - STREET LIGHT MUNICIPAL

AVAILABILITY

Available for mercury vapor and high pressure sodium lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year.

(Available for mercury vapor street lighting only where served prior to January 30, 1983, and continuously thereafter at the same location).

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

| <u>Nominal Lamp Wattage</u> | <u>Nominal Energy Usage per Unit per Month-kWh</u> | <u>Distribution Charge per Unit</u> | <u>Competitive Transition Charge per Unit</u> | <u>Transmission Charge per Unit</u> | <u>Generation Charge per Unit</u> |
|-----------------------------|--|-------------------------------------|---|-------------------------------------|-----------------------------------|
| Mercury Vapor | | | | | |
| 100 | 44 | \$10.92 | \$2.63 | \$0.03 | \$1.16 |
| 175 | 74 | \$14.22 | \$3.43 | \$0.05 | \$1.50 |
| 250 | 102 | \$17.71 | \$4.27 | \$0.06 | \$1.86 |
| 400 | 161 | \$23.98 | \$5.78 | \$0.10 | \$2.50 |
| 1,000 | 386 | \$51.80 | \$12.48 | \$0.24 | \$5.39 |
| Sodium Vapor | | | | | |
| 70 | 29 | \$11.10 | \$2.68 | \$0.02 | \$1.19 |
| 100 | 50 | \$14.17 | \$3.41 | \$0.03 | \$1.51 |
| 150 | 71 | \$16.79 | \$4.05 | \$0.04 | \$1.78 |
| 250 | 110 | \$24.55 | \$5.91 | \$0.07 | \$2.60 |
| 400 | 170 | \$32.03 | \$7.72 | \$0.10 | \$3.37 |
| 1,000 | 387 | \$66.98 | \$16.14 | \$0.24 | \$7.03 |

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

(Where wood poles have been installed exclusively for street lighting use prior to June 29, 1973, and used continuously thereafter, an additional charge of \$1.31 per pole per month will be made. For wood poles installed exclusively for street lighting use after June 29, 1973, see SPECIAL TERMS AND CONDITIONS).

(C) - Indicates Change

RATE SM - STREET LIGHT MUNICIPAL - (Continued)

MONTHLY RATE

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

RIDERS

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

LATE PAYMENT CHARGE

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

RATE SM - STREET LIGHT MUNICIPAL - (Continued)

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service, except that poles, ducts, conduits, manholes and junction boxes shall be the property of and maintained by the customer if they are an integral part of bridges, viaducts or similar structures, or highway project constructed by the joint participation of the customer and other governmental agencies.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

RATE SH - STREET LIGHTING HIGHWAY

AVAILABILITY

Available for high intensity discharge lighting of state highways for normal dusk to dawn operation of approximately 4,200 hours per year where the highway lighting system acceptable to Duquesne Light Company is installed by the State and ownership of the entire highway lighting system has been transferred to the Company for a nominal consideration.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

| <u>Nominal Lamp Wattage</u> | <u>Nominal Energy Usage per Unit per Month-kWh</u> | <u>Distribution Charge per Unit</u> | <u>Competitive Transition Charge per Unit</u> | <u>Transmission Charge per Unit</u> | <u>Generation Charge per Unit</u> |
|-----------------------------|--|-------------------------------------|---|-------------------------------------|-----------------------------------|
| Mercury Vapor | | | | | |
| 175 | 74 | \$5.27 | \$1.99 | \$0.05 | \$5.31 |
| 250 | 102 | \$6.86 | \$2.58 | \$0.06 | \$6.92 |
| 400 | 161 | \$10.07 | \$3.80 | \$0.10 | \$10.15 |
| 1,000 | 386 | \$22.63 | \$8.53 | \$0.24 | \$22.80 |
| Sodium Vapor | | | | | |
| 100 | 50 | \$5.07 | \$1.91 | \$0.03 | \$5.13 |
| 150 | 71 | \$6.23 | \$2.35 | \$0.04 | \$6.30 |
| 200 | 95 | \$7.40 | \$2.79 | \$0.05 | \$7.48 |
| 250 | 110 | \$8.54 | \$3.22 | \$0.07 | \$8.63 |
| 400 | 170 | \$12.02 | \$4.53 | \$0.10 | \$12.12 |
| 1,000 | 387 | \$26.95 | \$10.16 | \$0.24 | \$27.19 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

(C) – Indicates Change

RATE SH - STREET LIGHTING HIGHWAY - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES - (Continued)

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

RIDERS

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

LATE PAYMENT CHARGE

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

SPECIAL TERMS AND CONDITIONS

1. The above charges include operation, normal maintenance and replacement of the entire highway lighting system including conduit, cable, wire, ornamental poles, brackets, fixtures, lamps and photo electric controls.
2. Energy shall be supplied at a standard 120/240 or 230/460 volts from a single point or *multiple points of supply* satisfactory to the Company. *Fixtures operating at higher voltages* will not be acceptable.
3. The highway lighting system design shall include proper control devices to energize the system, such as individual photo electric controls.
4. If additional highway lighting is to be added to an existing highway lighting system, it shall be installed completely by the customer or the Company will install such facilities at the customer's expense with ownership transferred to the Company for a nominal consideration.

RATE SH - STREET LIGHTING HIGHWAY - (Continued)

SPECIAL TERMS AND CONDITIONS - (Continued)

5. In accepting conduit, junction boxes, etc. installed by the State or other governmental agency in bridges, and bridge approaches, the Company accepts no liability for damage to concrete due to deteriorating conduit or junction boxes.
6. The State Department of Transportation or other governmental agency shall provide the necessary drawings of the entire highway lighting system to the Company specifying the type of equipment so that acceptability can be established before contracts are awarded.
7. The State Department of Transportation or other governmental agency shall furnish any requisite authority necessary to provide for the installation, operation and maintenance of the entire highway lighting system within the highway right-of-way including authority for equipment to stop on the paved portion of the highway.
8. Maintenance and/or replacement of poles and pole equipment in excess of 35 feet is not included, but will be maintained and/or replaced on a time and material basis by the Company. Charges for this will be reimbursed by the customer. All poles in excess of 35 feet high must be equipped with lowering device equipment so that the lighting equipment can be maintained from the ground.

TERM OF CONTRACT

Contracts under this rate shall be for a term of not less than five years.

RATE MTS - MUNICIPAL TRAFFIC SIGNALS

AVAILABILITY

Available to any municipality using the Company's standard service at each point of connection for traffic signal lighting installed, owned, and maintained by the customer.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$8.91

ENERGY CHARGES

| | <u>Distribution Charge cents per kilowatt-hour</u> | <u>Competitive Transition Charge cents per kilowatt-hour</u> | <u>Transmission Charge cents per kilowatt-hour</u> | <u>Generation Charge cents per kilowatt-hour</u> |
|----------------------------|--|--|--|--|
| First 1,300 kilowatt-hours | 3.8160 | 3.0861 | 0.1846 | 6.0605 |
| Additional kilowatt-hours | 0.9483 | 0.7669 | 0.1846 | 1.3674 |

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

(C) - Indicates Change

RATE MTS - MUNICIPAL TRAFFIC SIGNALS - (Continued)

MONTHLY RATE - (Continued)

RIDERS

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

LATE PAYMENT CHARGE

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

SPECIAL TERMS AND CONDITIONS

Energy usage shall be estimated by the Company on the basis of lamp wattage and burning-hours. The customer shall notify the Company whenever any change is made in the equipment or the burning-hours, so that the Company may revise the estimated energy usage.

RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

Available for high pressure sodium lighting and flood lighting of residential, commercial and industrial private property installations including parking lots, for normal dusk to dawn operation of approximately 4,200 hours per year.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

Monthly Rate Per Unit

| <u>Nominal Lamp Wattage</u> | <u>Nominal Energy Usage per Unit per Month-kWh</u> | <u>Distribution Charge per Unit</u> | <u>Competitive Transition Charge per Unit</u> | <u>Transmission Charge per Unit</u> | <u>Generation Charge per Unit</u> |
|-----------------------------|--|-------------------------------------|---|-------------------------------------|-----------------------------------|
| High Pressure Sodium | | | | | |
| 70 | 29 | \$11.10 | \$2.68 | \$0.02 | \$1.19 |
| 100 | 50 | \$14.17 | \$3.41 | \$0.03 | \$1.51 |
| 150 | 71 | \$16.79 | \$4.05 | \$0.04 | \$1.78 |
| 250 | 110 | \$24.55 | \$5.91 | \$0.07 | \$2.60 |
| 400 | 170 | \$32.03 | \$7.72 | \$0.10 | \$3.37 |
| Flood Lighting | | | | | |
| 100 | 46 | \$12.81 | \$3.09 | \$0.03 | \$1.36 |
| 150 | 67 | \$14.86 | \$3.58 | \$0.04 | \$1.58 |
| 250 | 100 | \$17.87 | \$4.31 | \$0.06 | \$1.88 |
| 400 | 155 | \$22.91 | \$5.52 | \$0.09 | \$2.39 |

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

| | | | | | |
|-----|-----|--------|--------|--------|--------|
| 70 | 29 | \$1.52 | \$0.55 | \$0.02 | \$1.00 |
| 100 | 46 | \$2.41 | \$0.88 | \$0.03 | \$1.60 |
| 150 | 67 | \$3.51 | \$1.28 | \$0.04 | \$2.32 |
| 250 | 100 | \$5.24 | \$1.90 | \$0.06 | \$3.45 |
| 400 | 155 | \$8.12 | \$2.95 | \$0.09 | \$5.36 |

(C) - Indicates Change

RATE PAL - PRIVATE AREA LIGHTING - (Continued)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES

Beginning January 1, 1999, some customers became eligible to choose their electric generation supplier (EGS) with all customers having choice on January 2, 2000. Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution and Competitive Transition Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule 45.

The above Generation Charge includes transmission ancillary services, line losses and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses. The Generation Charge is based on the price established by the Pennsylvania Public Utility Commission in the Company's restructuring proceeding.

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

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

RIDERS

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

LATE PAYMENT CHARGE

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

RATE PAL - PRIVATE AREA LIGHTING - (Continued)

MONTHLY RATE - (Continued)

POLES

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$15.84 for each pole required.

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

STANDARD CONTRACT RIDERS

GENERAL

In addition to the standard service as set forth under the rates filed with this Tariff, the Company, where practicable, will render certain special classes of service where desired by the customer and provided that the customer meets the necessary requirements for such special service. A special agreement, additional and supplemental to the regular contract under which standard service is rendered, will be made with a customer for any of the special classes of service hereinafter indicated. The terms, conditions and other considerations for such special classes of service are set forth in the following Standard Contract Riders. Notwithstanding anything to the contrary in the said contract contained, the terms of a rider shall continue in force as long as the said contract remains valid. All terms in said contract, except as modified in the rider or riders applicable to it, shall be and remain in full force and effect.

STANDARD CONTRACT RIDERS - (Continued)

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STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 2 - UNTRANSFORMED SERVICE

(Applicable to Rates GS/GM, GMH, GLH, and GL only)

Where customers take all or part of their electric service directly from the Company's available primary distribution or transmission systems, and furnish all necessary equipment to take untransformed service, in strict accordance with the Company's standards and specifications, a monthly reduction based upon the individual demand of such circuit shall be allowed as follows:

| | |
|------------------------------------|-------------------------|
| First 50 Kilowatts at..... | 20.1 cents per Kilowatt |
| Next 550 Kilowatts at | 13.1 cents per Kilowatt |
| Excess over 600 Kilowatts at | 7.0 cents per Kilowatt |

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 3 - SCHOOL AND GOVERNMENTAL SERVICE DISCOUNT PERIOD

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

For public or parochial schools, or local, state or federal governments or public agencies thereof, a Late Payment Charge specified in the applicable rate will be added to the net amount for failure to make payment of Company charges within thirty days from the mailing date. For customers who purchase their electricity from an Electric Generation Supplier (EGS) and who have selected Consolidated Billing from the Company as defined in Rule 20.1, this rider shall apply to Company charges and to EGS charges if the EGS has provided authorization to accept the provisions of this rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 4 - BUDGET BILLING - HUD FINANCED MULTI-FAMILY HOUSING

(Applicable to Rates GS/GM, GL, GMH, and GLH only)

Budget billing for electric service is available to master metered multi-family housing and/or the metered service for common areas and common facilities for multi-family housing during the time that such housing is either owned by the Federal Department of Housing and Urban Development or subject to a first mortgage held or guaranteed by that agency.

At the option of the customer, the Company will make an estimate subject to revisions when conditions warrant, of the total charges for electric service to be billed hereunder for a twelve-month period. A budget bill for approximately one-twelfth of such estimate will be rendered monthly. For customers who purchase their electricity from an Electric Generation Supplier (EGS) and who have selected Consolidated Billing from the Company as defined in Rule 20.1, this rider shall apply to Company charges and to EGS charges if the EGS has provided authorization to accept the provisions of this rider. Any adjustment necessary in applying for the full period the actual charges herein established will be made on the final bill for the period. If the budget bill is unpaid when the next monthly bill is rendered, the budget arrangements for billing may be terminated by the Company.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 5 - TIME OF DAY DISCOUNTS

(Applicable to Rates GS/GM, GL, and L - and to Rates GMH
and GLH during months of June, July, August and September only)

Where a customer has a separately measured demand and is supplied by any standard service voltage and where such customer so operates that the maximum demand created during any billing period occurs during off-peak hours, the bills will be calculated using the Billing Demand defined below on the applicable rate and any other applicable riders.

CONTRACT DEMANDS

The Contract On-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available during the on-peak hours to the customer.

The Contract Off-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available during the off-peak hours to the customer. The customer's minimum Billing Demand shall be no lower than one-third (33 1/3%) of the customer's Contract Off-Peak Demand.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours. The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand for Company charges is the On-Peak Demand except where the Off-Peak Demand is more than three (3) times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand. In no case will the Billing Demand be lower than the Billing Demand as determined on the applicable rate.

Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 5 - TIME OF DAY DISCOUNTS - (Continued)

(Applicable to Rates GS/GM, GL, and L - and to Rates GMH and GLH during months of June, July, August and September only)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 A.M. TO 9:00 P.M.

Friday
10:00 A.M. TO 5:00 P.M.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rider and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

METER CHARGE

For customers with maximum Contract Demands between 500 and 1,000 kW which apply for service on Rider No. 5, the following meter charges will be added to the customer's monthly bill for each metered service voltage supplied to the customer:

For service applied for prior to January 1, 1982 \$17.00 per month
For service applied for after January 1, 1982..... \$33.00 per month

For customers with maximum Contract Demands between 5 and 499 kilowatts which apply for service on Rider No. 5, a meter charge of \$10.00 per month will be added to the customer's monthly bill for each metered service voltage supplied to the customer.

For customers on Rates GMH and GLH, the appropriate meter charge will be added to all twelve monthly bills. The meter charge and type of meter for GMH and GLH customers will be determined by the maximum demand.

CONTRACT PROVISIONS

For customers with Contract On-Peak Demands exceeding 500 kW, contracts will be written for a period not less than two years.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 6 - TEMPORARY SERVICE

(Applicable to Rate GS/GM only)

Where a customer desires service of a temporary nature for periods of less than 30 days, the Company will:

1. Charge in advance for the estimated cost of installing and removing the necessary facilities to furnish such service.
2. Estimate the demand and the consumption requirements from the connected load and the number of days during which electric service is to be used, but in no case less than six (6) days.
3. Estimate the charges (fixed, demand and energy) in accordance with the provisions of the applicable rate.
4. Require the customer to make a deposit in the amount of the estimated charges under the applicable rate. Unless otherwise instructed at the time of deposit, the Company will deliver and supply electricity at the charges of the applicable rate.
5. Refund said deposit less the amount of the bill due the Company upon surrender of the deposit receipt by the customer.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 7 - INTERRUPTIBLE SERVICE

(Applicable to Rates GL, GLH, and L)

Available for completely or partially interruptible power service at not less than 23,000 volts at points of supply designated by the Company with the minimum contracted interruptible load of not less than 500 kW.

Where a customer contracts for interruptible loads of not less than 500 kW and agrees to the "Special Terms and Conditions" listed below, the Demand Charge of the applicable rate under which the customer received electrical service will be reduced by a \$2.02 credit per kW of contracted interruptible load.

Where a customer purchases part of their electricity from an Electric Generation Supplier (EGS) and contracts under this rider, the credit defined in this rider will be available and applicable only to the load purchased from the Company and which the Company has control to interrupt as required per the "Special Terms and Conditions" listed below.

CONTRACT TERM

Contracts shall be written for an original term of not less than three years and such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party when this rider is applied to General Service Rate GL.

When this rider is applied to Rate L - Large Power Service, the length of the contract shall be the same as contained in the Rate L contract.

The Company reserves the right to refuse firm power capacity to replace the interruptible portion of the customer's load, if in its judgment its generating or transmission capacity is no more than adequate to meet the requirements of its firm power load of its existing customers.

METER CHARGE

For customers with an Interruptible Demand of 500 kW or more which apply for service on Rider No. 7, the customer will be charged the Company's incremental metering costs for monitoring the interruptible load. In addition, a monthly meter charge of \$12.00 will also be required if the customer does not already have a recording magnetic tape meter with a spare channel to monitor the interruptible load.

INTERRUPTIBLE LOAD CONTROL SYSTEM CHARGE

In order to interrupt the customer's interruptible equipment from a central location, a transmitter-multiple receiver arrangement must be installed. The Company will own, operate, and maintain this equipment. However, all costs associated with this installation will be recovered from the group of customers accepting the interruptible rate through a one-time installation fee which will be determined based on the number of customers accepting the rate.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 7 - INTERRUPTIBLE SERVICE - (Continued)

(Applicable to Rates GL, GLH, and L)

SPECIAL TERMS AND CONDITIONS

To be eligible for this rider the customer must agree to the following terms and conditions:

1. The Company must have unilateral, irrevocable control of the customer's equipment used to disconnect the interruptible load from its electric supply. The irrevocable control of the customer's equipment used to disconnect the interruptible load applies to the period of the interruption.
2. The system would be designed to provide a warning to the customer of imminent interruptions. However, the Company would reserve the right to interrupt service to the interruptible load at any time without advance notice to the customer. Subject to this reservation, the Company will endeavor to make available to the customer capacity equal to the demand specified in the contract for at least 80% of the hours in any calendar month and 90% of the hours in any calendar year. In all cases it is the customer's responsibility to restore the load following notification from the Company that the interruption period is over.
3. The Company shall not be liable for any loss, cost, damage or expense to customer caused by the disconnection of contracted-for interruptible load from its electric supply.
4. The minimum amount of interruptible load would be 500 kW.
5. Interruptible service would be available as either complete or partial interruptible power service at not less than 23,000 volts. In certain special instances interruptible service will be available from the 11,500 volt network system.
6. The interruptible portion must be load from facilities that the customer utilizes on a regular basis between 8 a.m. and 10 p.m. on each day throughout the year except Saturdays, Sundays, and generally observed holidays. If the customer ceases to utilize such facilities for more than 60 days, the customer must notify the Company.
7. Customers will be responsible for installing breakers, an interfacing relay, and for making any necessary wiring, structural or equipment location changes to allow isolation of the interruptible portion of the load without affecting the remainder of the service.
8. The Company will install, own (or control the lease), and maintain the transmitter, communication channel, receiver and relaying equipment utilized to operate the customer-owned and installed and customer-maintained circuit breaker utilized to interrupt the interruptible load. The Company will install appropriate monitoring equipment on the interruptible service or circuit breaker to enable the Company to determine at a later date that the interruptible load was interrupted. The customer is responsible for the safety and proper operation of the customer's circuit breaker and associated equipment.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 7 - INTERRUPTIBLE SERVICE - (Continued)

(Applicable to Rates GL, GLH, and L)

SPECIAL TERMS AND CONDITIONS - (Continued)

9. Interruptible load will be interrupted as a result of overloads on the transmission, subtransmission and distribution systems on exactly the same basis as firm load customers are interrupted.
10. Where the customer's entire load is under a load management device, the customer must make provisions so that the load management device does not recognize the loss of the interruptible load.
11. The amount of interruptible load that is available will be determined solely by the Company and will be contracted for on a first-come, first-served basis.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT
RIDER FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS**

(Applicable to Rates GM, GL and L)

PURPOSE

Stimulating industrial production in Duquesne's economically distressed service area can produce benefits in terms of job creation, increased regional income, and improved living standards. The purpose of this rider is to encourage load management, increased regional industrial production, and growth in employment through an incentive for industrial customers at Existing Service Locations.

AVAILABILITY

This rider will be available for a term not exceeding five (5) years to each qualifying customer having a Monthly Base Period Billing Demand of 100 kilowatts or greater. Qualifying definitions, rules, and conditions are listed below.

Customers must contract under this rider on or before December 31, 1998 to qualify for the economic incentives defined below.

ECONOMIC INCENTIVES

A qualifying customer will earn a credit equal to the Billing Demand minus the Monthly Base Period Billing Demand multiplied by the discounted Incremental Unit Demand Charge of the applicable rate. The percentage discount is determined as follows:

| Incremental Hours Use | <u>Percent Discount to Incremental Unit Demand Charge</u> | | |
|---------------------------|---|--|--|
| | <u>First 36 Months On Rider</u> | <u>Next 12 Months On Rider</u> | <u>Next 12 Months On Rider</u> |
| Over 350 Hours use | 50 | 30 | 15 |
| Over 300 to 350 Hours Use | 40 | 24 | 12 |
| Over 250 to 300 Hours Use | 30 | 18 | 9 |
| Over 200 to 250 Hours Use | 20 | 12 | 6 |
| Over 150 to 200 Hours Use | 10 | 6 | 2 |
| 150 Hours Use or Less | 0 | 0 | 0 |

where the current Billing Demand exceeds the Monthly Base Period Billing Demand by five percent (5%) or more with a minimum of 25 kilowatts.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
 FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

ECONOMIC INCENTIVES - (Continued)

A qualifying customer will also earn a credit equal to the kilowatt-hours minus the Monthly Base Period Kilowatt-hours multiplied by the discounted Incremental Unit Energy Charges of the applicable rate, excluding the energy billed at the excess kilowatt-hour charges of Rate L. The percentage discount is determined as follows:

| <u>Incremental Hours Use</u> | <u>Percent Discount to Incremental Unit Energy Charge</u> | | |
|----------------------------------|---|--|--|
| | <u>First 36 Months On Rider</u> | <u>Next 12 Months On Rider</u> | <u>Next 12 Months On Rider</u> |
| Over 350 Hours use | 25 | 15 | 7.5 |
| Over 300 to 350 Hours Use | 20 | 12 | 6 |
| Over 250 to 300 Hours Use | 15 | 9 | 4.5 |
| Over 200 to 250 Hours Use | 10 | 6 | 3 |
| Over 150 to 200 Hours Use | 5 | 3 | 1.5 |
| 150 Hours Use or Less | 0 | 0 | 0 |

The percent discount applicable to those Incremental kilowatt-hours to be billed at the excess kilowatt-hour charges of Rate L will be 15% for the first three (3) years, 9% for the fourth year, and 4.5% for the fifth year.

NOTE

Except for the provisions specifically set forth in this rider, all provisions, prices, and regulations of the standard service rate under which the customer receives service shall apply.

The above credits will be applied before application of Rider No. 10 - State Tax Adjustment. All applicable "Standard Contract Riders" will remain in effect; however, the discounted Incremental Unit Demand Charge applicable to a customer's billing shall not be less than twenty-five percent (25%) of the nondiscounted Incremental Unit Demand Charge expressed in the applicable rate. The Minimum Charge Provision of the applicable rate shall not be reduced by this rider.

The above credits will be applied to the Distribution, CTC and Generation Charges of the bill as described under the section "Provisions Under direct Access."

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

DEFINITIONS

1. Incremental Hours Use

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

2. **Existing Service Location** - An existing location of a customer having one or more delivery points for electric service billed separately by the Company under a single billing address.
3. **Base Period** - The twelve consecutive monthly billing periods applicable to the customer ending one month prior to the application of the rider.
4. **Monthly Base Period Billing Demand** - The Billing Demand used in billing the Existing Service Location for the month in the Base Period corresponding to the billing month to which the rate reduction under this rider is applied.
5. **Monthly Base Period Usage** - The total kilowatt-hour usage of the customer used in billing the Existing Service Location for the month in the Base Period corresponding to the billing month to which the rate reduction under this rider is applied.
6. **Incremental Unit Demand Charge** - The appropriate \$ per kilowatt charge(s) as stated in the Demand Charge provision of the currently effective general service rate that applies to each kilowatt of Billing Demand greater than the Monthly Base Period Billing Demand.
7. **Incremental Unit Energy Charge** - The applicable ¢ per kilowatt-hour shall be the excess kilowatt-hour charge of Rate GM, kilowatt-hour charge of Rate GL, and charge for 750,000 kilowatt-hours plus 400 kilowatt-hours per kilowatt of demand of Rate L of the currently effective rates. The excess kilowatt-hour charges of Rate L shall be discounted at the specified percentages.
8. **Employment Reports** - "Employer's Report for Unemployment Compensation" and "Employer's Quarterly Report of Wages Paid to Each Employee" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania, and the "Employer's Quarterly Employment and Wage Analysis" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania for employers who have more than one place of business in the Commonwealth.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

RULES

1. **Existing Service Locations** - If an existing customer in the service area moves their operation to a new location, the Base Period of the prior service shall move with the customer, and the new location would be treated as an Existing Service Location. A service location, to which the Company had previously supplied service within the prior twelve (12) months for substantially the same industrial manufacturing or processing as the present or proposed operation, would be treated as an Existing Service Location. However, the Base Period would be then defined as the last twelve (12) monthly billing periods during which there was industrial operation at the site.
2. **Monthly Base Period Billing Demand** - If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Billing Demand shall be determined by the Company.
3. **Monthly Base Period Usage** - The Company reserves the right to adjust the Monthly Base Period Usage for unusual circumstances such as labor work stoppages. If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Usage shall be determined by the Company.

QUALIFYING CONDITIONS

1. The customer must have an Existing Service Location.
2. The customer must be engaged in manufacturing or processing operation as defined in the Division D. Manufacturing Standard Industrial Classification (SIC) categories as described in the 1972 Edition of Standard Industrial Classification Manual, supplements thereto, or the latest edition.
3. A Pennsylvania Sales Tax Blanket Exemption Certificate must be filed by the customer with the Company showing the address of the service location to which the rider is to be applicable and certifying that more than fifty percent (50%) (on an annual basis) of the electricity purchased thereunder is exempt from sales tax because it is used in manufacturing or processing operations.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL and L)

QUALIFYING CONDITIONS - (Continued)

4. Employment Reports must be filed with the Company for the Base Period prior to application of the rider and no later than thirty days after the end of the reporting quarter as defined by 43 P.S. 753d.
5. The customer at the Existing Service Location must have expanded its load requirement by five percent (5%) or more above the Monthly Base Period Billing Demand.
6. The Contract Demand specified in the customer's existing service contract at the time of the customer's application of the rider shall be used in determination of Minimum Charge. The Monthly Base Period Billing Demand will not be affected by a revision of the customer's Contract Demand during the Base Period.
7. The customer must sign an "Economic Development Rider No. 8 Amendment To Electric Service Contract" with the Company for the required term of the rider. Modification of the contract may result in the cancellation of this rider.
8. A service location is eligible for the rider only one time.
9. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.

GENERAL QUALIFYING CONDITIONS

1. The application of the rider will be discontinued if bills are not paid when due as specified in Tariff Rule No. 21, before the addition of a Late Payment Charge.
2. Discontinuance of or detrimental changes to the rider will not apply to an existing rider participant or a prospective participant as described to General Qualifying Condition (2).
3. The Company will monitor the impact of the rider and may modify or discontinue the provisions at any time as approved by the Pennsylvania Public Utility Commission except for the limitations established in General Qualifying Condition (3).

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT EXISTING SERVICE LOCATIONS - (Continued)

(Applicable to Rates GM, GL and L)

SPECIAL PROVISION FOR RATE L

For those existing Rate L customers who do not qualify for the Economic Incentives provided by this rider, but do satisfy *Qualifying Condition (2)*, a separate credit applicable to increased kilowatt-hours is available. A customer who anticipates an increase of ten percent (10%) or more in kilowatt-hour use over the kilowatt-hour use in the Base Period must sign an "Economic Development Rider No. 8 Amendment to Electric Service Contract". In those months where the increased kilowatt-hours are ten percent (10%) or more than the Base Period Kilowatt-hours, a customer will earn a credit equal to the increased kilowatt-hours multiplied by the discounted Incremental Unit Energy Charge. The percent discount applicable will be twenty-five (25%) for the first three (3) years, fifteen percent (15%) in the fourth year, and 7.5% in the fifth year, except for the excess kilowatt-hour charges of Rate L which is specified under Rate L Exception.

PROVISIONS UNDER DIRECT ACCESS

For contracts that do not contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract effective January 1, 1999, in a manner that retains the customer discount and reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract; terminate the contract and obtain electricity from an EGS on the otherwise applicable tariff rates according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. The customer's discount from the otherwise applicable tariff rates will be applied first to the distribution components of the unbundled rates. If the discount is greater than the sum of the distribution components, the balance of the discount will be allocated equally between the CTC components and the generation components of the unbundled rates. The discount will be applied to the demand and energy components of the unbundled rate elements. Contract expiration shall not affect the applicability of any statutory rate cap.

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

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT
RIDER FOR CUSTOMERS AT NEW SERVICE LOCATIONS**

(Applicable to Rates GM, GL, and L)

PURPOSE

Stimulating industrial production in Duquesne's economically distressed service area can produce benefits in terms of job creation, increased regional income, and improved living standards. The purpose of this rider is to encourage load management, increased regional industrial production, and growth in employment through an incentive for industrial customers at New Service Locations.

AVAILABILITY

This rider will be available for a term not exceeding five (5) years to each qualifying customer having an anticipated average annual load requirement of 100 kilowatts or greater. Qualifying definitions and conditions are listed below.

Customers must contract under this rider on or before December 31, 1998 to qualify for the economic incentives defined below.

ECONOMIC INCENTIVE

A qualifying customer will earn credit equal to the percentage discount determined below multiplied by the monthly total Demand Charge of the applicable rate. The percentage discount is determined as follows:

| <u>Incremental Hours Use</u> | <u>Percent Discount to Incremental Unit Demand Charge</u> | | |
|----------------------------------|---|--|--|
| | <u>First 36 Months On Rider</u> | <u>Next 12 Months On Rider</u> | <u>Next 12 Months On Rider</u> |
| Over 350 Hours use | 50 | 30 | 15 |
| Over 300 to 350 Hours Use | 40 | 24 | 12 |
| Over 250 to 300 Hours Use | 30 | 18 | 9 |
| Over 200 to 250 Hours Use | 20 | 12 | 6 |
| Over 150 to 200 Hours Use | 10 | 6 | 2 |
| 150 Hours Use or Less | 0 | 0 | 0 |

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
 FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)

(Applicable to Rates GM, GL, and L)

ECONOMIC INCENTIVE - (Continued)

A qualifying customer will earn a credit equal to the percentage discount determined below multiplied by the monthly Energy delivery Charges, and any Duquesne energy charges of the applicable rate excluding the energy billed at the excess kilowatt-hour charges of Rate L. The percentage discount is determined as follows:

| <u>Incremental Hours Use</u> | <u>Percent Discount to Incremental Unit Energy Charge</u> | | |
|----------------------------------|---|--|--|
| | <u>First 36 Months On Rider</u> | <u>Next 12 Months On Rider</u> | <u>Next 12 Months On Rider</u> |
| Over 350 Hours use | 25 | 15 | 7.5 |
| Over 300 to 350 Hours Use | 20 | 12 | 6 |
| Over 250 to 300 Hours Use | 15 | 9 | 4.5 |
| Over 200 to 250 Hours Use | 10 | 6 | 3 |
| Over 150 to 200 Hours Use | 5 | 3 | 1.5 |
| 150 Hours Use or Less | 0 | 0 | 0 |

The percent discount applicable to those kilowatt-hours to be billed at the excess kilowatt-hour delivery charges of Rate L will be 15% for the first three (3) years, 9% for the fourth year, and 4.5% for the fifth year.

NOTE

Except for the provisions specifically set forth in this rider, all provisions, prices, and regulations of the standard general service rate under which the customer receives service shall apply.

The preceding credits will be applied before application of Rider No. 10 State Tax Adjustment. All applicable "Standard Contract Riders" will remain in effect; however, the discounted Demand Charge applicable to a customer's billing shall not be less than twenty-five percent (25%) of the nondiscounted Demand Charge expressed in the applicable rate. The Minimum Charge Provision of the appropriate general service rate shall not be reduced by this rider.

The above credits will be applied to the Distribution, CTC and Generation Charges of the bill as described under the section "Provisions Under Direct Access."

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)

(Applicable to Rates GM, GL, and L)

DEFINITIONS

1. **Hours Use** -

$$\frac{\text{Total Kilowatt-hours used in billing period}}{\text{Billing Demand}}$$

2. **New Service Location** - A location having one or more delivery points for electric service which will be billed separately by the Company under a single billing address:

(a) To which the Company has not previously supplied electric service

or

(b) To which the Company has previously supplied electric service provided that the service previously supplied had not been used for substantially the same industrial manufacturing or processing as the present operation or that its industrial use had been discontinued at least twelve (12) months prior to application for service under this rider.

3. **Employment Reports** - The "Employer's Report for Unemployment Compensation" and "Employer's Quarterly Report of Wages Paid to Each Employee" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania and the "Employer's Quarterly Employment and Wage Analysis" is filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania for employers who have more than one place of business in the Commonwealth.

QUALIFYING CONDITIONS

1. The customer must be one moving into a New Service Location.
2. The customer must be engaged in manufacturing or processing operation as defined in the Division D. Manufacturing Standard Industrial Classification (SIC) categories as described in the 1972 Edition of Standard Industrial Classification Manual, supplements thereto, or later editions.
3. A Pennsylvania Sales Tax Blanket Exemption Certificate must be filed by the customer with the Company as soon as it is filed with the Commonwealth showing the address of the service location to which the rider is to be applicable and certifying that more than fifty percent (50%) (on an annual basis) of the electricity purchased thereunder is exempt from sales tax because it is used in manufacturing or processing operations. The rider shall not be effective until the Certificate or other suitable evidence acceptable to the Company is filed with the Company assuring that the above usage criteria is being achieved.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL, and L)

QUALIFYING CONDITIONS - (Continued)

4. Current "Employment Reports", as defined, must be filed with the Company no later than thirty days after the end of the reporting quarter as defined at 43 P.S. 753d.
5. The customer must sign an "Economic Development Rider No. 9 Amendment to Electric Service Contract". Modifications of the contract may result in the cancellation of this rider.
6. A service location is eligible for the rider only one time.
7. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.

GENERAL QUALIFYING CONDITIONS

1. The application of the rider will be discontinued if bills are not paid when due as specified in Tariff Rule No. 21, before the addition of a Late Payment Charge.
2. Discontinuance of or detrimental changes to the rider will not apply to an existing rider participant or a prospective participant as described in General Qualifying Condition (2).
3. The Company will monitor the impact of the rider and modify or discontinue the provisions anytime as approved by the Pennsylvania Public Utility Commission, except for the limitations established in General Qualifying Condition (3).

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 9 - INDUSTRIAL ECONOMIC DEVELOPMENT RIDER
FOR CUSTOMERS AT NEW SERVICE LOCATIONS - (Continued)**

(Applicable to Rates GM, GL, and L)

PROVISIONS UNDER DIRECT ACCESS

For contracts that do not contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract effective January 1, 1999, in a manner that retains the customer discount and reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract; terminate the contract and obtain electricity from an EGS on the otherwise applicable tariff rates according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. The customer's discount from the otherwise applicable tariff rates will be applied first to the distribution components of the unbundled rates. If the discount is greater than the sum of the distribution components, the balance of the discount will be allocated equally between the CTC components and the generation components of the unbundled rates. The discount will be applied to the demand and energy components of the unbundled rate elements. Contract expiration shall not affect the applicability of any statutory rate cap.

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 10 - STATE TAX ADJUSTMENT

(Applicable to All Rates)

In addition to the charges provided in this Tariff, a surcharge of (0.2963%) will apply to all bills rendered by the Company, pursuant to the Pennsylvania Public Utility Commission authorization of March 10, 1970, to compensate the Company for new and increased taxes imposed by the General Assembly.

The Company will recompute the surcharge using the elements prescribed by the Commission's March 10, 1970, authorization:

1. Whenever any of the tax rates used in computing the surcharge is changed, in which case the recomputation shall take into account the changed tax rate.
2. Whenever the Company makes effective increased or decreased rates (other than net energy clause), in which case the recomputation shall take into account the adjustments prescribed by the Commission's March 10, 1970, authorization.
3. On March 31, 1971, and each year thereafter.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation: and if the recomputed surcharge is less than the one then in effect the Company will, and if the recomputed surcharge is more than the one then in effect the Company may, accompany such recomputation with a Tariff or supplement to reflect such recomputed surcharge, the effective date of which, shall be ten (10) days after filing.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 11 - STREET RAILWAY SERVICE

(Applicable to Rates GS/GM and GL only)

Where service is supplied at 11,500 volts or higher at two or more interconnected points of delivery to any street railway system for the purpose of conversion to direct current energy for the operation of such system, the Billing Demand in kilowatts of such service for distribution and competitive transition charges, and generation charges if purchased from the Company, shall be reduced by seven . two zero percent (7.20%) for Rate GS/GM customers and seven . two five percent (7.25%) for Rate GL customers for the purpose of computation of the delivery charges of the bill under the applicable rate and any other applicable rider.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 12 - BILLING OPTION FOR VOLUNTEER FIRE
COMPANIES AND NONPROFIT SENIOR CITIZEN CENTERS**

(Applicable to Rates GS/GM, and GMH only)

Upon application, Pursuant to Act 103 of 1985, a Volunteer Fire Company or a Nonprofit Senior Citizen Center may elect to have its electric service billed at the pricing of Rate RS or Rate RH provided that it satisfies the space heating requirements stated in the availability clause of Rate RH.

Contracts will be for a period of not less than one (1) year.

DEFINITIONS

VOLUNTEER FIRE COMPANY - A separately metered service location consisting of a building, sirens, a garage for housing vehicular fire fighting equipment, or a facility certified by the Pennsylvania Emergency Management Agency (PEMA) for fire fighter training. The sole use of electric service at this service location shall be to support the activities of the volunteer fire company. Any fund raising activities at this service location must be used solely to support volunteer fire fighting operations.

The customer of record at this service location must be a predominately volunteer fire company recognized by the local municipality or PEMA as a provider of fire fighting services.

NONPROFIT SENIOR CITIZEN CENTER - A separately metered service location consisting of a facility for the sole use of senior citizens coming together as individuals or groups and where access to a wide range of services to senior citizens is provided.

The customer of record at this service location must be an organization recognized by the Internal Revenue Service (IRS) as nonprofit and recognized by the Department of Aging as an operator of a senior citizen center.

STANDARD CONTRACT RIDERS - (Continued)

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

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

Available for separately metered circuitry connected to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors, system fans, pumps and controls except where the customer uses the Company's service for water heating, then water heating may also be included on the Circuit. The space heating service may be provided at the same voltage as other electric service.

MONTHLY RATE

ENERGY CHARGES

For the Billing Months of November through April:

All kilowatt-hours at:

| | <u>Distribution Charge</u> cents per <u>kilowatt-hour</u> | <u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u> | <u>Transmission Charge</u> cents per <u>kilowatt-hour</u> | <u>Generation Charge</u> cents per <u>kilowatt-hour</u> |
|------------|---|---|---|---|
| Rate GS/GM | 0.6637 | 0.9480 | 0.1582 | 1.6673 |
| Rate GL | 0.4474 | 0.8730 | 0.1126 | 2.0042 |
| Rate L | 0.4375 | 0.9190 | 0.1188 | 1.9619 |

For the Billing Months of May through October:

Rate GS/GM, GL and L will apply.

METER CHARGE..... \$10.00 per month

The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow the isolation and metering of the electric space heating system.

(C) -- Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING

(Applicable to Rate RS)

AVAILABILITY

Available for separately metered circuitry connected solely to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors and system fans, pumps and controls comprising the customer's entire space heating system except where the customer uses the Company's service for water heating, then water heating equipment may also be included on the circuit.

MONTHLY RATE

ENERGY CHARGES

For the billing months of November through April:

| | <u>Distribution Charge</u> cents per <u>kilowatt-hour</u> | <u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u> | <u>Transmission Charge</u> cents per <u>kilowatt-hour</u> | <u>Generation Charge</u> cents per <u>kilowatt-hour</u> |
|--------------------|---|---|---|---|
| All kilowatt-hours | 0.5271 | 2.0425 | 0.2081 | 1.3495 |

For the billing months of May through October:

| | <u>Distribution Charge</u> cents per <u>kilowatt-hour</u> | <u>Competitive Transition Charge</u> cents per <u>kilowatt-hour</u> | <u>Transmission Charge</u> cents per <u>kilowatt-hour</u> | <u>Generation Charge</u> cents per <u>kilowatt-hour</u> |
|--------------------|---|---|---|---|
| All kilowatt-hours | 3.0212 | 3.3928 | 0.2483 | 4.6349 |

METER CHARGE \$1.50 per month

(C) - Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING
(Continued)

(Applicable to Rate RS)

SPECIAL TERMS AND CONDITIONS

1. Space heating equipment must be permanently installed, thermostatically controlled and approved by the Company.
2. The customer must use the Company's standard low voltage service as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood or hydro. Any alternate energy source may be used to supplement an add-on heat pump.
3. The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow isolation and metering of the electric space heating system and water heating equipment.
4. The Company reserves the right to inspect at all reasonable times the customer's circuitry to determine that the load served under the terms of this rider is created by the equipment defined herein.
5. If the Company finds, in its sole judgment, that the conditions of this rider are being violated, it may discontinue application of the rider and bill all usage pursuant to Rate RH.

STANDARD CONTRACT RIDERS - (Continued)

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STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES

(Applicable to all General Service Rates)

The following applies to non-utility generating facilities including, but not limited to cogeneration and small power production facilities which are qualified in accord with Part 292 of Chapter I, Title 18, Code of Federal Regulations (qualifying facility). Electric energy will be delivered to a non-utility generating facility in accord with the following:

A. DEFINITIONS

Supplementary Power is electric energy supplied by the Company or by an Electric Generation Supplier (EGS) to a non-utility generating facility and regularly used in addition to that electric energy which the non-utility generating facility generates itself. The Company's regular and appropriate General Service Rates will be utilized for billing for Supplementary Power. Customers purchasing Supplementary Power from an EGS will be billed for charges according to their applicable rate and billing arrangement with their EGS.

Back-Up Power is defined as electric energy supplied by the Company to a non-utility generating facility during various outage conditions of the non-utility generating facility's electric generating equipment as defined below.

Base Period is the twelve consecutive monthly billing periods applicable to the customer ending one month prior to the installation of new on-site generation or increase in capacity to existing on-site generation. For customers who begin service under this rider after January 1, 1997, the Base Period will be the immediate 12 consecutive billing months prior to the installation. For all other customers, the Base Period will be 1996.

Billing Determinants are the monthly billing period billing demand in kilo-watts (kW) and the energy usage in kilowatt-hours (kWh) for Supplementary Power during the current billing month under which the on-site generation is operable.

Base Period Billing Determinants are the billing demand (kW) and the energy usage (kWh) for the month in the Base Period corresponding to the current billing month under which the on-site generation is operable. For new customers, the Company will use existing procedures to estimate Base Period Billing Determinants.

The Competitive Transition Charge (CTC) is a non-bypassable charge applied to the bill of every customer accessing the Company's transmission or distribution system. The CTC is designed to recover the Company's transition or stranded costs as determined by the Pennsylvania Public Utility Commission as discussed in Rule 3 of this tariff. The customer shall pay a CTC based on the Billing Determinants for Supplementary Power and the applicable rate schedule.

The Avoided Competitive Transition Charge (ACTC) is a monthly charge to ensure that all customers pay their allocated share of CTC after the installation of or increase in capacity of on-site generation. The customer shall pay the ACTC when Base Period Billing Determinants exceed current month Billing Determinants by 10% or more. The ACTC will be calculated by multiplying the difference between Base Period billing determinants less the Current Month Billing Determinants for the corresponding months by the CTC charges of the current applicable rate and riders.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

B. FIRM BACK-UP POWER

Firm Back-Up Power is electric energy supplied by the Company to a non-utility generating facility during an unscheduled outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment.

The Company will supply such service each month at the following rates:

DEMAND CHARGES

| | Distribution Charge \$ per kilowatt | Competitive Transition Charge \$ per kilowatt | Transmission Charge \$ per kilowatt | Generation Charge \$ per kilowatt |
|---------------------------|---|---|---|---|
| L/HVPS (5,000 kW or more) | 0.29 | 0.41 | 0.43 | 2.43 |
| GL (300 to 4,999 kW) | 0.63 | 2.29 | 0.48 | 1.47 |
| GS/GM (less than 300 kW) | 1.05 | 2.18 | 0.55 | 1.79 |

ENERGY CHARGES

| | Distribution Charge cents per kilowatt-hour | Competitive Transition Charge cents per kilowatt-hour | Transmission Charge cents per kilowatt-hour | Generation Charge cents per kilowatt-hour |
|---------------------------|--|--|--|--|
| L/HVPS (5,000 kW or more) | 0.3535 | 0.5005 | 0.1188 | 1.8043 |
| GL (300 to 4,999 kW) | 0.3524 | 1.2728 | 0.1126 | 0.9695 |
| GS/GM (less than 300 kW) | 0.6501 | 1.3463 | 0.1582 | 1.2826 |

Plus for any General Service Large (300 to 4,999 kilowatts) or Small/Medium (less than 300 kilowatts) customer commencing service under Rider No. 16 after January 16, 1996, the following charges to recover the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power will apply:

| | |
|---|-------------|
| General Service Large (300 to 4,999 kW) | \$0.2483/kW |
| General Service Small/Medium (less than 300 kW) | \$0.3675/kW |

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

B. FIRM BACK-UP POWER - (Continued)

(The monthly per kW charge for transformation equipment for Large Power Service/HVPS [5,000 kilowatts and over] customers will be determined by the Company on a case-by-case basis.)

However, any Large Power Service/HVPS, General Service Large or General Service Small/Medium customer electing to pay the total costs of such transformation at the onset of its contract may do so pursuant to Section E and will not subsequently be billed the aforementioned monthly per kW charges.

During any month in which the Company is not required to provide energy to backup the customer's source of power, the customer will pay the above charges for contracted backup capacity.

The use of firm backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's firm back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new firm back-up Contract Demand for the remaining term of the firm back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's firm back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the firm back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

C. INTERRUPTIBLE BACK-UP POWER

Interruptible Back-up Power is electric energy supplied by the Company to a non-utility generating facility during an unscheduled outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment, subject to interruption by the Company.

The Company will provide interruptible backup service to those customers with at least 500 kW of interruptible load. The Company reserves the right to interrupt service to the customer with a 30 minute notice period during periods of transmission limitation or peak period where service to the customer will result in the need for additional capacity sources to be acquired. The rates for such service shall be the following:

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

C. INTERRUPTIBLE BACK-UP POWER - (Continued)

DEMAND CHARGES

| | Distribution Charge \$ per kilowatt | Competitive Transition Charge \$ per kilowatt | Transmission Charge \$ per kilowatt | Generation Charge \$ per kilowatt |
|---------------------------|---|---|---|---|
| L/HVPS (5,000 kW or more) | 0.29 | 0.41 | 0.43 | 1.13 |
| GL (300 to 4,999 kW) | 0.45 | 1.61 | 0.48 | 0.89 |
| GS/GM (less than 300 kW) | 0.81 | 1.67 | 0.55 | 1.24 |

ENERGY CHARGES

| | Distribution Charge cents per kilowatt-hour | Competitive Transition Charge cents per kilowatt-hour | Transmission Charge cents per kilowatt-hour | Generation Charge cents per kilowatt-hour |
|---------------------------|--|--|--|--|
| L/HVPS (5,000 kW or more) | 0.3535 | 0.5005 | 0.1188 | 1.8043 |
| GL (300 to 4,999 kW) | 0.3524 | 1.2728 | 0.1126 | 0.9695 |
| GS/GM (less than 300 kW) | 0.6501 | 1.3463 | 0.1582 | 1.2826 |

These charges will be paid every month regardless of whether or not the Company is required to provide energy to backup the customer's equipment.

Plus for any General Service Large (300 to 4,999 kilowatts) or Small/Medium (less than 300 kilowatts) customer commencing service under Rider No. 16 after January 16, 1996, the following charges to recover the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power will apply:

General Service Large (300 to 4,999 kW) \$0.2781/kW
 General Service Small/Medium (less than 300 kW) \$0.4171/kW

(The monthly per kW charge for transformation equipment for Large Power Service/HVPS [5,000 kilowatts and over] customers will be determined by Duquesne Light on a case-by-case basis.)

However, any Large Power Service/HVPS, General Service Large or General Service Small/Medium customer electing to pay the total costs of such transformation at the onset of its contract may do so pursuant to Section E and will not subsequently be billed the aforementioned monthly per kW charges.

The use of interruptible backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

C. INTERRUPTIBLE BACK-UP POWER - (Continued)

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's interruptible back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new interruptible back-up Contract Demand for the remaining term of the interruptible back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's interruptible back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the interruptible back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

D. MAINTENANCE POWER

Maintenance Power is electric energy supplied by the Company to a non-utility generating facility during outages for maintenance of the non-utility generating facility's electric generating equipment which are scheduled by the non-utility generating facility at a time mutually agreeable with the Company .

The following terms and conditions apply to all customers utilizing maintenance power:

Any customer who contracts for either firm or interruptible backup power will pay only the maintenance energy charges, that are 3 mills/kWh less than the backup energy rates, for their maintenance service. However, for those customers who take maintenance service in excess of contracted demands of firm and/or interruptible backup power, the maintenance demand charges will also apply. Customers contracting for maintenance service only will pay the maintenance service demand and backup power energy charges.

DEMAND CHARGES

| | Distribution Charge \$ per kilowatt | Competitive Transition Charge \$ per kilowatt | Transmission Charge \$ per kilowatt | Generation Charge \$ per kilowatt |
|---------------------------|--|--|--|--------------------------------------|
| L/HVPS (5,000 kW or more) | 0.29 | 0.41 | 0.43 | 1.13 |
| GL (300 to 4,999 kW) | 0.45 | 1.61 | 0.48 | 0.89 |
| GS/GM (less than 300 kW) | 0.81 | 1.67 | 0.55 | 1.24 |

ENERGY CHARGES

| | Distribution Charge cents per kilowatt-hour | Competitive Transition Charge cents per kilowatt-hour | Transmission Charge cents per kilowatt-hour | Generation Charge cents per kilowatt-hour |
|---------------------------|--|--|--|--|
| L/HVPS (5,000 kW or more) | 0.3153 | 0.4465 | 0.1188 | 1.5966 |
| GL (300 to 4,999 kW) | 0.3133 | 1.1317 | 0.1126 | 0.8496 |
| GS/GM (less than 300 kW) | 0.5953 | 1.2327 | 0.1582 | 1.1610 |

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

D. MAINTENANCE POWER - (Continued)

Plus for any General Service Large (300 to 4,999 kilowatts) or Small/Medium (less than 300 kilowatts) customer commencing service under Rider No. 16 after January 16, 1996, the following charges to recover the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power will apply:

| | |
|---|-------------|
| General Service Large (300 to 4,999 kW) | \$0.2781/kW |
| General Service Small/Medium (less than 300 kW) | \$0.4171/kW |

(The monthly per kW charge for transformation equipment for Large Power Service/HVPS [5,000 kilowatts and over] customers will be determined by the Company on a case-by-case basis.)

However, any Large Power Service/HVPS, General Service Large or General Service Small/Medium customer electing to pay the total costs of such transformation at the onset of its contract may do so pursuant to Section E and will not subsequently be billed the aforementioned monthly per kW charges.

These charges for maintenance service will be paid only in months of actual usage.

The customer shall specify to the Company the amount of maintenance power required.

Beginning with the date upon which the non-utility generating facility's generating equipment is first operated in any manner whatsoever, and during the immediately ensuing three (3) months of operation of the non-utility generating facility's generating equipment, maintenance power will be supplied by the Company, if available in the sole judgment of the Company, to the non-utility generating facility at the non-utility generating facility's request, in order to permit the non-utility generating facility to "shake down" the generating equipment.

After the three-month "shake down" period, the non-utility generating facility will provide the following notice to the Company for the need for maintenance power:

- (1) For a non-utility generating facility requesting less than 15 mW of maintenance power, the non-utility generating facility will provide 30 calendar days notice to the Company of the need for maintenance power. The Company will respond within seven (7) calendar days of notification by the non-utility generating facility whether or not maintenance power can be made available at the time requested or at some other time.
- (2) For a non-utility generating facility requesting between 15 mW and 30 mW of maintenance power, the non-utility generating facility will provide 60 calendar days notice to The Company of the need for maintenance power. The Company will respond within 14 calendar days of the notification by the non-utility generating facility whether or not maintenance power can be made available at the time requested or at some other time.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)

(Applicable to all General Service Rates)

D. MAINTENANCE POWER - (Continued)

- (3) For a non-utility generating facility requesting more than 30 mW of maintenance power, the non-utility generating facility will provide 90 calendar days notice to the Company of the need for maintenance power. The Company will respond within 21 calendar days of the notification by the non-utility generating facility whether or not maintenance power can be made available at the time requested or at some other time.

The Company will make available the maintenance power upon mutual agreement within 30 days before or after the customer's requested scheduled maintenance outage date.

Maintenance power will be available to a non-utility generating facility not more than five (5) separate periods in a calendar year, cumulatively totaling 60 days in a calendar year.

Maintenance power may be available between the hours of 10:00 p.m. and 8:00 a.m. weekdays and all day Saturdays, Sundays and generally observed holidays upon six (6) hours notice to the Company by the non-utility generating facility. These limited "off-peak" uses of maintenance power will be restricted to not more than 15 separate periods in a calendar year and will not be included in the five (5) separate periods or 30 days in a calendar year. The availability of maintenance power between the hours of 10:00 p.m. and 8:00 a.m. weekdays and all day Saturdays, Sundays and generally observed Holidays would be determined solely by the Company and the Company will respond within two (2) hours of the request for maintenance power by the non-utility generating facility.

E. INTERCONNECTION

Each non-utility generating facility will be required to install at its expense or pay in advance to have the Company install interconnection equipment and facilities which are over and above that equipment and facilities required to provide electric service to the non-utility generating facility according to the Company's General Service Rates. (The costs of transformation equipment recovered under Sections B, C and D on a per kW monthly basis from Large Power Service/HVPS, General Service Large and General Service Small/Medium customers are not included herein.) Any such equipment to be installed by the non-utility generating facility must be reviewed and approved in writing by the Company prior to installation. Nothing in this rider shall exempt a new customer from the application of Rules No. 7 and 9 regarding Supply Line Extensions and Relocation of Facilities.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION

(Applicable to Rates GL, GLH, L, and HVPS only)

PURPOSE

This rider is applicable in conjunction with Tariff Rule 39.2, relating to Emergency Energy Conservation. It provides for deviation from and modifications to the charges and practices otherwise applicable to certain customers as a result of compliance with or noncompliance with energy conservation curtailment levels requested or ordered under emergency energy conservation conditions resulting from actual or potential shortage of fuel for electric generation.

APPLICABILITY

Applicable progressively in the following order of priority as required by the need for curtailment to meet conditions resulting from actual or potential shortage of fuel for electric generation:

1. To individual electric customer accounts served under Rates L and HVPS with recorded demand of 5,000 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.
2. To individual electric customer accounts served under Rates GL and GLH with recorded demand of 300 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.

Customers designated as exempt in the procedures for emergency energy conservation filed in accord with Tariff Rule 39.2 or by the Pennsylvania Public Utility Commission will be exempt from the provisions of this rider.

DEFINITIONS

1. **Base Period Energy Use** - The base energy use for a weekly period shall be determined by the Company for each applicable electric customer account based upon a consideration of the customer's actual past or current electric consumption and the customer's existing operation.
2. **Mandatory Curtailment Energy Use Level Target** - The Mandatory Curtailment Energy Use Level Target for each applicable customer shall be that percentage of base period energy use ordered pursuant to the emergency energy conservation procedures provided by Tariff Rule 39.2 or other percentage as a result of the order of appropriate governmental authority.
3. **Current Energy Use** - Current period use will be monitored on a weekly basis commencing on the date the emergency is declared.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION - (Continued)

(Applicable to Rates GL, GLH, L, and HVPS only)

DEFINITIONS - (Continued)

4. **Compliance** - When the energy consumption in any weekly period during the period of the mandatory emergency energy conservation condition is equal to or less than the mandatory curtailment energy use level target, the customer will be deemed to have complied.

In the event of continued non-compliance, the Company, upon notice to the Commission, may discontinue service.

A customer may arrange with the utility for mutually acceptable methods for achieving the mandatory curtailment energy use level target, as long as the customer, in total, meets the curtailment target.

BILLING

During the period of emergency energy conservation condition, billing will be based on meter readings especially made to identify the demand established and energy used during the current energy use period. Customers in compliance with conservation orders will be excused from minimum bills and historical or Contract Demand or ratchet provisions and will be billed instead on the basis of current consumption and demand whenever the normal calculation method would produce a greater bill.

These customers will be individually notified of this special billing provision prior to the implementation of the emergency energy conservation procedure.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 18 - RATE FOR PURCHASE OF ELECTRIC ENERGY FROM
CUSTOMER-OWNED RENEWABLE RESOURCES GENERATING FACILITIES**

The Company will purchase electric energy from customer-owned generating facilities that: (1) are "qualifying small power production facilities" as defined in Subpart B - Qualifying Cogeneration and Small Power Production Facilities, of Part 292 of Subchapter K of Chapter 1, Title 18, Code of Federal Regulations ("facility"); (2) are located in the Company's service area; (3) use as the energy source renewable resources such as small scale hydro facilities of 30 megawatts or less, biomass, waste, solar or wind; and (4) meet one of the following three criteria:

- (a) are subject to a contract dated prior to August 25, 1987, and are supplying electric energy, or have commenced construction of facilities to supply electric energy within sixty (60) day of August 25, 1987.
- (b) are supplying electric energy to the Company under the terms of this rider on or before August 25, 1987, but are not subject to an executed contract.
- (c) have been negotiating with the Company for a contract and it is determined that the project has been the subject of serious negotiations prior to August 25, 1987.

The electric energy will be purchased, as available, from such facilities at the rate of six (6) cents per kilowatt-hour, or at a rate based on the Company's avoided costs when such costs exceed six (6) cents per kilowatt-hour. For facilities that do not qualify under the provisions of this rider, electric energy will be purchased at a rate based on the Company's avoided costs as calculated in accordance with the applicable PA. P.U.C. regulations. Payment will be made monthly for the electric energy received from the facility in the preceding month.

Each facility will be required to install at its expense, or to have the Company install at the customer's expense, interconnection equipment and facilities including metering, protection and controls. All such interconnection equipment and facilities must be reviewed and approved in writing by the Company prior to installation.

The owner of each facility will be solely responsible for the operation, maintenance and repair of such facility.

The Company shall not be liable for damage to the facility which may result from its interconnection with the Company's facilities.

This rider shall be effective only so long as the cost of such energy purchased by the Company may be recovered by the Company through its Energy Cost Rate or its equivalent in the future.

Purchase of electric energy under this rider shall be subject to all applicable Rules and Regulations of the Company's Electric Service Tariff, such Rules and Regulations to be read and interpreted, generally, with the word "purchase" substituted for the word "supply" or the word "service" where appropriate to reflect the application of the Rules and Regulations to the purchase rather than the sale of electric energy.

The Company reserves the right to require a written contract covering the purchase of electric energy for each facility.

STANDARD CONTRACT RIDERS - (CONTINUED)

RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE

(Applicable to Rates RS, RH, RA and GS/GM)

AVAILABILITY

Available to customers on the applicable rates utilizing electric storage water heaters equipped with timing devices that control water heating to defined off-peak hours as the sole source of water heating.

MONTHLY RATE

ENERGY CHARGE

All Kilowatt-hours of water heating usage at 2.98 cents per Kilowatt-Hour

The energy charge per kilowatt-hour of water heating usage shall be revised annually each December 1st, beginning on December 1, 2001, according to an index reflecting the average annual increase or decrease in residential gas prices billed by the three major Pittsburgh area gas companies for the previous year. However, in no case will the monthly energy charge billed under this rider fall below 2.98 cents per kilowatt-hour or go above 6.00 cents per kilowatt-hour by action of the annual adjustment.

DETERMINATION OF MONTHLY WATER HEATING USAGE

For customers who have installed a storage water heating system that limits water heating to the defined off-peak hours specified and stores hot water for use during on-peak periods, the monthly water heating usage will be determined based upon the heating unit capacities as follows and subject to the limitation listed below:

| <u>Unit Capacity</u> | <u>Monthly Water Heating Allowance</u> |
|------------------------|---|
| 30 to 39 gallons | Next 150 kWh of usage after the first 200 kWh |
| 40 to 59 gallons | Next 200 kWh of usage after the first 200 kWh |
| 60 to 99 gallons | Next 300 kWh of usage after the first 200 kWh |
| 100 to 119 gallons | Next 400 kWh of usage after the first 200 kWh |
| 120 gallons or greater | Next 500 kWh of usage after the first 200 kWh |

LIMITATION ON WATER HEATING USAGE

In no instance will this rider apply to the first 200 kWh of a customer's monthly usage. This base usage of 200 kWh will always be billed at the applicable rate.

STANDARD CONTRACT RIDERS (Continued)

RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE- (Continued)

(Applicable to Rates RS, RH, RA and GS/GM)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Friday
10:00 A.M. TO 9:00 P.M.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rider and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

SPECIAL TERMS AND CONDITIONS

To be eligible for this rider, the customer must agree to the following terms and conditions:

1. The electric storage water heaters must be approved by the Company as capable of meeting the usage control requirements of this rider.
2. The Company reserves the right to inspect at all reasonable times the energy storage and usage control devices that qualify the customer for this rider and to ascertain by any reasonable means that the time differentiated load characteristics of such devices meet Company specifications.
3. If the Company finds that in its sole judgment the conditions of this rider are being violated, it may discontinue billing the customer under the provisions of this rider and all usage will be billed at the applicable rate.

PROVISIONS UNDER DIRECT ACCESS

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - SMALL BUSINESS DEVELOPMENT RIDER

(Applicable to Rate GS/GM)

PURPOSE

Stimulating development of small industrial facilities in the Company's economically distressed service area may produce benefits in terms of job creation, increased regional income, and improved living standards. The purpose of this rider is to encourage load management, increase regional industrial production, and grow employment through an incentive for small industrial customers.

AVAILABILITY

This rider will be available for a term not exceeding five (5) years to qualifying new industrial customers having estimated annual load requirements not exceeding 105 kW. Qualifying terms and conditions are listed below.

Customers must contract under this rider on or before December 31, 1998 to qualify for the economic incentives defined below.

ECONOMIC INCENTIVE

A qualifying customer will earn a credit equal to the Billing Demand minus the Monthly Base Period Billing Demand multiplied by the discounted Incremental Unit Demand Charges of Rate GS/GM. The minimum Monthly Base Period Billing Demand for new or existing customers will be five (5) kW. The percentage discount is 50% for the first 36 months, 30% for the next 12 months and 15% for the last 12 months the customer is on this rider.

NOTE

Except for the provisions specifically set forth in this rider, all provisions, prices, and regulations of the standard general service rate under which the customer receives service shall apply.

The preceding credits will be applied before application of Rider No. 10 - State Tax Adjustment. All applicable "Standard Contract Riders" will remain in effect. The Minimum Charge Provision of Rate GS/GM shall not be reduced by this rider.

The above credits will be applied to the Distribution, CTC and Generation Charges of the bill as described under the section "Provisions Under Direct Access."

STANDARD CONTRACT RIDERS - (Continued)

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

(Applicable to Rate GS/GM)

DEFINITIONS

1. **New Service Location** - A location having one or more delivery points for electric service which will be billed separately by the Company under a single billing address:
 - (a) To which the Company has not previously supplied electric service

or

 - (b) To which the Company has previously supplied electric service provided that the service previously supplied had not been used for substantially the same industrial manufacturing or processing as the present operation or that its industrial use had been discontinued at least twelve (12) months prior to application for service under this rider.
2. **Existing Service Location** - An existing location of a customer having one or more delivery points for electric service billed separately by the Company under a single billing address.
3. **Base Period for Existing Customers** - The twelve consecutive monthly billing periods applicable to the existing customer ending one month prior to the application of this rider.
4. **Monthly Base Period Billing Demand:**
 - (a) **Existing Customer** - The Billing Demand used in billing the Existing Service Location for the month in the Base Period corresponding to the billing month to which the rate reduction under this rider is applied.
 - (b) **New Customer** - The Monthly Base Period Billing Demand will be five (5) kW for every month billed under this rider.
5. **Employment Reports** - The "Employer's Report for Unemployment Compensation" and "Employer's Quarterly Report of Wages Paid to Each Employee" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania and the "Employer's Quarterly Employment and Wage Analysis" as filed by the customer with the Office of Employment Security, Department of Labor and Industry, Commonwealth of Pennsylvania for employers who have more than one place of business in the Commonwealth.

STANDARD CONTRACT RIDERS - (Continued)

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

(Applicable to Rate GS/GM)

TERMS AND CONDITIONS

1. The customer may be a new or an existing customer.
2. The customer must be engaged in manufacturing or processing operations as defined in the Division D. Manufacturing Standard Industrial Classification (SIC) categories as described in the 1987 Edition of Standard Industrial Classification Manual, supplements thereto, or later editions.
3. A Pennsylvania Sales Tax Blanket Exemption Certificate must be filed by the customer with the Company as soon as it is filed with the Commonwealth showing the address of the service location to which the rider is to be applicable and certifying that more than fifty percent (50%) (on an annual basis) of the electricity purchased thereunder is exempt from sales tax because it is used in manufacturing or processing operations. The rider shall not be effective until the Certificate or other suitable evidence acceptable to the Company is filed with the Company assuring that the above usage criteria is being achieved.
4. Current "Employment Reports," as defined, must be filed with the Company no later than thirty days after the end of the reporting quarter as defined at 43 P.S. 753d.
5. In the event a customer's new or incremental load consistently exceeds 100 kW, the customer will be given the option, upon request, of remaining on this rider with the discount applied to a maximum of 100 kW of new or incremental load or the customer may execute a new Rider 8 five (5) year contract with base load normally set equal to the customer's load at the time of the transfer to Rider 8. The Company reserves the right to establish an appropriate base load in the event the customer's load prior to transfer to Rider 8 is not a true representation of its base load.
6. The customer must sign a five (5) year "Economic Development Rider No. 20 Amendment to Electric Service Contract" with the Company for the term of the rider. Failure to comply with the terms and conditions of the contract may result in the cancellation of this rider.
7. The Company reserves the right to refuse this rider to customers who do not meet the conditions specified above.
8. If an existing customer in the service area moves their operation to a new location, the Base Period of the prior service shall move with the customer, and the new location would be treated as an Existing Service Location. A service location, to which the Company had previously supplied service within the prior twelve (12) months for substantially the same industrial manufacturing or processing as the present or proposed operation, would be treated as an Existing Service Location. However, the Base Period would be then defined as the last twelve (12) monthly billing periods during which there was industrial operation at the site.

STANDARD CONTRACT RIDERS - (Continued)

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

(Applicable to Rate GS/GM)

TERMS AND CONDITIONS - (Continued)

9. If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Billing Demand shall be determined by the Company.
10. The Company reserves the right to adjust the Monthly Base Period Usage for unusual circumstances such as labor work stoppages. If the existing customer did not receive service during the entire Base Period, the Monthly Base Period Usage shall be determined by the Company.
11. The application of the rider will be discontinued if bills are not paid when due as specified in Tariff Rule No. 21, before the addition of a Late Payment Charge.
12. The rider will be reserved for a customer who applies to the Company for the rider in writing up to twelve months prior to the time service is required.
13. Discontinuance of or detrimental changes to the rider will not apply to an existing rider participant or a prospective participant as described in Condition (13).

PROVISIONS UNDER DIRECT ACCESS

For contracts that do not contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract effective January 1, 1999, in a manner that retains the customer discount and reflects the amount of transmission, distribution, CTC and generation charges in the customer contract. The customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract; terminate the contract and obtain electricity from an EGS on the otherwise applicable tariff rates according to their eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. The customer's discount from the otherwise applicable tariff rates will be applied first to the distribution components of the unbundled rates. If the discount is greater than the sum of the distribution components, the balance of the discount will be allocated equally between the CTC components and the generation components of the unbundled rates. The discount will be applied to the demand and energy components of the unbundled rate elements. Contract expiration shall not affect the applicability of any statutory rate cap.

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 - UNIVERSAL SERVICE CHARGE

(Applicable to all Rates)

A Universal Service Charge, calculated independently for each rate schedule in this Tariff using distribution allocation factors, shall be applied to all kWh delivered under the Tariff. This Universal Service Charge shall be determined to the nearest one-thousandth of 1 mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours delivered during the billing month:

$$USC = \{ ((U * D) / S) - B - e \} * \{ 1 / (1 - T) \}$$

The Universal Service Charge so computed, effective during the billing months of April through March, shall be applied to customers' bills as a non-bypassable surcharge effective for service rendered on and after the following April 1 of each year.

Where **USC** = Universal Service Charge in mills per kWh to be applied to each kilowatt-hour delivered under this Tariff.

U = The estimated net universal service program costs related to the Company's Customer Assistance Program (CAP), Customer Assistance and Referral Evaluation Services (CARES), Smart Comfort Program, hardship fund administration, Consumer Credit Counseling Services (CCCS), low-income collection costs and low income write-offs for the computation year. (The costs to be included in the initial USC effective July 1, 2001 will include costs deferred from January 1, 1999 through May 31, 2001.)

D = Distribution Allocation Factor for each rate schedule as stated below:

| | |
|------------|----------|
| Rate RS | 0.429000 |
| Rate RH | 0.035000 |
| Rate RA | 0.004000 |
| Rate GS/GM | 0.238000 |
| Rate GMH | 0.027000 |
| Rate GLH | 0.019000 |
| Rate GL | 0.127000 |
| Rate L | 0.058000 |
| Rate HVPS | 0.027000 |
| Rate AL | 0.000001 |
| Rate SE | 0.011000 |
| Rate MTS | 0.001000 |
| Rate SM | 0.024000 |
| Rate SH | 0.000190 |
| Rate PAL | 0.024000 |

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 - UNIVERSAL SERVICE CHARGE - (Continued)

S = The Company's projected kWh to be delivered for each rate schedule for the computation year.

B = Base universal service charges, in mills per kilowatt hour, as stated below for each rate schedule:

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

e = The experienced net overcollection or undercollection of the universal service program costs as computed for each rate schedule as of the end of the reconciliation period.

T = The Pennsylvania gross receipts tax in effect during the billing month, expressed in decimal form.

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 22 - RENEWABLE ENERGY SERVICE

(Applicable to Rates RS, RH, RA, GS/GM and GMH)

AVAILABILITY

Available to customers purchasing single-phase electric service served under the applicable rates who have installed a device or devices that are, in sole judgment, a bona fide technology for use in generating electricity from qualifying renewable energy installations not exceeding 10 kW, and that will be operated in parallel with the Company's system. Qualifying renewable energy installations include solar panels, wind, hydro, biomass, methane field, and fuel cell generation. The customer's equipment must conform to the installation requirements contained in the Company's published "Requirements For Parallel Operation Of Non-Utility Generation." The Company will modify its distribution and transmission facilities as necessary to interconnect with the customer at a single point. A customer will be charged for all modifications, additions or retirements made to provide the interconnection, in accordance with the "Requirements For Parallel Operation Of Non-Utility Generation." The costs for making the renewable energy resource operational shall be the responsibility of the customer.

METERING

A customer may select one of the following metering options in conjunction with the applicable rate.

- (a) A non-ratcheted, bi-directional meter, may be used to record net energy sales to the customer.
- (b) Two meters may be installed. One will measure the energy delivered by the Company that the customer uses, and the other will measure the energy delivered to the Company from the customer that is generated by the customer's qualified renewable energy installation.
- (c) The Company shall consider other qualified meter installations requested by the customer.

BILLING

If, in any billing month, the amount of energy delivered by the Company that the customer uses is greater than the amount of energy the customer delivered to the Company, then the Company will bill the customer for the difference on the applicable rate. If, in any billing month, the amount of energy delivered by the Company that the customer uses is less than the amount of energy the customer delivered to the Company, only the Customer Distribution Charge of the applicable rate will be due by the customer. A customer may sell any excess energy to an EGS other than the Company.

METERING CHARGE

- Option (a) No charge
- Option (b) \$6.38 for customers on Rates RS, RA and RH
\$9.07 for customers on Rates GS/GM and GMH.
- Option (c) Meter cost shall be based upon the net incremental cost to the Company to purchase install and make operational the new metering equipment.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 23 - GENERATION RATE ADJUSTMENT

(Applicable to Rates GS/GM, GMH, GL, GLH, L, HVPS, AL, SE, SM, SH, MTS, PAL)

The Generation Rate Adjustment (GRA) Amount (if any) will be calculated for each non-residential account that returns to POLR service after January 1, 2001 and chooses to stay on POLR service for less than twelve consecutive billing cycles. The GRA Amount will be calculated over the entire GRA period, (but in no event shall be negative), as follows:

$$\text{GRA} = \{[(L_{\text{on-peak}} * M_{\text{on-peak}}) + (L_{\text{off-peak}} * M_{\text{off-peak}})] - \text{NBGR}\} \times (1/1-T)$$

Where: **L** = The load measured in kWh associated with an account in a particular rate schedule using the same methodology used to determine the hourly load obligations of an account served by an EGS pursuant to Duquesne's Supplier Coordination Tariff. For purposes of calculating the GRA Amount, the hourly load obligation associated with each account will be aggregated into daily on-peak and off-peak kWh blocks. The on-peak and off-peak kWh will be the sum of the customer's consumption during the hours corresponding to the applicable daily on-peak and off-peak prices in "North ECAR" reported in the publication Megawatt Daily. (Megawatt Daily currently defines on-peak as the hours from 0600 to 2200 and off-peak as the hours from 2200 to 0600.) The on- and off-peak load shall include the transmission and distribution loss adjustment applicable to the account's rate schedule as specified in Duquesne's Supplier Coordination Tariff.

M = The daily weighted average market price index for "North ECAR" for on-peak and off-peak energy as reported by Megawatt Daily in the table "Ranges and Indexes of Trades for Standard 16-Hour Daily Products". The prices in the table are reported in \$/MWH and will be converted to \$/kWh. On any given day, the same on-peak price shall be applied to all on-peak kWh load and the same off-peak price shall be applied to all off-peak kWh load. If on a given day a range of prices is provided with no weighted average index, then DLC shall use the average of the low and high prices. If on a given day no prices are provided for North ECAR, Duquesne shall use (1) for Monday through Friday -- the posted price of the preceding business day (2) for Saturday and Sunday -- the posted price of the preceding Saturday or Sunday and (3) for NERC holidays -- the posted price of the preceding Saturday.

NBGR = The dollar amount of Net Billed Generation Revenues (net of GRT and ancillary services) to be paid to Orion as defined in the applicable POLR Agreement for serving a GRA Customer at POLR rates during the GRA Period.

T = The Pennsylvania gross receipts tax rate in effect at the time the GRA Amount is calculated.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 23 - GENERATION RATE ADJUSTMENT - (Continued)

(Applicable to Rates GS/GM, GMH, GL, GLH, L, HVPS, AL, SE, SM, SH, MTS, PAL)

The GRA Period is the time period over which the GRA applies, as follows:

- (a) For an account that returns to POLR service and selects an EGS within the first year, any GRA would apply from the date of return to POLR service until the time the customer next receives service from the EGS.
- (b) For a returning account that does not exercise its switching option and remains on POLR service for more than twelve consecutive billing cycles and then selects an EGS during a subsequent year, the GRA Period *would apply only for the partial year commencing with the account's anniversary return date and continuing until the time the customer next receives service from an EGS.*

ELECTRIC - PA. P.U.C. NO. XX
Superseding

(C

ELECTRIC - PA. P.U.C. NO. 21
and Supplements thereto

(C

DUQUESNE LIGHT COMPANY

R-00974104

SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

JOHN R. MARSHALL
President

RECEIVED

DEC 07 2000

PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ISSUED: xxxxxxxx

EFFECTIVE: xxxxxxxx

(C

NOTICE

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

This Tariff incorporates provisions of the Joint Petition for Settlement dated November 29, 2000, as approved by the Commission in its November 30, 2000 Order at R-00974104. (C)

Tariff language and rates have been modified to reflect the removal of competitive transition charges (CTC) and all references to the CTC, stranded costs, or transition charges. Change noted on: (C)

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Tariff language has been modified to reflect new customer switching rules. Change noted on: (C)

Original Page No. 30-31

This Tariff incorporates a new Generation Rider Adjustment rider based on Exhibit A of the Joint Petition for Settlement dated November 29, 2000, as approved by the Commission in its November 30, 2000 Order at R-00974104. Change noted on:

Original Page No. 130
Original Page No. 131

LIST OF MODIFICATIONS MADE BY THIS TARIFF - (Continued)

Generation rates have been modified pursuant to Appendix 1 of the Joint Petition for Settlement dated November 29, 2000, as approved by the Commission in its November 30, 2000 Order at R-00974104, and Tariff language has been modified to reflect that the Generation Charge is no longer based on prices established in the Company's restructuring proceeding. Change noted on:

(C

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LIST OF COMMUNITIES SERVED

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

ALLEGHENY COUNTY

Cities and Boroughs

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

Townships

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

LIST OF COMMUNITIES SERVED - (Continued)

BEAVER COUNTY

Cities and Boroughs

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

Townships

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

RULES AND REGULATIONS

THE ELECTRIC SERVICE TARIFF

1. **FILING AND POSTING** A copy of the tariff, comprising the Rules and Regulations, Rates and Riders, and governing electric service, is filed with the Pennsylvania Public Utility Commission and is posted and open to inspection at the offices of the Company where payments are made by customers.
2. **REVISIONS** The tariff is subject to such change and modification as may be made from time to time in the manner prescribed by the Public Utility Law. If any rate for electric service is increased, the affected customer shall have the option of discontinuing service, but shall be obligated to pay the increased rate from the effective date thereof until service has been discontinued.
3. **APPLICATION** Rates of the tariff apply only to the Company's Standard Service delivered from overhead supply lines except in certain restricted areas where the Company is required to provide underground distribution. Riders of the tariff amend or modify the terms governing the electric service under the rates to which they apply. Standard Service is alternating current of sixty cycles frequency, conforming as to voltage and phase with the following list of standard nominal service delivery voltages.

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

Unbundled rates of this tariff apply as a result of the "The Electricity Generation Customer Choice and Competition Act," (Act) Title 66 Pa.C.S. Chapter 28, and shall apply to retail customers accessing Duquesne Light Company's transmission and distribution systems. The supply of generation may be provided by the Company, by an alternative EGS, or by the Company and an alternative EGS. Rates for generation shall apply per applicable tariffs of the Company or the EGS.

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

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

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

- (3) **Basic Services** - The services necessary for the physical delivery of electricity service including generation, transmission, and distribution charges. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning. (C)
- (4) **Broker or Marketer** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (5) **Commission** - The Pennsylvania Public Utility Commission.
- (6) **Customers** - A retail electric customer or potential customer of retail electricity service who are direct purchasers of electric power for use at their facility. Unless indicated otherwise, "retail customer" and "customer" used throughout this tariff shall have the same meaning. (C)
- (7) **Direct access** - The right of Electric Generation Suppliers and retail customers to utilize and interconnect with the electric transmission and distribution system of the *Company on a non-discriminatory basis at rates and terms and conditions of service comparable to the Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.*
- (8) **Distribution Charges** - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to Billing Information) and universal service, as applicable.
- (9) **Electric Distribution Company (EDC)** - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.

(C) - Indicates Change

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

Definitions - (Continued)

- (10) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to the Act. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).
- (11) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (12) **Generation Charges** - Basic service charges for producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.
- (13) **Marketer or Broker** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy and does not take title to the electric energy.
- (14) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (15) **Provider of Last Resort** - The Company will provide electricity to the customer in the event that a customer: 1) is not eligible to obtain electricity from an EGS; 2) elects not to obtain electricity from an EGS; 3) elects to have the Company supply electricity after having previously purchased electricity from an EGS, or 4) contracts with an EGS who fails to supply electricity.
- (16) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (17) **Transmission Charges** - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company.

(C) - Indicates Change

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3.2 ELECTRIC GENERATION SUPPLIER TARIFF The rules and guidelines provided in the Company's "Electric Generation Supplier Coordination Tariff" (Supplier Tariff) shall apply to EGS's accessing the Company's transmission and distribution systems to supply electricity to retail customers. Those rules and guidelines pertaining to direct access procedures shall apply accordingly to customers who elect to purchase part or all of their electricity from an EGS. Copies of these rules may be obtained at the Company's offices.

(C)

(C)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS

4. CONTRACTS The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and the Act. Extension of such facilities will not be conditioned on the customer's agreement to purchase generation from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service.

(C) - Indicates Change

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)

4. CONTRACTS - (Continued)

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

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

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

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

For contracts that do not contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract effective as of January 1, 1999, in a manner that retains the customer discount and reflects the amount of *transmission, distribution, and generation charges* in the customer contract. The customer may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract; terminate the contract and obtain electricity from an EGS on the otherwise applicable tariff rates according to the eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. The customer's discount from the otherwise applicable tariff rates will be allocated to the generation components of the unbundled rates. The discount will be applied to the demand and energy components of the unbundled rate elements. Contract expiration shall not affect the applicability of any statutory rate cap. (C)

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

(C) - Indicates Change

RULES AND REGULATIONS - (Continued)

CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)

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

INSTALLATION OF SERVICE

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS

A. Definitions

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

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

B. Overhead Areas

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS - (Continued)

B. Overhead Areas - (Continued)

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

C. Underground Areas

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

7. SUPPLY LINE EXTENSIONS - (Continued)

D. Rights-of-Way

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

E. Revenue Guarantees

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

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

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

9. RELOCATIONS OF FACILITIES

A. Pole Removal or Relocation for Residential Customers

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

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

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

B. Other Company Facilities for all Customers

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

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

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

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

13.1 UNDERGROUND DISTRIBUTION

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

B. Underground Service Lines from Overhead Supply Lines

(1) Service Line Voltages Under 600 Volts.

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

(2) Service Line Voltages Over 600 Volts.

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS

A. Definitions

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

B. Installation of Distribution and Service Lines

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

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

C. Applicants for Electric Service

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

C. Applicants for Electric Service - (Continued)

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

D. Installing Distribution Lines Beyond Boundary of Development

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

E. Classification of Charges

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

F. Exceptions

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

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

(b) A letter petition setting forth:

(i) the name of the applicant

(ii) the location and size of the development involved

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

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

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

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE - (Continued)

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

F. Exceptions - (Continued)

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

G. Applicability

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

H. Subdivisions

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

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

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

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

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

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE

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

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

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

The Company has adopted a program that provides all customers with meters to provide data for normal monthly billing services. In the event that a residential or small commercial customer, or an EGS on behalf of a residential or small commercial customer, requests an upgrade to an Alpha Powerplus meter, which the Company provides for large commercial and industrial customers, installation of that meter will be provided at a cost of \$586.00, plus additional costs if a dedicated phone line is not provided by the customer. These net incremental charges, as set forth in the Company's Advance Meter Catalog, may be paid to the Company by either the customer or the EGS, or jointly by the customer and the EGS pursuant to a mutual agreement.

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

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

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

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

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

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

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

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

BILLS AND NET PAYMENT PERIODS

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

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

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

21. NET PAYMENT Payments made direct at the payment receiving offices of the Company or payments made direct to the Company's agencies by the due date will be accepted by the Company in the amount billed. Payments made by mail may be accepted in the amount billed by the Company, at its option if: (1) the date of mailing as determined by the Post Office date stamp on the enclosing envelope is on or before the due date, or (2) the payment is received within five days after the due date. A Late Payment Charge will be added to Company charges for failure to make payment of the bill in accord with the above.

(C) - Indicates Change

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