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STATEMENT NO. 3
Phil 11/18/97
M.G. A.D.

Petition of Enron Energy Services Power, Inc. For Approval of an
Electric Competition and Customer Choice Plan and for Authority
Pursuant to Section 2807(e)(3) of the Public Utility Code to Serve
as the Provider of Last Resort in the Service Territory of
PECO Energy Company

Direct Testimony and Exhibits
of

Douglas R. Bohi

on behalf of

Enron Energy Services Power, Inc

concerning

Competition and Competitive Markets

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TESTIMONY OF DOUGLAS R. BOHI

1 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Douglas R. Bohi. My address is 1001 Pennsylvania Avenue, N.W.,
3 Suite 750 North, Washington, D.C. 20004.

4

5 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am a Vice President of Charles River Associates, Incorporated, an economic and
7 management consulting firm with offices in Washington, Boston, and Palo Alto.

8

9 Q. **PLEASE STATE YOUR RELEVANT BUSINESS EXPERIENCE.**

10 A. I have been employed in my present position since February 1997. From 1978 to
11 1997, I was with Resources for the Future in Washington, D.C., where I was
12 Director of the Energy and Natural Resources Division from 1988 to 1997. While
13 at Resources for the Future, I concentrated on research that would help explain
14 how energy markets, including electricity markets, behave and how various kinds
15 of government regulation affect market efficiency.

16 During 1987 and 1988, I was on leave from RFF to serve as Chief Economist
17 and Director of the Office of Economic Policy at the Federal Energy Regulatory
18 Commission. My principal assignment in this position was to develop
19 recommendations for changes in the FERC's regulation of the electric utility
20 industry.

21 From 1970 to 1978, I taught Economics at Southern Illinois University,

1 Carbondale, Illinois and was Chairman of the Economics Department from 1974 to
2 1977. From 1969 to 1970, I was employed as an economist by Caterpillar Tractor
3 Company. From 1967 to 1969, I was an economist for the Office of the Assistant
4 Secretary of Defense for Systems Analysis.

5
6 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL
7 HONORS.**

8 **A.** I hold a B.S. degree in Economics from Idaho State University and a Ph.D. in
9 Economics from Washington State University. I was a Fulbright Scholar at the
10 Netherlands School of Economics in Rotterdam, the Netherlands during 1977. I
11 have been an adjunct professor at George Washington University and a visiting
12 professor at Monash University, Melbourne, Australia. Since 1995, I have been a
13 Senior Research Scientist for Economic Policy, Energy Division at the Oak Ridge
14 National Laboratory. I am a member of the Editorial Board of Resource and Energy
15 Economics. During 1991 and 1992, I was a member of the National Petroleum
16 Council Study on Natural Gas; and, during 1990-1991, I was a member of the
17 National Research Council study of the Department of Energy's National Energy
18 Modeling System.

19
20 **Q. HAVE YOU AUTHORED ANY PUBLICATIONS OR ARTICLES?**

21 **A.** Yes, I have authored or co-authored several books and many publications on
22 energy topics. A list of my publications is contained in the appendix to my
23 testimony.

1 Q. **HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

2 A. No, I have not. I have, however, testified before other commissions and before the
3 Superior Court of the State of California. Recently, I testified before the Federal
4 Energy Regulatory Commission as an expert witness on competition issues on
5 behalf of Soyland Power Cooperative and transmission pricing and access issues
6 on behalf of Tampa Electric Company.

7
8 Q. **ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 A. I am testifying on behalf of Enron Energy Services Power, Inc. ("Enron").
10

11 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. I have been asked to evaluate the implications for competition in the retail
13 electric generation market which flow from the Partial Settlement negotiated
14 among PECO Energy Company ("PECO") and various other litigants in PECO's
15 electric restructuring case relative to the competing "Choice Plan" filed by Enron.
16

17 Q. **PLEASE SUMMARIZE YOUR TESTIMONY.**

18 A. My testimony will show that the Partial Settlement, if adopted, will erect at least
19 two related barriers to retail competition in this Commonwealth that will
20 effectively leave PECO as the reigning monopoly supplier of retail generation
21 services and foreclose competition in this market for several years to come.
22 One barrier arises because PECO's proposed Generation Credit is below the
23 competitive market price of electricity. The second barrier arises because of

1 PECO's position as the Provider of Last Resort (PLR). In contrast, the Choice
2 Plan sponsored by Enron significantly reduces both barriers to entry and
3 enhances opportunities that other providers of retail generation services will
4 have to compete in this market. In short, the Choice Plan increases the prospect
5 that consumers will enjoy the benefits of competition that were the objectives of
6 the "Electricity Generation Customer Choice and Competition Act" ("the Act").
7

8 **Q. WHAT ARE THE EXPECTED BENEFITS OF COMPETITION?**

9 A. The benefits expected from competition follow from the more efficient operation
10 of the electricity market in PECO's territory. By efficient operation of the market,
11 I mean that the supply of electricity would be produced and distributed at
12 minimum cost, subject to standards of reliability and quality of service, and that
13 the supply of electricity would be allocated to its highest-valued uses.
14

15 **Q. WHY IS IT IMPORTANT TO EXAMINE THE RELATIVE EFFECT OF THE**
16 **PARTIAL SETTLEMENT AND THE CHOICE PLAN ON COMPETITION IN THE**
17 **RETAIL ELECTRIC GENERATION MARKET?**

18 A. There are at least two related reasons for undertaking this examination. First,
19 the Act states, among other things, that the ". . . Commonwealth must begin the
20 transition from regulation to greater competition in the electricity generation
21 market . . ." (§ 2802(7)) and that the purpose of the Act is ". . . to create direct
22 access by retail customers to the competitive market for the generation of
23 electricity . . ." (§ 2802(12)). Therefore, it seems clear that any plan which is

1 ultimately adopted by the Commission must permit customers to have access to
2 a generation market that is truly competitive. In fact, the Act specifically
3 empowers the Commission to investigate matters which would affect the "...
4 proper functioning of a fully competitive retail electricity market." (§ 2811(B)).
5 Second, the Act defines "... transition or stranded costs" as "electric generation-
6 related costs ... which would be recoverable under a regulated environment but
7 which may not be recoverable in a competitive electric generation market ... " (§
8 2083). It follows that, because stranded costs arise due to the transition of the
9 retail generation market to competition, there can be no allowable stranded
10 costs if the restructuring plan adopted by the Commission does not produce a
11 functioning, competitive market for retail generation services.

12
13 **Q. WHY DO YOU CONCLUDE THAT THE GENERATION CREDIT PROVIDED**
14 **UNDER THE PARTIAL SETTLEMENT WILL ERECT A BARRIER TO**
15 **COMPETITION?**

16 **A.** Because the Generation Credit is below the competitive market price of
17 generation during the first several years of the plan. The Generation Credit
18 provided under the Partial Settlement effectively is the maximum price that can
19 be charged for generation service by an alternative energy supplier—that is, a
20 supplier other than PECO. Because this maximum price is below the
21 competitive market price of generation, potential competitors of PECO effectively
22 will be barred from entry into PECO's service territory for several years.
23 Consequently, PECO will be the only generation supplier in PECO's market for

1 several years to come because no other supplier will be able to match PECO's
2 administratively-determined generation charge. If the purpose of the Act is to
3 foster a fully functioning competitive market for generation, then, clearly, the
4 Partial Settlement will not achieve this goal. Rather, PECO will continue to play
5 the role of the monopoly supplier of retail generation services for several more
6 years.

7
8 **Q. EXPLAIN THE GENERATION CREDIT AND HOW IT IS DETERMINED.**

9 **A.** The Act provides that, for a period of at least 54 months from the effective date
10 of the Act, the total charges of an electric distribution company to a customer
11 who purchases generation service shall not exceed the charges for service that
12 were approved by the Commission as of the date of passage of the Act. §
13 2804(4)(I)(A). This means that when the charges for transmission and
14 distribution services are combined with the charges for the competitive transition
15 charge (intended to recover stranded costs) and for generation, the total cannot
16 exceed the rate charged the customer by PECO as of the date of passage of the
17 Act. In addition, the Partial Settlement provides for reductions from that rate of
18 10% for the first 28-months, and 5% and 2% for the next two years of its
19 effectiveness. Under the Partial Settlement, the generation portion of the total
20 rate which PECO will charge its customers who continue to purchase its
21 generation service will average \$0.0280/kWh in 1999 and 2000, \$0.0320/kWh in
22 2001, \$0.0350/kWh in 2002, \$0.0370/kWh in 2003 and \$0.0397/kWh in 2004.

23 These figures represent the maximum amounts allowed for generation

1 service and may be thought of as a "Generation Credit" for those customers who
2 are considering obtaining their generation service from a supplier other than
3 PECO. Clearly, however, if the price of generation in the competitive market
4 exceeds the Generation Credit, the customer will eschew the competitive market
5 in favor of the price that PECO is offering. Therefore, it is extremely important to
6 determine if the Generation Credit bears any relationship to the competitive
7 market price for electricity.

8
9 **Q. What do you mean when you refer to the market price of electricity?**

10 **A.** I mean the competitively-determined price that covers the long-run marginal cost
11 of generating electricity. I recognize that, for short periods of time, the market
12 price for energy and capacity may be above or below long-run marginal cost
13 because of temporary shortages or surpluses of capacity. Such prices would not
14 be sustained over longer periods of time.

15
16 **Q. Why do you say that PECO's Generation Credit is below the market price of**
17 **electricity?**

18 **A.** As Enron Witness Kenneth Slater's testimony demonstrates, PECO's Generation
19 Credit is below the long-run marginal cost of generating electricity until 2004. In
20 contrast, during the same period the Generation Credit under the Choice Plan is
21 above the long-term marginal cost of generation.

1 Q. IF PECO'S GENERATION CHARGE IS BELOW THE COMPETITIVE MARKET
2 PRICE, DOESN'T THIS MEAN THAT PECO IS THE MOST EFFICIENT
3 SUPPLIER AND SHOULD SERVE AS THE PROVIDER OF LAST RESORT?

4 A. No. If PECO's real cost to provide retail generation services (i.e., its long run
5 marginal cost) were no higher than the Generation Credit, then PECO would be
6 more efficient than other competitors and it would not make sense to raise the
7 Generation Credit simply to let other competitors into the market. However, the
8 Generation Credit is determined as a residual after allowance for CTC costs and
9 T&D charges, and does not cover PECO's long run marginal cost of generation,
10 at least for the first four to five years.

11
12 Q. WHY DO YOU SAY THAT PECO'S LONG RUN MARGINAL COST OF
13 GENERATION IS ABOVE THE GENERATION CREDIT FOR THE FIRST
14 SEVERAL YEARS?

15 A. Because, first, PECO's Generation Credit is below the competitive long run
16 marginal cost of generation, as already noted. Second, if PECO's long run
17 marginal cost of generation were below the Generation Credit, then it would
18 follow that PECO's long run marginal cost of generation must also be below that
19 of its competitors. If this were the case, PECO's costs would be below the
20 competitive market price, and PECO would be a strong competitor in the market.
21 In other words, PECO would not have such a serious stranded cost problem.
22 The purpose of stranded cost recovery is to enable PECO to compete, not to

1 enable it to bar competition with below market prices. An understated
2 Generation Credit serves to protect PECO from competitors that may actually
3 have lower long run marginal costs of generation than PECO.
4

5 **Q. WHY DOES IT MATTER IF THE GENERATION CREDIT IS SIMPLY A**
6 **RESIDUAL AFTER THE CTC AND THE T&D CHARGES ARE CALCULATED?**

7 A. Unless the Generation Credit bears a close relationship to the market price of
8 generation service, the Commission cannot find that the Partial Settlement will
9 produce a functioning, competitive retail generation market. The evidence
10 provided by Mr. Slater demonstrates that the Generation Credit is below the
11 market level. This means that competitive suppliers can earn more by selling in
12 markets other than PECO's and would choose to stay out of the PECO market.
13 Consequently, the Generation Credit will not foster a competitive market in
14 PECO's territory. This conclusion is important because the rationale for the CTC
15 is the presence of a competitive generation market. That is to say, the CTC is
16 necessary only if PECO is forced to compete with other generation suppliers.
17

18 **Q. ARE YOU SUGGESTING THAT THE GENERATION CREDIT SHOULD NOT**
19 **BE A MERE DERIVATIVE OF THE CTC?**

20 A. Yes. The CTC and the Generation Credit should be set jointly. The Act
21 recognizes that utilities have made investments which have created costs which
22 may not be recoverable in a competitive market. § 2802(15). The CTC is
23 intended to recover those costs that are stranded as a result of competition.

1 Without competition, therefore, there can be no stranded costs. The Partial
2 Settlement delays the introduction of competition by imposing an unduly low
3 Generation Credit that is the direct result of a high CTC in the early years. The
4 Partial Settlement, therefore, improperly elevates stranded cost recovery over
5 the establishment of competition. The Generation Credit and the CTC must be
6 set jointly to achieve both a competitive market and stranded cost recovery.
7 Enron's Choice Plan is responsive to both objectives.

8
9 **Q. THE CTC IN THE PARTIAL SETTLEMENT DECLINES OVER TIME, SO THAT**
10 **THE CORRESPONDING GENERATION CREDIT RISES OVER TIME.**
11 **DOESN'T THE HIGHER GENERATION CREDIT IN THE LATER YEARS**
12 **ACHIEVE A COMPETITIVE MARKET?**

13 **A.** Yes, eventually the Partial Settlement allows the Generation Credit to rise above
14 the anticipated competitive market price, but the introduction of competition is
15 delayed until this happens. There is no reason why the CTC must be designed
16 to start out higher in the early years (\$0.0304/kWh in 1999) and fall off in the
17 later years (\$0.0227/kWh in 2008), as in the Partial Settlement. Instead, the
18 CTC could be designed to collect the same \$5.461 billion, in present value
19 terms, and have an upward trend rather than a downward trend. While the
20 stranded cost recovery implications are the same, their comparative effects on
21 competition are very different. From an economic standpoint, the proper choice
22 between the options would be the one that is most conducive to the
23 establishment of a competitive market. In particular, the earlier a competitive

1 market is established, the better the outcome for consumers because they would
2 begin to enjoy the benefits of competition sooner.

3
4 **Q. THE CTC IS INTENDED TO RECOVER \$5.461 BILLION IN STRANDED**
5 **COSTS OVER A TEN YEAR PERIOD. IS THE PRESENT VALUE OF THE CTC**
6 **UNDER THE PARTIAL SETTLEMENT TOO HIGH?**

7 **A.** Yes, it is likely that the present value of the CTC is too high. As Enron Witness
8 Oliver has testified, the combination of rate decreases and income growth will
9 increase electricity sales above the levels forecasted by PECO. With higher
10 sales, PECO will collect more from the CTC than required to recover \$5.461
11 billion.

12
13 **Q. WHAT IS THE IMPLICATION OF THIS FINDING?**

14 **A.** There are two implications. First, it is possible to reduce the level of the CTC
15 from the beginning, and raise the level of the Generation Credit from the
16 beginning, and still recover the agreed upon amount of stranded costs. Second,
17 as the CTC now stands in the Partial Settlement, the surplus revenue collected
18 under the CTC could be used to cross-subsidize the deficient revenues collected
19 under the too-low Generation Credit. In other words, the CTC performs double
20 duty for PECO: it helps cover generation costs and it helps keep out the
21 competition. Both distortions can be eliminated by realigning the CTC and the
22 Generation Credit, as proposed in the Choice Plan.

23

1 Q. HAVE YOU REVIEWED THE ELASTICITIES OF DEMAND THAT MR. OLIVER
2 USED TO CONCLUDE THAT ELECTRICITY SALES WOULD LIKELY TURN
3 OUT TO BE HIGHER THAN FORECASTED?

4 A. Yes, I have. While computing the elasticities of demand for electricity sales is a
5 somewhat imprecise exercise, the elasticities which Mr. Oliver has used are
6 reasonable. While one can quibble about the exact magnitude of the
7 elasticities, I am confident that their magnitude is larger (in absolute value) than
8 zero, which is the magnitude implicitly assumed in the Partial Settlement.

9
10 Q. IF THE CTC OVER-RECOVERS STRANDED COSTS UNDER PECO'S
11 PARTIAL SETTLEMENT PLAN, WON'T THE CTC ALSO OVER-RECOVER
12 STRANDED COSTS UNDER ENRON'S CHOICE PLAN?

13 A. No. This is a major difference between the two plans. The Partial Settlement
14 allows for no true-up of stranded cost recovery, so that the entire amount of any
15 over-recovery is retained by PECO. In contrast, the Choice Plan allows for a
16 true-up, so that any amount that might be over-recovered by the CTC is passed
17 back to consumers.

18
19 Q. YOU INDICATED THAT ALLOWING PECO TO SERVE AS THE PROVIDER OF
20 LAST RESORT (PLR) IS ANOTHER RELATED BARRIER TO RETAIL
21 COMPETITION IN PECO'S SERVICE TERRITORY. PLEASE EXPLAIN.

22 A. Permitting PECO to remain the PLR, as the Partial Settlement does, acts to stifle

1 potential competition for two reasons. First, the price at which PECO will offer
2 its PLR service is below the level that competitors will offer because, as
3 explained already, the Generation Credit is below the market price of generation
4 service. Thus, customers will simply not choose another supplier and will default
5 to PECO's PLR service.

6 Second, PECO has the inherent incumbency advantage in retaining PLR
7 customers. Customers must see a significant benefit to switch from one
8 generation supplier to another. For example, in determining rates for use by
9 PECO in its Pilot Program, the Commission has allowed a Customer
10 Participation Credit of 13% for residential and commercial customers and 10%
11 for industrial customers, to encourage participation in the Pilot Program. Similar
12 price savings may be required to encourage customers to switch from PECO's
13 default service to a competitive supplier. However, it is impossible for competing
14 suppliers to under-sell PECO when the Generation Credit does not even cover
15 their costs of production.

16 As explained below, under the Choice Plan, Enron will have neither the
17 advantage nor the incentive to retain PLR customers.

18
19 **Q. ARE THERE EXAMPLES IN OTHER INDUSTRIES THAT ILLUSTRATE THE**
20 **COMPETITIVE ADVANTAGES ASSOCIATED WITH INCUMBENCY?**

21 **A.** Yes, in the telecommunications industry. When competition was introduced into
22 the long-distance carrier market, customers of AT&T were allowed to designate
23 their preferred carrier through a ballot system. However, the majority of

1 customers did not even bother returning the ballot, even though cheaper
 2 alternatives were available. To provide the stimulus needed for a competitive
 3 market, the Federal Communication Commission ordered (101FCC 2d 911, 924-
 4 926 (1985)) that all customers that did not return a ballot be allocated among the
 5 long-distance carriers in the same proportion as the customers who had returned
 6 their ballots. In this way, AT&T's market share would be reduced relative to its
 7 competitors and the forces of competition would begin to operate sooner.

8
 9 **Q. HOW DOES THE CHOICE PLAN COMPARE WITH THE PARTIAL**
 10 **SETTLEMENT IN TERMS OF ENCOURAGING COMPETITION?**

11 **A.** The Choice Plan is clearly superior to the Partial Settlement for encouraging
 12 competition. To begin with, the average Generation Credits (per kWh) in the
 13 Choice Plan are larger in the early years than under the Partial Settlement, as
 14 indicated by the system wide numbers in the following table:

	<u>Partial Settlement</u>	<u>Choice Plan</u>
15		
16	9/1/98	in bundled rates
17	1999	\$0.0280
18	2000	\$0.0280
19	2001	\$0.0320
20	2002	\$0.0350
21	2003	\$0.0370
22	2004	\$0.0397
23	2005	\$0.0407
24	2006	\$0.0477
25	2007	\$0.0537
26	2008	\$0.0557

27
 28
 29 As can be observed, the Choice Plan permits generation competition to develop

1 by offering a Generation Credit that is above or very close to the long run
2 marginal cost values testified to by Mr. Slater. In contrast, the Partial Settlement
3 contains Generation Credits that are lower than the long run marginal cost --
4 leaving PECO as the dominant, below market supplier. In the later years, the
5 Choice Plan contains Generation Credits that reflect a very moderate rise in
6 price. This very moderate increase, or even a moderate decrease in some years
7 would be expected due to the efficiencies as the competitive market takes hold
8 and strengthens.

9 Again, in rather dramatic contrast, the Partial Settlement contains
10 Generation Credits which exhibit a steep and relentless rise. A steep increase
11 in costs in a market that is undergoing a transformation to competition is not
12 what is generally expected. On the contrary, one should expect costs to fall
13 rather than rise. I would also note the very curious, varying rates of annual
14 increases in the Partial Settlement's generation credits which are identified in
15 Mr. Oliver's testimony. In the absence of any explanation, it is not reasonable to
16 expect that the market for generation service would increase in some years by
17 as much as 20% and in others by as little as 3.1%

18 From the standpoint of competition, therefore, it is clear that the Choice
19 Plan is superior to the Partial Settlement because competition is encouraged
20 earlier. Moreover, although the Generation Credit does not rise as fast in the
21 future under the Choice Plan, compared to the Partial Settlement, the slower
22 increase does not discourage competition because costs are expected to fall
23 over time. Thus, it is anticipated that marketers and other participants in the

1 generation market will be able to compete against the Generation Credit in the
2 Choice Plan from its effective date through the entire 10-year term of the plan.
3

4 **Q. HOW DOES THE CHOICE PLAN FARE AGAINST THE PARTIAL**
5 **SETTLEMENT AS A BASIS FOR PERMITTING RECOVERY OF PECO'S**
6 **STRANDED COSTS?**

7 A. As I stated earlier, the Partial Settlement does not provide a supportable basis
8 for stranded cost recovery because it does not provide for competition, without
9 which there can be no costs that are stranded due to competition. On the other
10 hand, the Choice Plan provides the stimulus for competition which is missing
11 from the Partial Settlement.
12

13 **Q. HOW DOES THE CHOICE PLAN COMPARE WITH THE PARTIAL**
14 **SETTLEMENT WITH REGARD TO THE COMPETITIVE IMPLICATIONS OF**
15 **THE DESIGNATED PLR?**

16 A. Recall that it was not only PECO's inherent power of incumbency but also its
17 artificially low price for generation that resulted in the anti-competitive nature of
18 the Partial Settlement. The Choice Plan avoids both problems by, first, raising
19 the Generation Credit in the early years and, second, establishing Enron as the
20 PLR. As the PLR, Enron has no incentive to retain PLR customers, contrary to
21 PECO, because the price Enron will charge for generation service will be no
22 higher than the price Enron pays to PECO to obtain generation service. On the

1 contrary, Enron has the incentive to encourage as many customers as possible
2 to migrate from Default Service to competitive suppliers. Because Enron will buy
3 generation service from PECO and sell it to Default Service customers at a price
4 equal to the Generation Credit, PLR customers will migrate to entities that can
5 offer generation services at a level which is below the Generation Credit.
6
7

8 **Q. WHAT WOULD BE THE ROLE PLAYED BY PECO'S GENERATION IN THE**
9 **CHOICE PLAN?**

10 **A.** If PECO were prohibited from acting as the PLR, it would be left with several
11 options for marketing the electricity produced by its generating plants. Under
12 the Choice Plan, PECO will be required to provide a full requirements contract to
13 Enron for the needs of the Default Service customers. Initially, this will be a
14 rather large load but migration of default customers should take place soon after
15 competition acts to identify marketers that can provide generation supplies at a
16 cost below the Generation Credit. PECO would sell the remainder of its output
17 to marketers, both to affiliated and independent marketers, on and off its system,
18 under similar terms and conditions. Power to meet the needs of customers in
19 the PECO service territory could also be imported from other utilities. Under the
20 Code of Conduct contained in the Choice Plan, PECO would not be permitted to
21 market generation services in its service territory under the PECO name. In this
22 way, the Choice Plan would clearly enhance competition in a manner that the
23 Partial Settlement does not.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.

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APPENDIX

PUBLICATIONS OF DOUGLAS R. BOHI

39
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I. Books

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Energy Price Shocks and Macroeconomic Performance, Washington, D.C., Resources for the Future, 1989.

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Statement No. 3-R

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M.S.

Petition of Enron Energy Services Power, Inc. for
Approval of an Electric Competition and Customer Choice Plan
and for Authority Pursuant to Section 2807(e)(3) of the
Public Utility Code to Serve as the Provider of Last Resort
in the Service Territory of PECO Energy Company

Rebuttal Testimony

of

Douglas R. Bohi

on behalf of

Enron Energy Services Power, Inc.

Concerning
Relative Benefits Under Choice Plan
and Partial Settlement

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1 Q. PLEASE STATE YOUR NAME AND BUSINESS AFFILIATION.

2 A. My name is Douglas R. Bohi. I am employed by Charles River Associates as a Vice
3 President.

4
5 Q. HAVE YOU SUBMITTED TESTIMONY PREVIOUSLY IN THIS
6 PROCEEDING?

7 A. Yes, I previously submitted direct testimony for Enron Energy Services Power, Inc.
8 ("Enron") in support of its Choice Plan.

9
10 Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

11 A. My testimony will rebut certain assertions made by PECO Energy Company ("PECO")
12 witnesses William H. Hieronymous and Michael S. Freeman regarding the prospects
13 for establishing a competitive market under the Choice Plan versus the Partial
14 Settlement Plan.

15
16 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

17 A. My testimony explains:

18 (1) why the expected long run marginal cost ("LRMC") of new entrants in
19 the market is a better basis for judging the appropriate magnitude of the Generation
20 Credit for establishing a competitive market than either existing market prices or
21 projected market prices;

1 (2) why the Generation Credit under the Choice Plan is not too high in the
2 early years, as claimed by Dr. Hieronymous; and

3 (3) why, in serving as the Provider of Last Resort, Enron would not receive
4 the same incumbency advantages as PECO and why, therefore, the Choice Plan reduces
5 another barrier to competition relative to the Partial Settlement Plan.
6

7 **I. LRMC IS A BETTER WAY TO JUDGE THE GENERATION CREDIT.**

8 **Q. IN ADDRESSING THE FIRST POINT IN YOUR TESTIMONY, DO YOU AND
9 DR. HIERONYMOUS AGREE ABOUT THE DEFINITION OF LRMC?**

10 A. Yes, we appear to agree. As he states on page 3 of his testimony, the LRMC "is
11 calculated as the total cost, including a return on capital, of an efficient new generating
12 unit." I agree with this definition.
13

14 **Q. WHY DO YOU SAY THAT THE LRMC IS A BETTER BASIS FOR JUDGING
15 THE APPROPRIATE MAGNITUDE OF THE GENERATION CREDIT FOR
16 ESTABLISHING A COMPETITIVE MARKET THAN EITHER EXISTING
17 MARKET PRICES OR PROJECTED MARKET PRICES?**

18 A. There are three reasons why I make this statement:

19 (1) The single most important condition for establishing a competitive market,
20 whether for electricity or any other commodity, is the absence of barriers to entry by
21 newcomers in the market. The Generation Credit must be above the LRMC to ensure
22 that the Generation Credit does not become an artificial barrier to entry.

1 (2) Existing market prices are not competitive market prices. Indeed, it is the
2 purpose of restructuring to break the relationship between regulated prices of the past
3 and competitive prices in the future.

4 (3) Projections of the market price of electricity for any given year in the future
5 are, for many reasons, too uncertain to use as a basis for determining the appropriate
6 size of the Generation Credit. It is not necessary to rely on such uncertain projections
7 when the use of the much more certain LRMC is sufficient.

8
9 **Q. WHY DO YOU SAY THAT THE ABSENCE OF BARRIERS TO ENTRY IS THE**
10 **MOST IMPORTANT CONDITION FOR ESTABLISHING A COMPETITIVE**
11 **MARKET?**

12 A. This is an elementary principle of economics. Basically, the idea is that a firm cannot
13 exercise market power to raise the price to consumers, even if that firm is the only one
14 in the market, if competitors can easily enter the market and take away those customers
15 by offering a lower price. The fear of entry and the prospective loss of customers will
16 discipline firms to act competitively.

17
18 **Q. WHY MUST THE GENERATION CREDIT BE ABOVE THE LRMC?**

19 A. Because the Generation Credit acts as the upper limit of the price for generation
20 services. As long as the Generation Credit is above the LRMC, new entrants can come
21 into the market, if necessary, and it is possible for the market to work competitively. If

1 the Generation Credit is below the market clearing price, there is a barrier to entry and
2 it is not possible for the market to operate competitively.

3
4 **Q. ARE CONSUMERS BETTER OFF IF THE GENERATION CREDIT IS ABOVE**
5 **THE LRMC?**

6 **A.** Yes. If the Generation Credit is above the LRMC the market price of electricity will
7 be determined competitively at a level no higher, and possibly lower, than the
8 Generation Credit. When the market price is established this way, the least-cost firms
9 will be supplying the market and available supplies will be allocated to their highest-
10 valued uses. This is what is meant when economists say that the market works
11 efficiently.

12 In contrast, if the Generation Credit is below the LRMC, the market clearing
13 price could rise above the Generation Credit because competitors will not be willing to
14 enter the market as long as they fail to receive a price that covers their LRMC. At this
15 point the competitive market breaks down and the price no longer clears the market.
16 Consumers will not be able to buy all of the electricity they want, unless existing
17 suppliers are subsidized to cover the additional costs. This situation means that the
18 least-cost firms are not necessarily supplying the market. It also means that the price is
19 not rationing supply among customers, as expected in a competitive market, so that a
20 non-market rationing scheme is required. Non-market rationing schemes do not ensure
21 that supplies go to their highest-valued uses, which in turn means that those buyers that
22 need the electricity the most may not be able to get it. This condition leads to many

1 undesired consequences. For example, firms that use electricity in the production of
2 other goods and services will either receive less electricity than they need or pay more
3 for electricity than is necessary in a competitive market. The productivity of these
4 firms will fall as a result, and will lead to either higher prices for their goods and
5 services, or to less production and employment. Avoiding these undesirable
6 consequences is one motivation for replacing economic regulation of this industry with
7 competition.

8
9 **Q. WHY DO YOU SAY THAT EXISTING MARKET PRICES ARE NOT**
10 **COMPETITIVE MARKET PRICES?**

11 A. The industry has not made the transition to competition yet, so transactions prices
12 recorded in either the wholesale market or the retail market cannot be said to be
13 competitive market prices. Until the day arrives when all firms that participate in these
14 markets fully unbundle their services, and when no firm's generation costs are covered
15 in whole or in part by captive customers, can it be said that the transactions prices for
16 generation services are competitive market prices.

17
18 **Q. WHAT IS THE IMPLICATION OF THIS CONCLUSION FOR THE**
19 **REBUTTAL TESTIMONY OF DR. HIERONYMOUS?**

20 A. Dr. Hieronymous observes (page 3) that actual transactions prices in the PJM are below
21 the LRMC estimated by Enron witness Kenneth Slater. This observation is irrelevant
22 to the question of whether the Generation Credit in either the Choice Plan or the Partial

1 Settlement is adequate to promote a competitive market. The PJM wholesale market is
2 segmented from the vast bulk of the rest of the market represented by the monopoly
3 service territories of the regulated utilities that are members of PJM. Prices determined
4 in such a narrow market are not identical to the competitive prices that will be
5 determined for the entire market. Both costs of production and characteristics of
6 demand will be vastly different for a combined, competitive electricity market than for
7 a segmented, regulated wholesale market.
8

9 **Q. PECO WITNESS FREEMAN CONTENDS THAT ACTUAL (“NOT**
10 **THEORETICAL”) DATA FROM RETAIL ACCESS PILOT PROGRAMS ARE**
11 **“IN LINE WITH OR BELOW THE ENERGY AND CAPACITY CAPS SET**
12 **FORTH IN THE PARTIAL SETTLEMENT.” (PAGE 2) ARE PRICES**
13 **OFFERED IN RETAIL ACCESS PILOTS APPROPRIATE FOR JUDGING**
14 **PRICES IN A COMPETITIVE MARKET?**

15 **A.** No, for the same reasons given above. Indeed, one need only consider Mr. Freeman’s
16 description of the price offered by PECO’s “Power Team” to see how dependent it is on
17 the existing, bundled market structure. He states that the Power Team’s “Standard
18 Offer” is an “all-in wholesale product, including energy, installed capacity, delivery
19 losses and load following.” (Page 3) Yet, Mr. Freeman goes on to say that the “cost of
20 the Standard Offer is the market generation credits in the unbundled rates, less
21 Pennsylvania Gross Receipts Tax.” Therefore, while Mr. Freeman attempts to portray
22 the rate being offered as an “all-in wholesale product,” he implicitly concedes that all it

1 really represents is the Commission's determination of PECO's generation credit for
2 use in the retail access pilots, less the tax. Under the circumstances, the rate in
3 question is hardly indicative of the price of electricity in a competitive market.
4

5 **Q. ARE MR. FREEMAN'S REFERENCES TO THE EXPERIENCES WITH PILOT**
6 **PROGRAMS IN OTHER SERVICE TERRITORIES IN PENNSYLVANIA AND**
7 **IN OTHER STATES SUBJECT TO THE SAME FLAW?**

8 A. Yes. My understanding is that all of the pilot programs in Pennsylvania and other
9 states are extremely limited in scope and duration. For example, as Mr. Freeman
10 states on page 3, the length of the Pennsylvania pilot is only 14 months and is available
11 to only 5 percent of load. For this subset of the market, the price of electricity can be
12 low because the capital costs of generation units continue to be supported by captive
13 ratepayers.

14 In addition, the Pennsylvania pilot contains a Customer Participation Credit that
15 further biases downward prices for generation. Residential and commercial customers
16 receive a 13 percent credit for participation while industrial customers receive a 10
17 percent credit. When this credit is combined with the fact that captive customers cover
18 capital costs, prices of electricity sold into the pilot can actually be below the cost of
19 energy.

20 The pilot programs are valuable tools for educating consumers about
21 competition in electricity, and for learning about the willingness of consumers to switch

1 electricity suppliers. However, the transaction prices recorded in these programs are
2 not competitive prices.

3
4 **Q. WHY ARE PROJECTIONS OF THE MARKET PRICE OF ELECTRICITY FOR**
5 **ANY GIVEN YEAR IN THE FUTURE TOO UNCERTAIN TO USE AS A BASIS**
6 **FOR DETERMINING THE APPROPRIATE SIZE OF THE GENERATION**
7 **CREDIT?**

8 A. Competition will cause changes in production costs and in consumption behavior that
9 will make the future market price of electricity very difficult to predict. To make
10 matters worse, past experience with electricity prices is not a very reliable indicator of
11 future price levels and behavior. With this much uncertainty, the Generation Credit
12 should not be considered acceptable simply because it is alleged to cover the projected
13 market price, particularly if there is a "tight" relationship between the two in the early
14 years, as attested by Dr. Hieronymous. If Dr. Hieronymous's projection is too low, as
15 it is likely to be, competition will not develop as desired.

16 The negative implications of a forecast error are too serious to base the success
17 of the program on such a risky procedure. Moreover, it is unnecessary to use forecasts
18 of future market prices to determine the Generation Credit when a less risky alternative
19 is available.

20
21 **Q. WHY DO YOU SAY THAT THE LRMC IS LESS RISKY TO FORECAST**
22 **THAN THE MARKET PRICE OF ELECTRICITY?**

1 A. The market price is a function of the factors that influence the LRMC plus all other
2 factors that affect costs and consumption. Thus, there are fewer uncertainties with
3 forecasts of the LRMC than there are of the market price. As noted by Dr.
4 Hieronymous, "the long-run marginal cost is composed almost entirely of two
5 elements: the cost of natural gas and the cost of a new combined cycle unit." (Page 7)
6 Thus, the components of the LRMC are clearly identifiable, as are the sources of
7 uncertainty in making forecasts.

8
9 **II. THE GENERATION CREDIT ISSUE.**

10 **Q. DR. HIERONYMOUS CLAIMS THAT THE GENERATION CREDIT IN THE**
11 **CHOICE PLAN IS UNNECESSARILY HIGH IN THE NEAR TERM. (PAGE 3)**
12 **DO YOU AGREE?**

13 A. No. Dr. Hieronymous reaches this conclusion because actual transactions prices in the
14 PJM pool are below the LRMC. Transactions prices are below LRMC, he explains
15 further, because new capacity is not needed in the market. In other words, the
16 Generation Credit in the near term need not cover the cost of capacity, only the cost of
17 energy.

18 This conclusion rests on the belief that level of prices in the segmented PJM
19 wholesale market will be the same as the level of prices in a more competitive market,
20 when there is no segmentation between wholesale and retail markets. Dr.
21 Hieronymous provides no analysis of the issues raised here to explain why the two sets
22 of prices should be regarded as the same.

1 Dr. Hieronymous is willing to risk sacrificing the development of competition
2 in the early years if he is wrong. The risk is high because, as he observes on page 10,
3 the Generation Credit in the Partial Settlement will closely track expected market prices
4 in the early years, and the market price is essentially the cost of energy. Thus, even a
5 small error in his forecast of the market price would create a barrier to entry into this
6 market.

7 Even Fumo witness Richard H. Silkman, who testifies in support of the Partial
8 Settlement, concedes at page 10 of his Responsive Testimony that "generation credits in
9 the Partial Settlement may be below market prices in the early years of the transition
10 period."

11 Because forecasts of the market price are so questionable and the cost of being
12 wrong is so great, I recommend setting the generation credit relative to the LRMC
13 rather than the forecasted market price. This approach avoids the risk of shutting down
14 competition. If the market price is lower than LRMC, competition will bid down the
15 price of generation below the cap rate and consumers are no worse off.

16
17 **Q. DR. HIERONYMOUS CLAIMS THAT THE GENERATION CREDIT IN THE**
18 **CHOICE PLAN IS TOO LOW IN THE LATER YEARS. (PAGE 10) DO YOU**
19 **AGREE WITH THIS ARGUMENT?**

20 **A.** No, although the issue is muted by Enron's proposed increase in the Generation Credit
21 in the later years, as described in the testimony of Enron witness Kean.

1 Dr. Hieronymous reaches his conclusion because he assumes a rapidly rising
2 cost of natural gas during the period 2000-2008. In particular, the cost of gas is
3 assumed to escalate at a compound rate of 5.23 percent per year during this period,
4 giving an overall increase of 58 percent over 9 years. Because he believes the cost of
5 gas will rise rapidly, the projected cost of acquiring and delivering power will rise
6 above the energy and capacity cap in the later years. However, Dr. Hieronymous's
7 assumption about the future cost of gas is highly questionable.

8
9 **Q. WHY DO YOU SAY THAT DR. HIERONYMOUS' GAS FORECAST IS**
10 **HIGHLY QUESTIONABLE?**

11 A. Because other forecasts of gas prices that I regard as more credible than that used by
12 Dr. Hieronymous are considerably lower. For example, the official forecast of the
13 U.S. Department of Energy, Energy Information Administration ("EIA"), published in
14 the *Annual Energy Outlook, 1997*, shows the reference wellhead price of gas rising by
15 only 14.5 percent from 2000 to 2010. (*AEO97*, Table 9, page 61) The national
16 average citygate price of gas is expected to rise by less than 8 percent over the same
17 ten-year period. These measures compare to an increase in the cost of gas of 58
18 percent for a period that ends in 2008, or two years shorter, in Dr. Hieronymous's
19 forecast.

20 Gas costs in the northeast region of the country are not likely to differ from
21 EIA's national average forecast by enough to explain why Dr. Hieronymous's forecast
22 is so much higher. Since the introduction of greater competition in the gas industry,

1 investment in pipeline capacity is more responsiveness to need. During the past year,
2 for example, at least six pipeline projects have been proposed that will increase pipeline
3 capacity to the northeast over the next few years (the Millenium, Independence,
4 Spectrum, Marketlink, Vector, and PNGT pipeline projects).

5
6 **III. ENRON AS A PROVIDER OF LAST RESORT.**

7 **Q. DR. HIERONYMOUS ASSERTS THAT, WHEN ENRON BECOMES THE**
8 **PROVIDER OF LAST RESORT (PLR) UNDER THE CHOICE PLAN, "ANY**
9 **INCUMBENCY ADVANTAGES THAT PECO MIGHT HAVE WILL QUICKLY**
10 **PASS TO ENRON." (PAGE 12) DO YOU AGREE?**

11 **A.** No. There are three reasons why this assertion is wrong. First, as an incumbent,
12 PECO provides all possible services to the PLR customer: generation, wires, metering,
13 billing, and maintenance. Enron, in contrast, would provide billing only, while the
14 rest of the services would continue to be provided by PECO.

15 Second, Enron will not earn a profit margin on PLR sales, but will sell power
16 to PLR customers at the same price that power is purchased from PECO. Thus, in
17 contrast to PECO, Enron has no incentive to retain PLR customers. Indeed, as
18 indicated in the testimony of Enron witness Kean, Enron supports the idea of
19 auctioning PLR service to give all suppliers the opportunity to act as the PLR and to
20 bring more competition into the PLR process.

1 Third, as explained in more detail in the testimony of Enron witness Kean,
2 Enron would abide by the supplier code of conduct established by the Commission to
3 govern activities of the PLR with its affiliates.
4

5 **Q. DR. HIERONYMOUS ARGUES AT PAGE 12 THAT ENRON IS BEING**
6 **INCONSISTENT IN ARGUING THAT PECO WANTS TO RETAIN PLR**
7 **CUSTOMERS WHILE ALSO ARGUING THAT THE GENERATION CREDIT**
8 **UNDER THE PARTIAL SETTLEMENT IS TOO LOW. IS ENRON ARGUING**
9 **THAT PECO WANTS TO SERVE PLR CUSTOMERS AT A LOSS?**

10 A. No. The two arguments are not, as Dr. Hieronymous claims, inconsistent. Only
11 suppliers other than PECO would suffer a loss by serving PLR customers at the
12 Generation Credit under the Partial Settlement. PECO, on the other hand, also
13 receives revenues substantially in excess of \$5.461 billion through the CTC, as
14 indicated in the testimony of Enron witness Oliver. Therefore, PECO's ultimate
15 stranded cost recovery may actually reduce PECO's generation cost to a level that is
16 below the competitive market.
17

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes.
20

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Slater

Statement No. 4 11/18/97

ES.

Petition of Enron Energy Services Power Inc.
for approval of an Electric Competition
and Customer Choice Plan
and for authority pursuant to Section 2807(e)(3)
of the Public Utility Code
to serve as the Provider of Last Resort
in the service territory of PECO Energy Company.

Direct Testimony and Exhibits

of

Kenneth J. Slater

on behalf of

Enron Energy Services Power, Inc.

concerning

Market Prices for Retail Generation Services

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1 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Kenneth J. Slater. My business address is 3370 Habersham Road,
3 Atlanta, Georgia 30305.

4

5 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am President of Slater Consulting, which I founded in August 1990. The
7 firm is an engineering-economic and management consultancy with particular
8 expertise in energy and public utility matters. The services, which the firm
9 offers to various participants in the utility business, include analysis of
10 supply/demand options, reliability, operating situations and events, replacement
11 power costs, avoided costs, new technologies and industry developments,
12 strategic decisions, public policy matters and ratemaking issues. Recently, we
13 have also become heavily involved in matters related to the emergence of
14 competition in electricity supply.

15

16 Q. **WHAT IS YOUR EDUCATIONAL BACKGROUND?**

17 A. I obtained a Bachelor of Science degree in Pure Mathematics and Physics in
18 1960 and a Bachelor of Engineering degree in Electrical Engineering in 1962,
19 both at the University of Sydney, Australia. I also received a Master of
20 Applied Science degree in Management Sciences at the University of Waterloo
21 in Ontario, Canada in 1974.

22

23 Q. **PLEASE PROVIDE A DESCRIPTION OF YOUR PROFESSIONAL**

1 **EXPERIENCE.**

2 A. I have over thirty five years of experience in the energy and utility industries
3 in the United States, Canada and Australia.

4 Prior to founding Slater Consulting, I was Senior Vice President and Chief
5 Engineer at Energy Management Associates, Inc. (EMA) in Atlanta, where I
6 worked from 1983 to 1990. At EMA, after initially contributing to the firm's
7 utility software development functions, I became the head of its consulting
8 practice, leading or making significant contributions to a number of important
9 consulting engagements related to valuation or analysis of power supplies and
10 power supply contracts, supply/demand planning, damages assessments
11 operating reserve requirements, replacement power cost calculations, utility
12 merger valuations, operational integration of utility systems, power pooling,
13 system reliability, ratemaking, power dispatching and gas supply studies. From
14 1969 until 1983, I worked in the Canadian utility industry, initially at Ontario
15 Hydro, where I headed the Production Development Section of the utility's
16 Operating Department. There I developed computer models, including one
17 which, for more than 20 years, produced the daily generation schedules for the
18 Ontario Hydro system, and another, the original PROMOD, which was used
19 for coordination and optimization of production planning and resource
20 management. Subsequently, I worked as Manager of Engineering at the
21 Ontario Energy Board (the utility regulatory commission) and as Research
22 Director for the Royal Commission on Electric Power Planning.

1 From 1976 to 1983, I ran my own firm, Slater Energy Consultants, Inc., in
2 Toronto, Canada and consulted widely in Canada and the United States for
3 utilities, governments, public enquiry commissions, utility customers and other
4 consulting firms. It was during this time and my time at EMA that I was a
5 major developer of PROMOD III®, a widely-recognized electric utility
6 planning and reliability model.

7 Prior to 1969, I was employed by the Electricity Commission of New South
8 Wales, the largest electric utility in Australia, where I was responsible for the
9 day-to-day operation of one of the six regions comprising that system.

10

11 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

12 **A.** No. I have, however, appeared as an expert witness in regulatory hearings in
13 California, Florida, Georgia, Idaho, Indiana, Iowa, Louisiana, New Mexico,
14 New York, Nova Scotia, Ontario, Prince Edward Island, South Carolina and
15 Texas, and before the Federal Energy Regulatory Commission. I have also
16 appeared in Federal Bankruptcy Court, Virginia State Court and Harris County
17 (Texas) Court and in civil arbitration proceedings in Louisiana, Nevada and
18 Pennsylvania. I have also served on many occasions as an expert examiner for
19 a Royal Commission in Ontario, which was inquiring into the electric power
20 planning process in the Province of Ontario.

21

22

1 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. I have been retained by Enron Energy Services Power, Inc. ("Enron") to
3 provide estimates of the market price for retail generation for the retail
4 customers of PECO Energy Company ("PECO"). I have provided these
5 estimates to Enron witness Dr. Douglas R. Bohi in connection with his
6 demonstration that the generation credits provided under Enron's Choice Plan
7 will promote competition as required by Pennsylvania's new electric
8 competition law, while the Partial Settlement negotiated between PECO and
9 several other signatories contains generation credits which are below the level
10 necessary to foster the development of a properly functioning market for retail
11 generation services in PECO's service territory. I have also been asked by
12 Enron to comment upon the potential infirmities with the stranded cost
13 allowance contained in the Partial Settlement. Finally, I will briefly describe
14 the Power Purchase Agreement which Enron requires from PECO in order to
15 provide service to PECO's default customers as the provider of last resort.

16

17 Q. **PLEASE DESCRIBE YOUR ANALYSIS OF THE LIKELY MARKET
18 PRICE FOR RETAIL GENERATION SERVICES IN PECO'S SERVICE
19 TERRITORY DURING THE RELEVANT YEARS OF THE PARTIAL
20 SETTLEMENT AND ENRON'S CHOICE PLAN.**

21 A. My analysis has three parts. In the first part, I extract the generation credits,
22 by class, from the retail rate schedules proposed under the Partial Settlement

1 and under the Choice Plan. Exhibit KJS-1 contains the generation credits
2 which are contained in the Partial Settlement, while Exhibit KJS-2 displays the
3 results for Enron's proposal. In the second part of the analysis, I have used the
4 rate class-by-rate class generation bus prices to estimate equivalent 100% load
5 factor generation credits (at generator bus). Exhibit KJS-3 displays the results
6 of this estimation for both the Partial Settlement and the Choice Plan.

7

8 **Q. WHAT IS THE SIGNIFICANCE OF THESE 100% LOAD FACTOR**
9 **GENERATION CREDITS?**

10 A. They would be the revenue that a generator, supplying an aggregation of retail
11 load at 100% load factor, would expect to receive from the summation of the
12 generation credits from the individual retail loads.

13

14 **Q. PLEASE DESCRIBE THE THIRD PART OF YOUR ANALYSIS.**

15 A. In the third part of the analysis, I developed a proxy for the Long Run
16 Marginal Cost of Generation. This proxy was the approximate year-by-year
17 cost of owning and operating a modern combined cycle unit, at its maximum
18 level of production, expressed in \$/kWh of annual production. Exhibit KJS-4
19 displays the assumptions, calculations and results of this part of the analysis.

20

21 **Q. WHAT CAN ONE LEARN FROM YOUR ANALYSIS?**

22 A. By comparing the long run marginal generation costs (as shown in Exhibit KJS-

1 4) with the equivalent 100% load factor generation credits from the Partial
2 Settlement and the Choice Plan (as shown in Exhibit KJS-3), one should be
3 able to see whether either of the proposals would allow a new generation
4 competitor to enter the market. That is, if the generation credit for a given
5 class is below the long run marginal cost, one could reasonably assume that
6 new generation would not enter the market.

7

8 **Q. HAVE YOU PERFORMED THIS COMPARISON?**

9 **A.** Dr. Bohi will discuss this matter in his testimony. Just briefly, however, it
10 appears to me that the Partial Settlement would exclude new entrants from the
11 market until at least 2003, while the Choice Plan would probably allow new
12 entrants at any time.

13

14 **Q. YOU ARE AWARE, ARE YOU NOT, THAT UNDER THE CHOICE**
15 **PLAN ENRON WOULD ENTER INTO A POWER PURCHASE**
16 **AGREEMENT WITH PECO IN ORDER TO PROVIDE ELECTRIC**
17 **SERVICE TO DEFAULT CUSTOMERS AS THE PROVIDER OF LAST**
18 **RESORT ("PLR")?**

19 **A.** Yes.

20

21 **Q. CAN THE COMMISSION FORCE PECO TO PROVIDE SUCH A**
22 **CONTRACT TO ENRON?**

1 A. Yes and no. While the Commission cannot order PECO to enter into a
2 wholesale contract for energy and capacity, or, indeed, even order PECO to
3 file for such a contract with the Federal Energy Regulatory Commission, the
4 Commission also is not required to give PECO \$5.461 of stranded cost
5 recovery upon the unsupported basis of the Partial Settlement.

6

7 Q. **PLEASE EXPLAIN YOUR POSITION.**

8 A. A utility's costs which are deemed "stranded", are the remaining costs of plant
9 investments and the costs of contractual obligations for power supplies or fuels,
10 which are greater than would be incurred today for plant or power and fuel
11 supplies to provide the same service. Only costs which have been prudently
12 incurred, and which, under existing regulation, would have been allowed full
13 recovery, should be considered for stranded cost recovery, after allowing for
14 possible mitigation, and after netting against such amount any below-market
15 costs the utility may have. Allowing PECO to recover \$5.461 billion of these
16 costs, without the quid pro quo of customers receiving the benefit of a
17 functioning market for generation, surely would not be in the public interest.
18 Competition within a restructured electricity industry should bring significant
19 benefits to all participants, not only in lower prices, but also in increased
20 business opportunities for today's customers and electric suppliers, including
21 utilities. Both the utilities and the customers should be able to contribute a
22 portion of their respective benefits of competition to eliminate any stranded

1 costs. Such a disposition of stranded costs would appear to best serve the
2 public interest. This Commission should have to determine the appropriate
3 sharing of stranded cost responsibility. Furthermore, PECO has not
4 demonstrated how, if at all, it intends to mitigate stranded costs given the
5 recent sales of generating plants at prices above book value. Certainly, this
6 Commission is cognizant of the fact that the New England Electric System has
7 recently sold its fossil-fueled generating units for a combined price that exceeds
8 the net book value of those units. Without a specific breakdown of the
9 components of the stranded costs, it is virtually impossible for the Commission
10 to satisfy itself and the public that the level of stranded cost recovery contained
11 in the Partial Settlement is anywhere close to PECO's actual stranded costs.
12 The financial buttress of a guaranteed recovery should not be used by the
13 recipient to set up a system of generation credits which excludes the possibility
14 of a properly functioning generation market. If such a guarantee is available,
15 it should be used to ensure the creation of a competitive market as quickly as
16 possible, so that the benefits of the market begin to flow as quickly as possible.

17
18 **Q. PLEASE BRIEFLY DISCUSS THE POWER PURCHASE AGREEMENT.**

19 **A.** As a condition of being the PLR, Enron will need to secure a source of
20 capacity and energy in order to serve the customers of PECO who do not
21 choose an alternative energy supplier. The contract would be of the variety
22 commonly known as an "all requirements" contract, under which PECO would

1 supply the requirements of the default customers. The terms under which
2 Enron would procure this power are more than generous to PECO and PECO
3 will not be asked to serve a load that is any different than if PECO were the
4 PLR, as it would be under the Partial Settlement.

5

6 **Q. IS THE ALL REQUIREMENTS CONTRACT OF A TYPE THAT A**
7 **PRUDENT UTILITY MANAGER WOULD SIGN UNDER THE**
8 **CIRCUMSTANCES?**

9 **A.** I do not see why a prudent manager would not sign the contract. PECO would
10 be compensated for the sale of power under the contract at Enron's generation
11 credit, which considerably exceeds the price at which PECO would sell retail
12 generation for the first several years under the Partial Settlement. While the
13 load will be large, initially, it is the same load that PECO would be serving,
14 anyway. In later years, as competition in the retail generation market takes
15 hold, the load will decline, but PECO will be able to market its generation to
16 other marketers, including its affiliates. It must be remembered that the
17 extremely large payment of \$5.461 billion for stranded costs will go to paying
18 down PECO's generation costs to levels which are at, or below, the market.
19 Under the circumstances, it is highly likely that PECO will be able to market
20 its generation successfully in those later years, too.

21

22

1 Q DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes, it does.

PECO
Proposed Generation Credit

Year: 1999

Rate	1996 Energy KWH	Retail Generation Price \$/KWH	Loss Factor	Generator Bus Price \$/KWH
R	7,711,912,201	0.03020	1.103133	0.02738
RT	79,223	0.02361	1.103133	0.02158
RH	2,876,255,690	0.02967	1.103133	0.02891
OP	375,815,411	0.02120	1.103721	0.01921
GS (less OP space heating)	5,709,705,051	0.03304	1.103135	0.02995
GS - OP space heating	462,562,103	0.02260	1.103135	0.02076
PD	1,084,668,923	0.02723	1.084127	0.02512
HT (less interruptible)	11,705,885,635	0.02909	1.039662	0.02796
SLP	84,151,152	0.02268	1.103085	0.02074
SLE	47,951,511	0.02140	1.098922	0.01947
TL	39,680,750	0.02420	1.103088	0.02194
EP	641,049,217	0.02540	1.039667	0.02443

PECO
Proposed Generation Credit

Year: 2001

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.03550	1.103133	0.03218
RT	79,223	0.02808	1.103133	0.02544
RH	2,876,255,690	0.03085	1.103133	0.02778
OP	375,615,411	0.02480	1.103721	0.02229
GS (less OP space heating)	5,709,705,051	0.03795	1.103135	0.03440
GS - OP space heating	462,562,103	0.02515	1.103135	0.02280
PD	1,084,668,923	0.03202	1.084127	0.02954
HT (less interruptible)	11,705,685,635	0.03372	1.039682	0.03243
SLP	84,151,152	0.03104	1.103085	0.02814
SLE	47,951,811	0.03132	1.098922	0.02850
TL	39,680,750	0.02850	1.103088	0.02584
EP	641,049,217	0.02908	1.039667	0.02797

PECO
Proposed Generation Credit

Year: 2002

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.03930	1.103133	0.03563
RT	79,223	0.03108	1.103133	0.02817
RH	2,876,255,690	0.03334	1.103133	0.03022
OP	375,615,411	0.02720	1.103721	0.02464
GS (less OP space heating)	5,709,705,051	0.04115	1.103135	0.03730
GS - OP space heating	462,562,103	0.02661	1.103135	0.02412
PD	1,084,668,923	0.03440	1.084127	0.03173
HT (less interruptible)	11,705,685,635	0.03683	1.039682	0.03542
SLP	84,151,152	0.03702	1.103085	0.03356
SLE	47,951,811	0.03666	1.098922	0.03518
TL	39,680,750	0.03160	1.103088	0.02665
EP	641,049,217	0.03181	1.039667	0.03080

**PECO
Proposed Generation Credit**

Year: 2003

Rate	1996 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04150	1.103133	0.03782
RT	79,223	0.03279	1.103133	0.02972
RH	2,876,255,690	0.03488	1.103133	0.03182
OP	375,815,411	0.02930	1.103721	0.02655
GS (less OP space heating)	5,709,705,051	0.04279	1.103135	0.03879
GS - OP space heating	462,562,103	0.02736	1.103135	0.02480
PD	1,084,668,923	0.03644	1.084127	0.03546
HT (less interruptible)	11,705,685,635	0.03935	1.039682	0.03785
SLP	84,151,152	0.04186	1.103085	0.03804
SLE	47,951,811	0.04483	1.098922	0.04061
TL	39,680,750	0.03330	1.103088	0.03019
EP	641,049,217	0.03402	1.039667	0.03272

PECO
Proposed Generation Credit

Year: 2004

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04650	1.103133	0.04215
RT	79,223	0.03671	1.103133	0.03328
RH	2,878,255,690	0.03839	1.103133	0.03480
OP	375,815,411	0.03000	1.103721	0.02718
GS (less OP space heating)	5,709,705,051	0.04785	1.103135	0.04338
GS - OP space heating	482,582,103	0.02966	1.103135	0.02889
PD	1,084,668,923	0.03941	1.084127	0.03635
HT (less interruptible)	11,705,685,635	0.04020	1.039682	0.03867
SLP	84,151,152	0.04359	1.103085	0.03952
SLE	47,951,811	0.04661	1.098922	0.04241
TL	39,880,750	0.03730	1.103088	0.03381
EP	841,049,217	0.03475	1.039667	0.03342

FECO
Proposed Generation Credit

Year: 2005

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04790	1.103133	0.04342
RT	79,223	0.03783	1.103133	0.03429
RH	2,876,255,890	0.03939	1.103133	0.03571
OP	375,615,411	0.03070	1.103721	0.02781
GS (less OP space heating)	5,709,705,051	0.04914	1.103135	0.04455
GS - OP space heating	462,562,103	0.03024	1.103135	0.02741
PD	1,084,668,923	0.04036	1.084127	0.03723
HT (less interruptible)	11,705,885,835	0.04104	1.039882	0.03947
SLP	84,151,152	0.04523	1.103085	0.04100
SLE	47,951,811	0.04859	1.098922	0.04422
TL	39,680,750	0.03840	1.103088	0.03481
EP	841,049,217	0.03549	1.039867	0.03414

PECO
Proposed Generation Credit

Year: 2008

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.05790	1.103133	0.05249
RT	79,223	0.04568	1.103133	0.04141
RH	2,876,255,690	0.04642	1.103133	0.04208
OP	375,815,411	0.03550	1.103721	0.03216
GS (less OP space heating)	5,709,705,051	0.05814	1.103135	0.05270
GS - OP space heating	462,562,103	0.03434	1.103135	0.03113
PD	1,084,688,923	0.04708	1.084127	0.04343
HT (less Interruptible)	11,705,685,835	0.04693	1.039682	0.04514
SLP	84,151,152	0.05664	1.103085	0.05135
SLE	47,951,811	0.06248	1.098922	0.05686
TL	39,880,750	0.04840	1.103088	0.04208
EP	641,049,217	0.04065	1.039667	0.03910

PECO
Proposed Generation Credit

Year: 2007

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201		1.103133	0.00000
RT	79,223		1.103133	0.00000
RH	2,878,255,690		1.103133	0.00000
OP	375,615,411		1.103721	0.00000
GS (less OP space heating)	5,709,705,051		1.103135	0.00000
GS - OP space heating	462,562,103		1.103135	0.00000
PD	1,084,868,923		1.084127	0.00000
HT (less interruptible)	11,705,885,635		1.039682	0.00000
SLP	84,151,152		1.103085	0.00000
SLE	47,951,811		1.098922	0.00000
TL	39,680,750		1.103088	0.00000
EP	641,049,217		1.039687	0.00000

PECO
Proposed Generation Credit

Year: 2008

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.06930	1.103133	0.06282
RT	79,223	0.05468	1.103133	0.04957
RH	2,876,255,690	0.05448	1.103133	0.04937
OP	375,615,411	0.04100	1.103721	0.03715
GS (less OP space heating)	5,709,705,051	0.06843	1.103135	0.06203
GS - OP space heating	482,582,103	0.03902	1.103135	0.03537
PD	1,084,888,923	0.05475	1.084127	0.05050
HT (less interruptible)	11,705,885,835	0.05368	1.039682	0.05161
SLP	84,151,152	0.08970	1.103085	0.08319
SLE	47,951,811	0.07837	1.098922	0.07132
TL	39,680,750	0.05560	1.103088	0.05040
EP	641,049,217	0.04654	1.039687	0.04478

ENRON
Proposed Generation Credit

Year: 1999

Rate	1996 Energy KWH	Retail Generation Price \$/KWH	Loss Factor	Generator Bus Price \$/KWH
R	7,711,912,201	0.04120	1.103133	0.03735
RT	78,223	0.03260	1.103133	0.02955
RH	2,878,255,890	0.03510	1.103133	0.03182
OP	375,815,411	0.02720	1.103721	0.02464
GS (less OP space heating)	5,709,705,051	0.04245	1.103135	0.03848
GS - OP space heating	482,582,103	0.02982	1.103135	0.02703
PD	1,084,888,923	0.03530	1.084127	0.03256
HT (less interruptible)	11,705,685,635	0.03627	1.039882	0.03489
SLP	84,151,152	0.03800	1.103085	0.03445
SLE	47,851,811	0.04020	1.098922	0.03658
TL	39,880,750	0.03330	1.103088	0.03019
EP	641,048,217	0.03200	1.039667	0.03078

ENRON
Proposed Generation Credit

Year: 2001

Rate	1996 Energy KWH	Retail Generation Price \$/KWH	Loss Factor	Generator Bus Price \$/KWH
R	7,711,912,201	0.04190	1.103133	0.03798
RT	79,223	0.03306	1.103133	0.02997
RH	2,876,256,690	0.03564	1.103133	0.03231
OP	375,815,411	0.02760	1.103721	0.02501
GS (less OP space heating)	5,709,705,051	0.04325	1.103135	0.03921
GS - OP space heating	462,582,103	0.02841	1.103135	0.02576
PD	1,084,668,823	0.03586	1.084127	0.03308
HT (less interruptible)	11,706,685,635	0.03666	1.039682	0.03545
SLP	84,151,152	0.03854	1.103085	0.03494
SLE	47,951,811	0.04070	1.098922	0.03704
TL	39,680,750	0.03380	1.103068	0.03064
EP	641,049,217	0.03234	1.039687	0.03111

ENRON
Proposed Generation Credit

Year: 2002

Rate	1996 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04250	1.103133	0.03853
RT	79,223	0.03353	1.103133	0.03040
RH	2,876,255,690	0.03619	1.103133	0.03281
OP	375,615,411	0.02800	1.103721	0.02537
GS (less OP space heating)	5,708,705,051	0.04391	1.103135	0.03980
GS - OP space heating	462,562,103	0.02881	1.103135	0.02612
PD	1,084,668,823	0.03643	1.084127	0.03360
HT (less interruptible)	11,705,685,635	0.03749	1.038682	0.03606
SLP	84,151,152	0.03909	1.103085	0.03544
GLE	47,951,811	0.04130	1.098922	0.03758
TL	39,680,750	0.03410	1.103068	0.03091
EP	641,049,217	0.03288	1.038687	0.03143

ENRON
Proposed Generation Credit

Year: 2003

Rate	1996 Energy KWH	Retail Generation Price \$/KWH	Loss Factor	Generator Bus Price \$/KWH
R	7,711,912,201	0.04320	1.103133	0.03916
RT	79,223	0.03401	1.103133	0.03083
RH	2,876,255,690	0.03675	1.103133	0.03331
OP	375,615,411	0.02840	1.103721	0.02573
GS (less OP space heating)	5,709,705,051	0.04488	1.103135	0.04048
GS - OP space heating	462,562,103	0.02841	1.103135	0.02575
PD	1,084,668,923	0.03700	1.084127	0.03413
HT (less interruptible)	11,705,685,635	0.03610	1.039682	0.03665
SLP	84,151,152	0.03965	1.103085	0.03594
SLE	47,951,811	0.04180	1.088922	0.03804
TL	39,680,750	0.03460	1.103088	0.03137
EP	641,049,217	0.03302	1.039667	0.03176

ENRON
Proposed Generation Credit

Year: 2004

Rate	1996 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04380	1.103133	0.03971
RT	79,223	0.03448	1.103133	0.03128
RH	2,878,255,690	0.03731	1.103133	0.03382
OP	375,615,411	0.02870	1.103721	0.02600
GS (less OP space heating)	5,709,705,051	0.04539	1.103135	0.04115
GS - OP space heating	462,562,103	0.02827	1.103135	0.02583
PD	1,084,668,923	0.03759	1.084127	0.03467
HT (less interruptible)	11,705,685,635	0.03870	1.038682	0.03722
SLP	84,151,152	0.04022	1.103085	0.03646
SLE	47,951,811	0.04240	1.088922	0.03858
TL	39,680,750	0.03510	1.103088	0.03182
EP	641,049,217	0.03337	1.038687	0.03210

ENRON
Proposed Generation Credit

Year: 2005

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04450	1.103133	0.04034
RT	79,223	0.03498	1.103133	0.03171
RH	2,876,255,690	0.03789	1.103133	0.03435
OP	375,815,411	0.02910	1.103721	0.02837
GS (less OP space heating)	5,709,705,051	0.04613	1.103135	0.04182
GS - OP space heating	462,582,103	0.02814	1.103135	0.02551
PD	1,084,868,923	0.03818	1.084127	0.03522
HT (less interruptible)	11,705,885,835	0.03935	1.039882	0.03785
SLP	84,151,152	0.04079	1.103085	0.03898
SLE	47,951,811	0.04280	1.098922	0.03904
TL	39,880,750	0.03540	1.103088	0.03209
EP	641,048,217	0.03372	1.039867	0.03243

ENRON
Proposed Generation Credit

Year: 2006

Rate	1996 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04510	1.103133	0.04088
RT	79,223	0.03673	1.103133	0.03330
RH	2,876,255,890	0.03847	1.103133	0.03487
OP	375,615,411	0.02950	1.103721	0.02873
GS (less OP space heating)	5,709,705,051	0.04667	1.103135	0.04249
GS - OP space heating	462,562,103	0.02808	1.103135	0.02545
PD	1,084,668,923	0.03878	1.084127	0.03577
HT (less Interruptible)	11,705,685,635	0.04000	1.038882	0.03847
SLP	84,151,152	0.04137	1.103085	0.03750
SLE	47,951,811	0.04350	1.098922	0.03958
TL	39,680,750	0.03580	1.103088	0.03254
EP	641,049,217	0.03408	1.039667	0.03278

ENRON
Proposed Generation Credit

Year: 2007

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04580	1.103133	0.04152
RT	79,223	0.03587	1.103133	0.03261
RH	2,876,255,680	0.03907	1.103133	0.03542
OP	375,815,411	0.02990	1.103721	0.02709
GS (less OP space heating)	5,709,705,051	0.04769	1.103135	0.04323
GS - OP space heating	462,562,103	0.02725	1.103135	0.02470
PD	1,084,668,923	0.03940	1.084127	0.03634
HT (less interruptible)	11,705,885,835	0.04088	1.039682	0.03911
SLP	84,151,152	0.04198	1.103085	0.03804
SLE	47,951,811	0.04410	1.098922	0.04013
TL	39,880,750	0.03630	1.103088	0.03291
EP	641,049,217	0.03444	1.039687	0.03313

ENRON
Proposed Generation Credit

Year: 2008

Rate	1998 Energy kWH	Retail Generation Price \$/kWH	Loss Factor	Generator Bus Price \$/kWH
R	7,711,912,201	0.04650	1.103133	0.04215
RT	79,223	0.03649	1.103133	0.03308
RH	2,876,255,690	0.03967	1.103133	0.03596
OP	375,615,411	0.03030	1.103721	0.02745
GS (less OP space heating)	5,709,705,051	0.04842	1.103135	0.04389
GS - OP space heating	462,562,103	0.02778	1.103135	0.02518
PD	1,084,668,823	0.04002	1.084127	0.03691
HT (less interruptible)	11,705,685,835	0.04133	1.039682	0.03975
SLP	84,151,152	0.04256	1.103085	0.03658
SLE	47,951,811	0.04470	1.098922	0.04068
TL	39,660,750	0.03670	1.103088	0.03327
EP	641,049,217	0.03480	1.039687	0.03347

APPROXIMATE GENERATION CREDIT @ 100% LOAD FACTOR

Year	PECO Proposal \$/kWH	Enron Proposal \$/kWH
1999	0.0255	0.0320
2001	0.0290	0.0325
2002	0.0315	0.0330
2003	0.0330	0.0335
2004	0.0345	0.0335
2005	0.0360	0.0340
2006	0.0415	0.0345
2007		0.0350
2008	0.0480	0.0355

APPROXIMATE LONG-RUN MARGINAL GENERATION COST

Based on a modern Combined Cycle unit. (1999\$)

Assumptions:

Capital Cost	450 \$/KW
Annual Fixed Cost Rate	16 %
Reserve Margin	18 %
Heat Rate	7100 BTU/kWH
Fuel Cost	274 c/mmBTU
Variable O&M	1.3 \$/MWH
Gross Receipts Tax	5 %

Generation Cost:

Fixed Costs	0.00969 \$/kWH
Fuel	0.01945 \$/kWH
V O&M	0.00130 \$/kWH
Subtotal:	0.03045 \$/kWH
Gross Receipts Tax	0.00152 \$/kWH
Total:	0.03197 \$/kWH

Assuming overall escalation in this cost of: 1.3 %

Year	LRMC (nominal \$)
1999	0.03197
2001	0.03238
2002	0.03280
2003	0.03323
2004	0.03366
2005	0.03410
2006	0.03454
2007	0.03499
2008	0.03545

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Statement No. 4-R

11/16/97

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Petition of Enron Energy Services Power, Inc. for
Approval of an Electric Competition and Customer Choice Plan
and for Authority Pursuant to Section 2807(e)(3) of the
Public Utility Code to Serve as the Provider of Last Resort
in the Service Territory of PECO Energy Company

Rebuttal Testimony and Exhibits

of

Kenneth J. Slater

on behalf of

Enron Energy Services Power, Inc.

Concerning

Relative Benefits Under Choice Plan
and Partial Settlement

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2

3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 **A. My name is Kenneth J. Slater. My business address is 3370 Habersham Road,**
5 Atlanta, Georgia 30305.

6

7 **Q. HAVE YOU SUBMITTED TESTIMONY PREVIOUSLY IN THIS**
8 **PROCEEDING?**

9 **A. Yes. I submitted Enron Statement No. 4 in support of Enron' s petition for**
10 approval of its Choice Plan, with accompanying Exhibits KJS-1 through KJS-
11 4.

12

13 **II. PURPOSE OF TESTIMONY**

14

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 **A. I am responding to certain statements in the testimonies of William H.**
17 Hieronymus, (PECO Statement No. 6E), and Richard H. Silkman,
18 (Responsive Testimony to the Enron Choice Plan), regarding my
19 development and use of a Long Run Marginal Cost of generation in
20 connection with market generation prices for use in competitive retail rates.

1 Q. SPECIFICALLY, WHAT ARE YOUR CONCLUSIONS IN THIS
2 REBUTTAL TESTIMONY?

3 A. My specific conclusions are:

- 4 (i) My original estimation of a Long Run Marginal Cost ("LRMC")
5 of generation was appropriate, with the exception of a small
6 adjustment necessary to recognize the correct level of gross
7 receipts tax.
- 8 (ii) The use of my LRMC to test the appropriateness of generation
9 price caps was correct.
- 10 (iii) PECO's market prices are not the product of a competitive
11 market. They result from the assumed continuation of the existing
12 wholesale power market structure, involving support of
13 generation capacity costs by captive retail customers. The
14 acceptance of such market prices, leads to serious overstatement
15 of stranded costs, and anti-competitive generation credits.

1 **III. LONG RUN MARGINAL COST**

2

3 **Q. WHICH SPECIFIC CRITICISMS OF YOUR LONG RUN**
4 **MARGINAL COST ARE YOU ADDRESSING?**

5 **A.** There are several criticisms by Dr. Hieronymus and Dr. Silkman, who claimed
6 that the combined cycle generation costs, that I use as a proxy for long run
7 marginal costs are in error because:

- 8 (i) My heat rate of 7100 BTU/kWH is higher than state of the art.
9 (ii) My annual fixed charge rate was too high, and I made no
10 allowance for fixed O&M costs.
11 (iii) I assumed a 100% load factor generation, and an 18% reserve
12 margin allowance.
13 (iv) My gross receipts tax was 5% rather than 4.4%.
14 (v) My LRMC escalated at 1.3% per year.

15

16 **Q. DO YOU AGREE WITH THESE CRITICISMS OF YOUR LRMC?**

17 **A.** The only criticism I accept is that my gross receipts tax should be reduced
18 from 5% to 4.4%. The balance of the criticisms are not appropriate.

19

20 **Q. PLEASE EXPLAIN.**

21 **A.** The characteristics of the combined cycle unit that I used in my LRMC

1 development were taken from units which my Independent Power Producer
2 clients wish to develop. At a price of \$450/kW in 1999, a unit with a heat
3 rate of 7100 BTU/kWH is appropriate, and reasonable, whereas a heat rate
4 of 6600 BTU/kWH, as used by Dr. Hieronymus is not generally considered
5 by my clients to be worth the risk, particularly regarding overall maintenance
6 costs and availability.

7 The 16% fixed charge rate that I used includes fixed O&M costs as well
8 as financing costs and depreciation. It is a rate my Developer clients consider
9 sufficient.

10

11 **Q. WHAT DO YOU MAKE OF DR. HIERONYMUS' S CONJECTURE**
12 **ABOUT WHETHER YOU USED A NOMINAL OR REAL FIXED**
13 **CHARGE RATE?**

14 **A.** I think Dr. Hieronymus was alluding to the use of a levelized real fixed charge
15 rate, otherwise known as an "economic carrying charge rate."

16

17 **Q. WOULD THE USE OF THIS ECONOMIC CARRYING CHARGE**
18 **RATE BE APPROPRIATE IN YOUR CALCULATION OF A LONG**
19 **RUN MARGINAL COST OF GENERATION?**

20 **A.** No. The "economic carrying charge" for a unit is a concept for valuing a
21 year in the life of the unit, and represents the present value of advancing or

1 delaying, by one year, the installation of a unit. Underlying the development
2 of this carrying charge are three assumptions.

3 First, there is the assumption of a guarantee that all plant costs will be
4 recovered. Second, there is the assumption that there will be no change in
5 technology of the unit, the in service date of which is being moved backward
6 or forward, and that at the end of the unit' s planned life, it will be replaced
7 by the same unit, in perpetuity. And, third, there is the assumption that the
8 real cost of the subject unit will remain the same, as will its replacements, in
9 perpetuity.

10 Obviously, the first assumption does not apply in a competitive generation
11 market, while the second and third have not recently applied and do not now
12 apply for either combined cycle or simple cycle combustion turbines.

13 My fixed charge rate does not include either a nominal or real fixed charge
14 rate, in the traditional regulated environment sense. It represents the level of
15 return which developers appear prepared to accept.

16

17 **Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF DR.**
18 **HIERONYMUS' S CRITICISMS OF YOUR LRMC?**

19 **A.** Certainly. The next criticisms are that I used a 100% capacity factor and an
20 18% reserve margin. I agree with Dr. Hieronymus that no real life unit is
21 100% available, therefore I provided reserves, which could also operate at

1 the same cost, to cover for forced and planned outages, and I provided for
2 necessary operating reserve and regulating capacity. That is, I accepted the
3 PJM Pool's required 18% reserve level, so that my LRMC of generation
4 would represent a generator busbar cost of full generation service for retail
5 loads.

6 With regard to the gross receipts tax, I will have to bow to Dr.
7 Hieronymus' s better knowledge on that particular subject.

8 Lastly, my 1.3% annual escalation assumption does need some explanation.
9 The 1.3% is my estimate of the effects of escalation in three separate
10 components of the LRMC; the capital cost of an equivalent unit, the O&M
11 costs, and the gas fuel costs. I have assumed that any nominal dollar capital
12 cost increases in the future will be almost entirely balanced by improvements
13 in performance, and I have assumed that the O&M costs will escalate at the
14 general rate of inflation. With regard to gas prices, I have been following
15 various fuel price forecasts over the past year in connection with several
16 projects for our Independent Power Producer clients. The forecast I used was
17 representative of more than one of these, and showed what Dr. Hieronymus
18 considers to be a high price in 1999, with an escalation from there of about
19 1% per year, which Dr. Hieronymus considers too low.

20

21 **Q. WHAT IS THE ORIGIN OF YOUR GAS PRICES?**

1 **A.** The gas and oil price forecasts, with which I have been working through most
2 of this year, have their origin in the forward fuel markets and represent the
3 asking price for future deliveries of the fuels. They are not the product of
4 econometric forecasts such as those produced by DRI or the EIA. In these
5 market based forecasts, the price of oil has been essentially flat in nominal
6 dollar terms and the price of gas has been increasing at well below the rate of
7 inflation.

8
9 **Q.** **HAVE YOU REVISED YOUR EXHIBIT KJS-4, TO ACCOUNT FOR**
10 **A DIFFERENT GROSS RECEIPTS TAX?**

11 **A.** Yes. I have provided Exhibit KJS-4R, which contains the corrected gross
12 receipts tax of 4.4%. However, I must say that I never intended this Long
13 Run Marginal Cost of Generation to be any more than an approximation (as
14 the title of Exhibit KJS-4 makes clear). I used it to demonstrate what was
15 already perfectly obvious, that the generation credits contained in the Partial
16 Settlement would seriously delay any real generation competition. Indeed,
17 Partial Settlement proponent Dr. Silkman concedes the point that the
18 generation credits in the early years are likely to thwart competition. Even
19 Dr. Hieronymus grudgingly seems to agree, acknowledging that the
20 generation price caps in the early years of the Partial Settlement are "tight".

1 In other words, if Dr. Hieronymus is only "a little wrong", competition will
2 wither on the vine.

3

4 **Q. DR. SILKMAN CLAIMS, AT PAGE 13 OF HIS RESPONSIVE.**
5 **TESTIMONY, THAT YOUR LRMC OF GENERATION IS**
6 **INCONSISTENT WITH PRICE PROJECTIONS PRODUCED BY**
7 **PECC WITNESS MITNICK. IS THAT CORRECT?**

8 **A.** No. My understanding of the price projections contained in Mr. Mitnick's
9 testimony is that they are not his own projections of generation prices, but
10 rather they represent an average of the prices produced by PECO's three
11 consultants which he used for illustrative purposes. In other words, the
12 intimation that Mr. Mitnick "adopted" these forecasts does not seem to
13 square with Mr. Mitnick's testimony.

14

15 **IV USE OF LRMC TO TEST APPROPRIATENESS OF GENERATION**
16 **PRICE CAPS**

17

18 **Q. DR. SILKMAN CLAIMS THAT YOU HAVE MISAPPLIED YOUR**
19 **LONG RUN MARGINAL GENERATION COST BY NOT**
20 **CONSIDERING LOSSES OR LOAD FACTOR. HAVE YOU MADE**
21 **SUCH AN ERROR?**

1 **A.** No. I properly considered T&D losses in my comparisons of my LRMC with
2 the generation credits proposed by PECO and Enron, by including, in my
3 Exhibits KJS-1 & KJS-2, loss factors for each customer class necessary to
4 bring the rate class generation credits from customer meter to generator bus.
5 I was then able to perform, in Exhibit KJS-3, an approximate combination of
6 rate class generation credits, at generator bus, to obtain an equivalent 100%
7 load factor generation credit at generator bus, which could then be directly
8 and correctly compared with the Long Run Marginal Generation Cost from
9 my combined cycle unit costs, which were calculated at the generator bus.
10 Therefore, there is no misapplication on account of T&D losses.

11

12 **Q.** **HAVE YOU MISAPPLIED YOUR LRMC OF GENERATION BY NOT**
13 **CONSIDERING THE RATE CLASS LOAD FACTORS, AS DR.**
14 **SILKMAN CLAIMS?**

15 **A.** No. As I have explained above, I accounted for the load factors of the
16 customer classes by combining the generation credits of appropriate peak and
17 off-peak rate classes in order to approximate a 100% load factor retail
18 portfolio. This allowed a proper comparison with 100% load factor
19 generation cost.

20

1 Q. WHY DID YOU MAKE THE COMPARISON AT THE GENERATOR
2 BUS AND NOT AT THE CUSTOMER METER, FOR VARIOUS
3 RATE CLASSES?

4 A. I made the comparison the way I did, because my major point dealt with the
5 ability of a new generator to enter the retail generation market. My
6 comparison allowed this without the distraction of a multitude of detail.

7

8 V PECO'S ALLEGED "MARKET PRICES"

9

10 Q. DR. HIERONYMUS IS CRITICAL OF YOUR LRMC AND ENRON'S
11 GENERATION CREDITS IN COMPARISON TO THE MARKET
12 PRICES HE DEVELOPED. DO YOU AGREE WITH HIS
13 CRITICISMS?

14 A. No. I disagree for two main reasons. First, his forecast ignores the future
15 presence of a competitive environment. Second, he and I have used vastly
16 different fuel price forecasts.

17

18 Q. IN WHAT WAY DOES DR. HIERONYMUS IGNORE THE FUTURE
19 COMPETITIVE ENVIRONMENT?

20 A. He appears to have modeled the future operation of the PJM, NYPP and
21 NEPOOL systems as being precisely the same as they are today; each

1 generating unit is dispatched as it is today, collects a generation payment
2 equal to the marginal cost of generation at the times the unit produces output,
3 and then has the balance of its operating and support costs made up through
4 “uplift” payments, uniform and rather minimal \$/kW/year capacity payments
5 and stranded cost recovery payments from captive distribution customers. No
6 individual generator has to make its own way by competing with other
7 generators. No generator is assumed to retire because it is uneconomic.
8 Capacity is added only when required to meet the current reserve margin. Dr.
9 Hieronymus assumes “business as usual”. **There is no reflection of**
10 **competition in the way he has assumed that the system will operate in**
11 **the future.**

12
13 **Q. WHAT HAS DR. HIERONYMUS ASSUMED ABOUT GENERATOR**
14 **RETIREMENTS?**

15 **A. He has assumed that the present retirement schedule of the utilities will remain**
16 **in place unchanged. In Dr. Hieronymus’s view of things, the ability to**
17 **compete, apparently, will not affect whether a unit remains in service or not.**

1 **Q. WHAT HAS DR. HIERONYMUS ASSUMED ABOUT GENERATION**
2 **CAPACITY PAYMENTS?**

3 **A.** He has assumed that the existing level of payments for traded capacity in PJM
4 will continue until new capacity, (in the form of CTs), is installed. At that
5 time he assumes that capacity payments will move to the minimum support
6 cost of a CT which is determined under an assumption that there is a
7 guarantee of full cost recovery by the owner.

8
9 **Q. ON WHAT BASIS IS CAPACITY TRADED TODAY IN PJM?**

10 **A.** Today, most capacity trades in PJM, and elsewhere within the regulated utility
11 industry, are simply sales of capacity which, after loads are met, are surplus
12 to the needs of the selling utility. Because the fixed costs associated with this
13 capacity are already being charged to captive ratepayers, the utility finds it
14 profitable to sell the use of this capacity at any price above zero. The
15 payment does not have to support the continued existence of the capacity.

16
17 **Q. WHAT HAS DR. HIERONYMUS ASSUMED ABOUT FUTURE PECO**
18 **GENERATOR PERFORMANCE AND O&M COSTS?**

19 **A.** I do not see that he has assumed anything different from what exists now.
20 Competitive pressures are widely expected to result in lower O&M costs per

1 MWH and better performance for generating units, but Dr. Hieronymus has
2 assumed no such improvements.

3

4 **Q. WHAT HAS DR. HIERONYMUS ASSUMED ABOUT GENERATION**
5 **ADDITIONS?**

6 **A.** He has assumed that generation additions will be made only to maintain a
7 reserve margin at the current level. He has not considered that the market
8 price he forecasts might attract new generation, and he has not considered
9 that the market price might be considered as to the type of capacity that is
10 added. He simply assumes that only CTs will be built in PJM, while CCs will
11 be built in NYPP and NEPOOL.

12

13 **VI OVERSTATEMENT OF STRANDED COST**

14

15 **Q. HOW WOULD YOU CHARACTERIZE DR. HIERONYMUS' S**
16 **GENERATION MARKET PRICES?**

17 **A.** Dr. Hieronymus's market prices are not the product of a competitive market.
18 They result from the assumed continuation of the existing wholesale power
19 market structure, involving support of generation capacity costs by captive
20 retail customers.

1 In the short term, PECO's market prices are only possible through a
2 continuation of this existing wholesale power market structure. In the longer
3 term, PECO's market costs ignore the potential for competitive system
4 additions and improvements.

5
6 **Q. DO THESE ASSUMPTIONS HAVE ANY IMPACT ON PECO'S**
7 **ASSUMED STRANDED COSTS?**

8 **A.** Yes, they do. They result in a higher estimate of stranded costs.

9
10 **Q. CAN YOU PROVIDE ANY EXAMPLES OF HOW THESE**
11 **ASSUMPTIONS, IF CHANGED, WOULD LOWER ESTIMATES OF**
12 **PECO'S STRANDED COSTS?**

13 **A.** Certainly. First, consider unit retirements. The retirement of any unit, which
14 cannot support its total ongoing costs through its market sales, reduces
15 PECO's costs, and could in addition result in higher market costs due to the
16 withdrawal of that unit's generation. Both of these effects would reduce
17 stranded costs.

18 Second, consider generation capacity prices. If generation capacity prices
19 increase to levels required to actually support the capacity and to cover the
20 risks associated with installing new capacity in a non-regulated environment

1 with no guarantee of cost recovery, market prices will be higher, and stranded
2 costs will be lower.

3 Third, consider the impact of improving the performance of PECO's
4 generating units. One of the advantages of competition is that owners of
5 generation seek to maximize the profitability of each generator. This can be
6 done by improving the unit's cycling ability, (so that it is not required to
7 remain in service when the generation price is uneconomic for it), or by
8 reducing the time spent on forced and planned outages, (so that profitable
9 generation sales are increased). The first of these has the effect of increasing
10 system marginal energy costs, thus reducing stranded costs, while the second
11 would increase the unit's profitability, also reducing stranded costs.

12
13 **Q. DR. HIERONYMUS HAS PROVIDED EXHIBIT WHH-10 TO SHOW**
14 **THAT MARKET PRICES EQUIVALENT TO YOUR LRMC'S**
15 **WOULD RESULT IN AN INCREASE IN PECO'S STRANDED**
16 **COSTS. IS HE CORRECT?**

17 **A.** No. He is simply exploiting the difference in fuel cost escalation between his
18 fuel cost forecast and mine. For example, the average annual escalation rates
19 between 1999 and 2008 for gas and #6 oil in DRI's forecast as displayed in
20 Exhibit DCS-3 to the testimony of OCA witness Douglas C. Smith are 5.23%
21 and 5.74% respectively, compared with my gas price escalator of about 1%.

1 **Q. ARE STRANDED GENERATION COSTS SIMPLY THE RESULT OF**
2 **THE MARKET PRICES?**

3 **A.** No. They also result from many other actions by the owner of the generation,
4 such as economic retirements of units and improvements in efficiency,
5 operational flexibility and availability of generating units.

6 They further result from innovation in marketing by the generation owner and
7 the owner's ability to profit from non-generation areas of the competitive
8 market.

9 None of these additional factors have been considered by Dr. Hieronymus.

10

11 **Q. HOW COULD A MORE REALISTIC STRANDED COST FOR PECO**
12 **BE ESTABLISHED?**

13 **A.** Realistically, the best way to determine stranded costs would be to sell the
14 assets and see what a buyer, evaluating the full potential of the assets, might
15 be prepared to pay for them, and then compare the sale price with the
16 remaining book value.

17 Of course, PECO is not offering the generating assets for sale, as are
18 NEPOOL utilities. But if PECO could achieve a result similar to that
19 achieved by the New England Electric System in its divestiture, PECO's
20 stranded costs would undoubtedly be far less than it is forecasting.

1 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

2 A. Yes, it does.

APPROXIMATE LONG-RUN MARGINAL GENERATION COST

Based on a modern Combined Cycle unit. (1999\$)

Assumptions:

Capital Cost	450 \$/kW
Annual Fixed Cost Rate	16 %
Reserve Margin	18 %
Heat Rate	7100 BTU/kWH
Fuel Cost	274 c/mmBTU
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Generation Cost:

Fixed Costs	0.00969 \$/kWH
Fuel	0.01945 \$/kWH
V O&M	0.00130 \$/kWH
Subtotal:	0.03045 \$/kWH
Gross Receipts Tax	0.00134 \$/kWH
Total:	0.03179 \$/kWH

Assuming overall escalation in this cost of: 1.3 %

Year	LRMC (nominal \$)
1999	0.03179
2001	0.03220
2002	0.03262
2003	0.03304
2004	0.03347
2005	0.03391
2006	0.03435
2007	0.03479
2008	0.03525

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STATEMENT NO. 5

0007

Phila 11/18/97 et al

**Petition of Enron Energy Services Power Inc. for approval
of an Electric Competition and Customer Choice Plan and
for authority pursuant to Section 2807 (e)(3) of the
Public Utility Code to serve as the Provider
of Last Resort in the service territory
of PECO Energy Company.**

**DOCUMENT
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Direct Testimony and Exhibits

of

Harry J. Kingerski

on behalf of

Enron Energy Services Power, Inc.

concerning

Competitive Tariffs and Service Offerings

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1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2

3 A. My name is Harry J. Kingerski and my business address is 1400 Smith Street,
4 Houston, Texas 77002.

5

6 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

7

8 A. I am employed by Enron Energy Services, Inc. as Director, Rates and Tariffs.

9

10 Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR, RATES AND
11 TARIFFS?

12

13 A. My work includes analyzing the rates and tariffs of various utilities across the
14 country which are involved in restructuring or other proceedings involving access to
15 retail electricity markets.

16

17 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

18

19 A. I have received a Master of Arts Degree in Economics from George Washington
20 University, a Master of Administrative Sciences Degree from Johns Hopkins
21 University and a Bachelor of Science Degree in Mathematics from the University of
22 Pittsburgh.

23

24 Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AS IT
25 RELATES TO ENERGY ISSUES.

26

27 A. I began my present employment in November 1996. Prior to that time, I was

1 employed by the Baltimore Gas and Electric Company in Baltimore, Maryland for
2 16 years. During my tenure with Baltimore Gas and Electric Company, I was
3 involved with electric and gas rate and regulatory issues. During that time, I
4 progressed through the positions of Rate Analyst, Senior Forecaster, Rates
5 Supervisor, Acting Director-Rate Research and Special Contracts, and Electric
6 Pricing Director.

7
8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

9
10 **A.** The Choice Plan which Enron Energy Services Power, Inc. ("Enron") filed with the
11 Pennsylvania Public Utility Commission on October 7, 1997 contains a proposed
12 Electric Delivery Service Tariff under which PECO would provide distribution and
13 transmission services in its service area. My testimony describes why Enron
14 proposed this tariff, how the tariff was constructed, and the rationale for its main
15 provisions. A copy of the proposed Electric Delivery Service Tariff is attached to
16 my testimony as Exhibit A and is referred to by other Enron witnesses.

17
18 **Q. WAS EXHIBIT A PREPARED BY YOU OR UNDER YOUR DIRECT**
19 **SUPERVISION?**

20
21 **A.** Yes it was.

22
23 **Q. PLEASE EXPLAIN WHY ENRON FELT A DETAILED TARIFF WAS**
24 **NECESSARY IN THIS PROCEEDING.**

25
26 **A.** On December 3, 1996, the Electricity Generation Customer Choice and Competition

1 Act (the "Act") became law in Pennsylvania. The Act states specifically that
2 permitting retail customers to obtain direct access to the competitive generation
3 market is in the public interest and that Pennsylvania must begin the transition from
4 regulation to greater competition in the electricity generation market. This mandate
5 creates an entirely new environment for the generation and delivery of electric
6 energy. As such, there must also be well established "rules of the road" which set
7 forth how the business of delivering competitive energy supplies to the end user will
8 be conducted. Absent such rules, there will be significant confusion in the
9 marketplace. In our opinion, these "rules of the road" must be defined in the
10 Electric Delivery Service Tariff.

11
12 **Q. DID PECO PROPOSE SPECIFIC TARIFF PROVISIONS?**

13
14 **A.** PECO proposed tariff sheets which contained unbundled transmission and
15 distribution rates. It did not propose specific terms and conditions which would
16 describe how PECO would operate in the restructured market. It is for this reason
17 that Enron undertook to develop a specific Electric Delivery Service Tariff.

18
19 **Q. WILL YOU GIVE A BROAD OVERVIEW OF THE ELECTRIC DELIVERY**
20 **SERVICE TARIFF THAT ENRON IS PROPOSING IN THIS PROCEEDING?**

21
22 **A.** Compared to the role envisioned by PECO, Enron's proposed tariff introduces a new
23 role for Electric Generation Suppliers ("EGS") on the PECO system. Under the
24 proposed tariff, end users on PECO's system are free to contract with an EGS for the
25 provision of services on an unbundled basis. Such services include generation,
26 transmission, distribution, and a variety of customer-related services such as metering,

1 meter reading and billing, etc. An end user acting for its own account and on its own
2 behalf can obtain these services on his or her own without engaging the services of an
3 EGS.

4
5 **Q. HOW DOES THE PROPOSED TARIFF CAPTURE PECO'S ROLE IN THIS**
6 **NEW ENVIRONMENT?**

7
8 **A.** The tariff describes how PECO provides transmission and distribution services to EGSs
9 operating in its service area, coordinates the scheduling and delivery of power among
10 EGSs, and extends distribution lines to new end users. The tariff also describes how
11 service will be provided to default service customers. Reliability and safety continue
12 to be critical issues under the proposed tariff, and the tariff also describes how PECO
13 maintains its existing authority to ensure that neither of these critical aspects are
14 adversely affected by unbundling and the availability of retail customer choice.

15
16 **Q. PLEASE CONTINUE WITH YOUR OVERVIEW OF THE PROPOSED**
17 **TARIFF.**

18
19 **A.** First, I would note that Enron used PECO's current tariff and other documents as a
20 starting point, with the goal being to keep changes to these documents to a minimum.
21 In addition to the current tariff, Enron relied on PECO's proposed unbundled rate sheets
22 from the Partial Settlement and on PECO's Electric Generation Supplier Agreement
23 from its Customer Choice Pilot. Changes were made only where necessary to bring
24 PECO's existing tariff and documents in line with the objectives and purpose of the Act.
25 For the most part, the changes serve only to introduce the concept of electric
26 generation suppliers into PECO's system. Thus, there are numerous instances

1 throughout the tariff where references to the "customer" were changed to refer either
2 to an EGS or to the end user, as appropriate given the context of the particular
3 provision of the tariff at issue.

4 It was, however, necessary to include several new and specific rules relative to
5 unbundling and retail customer choice. For example, Rule 2 of the proposed tariff sets
6 forth a comprehensive set of terms and conditions which describe the relationship
7 between end users and the EGSs they may select. Rule 3 of the proposed tariff sets
8 forth equally comprehensive terms and conditions which describe the relationship
9 between PECO and EGSs relative to a variety of operational matters. Rule 4 of the
10 proposed tariff establishes various credit and security requirements to which EGSs
11 must adhere. Rules 16, 17 and 22 introduce terms and conditions upon which
12 unbundled, competitive "non-wires" services such as metering, meter reading, billing,
13 collection, and customer-related services will be available to end users. Rule 23
14 establishes competitive safeguards pertaining to PECO's relationship with EGSs.
15 Finally, Rule 24 establishes a framework under which "default service" will be available
16 to customers on PECO's system.

17
18 **Q. MR. KINGERSKI, WOULD YOU EXPLAIN THE RELATIONSHIP**
19 **BETWEEN END USERS AND EGSs THAT IS CONTEMPLATED IN RULE 2**
20 **OF ENRON'S PROPOSED TARIFF?**

21
22 **A.** Rule 2 of the proposed tariff is entitled EGS and End User Guidelines and provides a
23 comprehensive set of consumer protection rules applying to the EGS-end user
24 relationship. In general it provides a process by which EGSs may solicit and enroll end
25 users for service from the EGS. It also contains enrollment verification procedures.

26 With respect to solicitation, the rule prohibits EGSs from violating

1 Pennsylvania's consumer protection laws and from engaging in any unfair or deceptive
2 practice or act. It also requires that any entity with which an EGS contracts for
3 marketing or solicitation purposes refrain from any such violations and that they also
4 adhere to the proposed tariff. With regard to verification, under the proposed tariff the
5 EGS is responsible for retaining proof of verification of enrollment for all end users
6 served by that EGS. The tariff allows for the auditing of records for this purpose. If
7 an EGS enrolls an end user in violation of the proposed tariff, the tariff provides for a
8 fine of \$500 for each violation. In addition, in the event an EGS is found to have
9 enrolled 50 or more end users in violation of the tariff, PECO is authorized to
10 recommend to the Commission that the EGS' license to provide electric generation
11 service be revoked. The proposed tariff also extends a three-day right of rescission to
12 the end user whereby the end user may rescind, at no cost, its selection of an EGS.
13 Rule 2 also provides specific terms and conditions regarding the timing within which
14 PECO must activate an end user's enrollment with an EGS, as well as a variety of other
15 general protections which operate for the benefit of the end user.

16
17 **Q. PLEASE EXPLAIN THE PROVISIONS OF RULE 3 OF THE PROPOSED**
18 **TARIFF.**

19
20 **A.** Rule 3 of the proposed tariff, entitled Operations, creates three EGS classifications, as
21 follows: Load Following EGS, Scheduling EGS, and Non-Scheduling EGS. The
22 purpose of Rule 3 is to establish a specific set of guidelines which will govern
23 forecasting, scheduling and reconciliation of electric energy delivery by an EGS to an
24 end user over PECO's system.

25 By providing three EGS classifications, Rule 3 creates a framework whereby
26 EGSs of differing levels of sophistication and capability relative to forecasting,

1 scheduling and reconciliation may nevertheless participate in the market for supplying
2 competitive energy to end users.

3
4 **Q. WHAT DOES THE PROPOSED TARIFF REQUIRE OF THE EGS IN THE**
5 **WAY OF CREDIT AND SECURITY PROVISIONS?**

6
7 **A.** Rule 4 of the proposed tariff, entitled Application for Service and Credit sets forth
8 certain security and credit requirements in addition to those required under Section
9 2809 of the Act. Specifically, EGSs on PECO's system must satisfy and maintain one
10 or more of the specified creditworthiness criteria. These criteria, operating in
11 conjunction with those established by the Act, will help to ensure that only financially
12 stable EGSs will be providing service to end users in the competitive arena, and as such
13 is another form of consumer protection contained in the tariff.

14
15 **Q. MR. KINGERSKI, EARLIER YOU MENTIONED THAT THE PROPOSED**
16 **TARIFF ALLOWS FOR THE PROVISION OF VARIOUS SERVICES ON AN**
17 **UNBUNDLED BASIS. WOULD YOU PLEASE EXPLAIN THOSE ASPECTS**
18 **OF THE PROPOSED TARIFF AS THEY RELATE TO METERING?**

19
20 **A.** Yes. Rule 2.4 of the proposed tariff provides that an EGS may contract for or
21 otherwise arrange with other service providers to perform metering, billing, and
22 customer service functions. Rule 16 of the proposed tariff specifically allows metering
23 to be performed by PECO or a separate Meter Service Provider at the option of an end
24 user or the EGS serving the end user. In such a case, the Meter Service Provider is held
25 to comparable standards as those applicable to PECO regarding meter tests,
26 adjustments for errors, inspection of meters, etc. Rule 16 also provides that meter

1 reading services may be provided by an EGS or by such other service provider as may
2 be authorized and selected by either the EGS or the end user, and there are a variety of
3 requirements in the Rule which all meter reading service providers must meet.
4

5 **Q. WHERE ARE THE TERMS AND CONDITIONS OF UNBUNDLED BILLING**
6 **SERVICES ARTICULATED IN THE PROPOSED TARIFF?**
7

8 A. Rule 17, entitled Standard Payment Terms, provides that an EGS, its agent, or such
9 other provider authorized by as the end user, shall provide billing services including, but
10 not limited to, reading of end users' meters; billing of end users based on the agreement
11 between the end user and the EGS; adjusting end users' bills due to billing errors, and
12 collecting and processing amounts owed by end users. Rule 17 of the proposed tariff
13 also includes a list of specific information which must be included on bills to end users.
14
15

16 **Q. IF AN END USER FAILS TO PAY ITS BILL TO AN EGS, CAN THE EGS**
17 **TERMINATE SERVICE TO THE END USER?**
18

19 A. Rule 18 of the proposed tariff, entitled Termination of Service, provides generally that
20 an EGS may terminate, but not disconnect, service to end users upon not less than five
21 business days notice to the end user and to PECO. Upon such termination, if the end
22 user has not elected to receive the service from a new EGS, that customer will revert
23 to default service under Rule 24 of the proposed tariff. I will discuss the specifics of
24 default service under Rule 24 later in my testimony.
25

26 **Q. WHAT TERMS AND CONDITIONS ARE PROVIDED IN THE PROPOSED**

1 **TARIFF REGARDING AN UNBUNDLED CUSTOMER SERVICE**
2 **FUNCTION?**

3 A. Rule 22, entitled Customer Service, of the proposed tariff provides that an EGS, its
4 agent, or such other provider authorized by the end user, is responsible for providing
5 customer service functions, including, but not limited to, enrollment and verification of
6 end users, opening end user accounts, transferring end user accounts to new service
7 addresses, closing end user accounts, and responding to questions regarding metering
8 and billing, as well as inquiries from end users regarding outages, credit, complaints and
9 hazardous, life threatening and unsafe conditions. Rule 22 of the proposed tariff also
10 addresses the requirement to tender information to PECO on a number of topics,
11 including outages and energy diversion. The proposed rule also provides that EGSs or
12 other authorized providers of the customer service function shall maintain the
13 confidentiality of end user information.

14
15 Q. **WHAT PROVISIONS REGARDING COMPETITIVE SAFEGUARDS HAVE**
16 **BEEN INCORPORATED INTO THE PROPOSED TARIFF?**

17
18 A. Rule 23, entitled Competitive Safeguards, sets forth a comprehensive set of safeguards
19 which pertain to PECO's relationship with an affiliated EGS. The proposed tariff
20 prohibits the tying of regulated services by PECO to the provision of any product or
21 service in which an affiliated EGS is involved. The tariff also sets forth safeguards
22 relative to the use and dissemination of information received by PECO, the use of
23 shared employees and the use of corporate identification as between PECO and an
24 affiliated EGS.

25
26 Q. **ARE THESE PROPOSED COMPETITIVE SAFEGUARDS SUBSTANTIALLY**

1 **DIFFERENT FROM THE COMPETITIVE SAFEGUARDS PROPOSED BY**
2 **ENRON EARLIER IN THIS CASE?**

3
4 A. No. The competitive safeguards in the proposed tariff are substantially identical to the
5 competitive safeguards filed previously by Enron in this case and in other jurisdictions.

6
7 **Q. MR. KINGERSKI, WOULD YOU PLEASE EXPLAIN WHY THE TARIFF**
8 **CONTAINS DEFAULT SERVICE PROVISIONS AND WHERE THOSE**
9 **PROVISIONS ARE CONTAINED?**

10
11 A. The Act recognizes that certain customers on PECO's system will not choose a
12 generation supplier, will choose one, but later return to the default provider, or will
13 choose a supplier that will fail to perform. Thus, the Act contains provisions to assure
14 that there will always be a provider of last resort available to furnish electrical service
15 to end users. Rule 24 (Default Service) and Rate DS Default Service of the proposed
16 tariff establish a comprehensive framework within which such default service will be
17 available to end users on PECO's system.

18
19 **Q. PLEASE DESCRIBE THE PURPOSE OF RULE 24.**

20
21 A. Rule 24 of the proposed tariff defines the nature of default service and sets forth a
22 variety of provisions regarding such matters such as the treatment of prior debts, the
23 posting of deposits, billing and payment procedures, etc. These terms and conditions
24 of default service are intended to generally replicate the terms and conditions under
25 which customers currently receive bundled service from PECO.

1 Q. PLEASE DESCRIBE THE PURPOSE OF RATE DS.

2
3 A. Pages 67 through 71 of the proposed tariff contain Rate DS, under which default
4 service will be provided. Rates shown in the schedule are the energy components for
5 default service and are combined with the transmission and distribution rates set forth
6 in the preceding rate schedules. Rate DS creates three types of default service available
7 to end users in PECO's service territory. The first is called Standard Default Service
8 ("SDS") and is available to any residential or commercial end user not otherwise
9 receiving service from an EGS but that did previously receive service from an EGS after
10 September 1, 1998 (the proposed effective date of Enron's Choice Plan). The second
11 type of default service is Transitional Default Service ("TDS"). TDS is available to any
12 end user who has not selected an EGS or who was unable to obtain electric service
13 from an EGS as of September 1, 1998. Once an end user has elected to receive service
14 from an EGS, if that end user later desires to return to default service, the returning end
15 user is not eligible for Transitional Default Service, unless the end user agrees to receive
16 such service for a minimum of 12 months.

17 The third type of default service is entitled CAP Rate Service ("CRS"), which
18 is available to residential end users that satisfy the eligibility requirements of the CAP
19 Rate Schedule, or any other eligibility requirements that may later be approved by the
20 Commission. The availability of default service under this rate schedule provides a
21 safety net for those residential end users who are in need of assistance in meeting their
22 home electric energy needs.

23
24 Q. PAGE 46 OF THE PROPOSED TARIFF SETS FORTH THE TERMS AND
25 CONDITIONS AND DISTRIBUTION AND TRANSMISSION RATES FOR
26 THE CAP RATE. AS ORIGINALLY FILED, THAT PROPOSED TARIFF

1 SHEET INDICATES A LIMITATION OF UP TO 5,000 END USERS. HAS
2 THAT LIMITATION BEEN REMOVED?

3
4 A. Yes it has.

5
6 Q. PLEASE EXPLAIN.

7
8 A. Enron acknowledges and embraces appropriate measures to provide home heating
9 assistance to low income customers. In that regard, it is Enron's intention that its
10 Choice Plan would match the low income assistance measures embodied in the CAP
11 Rate offered by PECO in the Partial Settlement. While PECO made mention of
12 expanding the CAP Rate eligibility to a maximum of 100,000 customers as part of the
13 Partial Settlement, the rate schedules filed by PECO did not include reference to that
14 expanded eligibility. Enron simply carried forward that aspect of PECO's proposed
15 CAP rate schedule such that CAP Rate eligibility under Enron's Choice Plan is available
16 for up to 100,000 customers. Enron also intends that its Choice Plan adopt the various
17 caveats contained in PECO's Partial Settlement regarding recovery of current and
18 future levels of "universal service" costs reflected in residential distribution rates, as well
19 as possible adjustments to the program as enrollment reaches the 80,000 and 90,000
20 customer marks.

21
22 Q. WHAT OTHER CHANGES HAS ENRON MADE TO THE ELECTRIC
23 DELIVERY SERVICE TARIFF SUBSEQUENT TO ITS FILING ON
24 OCTOBER 7, 1997?

25
26 A. It is also Enron's intention to match the terms of PECO's Partial Settlement relative to

1 the Large Interruptible Load Rider ("LILR"). Specifically, Enron has adopted the
2 special pricing to end users under the LILR offered by PECO under the Partial
3 Settlement. Specifically, the LILR will continue to be available through December 31,
4 2008 to current LILR end users. The unbundled on-peak charges for LILR end users
5 will be 0.5¢ per kWh for distribution service, plus Gross Receipts Tax and 0.5¢ per
6 kWh for transmission service, plus Gross Receipts Tax. The on-peak portion of LILR
7 end users' interruptible load will not be assessed CTC/ITC charges. The unbundled off-
8 peak charges will be as set forth in rate schedule HT, including CTC/ITC charges. In
9 the event that an LILR end user elects to receive default service, energy will be priced
10 at the PJM Billing Rate, or its replacement, for all on-peak energy associated with an
11 LILR end user's interruptible load. Changes to capture these modification are noted
12 on pages 56, 68, 70 and 72 of the proposed tariff, which, together with the other
13 charges noted in the tariff, are contained in Exhibit B to my testimony.

14
15 **Q. WERE ANY OTHER CHANGES MADE TO THE PROPOSED TARIFF?**

16
17 **A.** Yes. Enron revised the rate table on pages 69 through 71 and pages 73 through 75 to
18 include the applicability of the "Other Tax Adjustment Clause". In addition, several
19 typographical errors have been corrected. The specific corrections are as follows:

20 P. 31, Rule 16.3 (d), the reference to (3) has been changed to (6).

21 P. 32, Rule 17.2(c), (2), the reference to "ESP" has been changed to ("EGS").

22 P. 34, Rule 22.1, the words "shall provide" have been eliminated from the first
23 line of this sentence.

24 P. 40, underlining of State Tax Adjustment Clause has been removed because
25 this wording exists in PECO's current tariff.

26 P. 68, special provision 3, the reference to "form" has been replaced with

1 "from".

2 P. 69, p. 70, reference to "defaul" has been replaced with "default".

3
4 **Q. DO ANY OF THE PROPOSED CHARGES IMPACT OTHER DOCUMENTS**
5 **SUBMITTED WITH ENRON'S CHOICE PLAN ON OCTOBER 7, 1997?**

6
7 **A.** Yes. The Firm Energy & Capacity Purchase and Sale Agreement included with the
8 Choice Plan filing includes an Exhibit A which replicates the charges under Rate DS.
9 Consequently, the charges I noted relative to pages 69, 70 and 71 of the proposed tariff
10 must also be made to Exhibit A of that Agreement. A revised exhibit to that Agreement
11 is also included in the revised pages contained in my Exhibit B.

12
13 **Q. HAS ENRON OFFERED ANY CHANGES TO ITS PROPOSED TARIFF**
14 **REGARDING SERVICE UNDER RIDER EER AND RULE 4.6 CONTRACTS?**

15
16 **A.** Not at this time. However, Enron is aware that PECO's Partial Settlement provides
17 that customers served under Rider EER and Rule 4.6 contracts which contain discounts
18 to the existing Rate HT capacity charge and the first two price blocks of Rate HT will
19 be extended a discount for Rider CTC/ITC charges in the same negotiated percentage
20 as the discount reflected in the end user's contract. Enron has requested information
21 surrounding this aspect of PECO's Partial Settlement from PECO and upon receipt
22 thereof, will complete its analysis on this issue.

23 Enron assumes that the discounted CTC/ITC charges which would otherwise
24 be the responsibility of end users receiving service under Rider EER and Rule 4.6
25 contracts, have been reallocated among PECO's other classes of service, with the result
26 being that PECO is revenue neutral in extending this discount. If this assumption holds

1 true, Enron would anticipate being able to extend discounts so as to match the
2 treatment offered by PECO in its Partial Settlement on this point.
3

4 Q. MR. KINGERSKI, PAGES 41 THROUGH 72 OF THE PROPOSED TARIFF
5 CONTAIN THE RATE SCHEDULES FOR THE VARIOUS CLASSES OF
6 SERVICE OFFERED ON PECO'S SYSTEM. THOSE RATE SCHEDULES
7 CONTAIN A CREDIT FOR NON-WIRES SERVICES AND SPECIFICALLY
8 STATE THAT EGSs WHO OBTAIN NON-WIRES SERVICES FROM
9 ENTITIES OTHER THAN PECO ARE ENTITLED TO A CREDIT. WOULD
10 YOU PLEASE EXPLAIN THE NATURE AND PURPOSE OF THIS CREDIT?
11

12 A. Enron witness Reising discusses the calculation of this credit. The purpose of the
13 credit, however, is to acknowledge that "non-wires" services such as metering, meter
14 reading, billing, collection and customer-related services may be provided on a
15 competitive basis by entities other than PECO. Because the distribution rates submitted
16 by PECO along with the Partial Settlement include costs associated with these non-
17 wires services, Enron developed an appropriate backout credit so that customers
18 obtaining these services from sources other than PECO would not pay twice for the
19 same service.
20

21 Q. PECO'S EXISTING TARIFF CONTAINS A NUMBER OF RIDERS WHICH
22 ARE APPLICABLE TO SPECIAL SITUATIONS OR UNDER SPECIAL
23 CONDITIONS. HOW HAS ENRON ADDRESSED THESE RIDERS IN ITS
24 PROPOSED TARIFF?
25

26 A. Attached at the end of Enron's proposed tariff is a table entitled "Proposed Treatment

1 of Miscellaneous Riders", which lists each of PECO's riders, offers an observation on
2 how the rider would apply in a competitive environment, and offers a recommended
3 action which PECO should take with respect to the rider. Enron has not attempted a
4 comprehensive rewrite of these riders specifically because many of them do address
5 special situations or special conditions and would require input from PECO.

6 In general, Enron's recommended actions deal with revising the rider to apply
7 in a competitive, unbundled environment. In some cases, that would require elimination
8 of a rider; in other cases, unbundling the generation from the transmission and
9 distribution aspects of the rider is required.

10
11 **Q. IN PECO'S "ANSWER OF PECO ENERGY COMPANY IN OPPOSITION TO**
12 **ENRON'S PETITION", FILED WITH THE COMMISSION ON OCTOBER 20,**
13 **1997, PECO CITES SEVERAL REASONS WHY ENRON'S PROPOSED**
14 **TARIFF WILL CAUSE A LOSS IN SERVICE OPTIONS TO END USERS.**
15 **PLEASE COMMENT.**

16
17 **A. PECO's assertions are simply not true. In each instance cited in the filing, there is no**
18 **loss of service to end users under Enron's proposed tariff, and in some cases there is**
19 **actually an increase in service opportunities.**

20
21 **Q. PLEASE EXPLAIN WHY PECO IS INCORRECT IN ASSERTING THAT**
22 **CUSTOMERS WHO QUALIFY FOR TWO OR MORE RATE SCHEDULES**
23 **WOULD NO LONGER BE ENTITLED UNDER ENRON'S PROPOSED**
24 **TARIFF TO SELECT THE RATE UNDER WHICH THEY ARE SERVED OR**
25 **TO REQUEST PECO'S ASSISTANCE IN SELECTING THE RATE MOST**
26 **ADVANTAGEOUS TO THEM.**

1 A. Enron's proposal to allow EGSs to provide competitive customer-related services
2 creates an environment in which the profitability and viability of an EGS is critically
3 dependent on its ability to provide assistance and value to end users on a number of
4 issues, including the selection of service levels and characteristics. By contrast, Rule
5 11.2 of PECO's tariff requires only that the Company, "upon request will, to a
6 reasonable extent, assist customers in selecting the most advantageous rate or rate
7 application". Under Enron's proposal, EGSs are competing to satisfy the end user;
8 under PECO's tariff, the end user is left to request help which may or may not be
9 provided.

10
11 Q. PLEASE EXPLAIN WHY PECO IS INCORRECT IN ASSERTING THAT
12 LANDLORDS WOULD NO LONGER BE ALLOWED UNDER ENRON'S
13 PROPOSED TARIFF TO INDIVIDUALLY METER TENANTS OR MASTER
14 METER HEATING/COOLING SYSTEMS.

15
16 A. Enron's proposed tariff does not limit the metering options available to landlords. First,
17 with regard to individual metering by a landlord, Section 13.1 of the proposed tariff
18 maintains the requirement that residential units connected after May 10, 1980 must be
19 individually metered. However, the proposed tariff deletes the requirement that such
20 metering must be provided "by either the Company or the landlord". Under Enron's
21 proposal for competitive metering options, such metering can be provided by PECO,
22 the landlord, or any qualified provider of meter services. This change has the effect of
23 increasing options available to an end user and in no way limits a landlord's options.

24 Second, with regard to a landlord's master metering of heating/cooling systems,
25 Section 13.1 of the proposed tariff allows that "The requirements for individually
26 metered dwelling units in new construction may be waived at the sole discretion of the

1 Company." Given this opportunity, any restriction in the availability of master metering
2 to landlords could only occur because of PECO actions or "failure to waive such
3 requirements".
4

5 **Q. PLEASE EXPLAIN WHY PECO IS INCORRECT IN ASSERTING THAT THE**
6 **CITY OF PHILADELPHIA UNDER ENRON'S PROPOSED TARIFF WOULD**
7 **LOSE THE OUTAGE ALLOWANCE WHICH IT CURRENTLY ENJOYS**
8 **UNDER RATE SL-P.**

9
10 **A.** The outage allowance credits the City for 0.20% of the monthly capacity and energy
11 charges to recognize that some lighting units may not be lit at all times. The City of
12 Philadelphia would not necessarily lose this allowance under Enron's proposal; in fact,
13 it has the opportunity to obtain an even better outage allowance than afforded under
14 PECO's tariff.

15 Enron's proposed tariff deletes the outage allowance because the Rate SL-P
16 submitted as part of PECO's Partial Settlement conditions the outage allowance on the
17 City purchasing its energy from PECO. Enron's Choice Plan places no such restriction
18 on the City. Under the proposed tariff, the City is free to negotiate with an energy
19 supplier of its choice for a similar or better outage allowance, or even one which
20 improves lighting performance.

21
22 **Q. PLEASE EXPLAIN WHY PECO IS INCORRECT IN ASSERTING THAT**
23 **UNDER ENRON'S PROPOSED TARIFF VARIOUS RULES DESIGNED TO**
24 **PROMOTE COMPETITION AND ECONOMIC DEVELOPMENT WOULD BE**
25 **MODIFIED OR ENTIRELY ELIMINATED.**
26

1 A. For reasons described in the testimony of Enron witnesses Bohi and Kean, Enron's
2 proposal does a great deal more to promote competition and economic development
3 in the Philadelphia region than what would be accomplished through PECO's Partial
4 Settlement.

5 More specifically, however, with regard to the tariff sections mentioned in
6 PECO's Answer, in Enron's proposed tariff, Rule 4.6 has been deleted (except for
7 existing customers) because all customers requiring special rate considerations will be
8 able to negotiate directly with a host of EGSs for those considerations. For Rider EER
9 (Employment and Economic Recovery Rider) there is a recommendation to modify the
10 rider to apply discounts only to transmission and distribution, as energy will be
11 competitively procured. For the Cooling Thermal Storage Rider and Electric Vehicle
12 Charging Rider, there is a recommendation to eliminate these riders because the energy
13 will be competitively procured and "artificial" discounts will no longer be necessary.
14 For the Transformer Rental Rider, it is Enron's view that this type of service will be a
15 competitive service available for PECO and other providers. Finally, for the Seasonal
16 Capacity Service, PECO's tariff describes this as an experimental rider, effective only
17 December 15, 1997; therefore, the proposed tariff did not include this item.

18
19 **Q. PLEASE EXPLAIN WHY PECO IS INCORRECT IN ASSERTING THAT,**
20 **UNDER ENRON'S PROPOSED TARIFF, RATE R-S (SOLAR RESISTANCE**
21 **HEATING) CUSTOMERS WOULD NO LONGER HAVE A METERING**
22 **OPTION SINCE THE DECISION WOULD BE MADE BY THE EGS.**

23
24 A. Enron's proposed tariff deletes the existing language in Rate R-S which says, "A
25 monthly meter charge shall apply if this billing and metering option is selected."
26 Deletion of this phrase does not preclude the metering option; it simply recognizes that

1 under Enron's proposal, metering and billing are competitively provided services and
2 this sentence is no longer necessary.

3
4 **Q. PLEASE COMMENT ON PECO'S ASSERTION THAT, UNDER ENRON'S**
5 **PROPOSED TARIFF, CUSTOMERS THAT CO-GENERATE COULD NO**
6 **LONGER OBTAIN FIRM AND INTERRUPTIBLE BACK-UP AND**
7 **MAINTENANCE POWER FROM PECO.**

8
9 **A.** Enron's recommendation is that the Auxiliary Service Rider which contains the backup
10 and maintenance provisions be amended to apply only to transmission and distribution
11 capacity. Backup for generation should be purchased by the end user from an EGS as
12 a competitive service and does not have to be available solely from PECO.

13
14 **Q. PLEASE COMMENT ON PECO'S STATEMENT THAT CUSTOMERS**
15 **EXPERIENCING EMERGENCIES WOULD HAVE TO CALL THEIR EGS**
16 **FIRST, WHICH WOULD THEN PASS THE INFORMATION ALONG TO**
17 **PECO.**

18
19 **A.** Rule 22 in Enron's proposed tariff requires that the EGS receiving the call will transmit
20 outage information to PECO on a real-time basis, so there is absolutely no delay in
21 getting the information from the end user to the Company. Having the end user call the
22 EGS maintains the EGS as the point of contact with the end user and eliminates any
23 confusion which could otherwise result if the end user were instructed to call PECO for
24 certain customer service issues and not others.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2

3 A. Yes.

PC-00973953, P60973953
C0001
STATEMENT NO. 5 C0007
Philo 11/16/97 et al

**Petition of Enron Energy Services Power Inc. for approval
of an Electric Competition and Customer Choice Plan and
for authority pursuant to Section 2807 (e)(3) of the
Public Utility Code to serve as the Provider
of Last Resort in the service territory
of PECO Energy Company.**

DOCUMENT
FOLDER

Exhibit A

of

Harry J. Kingerski

on behalf of

Enron Energy Services Power, Inc.

concerning

Competitive Tariffs and Service Offerings

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**Enron Energy Services
Power Inc.**

Statement No. 5

Exhibit A

PECO Energy Company

Electric Delivery Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued June 30, 1997

Effective September 1, 1998 Effective August 29, 1997

ISSUED BY: C. A. MC NEILL, JR. — President
and Chief Executive Officer
2301 MARKET STREET
PHILADELPHIA, PA. — 19101

~~NOTICE.~~

THIS SUPPLEMENT MAKES NO CHANGES IN EXISTING RATES

LIST OF CHANGES MADE BY THIS SUPPLEMENT
CHANGES

Rule 4.6 (1st Revised Page No. 13)

Language added to allow customers who receive special opportunity grants special rate discounts.

Rate CAP (2nd Revised Page No. 42A)

Experimental Rate limit of customers changed from 5,000 to 10,000.

The word "Energy" was added to reflect correct name of the Company.

Rate GS - General Service (4th Revised Page No. 45)

Clarifying language added to the single meter option.

Grandfather provision extended to January 1, 2001

Rate POL - Private Outdoor Lighting (3rd Revised Page No. 48)

Language modified to allow continued availability of certain lamps to existing customers.

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APPLICATION OF TARIFF - PHASE-IN OF UNBUNDLED SERVICES AND CUSTOMER CHOICE

Effective September 1, 1998, the rate schedules and rules and regulations set forth in this tariff shall be available on a first-come, first-served basis in three steps. Step 1: one third of the peak load of each customer class of service shall have access on September 1, 1998. Step 2: two thirds of the peak load of each customer class of service shall have access on January 2, 1999. Step 3: all customers within the Company's service territory shall have access on January 2, 2000.

Effective September 1, 1998, default service under Rate Schedule DS and Rule 24 shall be provided to end users according to the rates, terms, and conditions thereof.

LIST OF COMMUNITIES SERVED

PHILADELPHIA DIVISIONS: NORTH AND SOUTH
CITY AND COUNTY OF Philadelphia.

DELAWARE COUNTY DIVISION:
CITY: Chester.

BOROUGHES: Aldan, Brookhaven, Chester Heights, Clifton Heights, Collingdale, Colwyn, Darby, East Lansdowne, Eddystone, Folcroft, Glenolden, Lansdowne, Marcus Hook, Media, Millbourne, Morton, Narberth, Norwood, Parkside, Prospect Park, Ridley Park, Rose Valley, Rutledge, Sharon Hill, Swarthmore, Trainer, Upland, Yeadon.

FIRST-CLASS TOWNSHIPS: Aston, Darby, Haverford, Lower Chichester, Lower Merion, Marple, Nether Providence, Radnor, Ridley, Springfield, Tincum, Upper Chichester, Upper Darby.

SECOND-CLASS TOWNSHIPS: Bethel, Birmingham, Chester, Concord, Edgmont, Middletown, Newtown, Thornbury, Upper Providence.

BUCKS COUNTY DIVISION:

BOROUGHES: Bristol, Chalfont, Doylestown, Dublin, Hulmeville, Ivyland, Langhorne, Langhorne Manor, Morrisville, New Britain, New Hope, Newtown, Pennel, Telford, Tullytown, Yardley.

FIRST-CLASS TOWNSHIPS: Bristol.

SECOND-CLASS TOWNSHIPS: Bedminster, Bensalem, Buckingham, Doylestown, Falls, Hilltown, Lower Makefield, Lower Southampton, Middletown, New Britain, Newtown, Northampton, Plumstead, Solebury, Upper Makefield, Upper Southampton, Warminster, Warrington, Warwick, Wrightstown.

MONTGOMERY COUNTY DIVISION:

BOROUGHES: Ambler, Bridgeport, Bryn Athyn, Collegeville, Conshohocken, East Greenville, Green Lane, Hatboro, Jenkintown, Lansdale, Norristown, North Wales, Pottstown, Red Hill, Rockledge, Royersford, Schwenksville, Souderton, Telford, Trappe, West Conshohocken.

FIRST-CLASS TOWNSHIPS: Abington, Cheltenham, Hatfield, Lower Moreland, Lower Pottsgrove, Plymouth, Springfield, Upper Dublin, Upper Gwynedd, Upper Moreland, Upper Pottsgrove, West Norriton, West Pottsgrove, Whitemarsh.

SECOND-CLASS TOWNSHIPS: East Norriton, Franconia, Horsham, Limerick, Lower Frederick, Lower Gwynedd, Lower Providence, Lower Salford, Marborough, Montgomery, Perkiomen, Salford, Skippack, Towamencin, Upper Frederick, Upper Merion, Upper Providence, Upper Salford, West Vincent, Whitpain, Worcester.

CHESTER COUNTY DIVISION:

CITY: Coatesville.

BOROUGHES: Avondale, Downingtown, Kennett Square, Malvern, Modena, Oxford, Parkesburg, Phoenixville, South Coatesville, Spring City, West Chester, West Grove.

FIRST-CLASS TOWNSHIP: Caln.

SECOND-CLASS TOWNSHIPS: Birmingham, Charlestown, East Bradford, East Brandywine, East Caln, East Coventry, East Fallowfield, East Goshen, East Marlborough, East Nantmeal, East Nottingham, East Pikeland, East Vincent, East Whiteland, Easttown, Elk, Franklin, Highland, Kennett, London Britain, Londonderry, London Grove, Lower Oxford, New Garden, Newlin, New London, North Coventry, Penn, Pennsbury, Pocopson, Sadsbury, Schuylkill, South Coventry, Thornbury, Tredyffrin, Upper Oxford, Upper Uwchland, Uwchland, Valley, Wallace, Warwick, West Bradford, West Brandywine, West Caln, West Fallowfield, West Goshen, West Marlborough, West Nantmeal, West Nottingham, West Pikeland, West Sadsbury, Westtown, West Vincent, West Whiteland, Willistown.

YORK COUNTY DIVISION:

BOROUGH: Delta.

SECOND CLASS TOWNSHIPS: Chanceford, Fawn, Lower Chanceford, Peach Bottom.

HOW TO USE LOOSE-LEAF TARIFF

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

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

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

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

5. On receipt of a revised page it will be placed in the Tariff immediately following the page which it supersedes, and the page which is to be superseded thereby plainly marked "See following page for pending revision." On the date when such revised page becomes effective, the page superseded should be removed from the Tariff.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS

Act - The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §2801, et seq.

Aggregator - aAn entity, licensed by the Commission, that purchases electric energy and takes title to electric energy as intermediary for sale to EGS.

a.c. - aAlternating current.

available rate - A rate which may be obtained by a Customer if the use of service conforms to the character of service contemplated in the rate, and the location is such that this service can be supplied from existing facilities of the Company.

bad credit (for deposit purposes) - A customer receiving default service has bad credit if that customer has been delinquent on two consecutive bills or three or more bills in the last twelve billing cycles. Industrial and commercial customers receiving default service shall also have bad credit if such customer is insolvent (as evidenced by a credit report prepared by a reputable credit bureau or credit reporting agency or public financial data, liabilities exceeding assets or generally failing to pay debts as they become due) or tendered two or more checks which the drawee returns as unpaid, within the last twelve billing cycles.

billing demand - The calculated or measured demand after correction, if any, for power factor, except that the billing demand may be limited to a minimum figure.

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 which does not take title to electric energy.

Btu - British thermal unit.

capacity charge - A charge based upon demand, either with or without power factor correction.

Commission - the Pennsylvania Public Utility Commission.

company - PECO Energy Company.

competitive transition charge (CTC) - A nonbypassable charge applied to the bill of every EGS and collected from end users which is designed to recover the Company's transition or stranded costs.

continuous service - Service which the Company endeavors to keep available at all times.

creditworthy - A creditworthy EGS Customer pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this Tariff or the Commission P.U.C. To determine whether a customer is creditworthy with respect to a particular account, the Company will evaluate the customer's record of paying Company charges for all of the customer's other Company accounts, and may also take into consideration the customer's general credit.

customer charge - a charge to recover costs caused by the presence of the customer on the system other than the costs associated with the Customer's demand or energy consumption.

default service - Electric and delivery service provided by a PUC-designated alternative electric supplier to end users who are not otherwise served by an EGS, consisting of (i) standard default service for those who cannot obtain service from an EGS, those who are changing to a new EGS, or for those who have otherwise defaulted under the tariff; and (ii) transitional default service for those who have not selected an EGS by September 1, 1998.

default service provider - An entity designated by the Commission to provide default service within the Company's service territory.

delivery service - Service provided by the Company to an EGS.

demand - The maximum rate-of-use of energy during a specified time interval, expressed in kilowatts.

EDC - The local Electric Distribution Company, "the wires company" that provides electric distribution service.

electric distribution company (EDC) - The public utility providing facilities for the jurisdictional distribution of electricity to end users, except building or facility owners/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.

electric generation supplier (EGS) - A person or corporation, brokers, marketers, aggregators, or any other entity that sells to end users electricity or related services using the jurisdictional transmission or distribution facilities of an electric distribution company, or that purchases, brokers, arranges, or markets electricity or related services for sale to end users using the jurisdictional transmission and distribution facilities of an electric distribution company. For the purposes of this tariff, an end user acquiring electricity and related services for its own account and on its own behalf shall be authorized to receive service under this tariff as an EGS.

PECO Energy Company

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - Continued

electric service - Service provided to an end user by an EGS.

end user - Any person, partnership, association, corporation, or other entity lawfully receiving electric service at a single meter location from an EGS.

energy charge - A charge based upon kilowatt-hours of use.

enrollment notice - Notification provided by an EGS to the Company that an end user has selected said EGS for purposes of receiving electric energy.

FERC - Federal Energy Regulatory Commission.

good utility practice - Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period.

holidays - New Year's Day, Martin Luther King, Jr.'s Birthday, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Friday after Thanksgiving, Christmas Day and Sundays.

hp, horsepower - As used herein, horsepower shall be computed as the equivalent of 750 watts.

host control area - The Company's electric system; if the Company does not act as the Control Area, the appropriate control area for the end user's load within the Company's franchise area.

initial contract term - An initial contract term for a service location shall be 1) the EGS' Customer's first term of contract for service to the location or 2) the first term of contract after the EGS Customer changes service for a location to a different Rate.

intangible transition charge (ITC) - Property right created representing the irrevocable right of the electric utility to receive, pursuant to a Qualified Rate Order under the act, amounts sufficient to recover all of its qualified transition or stranded costs expense.

kV, kilovolts - 1000 volts.

kVa, kilovoltampere - Unit of measurement of rate-of-use which determines electrical capacity required; it is obtained by multiplying the voltage of a circuit by its amperage.

kW, kilowatt - Unit of measurement of useful power.

KWh, kilowatt-hour - Unit of measurement of energy; an amount equivalent to the use of one kilowatt for one hour.

lumen - Unit of measurement of quantity of light.

measured demand - An end user's Customer's highest demand during a 30 minute time interval in a billing period.

meter service provider (MSP) - The provider of the meter for measuring electrical energy and power use authorized to operate in Pennsylvania.

month - A month under this Tariff means 1/12 of a year, or the period of approximately 30 days between two regular consecutive readings of the Company's meter or meters installed on the end user's Customer's premises.

open access transmission tariff - The Company tariff filed before the Federal Energy Regulatory Commission.

PJM - The Pennsylvania-New Jersey-Maryland Interconnection.

PJM system - The transmission facilities located in the Mid-Atlantic Region that are controlled by PJM.

point of delivery - The single point at which the service-supply lines of the Company terminate and the end user's Customer's facilities for receiving the service begin.

power factor - As used herein, power factor is, in a single-phase circuit, the ratio of the warts to the voltamperes, and in a polyphase circuit, is the ratio of the total warts to the vector sum of the voltamperes in the several phases.

property line - The division line between land held in or for private use, and land in which the public or the Company has a right of use; or, the division line between separately owned or occupied land.

(Continued)

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS-Continued

service - Use of the Company's electric distribution system for purposes of delivering electric energy to end users at one or more of the following voltage levels; the supply of capacity and energy for use by the Customer, including all things done by the Company in connection with such supply.

• standard single-phase secondary: alternating current, 60 hertz:

- (a) nominally 120/240 volts, 3 wires;
- (b) nominally 120 volts, 2 wires to installations consisting of not more than two 15-ampere branch circuits;
- (c) nominally 120/208 volts, 3 wires, for residential service, where available in conjunction with standard polyphase secondary 120/208 volts, 3-phase, 4 wires.

• standard polyphase secondary; alternating current, 60 hertz. Only one service is available to a building unless the demand exceeds the service capacity for the associated voltage described below. If the demand exceeds a service capacity, additional secondary services at the same voltage level may be provided. For purposes of determining service capacity limits, a building is defined as a structure, separated from other structures, or a portion of a contiguous structure separated from the remainder of the structure by approved fire walls. When demand or service voltage requires the installation of transformation on the owner's premises, the transformation shall consist of a padmounted transformer installed at a location provided by the owner and approved by the Company outside the building or a transformer bank installed inside the building in a vault located on the ground floor or one story below grade, meeting National Electrical Code requirements. The Company will not install, own or maintain any conductors inside or beneath a building nor install indoor transformation in areas supplied by or designated to be supplied at 33,000 volts or greater.

- (a) nominally 120/240 volts, 2-phase, 5 wires; only available in areas supplied by 2-phase distribution facilities located along public highways or private rights-of-way and limited to service capacities of 100 kVa or less;
- (b) nominally 240 volts, 3-phase, 3 wires; a fourth wire neutral will be extended for the supply of 120/240 volt single-phase equipment in combination with the service where the service capacity required does not exceed 15 kVa on any one of the phases. Where the demand to a single premises exceeds 100 kVa, transformers will be installed on the premises at a suitable location provided by the owner. The service capacity is limited to 300 kVa for transformers located inside the building and 750 kVa for transformers located outside the building.
- (c) nominally 120/208 volts, 3-phase, 4 wires, (where 3-phase distribution is available) for the exclusive supply of secondary service to a building or group of contiguous buildings occupied by one or more than one end user Customer, with transformers and secondaries installed on the premises at suitable locations provided by the owner. The service capacity is limited to 750 kVa for transformers located either inside or outside the building. When a suitable transformer location is not reasonably available on the premises and the demand does not exceed 100 kVa, service may be supplied at the Company's discretion from aerial distribution facilities located along public highways.
- (d) nominally 277/480 volts, 3-phase, 4 wires (where 3-phase distribution is available) for the exclusive supply of secondary service to a building occupied by one or more than one end user Customer with transformers and secondaries installed on the premises at suitable locations provided by the owner. The service capacity is limited to 750 kVa for transformers located inside the building and 1,500 kVa for transformers located outside the building.

- standard primary - unregulated alternating current, 60 hertz, nominally 2,400 volts, 2-phase, 3 wires, or nominally 4,160 volts, 3-phase, 3 or 4 wires. Availability of these voltages is limited to those locations served at these voltages as of July 6, 1987.
- standard high tension - unregulated alternating current, 60 hertz, 3-phase, 3 wires (4-wire, 13 kV service is available in areas that have been converted to 13 kV distribution):

Where two or more such standard voltages are present in a given area, the Company will select the service voltage at which the required service can be supplied most economically. Nominally 13,200, 33,000, 69,000, 138,000 or 230,000 volts as available in the various sections of the Company's service territory for loads of such character as to require supply at one of such voltages in order not to impose unsatisfactory service conditions on the Company's supply system, or for loads of such character that supply at one of such voltages is desired both by the Company and the end user Customer. For service at 13,200 or 33,000 volts, where the end user's Customer's demand exceeds 7,000 kW, the owner may be required to provide a suitable location on the premises for the installation of Company's transformation equipment.

service extension - The facilities extending from the point of delivery to the Company's service supply lines.

service supply lines - The facilities (conductors, cables, conduits, etc.) extending from the Company's facilities in the highway or other trunk line location to the facilities owned and maintained by the end user Customer.

summary billing account - An aggregate bill prepared at the option of the Company for two or more customers that are related within the same partnership, association, corporation, or governmental agency etc.

RULES AND REGULATIONS**1. THE ELECTRIC SERVICE TARIFF**

1.1 FILING AND POSTING. A copy of this Tariff, which comprises the Rates, Rules and Regulations under which electric service will be supplied to its Customers by the Company, is on file with the Pennsylvania Public Service Commission and is posted and open to inspection at the offices of the Company.

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

1.3 APPLICATION. The Tariff provisions apply to ~~any person, partnership, association, corporation, or other entity~~ everyone lawfully receiving electric service from the Company; under the rates therein, and the receipt of electric service shall constitute the recipient a Customer of the Company as the term is used herein, whether service is based upon contract, agreement, accepted signed application, or otherwise. In addition, the rates therein shall apply to all receiving service unlawfully or otherwise, including unauthorized use as referred to in section 2124-6.

~~1.4 BASIS OF CHARGE.~~ Time elapsed is a factor in the supply of electric service and the rates and minimum charges named in this Tariff, while predicated on periods of supply of not less than one year, are stated in values for direct application only to monthly periods of service supply and will be adjusted for application to service supplied during other time intervals.

1.45 RULES AND REGULATIONS. The Rules and Regulations, filed as part of this Tariff, are a part of every contract for service made by the Company and govern all classes of service where applicable, unless specifically modified by a rate or rider provisions. The obligations imposed on Customers in the Rules and Regulations apply as well to EGS and/or ~~and users~~ everyone receiving service unlawfully and to unauthorized use of service.

1.56 USE OF RIDERS. The terms governing the supply of service under a particular rate may be modified or amended only by the application of those standard riders, filed as part of this Tariff, which are specifically mentioned as applicable to that rate in the Applicability Index of Riders.

1.67 STATEMENT BY AGENTS. No representative has authority to modify a Tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

RULES AND REGULATIONS – CONTINUED2. EGS AND END USER GUIDELINESCUSTOMER GUIDELINES

2.1 SERVICE. The Company provides service to licensed EGSs under this tariff for purposes of delivering electric energy to end users.

2.2 PRE-ENROLLMENT INFORMATION PROVIDED TO EGSs. The Company will provide EGSs with access to generic load profile information. Upon completion of the Commission-established licensing process, the Company will provide EGSs with a listing of end user identification numbers and addresses. If requested by an end user, account-specific information, including twelve (12) months of usage history but excluding credit information, will be provided to the EGSs.

2.3 CHANGE OF OCCUPANCY. The EGS will provide notice to the Company five (5) days prior to a change in occupancy at an end user site to which electric service is provided. The EGS of the outgoing end user will be held responsible for all charges associated with service to the premises until notice of a change of occupancy is received by the Company. Upon receipt of such notice, service to the premises will revert to default service until a new enrollment notice is received from an EGS.

2.4 SUBCONTRACTING OF EGS SERVICES. An EGS that receives service from the Company may contract or otherwise arrange with other service providers to meet all or a portion of the service requirements and/or conditions of service contained in this tariff, including but not limited to, requirements regarding metering, billing, and customer services. Subcontractors shall obtain all required licenses and be qualified to do business in Pennsylvania. The EGS shall be solely responsible for the acts of its agents, assignees, delegates, contractors, and subcontractors and shall in no way be relieved from the requirements of this tariff by having entered into any such contract or other arrangement. Where service is subcontracted by an EGS to a third party, such contract shall provide (a) that the Company is a third party beneficiary of the contract; (b) that the subcontractor will abide by the provisions of this tariff and any Commission rules; and (c) that the EGS, Commission, and the Company may audit the subcontractor.

2.5 END USER ENROLLMENT BY THE EGS.2.5.1 EGS MAY SOLICIT END USERS SUBJECT TO THE FOLLOWING:

- (a) The EGS shall not violate Pennsylvania's consumer protection laws or any rules adopted under any of such statutes;
- (b) The EGS shall not engage in any unfair or deceptive act in trade or commerce;
- (c) The EGS shall require any person with whom the EGS contracts for marketing or solicitation purposes to adhere to the terms of this tariff relating to end users;
- (d) The EGS shall take all reasonable steps to assure that independent contractors hired by the EGS for marketing or solicitation purposes adhere at all times to the terms of this tariff relating to end users;
- (e) The EGS shall not state or in any way imply that it has a special relationship with the Company or has been given preferential status by the Company; and
- (f) The EGS shall indemnify and hold harmless every end user who has suffered any ascertainable direct loss as a consequence of having been switched from one EGS to another EGS in violation of the solicitation or verification provisions of this tariff, regardless of whether the person doing the marketing or solicitation was an independent contractor of the second EGS.

2.5.2 VERIFICATION. An EGS is responsible for retaining proof of verification of enrollment for all end users. EGS verification records may be audited for this purpose upon reasonable notice. An end user or EGS that believes enrollment has occurred in violation of the solicitation or verification provisions of this tariff may submit a complaint to the Company and Commission within six (6) months of the initial billing by the new EGS.

- (a) The Company shall promptly conduct an investigation of the allegation.
- (b) The EGS shall provide the Company and any local, state, or federal law enforcement agency with such records as may be reasonably related to the allegation.
- (c) If the Company determines that an EGS has in fact enrolled an end user in violation of the solicitation, enrollment, or verification provisions of this tariff, then the Company shall so inform the Commission. The Commission may order the EGS to pay to the Company the sum of \$500 for each end user enrolled in violation of the solicitation or verification provisions of this tariff. Upon a determination by the Company in its investigation that fifty (50) end users have been enrolled in violation of the solicitation or verification provisions of this tariff, then the Company may recommend that the Commission revoke the license of the EGS.

RULES AND REGULATIONS - CONTINUED2. EGS AND END USER GUIDELINES - Continued

2.5.3 RIGHT TO RESCIND. An end user has the right to rescind, without charge, its choice of an EGS no later than midnight on the third calendar day following such choice by the end user. The end user's right to rescind may be exercised orally and directed to the EGS to which the end user would have been switched if the end user had not rescinded the transaction. The rescission shall be verified through the use of an independent third party or written verification process. The EGS shall immediately notify the Company of the identity of any end user who exercises the right to rescind its choice of an EGS.

2.5.4 ENROLLMENT NOTICES. The EGS shall submit to the Company an enrollment notice which includes the name, service address and end user identification number for each end user that elects electric service from the EGS,

(a) The Company will activate up to one (1) enrollment notice per end user per meter reading cycle. Where multiple enrollment notices for the same end user are received during the same meter reading cycle, the Company will activate the last enrollment notice received.

(b) Enrollments shall become effective on the date of the next meter reading, commencing not less than five (5) working days and not more than thirty-eight (38) days after the enrollment notice has been received by the Company unless the new EGS, current EGS and end user agree to a special meter reading. Where a special meter reading is made, the new EGS enrollment is effective on the day the meter reading is obtained. The EGS enrolling an end user is responsible for any special meter reading charges.

2.5.5 REFUSAL OF ENROLLMENT NOTICE. The Company may refuse to accept an enrollment notice until (a) the Company receives full payment from the end user of any overdue amounts related to the end user's prior account or any outstanding balance on an existing payment arrangement or (b) the enrollment notice is deemed complete.

2.5.6 RETURN OF SERVICE DEPOSIT. No later than fifteen (15) days following the effective date of an enrollment notice, the Company shall return to an end user deposits advanced, net of any amounts owing, under the conditions established by a rule or contract previously in effect.

2.6 CHANGES IN EGS INITIATED BY THE END USER. An end user's election to change EGSs will be subject to the terms and conditions of enrollment under this tariff. End users that elect to change EGSs may request, and the former EGS (or the Company in the case of an initial choice of an EGS) shall provide, a letter describing the end user's payment history. The Company will inform the incumbent EGS of the end user's switch.

2.7 EGS SERVICE TO SINGLE POINT OF DELIVERY. Energy deliveries by more than one EGS to a single point of delivery must be approved by the Company in advance.

2.8 LIMITATION OF LIABILITY. The Company is neither bound by, nor will it enforce, contracts between EGSs and their end users. Additionally, the Company will not mediate disputes between EGSs and their end users. In no event shall the Company be liable for damages, claims, or costs of any kind arising out of or related to an EGS' failure to adhere to the requirements, practices, and procedures set forth in this tariff. Except with regard to the EGS' indemnity obligations, neither the Company nor the EGS shall be liable to the other or to any third party under any theory of recovery or liability whether based in contract, in tort (including negligence and strict liability), under warranty, indemnity, or otherwise, for any indirect, special, incidental or consequential damages whatsoever, including, without limitation, any loss of profits or other business interruption damages arising out of service from the Company under this tariff.

2.9 INDEMNIFICATION. The EGS shall indemnify and hold harmless, and, at the Company's option, defend the Company, its affiliates, and their respective directors, officers, agents, employees, contractors and assigns against any alleged or actual liability, loss or damage whatsoever occurring in connection with or relating in any way to this tariff and/or EGS agreements with end users, including costs and attorney fees, whether or not such liability, loss or damage results from any demand, claim, action, cause of action, or suit brought by the EGS, any end user, or by any other person, association, or entity, public or private, where such liability, loss or damage arises as a direct or indirect result of any performance or nonperformance by any party to the EGS agreements with end users or other third parties or any violation of this tariff or the sole or concurrent negligence or gross negligence or other tortious act(s), or omission(s) by an EGS, its officers, agents, employees, vendors, suppliers, or contractors.

2.10 DISPUTE RESOLUTION. Disputes between the Company and the EGS regarding the application of this tariff shall be resolved by the filing of a complaint with the Commission in accordance with its dispute process except as otherwise provided in the contract between the parties.

RULES AND REGULATIONS - CONTINUED2. EGS AND END USER GUIDELINES - ContinuedEND USER GUIDELINES

2.11 INFORMATION FROM THE END USER/CUSTOMER. The Company should be advised by the end user/Customer or applicant for service, in writing, preferably on a form supplied by the Company, of premises to be equipped for electric service/electricity, giving exact location, and details of all current consuming devices to be installed. An EGS may be an applicant for service on behalf of an end user. In such case, the EGS must provide documentation acceptable to the Company evidencing the EGS authority to request such service connection.

The end user/Customer shall supply the Company information regarding potential or actual contamination, waste, or hazardous materials or other adverse environmental conditions on the end users'/Customer's' premises on or near where the Company facilities are to be located. The end user/Customer has a continuing obligation to provide the Company with copies of any environmental assessment relating to the premises. The Company also has a continuing right to inspect the end users'/Customer's' premises for the purposes of performing an environmental assessment.

2.12 UNAUTHORIZED USE. Unauthorized connection to the Company's electric service supply facilities, and/or the use of service obtained from the Company without authority, or by any false pretense is strictly forbidden, may be terminated by the Company. The use of service without notifying the Company and enabling it to read its meter will render the user liable for any amount due for service supplied to the premises from the time of the last reading of the meter, immediately preceding the end user's/customer's occupancy, as shown by the Company's books. Upon discovery of an unauthorized connection, the Company will inform the EGS and initiate an investigation. If it is determined that energy diversion has occurred, the Company may return the end user to default service and may terminate service in accordance with this tariff.

2.13 METER LOCATION. Where the Company or MSP installs a meter, there shall be provided, free of expenses to the Company, at a location which the Company or MSP will designate in writing upon request, outdoors at its option, a suitable place for the meter or meters and any other supply, protective or control equipment of the Company or MSP which may be required in the delivery of the electric service.

2.14 POINT OF DELIVERY. The Company will designate in writing, upon request, a satisfactory point of delivery where the end user/Customer shall terminate the wiring and facilities for connection to the supply lines of the Company. The failure to request and obtain such location may result in refusal of service pending rearrangement of end user's/customer's facilities, but the designation of a point of delivery does not constitute an agreement or obligation on the part of the Company to furnish service.

In establishing a point of delivery, the Company has the right to avoid areas known or suspected to contain contamination, waste or hazardous materials or other adverse environmental conditions. The end user/Customer will have the option of extending its own facilities to the Company's point of service delivery.

The Company may waive this right upon agreement from the end user/customer or applicant to indemnify, defend, and hold harmless the Company (its successors, assigns, trustees, officers, employees and agents) from and against all actions, causes of action, claims and demands whatsoever, and from all costs, damages, expenses, losses, charges, debts and liabilities whatsoever (including attorney's fees), whether known or unknown, present or future, that arise from such conditions. This indemnification provision shall survive the termination or expiration of the Agreement and the termination of the business relationship of the parties hereto.

2.15 SERVICE ENTRANCE EQUIPMENT. All equipment beyond the point of delivery, except the meter shall be installed by the end user or its agent/Customer. Installation shall be in conformity with the National Electrical Code and the Company's published "Electric Service Requirements," and shall include, where necessary, an approved sealable device for mounting a meter. The meter will be supplied, owned and sealed by the Company.

2.16 SECONDARY SERVICE CONNECTION. (a) Wiring on any premises for connection to overhead lines must be brought outside of the building wall to a location designated or approved by the Company, at which point the house wiring must extend at least 3 feet for attachment to the Company's service-supply lines. (b) Service connections to the Company's underground facilities shall terminate at the end user's/customer's premises in an approved connection box from which the end user's/customer's wiring shall extend to the other service entrance equipment.

2.17 UNDERGROUND SERVICE. End users'/Customer's' desiring an underground service from overhead wires must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by the Company on request.

2.18 NONSTANDARD SERVICE. The end user/Customer or applicant for service shall pay the cost of any special installation necessary to meet the end user's/customer's unusual requirements for service, including but not limited to, service at other than standard voltages, or for the supply of closer voltage regulation than required by standard service.

The end user/Customer or applicant shall pay all costs to the Company of performing environmental assessments, including, but not limited to, the cost of consultants utilized by the Company, the cost of removal and disposal of contamination, waste or hazardous materials or dealing with other adverse environmental conditions associated with either the initial installation, modification, repair, maintenance or removal of service facilities.

2.19 RELAY PROTECTION. The end user/Customer must install, at the end user's/customer's own expense, a reverse-phase relay of approved type on all alternating current motors for passenger and freight elevators, hoists, and cranes, and a reverse-power relay for parallel operation.

RULES AND REGULATIONS - CONTINUED3. OPERATIONS[Existing paragraphs 3.1 - 3.8 (Customer's Installation) moved to Rule 2.11 - 2.19]3.1 EGS CLASSIFICATIONS. Each EGS shall be classified as one or more of the following:

- 3.1.1 Load Following EGS - has the capability to receive, and provide the Company with, a real time load and power factor signal of end user loads.
- 3.1.2 Scheduling EGS - provides a day ahead preschedule for its aggregate load and hourly revisions to its preschedule during the day of flow.
- 3.1.3 Non-scheduling EGS - schedules energy. The energy necessary to meet the load of a coordinated EGS is included in the aggregate energy schedule of a scheduling coordinator.

3.2 EGS COMMUNICATIONS REQUIREMENTS. An EGS shall be equipped with the following communications capabilities:

- 3.2.1 Internet e-mail, including the capability to receive ASCII file attachments;
- 3.2.2 Internet browser capability sufficient to access the Company's SUCCESS web-site, and for file uploads and downloads to and from the Company.

3.3 LOAD FORECASTING. The load forecasting process shall provide an estimate of an EGS' anticipated aggregate hourly load. The aggregate hourly load forecast shall define the hourly energy values for EGS' energy deliveries to the Company.3.3.1 Forecasting Methodology

- (a) Monthly Metered End User Forecasts. The Company will provide hourly load forecasts for end users with monthly metering equipment. The Company has developed and will maintain, based on load survey data, load forecast categories corresponding to the Company's rate classes and strata within the rate classes. The weather-sensitive load curves of these rate classes/usage strata will be the mechanism for preparing the forecasts for the aggregate of an EGS' monthly metered end users in each rate class/usage strata, using hourly weather forecast data developed by an independent weather service.
- (b) Hourly Metered End User Forecast. The EGS shall provide hourly load forecasts for its end users with hourly or subhourly metering equipment, meaning metering equipment that supplies hourly or half-hourly readings of kW and power factor via remote communications, and not metering equipment from which hourly or half-hourly demand readings may be obtained through on-site querying of the metering equipment.
- (c) Typical Load Curve Data. The Company will make available to EGSs the typical load curves (including weather sensitivity) that will be used for the daily forecasting process. This information will be available on an ongoing basis for EGS download from the SUCCESS web-site and will permit an EGS to develop forecasts for any future period using the same methodology as the Company will use.

3.3.2 Daily Forecasting Process

- (a) Business Days and Scheduling Window - The daily forecasting process shall be performed on each business day. A business day is a weekday excepting holidays. The daily forecasting process shall be performed on each business day for a scheduling window consisting of all following days through the next business day.
 - (1) Monday through Thursday (except holidays) for a scheduling window that covers the following day (midnight to midnight). If the following day is a holiday, then the scheduling window shall include the holiday and be extended to include the first business day following the holiday.
 - (2) Friday for a scheduling window consisting of the following Saturday, Sunday, and Monday. If the Monday is a holiday, then the scheduling window shall include the holiday and extend through the first business day following the holiday.
- (b) Process Description - The following process shall be followed on each business day:
 - (1) Step 1 - The Company will calculate the scheduling EGS load forecast for each monthly metered rate class and strata by multiplying the weather-adjusted load curve for the appropriate day type by the number of the EGS' end users (including end users of any non-scheduling EGSs that have designated the scheduling EGS as their Scheduling Coordinator) in that rate class and strata and adjusting the hourly values upward by an amount necessary to cover line losses based on standard line loss percentages for the customer class to which each end user belongs. The Company will post these load forecast values on the SUCCESS web-site by 7:00 a.m. of each scheduling day.

RULES AND REGULATIONS – CONTINUED3. OPERATIONS – Continued

- (2) Step 2 - By 10:00 a.m. of the business day the EGS shall enter, via the SUCCESS web-site, the load forecast covering the scheduling window for each of EGS' hourly metered end users and for each hourly metered end user of any non-scheduling EGS that have designated the EGS as their Scheduling EGS. Forecasts for hourly metered end users should include estimated losses based on Company-furnished loss factors for each rate class.

If an EGS fails to enter a load forecast for an of required hourly metered end users by 10:00 a.m., the Company will use the EGS' previously entered values for the most recent day of the same day type. If no previous values exist for the appropriate similar day for an hourly metered end user, the load forecast for that end user will be set to zero.

- (3) Step 3 - The Company will accept or reject the EGS load forecast via the SUCCESS web-site by 11:00 a.m. If the Company determines that a forecast is going to be rejected and conditions permit, then the Company will attempt to contact the EGS to explain the reason for rejection and resolve forecast problems. If the reason for rejecting the EGS load forecast values or changes cannot be resolved by 12:00 noon, the scheduling process will continue using the Company forecast values.

3.3.3 Real-Time Load Following. To the extent an EGS has installed and paid for the necessary metering and telecommunications equipment for actual load following, the EGS may follow such end user's load. To the extent that the EGS' total supply is for such end users, the EGS shall be obligated to follow such end users' load on a real-time basis.

For real-time load following, an EGS will have special obligations with respect to both the Company and PJM that must be dealt with on a case-by-case basis to ensure operational integrity. The EGS and Company shall work cooperatively to address the technical and operational issues posed by real-time load following as the need arises.

3.3.4 Adequacy of Forecast. The Company's forecast for monthly metered end users will be used for scheduling and will be adequate for this purpose. EGS remedies for any claimed deficiency in the Company's forecast for monthly metered end users shall be:

- (a) Install or arrange for the Company to install hourly metering equipment at the end user's premises at the EGS' expense in order that the end user can subsequently be forecast and reconciled as an hourly metered end user.
- (b) Enter into a joint load study with the Company at the EGS' expense to develop new load curves.
- (c) Seek relief under the Dispute Resolution provisions of this tariff.

3.4 LOAD SCHEDULING. The net load schedule for the EGS shall be equal to the aggregate forecast value for all the monthly metered and hourly metered end users of the EGS and any non-scheduling EGS that have designated the EGS as their scheduling EGS. In accordance with PJM requirements, which require the scheduling and delivery of power only in whole MW, the Company will round the aggregate forecast value for each hour to a whole MW value for load scheduling purposes according to the following rules:

- If the aggregate forecast value for an hour is less than 1.0 MW, the value will be rounded to 1 MW.
- If the aggregate forecast value for an hour is greater than 1.0 MW, the value will be rounded downward to the nearest whole MW if the decimal portion is less than 0.5.
- If the aggregate forecast value for an hour is greater than 1.0 MW, the value will be rounded upward to the nearest whole MW if the decimal portion is greater than or equal to 0.5.

3.4.1 Daily Load Scheduling Process. The Company will upload the load schedule for the scheduling window to PJM by 12:00 noon on each business day. Each EGS is responsible for confirming the load schedule using the PJM eScheduler system.

3.4.2 Load Schedule Changes. The EGS may initiate changes to the load schedule using the PJM eScheduler function. It is the responsibility of the EGS to make any necessary changes and notify the Company via telephone that changes have been made and the reason for the changes. The Company will review and, if the reason for the changes are determined by the Company to be operationally valid, confirm the load schedule changes using the PJM eScheduler function within one hour of the time that the EGS notifies the Company of the change. In the absence of confirmation by the Company, the prior load schedule value will remain in effect.

Because PJM has imposed a cut-off time for accepting load schedule changes, an EGS is encouraged to initiate any necessary changes and notify the Company well before the cut-off time to increase the likelihood that the changes will be accepted.

RULES AND REGULATIONS - CONTINUED3. OPERATIONS - Continued

- 3.4.3 Load Scheduling through a Scheduling EGS. Load schedules will not be submitted to PJM independently for a non-scheduling EGS. The load schedules submitted to PJM by an EGS serving as a scheduling EGS shall satisfy the load requirements for the EGS and any of its non-scheduling EGSs. Changes to such load schedules may be initiated only by the EGS serving as the scheduling EGS.

3.5 RECONCILIATION.

- 3.5.1 General. The reconciliation process shall account for differences between the load obligation that was scheduled for an EGS' end users and the energy that was actually used by those end users. Calculation of reconciliation values will be performed after-the-fact by the Company for all EGSs (except non-scheduling EGSs) with end users in the Company service territory.

The Company and EGS shall recover their costs for the reconciliation of energy at the prevailing PJM Wholesale Hourly Market Clearing Price (MCP). PJM will perform calculations to determine the monetary value of reconciliation values and will bill for the monetary value through the PJM grid accounting system.

Reconciliation is distinguished from energy imbalance service, a related process that will be managed and accounted for by PJM. Energy imbalance service results in the development of charges or credits for which EGSs will be responsible within the PJM grid accounting system due to the difference between an EGS' scheduled energy obligation and that EGS' scheduled supply. Energy imbalance service will be provided in real-time and accounted for after-the-fact by PJM for all EGSs (except non-scheduling EGSs).

- 3.5.2 Daily Reconciliation. Each business day that new fully metered days are available, the Company will determine hourly reconciliation values for that portion of the previous month's usage corresponding to new fully metered days. This information will be posted on the SUCCESS web-site to enable the EGS and the Company to track the day-by-day buildup toward the monthly reconciliation billing that will be performed by PJM.

The following calculations will be used to determine the reconciliation amounts:

- (a) Step 1 - Monthly-metered end users' actual usage (the billing usage reported by the Company) will be spread over each hour in the usage period based on each end user's weather-adjusted hourly usage curve using actual hourly weather data for the usage period. The monthly-metered end user's weather-adjusted usage by hour will be multiplied by the loss factor determined by end user rate class to determine the end user's gross usage by hour.

Each hourly-metered end user's hourly usage will be multiplied by a loss factor determined by end user rate class to determine the end user's gross usage by hour.

- (b) Step 2 - The gross hourly usage amount for each end user will be aggregated by an EGS to arrive at a total gross end user usage amount by hour by EGS. This aggregation will account for usage of non-scheduling EGS' end users.
- (c) Step 3 - The hourly reconciliation value for each hour will be calculated by subtracting the EGS hourly total gross end user usage amount from the hourly load schedule submitted to PJM by that EGS, including the effect of any confirmed changes to the load schedule entered before the PJM accounting deadline.
- (d) Step 4 - The hourly reconciliation values will be posted on the SUCCESS web-site.

- 3.5.3 Monthly Reconciliation. By the third business day after a calendar month becomes fully metered, the Company will compute and post the complete hourly reconciliation mismatch data the entire month to the SUCCESS web-site.

By the third business day after a calendar month becomes fully metered, the Company will also transfer the monthly reconciliation mismatch data to PJM. PJM will multiply the EGS hourly reconciliation energy amount by the corresponding hourly MCP to calculate the EGS reconciliation dollar amounts for each hour. PJM will include the EGS reconciliation dollar amounts in the monthly PJM bills to the EGS.

RULES AND REGULATIONS - CONTINUED

4. APPLICATION FOR SERVICE AND CREDIT

APPLICATION FOR SERVICE

- 4.1 4.6-Special Contracts. Special contracts existing on September 1, 1998 shall continue to remain in effect according to the terms thereof unless the end user exercises any right it may have to terminate said contract.

~~Standard contracts shall be for terms as specified in the statement of the rate, but where large or special investment is necessary for the supply of service, or where service is to be used for an emergency or temporary replacement of another method of operation, contracts of longer term than specified in the rate, or with special guarantees of revenue, or both, may be required.~~

~~In addition, the Company may enter into long term contracts for firm service to customers or potential customers who a) demonstrate that they are considering competitive alternatives (including self-generation) to PECO service; and b) who require in excess of 10,000 kW of monthly capacity supplied by PECO; or in circumstances where the customer contributes to the significant economic well-being of the region, as evidenced by an award from the Commonwealth of Pennsylvania of an Opportunity Grant in the amount of \$250,000 or greater. The terms and conditions of service and charges will be mutually agreed upon between the Company and the Customer and will be reflected in a signed service agreement that will not become effective until approved by the Commission. Rates will be established on a case-by-case basis and will be sufficient to cover all appropriate incremental costs, including the costs of labor, materials, and overhead and a contribution to fixed costs.~~

- 4.2 4.8-Withdrawal of Applicant. In the event the EGS withdraws an application for either new or modified service, the applicant EGS will reimburse the Company for all reasonable costs incurred by the Company in anticipation of supplying the new or modified service.

CREDIT.

- 4.3 5.1-Payment Obligation. The supply of default service for any purpose, at any location, is contingent upon payment of all charges provided for in this Tariff, ~~(and for the same class (residential or non-residential) of service under PECO Energy Company's Gas Service Tariff, if the customer also receives gas service at the same premises)~~ as applicable to the location and the character of service.

4.4 EGS CREDIT REQUIREMENTS AND SECURITY. In addition to credit requirements established in Pa.C.S. Ch. 74, §2809, EGSs must satisfy and maintain one or more of the following creditworthiness criteria:

- 4.4.1 At least a long-term bond (or other senior debt) rating of BBB- or an equivalent rating. Such rating may be obtained in one of three ways:

- (a) The rating will be determined by Standard & Poors or another recognized U.S. or Canadian debt rating service;
- (b) If the EGS' debt is not rated by a recognized debt rating service, an equivalent rating as determined by the Company, based on the financial rating methodology, criteria and ratios for the EGS industry as published by the above rating agencies from time to time. In general, such equivalent rating will be based on the EGS' audited financial statements for the EGS' two most recent fiscal years as well as on all interim reports, and any other relevant information; or
- (c) The EGS may, at its own expense, obtain a private rating from a recognized debt rating service, or request that an independent accountant or financial advisor, mutually acceptable to the Company and the EGS, prepare an equivalent evaluation based on the financial rating methodology, criteria, and ratios for the EGS industry as published by the above rating agencies from time to time.

- 4.4.2 The EGS may demonstrate creditworthiness by providing two years of audited financial statements demonstrating to the Company's satisfaction adequate financial strength to justify the amount of credit to be extended. The Company shall apply consistent evaluation practices to determine creditworthiness.

- 4.4.3 If the EGS does not establish or maintain creditworthiness as described above, the EGS may receive service by providing the Company one of the following alternatives:

- (a) A guarantee of the EGS' financial performance in a form satisfactory to the Company from a corporate affiliate of the EGS or a third party, either of which meets the creditworthiness standard set forth above.
- (b) A letter of credit, prepayment arrangement, or other credit support arrangement acceptable to the Company.

RULES AND REGULATIONS - CONTINUED

5. SERVICE LIMITATIONS

(Existing paragraphs 5.2 - 5.8 (Credit) moved to Rule 24.1)

5.1 CHARACTER. This tariff applies only to the ~~service supply of electric energy of the standard characteristics available in the~~ locality in which the end user's premises to be served are situated. The Company does not offer to provide service supply energy of nonstandard characteristics.

5.2 SINGLE-POINT DELIVERY. Unless otherwise stipulated therein, the rates named in this Tariff for each class of service are based upon ~~service to its supply through a single point of delivery and metering point for the total requirements at each separate premises of the end user or its agent.~~ Multiple service locations ~~Separate supply for the same end user Customer at other points of consumption shall be separately metered and billed.~~

5.3 SINGLE-POINT AVAILABILITY. ~~Electric service delivered at a single point is available to one or more buildings or units devoted essentially to a single purpose, provided and so long as:~~

- (a) Such buildings or units are:
- (1) held, possessed, and either utilized or operated as a single establishment by a single responsible entity, and
 - (2) unified on the basis of family, business, industry, enterprise, or governmental agency or through conveniences and services, such as heat, elevator, janitor, care of halls, walks and lawns, etc., furnished by such entity, and
 - (3) situated on a single or on contiguous land parcels except where such buildings or units constitute interdependent parts of a single industrial enterprise. In determining "contiguity" hereunder of parcels abutting opposite sides of public or private ways, the boundaries of such parcels shall be considered as extending to the center of such ways.
- (b) There is granted and maintained to the Company easement or other rights, adequate in the Company's reasonable judgment to supply service direct to any such buildings or units if, as and when a cessation of any one or more of the conditions stated in paragraph lettered "a" above should occur, or there should arise in any manner a Company duty of such direct supply.
- (c) The transforming, receiving and distribution facilities on the end user's ~~Customer's~~ side of the point of delivery ~~delivery point~~ are:
- (1) furnished, installed and maintained at the expense of the end user or its agent ~~Customer~~, and
 - (2) owned or leased by the end user or its agent ~~Customer~~, and
 - (3) operated and controlled by or at the expense of the end user or its agent ~~Customer~~.
- (d) The Company is under no legal obligation of direct supply to any portion of said building or units or their appurtenances.
- (e) A guarantee by deposit or otherwise is given and maintained to the Company sufficient in its reasonable judgment to insure it against loss in primary, secondary and/or distribution investment in the event of change in the nature of holding and possession of such buildings or units, or in the occupancy thereof, or in the type of service delivered thereto.
- (f) All utilization equipment on the end user's ~~Customer's~~ side of the Company delivery point is furnished, installed, operated and maintained by the operator of the building or units supplied or by the tenants of such operator whose use of electricity is dependent upon the single-point delivery and metering of service.
- (g) Any use of public highways by such operator for the latter's distribution facilities does not conflict or interfere with the franchise rights of the Company.

RULES AND REGULATIONS - CONTINUED**5. SERVICE LIMITATIONS - Continued**

5.4 COMPLIANCE WITH AVAILABILITY. The use of the Company's service shall not be for any purpose other than that covered by the availability provisions of the rate or rider under which service is supplied.

5.5 SINGLE-PHASE UP TO 150 KVA. Single-phase secondary service is available for loads up to 150 kVa. Loads in excess of this amount will be supplied polyphase service.

5.6 POLYPHASE LOADS AGGREGATING LESS THAN 7-1/2 HP. Polyphase service is not available for installations aggregating less than 7-1/2 horsepower, unless the excess cost of supplying polyphase rather than a single-phase service is borne by the end user customer.

5.7 MOTORS. Service is not available to motors which do not meet the Company's standard requirements.

5.8 COMPLIANCE WITH BUILDING ENERGY CONSERVATION ACT STANDARDS. Prior to receiving any electric service to or for new or renovated residential buildings or additions thereto, as defined by Pennsylvania Building Energy Conservation Act (BECA) as amended by Act 98 of 1985, applicants for service must provide the Company with the compliance certification copy of the Pennsylvania Department of Community Affairs (DCA) "Notice of Intent to Construct" form as processed by DCA. A compliance certification copy of "Notice of Intent to Construct" will not be required by the Company if the new or renovated residential building is located in a municipality which has elected to administer the BECA and requires that a notice of intent to construct be filed with the municipality prior to or at the time that application is made for a building permit.

RULES AND REGULATIONS - CONTINUED

6. PRIVATE PROPERTY CONSTRUCTION

6.1 COMPANY'S SERVICE LINES. Where the Company has supply facilities of adequate capacity on the highway or in other trunk line location adjacent to the premises to be served, it will provide, own and maintain standard service-supply lines as follows:

- (a) UNDERGROUND. Underground cable construction to a point approximately 18 inches inside the property line of the end userCustomer, except:
- (1) For secondary service to new residences or new apartment buildings, underground cable construction will be extended to a meter location or connection box located at the building or buildings, as designated by the Company and in accordance with Rule 7.3.
 - (2) The Company will make necessary repairs to end userCustomer-owned extensions of secondary service-supply lines for residential end userCustomers at no charge. If such end userCustomer-owned extension requires replacement, the Company will make the replacement and assume ownership of the service-supply line with the Company bearing the cost up to 200 feet in length and the end userCustomer bearing the cost for all additional length.
- (b) AERIAL. A single span of aerial open wire or cable construction to the first suitable support of the end userCustomer, nominally 100 feet inside the property line of the end userCustomer. The end userCustomer's support shall be so located that the service span will be free of obstruction and adequately supported by the size and weight of the conductors.

6.2 SERVICE-SUPPLY ALTERATIONS. Changes in location of service-supply lines or meters, for the accommodation of the end userCustomer, shall be at the expense of the end userCustomer.

6.3 END USER'SCUSTOMER'S SERVICE EXTENSION. The end userCustomer shall provide, own and maintain the service extension from the Company's service-supply lines to the receiving equipment.

6.4 METERS AND TRANSFORMERS. The Company will provide, own and maintain any ~~meter or meters, and also the transformer~~ or transformers (both potential and current type transformers), required in the supply of service, ~~of the current characteristics specified by the rate or rider under which the supply is made.~~ The supply of transformers by the Company shall be limited to those required for a single standard transformation.

6.5 TRAILER PARKS. Where it is established by plans, development, use or other facts that the operation of a trailer park is predominantly to provide rental locations for non-transient trailers, with not less than two nor more than four such locations, the Company, upon written application of the trailer park operator and upon the receipt of an enabling agreement and of adequate rights-of-way, will construct, own and operate within the trailer park specified aerial electric energy, the trailer park operator being liable for payment of service to trailer park tenants not contracting in writing for service in their own names. The Company's obligation to install or extend such distribution facilities within the trailer park is limited to the investment warranted by the anticipated revenue. Alterations of such distribution facilities at the request of the park operator when not for the purpose of serving additional trailer rental locations will be at the cost of the trailer park operator. A trailer park operator desiring underground distribution facilities within a trailer park consisting of less than five locations must bear the excess cost incident thereto. Specifications and terms for such underground construction will be furnished by the Company on request. In new trailer parks consisting of five or more locations, underground distribution facilities will be extended in accordance with Rule 7.3.

RULES AND REGULATIONS - CONTINUED

7. EXTENSIONS

7.1 TRUNK LINE CONSTRUCTION. The Company will construct, own and maintain overhead or underground supply facilities, either secondary, primary, or high tension, located on the highway or on rights-of-way acquired by the Company and used or usable as part of the Company's general supply system.

7.2 LINE EXTENSIONS. The Company will extend a single-phase line up to 2,500 feet along the normal route of development of the distribution system without a guarantee of revenue, unless the ~~end user's~~ Customer's use of facilities is speculative or of doubtful permanency. Minimum revenue guarantees will be required for single-phase line extensions over 2,500 feet and for certain polyphase line extensions. The minimum revenue guarantee period shall not exceed three years.

Minimum revenue guarantees for single-phase line extensions shall be based solely on the contractor costs, if any, the direct labor costs and the direct material costs attributable to construction of the line extension beyond 2,500 feet. For the portion of the single-phase line extension beyond 2,500 feet, the ~~end user~~ Customer will be required to guarantee annual revenue ~~from distribution delivery service, less all fuel cost~~, equal to or greater than the cost of this portion of the line extension based on the defined costs. When additional ~~end user~~ customers are connected to an existing or additional line extension within a three-year period, the remaining total amount to be guaranteed for the existing line extension is reapportioned for all ~~end user~~ customers including the new ~~end user~~ customers, providing such reapportionment does not increase the guarantees of the existing ~~end user~~ customers. Otherwise, the additional line extension is considered as a new line extension.

Minimum revenue guarantees for polyphase extensions shall be based on fully allocated costs and will be required where the construction cost of the extension exceeds \$100,000. In such cases, the ~~end user~~ Customer will be required to guarantee annual revenue, ~~less all fuel cost~~, equal to or greater than the cost of the entire line extension when such cost exceeds \$100,000. When determining construction costs for this purpose, system reinforcements, removal cost, transformers, services, meters-generation and substation equipment will be excluded.

For all line extensions which in the Company's judgment are speculative or of doubtful permanency, a minimum revenue guarantee will be required for the total line extension. This guarantee shall be equal to the Company's estimated installation and removal costs, less salvage. If, in the Company's judgment, the ~~end user's~~ Customer's credit history will not permit a minimum revenue guarantee, a construction advance from the ~~end user~~ Customer will be required prior to construction of the extension. This construction advance shall be equal to the minimum revenue guarantee. This construction advance will be returned to the ~~end user~~ Customer by a credit of 20% of the amount of the ~~end user's~~ Customer's monthly bills for ~~electric distribution delivery service net of fuel~~. The Company will retain such portion of the advance as needed to guarantee the payment of subsequent bills.

7.3 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS.

A. DEFINITIONS. For the purposes of this rule, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

APPLICANT FOR ELECTRIC SERVICE - The developer of: a recorded plot plan consisting of five or more lots; or one or more five-unit apartment houses. ~~An EGS may act as the agent of the developer if written confirmation to that effect is provided to the Company.~~

DEVELOPER - The party responsible for construction and providing improvements in a development; that is, streets, sidewalks, and utility-ready lots.

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, mobile homes, or apartment houses, all of which are intended for year-around occupancy, if electric service to such lots necessitates extending the Company's existing distribution lines.

DISTRIBUTION LINE- An electric supply line of untransformed voltage from which energy is delivered to one or more service lines.

SERVICE LINE- An electric supply line of transformed voltage from which ~~electricity~~ service is delivered to the residence.

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 apartment houses, all of which are intended for year-around occupancy, if electric service to such lots necessitates extending the Company's existing distribution lines.

RULES AND REGULATIONS - CONTINUED7. EXTENSIONS - Continued

B. INSTALLATION OF DISTRIBUTION AND SERVICE LINES. All distribution and service lines installed pursuant to an application for electric service within a development will be installed underground, and will be owned and maintained by the Company. Pad-mounted transformers may be installed at the option of the Company. Excavating and backfilling will be performed by the developer of the project or by such other agent as the developer may authorize. Installation of underground service-related facilities will be performed by the Company or by such other agent as the Company hires ~~may also be installed underground~~, upon terms and conditions prescribed elsewhere in this 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 section shall prohibit the Company from performing its own excavating and backfilling for greater system design flexibility. However, no charges other than those specified in Section 57.83(4) of Title 52 shall be permitted.

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 will 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, such 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 such standards and specifications are met.
- (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 any other utility 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 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 this tariff a change is mandated for overhead service.
- (1) No charges other than those described in paragraph (4) of this subsection 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.

D. APPLICABILITY. The provisions of this rule will apply to all applications for service to developments, hereinbefore defined, which are filed after the effective date of this supplement.

E. SUBDIVISIONS. Underground facilities in new residential developments are only required by Sections 57.81 through 57.87 of Title 52 when a bona fide developer exists, i.e., only when utility-ready lots are provided by the developer. A mere subdivision is not required to have underground service. However, should the lot owner or owners in a subdivision desire underground service, such service shall be provided by the Company if such lot owner or owners, at their option, either comply with Section 57.83 of title 52, or pay to the Company such charges as are contained in the Company's tariff for underground electric service not required by Title 52.

7.4 TAX ACCOUNTING OF CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER-ADVANCES. All contributions in aid of construction (CIAC), customer-advances or other like payments received by the Company shall constitute taxable income as defined by the Internal Revenue Service. The income taxes on such CIAC or customer-advances will be segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with CIAC or customer-advances will not be charged to the specific contributor of the capital.

RULES AND REGULATIONS - CONTINUED

8. RIGHTS-OF-WAY

8.1 **TERM AND RENTALS.** When the premises of an end user Customer is so located that he can be served only by facilities extending over the property of another, the end user Customer shall accept service for such term as is provided in the permit or agreement covering the location and the maintenance of service equipment; and he shall reimburse the Company for any and all special or rental charges that may be made for such rights by said permit or agreement.

8.2 **PROCUREMENT BY APPLICANT CUSTOMER.** Applicants Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay any associated costs.

8.3 **DELAYS.** Applications for service from an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

9. INTRODUCTION OF SERVICE

9.1 **WIRING IN PROGRESS.** Service-supply lines will not be installed prior to the time that the end user's customer's wiring of the premises is actually in progress.

9.2 **INSPECTION.** The Company reserves the right to refuse the introduction of service unless a written certificate of approval, satisfactory to the Company, has been received from a competent inspection agency authorized to perform this service in the specific locality supplied.

9.3 **COMPANY'S RIGHT TO INSPECT.** The Company shall have the right, but shall not be obliged to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with the Company's standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the installation, wiring, or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the end user Customer.

9.4 **DEFECTIVE INSTALLATION.** The Company may refuse to connect if, in its judgment, the end user's Customer's installation is defective, or does not comply with such reasonable requirements as may be necessary for safety, or is in violation of the Company's standard requirements.

9.5 **UNSATISFACTORY INSTALLATION.** The Company may refuse to connect if, in its judgment, the end user's Customer's equipment, or use thereof, might injuriously affect the equipment of the Company, or the Company's service to other end user's customers.

9.6 **FINAL CONNECTION.** The final connection between the end user's Customer's installation and the Company's service-supply lines shall be made by or under the supervision of a representative of the Company, except for standard single-phase secondary aerial service, in which case the end user Customer may make the final connection in accordance with the Company's standard requirements.

~~9.7 **NEW OR TRANSFER CUSTOMER CHARGE.** When a Customer's account for service is initiated or when a Customer's account is transferred from one address to another address, there will be a charge \$6.00 to cover the clerical expenses incurred by the Company. The State Tax Adjustment Clause applies to this charge.~~

RULES AND REGULATIONS - CONTINUED**10. COMPANY EQUIPMENT ON END USER'SCUSTOMER'S PREMISES**

10.1 COMPANY MAINTENANCE. The Company shall keep in repair and maintain its own property installed on the premises of the end userCustomer.

10.2 END USER'SCUSTOMER'S RESPONSIBILITY. The end userCustomer shall be responsible for safekeeping of the Company's property while on the end user'sCustomer's premises. In the event of injury or destruction of any such property the end userCustomer shall pay the costs of repairs and replacement.

10.3 PROTECTION BY END USERCUSTOMER. The end userCustomer shall protect the equipment of the Company on the premises, and shall not permit any person, except a Company employee having standard badge of the Company or other Company identification, to ~~break any seals upon or do any work on any property owned by meter or other apparatus of the Company and located on the~~ end user'sCustomer's premises.

10.4 TAMPERING. In the event of the Company's ~~meters or other property~~ being tampered or interfered with, the end userCustomer being supplied through such equipment shall pay the amount which the Company may estimate is due for ~~service used but not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, and protective installations.~~

10.5 RIGHT OF ACCESS. The Company's identified employees shall have access to the premises of the end userCustomer at all reasonable times for the purpose of reading meters installed by the Company, and for installing, testing, inspecting, repairing, removing or changing any or all equipment belonging to the Company.

10.6 OWNERSHIP AND REMOVAL. All equipment supplied by the Company shall remain its exclusive property, and the Company shall have the right to remove the same from the premises of the end userCustomer at any time after the termination of service from whatever cause.

10.7 POLE REMOVAL OR RELOCATION REQUESTED BY RESIDENTIAL PROPERTY OWNERS. The cost for removal or relocation of distribution line poles and their associated attachments made pursuant to the request of a residential property owner who is not entitled to receive condemnation damages to cover the cost of such work shall be borne by the property owner and shall be limited to contractor, direct labor, and direct material costs incurred less maintenance expenses avoided as a result of the pole removal or relocation. The calculation of such cost for removal or relocation shall be in accordance with the Public Utility Commission Regulations - Title 52, Section 57.27.

10.8 RELOCATION OF COMPANY FACILITIES REQUESTED BY NON-RESIDENTIAL PROPERTY OWNERS. Except as otherwise provided by law (e.g., 66 PCS Section 2704 et seq.), a non-residential property owner, such as a builder, developer or contractor (Owner), shall pay to the Company the costs of relocation of Company facilities or equipment, made for the accommodation of the Owner or in fulfillment of the Owner's obligation to any public authority. A request for relocation of Company facilities shall be in writing. The relocation cost shall include labor (including overhead), materials, storeroom expense, and transportation, less the depreciated value of any equipment replaced.

Where the relocation is done in conjunction with construction of a supply line to a development, the Company shall include in the relocation cost only those costs caused by the Owner's request.

The Company will notify the Owner in writing of the relocation cost. Advance payment of relocation costs will be required before the Company will commence the work, except, at the sole discretion of the Company, under special circumstances.

Where the relocation relates to a development that will generate additional revenue for the Company, the Company will give the Owner an initial credit against the relocation costs in an amount not to exceed 5% of the estimated annual service revenue less fuel costs from the portion of the development under construction at the time of the relocation request. The Company will give the Owner an additional credit against relocation costs not to exceed 5% of the estimated additional annual service revenue less fuel costs realized from new load on the Company's system due to buildings not under construction at the time of the initial relocation but that are under roof within a five (5) year period from the date of completion of the relocation work. When the relocation is done in conjunction with extension of a line in accordance with §7.2 of ~~this the Electric Tariff~~, the Company will include in the credit calculation only such estimated annual revenue that exceeds the minimum revenue guarantee required by §7.2.

The cost and expense of project changes which require a second relocation of the same Company facilities shall be borne solely by the party requesting the change without offset or credit.

10.9 AERIAL LINE CLEARANCE. In accordance with the requirements set forth in the National Electric Safety Code, the Company shall have the right to trim, remove, or separate trees, vegetation or any structures therein which, in the opinion of the Company, interfere with its aerial conductors, such that they may pose a threat to public safety or to system reliability.

RULES AND REGULATIONS - CONTINUED

11. TARIFF AND CONTRACT OPTIONS

~~11.1 CHOICE OF RATE. When the class of service-supply or conditions of use for supplying electricity to an end user are such that two or more rates are available, an EGSa-Customer shall select the rate on which the EGSCustomer will be billed for service to the end user. The Company will not make any rate change retroactive, unless, in the Company's sole judgment, the Company failed to adequately respond to an EGS' request for assistance or modification at the time of such request.~~

~~11.3 COMPANY ASSISTANCE. The Company upon request will, to a reasonable extent, assist Customers in selecting the most advantageous rate or rate application.~~

~~11.32 RATE CHANGES. A customer may not change rates during the "initial contract term" as defined in the "Definition of Terms and Explanation of Abbreviations" section above unless the Company agrees to permit the change. At any other time, a customer may change to a firm rate for which the customer qualifies upon 30 days notice to the Company.~~

~~A Customer may request that the Company modify the terms of its contract, other than the Customer's rate, but the Company will only allow such modification when, in the Company's sole judgment, the modification does not conflict with the Company's Tariff and is not detrimental to the Company.~~

~~The Company will not make any rate change retroactive, unless, in the Company's sole judgment, the Company failed to adequately respond to an EGS' request for assistance or modification at the time of such request.~~

12. SERVICE CONTINUITY

12.1 LIMITATION OF LIABILITY FOR SERVICE INTERRUPTIONS AND VARIATIONS. The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

In all other circumstances, the liability of the Company to customers or other persons for damages, direct or consequential, including damage to computers and other electronic equipment and appliances, loss of business, or loss of production caused by any interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity shall in no event, unless caused by the willful and/or wanton misconduct of the Company, exceed an amount in liquidated damages equivalent to the greater of \$500 or two times the charge attributable to the end user/customer for the service affected during the period in which such interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity occurs. In addition no charge will be made to the EGS and/or the end user for the affected service during the period in which such interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity occurs. A variety of protective devices and alternate power supplies that may prevent or limit such damage are available for purchase by the end user/customer from third parties.

12.2 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 than 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 service to one or more end user/customers, in accordance with the Company's procedures for controlling load.

~~Where action has been taken by the Company pursuant to this provision, the EGS serving the end users whose loads are affected by such action will be notified by the Company as soon as practicable. 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 the Pennsylvania Public Utility Commission.~~

RULES AND REGULATIONS - CONTINUED12. SERVICE CONTINUITY - Continued

12.3 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 restriction of the fuel supplies available to ~~energy generators/producers overall~~ 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, an emergency energy 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 conserve and allocate energy available on the system in a manner that meets public needs and protects the system overall, available fuel supplies. Such measures may include, but shall not be limited to reduction, interruption, or suspension of service to one or more of its ~~end users/customers~~ or classes of ~~end users/customers~~ in accordance with the Company's procedure for emergency energy conservation.

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

The Company may revise such procedure 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 Pennsylvania Public Utility Commission.

12.4 NOTICE OF TROUBLE. The ~~end user or its agent~~ Customer must immediately notify the Company if the service is interrupted or is otherwise unsatisfactory due to defects, trouble, or accident, affecting ~~service~~ the supply of electricity.

12.5 RELOCATION OF DELIVERY POINT. In the event that the Company shall be required by any public authority to place underground any portion of its mains, wires, or service-supply lines, or relocate any poles or feeders, the ~~end user~~ Customer, at ~~its~~ the customer's own expense, shall change the location of ~~the~~ his point of delivery to a point readily accessible to the new location.

13. END USER'S/CUSTOMER'S USE OF SERVICE

13.1 RESALE OF SERVICE. ~~An end user~~ A Customer may resell energy purchased from ~~an EGS~~ the Company and delivered by the Company under a single contract at one application of an available rate when the purchased energy is the exclusive source of the ~~end user's~~ Customer's supply, is for the total requirements of the premises served, and the location and use of the resold energy conforms to the availability requirements of this Tariff for supply to ~~Customer for the customer's own account~~.

All residential units connected after May 10, 1980, except those dwelling units under construction or under written contract for construction as of that date must be individually metered, ~~by either the Company or the landlord for their basic electric service supply. Centrally supplied master metered heating, cooling or water heating service may be provided if such supply will result in energy conservation. The charges for residential submetered electric service to tenants from a landlord shall not exceed the charges for electric service to such landlord for the service tenants under the Company's applicable rate schedules.~~

The requirements for individually metered dwelling units in new construction may be waived at the sole discretion of the Company. Such waiver will only be granted when the owner can demonstrate to the Company that there are valid reasons for such waiver and that there will not be a significant impact on the consumption of an individual ~~end user~~ customer.

13.2 FLUCTUATIONS. ~~Electric~~ Service must not be used in such a manner as to cause unusual fluctuations or disturbances in the Company's supply system, and, in the case of violation of this rule, the Company may ~~disconnect its service to the end user point of delivery~~ ~~discontinue service~~, or require the ~~end user~~ Customer to modify the installation and/or equip it with approved controlling devices.

13.3 TYPE OF INSTALLATIONS. Motor and other installations connected to the Company's lines must be of a type to use minimum starting current and must conform to the requirements of the Company as to wiring, character of equipment, and control devices.

13.4 UNBALANCED LOAD. The ~~end user~~ Customer shall at all times take, and use, energy in such manner that the load will be balanced between phases to within nominally 10%. In the event of unbalanced polyphase loads, the Company reserves the right to require the ~~end user~~ Customer to make the necessary changes at the ~~end user's~~ customer's expense to correct the unsatisfactory condition, or to compute the demand used ~~in~~ for billing ~~service~~ purposes on the assumption that the load on each phase is equal to that on the greatest phase.

13.5 ADDITIONAL LOAD. The service connection, transformers, ~~meters~~ and other equipment supplied by the Company for each ~~end user~~ Customer, have definite capacity, and no additions to the equipment or load connected thereto will be allowed except by consent of the Company.

13.6 CHANGE OF INSTALLATION. The ~~end user or its agent~~ Customer shall give immediate written notice to the Company of any proposed increase or decrease in, or change of purpose or location of, the installation.

13.7 FAILURE TO GIVE NOTICE. Failure to give notice of additions or changes in load or location shall render the ~~end user~~ Customer liable for any damage to the ~~meters or their auxiliary apparatus, or the transformers, or wires, or other equipment~~ of the Company, caused by the additional or changed installation.

RULES AND REGULATIONS - CONTINUED

14. MEASUREMENT

14.1 SUPPLY OF METERS. An EGS may choose to utilize the Company's meters or furnish a meter that is owned, installed, maintained, and removed by an MSP. Where Company meters are utilized, the Company is responsible for meter installation, maintenance, and removal. The measurement of electric service shall be by meters furnished and installed by the Company. Where Company meters are utilized, the Company may select the type and make of metering equipment required, and may, from time to time, change or alter its requirements for the sole purpose of ensuring that meters used to measure end user usage, the equipment, its sole obligation being to supply meters that will accurately and adequately furnish records for billing purposes.

14.2 SPECIAL MEASUREMENTS. The Company shall have the right, at its option and its own expense, to require place-demand meters, reactive-component meters, or other instruments, on the premises of any end user Customer, for the purpose of measuring the demand and/or the power factor, or for other tests of all, or any part, of the end user's Customer's load.

14.3 POWER FACTOR MEASUREMENT. The Company reserves the right to require that measure the power factor of the end user's Customer's load be measured, either by test or by permanently installed instruments.

14.4 REVERSE REGISTRATION. The Company may, by ratchet or other device, require that control its meters to prevent reverse registration be prevented.

14.5 METER ELIMINATION. The kilowatt-hours and billing demands to be paid for may be determined by computation instead of by measurement in the case of installations having a fixed load or demand value controlled to operate for a definite number of hours each day.

14.6 METER READING INTERVALS. The Company will read any its meters it owns and for which account it is designated as the meter reading and billing service provider, at scheduled regular intervals of one month and will render standard bills for the recorded use of service based upon the time interval between meter readings. Only those bills which cover a period of service of less than 27 days or more than 34 days will be prorated.

14.7 ESTIMATED USAGE. The Company shall estimate the amount of service supplied to premises where access to its own meter is not available, where data from the end user's meter is not available, and to installations at remote locations when warranted by the type of installation, regularity of usage, or other circumstances, and will render bills in standard form based on such estimate and so marked, for the end user's Customer's acceptance. The Company's meter readings will be secured from time to time and billing will be revised when the meter readings they disclose that the estimate failed to approximate the actual usage. For residential end user's customers, an actual meter reading will be obtained at least every six months, in accordance with Commission regulations.

15. DEMAND DETERMINATION

15.1 MEASURED DEMANDS. Measured demands may be quantified by recording or indicating instruments showing, unless otherwise specified, the greatest 30-minute rate-of-use of energy delivered, provided that in the case of hoists, elevators, welding machines, electric furnaces, or other installations where the use of electricity is intermittent or subject to violent fluctuation the demand may be fixed by special determination.

15.2 DEMAND DETERMINATION.

- (a) SPECIAL DETERMINATION. Where charges specified in this Tariff are based upon the end user's Customer's demand, it is intended that such demand shall fairly represent the distribution delivery capacity which the Company is required to stand ready to supply. In case of installations where the end user's Customer's regular use of service in the ordinary course of the end user's Customer's business is such that measurement over a 30thirty-minute interval does not result in a fair or equitable measure of such the supply capacity required to serve the end user's Customer's load, then the demand may be estimated from the known character of use and the rating data of the equipment connected, or from special tests, the intent being that the demand so determined shall fairly represent the end user's Customer's capacity requirement. The contract for such loads shall not in any case be for less capacity than the Company is required to provide supply.

RULES AND REGULATIONS - CONTINUED15. DEMAND DETERMINATION - Continued

- (b) DEMAND WAIVER. When an end user or its agent ~~Customer~~ wishes to conduct a test of equipment or process that is not part of the ~~Customer's~~ normal operations, the end user or its agent ~~Customer~~ may request that the Company waive the demand caused by that test, if that demand is the highest measured demand in the billing month. The Company will agree to such a waiver if the following conditions are met:
- (1) ~~The Company's~~ Metering is of a type which allows for the determination of 30-minute demands.
 - (2) The ~~Customer's~~ request for waiver is in writing, and is received by the Company within 15 business days of the date of the commencement of the proposed test. The request must specify the nature of the test, the size of the loads to be tested and the starting and ending times.
 - (3) The Company determines that the tests is not a part of the ~~Customer's~~ normal operations.
 - (4) The test will not last for more than twelve (12) consecutive hours.
 - (5) The end user or its agent ~~Customer~~ has not conducted a test and received a demand waiver for a test pursuant to this rule within one year of the proposed test.

The Company will inform the end user or its agent ~~Customer~~ in writing within fifteen (15) days of receipt of the ~~Customer's~~ request whether it will grant the proposed waiver.

15.3 POWER FACTOR ADJUSTMENT. Standard power factor values, based on measured demands, are as follows:

<u>Measured Demands</u>	<u>Standard Power Factor</u>
0 kW to 185 kW	80%
186 kW to 2,500 kW	90%
Over 2,500 kW	95%

Whenever the measured power factor of an end user ~~Customer~~ is less than the prescribed standard, the end user's ~~Customer's~~ measured demand shall be increased by the ratio of the standard power factor to the measured power factor. The demand thus determined shall be used as a basis for calculating the end user's ~~Customer's~~ billing demand in accordance with the applicable rate schedule.

The measured power factor shall be determined as follows:

- (a) All end user ~~customers~~ with measured demands of 750 kW or greater in three consecutive months shall have their power factor continually measured. The measured power factor shall be the power factor that is coincident with end user's ~~Customer's~~ maximum measured demand. Continuous power factor measurement may be discontinued if the end user's ~~Customer's~~ measured demand is less than 750 kW for twelve consecutive months, or if a change in the end user's ~~Customer's~~ load characteristics indicates a permanent reduction in measured demand to less than 750 kW. Until such time that metering equipment can be installed for continuous measurement of power factor, power factor shall be determined in accordance with paragraph (c) of this section.
- (b) The power factor of end user ~~customers~~ with measured demands of less than 185 kW will be assumed to be standard, unless the end user's ~~Customer's~~ load is such that it is likely, in the judgment of the Company, that the power factor will be less than the standard. In such cases, the provisions of paragraph (c) are applicable.
- (c) The power factor of all end user ~~customers~~ not included under the provisions of paragraphs (a) or (b) shall be determined by test at a time when the end user's ~~Customer's~~ load is not less than two-thirds of its ~~the~~ Customer's maximum measured demand in the preceding eleven months; or, at the option of either the end user ~~Customer~~ or the Company, by measurement as determined from meters installed by the Company - ratcheted to prevent reverse registration. When meters are installed, the measured power factor shall be the power factor that is coincident with the end user's ~~Customer's~~ maximum measured demand. End user ~~Customers~~ requesting measurement of power factor shall be subject to a monthly meter charge determined in accordance with the cost of the meter installation. Such installation shall not be for less than one year.
- (d) For end user ~~customers~~ served under the Large Interruptible Load Rider, in addition to the adjustment to billing demand described above, the on-peak kilowatt-hours, ~~for each hour billed based on the PJM billing rate,~~ shall be the product of the measured kilowatt-hours and the factor (SPF/PF), where SPF is the Standard Power Factor defined above and PF is the average power factor for that hour, except that the factor (SPF/PF) shall never be less than one.

RULES AND REGULATIONS - CONTINUED16. METER TESTS AND BILLING SERVICES16.1 METER TESTS OF COMPANY-OWNED METERS.

- (a) METER TESTS. The Company at its expense, will make periodic tests and inspections of its meters in order to maintain them at a high standard of accuracy.
- (b) REQUEST TESTS. The Company will make additional tests or inspections of its meters at the request of an end user or its agent Customer, but reserves the right to make the charge provided for in the Electric Regulations of the Pennsylvania Public Utility Commission, under conditions therein specified.
- (c) ADJUSTMENT FOR ERROR. Should any meter become defective or fail to register correctly, the use of electricity shall be determined by a test of the meter, or by the registration of a meter set in its place during the period next following, or by averaging the amount registered for the preceding billing period and the amount registered during not less than one week immediately subsequent to the repairs to, or change of, the meter, taking into consideration the character of use by the end user Customer.
- (d) RESIDENCE METER ERRORS. Meter errors in residence service may be determined on the basis of the registration of the corresponding period during the preceding year, if records are available and conditions of use remain the same.
- (e) ADMINISTRATION TESTS. The Company, at its own expense, will make only such tests as it deems necessary for the proper administration of its rates, or as are required by law.
- (f) TESTING SERVICE. The Company will, upon request by the end user or its agent Customer, make tests to supply special information regarding the end user's Customer's use of service, provided that the estimated cost of such special tests shall be paid by the Customer to the Company in advance.

16.2 METER TESTS OF MSP-OWNED METERS.

- (a) METER TESTS. The MSP will make periodic tests and inspections of meters in order to maintain them at a high standard of accuracy.
- (b) REQUEST TESTS. The MSP will make additional tests or inspections of meters at the request of an end user or its agent, but reserves the right to assess a requested meter test charge for said test that is equal to the amount that the Company may charge as permitted by the Commissions rules and regulations.
- (c) ADJUSTMENT FOR ERROR. Should any meter become defective or fail to register correctly, the use of electricity shall be determined by a test of the meter, or by the registration of a meter set in its place during the period next following, or by averaging the amount registered for the preceding billing period and the amount registered during not less than one week immediately subsequent to the repairs to, or change of, the meter, taking into consideration the character of use by the end user.
- (d) RESIDENCE METER ERRORS. Meter errors in residence service may be determined on the basis of the registration of the corresponding period during the preceding year, if records are available and conditions of use remain the same.
- (e) ADMINISTRATION TESTS. The MSPEGs or its agent, at its own expense, will make only such tests as are required by law.
- (f) TESTING SERVICE. The MSP Company may, upon request, make tests to supply special information regarding the end user's use of service, provided that the estimated cost of such special tests shall be paid for in advance.

RULES AND REGULATIONS - CONTINUED16. METER TESTS AND BILLING SERVICES - Continued

16.3 METER READING SERVICE. Meter reading service shall be available from an EGS, provided, however, that such service may also be provided by an authorized provider selected by the EGS or end user. ~~An EGS is responsible for providing.~~ The requirements for meter reading service are as follows:

- (a) The provider will perform readings at no less than a 99 percent accuracy level.
- (b) The provider shall install and maintain voice and data information systems that are capable of interfacing with the Company's existing telephony, customer information system, and outage information system.
- (c) Voice and data information system interface standards shall be based on open architecture and be developed in conjunction with Commission rules.
- (d) No more than six (3) months may elapse between meter readings at any point of delivery. During this interval, the Company will accept estimated readings. The Company has the right to request information from the provider as to how the estimated reading was derived and to reject the reading if, in the Company's judgment, the estimated reading does not reasonably reflect the amount of electric service provided.
- (e) The provider may accept monthly meter readings from an end user for a period of no longer than four (4) months, after which time the provider shall perform the meter read.
- (f) The account closing reading will take place within one (1) day of the account closure effective date.

RULES AND REGULATIONS - CONTINUED

17. STANDARD PAYMENT TERMS

[Prior paragraphs 17.1 - 17.9 moved to Rule 24.]17.1 BILLING AND PAYMENT FOR SERVICE PROVIDED TO THE EGS.

- (a) General. Unless otherwise specified, the Company will bill the EGS for delivery service monthly.
- (b) Payment of Bills. The EGS is responsible for payment of all charges assessed by the Company. All bills are due and payable at the Company's office within five (5) days of presentation. Billings unpaid by the due date are subject to a late payment charge of one and one-half percent (1-1/2%) per month of the unpaid balance. Payment will be in Automated Clearing House, or an equivalent electronic format. Partial payments will be applied first to any outstanding balance owed by the EGS.
- (c) Application of Payment. When payment is received from an EGS by the Company from a Customer who has having an unpaid balance which includes CTC/ITC charges or finance charges, the payment will be applied first to the CTC/ITC charges, finance charge, second to the finance charge, and then to the remainder of the unpaid balance, in the order of oldest outstanding charges first.

17.2 BILLING OF AN END USER BY AN EGS.

- (a) General. The EGS or its agent will bill its end user for services and is responsible for collection of amounts owed. Failure of the end user to pay for services does not relieve the EGS of the responsibility to pay the Company in full for services rendered, including, but not limited to, those relating to CTC and ITC.
- (b) Statement of Charges. EGS billings may either separately state the Company's charges or incorporate them into the EGS billing.
- (c) Services Provided. An EGS, or its agent, or such other provider as the end user may authorize, shall provide billing services, including, but not limited to:
 - (1) Reading of end user meters, including those meters owned by the Company or by an MSP.
 - (2) Billing of end users based on the ESP/end user service agreement.
 - (3) Adjusting end user bills due to a billing error.
 - (4) Collecting and processing of amounts owed by end users in a manner that complies with all state and federal consumer protection laws.
- (d) Notification of Billing and Payment Terms and Conditions. An EGS or other authorized provider of billing services shall inform end users of its policies with respect to returned check charges, interest on late payments, end user deposits, payment terms, remittance, termination policies, and the like.
- (e) Information Included in Billing. EGS bills shall include the following information:
 - (1) Meter readings for both the beginning and end of the period for which the bill is rendered (if the billing is based on metered quantities);
 - (2) The dates of the meter readings;
 - (3) The ESP pricing plan under which the bill was computed;
 - (4) The date on which payment of the bill will be overdue;
 - (5) Any other information necessary for the computation of the bill;
 - (6) The telephone number to call for outage reporting;
 - (7) The point of delivery identification number of the end user; and
 - (8) Mandated legal and safety notices in the format provided by the Company.
- (f) Interim Billing. When an end user who is a tenant closes an account, the account will move to default service in the landlord's name for interim billing purposes, unless the service has been disconnected.

RULES AND REGULATIONS - CONTINUED18. TERMINATION OF SERVICE BY THE COMPANY

[Prior Paragraphs 18.1 - 18.6 moved to Rule 24.]

TERMINATION OF SERVICE BY THE EGS

18.1 Generally, EGSs may terminate, but not disconnect, service to end users upon not less than five (5) business days' notice to the end user and the Company. Notice of termination of service must include a description of the termination policies and a list of other certified EGSs which have consented to being included on such list. If the Company has not accepted a new enrollment notice for the end user at the time of termination, the end user will revert to default service, consistent with all terms and conditions of such service.

TERMINATION OF SERVICE BY THE COMPANY

18.3 SHUT-OFF FOR CAUSE. The Company may terminate its service connection on reasonable notice if access to meters used for billing to its meter or meters is refused or if access thereto is obstructed or hazardous; or if utility service is taken without the knowledge or approval of the Company; or for other violation of these Rules and Regulations and/or Commission rules (at 52 Pa. Code Chapter 56).

18.4 SAFETY SHUT-OFF. The Company may terminate its service connection without notice if the end user's Customer's installation has become hazardous or defective.

18.5 DEFECTIVE EQUIPMENT SHUT-OFF. The Company may terminate its service connection without notice if the end user's Customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other end users; or if a certificate of approval is refused after a re-examination of the end user's Customer's installation by a competent inspection agency authorized to perform this service in the specific locality supplied.

18.6 SHUT-OFF FOR FRAUD. The Company may terminate its service connection without notice for abuse, fraud, or tampering with the connections, meters or other equipment owned by the Company.

19. UNFULFILLED CONTRACTS

19.1 NOTICE OF DISCONTINUANCE BY END USER/CUSTOMER. Notice from an end user to discontinue service prior to the expiration of a contract term will not relieve an EGS Customer from any minimum, or guaranteed, payment under any contract or rate.

19.2 COMPLETION OF TERM. If, by reason of any act, neglect or default of an EGS Customer, the Company's service is suspended, or the Company is prevented from supplying service in accordance with the terms of any contract it may have entered into with the EGS Customer, the minimum charge for the unexpired portion of the initial contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract. These liquidated damages may, at the option of the Company, be offset by estimated revenues from a succeeding EGS Customer at the same location if such exists.

RULES AND REGULATIONS - CONTINUED20. CANCELLATION BY EGSCUSTOMER

20.1 TERMINATION NOTICE. ~~EGS~~Customers who have fulfilled their initial contract term and wish to discontinue service must give at least 7 days' written notice to that effect ~~as required in the Customer's contract with the Company.~~

20.2 FINAL BILL. The ~~EGS~~Customer is liable for service taken after notice to terminate the contract, until ~~final~~the meter ~~data is~~ available ~~is read and/or disconnected.~~ The final bill for service is then due and payable immediately.

21. GENERAL

21.1 OFFICE OF THE COMPANY. Wherever, in this ~~Tariff~~, it is provided that notice be given or sent to the Company, or the office of the Company, such notice, delivered or mailed, postage prepaid to any commercial office, shall be deemed sufficient, unless the Main Office of the Company at 2301 Market Street, Philadelphia, is expressly mentioned.

21.2 NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this ~~Tariff~~ shall not be deemed a waiver of its right to do so.

21.3 GRATUITIES TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

21.4 BILLING CHANGES. Where billing changes are made as the result of an investigation made at an ~~EGS~~Customer's request or by routine inspection, the change of billing may be applied to the bill for the regular meter reading period preceding such investigation, and will in any event apply to the bill for the period during which the check is made.

21.5 EXCEPTIONAL CASES. The usual supply of electric service shall be subject to the provisions of this ~~Tariff~~; but where special service-supply conditions or problems arise for which provision is not otherwise made, the Company may modify or adapt its supply terms to meet the peculiar requirements of such case, provided that such modified terms are a rational expansion of standard tariff provisions.

21.6 ASSIGNMENT. Subject to the Rules and Regulations, all contracts made by the Company shall be binding upon, and oblige and enure to the benefit of, the successors and assigns, heirs, executors and administrators of the parties thereto.

21.7 OTHER CHARGES. The Company may, where feasible, provide and charge for services, other than those provided for in this ~~Tariff~~, when requested by the ~~EGS~~Customer or agent. The Company is not obligated to provide such services. The Company will, if possible, give the ~~EGS~~Customer an advance written estimate of the costs to provide the service. Costs shall include, but not be limited to, materials, supplies, labor, transportation, and overheads.

22. CUSTOMER SERVICE

22.1 SERVICES PROVIDED. ~~The EGS, its agent, or such other provider as the end user may authorize shall provide~~ The EGS is responsible for providing customer services, including but not limited to:

- (a) Enrolling end users and verifying their enrollment.
- (b) Opening an end user account.
- (c) Moving an end user account to a new service address.
- (d) Closing an end user account.
- (e) Responding to questions with regard to metering and billing.
- (f) Answering inquiries from end users, including but not limited to:
 - (1) Outages;
 - (2) Questions with regard to credit;
 - (3) End user complaints; and
 - (4) Hazardous, life threatening, and unsafe conditions.

RULES AND REGULATIONS - CONTINUED22. CUSTOMER SERVICE - Continued22.2 MANNER OF PROVIDING THE SERVICE.

- (a) The EGS or such other authorized provider of customer services shall provide to the Company the following information:
- (1) Upon enrollment of an end user:
 - (a) The end user name.
 - (b) Point of delivery identification number.
 - (c) EGS name.
 - (d) MSP name.
 - (e) Other special program information that may be required from time to time.
 - (2) On a monthly basis, metered quantities as necessary for the Company to bill for delivery service, as well as any updates to end user consumer information.
 - (3) Tampering, theft, and safety violations by the end user to the extent such incidences are detected.
- (b) The EGS or such other authorized provider of customer services shall maintain the confidentiality of end user information and disclose such information to parties other than the Company only with the permission of the end user. The EGS will provide end user information to another EGS only upon request by the end user.
- (c) OUTAGE REPORTING.
- (1) Outage Calls
 - (a) The primary receiver of calls from end users during an outage shall be the EGS.
 - (b) To ensure the transmittal of outage information to the Company on a real-time basis, the EGS shall maintain the capability to transmit outage information to the Company on a real-time basis.
 - (c) The Company will transmit information regarding the status of an outage to the EGS on a real-time basis.
 - (2) The Company will maintain the capability to receive calls regarding hazardous or life threatening situations as well as other calls concerning reliability and safety of the system.

23. COMPETITIVE SAFEGUARDS

23.1 General. The following standards of conduct pertain to the Company's relationship to EGSs.

23.2 Provision of Products and Services.

- 23.2.1 The Company shall strictly enforce tariff provisions for which there is no discretion in the application of the provision. The Company shall apply tariff provisions in the same manner to the same or similarly situated EGSs if there is discretion in the application of the provision. The Company shall not, through a tariff provision or otherwise, give its affiliated EGS or end users of its affiliated EGS preference over non-affiliated EGSs or their end users in matters relating to any regulated services or products provided within the Company's service territory ("regulated services").
- 23.2.2 All regulated services offered by the Company shall be available to all EGSs simultaneously (to the extent technically possible) and on a comparable basis. Any discount, rebate, or fee waiver for any regulated services offered by the Company shall be offered to all EGSs simultaneously and on a comparable basis.
- 23.2.3 The Company shall not sell or otherwise provide regulated services to its affiliated EGS without either posting the offering electronically on a well-known source or otherwise making a sufficient offering to the market for that regulated service.

23.3 Tying. The Company shall not condition or tie the provision of any regulated service or rate agreement by the Company to the provision of any product or service in which an affiliated EGS is involved.

RULES AND REGULATIONS - CONTINUED23. COMPETITIVE SAFEGUARDS - Continued23.4 Information.

23.4.1 The Company shall process all similar requests for information in the same manner and within the same period of time. The Company shall not provide information to an affiliated EGS without a request in cases where information is made available to non-affiliated EGSs only upon request. The Company shall not allow an affiliated EGS preferential access to any non-public information regarding the distribution system or end users that is not made available to non-affiliated EGSs upon request, and shall instruct all of its employees not to provide affiliated EGSs or non-affiliated EGSs any preferential access to non-public information.

23.4.2 Employees of the Company are prohibited from sharing with any affiliated EGS or any non-affiliated EGS:

- (a) any market information pertaining to end users that was acquired from the affiliated EGS or from any non-affiliated EGS; or
- (b) any market information pertaining to end users that was developed by the Company in the course of responding to requests for distribution service.

23.4.3 The Company shall not release any proprietary end user information without the prior written or other approved authorization of the end user.

23.5 Promotion of Affiliate. The Company shall refrain from promoting any affiliated EGS. Neither the Company nor an affiliated EGS shall in any way represent that any advantage accrues to an end user or others in the use of the Company's regulated services as a result of that end user or others dealing with the affiliated EGS. The Company shall not engage in joint advertising or marketing programs with its affiliated EGS, nor shall the Company promote or market any product or service offered by its affiliated EGS. The Company shall maintain a current list of all EGSs. If an end user requests information about EGSs, the Company shall provide a copy of the list with EGS names appearing in random sequence and not in alphabetical order, but the Company shall in no way promote its affiliated EGS.

23.6 Shared Employees. Employees of the Company who have responsibility for operation of the distribution system, such as receiving requests for transmission or distribution services, operating the control area, or scheduling EGS deliveries, shall not be shared with an affiliate EGS or the Company's wholesale merchant function, and their offices shall be physically separated from the office(s) of the affiliate EGS. Any shared facilities shall be fully and transparently allocated between the two entities.

23.7 Books of Account. The Company and its affiliated EGS shall keep separate books of accounts and records.

23.8 Dispute Resolution Procedure. The Company shall establish and file with the Commission a dispute resolution procedure to address complaints alleging violations of these competitive safeguards. The procedure, at a minimum, shall designate a person to conduct an investigation of the complaint and communicate the results of the investigation to the claimant in writing within thirty (30) days after the complaint was received, including a description of any action taken and the complainant's right to file a complaint with the Commission if not satisfied with the results of the investigation. The Company shall maintain a log of all new, resolved, and pending complaints. The log shall be subject to annual review by the Commission and shall include, at a minimum, the written statement of the complaint and the resolution of the complaint or the reason why the complaint is still pending.

23.9 Penalties. The Commission's penalty authority provided in the Pennsylvania statutes shall apply to violations of these rules.

23.10 Corporate Identification. The affiliate EGS shall not use the name, logo, service mark, trademark, or trade name of the Company.

RULES AND REGULATIONS - CONTINUED

24. DEFAULT SERVICE

24.1 NATURE OF DEFAULT SERVICE. Certain bundled electric energy and delivery services shall be provided to eligible end users in the Company's service territory by the Commission-designated default service provider. The following rules and regulations are intended to define the relationship between the end user and the default service provider and shall apply to all default services provided under this tariff.

24.1.1 PRIOR DEBTS. Default service may not be furnished to an end user that previously received default service until any indebtedness to the default service provider for previous service of the same classification has been satisfied or a payment arrangement has been made on the debt. This rule does not apply to the disputed portion of disputed bills under investigation. The default service provider will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the default service provider has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the default service provider determines that the end user's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the default service provider's favor and no timely appeal is filed; and (4) the end user nevertheless continues to dispute the same matter.

24.1.2 DEPOSIT. Before the default service provider will render default service or continue to render default service to an end user, the default service provider may require an end user that has bad credit or an applicant for default service whose credit is not established to provide a cash deposit, letter of credit, surety bond, or other guarantee, satisfactory to the default service provider. The default service provider will hold the deposit as security for the payment of final bills and compliance with the Company's Rules and Regulations. Any residential end user, having secured the return of a deposit, shall not be required to make a new deposit unless the default service has been discontinued or terminated, or unless the end user has bad credit. In addition, the default service provider may require industrial and commercial end users receiving default service to post a deposit at any time if the default service provider determines that the end user is no longer creditworthy or has bad credit. For the purpose of this Rule 24, an end user receiving default service has bad credit if that end user has been delinquent on two consecutive bills or three or more bills in the last twelve billing cycles. Industrial and commercial end users receiving default service shall also have bad credit if such end user is insolvent (as evidenced by a credit report prepared by a reputable credit bureau or credit reporting agency or public financial data, liabilities exceeding assets or generally failing to pay debts as they become due) or tendered two or more checks which the drawee returns as unpaid, within the last twelve billing cycles.

24.1.3 AMOUNT OF DEPOSIT. The deposit shall not be less than \$10.00 nor more than the estimated gross bill which gross bill which would accrue for use of service at applicable rate or rates for any single billing period plus one month, such period not to exceed two months. For industrial and commercial accounts, the amount of the deposit shall be the default service provider's projection of the sum of the end user's two highest monthly bills in the 12 months following the deposit. The provisions of 11 U.S.C. §366(b) of the Federal Bankruptcy Code, or any successor statute or provision, shall, if inconsistent, supersede the provisions of this rule.

24.1.4 RETURN OF DEPOSIT. Deposits secured from an end user shall either be applied with interest to the end user's account or returned to the end user with interest when the end user becomes creditworthy. In cases of discontinuance or termination of service, deposits will be returned with accrued interest upon payment of all service charges and guarantees or with deduction of unpaid accounts.

24.1.5 INTEREST ON DEPOSIT. The default service provider will allow simple interest on cash deposits calculated as follows:

- with respect to residential accounts, at an annual rate determined by the average of 1-Year Treasury Bills for September, October, and November of the previous year ("Interest Index");
- with respect to commercial and industrial accounts, at the lower of the Interest Index or six percent; provided that interest accrued prior to April 14, 1995 shall be calculated at six percent.

Deposits shall cease to bear interest upon discontinuance of service (or, if earlier, when the default service provider closes the account).

24.1.6 APPLICABILITY TO END USERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of this Rule 24, when an end user resides at a place of business or commercial establishment, legitimately served pursuant to a commercial or industrial rate schedule, that is not a residential dwelling unit attached thereto, the end user is not thereby entitled to any of the protections in the Pennsylvania Public Utility Code or the Commission's regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this tariff, that apply exclusively to deposits for residential end users.

24.1.7 CREDIT INFORMATION. In addition to information required otherwise hereunder, the end user shall be required to provide to the default service provider with such credit information as the default service provider requires.

RULES AND REGULATIONS - CONTINUED24. DEFAULT SERVICE - Continued24.2 BILLING AND PAYMENT BY COMPANY ON BEHALF OF EGS.(a) PAYMENT.

- (1) Bills are payable upon presentation. Payment for default service received must be made on or before the due date shown on the bill. The due date shall be determined by the default service provider and shall be not less than twenty days from the date of transmittal of the bill for default service Rates R, RT, R-H, OP, POL, and GS. The due date shall be not less than 15 days from the date of transmittal of the bill for all other default service rates. Notwithstanding the foregoing, the due date may be up to thirty days for accounts with the United States of America, the Commonwealth of Pennsylvania, or any of their departments, political subdivisions, or instrumentalities. The default service provider or its billing agent may allow a reasonable amount of additional time for payment of bills on industrial and commercial accounts of creditworthy end users. The payment period will not be extended because of the end user's failure to receive a bill unless said failure is due to the fault of the default service provider or its billing agent.
- (2) Payment will be made by U.S. Mail or by other means available. The end user bears the risk of delivery of payment tendered on or after the date contained in any termination notice sent to the end user.
- (3) The default service provider or its billing agent may require an end user that is not creditworthy to tender payment by means of a certified cashier's, teller's, or bank check, by wire transfer, or in cash or other immediately available funds.
- (4) An end user must pay any undisputed portion of disputed bills under investigation. The default service provider or its billing agent will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the default service provider or its billing agent has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the default service provider or its billing agent determines that the end user's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the default service provider or its billing agent's favor and no timely appeal is filed; and (4) the end user nevertheless continues to dispute the same matter in bad faith.
- (b) FINANCE CHARGE AND COLLECTION COSTS. If payment is made after the due date shown on the bill, a finance charge may be added to the unpaid balance until the entire bill is paid. If payment is made by mail, the finance charge will be added if the payment is received by the default service provider more than five days after the due date shown on the bill. For Rates R, RT, R-H, OP, POL, and GS this finance charge will be 1-1/4% per month; for all other rates the finance charge will be 2% per month. If suit is filed to collect a delinquent balance on an account (whether active or inactive) or to ensure payment of current bills, the end user will be required to pay all out of pocket court costs (including filing, service, and witness fees) of the default service provider or its billing agent. In the case of commercial and industrial accounts, any such costs shall be added to the end user's account.
- (c) BUDGET BILLING. At the option of a residential end user receiving default service under Rates R, RT, R-H, OP, POL, and GS, an estimated total bill for all service to be received by the end user over a twelve-month period may be budgeted over the period and an average bill rendered monthly for payment each month and such monthly budget bill will not be subject to finance charges. Any difference between the budgeted amounts so paid and the actual charges for a twelve-month budget period will be adjusted in the twelfth month. If a monthly budget bill is not paid, the end user will be notified with the next monthly budget bill that budget billing will be terminated unless payment of the past due budget bill is made on or before the due date of the current budget bill. If budget billing is terminated, a finance charge of 1-1/4% per month may be added to the unpaid balance of actual charges on the next billing date in accordance with Rule 17.1.3. The default service provider may also arrange budget billing for creditworthy commercial and industrial end users.
- (d) CALCULATION OF FINANCE CHARGE. Where a finance charge is applicable, the amount of the finance charge to be added to the unpaid balance shall be calculated by multiplying the unpaid past due balance, exclusive of any previous unpaid finance charges, by the appropriate finance charge rate.
- (e) APPLICATION OF PAYMENT. When payment is received from an end user who has an unpaid balance which includes CTC/ITC charges or finance charges, the payment will be applied first to the CTC/ITC charges, second to the finance charges, and then to the remainder of the unpaid balance in the order of oldest outstanding charges first.
- (f) RETURNED CHECK CHARGE. If a check received in payment of an end user's account is returned to the default service provider or its billing agent unpaid by the end user's bank and cannot be redeposited, for payment on the second attempt a charge for the returned check will be added to the end user's account in the amount of \$20.00.
- (g) APPLICABILITY TO END USERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of Rule 24, when an end user resides at a place of business or commercial establishment legitimately served as commercial or industrial site, that is not a residential dwelling unit attached thereto, the end user is not thereby entitled to any of the protections in the Pennsylvania Public Utility Code or the Pennsylvania Public Utility Commission's regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this tariff, that apply exclusively to payment terms for residential end users.

RULES AND REGULATIONS - CONTINUED24. DEFAULT SERVICE - Continued

24.3 NON-PAYMENT SHUT-OFF. The default service provider may authorize the Company to terminate its service connection on reasonable notice and remove its equipment in case of non-payment of charges for default service. Notice which complies with applicable Commission regulations shall conclusively be considered to be "reasonable" hereunder.

24.4 SHUT-OFF FOR CAUSE. The default service provider may authorize the Company to terminate its service connection on reasonable notice if access to meters used for billing is refused or if access thereto is obstructed or hazardous; or if default service is taken without the knowledge or approval of the default service provider, or for other violation of these Rules and Regulations and/or Commission rules.

24.5 SAFETY SHUT-OFF. The default service provider may authorize the Company to terminate its service connection without notice if the end user's installation has become hazardous or defective.

24.6 DEFECTIVE EQUIPMENT SHUT-OFF. The default service provider may authorize the Company to terminate its service connection without notice if the end user's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other end users; or if a certificate of approval is refused after a re-examination of the end user's installation by a competent inspection agency authorized to perform this service in the specific locality supplied.

24.7 SHUT-OFF FOR FRAUD. The default service provider may authorize the Company to terminate its service connection without notice for abuse, fraud, or tampering with the connections or other equipment owned by the Company.

24.8 RECONNECTION CHARGE. If default service is discontinued by reason or act of the end user, the same end user, whether an applicant or a ratepayer as defined at 52 PUC Code Section 56.2, shall pay a reconnection charge for restoration of service within twelve months at the same address after discontinuance or termination. The reconnection charge shall be based on the Company's current standard schedule of reconnection fees.

24.9 LIMITATION OF LIABILITY FOR SERVICE INTERRUPTIONS AND VARIATIONS. The default service provider does not guarantee continuous, regular, and uninterrupted supply of electric energy or delivery service. The default service provider may, without liability, interrupt or limit, without notice, the supply and delivery of electric energy for the purpose of allowing the Company to make repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The default service provider is also not liable for: a) any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, failure of suppliers, or any other cause beyond the default service provider's control, or b) any damages, direct or indirect, consequential, special or punitive, including, but not limited to, damage to computers and other electronic equipment and appliances, loss of business, or loss of production caused by any interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply or delivery of electricity. Liability, if any, for such damages shall be the Company's. A variety of protective devices and alternate power supplies that may prevent or limit such damage are available for purchase by the end user from third parties.

24.10 WARRANTIES. DEFAULT SERVICE PROVIDER MAKES NO WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PROVISION OF DEFAULT SERVICE UNDER THIS TARIFF.

STATE TAX ADJUSTMENT CLAUSE

In addition to the net charges provided for in this tariff, a surcharge credit value of 0.23% will apply to all service on and after November 1, 1995 through September 23, 1996, after which the credit value will be 0.00%.

Whenever any of the tax rates used in the calculation of the surcharge are changed, the surcharge will be recomputed as prescribed by the Commission. The recalculation will be submitted to the Commission within ten (10) days after the change occurs and the effective date shall be ten (10) days after filing.

In addition, if a recalculation is submitted as a result of a tax rate change, the Company will thereafter file each year on March 21 annual updates or revisions with the Commission which will reflect only this tax change. These annual updates will be effective ten (10) days after filing and will continue until such time as the effect of the change in tax rates has been included in base rates.

OTHER TAX ADJUSTMENT CLAUSE

Rates for Company-provided services are subject to adjustment to recover an EGS' cost for taxes imposed on it by a governmental authority for the Revenue Neutral Reconciliation Tax, other Business Privilege and Mercantile License taxes, or any other such taxes which may apply as a result of the EGS providing electric service to the end user, in lieu of such service being provided by the Company.

RATE R RESIDENCE SERVICE**AVAILABILITY.**

Single-phase Electric Delivery Service in the entire territory of the Company to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for the domestic requirements of its members when such service is supplied through one meter. Electric Delivery Service is also available for related farm purposes when such service is supplied through one meter in conjunction with the farmhouse domestic requirements.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date must be individually metered for their basic Electric Delivery Service supply. Centrally supplied master metered heating, cooling or water heating service may be provided if such supply will result in energy conservation.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their own personal comfort and convenience on a cost-sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, rector, nun or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) farm purpose uses by an individual employing the natural processes of growth for the production of grain, stock, dairy, poultry, garden truck, or other agricultural products.

The term does NOT include service to: (a) Premises institutional in character including Clubs, Fraternities, Orphanages or Homes; (b) premises defined as a rooming house or boarding house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly (c) a premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) farms operated principally to sell, prepare, or process products produced by others, or farms using air conditioning for climatic control in conjunction with growth processes (except those end users receiving such service as of August 2, 1969); (e) electric furnaces or welding apparatus other than a transformer type "limited input" arc welder with an input not to exceed 37-1/2 amperes at 240 volts.

CURRENT CHARACTERISTICS.

Standard single-phase secondary delivery service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$5.10

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

4.73¢ per kWh for the first 500 kWh per dwelling unit

5.49¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)

4.73¢ per kWh

† TRANSMISSION SERVICE CHARGE

SUMMER MONTHS. (June through September)

0.57¢ per kWh for the first 500 kWh per dwelling unit

0.66¢ per kWh for additional kWh

WINTER MONTHS. (October through May)

0.57¢ per kWh

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 2.04¢ per kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE:

SUMMER MONTHS. (June through September)

3.50¢ per kWh for the first 500 kWh per dwelling unit

4.29¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)

3.50¢ per kWh

MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.

3.55¢ per kWh per dwelling unit

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RATE CTC/ITC RIDER applies to service under this rate.

PAYMENT TERMS.

Standard.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE RT RESIDENCE TIME-OF-USE SERVICE**AVAILABILITY.**

Single-phase Electric Delivery Service in the entire territory of the Company to the dwelling and appurtenances of a single private family for the domestic requirements of its members when such service is supplied through one meter. Electric Delivery Service is also available for related farm purposes when such service is supplied through one meter in conjunction with the farmhouse domestic requirements.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their own personal comfort and convenience on a cost-sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, rector, nun or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) farm purpose uses by an individual employing the natural processes of growth for the production of grain, stock, dairy, poultry, garden truck, or other agricultural products.

The term does NOT include service to: (a) Premises institutional in character including Clubs, Fraternities, Orphanages or Homes; (b) premises defined as a rooming house or boarding house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly; (c) a premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) farms operated principally to self, prepare, or process products produced by others, or farms using air conditioning for climatic control in conjunction with growth processes (except those end users/customers receiving such service as of August 2, 1969); (e) electric furnaces or welding apparatus other than a transformer type "limited input" are welder with an input not to exceed 37-1/2 amperes at 240 volts.

CURRENT CHARACTERISTICS.

Standard single-phase secondary delivery service

DEFINITION OF PEAK-HOURS

On-Peak Hours are defined as the hours between 8:00 a.m. and 8:00 p.m., Eastern Standard Time or Daylight Saving Time, whichever is in common use, daily except Saturdays, Sundays and holidays; except that the on-peak hours will end at 4:00 p.m. on Fridays. Off-Peak Hours are defined as the hours other than those specified as on-peak hours.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$10.19

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

2.87¢ per off-peak kWh

9.72¢ per on-peak kWh

WINTER MONTHS. (October through May)

2.87¢ per off-peak kWh

8.97¢ per on-peak kWh

† TRANSMISSION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

0.29¢ per off-peak kWh

0.91¢ per on-peak kWh

WINTER MONTHS. (October through May)

0.29¢ per off-peak kWh

0.91¢ per on-peak kWh

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 2.04¢ per kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE:

SUMMER MONTHS. (June through September)

1.81¢ per off-peak kWh

6.14¢ per on-peak kWh

WINTER MONTHS. (October through May)

1.81¢ per off-peak kWh

5.66¢ per on-peak kWh

MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy:

SUMMER MONTHS. (June through September)

1.77¢ per off-peak kWh

6.01¢ per ON-PEAK kWh

WINTER MONTHS. (October through May)

1.77¢ per off-peak kWh

5.54¢ per on-peak kWh

RATE RT RESIDENCE TIME-OF-USE SERVICE - CONTINUED

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE and ~~INTANGIBLE TRANSITION CHARGE~~ and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

~~CONTRACT TERM.~~

~~Not less than twelve months.~~

PAYMENT TERMS.

Standard.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE R-H RESIDENTIAL HEATING SERVICE**AVAILABILITY.**

Single-phase Electric-Delivery-Service to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for domestic requirements when such service is supplied through one meter and where the dwelling is heated by specified types of electric space heating systems. The systems eligible for this rate are (a) permanently connected electric resistance heaters where such heaters supply all of the heating requirements of the dwelling, (b) heat pump installations where all of the supplementary heating required is supplied by electric resistance heaters and (c) heat pump installations where all of the supplementary heating required is supplied by non-electric energy sources. All space heating installations must meet Company requirements. This rate schedule is not available for commercial, institutional or industrial establishments.

Wood, solar, wind, water, and biomass systems may be used to supply a portion of the heating requirements in conjunction with service supplied hereunder. Any end user Customer system of this type that produces electric energy may not be operated concurrently with service supplied by the Company except under written agreement setting for the conditions of such operation as provided by and in accordance with the provisions of the Auxiliary Service Rider.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construct on or under written contract for construction as of that date, must be individually metered.

CURRENT CHARACTERISTICS

Standard single-phase secondary delivery service.

MONTHLY RATE TABLE

FIXED DISTRIBUTION SERVICE: \$5.10

VARIABLE DISTRIBUTION SERVICE:**SUMMER MONTHS. (June through September)**

4.47¢ per kWh for the first 500 kWh per dwelling unit

5.18¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)

4.47¢ for the first 600 kWh per dwelling unit

1.89¢ per kWh for additional kWh.

† TRANSMISSION SERVICE CHARGE**SUMMER MONTHS. (June through September)**

0.57¢ per kWh for the first 500 kWh per dwelling unit

0.66¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)

0.57¢ for the first 600 kWh per dwelling unit

0.24¢ per kWh for additional kWh.

CREDIT FOR NON-WIRES SERVICES: EGSS who obtain non-wires services from entities other than the Company are entitled to a credit of 1.19¢ per kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE:**SUMMER MONTHS. (June through September)**

3.60¢ per kWh for the first 500 kWh per dwelling unit

4.18¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)

3.60¢ per kWh for the first 600 kWh per dwelling unit

1.52¢ per kWh for additional kWh.

~~MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.~~

~~**SUMMER MONTHS. (June through September)**~~

~~3.71¢ per kWh per dwelling unit~~

~~4.07¢ per kWh for additional kWh.~~

~~**WINTER MONTHS. (October through May)**~~

~~3.71¢ per kWh for the first 600 kWh per dwelling unit~~

~~2.42¢ per kWh for additional kWh.~~

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

~~STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE~~ apply to this rate.

RIDER CTC/ITC applies to this rate.

RATE R-H RESIDENTIAL HEATING SERVICE - CONTINUED

COMBINED RESIDENTIAL AND COMMERCIAL SERVICE

Where a portion of the Electric Delivery Service supplied is used for commercial purposes, the appropriate general service rate is applicable to all service; or, at the option of the end user 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.

PAYMENT TERMS,
Standard

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

CAP RATE

(Experimental Rate - limited to 5000 ~~end users~~customers)

AVAILABILITY

~~To payment troubled~~ ~~End users~~customers who are currently served under or otherwise qualify for Rate R or Rate RH (does not include multiple dwelling unit buildings consisting of two to five dwelling units). ~~End users~~Customers must apply for this rate and must demonstrate annual household gross income below 150% of the Federal Poverty guidelines.

~~End users~~Customers with annual household gross incomes below 100% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate I.

~~End users~~Customers with annual household gross incomes between 100% and 150% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate II.

Certification by various State agencies that an ~~end user~~customer is receiving certain government assistance payments may be used where possible to expedite the eligibility process. These payments include (but are not limited to) AFDC, SSI, Food Stamps, PACE, and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process.

A process will be established to provide verification of eligibility for ~~end users~~customers who do not fit the above processes. Asset testing will also be used where necessary and appropriate.

~~End users~~Customers being considered for the CAP Rates will be required to:

- Waive certain privacy rights to enable the Company PECO Energy to effectively conduct the above certification process.
- Apply for and assign to the Company PECO Energy at least one energy assistance grant from the Commonwealth.
- Participate in various energy education and conservation programs facilitated by the Company PECO.

MONTHLY RATE TABLE.

Rate R ~~end users~~customers - CAP Rate I

FIXED DISTRIBUTION SERVICE CHARGE	\$5.10																		
VARIABLE DISTRIBUTION SERVICE CHARGE	2.02¢ per kWh for the first 500 kWh (a) 4.73¢ per kWh for additional kWh																		
<i>(a) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply for the first 500 kWh:</i>																			
	<table border="0"> <tr> <td></td> <td>2001</td> <td>2002</td> <td>2003</td> <td>2004</td> <td>2005</td> <td>2006</td> <td>2007</td> <td>2008</td> </tr> <tr> <td></td> <td>2.01¢</td> <td>2.00¢</td> <td>2.00¢</td> <td>2.00¢</td> <td>2.00¢</td> <td>1.99¢</td> <td>1.98¢</td> <td>1.98¢</td> </tr> </table>		2001	2002	2003	2004	2005	2006	2007	2008		2.01¢	2.00¢	2.00¢	2.00¢	2.00¢	1.99¢	1.98¢	1.98¢
	2001	2002	2003	2004	2005	2006	2007	2008											
	2.01¢	2.00¢	2.00¢	2.00¢	2.00¢	1.99¢	1.98¢	1.98¢											
TRANSMISSION SERVICE CHARGE	0.57¢ for all kWh																		
† COMPETITIVE TRANSITION CHARGE	1.70¢ per kWh for the first 500 kWh 3.50¢ per kWh for additional kWh																		
X MAXIMUM ENERGY AND CAPACITY CHARGE	1.72¢ per kWh for the first 500 kWh 3.65¢ per kWh for additional kWh																		

Rate R customers- CAP Rate II

FIXED DISTRIBUTION SERVICE CHARGE:	\$5.10																		
VARIABLE DISTRIBUTION SERVICE CHARGE:	3.40¢ per kWh for the first 500 kWh (b) 4.73¢ per kWh for additional kWh																		
<i>(b) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply for the first 500 kWh:</i>																			
	<table border="0"> <tr> <td></td> <td>2001</td> <td>2002</td> <td>2003</td> <td>2004</td> <td>2005</td> <td>2006</td> <td>2007</td> <td>2008</td> </tr> <tr> <td></td> <td>3.38¢</td> <td>3.37¢</td> <td>3.36¢</td> <td>3.36¢</td> <td>3.36¢</td> <td>3.35¢</td> <td>3.34¢</td> <td>3.34¢</td> </tr> </table>		2001	2002	2003	2004	2005	2006	2007	2008		3.38¢	3.37¢	3.36¢	3.36¢	3.36¢	3.35¢	3.34¢	3.34¢
	2001	2002	2003	2004	2005	2006	2007	2008											
	3.38¢	3.37¢	3.36¢	3.36¢	3.36¢	3.35¢	3.34¢	3.34¢											
† TRANSMISSION SERVICE CHARGE:	0.57¢ for all kWh																		
COMPETITIVE TRANSITION CHARGE:	2.00¢ per kWh for the first 500 kWh 3.50¢ per kWh for additional kWh																		
X MAXIMUM ENERGY AND CAPACITY CHARGE:	2.64¢ per kWh for the first 500 kWh 3.55¢ per kWh for additional kWh																		

CAP RATE - CONTINUED

Rate RH customers- CAP Rate I

FIXED DISTRIBUTION SERVICE CHARGE: \$5.10

VARIABLE DISTRIBUTION SERVICE:

SUMMER MONTHS. (June through September)

1.89¢ per kWh for the first 500 kWh (c)
4.47¢ per kWh for additional kWh

(c) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply during summer months for the first 500 kWh:

2001	2002	2003	2004	2005	2006	2007	2008
1.88¢	1.89¢	1.87¢	1.87¢	1.87¢	1.86¢	1.85¢	1.85¢

WINTER MONTHS. (October through May):

1.89¢ per kWh for all kWh (d)

(d) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply during winter months for all kWh:

2001	2002	2003	2004	2005	2006	2007	2008
1.88¢	1.89¢	1.87¢	1.87¢	1.87¢	1.86¢	1.85¢	1.85¢

† TRANSMISSION SERVICE CHARGE: 0.57¢ for all kWh

COMPETITIVE TRANSITION CHARGE:

SUMMER MONTHS (June through September): 1.75¢ per kWh for the first 500 kWh

3.60¢ per kWh for additional kWh

WINTER MONTHS (October through May): 1.75¢ per kWh for all kWh

X MAXIMUM ENERGY AND CAPACITY CHARGE:

SUMMER MONTHS (June through September): 1.80¢ per kWh for the first 500 kWh

3.71¢ per kWh for additional kWh

WINTER MONTHS (October through May): 1.80¢ per kWh for all kWh

Rate RH customers- CAP Rate II

FIXED DISTRIBUTION SERVICE CHARGE: \$5.10

VARIABLE DISTRIBUTION SERVICE:

SUMMER MONTHS. (June through September):

3.40¢ per kWh for the first 500 kWh (e)
4.73¢ per kWh for additional kWh

(e) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply during summer months for the first 500 kWh:

2001	2002	2003	2004	2005	2006	2007	2008
3.38¢	3.37¢	3.36¢	3.36¢	3.36¢	3.35¢	3.34¢	3.34¢

WINTER MONTHS. (October through May):

3.40¢ per kWh for the first 500 kWh (f)
2.02¢ Per kWh for additional kWh (g)

(f) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply during winter months for the first 500 kWh:

2001	2002	2003	2004	2005	2006	2007	2008
3.38¢	3.37¢	3.36¢	3.36¢	3.36¢	3.35¢	3.34¢	3.34¢

(g) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply during winter months for additional kWh:

2001	2002	2003	2004	2005	2006	2007	2008
2.01¢	2.00¢	2.00¢	2.00¢	2.00¢	1.99¢	1.98¢	1.98¢

CAP RATE - CONTINUED

Rate RH - CAP Rate II (con't)

† TRANSMISSION SERVICE CHARGE: 0.57¢ for all kWh

~~COMPETITIVE TRANSITION CHARGE:~~

~~SUMMER MONTHS (June through September): 2.61¢ per kWh for the first 500 kWh~~

~~3.50¢ per kWh for additional kWh~~

~~WINTER MONTHS (October through May): 5.37¢ per kWh for the first 500 kWh~~

X: ~~MAXIMUM ENERGY AND CAPACITY CHARGE: 1.70¢ Per kWh for additional kWh~~

~~SUMMER MONTHS (June through September): 2.64¢ per kWh for the first 500 kWh~~

~~3.55¢ per kWh for additional kWh~~

~~WINTER MONTHS (October through May): 5.45¢ per kWh for the first 500 kWh~~

~~1.72¢ per kWh for additional kWh~~

All CAP Rate Classes

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 2.04¢ per kWh for each kWh delivered under this schedule.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

ARREARAGE:

End users: Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven if they remain current on their CAP bill for six to twelve months. The development of any new arrearage during this period will delay forgiveness.

End users: Customers on the CAP Rate, that develop any new arrearage, will be offered a payment agreement to resolve that arrearage.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

X: The following energy charges are the maximum that will apply to customers that purchase the electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.

RATE OP OFF-PEAK SERVICE

AVAILABILITY.

In conjunction with Rates R, RT, R-H and with residence Electric Delivery Service under Rate GS, for any end user Customer receiving delivery service at 120/240 volts, 3 wires, or 120/208 volts, 3 wires, for the operation of 240-volt or 208-volt domestic equipment of a type approved by the Company. Any load connected for service under Rate OP may not be connected for service under any other rate during the period that service under Rate OP is interrupted. Service will be interrupted during on-peak periods as established by the Company. This rate is not available when the source of supply is service purchased from a neighboring company under a borderline purchase agreement.

SPECIAL RULES AND REGULATIONS.

The normal control device furnished by the Company has a limited capacity. The EGS or end user Customer shall notify the Company before connecting any load in addition to an existing water heater. If necessary, the Company will install a control device with a rating of 100 amperes to accommodate the additional 240-volt controlled load. For controlled loads larger than 100 amperes the control device shall be furnished, installed and maintained by the EGS or end user Customer.

Service may be interrupted for a total of not more than 6-1/2 hours per day during scheduled periods which may vary from end user Customer to end user Customer.

The Company has a program to replace seven-day clock control devices as they fail with five-day radio-control devices which provide uninterrupted service on Saturdays, Sundays and holidays.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$4.58 per month.

VARIABLE DISTRIBUTION SERVICE CHARGE: 2.62¢ per kWh (*)

(*) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply per kWh:

2002	2003	2004	2005	2006	2007	2008
2.57¢	2.50¢	2.43¢	2.36¢	2.22¢	2.15¢	2.01¢

† TRANSMISSION SERVICE CHARGE: 0.06¢ per kWh

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 3.73¢ per kWh for each kWh delivered under this schedule.

~~COMPETITIVE TRANSITION CHARGE: 0.00¢ per kWh~~

~~MAXIMUM ENERGY AND CAPACITY CHARGE:~~ The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy:

~~ENERGY CHARGE: 2.46¢ per kWh~~

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE ~~and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE~~ apply to this rate.

RATE CTC/ITC RIDER applies to service under this rate.

PAYMENT TERMS.

Standard.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE R-S SOLAR RESIDENCE SERVICEAVAILABILITY

Single-phase electric service in the entire territory of the Company to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for the domestic requirements of its members, that has installed solar panels or similar device or devices that are, in the Company's PECO Energy's sole judgment, a bona fide technology for use in generating electricity using energy from the Sun, and that will be operated in parallel with the Company's system. The end user 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 end user customer at a single point. An end user 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". This rate schedule is not available for commercial, institutional or industrial establishments.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their own personal comfort and convenience on a cost-sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, rector, nun, or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) farm purpose uses by an individual employing the natural processes of growth for the production of grain, stock, dairy, poultry, garden truck, or other agricultural products.

The term "residence service" does NOT include service to: (a) premises institutional in character including Clubs, Fraternities, Orphanages or Homes; (b) premises defined as a rooming house or boarding house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly; (c) a premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) farms operated principally to sell, prepare, or process products produced by others, or farms using air conditioning for climate control in conjunction with growth processes (except those end user customers receiving such service as of August 2, 1969); (e) electric furnaces or welding apparatus other than a transformer type "limited input" are welder with an input not to exceed 37-1/2 amperes at 240 volts.

(Not available when the source of supply is service purchased from a neighboring Company under Rate BLI Borderline Interchange Service.)

METERING/BILLING PROVISIONS.

An EGS serving end users under this rate customer may select one of the following two billing and metering options:

- (a) A ratcheted meter may be installed that records only energy sales to the end user customer. If the solar panels or other device generate more electricity than the end user customer uses in any billing month, then the end user's account customer will not reflect be charged for any energy usage, but the EGS or the end user, as the case may be, customer will not be paid by the Company for the excess energy delivered to into the Company's system PECO Energy. No dual metering charge shall apply.
- (b) Two meters may be installed. One will measure the energy delivered by the Company that the end user customer uses and the other will measure the energy delivered into the Company's system from the end user customer that is generated by the end user customer's solar panels or other qualified device. If, in any billing month, the amount of energy delivered by the Company that the end user customer uses is greater than the amount of energy the end user customer delivered into the Company's system, then the end user's account will reflect net usage for the Company will bill the customer for the difference. If, in any billing month, the amount of energy delivered by the Company that the end user customer uses is less than the amount of energy the end user customer delivered to the Company, the Company will credit the EGS pursuant to the reconciliation provisions of Rule 3 of this tariff pay the customer for the excess using the monthly average PJM billing rate. A monthly meter charge shall apply if this billing and metering option is selected. An EGS customer may sell any excess energy to any EGS an Electric Generation Supplier other than the Company PECO Energy. However, the end user customer must pay the appropriate transmission and distribution service charges on this excess energy.

CURRENT CHARACTERISTICS

Standard single-phase secondary service.

MONTHLY RATE TABLE FOR NET ENERGY USED BY END USER CUSTOMER.

FIXED DISTRIBUTION SERVICE CHARGE \$5.10

DUAL METERING CHARGE: \$4.46

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)
4.73¢ per kWh for the first 500 kWh per dwelling unit
5.49¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)
4.73¢ per kWh

TRANSMISSION SERVICE CHARGE.

SUMMER MONTHS. (June through September)
0.57¢ per kWh for the first 500 kWh per dwelling unit
0.66¢ per kWh for additional kWh.

WINTER MONTHS. (October through May)
0.57¢ per kWh

RATE R-5 SOLAR RESIDENCE SERVICE - CONTINUEDCOMPETITIVE TRANSITION CHARGE:SUMMER MONTHS (June through September)

3.50¢ per kWh for the first 500 kWh per dwelling unit

4.29¢ per kWh for additional kWh

WINTER MONTHS (October through May)

3.50¢ per kWh

MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.

3.55¢ per kWh per dwelling unit

CREDIT FOR NON-WIRES SERVICES: End users who obtain non-wires services from entities other than the Company are entitled to a credit of 2.0¢ per kWh for each kWh delivered under this schedule.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge, and the Dual Service Charge where applicable.

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

CONTRACT TERM

Not less than twelve months.

PAYMENT TERMS:

Standard

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATES GENERAL SERVICE**AVAILABILITY**

Electric Delivery Service through a single metering installation for offices, professional, commercial or industrial establishments, governmental agencies, and other applications outside the scope of the Residence Service rate schedules.

CURRENT CHARACTERISTICS.

Standard single-phase or polyphase secondary delivery service.

MONTHLY RATE TABLE.**FIXED DISTRIBUTION SERVICE CHARGE:**

\$ 6.63 for single-phase delivery service without demand measurement, or
\$ 8.67 for single-phase delivery service with demand measurement, or
\$23.45 for polyphase delivery service.

VARIABLE DISTRIBUTION SERVICE CHARGE:

3.87¢ per kWh for the first 80 hours' use of billing demand
1.83¢ per kWh for the next 80 hours' use of the billing demand.
1.16¢ per kWh for additional use; except
0.52¢ per kWh over both 400 hours' use of billing demand and 2,000 kWh

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 0.45¢ per kWh for each kWh delivered under this schedule.

† TRANSMISSION SERVICE CHARGE:

1.31¢ per kWh for the first 80 hours' use of billing demand.
0.62¢ per kWh for the next 80 hours' use of the billing demand.
0.39¢ per kWh for additional use; except
0.18¢ per kWh over both 400 hours' use of billing demand and 2,000 kWh.

COMPETITIVE TRANSITION CHARGE:

0.79¢ per kWh for the first 80 hours' use of billing demand.
1.63¢ per kWh for the next 80 hours' use of billing demand.
2.94¢ per kWh for additional use; except
1.33¢ per kWh over both 400 hours' use of billing demand and 2,000 kWh.

*—During October through May this block is eliminated.

~~MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.~~

~~5.93¢ per kWh for the first 80 hours' use of billing demand.
* 3.57¢ per kWh for the next 80 hours' use of billing demand.
2.80¢ per kWh for additional use; except
2.06¢ per kWh over both 400 hours' use of billing demand and 2,000 kWh.~~

*—During October through May this block is eliminated.

~~STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.~~

~~RIDER CTC/TTC applies to this rate.~~

DETERMINATION OF DEMAND

The billing demand will be measured where consumption exceeds 1,100 kilowatt-hours per month for three consecutive months, or where load tests indicate a demand of five or more kilowatts, or where the EGS customer requests demand measurement. Measured demands will be determined to the nearest 0.1 of a kilowatt but will not be less than 1.2 kilowatts, and will be adjusted for power factor in accordance with the Rules and Regulations.

For those end user customers with demand measurement, during October through May the billing demand will not be less than 40% of the highest billing demand in the preceding months of June through September, nor less than the minimum value stated in the contract for service. If a measured demand end user customer has less than 1,100 monthly kilowatt-hours of use the monthly billing demand will be the measured demand or the metered monthly kilowatt-hours divided by 175 hours, whichever is less, but not less than 40% of the highest billing demand in the preceding months of June through September, nor less than 1.2 kilowatts.

For those end user customers without demand measurement, the monthly billing demand will be computed by dividing the metered monthly kilowatt-hours by 175 hours. The computed demand will be determined to the nearest 0.1 of a kilowatt, but will not be less than 1.2 kilowatts.

MINIMUM CHARGE.

The monthly minimum charge for an EGS serving end user customers without demand measurement will be the Fixed Distribution Service Charge. The monthly minimum charge for an EGS serving end user customers with demand measurement will be the Fixed Distribution Service Charge, plus a charge of \$6.17 per kW of billing demand.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased from Distribution Service.

RATE GS GENERAL SERVICE - CONTINUED**HEATING MODIFICATION**

Wood, solar, wind, water, and biomass systems may be used to supply a portion of the heating requirements in conjunction with service supplied hereunder. Any end user Customer system of this type that produces electric energy may not be operated concurrently with service supplied by the Company except under written agreement setting forth the conditions of such operation as provided by and in accordance with the provisions of the Auxiliary Service Rider.

METERING.**A. Single Meter.**

~~Applicable for any~~ Applicable where an area that is heated solely by permanently connected electric space heating installations (1) acceptable to the Company, (2) sensitive to outdoor temperature and (3) not less than 5 kilowatts. Qualifying electric heating systems are (1) electric resistance coils, (2) electric resistance baseboards, (3) electric boilers and (4) heat pumps with electric back-up.

During October through May the monthly maximum measured demand shall be reduced by one-half of the difference between the peak winter measured demand and the base load demand over the most recent two year billing period. The base load demand will be defined as the lowest measured demand during the period from October to May. During this period, the billing demand shall never be less than 15 kilowatts; except for those end user customers in service as of February 18, 1971, the billing demand during October through May shall not be less than one-half of the monthly measured demand.

An end user customer whose demand reduction was calculated under the methods in effect on September 20, 1996 will continue to receive the same reduction until June 1, 1999 unless the current method (described in the preceding paragraph) yields a smaller measured demand for the end user customer.

An end user customer who adds new electrical connected heating load will receive the same proportion of forgiven demand to total demand that they currently receive.

This demand modification will only be applicable within 30 days of the date that the end user customer requests billing under this provision. It shall be the responsibility of the end user or its agent-customer to notify the Company of any subsequent changes to its heating equipment or requirements.

B. Separate Meters.

At the option of the end user Customer, electricity supplying permanently connected space heating installations or heating equipment sensitive to outdoor temperature with a total capacity of not less than 5 kilowatts, which are acceptable to the Company, will be measured apart from the end user Customer's other requirements for electric service at the premises. Air conditioning equipment of rated electrical capacity up to twice that of the heating equipment also may be supplied through this separate heating circuit.

During October through May the usage of this separate circuit shall be billed at the charges listed below in lieu of the pricing of the basic Monthly Rate Table.

† TRANSMISSION SERVICE CHARGE: 0.31¢ per kWh
DISTRIBUTION CHARGE: 0.92¢ per kWh
COMPETITIVE TRANSITION CHARGE: 2.33¢ per kWh
ENERGY CHARGE: 2.52¢ per kWh

During June through September the combined usage shall be billed under the price provisions of the basic Monthly Rate Table.

OFF-PEAK THERMAL STORAGE PROVISION:

Off-peak energy may be supplied exclusively for qualifying Thermal Storage applications only in conjunction with this rate schedule when the load supplied is separately metered. This service will be billed separately at the rate of \$11.21 per month, plus the charges listed below:

OFF-PEAK ENERGY DURING THE WINTER AND SUMMER MONTHS:

† TRANSMISSION SERVICE CHARGE: 0.17¢ per kWh
DISTRIBUTION CHARGE: 1.26¢ per kWh
COMPETITIVE TRANSITION CHARGE: 1.10¢ per kWh
ENERGY CHARGE: 1.31¢ per kWh

ON-PEAK ENERGY DURING THE WINTER MONTHS:

† TRANSMISSION SERVICE CHARGE: 0.26¢ per kWh
DISTRIBUTION CHARGE: 2.09¢ per kWh
COMPETITIVE TRANSITION CHARGE: 1.69¢ per kWh
ENERGY CHARGE: 2.01¢ per kWh

During the summer months, any on-peak demand and energy will contribute to the pricing of the basic Monthly Rate Table. To qualify for this provision, the Customer must submit an engineering study performed by a professional engineer registered in the Commonwealth of Pennsylvania to the Company for technical review and approval. On-peak hours are defined as the hours between 8:00 a.m. and 8:00 p.m., Eastern Standard Time or Daylight Saving Time, whichever is in common use, daily except Saturdays, Sundays and holidays; except that the on-peak hours will end at 4:00 p.m. on Fridays. Off-peak hours are defined as the hours other than those specified as on-peak hours. For Cooling Thermal Storage applications, during the months of June through September, on-peak hours will commence at 10:00 a.m. instead of 8:00 a.m.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE GS GENERAL SERVICE - CONTINUED**SPECIAL PROVISION**

In accordance with Section 1511, Title 66 Public Utilities a volunteer fire company or a non-profit senior citizen center may, upon application, elect to have its electric service billed at the pricing of Rate R Residential Service, Rate RT Residential Time of Use, Rate R-H Residential Heating Service, or Rate OP Off-Peak Service as appropriate for the application. ~~The execution of a contract for a minimum term of one year will be required.~~

For the purposes of this provision, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

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 use of electric service~~ at this 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 ~~end user~~ customer of record at this service location must be a predominantly volunteer fire company recognized by the local municipality or PEMA as a provider of fire fighting services.

NON-PROFIT SENIOR CITIZEN CENTER - a separately metered service location consisting of a facility for the 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 ~~end user~~ customer of record at this service location must be an organization recognized by the Internal Revenue Service (IRS) as non-profit and recognized by the Pennsylvania Department of Aging as an operator of a senior citizen center.

PAYMENT TERMS.

Standard.

RATE PD PRIMARY DISTRIBUTION POWER

AVAILABILITY.

Untransformed Electric Delivery Service from the primary supply lines of the Company's distribution system where the end user or EGS Customer installs, owns, and maintains any transforming, switching and other receiving equipment required. However, standard primary delivery service is not available in areas where the distribution voltage has been changed to either 13 kV or 33 kV unless the end user Customer was served with standard primary delivery service prior to the conversion of the area to either 13 kV or 33 kV. This rate is available only for service locations served on this rate on July 6, 1987 as long as the original primary service has not been removed. The Company PECO may refuse to increase the load supplied to an end user customer served under this rate when, in the Company's PECO's sole judgment, any transmission or distribution capacity limitations exist. If an end user customer changes the billing rate of a location being served on this rate, the Company PECO may refuse to change that location back to Rate PD when, in the Company's PECO's sole judgment, any transmission or distribution capacity limitations exist.

CURRENT CHARACTERISTICS

Standard primary delivery service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:	\$275.28
VARIABLE DISTRIBUTION SERVICE CHARGE:	\$1.89 per kW of billing demand 1.70¢ per kWh of the first 150 hours' use of billing demand 1.02¢ per kWh of the next 150 hours' use of billing demand 0.34¢ per kWh for additional use.
† TRANSMISSION SERVICE CHARGE	\$0.58 per kW of billing demand 0.52¢ per kWh of the first 150 hours' use of billing demand 0.31¢ per kWh of the next 150 hours' use of billing demand 0.10¢ per kWh for additional use.

CREDIT FOR NON-WIRES SERVICES: EGSs that obtain non-wires services from entities other than the Company are entitled to a credit of 0.77¢ per kWh delivered under this schedule.

<u>COMPETITIVE TRANSITION CHARGE:</u>	\$4.16 per kW of billing demand 3.73¢ per kWh of the first 150 hours' use of billing demand 2.23¢ per kWh for the next 150 hours' use of billing demand 0.75¢ per kWh for additional use.
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MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric from PECO Energy and are not applicable to customer who purchase energy from Electric Generation Suppliers other than PECO Energy:

_____	\$2.06 per kW of billing demand
_____	3.31¢ per kWh of the first 150 hours' use of billing demand
_____	2.57¢ per kWh for the next 150 hours' use of billing demand
_____	1.84¢ per kWh for additional use

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/TTC applies to this tariff.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, during the eight months of October through May the billing demand will not be less than 40% of the end user's maximum demand specified in the contract nor less than 80% of the highest billing demand in the preceding months of June through September.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the capacity charge for the monthly billing demand.

PAYMENT TERMS.

Standard.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE HT HIGH-TENSION POWER

AVAILABILITY.

Untransformed Electric Delivery Service from the Company's standard high-tension lines, where the end user or EGS Customer installs, owns, and maintains, any transforming, switching and other receiving equipment required.

CURRENT CHARACTERISTICS.

Standard high-tension delivery service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:	\$286.86
VARIABLE DISTRIBUTION SERVICE CHARGE:	\$1.84 per kW of billing demand
	1.00¢ per kWh of the first 150 hours' use of billing demand
	0.60¢ per kWh of the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	0.20¢ per kWh for additional use.
† TRANSMISSION SERVICE CHARGE:	\$0.73 per kW of billing demand.
	0.40¢ per kWh of the first 150 hours' use of billing demand
	0.24¢ per kWh of the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	0.08¢ per kWh for additional use.

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 0.21¢/kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE:	\$5.57 per kW of billing demand
	3.03¢ per kWh for the first 150 hours' use of billing demand
	1.81¢ per kWh for the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	0.60¢ per kWh for additional use.

MAXIMUM ENERGY AND CAPACITY CHARGE. The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy:

	\$3.82 per kW of billing demand
	3.43¢ per kWh for the first 150 hours' use of billing demand
	2.60¢ per kWh for the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	1.77¢ per kWh for additional use.

TIME-OF-USE ADJUSTMENT:

EGSs having end users Customers with measured demand of 2,000 kW or greater will be given a credit for service energy use during off-peak hours and will be subject to an additional charge for service energy use during on-peak hours. On-peak hours are defined as the hours between 8:00 a.m. and 8:00 p.m., Eastern Standard Time or Daylight Saving Time, whichever is in common use, daily except Saturdays, Sundays and holidays, except that the on-peak hours will end at 4:00 p.m. on Fridays. Off-peak hours are defined as the hours other than those specified as on-peak hours. The credits and charge are as follows:

<u>Summer Months (June through September)</u>	<u>Winter Months (October through May)</u>
Off-peak credit 0.21¢ per kWh	0.21¢ per kWh
On-peak charge 0.57¢ per kWh	0.22¢ per kWh

HIGH VOLTAGE DISCOUNT:

For end user customers supplied at 33,000 volts: 7¢ per kW of measured demand.
For end user customers supplied at 69,000 volts: 30¢ per kW for first 10,000 kW of measured demand.
For end user customers supplied over 69,000 volts: 30¢ per kW for first 100,000 kW of measured demand

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, during the eight months of October through May the billing demand will not be less than 40% of the maximum demand specified in the contract nor less than 80% of the highest billing demand in the preceding months of June through September.

DELIVERY POINTS.

Where the load of an end user Customer located on single or contiguous premises becomes greater than the capacity of the standard circuit or circuits established by the Company to supply service the Customer, an additional separate delivery point may be established for such premises upon the written request of the end user Customer and billing continued as if the service were being delivered and metered at a single point, provided such multi-point delivery is not disadvantageous to the Company.

RATE HT HIGH-TENSION POWER - CONTINUED

MINIMUM CHARGE:

The monthly minimum charge shall be the Fixed Distribution Service Charge capacity charges, plus the capacity charge for the monthly billing demand, less the supply voltage discount where applicable.

PAYMENT TERMS.

Standard.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATES ON THIS SCHEDULE HAVE NOT BEEN AND CANNOT BE UNBUNDLED UNTIL RECEIPT OF ADDITIONAL INFORMATION FROM THE COMPANY.

RATE POL - PRIVATE OUTDOOR LIGHTING

AVAILABILITY.

Outdoor lighting of sidewalks, driveways, yards, ors and similar places, outside the scope of service under Rate SL-P, SL-S and SL-E.

MONTHLY RATE TABLE.

MERCURY-VAPOR LAMPS-Size of Lamp	PRICE PER LIGHTING UNIT	
	Ltg. Unit Attached to Existing Company	Ltg. Unit Attached to end user's Customer's Pole
100 Watts (nominally 4,000 Lumens)	\$12.08	\$10.88
175 Watts (nominally 8,000 Lumens)	16.41	15.25
250 Watts (nominally 12,000 Lumens)	20.24	19.20
400 Watts (nominally 20,000 Lumens)	26.11	24.75
400 Watts Floodlight (nominally 22,000 Lumens)	28.23	25.88
SODIUM-VAPOR LAMPS-Size of Lamp	Ltg. Unit Attached to Existing Company	Ltg. Unit Attached to end user's Customer's Pole
70 Watts (nominally 5,800 Lumens)	\$16.52	\$15.34
250 Watts (nominally 25,000 Lumens)	26.32	24.96
400 Watts (nominally 50,000 Lumens)	28.89	27.53
400 Watts Floodlight (nominally 50,000 Lumens)	31.01	29.65

(Service to the above listed Mercury-Vapor Lamps and Sodium-Vapor Lamps will not be available after January 1, 1996 to new end users/customers or existing end users/customers for new or replacement luminaires. The Company will continue to perform lamp renewals and replace photocells as necessary. The Company will not replace defective or broken mercury vapor or sodium vapor luminaires, including ballasts. In such cases, the end user/customer must take service under one of the current lighting unit options.)

STANDARD METAL HALIDE LAMPS-Size of Lamp	PRICE PER LIGHTING UNIT	
	Ltg. Unit Attached to Existing Company	Ltg. Unit Attached to end user's Customer's Pole
400 Watts (nominally 36,000 Lumens)	\$30.53	\$29.21
1000 Watts (nominally 110,000 Lumens)	53.49	52.16
STANDARD HIGH PRESSURE SODIUM VAPOR LAMPS-Size/Lamp	Ltg. Unit Attached to Existing Company	Ltg. Unit Attached to end user's Customer's Pole
70 Watts (nominally 5,800 Lumens)	\$18.57	\$17.25
100 Watts (nominally 9,500 Lumens)	19.64	18.32
150 Watts (nominally 16,000 Lumens)	21.46	20.14
250 Watts (nominally 25,000 Lumens)	25.21	23.88
400 Watts (nominally 50,000 Lumens)	30.59	29.26

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate

RIDER CTC/ITC applies to this rate.

GENERAL PROVISIONS.

1. Standard Lighting Unit. A Standard Lighting Unit shall be a Cobra Head or Floodlight comprised of a bracket, the lead wires and a luminaire, including lamp, reactor, and control.

2. Standard Installations. In connection with the standard service provided herein, the Company will install, own and maintain all facilities within highway limits, and all standard service-supply lines and all Lighting Units. The end user/Customer will install, own and maintain all poles on the end user's/Customer's property and all service extensions on the end user's/Customer's property from the Company's standard service-supply lines.

Investment by the Company under standard conditions of supply will be limited to that warranted by three times the annual distribution and lighting service non-fuel-related base revenue in prospect, any additional investment to be assumed by the end user/Customer.

Standard supply to lighting installations will be from aerial wires, except that, at the option of the Company, in areas where its other distribution facilities are underground, supply may be underground.

For underground supply furnished at the request of the end user/Customer where aerial supply would be normal, the Company will assume the cost up to the amount it would normally have invested and the additional cost shall be assumed by the end user/Customer.

(D) Denotes Decrease
(C) Denotes Charge

RATE SL-P STREET LIGHTING IN CITY OF PHILADELPHIA

AVAILABILITY.

Only to EGSs serving a governmental agency, municipal, state or federal, for outdoor lighting of streets, highway, bridges, parks or similar places, including directional highway signs at locations where other outdoor lighting service is established hereunder, for the safety and convenience of the public within the City of Philadelphia by incandescent filament, mercury-vapor, fluorescent or sodium-vapor lamps of standard sizes and types approved by the Company where the end user customer installs, owns and maintains all Utilization Facilities as hereinafter defined. Service will be supplied under this rate for street Lighting Units supported in a conventional manner such as on poles, posts, brackets or hangers, and under conditions of installation and supply acceptable to the Company.

CHARACTERISTICS OF SUPPLY.

Service under this rate will be from series 6.6 ampere circuits or from standard single-phase secondary circuits, as specified by the Company, except that, where conditions require, or where existing standard secondary circuits are not available, the Company at its option may supply service from nonstandard secondary circuits, providing nominally 240 volts.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:

For Lighting Units in service as of the fifteenth day of the month.

- \$ 8.32 per Lighting Unit supplied from standard secondary (aerial or underground) circuits where the end user customer owns the individual control for such Lighting Unit (a)
- \$ 9.24 per Lighting Unit supplied from aerial (series or secondary) circuits where the Company provides group controls.
- \$12.89 per Lighting Unit supplied from underground (series or secondary) circuits where the Company provides group controls.

(a) Effective beginning January 1 of the respective year, the following Fixed Distribution Service Charge will apply per Lighting Unit supplied from standard secondary (aerial or underground) circuits where the end user owns the individual control for such Lighting Unit:

2001	2002	2003	2004	2005	2006	2007	2008
8.26¢	8.18¢	8.07¢	7.96¢	7.85¢	7.63¢	7.52¢	7.30¢

VARIABLE DISTRIBUTION SERVICE CHARGE: 0.13¢ per Watt (b)
0.85¢ per kWh (c)

(b) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply per Watt:

2005	2006	2007	2008
0.12¢	0.12¢	0.12¢	0.12¢

(c) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply per kWh:

2001	2002	2003	2004	2005	2006	2007	2008
0.83¢	0.82¢	0.81¢	0.79¢	0.81¢	0.79¢	0.78¢	0.75¢

† TRANSMISSION SERVICE CHARGE: 0.02¢ per Watt
0.16¢ per kWh

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 0.23¢ per kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE: 0.00¢ per Watt
0.00¢ per kWh

MAXIMUM ENERGY AND CHARGE PRICE: The following charges will apply to customers that purchase their electric energy from PECO Energy and not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.

0.33¢ per Watt
2.19¢ per kWh

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

LIGHTING UNIT

A Lighting Unit shall comprise each lighting installation which is separately connected to a delivery point on the Company's series or secondary circuit.

DETERMINATION OF BILLING DEMAND.

The wattage, expressed to the nearest tenth of a watt, of a Lighting Unit shall be composed of manufacturer's rating of its lamps, ballasts, transformers, individual controls and other load components required for its operation. The aggregate of wattages of all Lighting Units in service as of the fifteenth day of a month shall constitute the billing demand for the month.

Issued

Effective

RATE SL-P STREET LIGHTING IN CITY OF PHILADELPHIA - CONTINUED**DETERMINATION OF ENERGY BILLED.**

The energy use for a month of a Lighting Unit shall be computed to the nearest kilowatt-hour as the product of one-thousandth of its wattage and the effective hours of use of such wattage during the calendar month under the established operation schedules approved by the authorized representatives of the ~~end user~~Customer and the Company. The aggregate of the kilowatt-hours thus computed for all Lighting Units in service as of the fifteenth day of a month shall constitute the energy billed for the month.

TERMS AND CONDITIONS.

1. Ownership and Type of Control Facilities.

- a. Lighting Units Supplied from Standard Secondary Circuits: ~~EGS or end user~~Customer shall provide, own and maintain for each of such Lighting Units, the individual control of a type approved by the Company except that, at the option of the ~~EGS~~Customer, the Company will continue to provide group control facilities presently in service.
- b. Lighting Units Supplied from Series and from Nonstandard Secondary Circuits: Company will provide, own and maintain group control facilities.

2. Ownership of Utilization Facilities.

- a. Lighting Units Supplied from Aerial Circuits: ~~EGS or end user~~Customer shall provide, own and maintain the Utilization Facilities comprising the brackets, hangers, luminaries, lamps, ballasts, transformers, individual controls (where used) and other components required for the operation of such Lighting Units, conductors, molding and supporting insulators between the lamp receptacles and line wires of the Company's distribution facilities.

Company shall provide the supporting pole or post for such aerially supplied Lighting Unit and will issue authorization to permit the ~~EGS or end user~~Customer to install thereon the said Utilization Facilities.

- b. Lighting Units Supplied from Underground Circuits: ~~EGS or end user~~Customer shall provide, own and maintain the Utilization Facilities comprising the supporting pole or post, foundation with 90-degree pipe bend, brackets or hangers, luminaries, lamps, ballasts, transformers, individual controls (where used) and other components required for the operation of such Lighting Units, conductors and conduits from the lamp receptacles to sidewalk level, or in special cases, such as Federally and State financed limited access highways, to a delivery point designated by the Company on its secondary voltage circuit, and shall assume all costs of installing such Utilization Facilities.

Where vertical extensions are required on foreign-owned posts for the support of such underground supplied Lighting Units, the extension shall be provided and owned by the ~~EGS or end user~~Customer. Rentals incurred on such foreign-owned posts shall be the responsibility of the ~~EGS or end user~~Customer.

Except as provided in 5 hereof, the Company shall own conduit from the distribution circuit to the 90-degree pipe bend, shall own conductors from its distribution system to the designated delivery point or the sidewalk level as specified in 2b, and shall provide sufficient length of conductors for splicing at the designated delivery point or in the post base where sidewalk level access is provided. Where a splicing chamber is provided in the post base, the ~~end user~~Customer shall provide space for any relays or similar devices required for the operation on the street lighting circuit.

3. Standards of Construction for Utilization Facilities. ~~Customer~~eConstruction shall meet the Company's standards which are based upon the National Electrical Safety Code. Designs of proposed construction deviating from such standards shall be submitted to the Company for approval before proceeding with any work.
4. Power Factor. The Utilization Facilities provided by the ~~EGS or end user~~Customer shall be of such a nature as to maintain the power factor of each Lighting Unit at not less than 85%.
5. Supply Facilities. Lighting service shall be supplied from distribution ~~entire~~ and equipment, including group control facilities where required, installed at the cost and expense of the Company and owned and controlled by it, except that in locations (such as bridges, overpasses, underpasses and limited access highways) where Company ownership of conduit, manholes or vaults may not be practical for reasons beyond its control, the ~~end user~~Customer shall make available at no expense to the Company, space for the Company's distribution facilities required in rendering service under this rate.

RATE SL-P STREET LIGHTING IN CITY OF PHILADELPHIA - CONTINUED

6. Connection of Lighting Units. For new Lighting Units, relocated Lighting Units and for any modernization or maintenance work involving connections to the Company's distribution circuits. In accordance with the provisions of 2, the EGS or end user Customer shall provide sufficient length of conductors to permit the Company to make taps at the top of the pole for aerial circuits, or for splices to underground circuits at the designated delivery point on the Company's secondary voltage circuit, or at the splicing chamber in the post base (where provided), or at the nearest available manhole, handhole or splice box (where such splicing chamber is not provided). In the latter case, the EGS or end user Customer will bill the Company for the cost of the conductors from the sidewalk level to the manhole, handhole or splice box. All work done by the EGS or end user Customer that may involve Company street lighting, control, and other distribution circuits shall be performed under Company permit and blocking procedures.

7. Location and Type of Installation. The prices of the rate apply to street lighting service under conditions named herein at locations designated by the properly authorized representatives of the EGS Customer.

8. Service. Lighting service will be operated on all-night, every-night lighting schedules, to be approved by the authorized representatives of the EGS Customer and the Company, under which lights normally are turned on after sunset and off before sunrise. Extended lighting service during all daylight hours will be supplied for lamps specified by the EGS Customer.

9. Change in Size of Type of Lighting Units. Written notice of any planned change in size or type of any components of Lighting Units by locations shall be furnished by the EGS Customer to the Company or less than 10 days prior to the effective date of such change. The EGS Customer shall be responsible for notification to the Company of any changes made in manufacturer's wattage ratings of Lighting Units used.

10. Service Maintenance. Upon receipt of report of Lighting Unit or Units not burning, the Company will determine the cause of failure and will restore service on street lighting or distribution circuit and control equipment, disconnecting if necessary any faulty Lighting Units from the circuit. EGS or end user Customer will make necessary repairs between the lamp receptacle of the faulty Lighting Unit or Units and the point of connection to the Company's street lighting or distribution circuit. In the event the fault is located in the Company owned facilities, the EGS or end user Customer will bill the Company for this portion of the replace facilities.

11. Authorization and Protection. The EGS or end user Customer shall, to the extent of ability, furnish any requisite authority for the requisite authority for the erection and maintenance of poles wires, fixtures and other equipment necessary to operate the lights at the locations and under the conditions designated, and shall protect the Company from malicious damage to the light system.

12. Additional Lighting. Lighting service for additional lamps installed by the EGS or end user Customer will be supplied by the Company upon written notice from the EGS Customer specifying the locations of the installations unless the proposed additional lighting makes the investment or cost of providing distribution equipment excessive. In which case a portion of the investment or cost shall be borne by the EGS Customer subject to agreement between the EGS Customer and the Company.

13. Relocation of Lighting Units. Where a pole is replaced by the Company at its own option, it shall be the EGS Customer's responsibility to have the Utilization Facilities transferred from the old to the new pole.

~~14. Outage Allowance (Applicable only to customers who purchase their electric energy from PECO Energy). Company will use reasonable diligence to provide a continuous, regular and uninterrupted _____ of service and the Customer will use reasonable diligence to protect the lighting system. In lieu of determination _____ at hours of Lighting Unit outages resulting from a failure of any light to burn for any reason, a deduction of 0.20% _____ monthly capacity and energy charges will be made on the monthly bill. Company shall not be liable for service int _____ as a result of the Customer's failure to protect the lighting system, or as a result of not, fire, storm, flood, inter _____ by civil or military authorities or any other cause beyond its control.~~

TERM OF CONTRACT

~~The initial contract term for each lighting unit shall be for at least one year.~~

PAYMENT TERMS.

Bills will be rendered monthly

RATES ON THIS SCHEDULE HAVE NOT BEEN AND CANNOT BE UNBUNDLED UNTIL RECEIPT OF ADDITIONAL INFORMATION FROM THE COMPANY.

RATE SL-S STREET LIGHTING - SUBURBAN DIVISIONS

AVAILABILITY.

Outdoor lighting of streets, highways, bridges, parks and similar places for the safety and convenience of the public in Suburban Divisions.

RATE TABLE - MANUFACTURER'S RATING OF LAMP SIZES.

<u>Incandescent Filament Lamps</u>		
<u>Size of Lamp</u>	<u>Billing Watts</u>	<u>Rate per Year</u>
320 Lumens	32	\$ 94.30
600 "	58	131.39
1,000 "	103	184.30
2,500 "	202	253.61
6,000 "	448	289.35
10,000 "	690	346.41

For each end user Customer, the supply of energy for incandescent filament lamps is restricted to the total of each rating in service on May 10, 1980; except that for 320 lumen and 600 lumen lamps the supply is restricted for any end user Customer to the total of such rating in service on October 15, 1963 and in each succeeding year beginning January 1, 1964, to the number of each rating in service on January first of each such year.

<u>Mercury Vapor Lamps</u>		
<u>Size of Lamp</u>	<u>Billing Watts</u>	<u>Rate per Year</u>
Nominally 4,000 Lumens	115	\$216.88
" 8,000 "	191	229.05
" 12,000 "	275	244.23
" 20,000 "	429	286.89
" 42,000 "	768	408.67
" 59,000 "	1,090	460.66

<u>Sodium-Vapor Lamps</u>		
<u>Size of Lamp</u>	<u>Billing Watts</u>	<u>Rate per Year</u>
Nominally 5,800 Lumens	94	\$215.25
" 9,500 "	131	234.03
" 16,000 "	192	262.86
" 25,000 "	294	298.63
" 50,000 "	450	355.81

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

GENERAL PROVISIONS

- Service. The lighting service will be operated on an all-night, every-night lighting schedule of approximately 4,100 hours annual burning time (average monthly burning hours = 341.11 hours), under which lights are turned on after sunset and off before sunrise. It includes the supply of lamps and their removal when burned out or broken.
- Outage Allowances. Written notice to the Company prior to 4:00 p.m. of the failure of any light to burn on the previous night shall entitle the end user Customer to a pro rata reduction in the street lighting bill for the hours of failure if such for the hours of failure if such failure continues for a period in excess of 12 hours after the notice is received. Allowances will not be made for outages resulting from the end user's Customer's failure to protect the lighting system or from not, fire, storm, flood, interference by civil or military authorities, or any other cause beyond the Company's control.

(D) Denotes decrease

(C) Denotes decrease

RATE SCHEDULE STREET LIGHTING END USER/CUSTOMER-OWNED FACILITIES

AVAILABILITY

To any EGS serving a governmental agency outside of the City of Philadelphia for outdoor lighting of streets, highways, bridges, parks or similar places, including directional highway signs at locations where other outdoor lighting service is established hereunder for the safety and convenience of the public where all of the utilization facilities, as defined in Terms and Conditions in this rate schedule, are installed, owned and maintained by a governmental agency.

This rate is also available to EGS serving community associations of residential property owners both inside and outside the City of Philadelphia for the lighting of streets that are not dedicated. This rate is not available to EGS service to commercial or industrial end users/customers. All facilities and their installation shall be approved by the Company.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$7.66 (a)

(a) Effective beginning January 1 of the respective year, the following Fixed Distribution Service Charge will apply:

2001	2002	2003	2004	2005	2006	2007	2008
7.59¢	7.49¢	7.40¢	7.40¢	7.30¢	7.10¢	7.00¢	6.81¢

VARIABLE DISTRIBUTION SERVICE CHARGE: 0.486¢ per Watt (b)
0.526¢ per kWh (c)

(b) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply per Watt:

2002	2003	2004	2005	2006	2007	2008
.481¢	.475¢	.469¢	.463¢	.450¢	.444¢	.432¢

(c) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply per kWh:

2002	2003	2004	2005	2006	2007	2008
.532¢	.515¢	.508¢	.501¢	.488¢	.481¢	.468¢

† **TRANSMISSION SERVICE CHARGE:** 0.046¢ per Watt
0.050¢ per kWh

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 0.16¢ per kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE: 0.000¢ per kWh

MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy:

0.416¢ per Watt
1.912¢ per kWh

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

SERVICE LOCATION

A service location shall comprise each lighting installation and must be separately connected to a delivery point on the Company's secondary circuit.

DETERMINATION OF BILLING DEMAND.

The wattage expressed to the nearest tenth of a watt, of a Service Location shall be composed of manufacturer's rating of its lamps, ballasts, transformers, individual controls and other load components required for its operation. The aggregate of wattages of all Service Locations in service shall constitute the billing demand for the month.

DETERMINATION OF ENERGY BILLED.

The energy use for a month of a Service Location shall be computed to the nearest kilowatt-hour as the product of one-thousandth of its wattage and the effective hours of use of such wattage during the calendar month under the established operation schedules as set forth under Terms and Conditions, Paragraph 6 Service. The aggregate of the kilowatt-hours thus computed for all Active Service Locations shall constitute the energy billed for the month.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE S-L-E STREET LIGHTING END USER/CUSTOMER-OWNED FACILITIES - CONTINUED**TERMS AND CONDITIONS.**

1. Ownership of Utilization Facilities.

- a. Service Locations Supplied from Aerial Circuits: EGS or end userCustomer shall provide, own and maintain the Utilization Facilities comprising the brackets, hangers, luminaries, lamps, ballasts, transformers, individual controls, conductors, molding and supporting insulators between the lamp receptacles and line wires of the Company's distribution facilities and any other components as required for the operation of each Service Location.

The Company shall provide the supporting pole or post for such aerially supplied Service Location and will issue authorization to permit the EGS or end userCustomer to install thereon the said Utilization Facilities.

- b. Service Locations Supplied from Underground Circuits: EGS or end userCustomer shall provide, own and maintain the Utilization Facilities comprising the supporting pole or post, foundation with 90-degree pipe bend, brackets or hangers, luminaries, lamps, ballasts, transformers, individual controls, conductors and conduits from the lamp receptacles to sidewalk level, or in special cases, such as Federally and State financed limited access highways, to a delivery point designated by the Company on its secondary voltage circuit and shall assume all costs of installing such utilization facilities.

Except as provided in Paragraph 4 Supply Facilities, the Company shall own conduit from the distribution circuit to the 90-degree pipe bend, shall own conductors from its distribution system to the designated delivery point and shall provide sufficient length of conductors for splicing at the designated delivery point or in the post base where sidewalk level access is provided.

2. Standards of Construction for Utilization Facilities. EGS or end userCustomer construction shall meet the Company's standards which are based upon the National Electrical Safety Code. Designs of proposed construction deviating from such standards shall be submitted to the Company for approval before proceeding with any work.
3. Power Factor The Utilization Facilities provided by the EGS or end userCustomer shall be of such a nature as to maintain the power factor of each Lighting Unit at not less than 85%.
4. Supply Facilities. Lighting service shall be supplied from distribution facilities and equipment installed, owned and maintained by the Company. An EGS or end userA-Customer contribution for new, additional, or relocated lighting service may be required as described in Paragraph 10. Where Company ownership of conduit, manholes or vaults may not be practical for reasons beyond its control (such as bridges, overpasses, underpasses and limited access highways), the EGS or end userCustomer shall make available at no expense to the Company, space for the Company's distribution facilities required in rendering service under this rate.
5. Connection of Service Location. For new, additional or relocated Service Locations and for any modernization or maintenance work involving connections to the Company's distribution circuits, the EGS or end userCustomer will provide sufficient length of conductors to permit the Company to make taps at the top of the pole for aerial circuits, or for splices to underground circuits at the designated delivery point on the Company's secondary voltage circuit. All work done by the EGS or end userCustomer that may involve Company street lighting, control, and other distribution circuits shall be performed under Company permit and blocking procedures.
6. Service. Lighting service will be operated on all-night, every-night lighting schedules, under which lights normally are turned on after sunset and off before sunrise with approximately 4,100 annual operating hours. Extended lighting service during all daylight hours will be supplied for lamps specified by the EGS or end userCustomer.
7. Change in Size and Type of Service Locations. Written notice of any planned change in size or type of any components of Service Locations shall be furnished by an EGS or end userthe-Customer to the Company not less than 10 days prior to the effective date of such change. The EGS or end userCustomer shall be responsible for notification to the Company of any changes made in manufacturer's wattage ratings at any Service Location.
8. Service Maintenance. Upon receipt of report of a Service Location not receiving power, the Company will determine the cause of power failure and will restore service to the distribution circuit and control equipment, disconnecting, if necessary, any faulty Service Location from the circuit. EGS or end userCustomer will make necessary repairs between the lamp receptacle of the faulty utilization facilities and the point of connection to the Company's distribution circuit. In the event the fault is located in the Company owned facilities, the EGS or end userCustomer will bill the Company for this portion of the replaced facilities.
9. Authorization and Protection. The EGS or end userCustomer shall, to the extent of one's ability, furnish any requisite authority for the erection and maintenance of poles, wires, fixtures and other equipment necessary to operate the lights at the locations and under the conditions designated, and shall protect the Company from malicious damage to the lighting system.
10. New, Additional or Relocated Lighting. The total costs to provide lighting service for new, additional or relocated lamps installed by the EGS or end userCustomer shall be subject to a revenue test. If the costs exceed the estimated revenue for four years less all fuel cost, an EGS or end userA-Customer contribution for all excess costs will be required.
11. Relocation of Service Locations. Where a pole is replaced by the Company at its own option, it shall be the EGS' or end user'sCustomer's responsibility to have the Utilization Facilities transferred from the old to the new pole.

TERM OF CONTRACT

The initial contract term for each service location shall be for at least one year.

PAYMENT TERMS

Bills will be rendered monthly.

RATE TL TRAFFIC LIGHTING SERVICE**AVAILABILITY**

To any EGS serving a municipality using the Company's standard delivery service for electric traffic signal lights installed, owned and maintained by the municipality.

CURRENT CHARACTERISTICS

Standard single-phase secondary delivery service

RATE TABLE.

VARIABLE DISTRIBUTION SERVICE CHARGE:	4.61¢ per kWh
† TRANSMISSION SERVICE CHARGE:	0.47¢ per kWh
COMPETITIVE TRANSITION CHARGE:	2.91¢ per kWh

~~MAXIMUM ENERGY AND CAPACITY CHARGE: The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.~~

2.85¢ per kWh

~~STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE~~ apply to this rate.

RIDER CTC/ITC applies to this rate.

SPECIAL RULES AND REGULATIONS

The use of energy will be estimated by the Company on the basis of the size of lamps and controlling apparatus and the burning-hours.

The EGS or end user Customer shall immediately notify the Company whenever any change is made in the equipment or the burning-hours, so that the Company may forthwith revise its estimate of the energy used.

The Company shall not be liable for damage to person or property arising, accruing or resulting from the attachment of the signal equipment to its poles, wires, or fixtures.

MINIMUM CHARGE.

\$3.56 per month per signal light.

TERM OF CONTRACT.

~~The initial contract term for each signal light installation shall be for at least one year.~~

PAYMENT TERMS.

Standard

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE EP ELECTRIC PROPULSION

AVAILABILITY.

This rate is available only to and EGS serving the National Rail Passenger Corporation (AMTRAK) and/or to the Southeastern Pennsylvania Transportation Authority (SEPTA) for untransformed Electric Delivery Service from the Company's standard high-tension lines where the EGS or end user Customer installs, owns, and maintains any transforming, switching and other receiving equipment required and where the service is supplied for the operation of electrified transit and railroad systems and appurtenances.

CURRENT CHARACTERISTICS.

Standard sixty hertz (60 Hz) high-tension delivery service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:	\$1,243.85 per delivery point
VARIABLE DISTRIBUTION SERVICE CHARGE:	\$3.20 per kW of billing demand 0.27¢ per kWh
† TRANSMISSION SERVICE CHARGE:	\$1.06 per kW of billing demand 0.09¢ per kWh
COMPETITIVE TRANSITION CHARGE:	\$6.90 per kW of billing demand 0.57¢ per kWh
MAXIMUM ENERGY AND CAPACITY CHARGE:	The charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.
	\$4.29 per kW of billing demand 1.73¢ per kWh

TIME-OF-USE ADJUSTMENT:

There will be a credit for energy use during off-peak hours and an additional charge for energy use during on-peak hours. On-peak hours are defined as the hours between 8:00 a.m. and 8:00 p.m., Eastern Standard Time or Daylight Saving Time, whichever is in common use, daily except Saturdays, Sundays and holidays: except that the on-peak hours will end at 4:00 p.m. on Fridays. Off-peak hours are defined as the hours other than those specified as on-peak hours. The credits and charges are as follows:

	Summer Months (June through September)	Winter Months (October through May)
Off-peak credit	0.21¢ per kWh	0.21¢ per kWh
On-peak charge	0.57¢ per kWh	0.22¢ per kWh

HIGH VOLTAGE DISCOUNT:

For delivery points supplied at 33,000 volts: 7¢ per kW
 For delivery points supplied at 69,000 volts: 30¢ per kW for first 10,000 kW of measured demand.
 For delivery points supplied over 69,000 volts: 30¢ per kW for first 100,000 kW of measured demand.

STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE apply to this rate.

RIDER CTC/ITC applies to this rate.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 5,000 kilowatts. Additionally, during the eight months of October through May the billing demand will not be less than 40% of the maximum demand specified in the contract nor less than 80% of the highest billing demand in the preceding months of June through September.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS

If the load of an end user Customer located at a delivery point becomes greater than the capacity of the circuits established by this Company to supply the end user Customer at that delivery point, upon the written request of the end user Customer, the Company will establish a new delivery point and bill the EGS Customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point.

† The Federal Energy Regulatory Commission has asserted exclusive jurisdiction over transmission service. Transmission Service may be purchased separately from Distribution Service.

RATE DS DEFAULT SERVICEAVAILABILITY.

Bundled electric energy and delivery services provided by the Commission-designated alternative default service provider are available to eligible end users pursuant to the rates, terms and conditions described in this tariff.

Three (3) types of default service are available in the Company's service territory:

Standard Default Service (SDS). Available to any residential or commercial end user not otherwise receiving service from an EGS, but that previously received service from an EGS after September 1, 1998.

Transitional Default Service (TDS). Available to any end user that has not selected or was unable to obtain electric service from an EGS as of September 1, 1998. TDS will be provided to said end user until such time as an EGS service election is made by the end user. TDS will not be available to end users returning to default service after receiving service from an EGS unless the returning end user agrees to receive TDS for a minimum of twelve (12) months. End users receiving service under a special contract with the Company on October 7, 1997 and continuing uninterrupted through September 1, 1998 shall be considered to have not selected an EGS for purposes of receiving default service.

CAP Rate Service (CRS). Available to end users that are served under or otherwise qualify for Rate R or Rate RH and that satisfy the eligibility requirements of CRS, as approved by the Commission.

CURRENT CHARACTERISTICS.

60-hertz alternating current of such phase and voltage as the Company may have available at the point of delivery to the end user.

MONTHLY RATES.

The monthly rates for the default services shall consist of the following charges:

FIXED DISTRIBUTION SERVICE CHARGE, VARIABLE DISTRIBUTION SERVICE CHARGE, AND TRANSMISSION SERVICE CHARGE: set forth on the rate schedule that corresponds to the rate class identified in the tables that follow based on the nature of the end user's load.

CAPACITY AND ENERGY CHARGE: set forth in the tables that follow based upon the rate class that correspond to the nature of the end user's load.

MINIMUM CHARGE: The monthly minimum charge for end users shall be the Fixed Distribution Service Charge, plus applicable Capacity Charges for the monthly billing demand, where applicable for the end user's load.

STATE TAX ADJUSTMENT CLAUSE and OTHER TAX ADJUSTMENT CLAUSE apply to these rates.

RIDER CTC/TC applies to these rates.

TERMS AND CONDITIONS.

End users receiving default service hereunder shall be subject to the rules, regulation, and terms and conditions of service on the rate schedule that corresponds to the rate class identified in the tables that follow based on the nature of the end user's load.

PAYMENT TERMS.

Standard.

TERM.

The term of SDS, TDS and CRS default service shall begin no earlier than September 1, 1998 and shall terminate no later than December 31, 2008.

SPECIAL CONDITIONS.

1. The distribution component of default service hereunder shall be subject to change in the event the Company's distribution rates are changed during the effectiveness of this rate schedule. The default service provider shall be entitled to recover the full cost of such unbundled distribution service from end users served under this rate schedule.
2. Upon the occurrence and during the term of a default by the Company under that certain Firm Energy Power Purchase Agreement or that certain Service Agreement by and between default service provider and the Company, the Energy Charge TDC rate set forth in the tables below may, at default service provider's option, become a rate which is fully compensatory and based upon a spot market index to be determined by the default service provider, plus all directly related costs incurred in obtaining replacement energy and capacity for service to end users. Such rate may be charged for all deliveries to end user beginning on the day of default by Company and continuing thereafter until the default is cured; provided, however, that if such default continues for a period of ninety (90) days, end users shall be converted to Standard Default Service commencing with the next billing cycle and continuing for the remaining duration of any such default. Billing to end users for any partial month during a period of default as described herein shall be prorated to reflect the number of days in the applicable billing cycle during which energy and capacity were supplied at such spot market price, plus related costs as described herein. In the event the Company reimburses default service provider for its costs incurred in obtaining replacement energy and capacity for service to end users hereunder, any such amount shall be returned to the end users.
3. End users receiving service under a special contract with the Company that do not exercise any right they may have to terminate such special contract on or before October 1, 1998 shall thereafter continue to receive electric energy from the Company pursuant to the terms of the special contract.

Rate R - Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RT - Residence Time-of-Use Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Summer Off-peak kWh (c/kWh)	2.05	2.05	2.09	2.11	2.15	2.18	2.21	2.24	2.27	2.31
Summer On-peak kWh (c/kWh)	4.39	4.39	4.48	4.52	4.60	4.67	4.73	4.80	4.86	4.95
Winter Off-peak kWh (c/kWh)	2.77	2.77	2.83	2.85	2.90	2.95	2.99	3.04	3.07	3.13
Winter On-peak kWh (c/kWh)	6.24	6.24	6.22	6.41	6.44	6.50	6.60	6.67	6.82	6.83
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RH - Residential Heating Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
0-500 kWh-Summer (c/kWh)	4.22	4.22	4.31	4.43	4.53	4.66	4.74	4.91	5.04	5.13
>500 kWh-Summer (c/kWh)	4.62	4.62	4.73	4.89	5.01	5.18	5.28	5.50	5.67	5.79
0-600 kWh-Winter (c/kWh)	4.22	4.22	4.31	4.43	4.53	4.66	4.74	4.91	5.04	5.13
>600 kWh-Winter (c/kWh)	2.79	2.79	2.81	2.80	2.81	2.80	2.83	2.78	2.77	2.79
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

CAP Rate - Customer Assistance Program Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Rate R -CAP Rate I										
0-500 kWh (c/kWh)	2.01	2.01	2.04	2.07	2.11	2.14	2.17	2.20	2.23	2.27
>500 kWh (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Rate R -CAP Rate II										
0-500 kWh (c/kWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Rate RH -CAP Rate I										
0-500 kWh-Summer (c/kWh)	3.16	3.16	3.22	3.31	3.39	3.49	3.55	3.67	3.77	3.84
>500 kWh-Summer (c/kWh)	0.87	0.87	2.20	2.98	3.46	3.37	3.29	3.92	4.54	4.45
All kWh-Winter (c/kWh)	3.16	3.16	3.22	3.31	3.39	3.49	3.55	3.67	3.77	3.84
Rate RH -CAP Rate II										
0-500 kWh-Summer (c/kWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh-Summer (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
0-600 kWh-Winter (c/kWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>600 kWh-Winter (c/kWh)	2.01	2.01	2.04	2.07	2.11	2.14	2.17	2.20	2.23	2.27
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate OP- Off-Peak Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	2.72	2.72	2.76	2.80	2.84	2.87	2.91	2.95	2.99	3.03
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate R-S - Solar Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate GS - General Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
First 80 hours use (c/kWh)	6.42	6.42	6.76	6.99	7.16	7.43	7.58	7.90	8.16	8.32
Next 80 hours use-Summer (c/kWh)	4.02	4.02	4.07	4.12	4.18	4.24	4.30	4.35	4.41	4.48
Additional use-Except (c/kWh)	3.23	3.23	3.19	3.18	3.21	3.19	3.23	3.19	3.19	3.22
>400 hours & 2000 kWh (c/kWh)	2.48	2.48	2.34	2.28	2.28	2.19	2.20	2.08	2.01	2.01
Space Heating (c/kWh)	2.98	2.98	2.84	2.88	2.84	2.83	2.81	2.81	2.72	2.78
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate PD - Primary Distribution Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)	1.93	1.93	2.30	2.48	2.71	2.80	2.88	3.16	3.37	3.47
First 150 hours use (c/kWh)	3.63	3.63	3.71	3.78	3.85	3.91	3.97	4.05	4.12	4.19
Next 150 hours use (c/kWh)	2.94	2.94	2.88	2.88	2.87	2.90	2.93	2.91	2.90	2.94
Additional use (c/kWh)	2.25	2.25	2.06	1.99	1.89	1.90	1.92	1.78	1.71	1.69
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate HT - High Tension Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)	3.67	3.67	4.18	4.49	4.73	4.85	5.00	5.39	5.70	5.85
First 150 hours use (c/kWh)	3.69	3.69	3.75	3.82	3.89	3.95	4.02	4.09	4.16	4.23
Next 150 hours use (c/kWh)	2.88	2.88	2.84	2.84	2.85	2.89	2.92	2.91	2.91	2.95
Additional use (c/kWh)	2.09	2.09	1.94	1.87	1.83	1.83	1.84	1.74	1.68	1.66
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate POL - Private Outdoor Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-P - Street Lighting in City of Philadelphia										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)										
Energy Charge (c/kWh)	3.60	3.60	3.85	3.91	3.97	4.02	4.08	4.14	4.20	4.26
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-S - Street Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-E - Street Lighting Customer Owned Facilities										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)										
Energy Charge (c/kWh)	4.02	4.02	4.07	4.13	4.18	4.24	4.29	4.35	4.41	4.47
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate TL- Traffic Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	3.33	3.33	3.38	3.41	3.46	3.51	3.54	3.59	3.63	3.67
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate EP - Electric Propulsion										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)	4.10	4.10	4.76	5.19	5.48	5.63	5.76	6.29	6.68	6.85
Energy Charge (c/kWh)	2.07	2.07	1.92	1.84	1.79	1.79	1.79	1.67	1.60	1.59
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider.									
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

RIDER CTC/ITCCOMPETITIVE/INTANGIBLE TRANSITION CHARGEAPPLICABILITY.

This rider applies to all services provided by the Company to EGSs for the purposes of delivering energy to end users in the Company's service territory under the following rate schedules: Rate R, Rate RT, Rate R-H, CAP Rate, Rate OP, Rate R-S, Rate GS, Rate PJ, Rate HT, Rate POL, Rate SL-P, Rate SL-S, Rate SL-E, Rate TL, Rate EP.¹

MONTHLY RATES.

The rates and charges shown in the tables that follow apply to every EGS that receives service under this tariff based on the characteristics of service required by the end user(s) served by the EGS.

SPECIAL PROVISIONS.

1. Rate Rider CTC/ITC shall apply to all existing and new services provided by the Company during the period that Rate Rider CTC/ITC is in effect.
2. End Users receiving service from an EGS or the Default Service provider under Rate H-T, LILR, Rule 4.6 and EER may elect to prepay their CTC/ITC cost responsibility, which prepayment shall be calculated as the net present value of the CTC/ITC recovery over the period ending December 31, 2008. The CTC/ITC Rider would attach to grandfathered special contracts entered into under Rule 4.6. The discount rate for calculating the net present value shall be 8.71 percent.
3. End users served under rate schedules Rate OP, Rate SL-P, and Rate SL-S on October 7, 1997 and continuing uninterrupted through September 1, 1998 shall receive, as a lump sum payment from the default service provider, the net present value of any CTC/ITC Rate Rider associated with such end users' load on the Company's system. Said lump sum payment shall be made on or before forty-five (45) days after the effective date of this rate schedule. The discount rate for calculating the lump sum payment shall be 8.71 percent.

¹Once the Alley Lighting and Auxiliary Service riders are unbundled, Rider CTC/ITC will attach to these riders and shall be included on this schedule.

Rate R - Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
0-500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Winter (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Summer (c/kWh)	1.11	1.11	2.75	3.78	4.37	4.43	4.39	5.36	6.39	6.57
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RT - Residence Time-of-Use Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Summer Off-peak kWh (c/kWh)	0.21	0.21	1.05	1.45	1.79	1.78	1.73	2.08	2.38	2.34
Summer On-peak kWh (c/kWh)	0.45	0.45	2.25	3.10	3.84	3.77	3.71	4.41	5.09	5.01
Winter Off-peak kWh (c/kWh)	0.29	0.29	1.42	1.96	2.43	2.38	2.35	2.80	3.23	3.16
Winter On-peak kWh (c/kWh)	0.56	0.56	3.19	4.39	5.33	5.24	5.12	6.01	7.02	7.03
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RH - Residential Heating Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
0-500 kWh-Summer (c/kWh)	0.87	0.87	2.20	2.98	3.46	3.37	3.29	3.92	4.54	4.45
>500 kWh-Summer (c/kWh)	1.01	1.01	2.55	3.46	4.02	3.92	3.82	4.55	5.27	5.17
0-600 kWh-Winter (c/kWh)	0.87	0.87	2.20	2.98	3.46	3.37	3.29	3.92	4.54	4.45
>600 kWh-Winter (c/kWh)	0.37	0.37	0.93	1.26	1.46	1.43	1.40	1.65	1.92	1.89
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

CAP Rate - Customer Assistance Program Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Rate R - CAP Rate I										
0-500 kWh (c/kWh)	0.44	0.44	1.08	1.45	1.68	1.64	1.61	1.90	2.18	2.13
>500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
Rate R - CAP Rate II										
0-500 kWh (c/kWh)	0.67	0.67	1.65	2.22	2.58	2.52	2.47	2.91	3.34	3.26
>500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
Rate RH - CAP Rate I										
0-500 kWh-Summer (c/kWh)	0.42	0.42	1.07	1.45	1.68	1.64	1.60	1.91	2.21	2.17
>500 kWh-Summer (c/kWh)	0.87	0.87	2.20	2.98	3.46	3.37	3.29	3.92	4.54	4.45
All kWh-Winter (c/kWh)	0.42	0.42	1.07	1.45	1.68	1.64	1.60	1.91	2.21	2.17
Rate RH - CAP Rate II										
0-500 kWh-Summer (c/kWh)	0.67	0.67	1.65	1.65	2.58	2.52	2.47	2.91	3.34	3.26
>500 kWh-Summer (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
0-600 kWh-Winter (c/kWh)	0.67	0.67	1.65	2.22	2.58	2.52	2.47	2.91	3.34	3.26
>600 kWh-Winter (c/kWh)	0.44	0.44	1.08	1.45	1.68	1.64	1.61	1.90	2.18	2.13
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate OP - Off-Peak Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate R-S - Solar Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
0-500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Winter (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Summer (c/kWh)	1.11	1.11	2.75	3.78	4.37	4.43	4.39	5.36	6.39	6.57
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause Applies to the rates shown on this schedule for this class of service in all years.										

Rate GS - General Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
First 80 hours use (c/kWh)	4.04	4.04	6.06	7.28	8.05	8.11	8.04	9.21	10.33	10.26
Next 80 hours use-Summer (c/kWh)	2.46	2.46	3.56	4.20	4.61	4.54	4.48	5.00	5.51	5.45
Additional use-Except (c/kWh)	1.58	1.58	2.26	2.67	2.93	2.89	2.85	3.18	3.50	3.46
>400 hours & 2000 kWh (c/kWh)	0.70	0.70	1.02	1.20	1.32	1.30	1.26	1.43	1.58	1.56
Space Heating (c/kWh)	5.55	5.55	7.22	7.97	8.53	7.76	7.49	7.45	7.66	7.34
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause Applies to the rates shown on this schedule for this class of service in all years.										

Rate PD - Primary Distribution Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Capacity Charge (\$/kW)	2.06	2.06	3.14	3.74	4.14	4.07	4.00	4.49	4.99	4.91
First 150 hours use (c/kWh)	1.85	1.85	2.81	3.36	3.71	3.65	3.59	4.03	4.48	4.41
Next 150 hours use (c/kWh)	1.18	1.18	1.79	2.14	2.36	2.32	2.28	2.56	2.85	2.80
Additional use (c/kWh)	0.28	0.28	0.42	0.50	0.56	0.54	0.53	0.62	0.66	0.67
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause Applies to the rates shown on this schedule for this class of service in all years.										

Rate HT - High Tension Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Capacity Charge (\$/kW)	2.81	2.81	4.18	5.01	5.53	5.42	5.30	5.98	6.65	6.52
First 150 hours use (c/kWh)	1.53	1.53	2.27	2.72	3.00	2.95	2.88	3.25	3.61	3.54
Next 150 hours use (c/kWh)	0.91	0.91	1.36	1.63	1.79	1.76	1.72	1.94	2.16	2.12
Additional use (c/kWh)	0.30	0.30	0.45	0.54	0.60	0.59	0.57	0.65	0.72	0.71
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause Applies to the rates shown on this schedule for this class of service in all years.										

Rate POL - Private Outdoor Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)										
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause Applies to the rates shown on this schedule for this class of service in all years.										

Rate SL-P - Street Lighting in City of Philadelphia										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Capacity Charge (\$/kW)	-	-	-	-	-	-	-	-	-	-
Energy Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause Applies to the rates shown on this schedule for this class of service in all years.										

Rate SL-S - Street Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-E - Street Lighting Customer Owned Facilities										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge	-	-	-	-	-	-	-	-	-	-
Capacity Charge (\$/kW)	-	-	-	-	-	-	-	-	-	-
Energy Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate TL - Traffic Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	0.70	0.70	1.80	2.45	2.87	2.84	2.79	3.32	3.85	3.80
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

Rate EP - Electric Propulsion										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge	-	-	-	-	-	-	-	-	-	-
Capacity Charge (\$/kW)	3.04	3.04	4.98	6.12	6.80	6.72	6.63	7.57	8.50	6.38
Energy Charge (c/kWh)	0.25	0.25	0.41	0.51	0.56	0.56	0.55	0.63	0.70	0.70
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adjustment Clause	Applies to the rates shown on this schedule for this class of service in all years.									

**PROPOSED TREATMENT OF MISCELLANEOUS RIDERS
PECO ENERGY COMPANY ELECTRIC DELIVERY SERVICE TARIFF**

Due to lack of necessary information, Enron was unable to unbundle the rate riders found in the Company's electric tariff, Pa. P.U.C. No. 2 for purposes of this filing and the offer contained herein. Instead, Enron offers the observations that follow with respect to the disposition of these riders in a fully competitive environment. Enron wishes to work with the Company to implement the actions recommended in the table that appears on pages 3 through 4 of this exhibit.

**PROPOSED TREATMENT OF MISCELLANEOUS RIDERS
PECO ENERGY COMPANY ELECTRIC DELIVERY SERVICE TARIFF**

PECO Rider	Disposition in a Fully Competitive Environment	Recommended Action
Alley Lighting Rider (Page No. 61)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
<u>Auxiliary Service Rider:</u> Supplementary Power Back-Up Power Maintenance Power (Page Nos. 62-64)	The generation component of these services will be competitive; delivery services available under other applicable rate schedules should be provided to the EGS that provides generation service to customers with self-generation capability.	Restate this rider to apply to transmission and distribution capacity only.
Casualty Rider (Page No. 65)	Not impacted, subject to the discretion of PECO and public policy needs.	No change.
Construction Rider (Page No. 66)	Not impacted, subject to the discretion of PECO and public policy needs.	No change.
Cooling Thermal Storage HT Rider (Page No. 67)	The generation component associated with serving cooling thermal storage applications will be competitive; subsidies for the delivery component of service are not appropriate in the context of a regulated service offering.	Eliminate this rider from PECO's tariff.
Curtailed HT Rider (Page No. 68)	As part of its competitive service offering, an EGS may agree with certain customers on terms, conditions and rates for non-firm generation service. Non-firm transmission and distribution services only should be included in this rider.	Eliminate references to generation services in this tariff, and reprice credits to reflect the cost-based value of relieving delivery constraints on the PECO electric system.
Electric Vehicle Charging Rider (Page No. 69)	The generation component associated with serving electric vehicle applications will be competitive; subsidies for the delivery component of service are not appropriate in the context of a regulated service offering.	Eliminate this rider from PECO's tariff.
Emergency Energy Conservation Rider (Page No. 70)	Not impacted conceptually; may need changes to reflect the nature of services provided by PECO.	Modify to reflect the unbundled nature of services provided by multiple entities.
Employment and Economic Recovery Rider (Page Nos. 71-73)	Not impacted, subject to the discretion of PECO and public policy needs.	Modify discounts so as to apply only to the transmission and distribution components of service.

**PROPOSED TREATMENT OF MISCELLANEOUS RIDERS
PECO ENERGY COMPANY ELECTRIC DELIVERY SERVICE TARIFF**

PECO Rider	Disposition in a Fully Competitive Environment	Recommended Action
Investment Return Guarantee Rider (Page No. 74)	PECO should be permitted an opportunity to fully recovery its investment in distribution facilities needed to serve the customer.	Minor changes are needed to reflect a recovery guarantee based on distribution delivery charges associated with service to the end user, not fully bundled rates.
Night Service GS Rider (Page No. 75)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
Night Service HT Rider (Page No. 76)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
Large Interruptible Load Rider (Page Nos. 77-79)	As part of its competitive service offering, an EGS may agree with certain customers on terms, conditions and rates for non-firm generation service. Non-firm transmission and distribution services only should be included in this rider.	Eliminate references to generation services in this tariff, and reprice credits to reflect the cost-based value of relieving delivery constraints on the PECO electric system.
Night Service PD Rider (Page No. 80)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
Off-Peak Rider (Page No. 81)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Eliminate this rider and develop time-differentiated rates for delivery services.
Receivership Rider (Page No. 82)	Given the short-term, transient nature of this service, it is best provided as a default service.	Eliminate this rider and provide as a default service.
Temporary Service Rider (Page No. 83)	Given the short-term, transient nature of this service, it is best provided as a default service.	Eliminate this rider and provide as a default service.
Transformer Rental Rider (Page No. 84)	Transformer rental (or leasing) will be a competitive service available from PECO as well as other providers.	Eliminate this rider.
Economic Efficiency Rider (Page No. 85)	As this rider relates to competitive response in the supply of bundled electric service, it appears unnecessary in a fully competitive environment.	Eliminate this rider.
Capacity Reservation Rider (Page No. 86)	See comments on the Large Interruptible Load Rider.	Eliminate this rider.

**PROPOSED TREATMENT OF MISCELLANEOUS RIDERS
PECO ENERGY COMPANY ELECTRIC DELIVERY SERVICE TARIFF**

PECO Rider	Disposition in a Fully Competitive Environment	Recommended Action
Seasonal Capacity Service Rider (Page No. 87)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Eliminate this rider and develop time-differentiated rates for delivery services.
Interruptible Rider 1 (Page Nos. 88-90)	As part of its competitive service offering, an EGS may agree with certain customers on terms, conditions and rates for non-firm generation service. Non-firm transmission and distribution services only should be included in this rider.	Eliminate references to generation services in this tariff, and reprice credits to reflect the cost-based value of relieving delivery constraints on the PECO electric system.
Incremental Process Rider (Page Nos. 91-92)	As this rider relates to competitive response in the supply of bundled electric service, it appears unnecessary in a fully competitive environment.	Eliminate this rider.

R-00973953, R00973953C001
C 0007

Enron Energy Services
Power Inc.

Statement No. 5

Phila 11/18/97

U-21

Exhibit B

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RULES AND REGULATIONS - CONTINUED16. METER TESTS AND BILLING SERVICES - Continued

16.3 METER READING SERVICE. Meter reading service shall be available from an EGS, provided, however, that such service may also be provided by an authorized provider selected by the EGS or end user. An EGS is responsible for providing. The requirements for meter reading service are as follows:

- (a) The provider will perform readings at no less than a 99 percent accuracy level.
- (b) The provider shall install and maintain voice and data information systems that are capable of interfacing with the Company's existing telephony, customer information system, and outage information system.
- (c) Voice and data information system interface standards shall be based on open architecture and be developed in conjunction with Commission rules.
- (d) No more than six (6) months may elapse between meter readings at any point of delivery. During this interval, the Company will accept estimated readings. The Company has the right to request information from the provider as to how the estimated reading was derived and to reject the reading if, in the Company's judgment, the estimated reading does not reasonably reflect the amount of electric service provided.
- (e) The provider may accept monthly meter readings from an end user for a period of no longer than four (4) months, after which time the provider shall perform the meter read.
- (f) The account closing reading will take place within one (1) day of the account closure effective date.

RULES AND REGULATIONS - CONTINUED

17. STANDARD PAYMENT TERMS

Prior paragraphs 17.1 - 17.9 moved to Rule 24.117.1 BILLING AND PAYMENT FOR SERVICE PROVIDED TO THE EGS.

- (a) General. Unless otherwise specified, the Company will bill the EGS for delivery service monthly.
- (b) Payment of Bills. The EGS is responsible for payment of all charges assessed by the Company. All bills are due and payable at the Company's office within five (5) days of presentation. Billings unpaid by the due date are subject to a late payment charge of one and one-half percent (1-1/2%) per month of the unpaid balance. Payment will be in Automated Clearing House or an equivalent electronic format. Partial payments will be applied first to any outstanding balance owed by the EGS.
- (c) Application of Payment. When payment is received from an EGS by the Company from a Customer who has having an unpaid balance which includes CTC/ITC charges or finance charges, the payment will be applied first to the CTC/ITC charges, second to the finance charge, and then to the remainder of the unpaid balance, in the order of oldest outstanding charges first.

17.2 BILLING OF AN END USER BY AN EGS.

- (a) General. The EGS or its agent will bill its end user for services and is responsible for collection of amounts owed. Failure of the end user to pay for services does not relieve the EGS of the responsibility to pay the Company in full for services rendered, including, but not limited to, those relating to CTC and ITC.
- (b) Statement of Charges. EGS billings may either separately state the Company's charges or incorporate them into the EGS billing.
- (c) Services Provided. An EGS, or its agent, or such other provider as the end user may authorize, shall provide billing services, including, but not limited to:
- (1) Reading of end user meters, including those meters owned by the Company or by an MSP.
 - (2) Billing of end users based on the EGS/end user service agreement.
 - (3) Adjusting end user bills due to a billing error.
 - (4) Collecting and processing of amounts owed by end users in a manner that complies with all state and federal consumer protection laws.
- (d) Notification of Billing and Payment Terms and Conditions. An EGS or other authorized provider of billing services shall inform end users of its policies with respect to returned check charges, interest on late payments, end user deposits, payment terms, remittance, termination policies, and the like.
- (e) Information Included in Billing. EGS bills shall include the following information:
- (1) Meter readings for both the beginning and end of the period for which the bill is rendered (if the billing is based on metered quantities);
 - (2) The dates of the meter readings;
 - (3) The ESP pricing plan under which the bill was computed;
 - (4) The date on which payment of the bill will be overdue;
 - (5) Any other information necessary for the computation of the bill;
 - (6) The telephone number to call for outage reporting;
 - (7) The point of delivery identification number of the end user; and
 - (8) Mandated legal and safety notices in the format provided by the Company.
- (f) Interim Billing. When an end user who is a tenant closes an account, the account will move to default service in the landlord's name for interim billing purposes, unless the service has been disconnected.

RULES AND REGULATIONS - CONTINUED20. CANCELLATION BY EGSCUSTOMER

20.1 TERMINATION NOTICE. ~~EGS Customers who have fulfilled their initial contract term and wish to discontinue service must give at least 7 days' written notice to that effect as required in the Customer's contract with the Company.~~

20.2 FINAL BILL. ~~The EGS Customer is liable for service taken after notice to terminate the contract, until final the meter data is available is read and/or disconnected. The final bill for service is then due and payable immediately.~~

21. GENERAL

21.1 OFFICE OF THE COMPANY. Wherever, in this Tariff, it is provided that notice be given or sent to the Company, or the office of the Company, such notice, delivered or mailed, postage prepaid to any commercial office, shall be deemed sufficient, unless the Main Office of the Company at 2301 Market Street, Philadelphia, is expressly mentioned.

21.2 NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

21.3 GRATUITIES TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

21.4 BILLING CHANGES. Where billing changes are made as the result of an investigation made at an EGS Customer's request or by routine inspection, the change of billing may be applied to the bill for the regular meter reading period preceding such investigation, and will in any event apply to the bill for the period during which the check is made.

21.5 EXCEPTIONAL CASES. The usual supply of electric service shall be subject to the provisions of this Tariff, but where special service-supply conditions or problems arise for which provision is not otherwise made, the Company may modify or adapt its supply terms to meet the peculiar requirements of such case, provided that such modified terms are a rational expansion of standard tariff provisions.

21.6 ASSIGNMENT. Subject to the Rules and Regulations, all contracts made by the Company shall be binding upon, and oblige and inure to the benefit of, the successors and assigns, heirs, executors and administrators of the parties thereto.

21.7 OTHER CHARGES. The Company may, where feasible, provide and charge for services, other than those provided for in this Tariff, when requested by the EGS Customer or agent. The Company is not obligated to provide such services. The Company will, if possible, give the EGS Customer an advance written estimate of the costs to provide the service. Costs shall include, but not be limited to, materials, supplies, labor, transportation, and overheads.

22. CUSTOMER SERVICE

22.1 SERVICES PROVIDED. ~~The EGS, its agent, or such other provider as the end user may authorize is responsible for providing customer services, including but not limited to:~~

- (a) Enrolling end users and verifying their enrollment.
- (b) Opening an end user account.
- (c) Moving an end user account to a new service address.
- (d) Closing an end user account.
- (e) Responding to questions with regard to metering and billing.
- (f) Answering inquiries from end users, including but not limited to:
 - (1) Outages;
 - (2) Questions with regard to credit;
 - (3) End user complaints; and
 - (4) Hazardous, life threatening, and unsafe conditions.

STATE TAX ADJUSTMENT CLAUSE

In addition to the net charges provided for in this tariff, a surcharge credit value of 0.23% will apply to all service on and after November 1, 1995 through September 23, 1996, after which the credit value will be 0.00%.

Whenever any of the tax rates used in the calculation of the surcharge are changed, the surcharge will be recomputed as prescribed by the Commission. The recalculation will be submitted to the Commission within ten (10) days after the change occurs and the effective date shall be ten (10) days after filing.

In addition, if a recalculation is submitted as a result of a tax rate change, the Company will thereafter file each year on March 21 annual updates or revisions with the Commission which will reflect only this tax change. These annual updates will be effective ten (10) days after filing and will continue until such time as the effect of the change in tax rates has been included in base rates.

OTHER TAX ADJUSTMENT CLAUSE

Rates for Company-provided services are subject to adjustment to recover an EGS' cost for taxes imposed on it by a governmental authority for the Revenue Neutral Reconciliation Tax, other Business Privilege and Mercantile License taxes, or any other such taxes which may apply as a result of the EGS providing electric service to the end user, in lieu of such service being provided by the Company.

Issued _____

Effective _____

Amended _____

CAP RATE

(Experimental Rate - limited to 100,000,000 end users/customers)

AVAILABILITY

To payment-troubled ~~end users~~ customers who are currently served under or otherwise qualify for Rate R or Rate RH (does not include multiple dwelling unit buildings consisting of two to five dwelling units). ~~End users~~ Customers must apply for this rate and must demonstrate annual household gross income below 150% of the Federal Poverty guidelines.

~~End users~~ Customers with annual household gross incomes below 100% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate I.

~~End users~~ Customers with annual household gross incomes between 100% and 150% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate II.

Certification by various State agencies that an ~~end user~~ customer is receiving certain government assistance payments may be used where possible to expedite the eligibility process. These payments include (but are not limited to) AFDC, SSI, Food Stamps, PACE, and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process.

A process will be established to provide verification of eligibility for ~~end users~~ customers who do not fit the above processes. Asset testing will also be used where necessary and appropriate.

~~End users~~ Customers being considered for the CAP Rates will be required to:

- Waive certain privacy rights to enable the Company PECO Energy to effectively conduct the above certification process.
- Apply for and assign to the Company PECO Energy at least one energy assistance grant from the Commonwealth.
- Participate in various energy education and conservation programs facilitated by the Company PECO.

MONTHLY RATE TABLE

Rate R ~~end users~~ customers - CAP Rate I

FIXED DISTRIBUTION SERVICE CHARGE	\$5.10																
VARIABLE DISTRIBUTION SERVICE CHARGE	2.02¢ per kWh for the first 500 kWh (a) 4.73¢ per kWh for additional kWh																
<i>(a) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply for the first 500 kWh:</i>																	
	<table border="0"> <tr> <td>2001</td> <td>2002</td> <td>2003</td> <td>2004</td> <td>2005</td> <td>2006</td> <td>2007</td> <td>2008</td> </tr> <tr> <td>2.01¢</td> <td>2.00¢</td> <td>2.00¢</td> <td>2.00¢</td> <td>2.00¢</td> <td>1.99¢</td> <td>1.98¢</td> <td>1.98¢</td> </tr> </table>	2001	2002	2003	2004	2005	2006	2007	2008	2.01¢	2.00¢	2.00¢	2.00¢	2.00¢	1.99¢	1.98¢	1.98¢
2001	2002	2003	2004	2005	2006	2007	2008										
2.01¢	2.00¢	2.00¢	2.00¢	2.00¢	1.99¢	1.98¢	1.98¢										
TRANSMISSION SERVICE CHARGE	0.57¢ for all kWh																
† COMPETITIVE TRANSITION CHARGE	1.70¢ per kWh for the first 500 kWh 3.50¢ per kWh for additional kWh																
X MAXIMUM ENERGY AND CAPACITY CHARGE	1.72¢ per kWh for the first 500 kWh 3.65¢ per kWh for additional kWh																

Rate R customers - CAP Rate II

FIXED DISTRIBUTION SERVICE CHARGE:	\$5.10																
VARIABLE DISTRIBUTION SERVICE CHARGE:	3.40¢ per kWh for the first 500 kWh (b) 4.73¢ per kWh for additional kWh																
<i>(b) Effective beginning January 1 of the respective year, the following Variable Distribution Service Charge will apply for the first 500 kWh:</i>																	
	<table border="0"> <tr> <td>2001</td> <td>2002</td> <td>2003</td> <td>2004</td> <td>2005</td> <td>2006</td> <td>2007</td> <td>2008</td> </tr> <tr> <td>3.38¢</td> <td>3.37¢</td> <td>3.36¢</td> <td>3.36¢</td> <td>3.36¢</td> <td>3.35¢</td> <td>3.34¢</td> <td>3.34¢</td> </tr> </table>	2001	2002	2003	2004	2005	2006	2007	2008	3.38¢	3.37¢	3.36¢	3.36¢	3.36¢	3.35¢	3.34¢	3.34¢
2001	2002	2003	2004	2005	2006	2007	2008										
3.38¢	3.37¢	3.36¢	3.36¢	3.36¢	3.35¢	3.34¢	3.34¢										
† TRANSMISSION SERVICE CHARGE:	0.57¢ for all kWh																
COMPETITIVE TRANSITION CHARGE:	2.____¢ per kWh for the first 500 kWh 3.50¢ per kWh for additional kWh																
X MAXIMUM ENERGY AND CAPACITY CHARGE:	2.64¢ per kWh for the first 500 kWh 3.55¢ per kWh for additional kWh																

Issued April 1, 1997

Effective January 1, 2001

Amended

RATE HT HIGH-TENSION POWER

AVAILABILITY.

Untransformed Electric Delivery Service from the Company's standard high-tension lines, where the end user or EGS Customer installs, owns, and maintains, any transforming, switching and other receiving equipment required.

CURRENT CHARACTERISTICS.

Standard high-tension delivery service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:	\$286.86
VARIABLE DISTRIBUTION SERVICE CHARGE:	\$1.84 per kW of billing demand
	1.00¢ per kWh of the first 150 hours' use of billing demand
	0.60¢ per kWh of the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	0.20¢ per kWh for additional use.
† TRANSMISSION SERVICE CHARGE:	\$0.73 per kW of billing demand.
	0.40¢ per kWh of the first 150 hours' use of billing demand
	0.24¢ per kWh of the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	0.08¢ per kWh for additional use.
<i>FOR END USERS SERVED UNDER RIDER LTR: For on-peak usage, in lieu of the charges noted above:</i>	
	<i>0.5¢ per kWh for distribution plus Gross Receipts Tax</i>
	<i>0.5¢ per kWh for transmission plus Gross Receipts Tax</i>

CREDIT FOR NON-WIRES SERVICES: EGSs who obtain non-wires services from entities other than the Company are entitled to a credit of 0.21¢/kWh for each kWh delivered under this schedule.

COMPETITIVE TRANSITION CHARGE:	\$5.57 per kW of billing demand
	3.03¢ per kWh for the first 150 hours' use of billing demand
	1.81¢ per kWh for the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	0.60¢ per kWh for additional use.

MAXIMUM ENERGY AND CAPACITY CHARGE. The following energy charges are the maximum that will apply to customers that purchase their electric energy from PECO Energy and are not applicable to customers who purchase energy from Electric Generation Suppliers other than PECO Energy.

	\$3.82 per kW of billing demand
	3.43¢ per kWh for the first 150 hours' use of billing demand.
	2.60¢ per kWh for the next 150 hours' use of billing demand, but not more than 7,500,000 kWh
	1.77¢ per kWh for additional use.

TIME-OF-USE ADJUSTMENT:

EGSs having end users Customers with measured demand of 2,000 kW or greater will be given a credit for service energy use during off-peak hours and will be subject to an additional charge for service energy use during on-peak hours. On-peak hours are defined as the hours between 8:00 a.m. and 8:00 p.m., Eastern Standard Time or Daylight Saving Time, whichever is in common use, daily except Saturdays, Sundays and holidays, except that the on-peak hours will end at 4:00 p.m. on Fridays. Off-peak hours are defined as the hours other than those specified as on-peak hours. The credits and charge are as follows:

<u>Summer Months (June through September)</u>	<u>Winter Months (October through May)</u>
Off-peak credit 0.21¢ per kWh	0.21¢ per kWh
On-peak charge 0.57¢ per kWh	0.22¢ per kWh

HIGH VOLTAGE DISCOUNT:

For end users customers supplied at 33,000 volts: 7¢ per kW of measured demand.
For end users customers supplied at 69,000 volts: 30¢ per kW for first 10,000 kW of measured demand.
For end users customers supplied over 69,000 volts: 30¢ per kW for first 100,000 kW of measured demand

~~STATE TAX ADJUSTMENT CLAUSE and INTANGIBLE TRANSITION CHARGE and OTHER TAX ADJUSTMENT CLAUSE~~ apply to this rate.

RIDER CTC/TC applies to this rate.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, during the eight months of October through May the billing demand will not be less than 40% of the maximum demand specified in the contract nor less than 80% of the highest billing demand in the preceding months of June through September.

DELIVERY POINTS.

Where the load of an end user Customer located on single or contiguous premises becomes greater than the capacity of the standard circuit or circuits established by the Company to supply service the Customer, an additional separate delivery point may be established for such premises upon the written request of the end user Customer and billing continued as if the service were being delivered and metered at a single point, provided such multi-point delivery is not disadvantageous to the Company.

RATE DS DEFAULT SERVICE - CONTINUEDSPECIAL CONDITIONS:

1. The distribution component of default service hereunder shall be subject to change in the event the Company's distribution rates are changed during the effectiveness of this rate schedule. The default service provider shall be entitled to recover the full cost of such unbundled distribution service from end users served under this rate schedule.
2. Upon the occurrence and during the term of a default by the Company under that certain Firm Energy Power Purchase Agreement or that certain Service Agreement by and between default service provider and the Company, the Energy Charge-TDC rate set forth in the tables below may, at default service provider's option, become a rate which is fully compensatory and based upon a spot market index to be determined by the default service provider, plus all directly related costs incurred in obtaining replacement energy and capacity for service to end users. Such rate may be charged for all deliveries to end user beginning on the day of default by Company and continuing thereafter until the default is cured; provided, however, that if such default continues for a period of ninety (90) days, end users shall be converted to Standard Default Service commencing with the next billing cycle and continuing for the remaining duration of any such default. Billing to end users for any partial month during a period of default as described herein shall be prorated to reflect the number of days in the applicable billing cycle during which energy and capacity were supplied at such spot market price, plus related costs as described herein. In the event the Company reimburses default service provider for its costs incurred in obtaining replacement energy and capacity for service to end users hereunder, any such amount shall be returned to the end users.
3. End users receiving service under a special contract with the Company that do not exercise any right they may have to terminate such special contract on or before October 1, 1998 shall thereafter continue to receive electric energy from the Company pursuant to the terms of the special contract.
4. For end users receiving service under Rider LIR, in lieu of the TDS Energy Charge shown in Rate HT, the energy charges will be the PJM Billing Rate, or its replacement, for all on-peak energy associated with the end user's interruptible load.

Rate R - Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (cKWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Energy Charge-SDS (cKWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RT - Residence Time-of-Use Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (cKWh)										
Summer Off-peak kWh (cKWh)	2.05	2.05	2.08	2.11	2.15	2.18	2.21	2.24	2.27	2.31
Summer On-peak kWh (cKWh)	4.38	4.38	4.48	4.52	4.60	4.67	4.73	4.80	4.86	4.95
Winter Off-peak kWh (cKWh)	2.77	2.77	2.83	2.85	2.90	2.95	2.99	3.04	3.07	3.13
Winter On-peak kWh (cKWh)	6.24	6.24	6.22	6.41	6.44	6.50	6.60	6.67	6.82	6.83
Energy Charge-SDS (cKWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RH - Residential Heating Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (cKWh)										
0-500 kWh-Summer (cKWh)	4.22	4.22	4.31	4.43	4.53	4.66	4.74	4.91	5.04	5.15
>500 kWh-Summer (cKWh)	4.62	4.62	4.73	4.80	5.01	5.18	5.28	5.50	5.67	5.79
0-800 kWh-Winter (cKWh)	4.22	4.22	4.31	4.43	4.53	4.66	4.74	4.91	5.04	5.15
>800 kWh-Winter (cKWh)	2.79	2.79	2.81	2.80	2.81	2.80	2.83	2.78	2.77	2.79
Energy Charge-SDS (cKWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

CAP Rate - Customer Assistance Program Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (cKWh)										
Rate R -CAP Rate I (cKWh)										
0-500 kWh (cKWh)	2.01	2.01	2.04	2.07	2.11	2.14	2.17	2.20	2.23	2.27
>500 kWh (cKWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Rate R -CAP Rate II (cKWh)										
0-500 kWh (cKWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh (cKWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Rate RH -CAP Rate I (cKWh)										
0-500 kWh-Summer (cKWh)	3.18	3.18	3.22	3.31	3.39	3.49	3.55	3.67	3.77	3.84
>500 kWh-Summer (cKWh)	0.87	0.87	2.20	2.98	3.46	3.37	3.29	3.62	4.54	4.45
All kWh-Winter (cKWh)	3.18	3.18	3.22	3.31	3.39	3.49	3.55	3.67	3.77	3.84
Rate RH -CAP Rate II (cKWh)										
0-500 kWh-Summer (cKWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh-Summer (cKWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
0-800 kWh-Winter (cKWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>800 kWh-Winter (cKWh)	2.01	2.01	2.04	2.07	2.11	2.14	2.17	2.20	2.23	2.27
Energy Charge-SDS (cKWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate OF - Off-Peak Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (cKWh)	2.72	2.72	2.78	2.80	2.84	2.87	2.91	2.95	2.99	3.03
Energy Charge-SDS (cKWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate R-S - Solar Residence Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (¢/kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Energy Charge-SDS (¢/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate GS - General Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
First 80 hours use (¢/kWh)	8.42	8.42	8.78	8.99	7.16	7.43	7.68	7.90	8.16	8.32
Next 80 hours use-Summer (¢/kWh)	4.02	4.02	4.07	4.12	4.18	4.24	4.30	4.35	4.41	4.48
Additional use-Except (¢/kWh)	3.25	3.23	3.19	3.18	3.21	3.18	3.23	3.19	3.19	3.22
>400 hours & 2000 kWh (¢/kWh)	2.48	2.48	2.34	2.28	2.29	2.18	2.20	2.08	2.01	2.01
Space Heating (¢/kWh)	2.88	2.88	2.84	2.88	2.84	2.83	2.81	2.81	2.72	2.78
Energy Charge-SDS (¢/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate PD - Primary Distribution Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)	1.85	1.83	2.30	2.48	2.71	2.80	2.88	3.16	3.37	3.47
First 150 hours use (¢/kWh)	3.65	3.63	3.71	3.78	3.85	3.91	3.97	4.05	4.12	4.19
Next 150 hours use (¢/kWh)	2.84	2.84	2.88	2.88	2.87	2.80	2.83	2.81	2.80	2.84
Additional use (¢/kWh)	2.25	2.25	2.08	1.99	1.88	1.80	1.82	1.78	1.71	1.69
Energy Charge-SDS (¢/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate HT - High Tension Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS	1.1									
Capacity Charge (\$/kW)	3.67	3.67	4.18	4.48	4.73	4.88	5.00	5.38	5.70	5.85
First 150 hours use (¢/kWh)	3.88	3.88	3.75	3.82	3.88	3.85	4.02	4.08	4.18	4.23
Next 150 hours use (¢/kWh)	2.88	2.83	2.84	2.84	2.85	2.89	2.92	2.81	2.81	2.85
Additional use (¢/kWh)	2.00	2.08	1.94	1.87	1.85	1.83	1.84	1.74	1.68	1.68
Energy Charge-SDS (¢/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

1.1 For end users receiving service under Rider LILR, in lieu of the TDS Energy Charge shown in Rate HT, the Energy Charge will be the P.M. Billing Rate, or its replacement, for all on-peak energy associated with the end user's interruptible load.

Rate POL - Private Outdoor Lighting Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (¢/kWh)										
Energy Charge-SDS (¢/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-P - Street Lighting in City of Philadelphia										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)										
Energy Charge (¢/kWh)	3.80	3.80	3.85	3.81	3.87	4.02	4.06	4.14	4.20	4.26
Energy Charge-SDS (¢/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-S - Street Lighting Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-E - Street Lighting Customer Owned Facilities										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Capacity Charge (\$/kW)										
Energy Charge (c/kWh)	4.02	4.02	4.07	4.13	4.18	4.24	4.29	4.35	4.41	4.47
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate TL - Traffic Lighting Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	3.33	3.33	3.38	3.41	3.46	3.51	3.54	3.59	3.63	3.67
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate EP - Electric Propulsion										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Capacity Charge (\$/kW)	4.10	4.10	4.78	5.19	5.49	5.63	5.78	6.29	6.88	6.85
Energy Charge (c/kWh)	2.07	2.07	1.92	1.84	1.79	1.79	1.79	1.67	1.80	1.58
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

RIDER CTC/ITCCOMPETITIVE/INTANGIBLE TRANSITION CHARGEAPPLICABILITY.

This rider applies to all services provided by the Company to EGSs for the purposes of delivering energy to end users in the Company's service territory under the following rate schedules: Rate R, Rate RT, Rate R-H, CAP Rate, Rate OP, Rate R-S, Rate GS, Rate PD, Rate HT, Rate POL, Rate SL-P, Rate SL-S, Rate SL-E, Rate TL, Rate EP.¹

MONTHLY RATES.

The rates and charges shown in the tables that follow apply to every EGS that receives service under this tariff based on the characteristics of service required by the end user(s) served by the EGS.

SPECIAL PROVISIONS.

1. Rate Rider CTC/ITC shall apply to all existing and new services provided by the Company during the period that Rate Rider CTC/ITC is in effect.
2. End Users receiving service from an EGS or the Default Service provider under Rate H-T, LILR, Rule 4.6 and EER may elect to prepay their CTC/ITC cost responsibility, which prepayment shall be calculated as the net present value of the CTC/ITC recovery over the period ending December 31, 2008. The CTC/ITC Rider would attach to grandfathered special contracts entered into under Rule 4.6. The discount rate for calculating the net present value shall be 8.71 percent.
3. End users served under rate schedules Rate OP, Rate SL-P, and Rate SL-S on October 7, 1997 and continuing uninterrupted through September 1, 1998 shall receive, as a lump sum payment from the default service provider, the net present value of any CTC/ITC Rate Rider associated with such end users' load on the Company's system. Said lump sum payment shall be made on or before forty-five (45) days after the effective date of this rate schedule. The discount rate for calculating the lump sum payment shall be 8.71 percent.
4. Rate Rider CTC/ITC shall not apply with respect to the on-peak portion of a Rider LILR end user's interruptible load.

¹ Once the Alley Lighting and Auxiliary Service riders are unbundle, Rider CTC/ITC will attach to these riders and shall be included on this schedule.

Rate R - Residence Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
0-500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Winter (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.86	4.47	4.36
>500 kWh-Summer (c/kWh)	1.11	1.11	2.75	3.78	4.37	4.43	4.30	5.36	6.39	6.57
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RT - Residence Time-of-Use Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Summer Off-peak kWh (c/kWh)	0.21	0.21	1.05	1.45	1.79	1.76	1.73	2.06	2.38	2.34
Summer On-peak kWh (c/kWh)	0.45	0.45	2.25	3.10	3.84	3.77	3.71	4.41	5.09	5.01
Winter Off-peak kWh (c/kWh)	0.29	0.29	1.42	1.98	2.43	2.38	2.35	2.80	3.23	3.16
Winter On-peak kWh (c/kWh)	0.56	0.56	3.18	4.30	5.33	5.24	5.12	6.01	7.02	7.03
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RH - Residential Heating Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
0-500 kWh-Summer (c/kWh)	0.87	0.87	2.20	2.98	3.48	3.37	3.29	3.82	4.54	4.45
>500 kWh-Summer (c/kWh)	1.01	1.01	2.65	3.48	4.02	3.92	3.82	4.55	5.27	5.17
0-800 kWh-Winter (c/kWh)	0.87	0.87	2.20	2.98	3.48	3.37	3.29	3.82	4.54	4.45
>800 kWh-Winter (c/kWh)	0.37	0.37	0.93	1.26	1.48	1.43	1.40	1.65	1.92	1.89
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

CAP Rate - Customer Assistance Program Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Rate R - CAP Rate I										
0-500 kWh (c/kWh)	0.44	0.44	1.08	1.45	1.68	1.64	1.61	1.90	2.18	2.15
>500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
Rate R - CAP Rate II										
0-500 kWh (c/kWh)	0.67	0.67	1.65	2.22	2.58	2.52	2.47	2.91	3.34	3.26
>500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
Rate RH - CAP Rate I										
0-500 kWh-Summer (c/kWh)	0.42	0.42	1.07	1.45	1.68	1.64	1.60	1.91	2.21	2.17
>500 kWh-Summer (c/kWh)	0.87	0.87	2.20	2.98	3.48	3.37	3.29	3.82	4.54	4.45
All kWh-Winter (c/kWh)	0.42	0.42	1.07	1.45	1.68	1.64	1.60	1.91	2.21	2.17
Rate RH - CAP Rate II										
0-500 kWh-Summer (c/kWh)	0.67	0.67	1.65	1.65	2.58	2.52	2.47	2.91	3.34	3.26
>500 kWh-Summer (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
0-800 kWh-Winter (c/kWh)	0.67	0.67	1.65	2.22	2.58	2.52	2.47	2.91	3.34	3.26
>800 kWh-Winter (c/kWh)	0.44	0.44	1.08	1.45	1.68	1.64	1.61	1.90	2.18	2.15
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate OP - Off-Peak Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate R-5 - Solar Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
0-500 kWh (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Winter (c/kWh)	0.90	0.90	2.21	2.97	3.45	3.37	3.30	3.89	4.47	4.36
>500 kWh-Summer (c/kWh)	1.11	1.11	2.75	3.78	4.37	4.43	4.39	5.36	6.39	6.57
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate G8 - General Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
First 80 hours use (c/kWh)	4.04	4.04	6.06	7.28	8.05	8.11	8.04	8.21	10.33	10.25
Next 80 hours use-Summer (c/kWh)	2.46	2.46	3.56	4.20	4.61	4.54	4.48	5.00	5.51	5.45
Additional use-Except (c/kWh)	1.56	1.56	2.26	2.67	2.93	2.89	2.85	3.18	3.50	3.46
>400 hours & 2000 kWh (c/kWh)	0.70	0.70	1.02	1.20	1.32	1.30	1.28	1.43	1.58	1.56
Space Heating (c/kWh)	8.55	8.55	7.22	7.97	8.53	7.78	7.43	7.45	7.65	7.34
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate PD - Primary Distribution Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Capacity Charge (\$/kW)	2.05	2.05	3.14	3.74	4.14	4.07	4.00	4.49	4.98	4.91
First 150 hours use (c/kWh)	1.85	1.85	2.81	3.36	3.71	3.65	3.59	4.03	4.48	4.41
Next 150 hours use (c/kWh)	1.18	1.18	1.79	2.14	2.36	2.32	2.28	2.56	2.85	2.80
Additional use (c/kWh)	0.28	0.28	0.42	0.50	0.56	0.54	0.53	0.62	0.68	0.67
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate HT - High Tension Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Capacity Charge (\$/kW)	2.81	2.81	4.18	5.01	5.53	5.42	5.30	5.98	6.65	6.52
First 150 hours use (c/kWh)	1.53	1.53	2.27	2.72	3.00	2.86	2.88	3.25	3.61	3.54
Next 150 hours use (c/kWh)	0.91	0.91	1.36	1.63	1.79	1.76	1.72	1.94	2.18	2.12
Additional use (c/kWh)	0.30	0.30	0.45	0.54	0.60	0.59	0.57	0.65	0.72	0.71
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

1. For end users receiving service under Rider LIRA, in lieu of the TDS Energy Charge shown in Rate HT, the Energy Charge will be the P.M. Billing Rate, or its replacement, for all on-peak energy associated with the end user's interruptible load.

Rate POL - Private Outdoor Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-P - Street Lighting in City of Philadelphia										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge										
Capacity Charge (\$/kW)	-	-	-	-	-	-	-	-	-	-
Energy Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-S - Street Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-E - Street Lighting Customer Owned Facilities										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge	-	-	-	-	-	-	-	-	-	-
Capacity Charge (\$/kW)	-	-	-	-	-	-	-	-	-	-
Energy Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate TL - Traffic Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge (c/kWh)	0.70	0.70	1.90	2.45	2.87	2.84	2.79	3.52	3.85	3.60
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate EP - Electric Propulsion										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Intangible Transition Charge	-	-	-	-	-	-	-	-	-	-
Capacity Charge (\$/kW)	3.04	3.04	4.98	6.12	6.80	6.72	6.63	7.57	8.50	8.36
Energy Charge (c/kWh)	0.25	0.25	0.41	0.51	0.56	0.56	0.55	0.63	0.70	0.70
Competitive Transition Charge (c/kWh)	-	-	-	-	-	-	-	-	-	-
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

**REVISED EXHIBIT A TO
FIRM ENERGY & CAPACITY
PURCHASE AND SALE AGREEMENT**

Rate R - Residence Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.36	4.45	4.51	4.58	4.65
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RT - Residence Time-of-Use Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Summer Off-peak kWh (c/kWh)	2.05	2.05	2.09	2.11	2.15	2.18	2.21	2.24	2.27	2.31
Summer On-peak kWh (c/kWh)	4.39	4.39	4.48	4.52	4.60	4.67	4.73	4.80	4.88	4.95
Winter Off-peak kWh (c/kWh)	2.77	2.77	2.83	2.85	2.90	2.95	2.98	3.04	3.07	3.13
Winter On-peak kWh (c/kWh)	6.24	6.24	6.22	6.41	6.44	6.50	6.60	6.67	6.82	6.85
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate RH - Residential Heating Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
0-500 kWh-Summer (c/kWh)	4.22	4.22	4.31	4.43	4.53	4.66	4.74	4.81	5.04	5.13
>500 kWh-Summer (c/kWh)	4.62	4.62	4.73	4.89	5.01	5.18	5.28	5.50	4.67	5.79
0-500 kWh-Winter (c/kWh)	4.22	4.22	4.31	4.43	4.53	4.66	4.74	4.81	5.04	5.13
>500 kWh-Winter (c/kWh)	2.78	2.78	2.81	2.80	2.81	2.80	2.83	2.78	2.77	2.79
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

CAP Rate - Customer Assistance Program Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Rate R -CAP Rate I										
0-500 kWh (c/kWh)	2.01	2.01	2.04	2.07	2.11	2.14	2.17	2.20	2.23	2.27
>500 kWh (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.36	4.45	4.51	4.58	4.65
Rate R -CAP Rate II										
0-500 kWh (c/kWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.36	4.45	4.51	4.58	4.65
Rate RH -CAP Rate I										
0-500 kWh-Summer (c/kWh)	3.18	3.18	3.22	3.31	3.39	3.49	3.55	3.67	3.77	3.84
>500 kWh-Summer (c/kWh)	0.87	0.87	2.20	2.98	3.46	3.57	3.29	3.92	4.54	4.45
All kWh-Winter (c/kWh)	3.18	3.18	3.22	3.31	3.39	3.49	3.55	3.67	3.77	3.84
Rate RH -CAP Rate II										
0-500 kWh-Summer (c/kWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh-Summer (c/kWh)	4.12	4.12	4.19	4.25	4.32	4.36	4.45	4.51	4.58	4.65
0-500 kWh-Winter (c/kWh)	3.08	3.08	3.13	3.18	3.23	3.28	3.33	3.37	3.43	3.48
>500 kWh-Winter (c/kWh)	2.01	2.01	2.04	2.07	2.11	2.14	2.17	2.20	2.23	2.27
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate OP - Off-Peak Service										
Charge & Unit of Applicability	8/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (c/kWh)	2.72	2.72	2.78	2.80	2.84	2.87	2.91	2.95	2.99	3.03
Energy Charge-SDS (c/kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Energy Charge-TDS = Mandatory Requirements of Buyer
 Energy Charge-SDS = Optional Requirements of Buyer

Rate R-S - Solar Residence Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (¢kWh)	4.12	4.12	4.19	4.25	4.32	4.38	4.45	4.51	4.58	4.65
Energy Charge-SDS (¢kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate GS - General Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
First 80 hours use (¢kWh)	6.42	6.42	6.78	6.99	7.18	7.43	7.58	7.90	8.16	8.32
Next 80 hours use-Summer (¢kWh)	4.02	4.02	4.07	4.12	4.18	4.24	4.30	4.35	4.41	4.48
Additional use-Except (¢kWh)	3.23	3.23	3.18	3.18	3.21	3.19	3.23	3.19	3.19	3.22
>400 hours & 2000 kWh (¢kWh)	2.48	2.48	2.34	2.28	2.28	2.19	2.20	2.08	2.01	2.01
Space Heating (¢kWh)	2.98	2.98	2.84	2.86	2.84	2.83	2.81	2.81	2.72	2.78
Energy Charge-SDS (¢kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate PD - Primary Distribution Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)	1.83	1.83	2.30	2.48	2.71	2.80	2.88	3.16	3.37	3.47
First 150 hours use (¢kWh)	3.63	3.63	3.71	3.78	3.85	3.91	3.97	4.05	4.12	4.19
Next 150 hours use (¢kWh)	2.94	2.94	2.88	2.88	2.87	2.90	2.83	2.81	2.80	2.84
Additional use (¢kWh)	2.25	2.25	2.08	1.98	1.89	1.90	1.92	1.78	1.71	1.68
Energy Charge-SDS (¢kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate HT - High Tension Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS	1.1									
Capacity Charge (\$/kW)	3.67	3.67	4.18	4.49	4.73	4.86	5.00	5.39	5.70	5.85
First 150 hours use (¢kWh)	3.88	3.88	3.75	3.82	3.88	3.95	4.02	4.09	4.16	4.23
Next 150 hours use (¢kWh)	2.88	2.88	2.84	2.84	2.85	2.89	2.82	2.81	2.81	2.85
Additional use (¢kWh)	2.00	2.00	1.94	1.87	1.83	1.83	1.84	1.74	1.68	1.68
Energy Charge-SDS (¢kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

1.) For end users receiving service under Rider LJR, in lieu of the TDS Energy Charge shown in Rate HT, the Energy Charge will be the P.M. Billing Rate, or its replacement, for all on-peak energy associated with the end user's interruptible load.

Rate POL - Private Outdoor Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS (¢kWh)										
Energy Charge-SDS (¢kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Rate SL-P - Street Lighting in City of Philadelphia										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2005	2006	2007	2008
Energy Charge-TDS										
Capacity Charge (\$/kW)										
Energy Charge (¢kWh)	3.80	3.80	3.85	3.91	3.97	4.02	4.06	4.14	4.20	4.25
Energy Charge-SDS (¢kWh)	A fully compensatory price based on a market index to be determined by default service provider									
State Tax Adj. & Other Tax Adj. Clause(s)	Applies to the rates shown on this schedule for this class of service in all years.									

Energy Charge-TDS = Mandatory Requirements of Buyer
Energy Charge-SDS = Optional Requirements of Buyer

Rate SL-S - Street Lighting Service										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2006	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)		Applies to the rates shown on this schedule for this class of service in all years.								

Rate SL-E - Street Lighting Customer Owned Facilities										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2006	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Capacity Charge (c/kWh)										
Energy Charge (c/kWh)		4.02	4.02	4.07	4.13	4.18	4.24	4.29	4.35	4.41
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)		Applies to the rates shown on this schedule for this class of service in all years.								

Rate TL - Traffic Lighting Services										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2006	2006	2007	2008
Energy Charge-TDS (c/kWh)		3.33	3.33	3.38	3.41	3.46	3.51	3.54	3.59	3.63
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)		Applies to the rates shown on this schedule for this class of service in all years.								

Rate EP - Electric Propulsion										
Charge & Unit of Applicability	9/1/98	2000	2001	2002	2003	2004	2006	2006	2007	2008
Energy Charge-TDS (c/kWh)										
Capacity Charge (c/kWh)		4.10	4.10	4.76	5.10	5.49	5.83	5.78	6.20	6.68
Energy Charge (c/kWh)		2.07	2.07	1.92	1.84	1.79	1.79	1.78	1.67	1.60
Energy Charge-SDS (c/kWh)		A fully compensatory price based on a market index to be determined by default service provider								
State Tax Adj. & Other Tax Adj. Clause(s)		Applies to the rates shown on this schedule for this class of service in all years.								

Energy Charge-TDS = Mandatory Requirements of Buyer
 Energy Charge-SDS = Optional Requirements of Buyer

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Statement No. 5-R
PHU 11/18/97
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Petition of Enron Energy Services Power Inc. for approval
of an Electric Competition and Customer Choice Plan and
for authority pursuant to Section 2807 (e)(3) of the
Public Utility Code to serve as the Provider
of Last Resort in the service territory
of PECO Energy Company.

Rebuttal Testimony and Exhibits

DOCKETED
NOV 21 1997

of

Harry J. Kingerski

on behalf of

Enron Energy Services Power, Inc.

concerning

Competitive Tariff Issues

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1 **Q. PLEASE STATE YOUR NAME AND GIVE YOUR BUSINESS ADDRESS.**

2 A. Harry J. Kingerski, 1400 Smith Street, Houston, Texas 77002.

3
4 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY AND EXHIBITS IN**
5 **THIS PROCEEDING?**

6 A. Yes. I submitted Enron Statement No. 5 filed in this proceeding on October 24,
7 1997.

8
9 **Q. MR. KINGERSKI, WHAT IS THE PURPOSE OF YOUR REBUTTAL**
10 **TESTIMONY?**

11 A. I will address issues raised by Mr. Sundermeir and Mr. Baron in their testimony
12 regarding the Enron Choice Plan. Specifically, I will show that the delivery service
13 tariff proposed by Enron (delivery tariff) is not anti-consumer and does not give
14 undue advantage to Electric Generation Suppliers (EGSs), as suggested by Mr.
15 Sundermeir. I also will discuss the objections of Mr. Baron to the tariff and show that
16 the Choice Plan preserves, and enhances, the benefits which PAIEUG negotiated for
17 in the Partial Settlement.

1 **Q. MR. SUNDERMEIR HAS SPONSORED TESTIMONY WHICH CLAIMS**
2 **THAT THE DELIVERY TARIFF IS ANTI-CONSUMER. DO YOU HAVE**
3 **ANY GENERAL COMMENTS?**

4 **A.** Yes. First, the delivery tariff allows a multitude of energy providers to compete for
5 the opportunity to satisfy consumers and provide non-delivery services which by their
6 nature are not required to be provided by one supplier. If one accepts that
7 competition is by its nature preferable to regulation, then the delivery tariff, by its
8 nature, is pro-consumer. Second, Mr. Sundermeir's specific critiques either reflect
9 an underlying, implicit disbelief that competition is preferable to regulation or are
10 inconsequential (and easily remedied) and aimed simply at preserving PECO's
11 monopoly status.

12
13 **Q. WHY DO YOU BELIEVE MR. SUNDERMEIR BELIEVES REGULATION**
14 **IS PREFERABLE TO COMPETITION?**

15 **A.** A number of his critiques against the delivery tariff demonstrate a "big brother"
16 attitude which apparently is premised on his belief that PECO's judgment is superior
17 to that of the consumer, acting either on his or her own behalf or through his or her
18 choice of competing EGSs. For example:

- 19 • Mr. Sundermeir claims Rule 17.2(b) of the delivery tariff "violates the spirit of the
20 Competition Act" (p. 6) because it permits an EGS to either separately state
21 PECO's charges for regulated delivery service or incorporate them into the total
22 billing. Under Rule 17.2(b), the EGS is allowed but not required to provide a

1 "bundled" bill. The customer, not PECO, decides what type of billing is desired.

- 2 • Mr. Sundermeir claims the delivery tariff has no provision requiring an EGS to
3 comply with the rate caps in the Competition Act (p. 7). Under the delivery tariff,
4 Enron is subject to the rate caps in its role of provider of default service (or,
5 Provider of Last Resort). EGSs are free to market, and customers are free to
6 choose, a product or price which is an improvement on default service. The new
7 product may include value added services which makes it non-comparable to
8 default service. Again, the customer, not PECO, decides what type of product is
9 preferred.

- 10 • On page 8 of his testimony, Mr. Sundermeir claims the Enron delivery is deficient
11 because it allows the EGS to "establish its own policies with regard to returned
12 check charges, interest on late payments, customer deposits, payment terms,
13 remittance termination policies and the like", without regard to the Commission's
14 Chapter 56 consumer protection regulations. The tariff is most certainly intended
15 to allow EGSs to establish their own policies, without the heavy hand of PECO,
16 but it also most certainly requires that EGSs obey consumer protection laws.
17 Section 2.5.1 of the proposed tariff says: "The EGS shall not violate
18 Pennsylvania's consumer protection laws or any rules adopted under any of such
19 statutes". This obviously includes the present PUC directive that EGSs comply
20 with all applicable Chapter 56 provisions. Mr. Kean's rebuttal testimony
21 specifically addresses Chapter 56 compliance by Enron.

- 22 • Mr. Sundermeir claims Rule 11.1 of the delivery tariff is not in the consumer's best

1 interest because it shifts the responsibility of selecting the most appropriate rate
2 schedule from the consumer to the EGS (p. 12). His belief is apparently based on
3 the faulty premise that the consumer is ultimately responsible for paying the bill for
4 PECO's regulated services (p. 12). To the contrary, the EGS is responsible for
5 payment of all charges assessed by the Company (Rule 17.1(b)). Under the current
6 system, PECO has no financial motive to find and correct a situation in which a
7 consumer inadvertently has been placed on a less advantageous rate; under the
8 proposed system, all EGSs are motivated to find such a consumer so as to win his
9 business.

10 • Mr. Sundermeir claims that Enron's change to PECO's current Rule 21.7
11 eliminates a consumer's choice (p. 16). The change provides that an EGS may
12 request certain services from PECO in lieu of those requests coming directly from
13 the consumer. To the contrary, Enron's change affords the customer more
14 choices. The customer can approach an EGS and the EGS can approach PECO
15 for the services (acting as the customer's agent), perform the services itself or
16 subcontract for the services. Certainly nothing in the proposed tariff precludes the
17 customer from approaching PECO directly for a service which "The Company is
18 not obligated to provide" (existing PECO Rule 21. 7 and Enron proposed Rule
19 21.7) in the first place. Under the delivery tariff, the customer, not PECO, decides
20 who should be responsible for the work.

1 Q. ARE THERE ANY SUGGESTIONS OFFERED BY MR. SUNDERMEIR
2 WHICH YOU FIND ACCEPTABLE?

3 A. Yes, there are several. As a preliminary comment, let me repeat the observation offered
4 in my direct testimony about the need for a proposed electric delivery service tariff
5 which lays out the "rules of the road" for an unbundled, restructured electric market.
6 Enron believes such a document is critical to evaluating any restructuring proposal.
7 The Partial Settlement offered no such document and I am appreciative of Mr.
8 Sundermeir's constructive analysis of the delivery tariff. This is a tariff which will be
9 administered by PECO and it is important that all "cracks and gaps" be filled.

10 The following are items for which Enron would have no problem amending in the
11 delivery tariff, if directed by the Commission, as part of a compliance filing. I would
12 also note, however, that none of the items listed below materially alter the viability of
13 the Enron Choice Plan:

- 14 • Mr. Sundermeir notes that Rule 17.2(e) does not require several informational
15 items to be on the EGS' bill to the customer, although Chapter 56 requires this
16 information. These include: whether the meter reading is an estimate, total amount
17 of credits, complaint procedures, and late charges. Enron would not object to
18 specifically including these references in Rule 17.2(e), even though the tariff
19 requires Chapter 56 compliance (Section 2.5.1) and requires that the bill show
20 information necessary for computation of the bill (Section 17.2(e)(5)).
- 21 • Mr. Sundermeir notes several problems with landlord-tenant relationships created
22 by the delivery tariff; namely, the shifting of bill payment responsibility when a

1 tenant closes an account (p. 9), eliminating a landlord option to individually meter
2 tenants (p. 14), and eliminating a provision to allow master metering of heating and
3 cooling systems (p. 15). As I stated in my direct testimony, these changes were not
4 intended to alter the landlord's relationship with either PECO or the customer. The
5 changes noted in the delivery tariff on these issues are nothing more than wording
6 clarifications but Enron would not object to using PECO's existing tariff provisions
7 regarding the landlord-tenant relationships.

- 8 • Mr. Sundermeir suggests that elimination of PECO's existing Rule 11.3 (Rate
9 Changes) in Enron's proposed tariff removes certain flexibility currently offered to
10 customers. Rule 11.3 allows customers to change rates or modify the terms of
11 contracts. Since the delivery tariff envisions the EGS as the customer of PECO,
12 Enron did not believe this provision was necessary. However, if the existing Rule
13 were reworded to direct the provisions toward the EGS as the customer of PECO,
14 Enron would not object to inclusion of this Rule in the delivery tariff.
- 15 • Mr. Sundermeir suggests that elimination of the phrase "for each hour billed based
16 on the PJM billing rate" in Rule 15.3(d) of the delivery tariff could substantially
17 increase bills for LILR customers because the adjustment is only applicable to
18 interruptible load. Mr. Baron has also raised this issue. The proposed deletion of
19 this phrase is due to ambiguity in its interpretation; I interpreted it to refer to
20 "clock" hours rather than "kilo"-watt hours. Enron supports replacing this phrase
21 with the same unambiguous phrase used by Enron in Rate DS to refer to this load:
22 "for all on-peak energy associated with the end user's interruptible load". With this

1 change, the concerns of Messrs. Sundermeir and Baron are no longer warranted.

2
3 **Q. MR. SUNDERMEIR CLAIMS THAT THE DELIVERY TARIFF DOES NOT**
4 **PROVIDE FOR THE PORTABILITY OF ALL UNIVERSAL SERVICE**
5 **BENEFITS. PLEASE COMMENT.**

6 **A.** Enron supports portability of CAP Rate discounts, and agrees that the discounts
7 applicable to generation under the Partial Settlement are also applicable under the
8 Choice Plan. Enron's position on portability of CAP Rate discounts was set forth in my
9 direct testimony, at page 12: "It is Enron's intention that its Choice Plan would match
10 the low income assistance measures embodied in the CAP Rate offered by PECO in the
11 Partial Settlement."

12 Regrettably, in its response to PECO Interrogatory XIII-6, Enron incorrectly
13 and inadvertently indicated that CAP customers are not free to shop for competitive
14 generation supply without jeopardizing or losing their CAP rate eligibility.

15 On the portability issue, Mr. Sundermeir's view of Enron's position is
16 understandable, to the extent his view was based on Enron's initial response to PECO
17 XIII-6. Simultaneous with the filing of my rebuttal testimony, Enron has amended its
18 response to PECO XIII-6 to reflect Enron's support of CAP Rate portability. As
19 indicated in that response, Enron would describe the process for applying the discounts
20 in its compliance filing in this case.

1 **Q. MR. SUNDERMEIR CLAIMS THAT THE DELIVERY TARIFF DOES NOT**
2 **ALLOW INDUSTRIAL CUSTOMERS TO PARTICIPATE IN STANDARD**
3 **DEFAULT SERVICE (P. 10). PLEASE COMMENT.**

4 **A.** Mr. Sundermeir is mistaken. The rate tables in Rate DS clearly indicate that, for each
5 rate schedule, Standard Default Service (SDS) applies and that the energy rate for SDS
6 is a fully compensatory price based on a market index.

7
8 **Q. MR. SUNDERMEIR CLAIMS THAT RULE 18.1 OF THE PROPOSED**
9 **TARIFF GIVES THE EGS THE RIGHT TO DISCONTINUE A CONSUMER'S**
10 **SERVICE WHENEVER IT IS ADVANTAGEOUS TO THE EGS. IS HE**
11 **CORRECT?**

12 **A.** No, that is not my interpretation of the Rule nor is it what Enron intends. The Rule is
13 intended to apply to circumstances where the customer has failed to live up to the terms
14 of his contract with the EGS. If no such breach has occurred and the EGS tries to
15 prematurely terminate service, the customer has recourse to the Commission. The
16 Commission, as administrator of the EGS licensing process, has the right to take action
17 against the EGS, including, if appropriate, revocation of the EGS' license.

18
19 **Q. MR. SUNDERMEIR CLAIMS THAT THE OUTAGE ALLOWANCE IN RATE**
20 **SL-P MUST REMAIN IN THE TARIFF OR THE BILLS FOR PENNDOT AND**
21 **THE CITY OF PHILADELPHIA WILL INCREASE. PLEASE COMMENT.**

22 **A.** I have addressed this issue in direct testimony and those comments remain applicable.

1 If these customers are served under Rule 4.6 contracts, that issue is addressed in Rule
2 4.1 of the delivery tariff. Enron recognizes these contracts, is not aware of whether
3 there are opt-out clauses in the contracts, and regardless, has recommended that the
4 Commission permit a "fresh start" for customers in those contracts. In the event that
5 these customers opt-out of their existing contracts or are given a "fresh start", it is
6 entirely inappropriate to have the outage allowance in the tariff.

7
8 **Q. DO YOU HAVE ANY ADDITIONAL COMMENT TO MAKE NOW**
9 **REGARDING THE COMMENTS OF MESSRS. SUNDERMEIR AND**
10 **BARRON ON ENRON'S PROPOSED MODIFICATIONS TO THE VARIOUS**
11 **RIDERS IN PECO'S EXISTING TARIFF?**

12 A. I have addressed these issues in direct testimony and I would only call attention to
13 Enron's comment in the "Proposed Treatment of Miscellaneous Riders" section of the
14 tariff. Enron wishes to work with PECO to implement the recommendations about
15 unbundling these riders. I am aware of no riders which "will eliminate themselves", as
16 Mr. Sundermeir suggests (p. 21).

17
18 **Q. MR. SUNDERMEIR CLAIMS THAT THE DELIVERY TARIFF GIVES**
19 **UNFAIR ADVANTAGE TO EGSs. DO YOU AGREE?**

20 A. No. I believe Mr. Sundermeir has misconstrued the purpose of the tariff. This
21 allegation suggests that he believes the delivery tariff places EGSs in competition
22 *against* PECO. The delivery tariff does not place PECO in competition against EGSs.

1 Rather, the tariff establishes PECO as a *supplier* to EGSs. PECO is supplying delivery
2 services, information needed by EGSs, and construction of extensions to end users.
3 The delivery tariff is premised on cooperation between PECO and EGSs, not
4 competition. The delivery tariff is also premised on a non-discriminatory application
5 to all EGSs. Nothing in the tariff operates to favor one EGS over another.
6

7 **Q. DOES ENRON'S PROPOSED RULE 7.2, WHICH REQUIRES THE**
8 **CUSTOMER TO BE RESPONSIBLE FOR MINIMUM REVENUE**
9 **GUARANTEES TO PECO, CREATE AN UNFAIR ADVANTAGE FOR PECO?**

10 A. No. The delivery tariff envisions that PECO retains the responsibility and opportunity
11 to extend distribution facilities in accordance with Rule 7. PECO is the only entity that
12 can extend its distribution lines. There is no competition for this service. Requiring the
13 customer to be responsible to PECO for the minimum revenue guarantees is for the
14 benefit of PECO.
15

16 **Q. DOES PROPOSED RULE 16.2(F) CREATE AN UNFAIR ADVANTAGE FOR**
17 **METER SERVICE PROVIDERS (MSPs) BY SAYING MSPs MAY MAKE**
18 **TESTS TO SUPPLY SPECIAL INFORMATION WHEREAS PECO HAS TO**
19 **PROVIDE SUCH TESTS?**

20 A. No. Subject to the Commission's licensing procedures and the other requirements
21 stated in proposed Rule 16.2, MSPs are providing a competitive service at a
22 competitive price. The MSP presumably will perform testing in a manner which retains

1 business for itself. On the other hand, PECO is providing a regulated service at a
2 regulated price. Nothing precludes PECO, under the delivery tariff, from requesting
3 permission from the Commission to itself form a competitive MSP.
4

5 **Q. MR. SUNDERMEIR SAYS EGSs HAVE AN UNFAIR ADVANTAGE**
6 **BECAUSE PECO CAN NOT TERMINATE SERVICE FOR FRAUD IF PECO**
7 **DOES NOT OWN THE METER. IS HE CORRECT?**

8 A. No. Rules 18.3 through 18.6 of the delivery tariff allow PECO to terminate service for
9 cause, safety, defective equipment or fraud. The provision Mr. Sundermeir refers to
10 simply says PECO can not unilaterally terminate service for abuse to a meter it does not
11 own.
12

13 **Q. MR. SUNDERMEIR SAYS EGSs HAVE AN UNFAIR ADVANTAGE**
14 **BECAUSE THE DELIVERY TARIFF ELIMINATES TERMS OF CONTRACT**
15 **FOR THE CUSTOMER. IS HE CORRECT?**

16 A. No. The EGS is the customer of PECO and PECO's term of contract with the EGS
17 will be in a service agreement. PECO's protection for recovery of its investment is
18 through the minimum revenue guarantees in Rule 7.2. I do not understand Mr.
19 Sundermeir's desire to not have those guarantees in Rule 7.2 while at the same time
20 trying to recapture them through a term of contract with the customer.

1 **Q. MR. BARON HAS STATED THAT PAIEUG MEMBERS SUPPORT THE**
2 **PARTIAL SETTLEMENT BECAUSE THE ENRON PROPOSAL TAKES**
3 **AWAY BENEFITS THAT PAIEUG MEMBERS OBTAINED THROUGH**
4 **NEGOTIATION WITH PECO. DO YOU AGREE?**

5 **A. No. As a general statement, the Enron proposal is not intended to and does not take**
6 **away any benefit that PAIEUG has obtained in the Partial Settlement. The Enron**
7 **proposal completely accepts the provisions of the Partial Settlement with respect to**
8 **LILR customers. Enron does not object to the continued application of Rule 4.6 and**
9 **EER contracts currently in force between PECO and customers. However, Enron is**
10 **awaiting more information from PECO so that it can evaluate providing the same**
11 **concessions as contained in the Partial Settlement regarding discounts to Rider**
12 **CTC/ITC. I can understand Mr. Baron's reluctance to support the Enron Choice Plan**
13 **until all aspects of the Plan are fully understood by PAIEUG and it is shown to**
14 **preserve, and enhance, all benefits negotiated specifically for PAIEUG members in the**
15 **Partial Settlement. But once those clarifications are made and once the necessary**
16 **information from PECO is made available, PAIEUG will be faced with a choice:**
17 **continue to support the Partial Settlement, to the detriment of all other customers**
18 **(including large numbers of Rate HT customers) who did not have special concessions**
19 **carved out for them, or support the Choice Plan, which preserves the expected benefits**
20 **to PAIEUG and substantially improves on the benefits of the Partial Settlement to all**
21 **other customers.**

1 **Q. MR. BARON BELIEVES THE PARTIAL SETTLEMENT PROVIDES A**
2 **SIGNIFICANT BENEFIT COMPARED TO THE ENRON PROPOSAL**
3 **BECAUSE THE PARTIAL SETTLEMENT REQUIRES PECO TO PROVIDE**
4 **THE LILR TO PRESENT CUSTOMERS THROUGH AT LEAST DECEMBER**
5 **31, 2008. DO YOU AGREE?**

6 A. No. The Enron proposal is that “the LILR will continue to be available through
7 December 31, 2008 to current LILR end users” (Statement No. 5, p. 13, l. 3). In
8 addition to maintaining the availability of the existing Rider to all existing customers
9 served thereunder, Enron’s proposal recommends to the Commission that all such
10 customers have the opportunity for a “fresh start”; in other words, the customer (and
11 only the customer) should have the opportunity to opt out of an existing LILR
12 arrangement to participate in direct access if it can negotiate a better deal.

13
14 **Q. IS MR. BARON CORRECT THAT YOUR DIRECT TESTIMONY IS**
15 **CONFLICTING ON THE APPLICABILITY OF THE LILR?**

16 B. No, but let me clarify any misconception that might exist. Exhibit A, page 3 of 4 on
17 proposed treatment of riders, recommends that LILR be modified for future application
18 to eliminate references to generation services. This is because the customer who
19 purchases generation services from the market and not from PECO will not have to get
20 generation credits from PECO; they will be obtained directly from the EGS. In this
21 case, the LILR will need to describe transmission and distribution credits only because
22 PECO will only be providing delivery services. However, existing LILR customers

1 who continue to receive LILR service will do so under default service. These
2 customers are not choosing an alternative supplier. Under the Enron proposal, they
3 would be served under a default service agreement which would contain the *existing*
4 LILR language.

5
6 **Q. IS MR. BARON CORRECT THAT ENRON IS PROPOSING TO ELIMINATE**
7 **THE AVAILABILITY OF THE LILR TARIFF AS A DEFAULT SERVICE**
8 **OFFERING?**

9 C. No. Existing LILR customers can choose default service and remain under the existing
10 LILR. Rate DS in Exhibit B of my direct testimony specifically references pricing of
11 energy for the LILR customer.

12
13 **Q. IS MR. BARON CORRECT IN ASSERTING THAT THE DELIVERY TARIFF**
14 **RECOMMENDS DELETION OF THE EER?**

15 A. No. On Page 2 of 4 in Exhibit A to my direct testimony, in the proposed treatment of
16 riders section, I recommend that EER be reconfigured to apply to distribution and
17 transmission only. This is because the customer who exercises choice will purchase
18 generation in the market. The issue here is the same as with the LILR: there is
19 apparent confusion because PECO conditioned the continuation of the EER on the
20 customer's continued purchase of energy from PECO. The Enron proposal allows an
21 existing EER contract to stay in place, but it gives prospective EER customers the
22 benefit of choice and the benefit of reduced transmission and distribution rates.

1 **Q. WHY ARE EER AND RULE 4.6 CUSTOMERS WHO CHOOSE, OR ARE**
2 **REQUIRED, TO STAY IN THEIR EXISTING CONTRACTS WITH PECO,**
3 **NOT CONSIDERED AS DEFAULT SERVICE CUSTOMERS?**

4 A. At the present time, because of the lack of information about these contracts, Enron is
5 unable to say whether it is willing to “fill PECO’s shoes” on these contracts. As such,
6 as long as the existing contract stays in place, the customer has not had the opportunity
7 to exercise choice. Once the existing contract has expired, choice is available and
8 default service would be available.

9
10 **Q. IN ADDITION TO THIS DISCUSSION AND YOUR COMMENTS IN YOUR**
11 **DIRECT TESTIMONY, HAS ENRON ELSEWHERE DESCRIBED ITS**
12 **POSITION ON LILR, EER, RULE 4.6 AND OTHER ISSUES RELEVANT TO**
13 **PAIEUG?**

14 A. Yes. Enron’s response to Commissioner Interrogatory No. II-1 is a comprehensive
15 statement of Enron’s position on these issues. I have attached that response as Exhibit
16 1-R to this testimony.

17
18 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 A. Yes.

Enron Energy Services Power, Inc.
Docket No. R-00973953
Docket No. P-00971265
Public Utility Commission
Interrogatories, Set II

Witness: Steven J. Kean and
Harry Kingerski

PUC-II-1:

How are the terms of the IECPA settlement provisions handled in the Enron proposal?

Response:

Enron Energy Services Power, Inc. ("EESPI") assumes that the question is directed to the portion of the proposed Partial Settlement Agreement generally referring to PAIEUG member interests, since IECPA is not a party to these proceedings.

EESPI has attempted in its Choice Plan to replicate the principal PAIEUG settlement provisions, which are found at paragraph 12 of the Partial Settlement Agreement, with certain limited exceptions which EESPI has fully explained. See generally, EESPI Petition, paragraph 23(d); EESPI Statement No. 5, at pages 12 to 20; Exhibit 1 to EESPI Petition (Proposed Delivery Service Tariff), immediately following page 75; Proposed Treatment of Miscellaneous Riders (4 pages).

The following is an issue by issue explanation of how the Enron proposal deals with settlement provisions.

Provision: The LILR will continue to be available through at least December 31, 2008 to current LILR customers.

Proposal: This provision is maintained. Testimony of Enron witness Harry Kingerski (Statement No. 5) addresses this provision (p. 13, l. 3), "Specifically, the LILR will continue to be available through December 31, 2008 to current LILR end users." In addition to maintaining the availability of the existing Rider to all existing customers served thereunder, Enron's proposal recommends to the Commission that all such customers have the opportunity for a "fresh start"; in other words, give the customer the opportunity to opt out of an existing LILR contract to participate in direct access. (See Petition, p. 19).

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Docket No. R-00973953
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Public Utility Commission
Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: All LILR customers' unbundled charges will be: (i) for on-peak usage, 0.5 cents/kWh for distribution plus Gross Receipts Tax ("GRT"), and 0.5 cents/kWh for transmission plus GRT; and (ii) for off-peak usage, the Rate HT CTC/ITC transmission and distribution charges calculated using the customers' billing demand.

Proposal: This provision is maintained. Exhibit B to Statement No. 5 (p. 56 of the tariff) shows the above-stated rates for transmission and distribution.

Provision: PECO will assess no CTC/ITC charges with respect to the on-peak portion of an LILR customer's interruptible load.

Proposal: This provision is maintained. Exhibit B to Statement No. 5 (p. 72 of the tariff) shows the stated exclusion.

Provision: PECO will also not impose any additional CTC/ITC charge on an LILR Customer that obtains supply from a competitive supplier.

Proposal: This provision is maintained. Statement No. 5, p. 12, beginning at l. 26, says "It is also Enron's intention to match the terms of PECO's Partial Settlement relative to the ...LILR." Furthermore, Enron's proposed Rate CTC/ITC does not contain any provision which would discriminate on the basis of the customer's choice of competitive supplier.

Provision: For those (LILR) customers that choose to remain with PECO for their energy supply, the energy charges will be the PJM Billing Rate, or its replacement, for all on-peak energy associated with the customer's interruptible load, and applicable unbundled Rate HT charges for all other energy usage.

Proposal: This provision is maintained. Statement No. 5, p. 13. l. 8-11, says, "In the event that an LILR end user elects to receive default service, energy will be priced at the PJM Billing Rate, or its replacement, for all on-peak energy associated with an LILR end-user's interruptible load." This provision also is specifically included in the table for Rate DS. Standard Rate HT charges apply to the customer's off-peak energy associated with interruptible load, all other energy, and unbundled transmission and distribution services.

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Public Utility Commission
Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: The EER and Rule 4.6 contracts will continue to be available to prospective and current EER and Rule 4.6 customers in accordance with the terms and conditions of the EER, Rule 4.6 and the customer's contract. If the customer's contract is silent with respect to the customer's right to access competitive generation supply, then the customer may obtain competitive supply.

Proposal: This provision is maintained for prospective and current EER (see the Petition, p. 19) and for current Rule 4.6 customers (see proposed tariff, Section 4.1). It is not maintained in the tariff for prospective Rule 4.6 customers because, under Enron's proposal, those customers will have the freedom to negotiate special contracts in the competitive marketplace with a multitude of Electric Generation Suppliers (EGSs) rather than with just one entity, PECO. In other words, the potential benefits of special contracts to a customer are made available through the marketplace rather than through the utility tariff.

Regarding EER, page 19 of the Petition says that Enron would recommend to the Commission that all EER customers be provided with the opportunity for a "fresh start"; in other words, give the customer the opportunity to opt out of an existing EER contract to participate in direct access.

Provision: For those customers with EER or Rule 4.6 contracts that contain discounts to the Rate HT capacity charge and the first two blocks of Rate HT, the unbundled charges will be, starting January 1, 1999; (i) the Rate HT unbundled distribution and transmission charges, and (ii) the Rate HT CTC/TTC charges discounted by the negotiated percentage discount presently reflected in the customer's contract.

Proposal: This provision is maintained for (i), the Rate HT unbundled distribution and transmission charges. Enron's interpretation of this provision is that PECO would continue to sell generation to the customer under the existing EER or Rule 4.6 contract.

For (ii), Enron's proposal does not address specific obligations or exemptions of the EER or Rule 4.6 customers with respect to the CTC. Enron is awaiting responses from PECO to interrogatories about these customers, and pending receipt of those responses, cannot respond further on this provision.

Enron Energy Services Power, Inc.

Docket No. R-00973953

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Public Utility Commission

Interrogatories, Set II

Continuation of Response to PUC-II-1:

Provision: EER contracts and Rule 4.6 contracts that contain language regarding access rights and unbundling, the customers' right to access competitive generation supply, the unbundling of the customer's contract and the applicability of the CTC/ITC charges will be governed by the terms and conditions of the customers' contracts.

Proposal: This provision is maintained, at the option of the customer. Regarding EER, page 19 of the Petition says that Enron would recommend to the Commission that all EER customers be provided with the opportunity for a "fresh start"; in other words, give the customer the opportunity to opt out of an existing EER contract to participate in direct access. Regarding Rule 4.6 contracts, the proposed Rule 4.1 in Enron's proposed tariff states "Special contracts existing on September 1, 1998 shall continue to remain in effect according to the terms thereof unless the end user exercises any right it may have to terminate said contract."

Provision: All Rate HT industrial customers, LILR customers, and Rule 4.6 and EER customers shall have the right to pay all applicable CTC/ITC charges in one lump sum. For customers exercising this option, PECO and the customers will negotiate a mutually acceptable lump sum using the customer's most recent 12 months of demand and energy usage as billing determinants, unless such demand and energy usage will not be representative of the customer's likely demand and energy consumption during the CTC/ITC recovery period (in which case representative values will be used), applied to the CTC/ITC charges for the entire CTC/ITC recovery period, discounting using PECO's after-tax cost of capital.

Proposal: The lump sum payment provision is maintained. The Petition (p. 19) and Exhibit B to Statement No. 5 (p. 72 of the proposed tariff - Rider CTC/ITC) reference this provision. Rider CTC/ITC says "End users receiving service from an EGS or the Default Service provider under Rate H-T, LILR, Rule 4.6 and EER may elect to prepay their CTC/ITC cost responsibility, which prepayment shall be calculated as the net present value of the CTC/ITC recovery over the period ending December 31, 2008. The CTC/ITC Rider would attach to grandfathered special contracts entered into under Rule 4.6. The discount rate for calculating the net present value shall be 8.71 percent."

Neither the Partial Settlement or Enron's proposed tariff specifically address when past consumption will not be considered as representative of future consumption, but it is Enron's intention to abide by the spirit of this provision.

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Continuation of Response to PUC-II-1:

Provision: Recovery CTC/ITC from industrial and commercial customers that significantly reduce their purchases through installation of on-site generation will be fully set forth in Appendix E hereto, which is incorporated as a part of this Partial Settlement; provided, however, that existing industrial and commercial customers whose peak load during 1996 was at least four (4) megawatts, and who can document that they were actively self generating or considering self-generation as of December 31, 1996 or earlier, will pay CTC/ITC charges following full start-up of any self-generation facility they install before December 31, 2008 as follows:

- i. PECO will calculate the customer's average billing demand and energy usage for calendar year 1996;
- ii. Using those billing determinants PECO will determine the dollar amount that would be charged were the customer billed for CTC/ITC using the prevailing Rate HT CTC/ITC charges;
- iii. PECO will bill the customer one-third of the dollar amount determined in accordance with step 2.

Proposal: Enron's proposal did not address specific obligations or exemptions of co-generation or self-generation customers with respect to the CTC.

Enron believe this provision is too ambiguous to permit endorsement by Enron in the absence of additional clarifying information. For example, a customer apparently can qualify for the partial exemption from CTC if they were "considering" self-generation as of December 31, 1996. Enron is not clear whether this means, for example as of that date that:

- (i) there was construction underway;
- (ii) there were plans for construction;
- (iii) a feasibility study has been performed and an affirmative decision had been made;
- (iv) a feasibility study had been made;
- (v) a memo was written on the subject; or
- (vi) a conversation had occurred on the subject.

It is also not clear whether customer's alternative generation has to comprise all of the existing 4 megawatt load, or only some portion thereof, to qualify

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Continuation of Response to PUC-II-1:

for the exemption. And once an exemption is granted, the provision seemed to grant the 2/3rds CTC exemption to total load, even if the portion of the customer's total load which installs self generation of 1 megawatt in 2000 would seem to qualify for the 2/3rds CTC exemption on the total 4 megawatt load.

Pending resolution of these concerns, Enron cannot respond further on this provision.

Overall, while EESPI has replicated the benefits to PAIEUG members in the Partial Settlement Agreement, EESPI believes PAIEUG's complaints about EESPI's proposals to eliminate or modify special service contracts and certain riders are misplaced, because, in the competitive environment created by the Choice Plan, PAIEUG members will be in a better position to negotiate such arrangements with competitive EGS, and will lose no rights under EESPI's Choice Plan. These provisions neither violate 66 Pa.C.S. § 2806(b) (which does not require the maintenance of existing tariff riders) nor do they violate cost-shifting and cap provisions of the Act. There is simply no need or reason to provide for specific flexible generation rates in tariffs, when those rates are unregulated.

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1 who continue to receive LILR service will do so under default service. These
2 customers are not choosing an alternative supplier. Under the Enron proposal, they
3 would be served under a default service agreement which would contain the *existing*
4 LILR language.

5
6 **Q. IS MR. BARON CORRECT THAT ENRON IS PROPOSING TO ELIMINATE**
7 **THE AVAILABILITY OF THE LILR TARIFF AS A DEFAULT SERVICE**
8 **OFFERING?**

9 C. No. Existing LILR customers can choose default service and remain under the existing
10 LILR Rate DS in Exhibit B of my direct testimony specifically references pricing of
11 energy for the LILR customer.

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13 **Q. DOES THE DELIVERY TARIFF RECOMMEND DELETION OF THE EER?**

14 A. No. On Page 3 (as amended) of 4 in Exhibit A to my direct testimony, in the proposed
15 treatment of riders section, I recommend that EER be reconfigured to apply to
16 distribution and transmission only. This is because the customer who exercises choice
17 will purchase generation in the market. The issue here is the same as with the LILR:
18 PECO conditioned the continuation of the EER on the customer's continued purchase
19 of energy from PECO. The Enron proposal allows an existing EER contract to stay in
20 place, but it gives prospective EER customers the benefit of choice and the benefit of
21 reduced transmission and distribution rates.

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PECO Rider	Disposition in a Fully Competitive Environment	Recommended Action
Investment Return Guarantee Rider (Page No. 74)	PECO should be permitted an opportunity to fully recover its investment in distribution facilities needed to serve the customer.	Minor changes are needed to reflect a recovery guarantee based on distribution delivery charges associated with service to the end user, not fully bundled rates.
Night Service GS Rider (Page No. 75)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
Night Service HT Rider (Page No. 76)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
Large Interruptible Load Rider (Page Nos. 77-79)	As part of its competitive service offering, an EGS may agree with certain customers on terms, conditions and rates for non-firm generation service. Non-firm transmission and distribution services only should be included in this rider.	Eliminate references to generation services in this tariff, and reprice credits to reflect the cost-based value of relieving delivery constraints on the PECO electric system.
Night Service PD Rider (Page No. 80)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Unbundle the generation portion of this rider, and create a cost-based, off-peak delivery service charge.
Off-Peak Rider (Page No. 81)	The generation component of this service will be competitive; delivery service only should be provided under this "special use" rider.	Eliminate this rider and develop time-differentiated rates for delivery services.
Receivership Rider (Page No. 82)	Given the short-term, transient nature of this service, it is best provided as a default service.	Eliminate this rider and provide as a default service.
Temporary Service Rider (Page No. 83)	Given the short-term, transient nature of this service, it is best provided as a default service.	Eliminate this rider and provide as a default service.
Transformer Rental Rider (Page No. 84)	Transformer rental (or leasing) will be a competitive service available from PECO as well as other providers.	Eliminate this rider.
Economic Efficiency Rider (Page No. 85)	As this rider relates to competitive response in the supply of bundled electric service, it appears unnecessary in a fully competitive environment.	Modify discounts so as to apply only to the transmission and distribution components of service.
Capacity Reservation Rider (Page No. 86)	See comments on the Large Interruptible Load Rider.	Eliminate this rider.