



PECO ENERGY

ORIGINAL

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December 13, 2000

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Pennsylvania Public Utility Commission
Room B-20, North Office Building
Commonwealth Avenue and North Street
Harrisburg, PA 17105-3265

PECO Energy Company Competitive Default Service Program Bidding
PUC Docket No. A-110550 F0147

Dear Secretary McNulty:

This letter, jointly submitted by PECO Energy Company ("PECO") and The New Power Company ("NewPower"), shall serve to inform the Commission that PECO and NewPower have agreed, as suggested by the Commission, to delay the mailing of notifications of competitive default service eligibility to the applicable designated non-shopping customers of PECO until after the holiday season.

While PECO and NewPower are ready to effect the requisite mailing, the Commission indicated a preference for the mailing to occur early in 2001 so as to decrease the possibility of such mailing being overlooked in the heavy rush of holiday mail and to permit the recipients of the mailing to review the terms of competitive default service and their alternatives to such service without the distractions that often occur during the holidays. Accordingly, attached for your reference is a copy of an amendment to the CDS Agreement that delays the mailing of the notices to customers until early January.

DOCUMENT
FOLDER

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James McNulty, Secretary
Pennsylvania Public Utility Commission
December 13, 2000
Page 2 of 2

As a result of the amendment and the delay in the mailings, service will commence March 1, 2001, instead of the approximate start date of February 1, 2001 under the original CDS Agreement, and certain other dates for performance related to the delay in the commencement of service will also be extended.

Sincerely,



Delia W. Stroud
PECO Energy Company

Enclosures

cc: Certificate of Service

Acknowledged and Agreed To:

John Stinebaugh
The New Power Company

James McNulty, Secretary
Pennsylvania Public Utility Commission
December 13, 2000
Page 2 of 2

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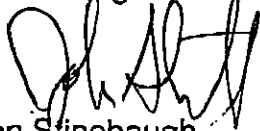
Sincerely,

Delia W. Stroud
PECO Energy Company

Enclosures

cc: Certificate of Service

Acknowledged and Agreed To:



John Stinebaugh
The New Power Company

ORIGINAL

FIRST AMENDMENT TO COMPETITIVE DEFAULT SERVICES COORDINATION AGREEMENT

THIS FIRST AMENDMENT TO COMPETITIVE DEFAULT SERVICES COORDINATION AGREEMENT (this "First Amendment"), made and entered into as of this 11th day of December, 2000, by and between The New Power Company, Inc., a Delaware corporation ("TNPC"), and PECO Energy Company, a Pennsylvania corporation and electric distribution corporation ("PECO" and collectively with TNPC, the "Parties"), constitutes an amendment to the Competitive Default Services Coordination Agreement, dated October 18, 2000, between TNPC and PECO (the "CDS Agreement").

WHEREAS, TNPC and PECO previously entered into the CDS Agreement for the provision by TNPC of retail electricity to certain non-shopping residential customers of PECO;

WHEREAS, the CDS Agreement was approved by the Commission pursuant to an Order entered on November 30, 2000;

WHEREAS, certain matters not specifically addressed in the CDS Agreement have arisen that TNPC and PECO desire to address in the form of an amendment to the CDS Agreement; and

WHEREAS, the Parties wish to modify and amend the CDS Agreement to reflect discussions between the Parties and the Commission as to the need to adjust certain dates for the performance of various obligations under the CDS Agreement as a result, among other things, of the timing of the issuance of the Commission Order approving the CDS Agreement and the desire of the Parties and the Commission to avoid mailing the requisite CDS notification to customers until after the heavy mail period resulting from the holiday season, with the objective of enhancing the focus of such customers on their selection or rejection of CDS.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending legally to be bound, agree to amend the CDS Agreement as follows:

FIRST. Defined Terms. Unless otherwise defined herein, terms defined in the CDS Agreement shall have such defined meanings when used herein.

SECOND. The third, fourth, fifth and sixth sentences of Section 1 of the CDS Agreement are hereby deleted in their entirety.

THIRD. The phrase "January 1, 2001 applicable to such CDS Customer (as may be extended as contemplated by Section 1 hereof due to any delay in the satisfaction of the condition precedent with respect to Commission approval of this Agreement subsequent to November 1, 2000, as described therein)" contained in the second sentence of Section 4 of the

CDS Agreement is hereby replaced with the phrase "March 1, 2001 applicable to such CDS Customer".

FOURTH. The phrase "Not later than 20 days after the selection of CDS Customers pursuant to Section 5 above, such CDS Customers shall be notified in writing by the CDS Provider" contained in the first sentence of Section 6 of the CDS Agreement is hereby replaced with the following: "Commencing on or after January 2, 2001, but in no event later than January 15, 2001, the CDS Provider shall notify the CDS Customers selected pursuant to Section 5 hereof in writing".

FIFTH. The phrase "January 1, 2001 (such date, i.e., January 1, 2001, is subject to extension as provided in Section 1)" contained in the first sentence of subsection (b) of Section 7 of the CDS Agreement is hereby replaced with the phrase "March 1, 2001".

SIXTH. The phrase "March 1, 2001 (such date, i.e., March 1, 2001, is subject to extension as provided in Section 1)" contained in the first sentence of subsection (c) of Section 7 of the CDS Agreement is hereby replaced with the phrase "May 1, 2001".

SEVENTH. The phrase "May 1, 2001 (such date, i.e., May 1, 2001, is subject to extension as provided in Section 1)" contained in the first sentence of subsection (d) of Section 7 of the CDS Agreement is hereby replaced with the phrase "July 1, 2001".

EIGHTH. The phrase "May 1, 2001 (such date, i.e., May 1, 2001, is subject to extension as provided in Section 1)" contained in the first sentence of subsection (e) of Section 7 of the CDS Agreement is hereby replaced with the phrase "July 1, 2001".

NINTH. The second sentence of subsection (a) of Section 18 of the CDS Agreement is hereby replaced in its entirety with the following: "The Surety Bond must be provided to the Company no later than three (3) business days prior to the commencement of the mailing of notices to CDS Customers contemplated by Section 6 hereof."

TENTH. The second sentence of subsection (b) of Section 18 of the CDS Agreement is hereby replaced in its entirety with the following: "The Escrow Account shall be funded by the CDS Provider no later than three (3) business days prior to the commencement of the mailing of notices to CDS Customers contemplated by Section 6 hereof."

ELEVENTH. Except as expressly amended and modified by this First Amendment, the CDS Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms.

TWELFTH. This First Amendment may be executed by the Parties hereto in any number of separate counterparts, all of which counterparts, taken together, shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

THE NEW POWER COMPANY, INC.

Name:

Title:

PECO ENERGY COMPANY



Name: Ellen M. Cavanaugh

Title: Vice President,
Electric Supply & Transmission

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

THE NEW POWER COMPANY, INC.

John Stinebaugh
Name: John Stinebaugh
Title: Vice President

PECO ENERGY COMPANY

Name:
Title:

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on the following in the matter of PECO Energy Company's Competitive Default Service Program Bidding.

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Nora Mead Brownell, Commissioner
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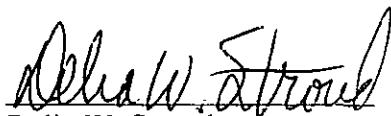
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Dated: December 13, 2000

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VIA HAND DELIVERY

December 15, 2000

DOCUMENT
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PA P.U.C.
SECRETARY'S BUREAU

James McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105

Re: PECO Energy Company Competitive Default Service Program
Bidding; PUC Docket No. A-110550 F0147

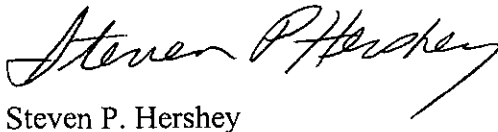
Philadelphia
Pittsburgh
Boston
Fort Lauderdale
Harrisburg
Haddonfield, NJ
Washington, D.C.

Dear Secretary McNulty:

Enclosed for filing with the Commission are an original and three copies of Green Mountain Energy Company's Petition for Reconsideration of the Commission's November 30, 2000 Order issued in this docket.

Please call the undersigned if you have any questions regarding this filing.

Sincerely,



Steven P. Hershey

SPH:cat
Enclosures

cc: Certificate of Service List (w/enc.)

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ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKETED

DEC 20 2000

In Re: PECO Energy Company Competitive)
Default Service Program Bidding)

Docket No. A-11050 F0147

**PETITION OF GREEN MOUNTAIN ENERGY COMPANY
FOR RECONSIDERATION**

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In accordance with Section 5.572 of the Commission's Rules and Regulations, 52 Pa. Code § 5.572(c), Green Mountain Energy Company ("Green Mountain" or "GME") requests that the Commission grant GME's Petition for Reconsideration and reconsider its November 29, 2000 Order (entered on November 30, 2000) approving the Competitive Default Service Coordination Agreement ("CDS Agreement") between PECO Energy Company ("PECO") and The New Power Company, Inc. ("New Power").

I. BACKGROUND

1. Pursuant to PECO's Joint Petition for Settlement For Approval Of (1) A Plan of Corporate Restructuring, Including The Creation of a Holding Company And (2) The Merger Of The Newly Formed Holding Company and Unicom Corporation at Docket Number A-110550F0147 (the "Merger Settlement") and the Commission's June 22, 2000 Opinion and Order Approving the Settlement (the "Merger Order"), the Commission established various phases for the awarding of CDS to an alternative supplier. Under Phase I, PECO issued a Request for Proposals and the Commission was to select the winning bidder by July 1, 2000.

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P.U.C.

2. On August 22, 2000, the Commission issued an order determining that the bid it had received was not the best bid for customers and directed PECO to conduct Phase II of the process.

3. Under the Commission's Merger Order, Phase II began with the August 22 order rejecting the bid. On August 24, 2000, PECO issued a second Request for Proposals. In accordance with the parameters established by the Joint Settlement, in Phase II PECO was required to negotiate in good faith with all qualifying suppliers that responded to its RFP and submit to the Commission the results of those negotiations. Merger Settlement ¶52 (b).

4. On September 12, 2000, Green Mountain filed a response to PECO's RFP offering to serve PECO's CDS customers.

5. On September 14, 2000, GME was notified by PECO that its original proposal was in conformance with the requirements of PECO's August 24, 2000 RFP. PECO acknowledges in its Joint Petition that there were other conforming proposals submitted in response to its RFP and that PECO entered into discussions with each of those three parties, one of whom was GME. See Joint Petition at 3.

6. On October 3, 2000, PECO chose to enter into a CDS contract with New Power, rejecting the conforming proposals of GME and Shell Energy Services Company (Shell).¹ That contract was filed with the Commission for approval on October 18, 2000. See Joint Petition for Approval of Competitive Default Service Coordination Agreement filed by PECO Energy Company (PECO) and The New Power Company, Inc., Docket No. A-11050 F0147 (filed Oct. 18, 2000) (the "Joint Petition").

7. On October 23, 2000, Green Mountain filed an Answer and Protest to the Joint Petition.

8. On November 3, 2000, Shell, another qualified supplier, filed an Answer to the Joint Petition.

9. On November 8, 2000, Clean Air Council filed an Answer and Protest to the Joint Petition.

10. PECO and New Power responded to the Answers filed by Green Mountain, Shell, and the Clean Air Council, disputing the factual allegations made by those parties. Green Mountain filed a reply to PECO's response.

11. On November 30, 2000, the Commission entered its Order approving the CDS Agreement between New Power and PECO. According to the Commission's November 30, 2000 Order, New Power will provide energy to approximately 300,000 PECO customers in accordance with the terms of the CDS Agreement filed on October 18, 2000.

12. In accordance with the Commission's standard for granting reconsideration set forth in Duick, et al. V. Pa. Gas and Water Co., 56 Pa. PUC 553 (1982), the Commission should reconsider its November 30, 2000 Order for the reasons set forth below.

¹ In response to PECO's action, GME promptly submitted an amended proposal, which PECO did not consider. PECO admittedly continued extensive negotiations with New Power while ceasing all discussions with GME.

II. THE COMMISSION SHOULD RECONSIDER
ITS ORDER OF NOVEMBER 30, 2000.

13. The Commission should grant GME's Petition for Reconsideration for the reasons discussed in GME's pleadings previously filed in this docket and amend its November 30, 2000 Order by requiring a hearing on the disputed facts of this proceeding.

14. The Commission erred in ruling that there were no factual issues in dispute. GME renews its allegations made in its prior filings in this case. GME urges the Commission to provide the parties with an opportunity to present the evidence necessary to prove their respective positions articulated in the pleadings already presented to this Commission.

15. By not permitting Green Mountain to support its protest in evidentiary hearings before the Commission, the November 30, 2000 Order violates Section 332(c) of the Public Utility Code.² The Order also violates Section 332(b) of the Public Utility Code ("Any oral or documentary evidence may be received...") and Section 5.243(a) of the Commission's Rules of Administrative Practice and Procedure, 52 Pa. Code § 5.243(a) (relating to presentation by participants) ("A participant ... has the right of presentation of evidence, cross-examination, objection, motion and argument."). *See also Callahan v. Pa. State Police*, 494 Pa. 461, 431 A.2d 946 (1981).

² 66 Pa.C.S. § 332(c). Section 332(c) provides:

(c) Submission of evidence. – Every party is entitled to present his case or defense by oral or documentary evidence, to submit rebuttal evidence and to conduct such cross-examination as may be required for a full and true disclosure of the facts. The commission may, by rule, adopt procedures for the submission of all or part of the evidence in written form.

The Order violates Section 504 of the Administrative Agency Law³ which requires a record of the proceedings, 2 Pa. C.S. § 504; the right to examine evidence and cross-examine witnesses, 2 Pa. C.S. § 505; and the opportunity to file briefs prior to adjudication, 2 Pa. C.S. § 506.

16. The Commission also denied Green Mountain due process by ignoring GME's amended proposal and refusing to conduct an evidentiary hearing on the disputed facts. The PUC must comply with the requirements of constitutional due process in those situations where its action is "adjudicatory in nature and involves substantial property rights." *Conestoga Nat'l Bank of Lancaster v. Patterson*, 442 Pa. 289, 296, 275 A.2d 6, 9 (1971); *Lehigh Valley Power Committee v. Pa. Public Util. Comm'n*, 128 Pa. Cmwlth. 276, 287, 563 A.2d 557, 562 (1989) ("due process of law requires that those whose interests are affected receive notice of the agency action and an opportunity to challenge that action, generally at a hearing and generally before the administrative action takes places").

Administrative actions are adjudicatory in nature when they culminate in a final determination affecting personal or property rights. *Id.* at 296, 275 A.2d at 11; *Allegheny Ludlum Steel Corp. v. Pa. Public Util. Comm'n*, 501 Pa. 71, 459 A.2d 1218 (1983). The PUC's Rules of Administrative Practice and Procedure define "adjudication" at 52 Pa. Code § 1.8(a) as: "An order, decree, decision, determination or ruling by the Commission affecting personal or property rights, privileges, immunities, duties,

³ Section 504 (relating to hearing and record), 2 Pa.C.S. § 504, provides:

No adjudication of a Commonwealth agency shall be valid as to any party unless he should have been afforded reasonable notice of a hearing and an opportunity to be heard. All testimony shall be stenographically recorded and a full and complete record shall be kept of the proceedings.

liabilities or obligations of the parties to the proceeding in which the adjudication is made.” *See also* Section 101 of the Administrative Agency Law, 2 Pa. C.S. § 101.

The Commission’s November 30, 2000 Order approving the PECO/New Power Agreement is a final order that substantially affects Green Mountain’s property rights and obligations. The Order has denied GME 300,000 customers and has granted those customers to New Power.

The Commission should grant GME’s request and amend its November 30, 2000 Order to allow for an evidentiary hearing.

CONCLUSION

17. The Commission should grant reconsideration and amend its November 30, 2000 Order by ordering an evidentiary hearing on the facts in dispute as GME alleged in its prior pleadings in this docket.

Respectfully submitted,



Eckert Seamans Cherin & Mellott

By: Steven P. Hershey

Adrian C. DiCianno

Rhoads & Sinon LLC

By: James H. Cawley

Of Counsel:
Peter Zamore
Vice President and
General Counsel
Green Mountain Energy Company

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of 52 Pa. Code §1.54:

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Terrance J. Fitzpatrick, Commissioner
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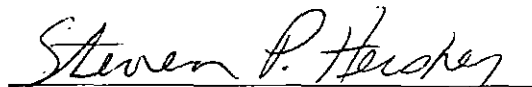
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Dated: December 15, 2000


Steven P. Hershey

DATE: December 19, 2000

SUBJECT: A-110550F0147

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TO: Law Bureau

FROM: James J. McNulty, Secretary

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Application of PECO Energy Co., Pursuant to Chapters 11, 19, 21, 22 and 28 of the Public Utility Code, for Approval of (1) a Plan of Corporate Restructuring, Including the Creation of a Holding Company; and (2) the Merger of the Newly Formed Holding Company and Unicom Corporation.

Attached is a copy of a Petition for Reconsideration Regarding Competitive Default Service Program, filed by Green Mountain Energy Company, in connection with the above docketed proceeding.

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: OTS
CEEP

laf



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December 19, 2000

Via Hand Delivery

James McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT FOLDER

RE: PECO Energy Company Competitive Default Service Program Bidding
PUC Docket No. A-110550 F0147

Dear Secretary McNulty:

Enclosed for filing with the Commission are an original and three copies of a Joint Petition for Partial Settlement and Approval of Competitive Default Service Coordination Agreement which is being filed in accordance with Paragraph 52b of PECO Energy Company's Joint Petition for Settlement of its Application for Approval of (1) a Plan of Corporate Restructuring, Including the Creation of a Holding Company and (2) the Merger of the Newly Formed Holding Company and Unicom Corporation ("Merger Settlement"). In the Petition, the Joint Petitioners request expedited Commission approval by January 11, 2001.

As proof of filing, please date stamp and return the extra copy of this cover letter in the enclosed return envelope.

Sincerely,

Delia W. Stroud

DWS/rhs
enclosures

cc: Certificate of Service

P168646

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SECRETARY'S BUREAU

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on the following in the matter of PECO Energy Company's Competitive Default Service Program Bidding.

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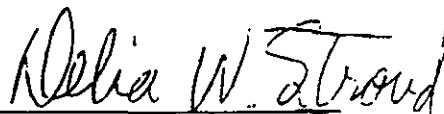
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Dated: December 19, 2000

Before the
Pennsylvania Public Utility Commission

In Re: PECO Energy Company Competitive
Default Service Program Bidding

Docket No. A-110550 F0147

DOCKETED

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**JOINT PETITION FOR PARTIAL SETTLEMENT
AND APPROVAL OF COMPETITIVE
DEFAULT SERVICE COORDINATION AGREEMENT**

In accordance with Paragraph 52b of PECO Energy Company's ("PECO" or the "Company") Joint Petition for Settlement of its Application for Approval of (1) a Plan of Corporate Restructuring, Including the Creation of a Holding Company and (2) the Merger of the Newly Formed Holding Company and Unicom Corporation ("Merger Settlement"), PECO and Green Mountain Energy Company ("Green Mountain" or "GME") (together referred to as the Joint Petitioners) submit for Commission approval their Competitive Default Service ("CDS") Coordination Agreement ("CDS Agreement"). Pursuant to the CDS Agreement, Green Mountain will provide CDS to a portion of the Company's residential electric customers.

The CDS customers to be served by Green Mountain will be selected by random sample and the terms of service, including the opt-out option, will be identical to those previously approved by this Commission by Order entered on November 30, 2000 in the CDS Agreement between PECO and The New Power Company ("New Power"), with the following minor differences: (1) service will begin with the first meter reading following April 1, 2001; (2) there will be no further assignment of CDS customers during the term of this CDS Agreement; and (3) the amount of the additional security required

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JAMES
M. HANCOCK

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under Section 18b will be adjusted proportionately to the number of customers assigned. By this Agreement presented today, the Commission will be able to extend the price advantages of CDS to an additional 50,000 customers and further stimulate the development of the competitive market in Pennsylvania. The Joint Petitioners respectfully request that by January 11, 2001, the Commission approve the instant Petition for the reasons set forth herein.

In support of their Petition, the Joint Petitioners submit the following:

1. Paragraph 38 of the Company's Joint Petition for Full Settlement of PECO Energy's Restructuring Plan ("Restructuring Settlement"), which settlement the Commission approved May 14, 1998, required that twenty percent (20%) of all PECO's residential customers, determined by random selection, be assigned to a provider of last resort default supplier other than PECO ("CDS Provider"). The CDS Provider was to be selected by the Commission on the basis of a Commission-approved energy and capacity market price bidding process. As established by that paragraph, CDS included all customer care functions.

2. On June 22, 2000 the Commission approved PECO's Merger Settlement. Paragraph 52 of that settlement revised the CDS bidding process by requiring that the Company issue a Request For Proposal ("RFP") for electric generation and capacity only, excluding customer care functions. Under Paragraph 52a the Commission was to select a winning bidder by July 1, 2000. The Commission's April 29, 1999 Order establishing the rules for PECO's CDS provided that CDS would be awarded to the qualified bidder with the lowest price.

3. Under Paragraph 52b of the Merger Settlement, in the event no winning bidder was selected under the RFP process described above, the Company agreed to engage in good faith negotiations with a qualified supplier to enter into a bilateral CDS agreement for provision of electric generation supply and capacity to the percentage of PECO's residential customers included in the CDS bid process.

4. The Merger Settlement further required that the CDS Agreement: (1) include a schedule for implementation; (2) not require CDS Customers to pay generation rates in excess of the otherwise applicable shopping credits; and (3) not impose additional costs to PECO as compared to costs PECO would have incurred if the CDS load had been awarded in accordance with the terms of the Restructuring Settlement.

5. On April 6, 2000, the Company issued an RFP for electric generation supply and capacity only.

6. On August 22, 2000 the Commission issued a Secretarial letter stating that the bid it received in response to the April 6, 2000 RFP was non-conforming and directing PECO to proceed with the bilateral CDS negotiations.

7. On August 24, 2000, the Company issued an RFP containing the Company's rules for bilateral CDS agreements. That RFP established the deadline of September 8, 2000 for submission of CDS bids.

8. By that deadline, three bidders submitted generally conforming bids, each to supply the entire CDS load.

9. PECO then entered into separate discussions with each of those three bidders.

10. PECO selected New Power as a CDS Provider and New Power and PECO together filed a Joint Petition for Approval of the CDS Agreement on October 18, 2000.

11. On October 23, 2000, Green Mountain filed an Answer and Protest to the Joint Petition, to which PECO responded on October 27, 2000.

12. By Order entered November 30, 2000, the Commission approved, without modification, the PECO/New Power CDS Agreement and dismissed the Protest filed by Green Mountain.

13. On December 15, 2000, Green Mountain filed a Petition for Reconsideration of the Commission's November 30, 2000 Order.

14. In the interim, PECO and Green Mountain have negotiated the CDS Agreement that is the subject of this Petition.

15. Upon Commission approval of this Agreement, and the expiration of any period for appeal of that approval, Green Mountain will promptly withdraw its Petition for Reconsideration of the November 30, 2000 Order, and will waive all other rights it has to challenge the Commission's approval of the PECO/New Power CDS Agreement.

16. The CDS Agreement between Green Mountain and PECO has similar terms and conditions governing the obligations between PECO and Green Mountain and identical terms for customers as the New Power/PECO CDS Agreement approved by the Commission. The Green Mountain/PECO CDS Agreement is attached hereto as Appendix A.

II. CDS Agreement with Green Mountain

17. The Joint Petitioners' CDS Agreement complies with the requirements set forth in the Company's Restructuring Settlement as modified by its Merger Settlement. Under the CDS Agreement, Green Mountain will offer Rate R CDS customers a discount of 2.02% off of PECO's shopping credit and Rate RH CDS customers a discount of 1.02%.

18. The CDS Agreement has the following additional major components:

- Green Mountain will provide no less than two percent (2%) of its offered energy supply for CDS from renewable sources as required by Paragraph 38b of the Restructuring Settlement.
- Green Mountain will provide electric generation supply to CDS Customers at the prices described in Paragraph 11 above, from the period commencing on the first meter reading date occurring after April 1, 2001 through the last meter reading date occurring prior to February 1, 2004. ("CDS Term")
- The Company will assign to CDS 50,000 residential customers. The customers assigned to CDS will be randomly selected from non-shopping residential customers, meaning those who have not chosen an alternate electric generation supplier ("EGS"). Customers so assigned to CDS shall have the right to opt out of participating in CDS and, at any time during the CDS Term, may also return to PECO or switch to another EGS without penalty or charge.
- There will be no further assignment of CDS customers to Green Mountain during the term of the CDS Agreement.

- PECO will provide consolidated billing for all CDS Customers.

19. In accordance with the Merger Settlement, the CDS Agreement establishes an implementation schedule designed to transfer all CDS Customers as of the respective customer's April, 2001 meter reading date. The CDS implementation schedule as proposed is dependent upon expedited Commission approval by January 11, 2001. Such expedited approval complies with Paragraph 52c of the Merger Settlement and is required to enable the Joint Petitioners to complete random selection, and customer notification and education in time for initiation of CDS as of the respective customer's April, 2001 meter reading date.

20. Furthermore, the Joint Petitioners seek confirmation from the Commission that: (1) Green Mountain, by reason of the exercise of its rights and performance of its obligations as a CDS Provider shall not be considered a "public utility" within the meanings of 66 Pa. C.S.A. § 102, but rather shall be subject to those rules and regulations applicable to an EGS within the meanings of 66 Pa. C.S.A. § 2803, as modified by the CDS Agreement; and (2) that the proposed operational procedures contained in Exhibit A to the CDS Agreement are consistent with those provisions of the competitive safeguards and/or code of conduct set forth in 52 Pa. Code § 54.122.

21. The CDS Agreement is contingent upon approval by the Commission without modification. If the Commission rejects the CDS Agreement, the Agreement automatically will terminate and be null and void. If the Commission, in approving the CDS Agreement, should modify any terms or conditions or add any conditions, either Joint Petitioner may elect to withdraw from the Agreement by filing a notice thereof with the Commission and other Joint Petitioner by facsimile or overnight delivery served

within five business days of entry of the Commission order. Upon the Commission's issuance of a final order approving the Petition and the CDS Agreement without modification, the CDS Agreement shall be implemented and enforceable notwithstanding the pendency of a petition for reconsideration or a legal challenge to the Commission's approval of this Petition and the CDS Agreement unless such implementation and enforcement of the CDS Agreement is stayed or enjoined by the Commission, another regulatory agency, or a court having competent jurisdiction over the matter.

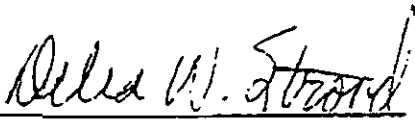
22. Upon Commission approval of this Agreement and the expiration of any period for appeal of that approval, Green Mountain will promptly withdraw any pending challenge to the Commission's approval of the PECO/New Power Agreement and will waive its rights to subsequent challenges to that approval.

III. Conclusion

Wherefore, the Joint Petitioners, intending to be legally bound, respectfully request that the Commission:

- (1) approve by January 11, 2001 the Joint Petition without modification, including all terms and conditions contained herein, and
- (2) approve, without modification, the CDS Agreement attached hereto as Appendix A.

Respectfully submitted:



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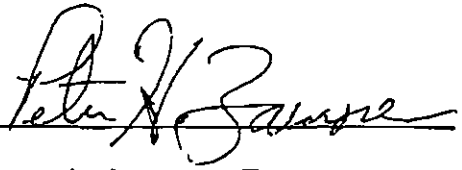
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December 19, 2000

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December 19, 2000

COMPETITIVE DEFAULT SERVICES COORDINATION AGREEMENT

This Competitive Default Services Coordination Agreement (this "Agreement"), dated December 19, 2000, is entered into by and between PECO Energy Company, a Pennsylvania corporation and electric distribution company (the "Company"), and Green Mountain Energy Company, a Delaware corporation (the "CDS Provider"). (Each individually referred to as a "Party" and collectively as the "Parties"). All terms used in this Agreement that are not otherwise defined herein shall have the meaning provided in the Electric Generation Supplier Coordination Tariff of PECO Energy Company (the "Supplier Tariff").

Background: WHEREAS,

- A. The Company acts as the default provider of last resort for electric customers in its service territory;
- B. On August 24, 2000, the Company issued a Request for Proposal for Bilateral Agreements for Competitive Default Service ("CDS"), issued pursuant to the Company's Joint Petition for Settlement of its Electric Restructuring Case, dated April 29, 1998, as modified by its Joint Petition for Settlement of A Plan of Corporate Restructuring and Merger, dated March 23, 2000;
- C. CDS Provider submitted to the Company a bid to provide CDS to the CDS Customers (as defined in Section 5 below);
- D. On October 18, 2000, however, the Company and The New Power Company, Inc. ("New Power") filed a Joint Petition with the Pennsylvania Public Utility

Commission ("PUC") for approval of a Competitive Default Services Coordination Agreement, pursuant to which New Power would provide CDS to some of the Company's residential customers.

- E. On October 23, 2000, Green Mountain filed an Answer and Protest to the Joint Petition.
- F. By order entered on November 30, 2000, the Commission approved PECO/New Power's Joint Petition and dismissed Green Mountain's Protest.
- G. In consideration of PECO's assignment of 50,000 customers to Green Mountain under the CDS Program, Green Mountain has agreed to waive its right to file a Petition for Reconsideration with the PUC and/or appeal to the Commonwealth Court, and to settle any and all claims regarding the CDS Proceeding, PUC Docket No. A-110550F0147.
- H. The Parties wish to set forth herein the terms and conditions pursuant to which CDS Provider shall provide CDS.
- I. NOW, THEREFORE, in consideration of the mutual covenants, representations and agreements hereinafter set forth, the Parties, intending to be legally bound, hereby agree as follows:
 - 1. The Parties acknowledge that the approval of this Agreement without modification by the Pennsylvania Public Utility Commission (the "Commission") is a condition precedent to the Parties' respective obligations hereunder, and the Parties shall cooperate in good faith to promptly secure such approval. Such approval also shall include a confirmation by the Commission that: (i) the 50,000

residential customers assigned to CDS in accordance with the provisions of Section 5 of this Agreement shall be included in calculating the required thirty-five percent (35%) market share threshold as set forth in Paragraph 39 of the Company's April 29, 1998 Restructuring Settlement; (ii) the CDS Provider shall not, by reason of the exercise of its rights and the performance of its obligations under this Agreement, be considered a "public utility" within the meaning of 66 Pa. C.S.A. §102, but rather shall be subject to those rules and regulations applicable to an "Electric Generation Supplier" and "electric supplier" within the meaning of 66 Pa. C.S.A. §2803, as may be modified by this Agreement; and (iii) the proposed operational procedures for the CDS Provider set forth in Exhibit A hereto are consistent with those provisions of the competitive safeguards and/or code of conduct set forth in 52 Pa. Code § 54.122. In the event that the Commission has not rendered such approval on or before January 11, 2001, but subsequently does issue such approval, (i) the date for commencement of the CDS Term, as specified in Section 4 hereof, (ii) the date provided herein under Section 6 by which CDS Customers must be notified of their selection for CDS, and (iii) the dates specified in Section 7 with respect to a failure by the CDS Provider to enroll certain CDS Customers, shall each be extended on a day-for-day basis until such Commission approval is received. Notwithstanding the foregoing, in the event that the Commission has not so approved this Agreement on or before February 8, 2001, the CDS Provider shall have the right, exercisable within 20 business days of such date upon the furnishing of written notice to the Company, to terminate this Agreement. Furthermore, if the Commission rejects this

Agreement, this Agreement shall be deemed to automatically terminate. In either of such cases, such termination shall be without liability of either Party to the other, provided that the failure to achieve such Commission approval or the rejection by the Commission, as the case may be, shall not be the result of a breach by either Party of a covenant or other obligation of it under this Agreement.

2. Throughout the CDS Term (as defined below), on behalf of the CDS Provider, the Company agrees to perform those customer care functions listed on Exhibit B hereto, as well as any additional customer care functions the Commission may require the Company to provide for or on account of the CDS Customers.
3. Throughout the CDS Term, the CDS Provider agrees to perform those customer care functions listed on Exhibit B hereto, as well as any additional customer care functions the Commission may require the CDS Provider to provide for the CDS Customers.
4. Throughout the CDS Term, the CDS Provider shall provide electric generation supply to CDS Customers at the prices identified in Exhibit C attached hereto ("CDS Prices"). The "CDS Term" means, with respect to each CDS Customer, the period commencing on the first meter reading date occurring after April 1, 2001 applicable to such CDS Customer (as may be extended as contemplated by Section 1 hereof due to any delay in the satisfaction of the condition precedent with respect to Commission approval of this Agreement subsequent to January 11, 2001, as described therein) and continuing through the last meter reading date

occurring prior to February 1, 2004 applicable to such CDS Customer. Any delay in the commencement of the CDS Term shall not result in an extension of the scheduled expiration date of such term.

5. Not later than January 5, 2001, the Company shall cause 50,000 residential customers (rate classes R, RH, OP and CAP) who are then receiving generation supply service from the Company (i.e., non-shopping customers) to be selected for assignment to the CDS Provider ("CDS Customers"). CDS Customers shall be drawn exclusively from a list provided in advance to the CDS Provider, which list shall be prepared by the Company and certified by it to be accurate and complete, of all of the Company's non-shopping residential customers, pursuant to a random selection process employed by a neutral, independent third party who has expertise in the use of established statistical procedures for random selection (the "Statistical Expert"). The Parties intend that the use of such selection process is designed to result in a selection of customers that is generally proportionate among rate classes, load sizes and other similar customer characteristics when compared to the Company's existing pool of non-shopping residential customers, provided that the Parties acknowledge that there is no guarantee that the actual results of such random selection process will achieve such a result. Prior to the commencement of the selection process, the Company agrees to provide the CDS Provider with the same information as is provided to the Statistical Expert. Representative(s) of the CDS Provider shall be entitled to review with the Statistical Expert the methodology and procedure he or she shall use to perform the random selection process prior to such selection and to observe the

implementation of the selection process by the Statistical Expert. Not later than 1 business day following the selection by the Statistical Expert, the Company shall provide to the CDS Provider a comprehensive list, certified by the Company to be accurate and complete, showing the detailed account information (including account number and rate class) for all 50,000 accounts that were selected by the Statistical Expert. The CDS Provider shall have 5 business days from the receipt of the list described in the foregoing sentence to verify the accuracy of the records of the Company and the Statistical Expert with respect to the implementation of such selection process. Such 5 business day verification period shall not extend the dates set forth in Section 6 below with respect to mailing notices to the CDS Customers unless such verification process results in the need for the reselection of such customers due to an error in the selection process.

6. Not later than 30 days after the selection of CDS Customers pursuant to Section 5 above, such CDS Customers shall be notified in writing by the CDS Provider of their selection for CDS, provided that the CDS Provider shall stagger the mailing of such notices over a period of approximately 5 business days with the objective of attempting to stagger the number of calls the Company and/or the CDS Provider may receive with respect to such notices. The notice shall include: (1) the CDS Terms and Conditions (defined below) and (2) a card with a negative check-off box that enables the customers assigned to CDS to opt out of CDS by so indicating on the card and returning to the CDS Provider within 14 days from the date of the last mailing of such notices. Not later than 5 business days after the expiration of the opt out period described in the preceding sentence, the CDS

Provider shall submit to the Company a flat file consisting of all account numbers for assigned customers who have chosen to opt out of CDS. The "CDS Terms and Conditions" shall be prepared by the Company in such a manner as to educate CDS Customers about CDS. Not later than 5 days after the selection of CDS Customers pursuant to Section 5 above, (i) the CDS Provider shall provide the Company with a draft of its proposed notice and (ii) the Company shall provide the CDS Provider with a copy of its proposed CDS Terms and Conditions. Each Party shall have 3 days to review and approve such items, provided that such approvals shall not be unreasonably withheld.

7.

- (a) The Parties shall diligently pursue all of the actions required of them to enable the Parties to satisfy the timelines set forth in this Agreement. In the event the CDS Provider encounters logistical difficulties or events beyond its control with respect to enrolling CDS Customers within the time period contemplated by this Agreement, the Parties agree to work cooperatively to resolve any such difficulties as soon as reasonably possible and, to the extent applicable, take such actions as provided in this Section 7. The CDS Provider at all times shall not give preference to any group or groups of customers or rate classes in effecting the enrollment of CDS Customers.
- (b) If notwithstanding each Party's diligent efforts to enroll all the CDS Customers effective as of the respective customers' first meter reading

date on or after April 1, 2001 (such date, i.e., April 1, 2001, is subject to extension as provided in Section 1), a CDS Customer's enrollment is delayed beyond such meter reading date, and such delay in enrollment is not the result of a legal impediment preventing or prohibiting the commencement of enrollment for CDS Customers (as further described in Section 8 below) or other event beyond the control of the CDS Provider, then the CDS Provider shall, as soon as reasonably possible once such CDS Customer is enrolled in CDS, credit (in its CDS charges) any CDS Customer whose enrollment in CDS has been so delayed for the amount of lost savings such customer would otherwise have realized as a result of this Agreement if such customer had been timely enrolled in CDS; provided however, that if such delay in enrollment is a result of the Company's failure to comply with the terms of this Agreement or the Supplier Tariff, the Company, and not the CDS Provider, shall be required to credit any such CDS Customers with such lost savings. Any payments or credits to a CDS Customer pursuant to this Section 7(b) shall terminate as of the earlier of (i) the date such CDS Customer is enrolled in CDS or (ii) the date as of which such CDS Customer receives a payment from the CDS Provider reflecting such customer's projected lost savings pursuant to Section 7(d) below.

- (c) If a delay in the enrollment of a CDS Customer which is not the result of a failure on the part of the Company results in such customer not being enrolled for CDS effective as of such customer's first meter reading date

on or after June 1, 2001 (such date, i.e., June 1, 2001, is subject to extension as provided in Section 1), such delay in enrollment shall not be considered a default under this Agreement so long as the CDS Provider shall pay to the Company, with respect to each such CDS Customer, as liquidated damages and not as a penalty, 50 cents per day per customer for each day after such meter reading date that such customer remains on Default PLR Service (as defined below). The CDS Provider shall pay any amounts due pursuant to this Section 7(c) to the Company within 20 days after the end of the month in which such amounts become due.

- (d) If a delay in the enrollment of a CDS Customer which is not the result of a failure on the part of the Company results in such customer not being enrolled for CDS effective as of the customer's first meter reading date on or after August 1, 2001 (such date, i.e., August 1, 2001, is subject to extension as provided in Section 1): (A) the CDS Provider shall pay to each such CDS Customer that is not yet enrolled in CDS, as liquidated damages and not as a penalty, the projected lost savings such CDS Customer would have realized as a result of this Agreement over the entire CDS Term (less any amount of lost savings previously received by such customer in accordance with Section 7(b) above), such amount to be determined based on average kWh levels, the Company's then applicable shopping credit and the savings percentage reflected on Exhibit C for the applicable rate class of the affected CDS Customer; and (B) any such customers shall no longer be considered CDS Customers for purposes of

this Agreement and such customers shall remain on the Company's Default PLR Service.

- (e) In the event that as of the first meter reading date after August 1, 2001 (such date, i.e., August 1, 2001, is subject to extension as provided in Section 1) less than 85% of the CDS Customers (adjusted to reflect any customers that have notified the Company or the CDS Provider of their desire to switch to an EGS or to return to Default PLR Service) have been enrolled in CDS, the CDS Provider shall be deemed to be in default and the Company shall have the right to be reimbursed for its actual, direct damages resulting from the delay in switching over such customers and shall be entitled to draw upon the Surety Bond as contemplated pursuant to Section 18(a), and in such event, the CDS Provider shall no longer owe the Company the liquidated damages specified pursuant to Section 7(c) above.
 - (f) The Company shall periodically report to the Commission on the status of the enrollment by the CDS Provider of the CDS Customers. Such reports shall be furnished by the Company to the CDS Provider for its review and consultation prior to submission to the Commission.
8. If, notwithstanding each Party's diligent efforts to effect the implementation of this Agreement, the commencement of the enrollment of CDS Customers has been prevented or prohibited as of the last meter reading date prior to June 1, 2001 (other than as a result of a breach by a Party of its obligations under this

Agreement), as a result of a preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by any governmental, regulatory or administrative agency or commission, or any law or executive order promulgated or enacted by any governmental authority, or by any failure to act by the PUC, then such Party shall have the right, exercisable within 10 business days of such date upon the furnishing of written notice to the other Party, to terminate this Agreement. In such case, such termination shall be without liability of either Party to the other and the CDS Provider shall be entitled in such event, if the Surety Bond as defined in Section 18(a) shall have been furnished and/or the Escrow Account, Letter of Credit or Guaranty, as applicable and as defined in Section 18(b), funded and/or posted, to terminate the Surety Bond and to the return of all collateral in the Escrow Account, or cancellation of the Letter of Credit or Guaranty, as applicable.

9. The CDS Provider shall provide CDS during the CDS Term to each CDS Customer until the earlier of: (1) the date any such CDS Customer switches to another EGS, including any affiliated or divisional EGS of the CDS Provider, or returns to default provider of last resort service ("Default PLR Service") provided by the Company; (2) the date on which the account with respect to such CDS Customer becomes inactive; or (3) the end of the CDS Term with respect to such CDS Customer.
10. Throughout the CDS Term, any CDS Customer shall be entitled to switch to another EGS or return to Default PLR Service at any time without penalty or

- charge. Once such customer makes such a switch, such customer cannot return to CDS. Upon the expiration of the CDS Term, the Parties agree to cooperate in good faith to ensure a reasonably smooth transition of CDS Customers to any new provider of CDS, any EGS or back to Default PLR Service, as the case may be.
11. The procedures for data exchanges between the Company and the CDS Provider shall be as provided in the Supplier Tariff and as generally described in Exhibit D attached hereto.
 12. Until this Agreement is approved by the Commission in the manner set forth herein and thereafter until any applicable appeals or other proceedings challenging such order have been resolved, CDS Provider shall take no action that directly or indirectly challenges the Commission's November 30, 2000 order, other than such filings as are reasonably necessary to preserve CDS Provider's right to challenge such order in the event this Agreement is not approved by the Commission. Upon the resolution of any such appeals or challenges, or upon the expiration of the period for appeal of such order if no such appeal or challenge is filed, CDS Provider agrees to permanently waive any challenge it may have to the November 30, 2000 order and to withdraw any filings it may have previously made challenging such order.
 13. The CDS Provider shall separately account in its books and records for the CDS Customers vis-a-vis any other customers the CDS Provider may be serving as an EGS. CDS Customers shall have different Dun's numbers (Dun's+4) from those used by the CDS Provider for its other customers. The CDS Provider shall

separately schedule its load requirements with the Company and shall use different mailboxes on the SUCCESS website with respect to CDS Customers vis-a-vis any other customers the CDS Provider may be serving as an EGS.

14. The Company shall provide Consolidated EDC Billing with respect to all CDS Customers and the CDS Provider shall submit its customer charges to the Company in accordance with the Competitive Billing Specifications Rider to the Supplier Tariff. The Company shall use the same procedures and apply the same standard of care with regard to billing services and customer care for the CDS Provider as it does for any EGS that has elected Consolidated EDC Billing. The CDS Provider shall not be entitled to any credits as may be contemplated by Appendix J of the Company's April 29, 1998 Restructuring Settlement. Notwithstanding the provisions of Sections 11 and 15 of the Competitive Billing Specifications Rider, delinquent CDS Customers shall not be converted to separate EDC/EGS Billing, nor will the collection policies provided therein apply. Regardless of any such customer delinquency or the length thereof, the Company shall continue to pay the CDS Provider the amounts due to it in respect of the supply of generation service to such customer. Relevant provisions of the Supplier Tariff and this Agreement shall remain in effect following the end of the CDS Term in order to facilitate final billing and collection of amounts due under this Agreement.
15. Pursuant to Chapter 56 regulations, only the Company shall be entitled to terminate service to CDS Customers for failure to pay CDS charges.

Furthermore, Rule 14 of the Supplier Tariff shall not apply with respect to CDS Customers. The CDS Provider may not discontinue service to CDS Customers and the Company will not give effect to any drop transaction submitted by the CDS Provider.

16. Notwithstanding any language in Rule 19.5 of the Supplier Tariff to the contrary, the CDS Provider shall not have the right to terminate service hereunder because of a change in applicable rules, regulations, tariffs or orders.
17. Consistent with Paragraph 38b of the Company's April 29, 1998 Restructuring Settlement, during the first year of the CDS Term not less than two percent (2%) of the energy provided by the CDS Provider to supply CDS Customers shall be generated from renewable resources (including solar, wind, sustainable biomass (including landfill gas but excluding incineration of municipal solid waste) geothermal or ocean power), and during each successive year of the CDS Term such percentage shall be increased by one-half percent (0.5%); provided, that the CDS Provider shall be entitled to petition the Commission for relief from the provisions of this Section 17 in the event that the CDS Provider can establish that the cost of providing power from such renewable resources increases the cost of the total quantity of energy supplied for CDS by more than two percent (2%).
18. Grant of Security Interest; Remedies.
Sections 12.4, 12.5, 12.6 and 12.7 of the Supplier Tariff shall not apply to this Agreement and, instead, are replaced in their entirety with the following:

(a) The CDS Provider grants to the Company a surety bond in the amount of two and a half million dollars (\$2.5 million) (the "Surety Bond") in a form reasonably satisfactory to the Company to secure its payments, charges, costs, expenses and liabilities resulting from, or in any way related to, the CDS Provider's failure to perform its obligations hereunder. The Surety Bond must be provided to the Company no later than 10 business days after the satisfaction of the condition precedent set forth in Section 1 with respect to the approval by the Commission of this Agreement. Upon, or at any time after, the occurrence of a Default (other than a Material CDS Provider Default as defined below) by the CDS Provider under this Agreement, the Company shall be entitled to draw on the Surety Bond to the extent necessary to pay or reimburse the Company for any actual damages or losses reasonably documented by the Company and suffered by it as a result of such Default by the CDS Provider. In the event of a Material CDS Provider Default by the CDS Provider, the Company may elect to effect an early termination of this Agreement and in such case it shall be entitled to draw on the full amount of the Surety Bond or any remaining portion thereof as liquidated damages pursuant to and in accordance with Section 18(b)(i).

(b) To further secure the Company in the event of a Material CDS Provider Default, the CDS Provider agrees to fund an escrow account in the amount of eight million three hundred thirty three thousand (\$8.33 million), as may be adjusted on an annual basis pursuant to the adjustment mechanism

specified in Exhibit E hereto (the "Escrow Account"). The Escrow Account shall be funded by the CDS Provider no later than 10 business days after the satisfaction of the condition precedent set forth in Section 1 with respect to the approval by the Commission of this Agreement. The escrow agent shall pay interest or other earnings accruing on the Escrow Account to the CDS Provider at least quarterly. The Parties shall agree on the form of the escrow agreement for the Escrow Account within 7 business days of the date of this Agreement. Upon the request of the CDS Provider at any time during the CDS Term, the Company shall permit the CDS Provider to substitute as security for the Escrow Account a letter of credit issued by a commercial bank or other independent financial institution having a rating of at least A- by Standard and Poor's or A3 by Moody's (the "Letter of Credit") or a corporate guaranty from a party having a credit rating for its senior unsecured debt of at least BBB by Standard and Poor's or Fitch's or Baa2 by Moody's (the "Guaranty"), in either case for a term corresponding to the remaining period of the CDS Term, in an amount equal to the amount of the Escrow Account at the time of substitution (and subject to the annual adjustment required by Exhibit E) and containing other material terms and conditions that shall be reasonably acceptable to the Company, provided that the Escrow Account shall be maintained and shall remain in effect until such time as any substitution therefor takes effect.

(i) Upon the occurrence of a Material CDS Provider Default by the CDS Provider, the Company may elect, to the extent such Material CDS Provider Default shall be continuing and upon 5 days written notice to the CDS Provider, to effect an early termination of this Agreement. In such case, the Company shall be entitled to draw, as liquidated damages and not as a penalty, on the outstanding balance at such time of the Escrow Account (or, if applicable, the Letter of Credit or the Guaranty) and the Surety Bond, free from any claim or right of any nature whatsoever of the CDS Provider. Such damages shall constitute the Company's sole and exclusive remedy with respect to such Material CDS Provider Default and no other remedy shall be available to the Company pursuant to Rule 16.4 of the Supplier Tariff or otherwise. A "Material CDS Provider Default" means any of the following events shall have occurred and be continuing with respect to the CDS Provider:

(1) a Default pursuant to Rule 16.2(b), 16.2(c), 16.2(d) or 16.2(e) of the Supplier Tariff;

(2) withdrawal by the CDS Provider under the circumstances described in Section 20 below (other than a withdrawal resulting from a material breach by the Company of its obligations under the Supplier Tariff or this Agreement);

(3) failure by the CDS Provider to contribute additional funds to the Escrow Account, or otherwise post the requisite additional collateral in favor of the Company, if and to the extent required pursuant to the adjustment mechanism set forth on Exhibit E (except to the extent the amount of such additional funds is the subject of a good-faith dispute between the Parties), subject to the notice and cure provisions of Rule 16.3 of the Supplier Tariff; or

(4) the unexcused and repeated failure of the CDS Provider to comply with the material terms of this Agreement or the Supplier Tariff (including Defaults pursuant to Rule 16.2(a) of the Supplier Tariff, except those resulting from events or circumstances that are not within the control of the CDS Provider, such as a change in law or regulation that renders the CDS Provider ineligible to perform its obligations under this Agreement (other than a change in law or regulation that is petitioned for or actively sought by the CDS Provider with the objective of reducing or eliminating its obligations hereunder)) and that has a material adverse effect on the Company; provided that the Company shall provide written notice of such failure to the CDS Provider and the CDS Provider, in addition to any cure period provided in Rule 16.3 of the Supplier Tariff, shall have 10 days to cure any such failure.

- (c) THE PARTIES ACKNOWLEDGE THAT DAMAGES WITH RESPECT TO A MATERIAL CDS PROVIDER DEFAULT HEREUNDER ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION 18 CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS SUFFERED BY THE COMPANY AS A RESULT OF A MATERIAL CDS PROVIDER DEFAULT AND SUCH DAMAGES SHALL CONSTITUTE THE COMPANY'S SOLE AND EXCLUSIVE REMEDY THEREFOR.
- (d) Notwithstanding the foregoing Section 18(b), upon the occurrence of a Default that does not qualify as a Material CDS Provider Default, the Company's sole and exclusive remedy shall be as contemplated by Rule 16.4 of the Supplier Tariff, including the right to draw on the Surety Bond pursuant to, and to the extent permitted under, Section 18(a).
- (e) If requested by the Company, the CDS Provider shall deliver to the Company: (1) within 120 days following the end of each fiscal year, a copy of the CDS Provider's annual report containing audited consolidated financial statements for such fiscal year; and (2) within sixty (60) days after the end of each of its first three fiscal quarters each fiscal year, a copy of the CDS Provider's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the

statement shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to delay in preparation or certification, such delay shall not be considered a breach of this obligation by the CDS Provider so long as the CDS Provider diligently pursues the preparation, certification and delivery of the statements.

19. To the extent either Party is prevented by Force Majeure (as defined below) from carrying out, in whole or in part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details of such Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused for the duration of such Force Majeure from the performance of its obligations hereunder to the extent such performance is prevented thereby. Notwithstanding the foregoing, a Party's obligation to make payments of amounts due hereunder shall not be suspended or excused by reason of Force Majeure. "Force Majeure" means an event or circumstance which prevents a Party from performing its obligations under this Agreement, which event or circumstance was not anticipated, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence the Claiming Party is unable to overcome or avoid. As to the CDS Provider, Force Majeure shall include any interruption, loss or deterioration of electric distribution services of the Company and/or the PJM Independent System Operator, and/or their electric lines, equipment, or systems. Force Majeure shall not include: (1)

the CDS Provider's inability to economically procure electric generation supply; (2) the loss or failure of the CDS Provider's electric generation supply; or (3) the CDS Provider's ability to sell electric generation supply at a price greater than the CDS Prices.

20. Rule 13.3 of the Supplier Tariff is replaced in its entirety with the following provision: Except if such withdrawal is the result of a material breach by the Company of its obligations under the Supplier Tariff or this Agreement, the CDS Provider shall provide the Company with at least 90 days' notice of any withdrawal and the CDS Provider's withdrawal from providing CDS shall constitute a Material CDS Provider Default of its obligations under this Agreement, as set forth in Section 18 hereof. Upon any such withdrawal, the Company shall be entitled to draw upon the Surety Bond and Escrow Account (or Letter of Credit or Guaranty, as the case may be) in accordance with the provisions of Section 18 of this Agreement.

21. Rule 16.2 of the Supplier Tariff shall be deemed to be amended for purposes of this Agreement by adding the following to the list of material breaches by the CDS Provider: (f) CDS Provider's failure to post or maintain the required Surety Bond or fund or maintain the Escrow Account (or maintain the Letter of Credit or Guaranty, as the case may be) in accordance with Section 18 hereof. Without modifying Rule 16.2(d) and 16.2(e) of the Supplier Tariff with respect to their application to the CDS Provider, Rule 16.2 also shall be deemed to be amended for purposes of this Agreement by adding two situations (enumerated as

subsections (g) and (h)) where the Company will be considered to have been in material breach by substituting "Company" in each place where the term "EGS" appears in Rule 16.2(d) and (e). Rule 16.2 is further deemed to be amended by adding the following situation (enumerated as subsection (i)): (i) the failure of either the Company or the CDS Provider to pay when due any undisputed amounts owing to the other Party under the Supplier Tariff or this Agreement.

22. In the event of the termination of this Agreement by the CDS Provider following a Default by the Company, or as otherwise provided in Section 8 of this Agreement, the CDS Provider shall be entitled, if the Surety Bond shall have been furnished and/or the Escrow Account funded (or the Letter of Credit or Guaranty furnished, as the case may be), to terminate the Surety Bond and to the return of all collateral in the Escrow Account (or the release and extinguishment the Letter of Credit or the Guaranty, as the case may be), in each case without delay.

23. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT, THE SUPPLIER TARIFF OR OTHERWISE TO THE CONTRARY, NEITHER PARTY (NOR ANY OF ITS RESPECTIVE DIRECTORS, OFFICERS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS OR EMPLOYEES) SHALL BE LIABLE TO EACH OTHER OR TO ANY OTHER PARTY FOR ANY INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS OR REVENUE) IN CONNECTION WITH OR WITH RESPECT TO THIS AGREEMENT, THE SUPPLIER TARIFF OR

OTHERWISE; PROVIDED THAT, EXCEPT AS PROVIDED IN SECTION 7 WITH RESPECT TO DELAYS IN THE ENROLLMENT OF CDS CUSTOMERS AND IN SECTION 18(b) WITH RESPECT TO A MATERIAL CDS PROVIDER DEFAULT, A PARTY SHALL NOT BE LIMITED FROM SEEKING ACTUAL, DIRECT DAMAGES TO WHICH THEY MAY BE ENTITLED.

24. Each Party hereto agrees to use reasonable good faith efforts to mitigate any damages it may suffer as a result of a Default by the other Party.
25. In addition to the provisions of Rule 19.4 of the Supplier Tariff, the CDS Provider may assign its interest in this Agreement to a wholly-owned affiliate upon 30 days' prior written notice to the Company; provided that the Company is reasonably satisfied that the various security obligations provided by Section 18 hereof remain in place or adequate substitutions are made therefor to the reasonable satisfaction of the Company and such assignment does not materially adversely affect the Company's operations or its ability to perform, or the cost of performing, its obligations under this Agreement; and provided further, that the CDS Provider shall provide, at its sole cost and expense, any notification to CDS Customers of such assignment as may be required.
26. Representations, Warranties and Covenants.
 - (a) The CDS Provider hereby represents, warrants and covenants as follows:

- (i) the CDS Provider is in compliance, and will continue to comply, with all applicable obligations, requirements, rules and regulations, as established by the Supplier Tariff and the Company's Electric Service Tariff (in this latter case, to the extent such tariff is referenced in the Supplier Tariff) that are applicable to the CDS Provider as a result of serving customers located in the Company's service territory;
 - (ii) the CDS Provider agrees to comply with: (A) those provisions of the standards of conduct applicable to licensees as set forth in 52 Pa. Code § 54.43; and (B) the competitive safeguards and/or code of conduct set forth in 52 Pa. Code § 54.122, consistent with the operational procedures relating thereto set forth in Exhibit A hereto; and
 - (iii) the CDS Provider is licensed by the Commission to provide electric supply to customers in Pennsylvania and has satisfied, and will continue to satisfy, all other Commission requirements applicable to the CDS Provider.
- (b) The Company hereby represents, warrants and covenants that the customer information furnished to the CDS Provider and the Statistical Expert by the Company shall be complete and accurate and set forth a complete list of all of the Company's non-shopping residential customers as provided in Section 5 hereof.

(c) Each Party hereby represents, warrants and covenants to the other Party as follows:

- (i) each Party's performance of its obligations hereunder has been duly authorized by all necessary action on the part of such Party and does not, and will not, conflict with, or result in a breach of, such Party's charter documents or bylaws or any indenture, mortgage, other agreement or instrument, or any statute or rule, regulation, order, judgment or decree of any judicial or administrative body to which such Party is a party or by which such Party or any of its properties is bound or subject; and
- (ii) this Agreement is a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights generally or by general principles of equity.

27. Each Party shall provide notice to the other Party at such time that it learns that any of the representations, warranties, or covenants in this Agreement have been violated.

28. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary to effectuate the purpose and intent of this Agreement. In addition, the Parties acknowledge that the CDS Prices do not reflect a margin or allowance for any additional cost,

expense or obligation that may be incurred by the CDS Provider in the event that, pursuant to Section 3 or Section 16, any such cost, expense or obligation may be imposed on the CDS Provider during the CDS Term. If any such cost, expense or obligation is so incurred, the Company shall, upon the reasonable request of the CDS Provider and at the CDS Provider's sole expense, reasonably cooperate with the CDS Provider to attempt to reduce or ameliorate such additional cost, expense or obligation, including supporting or participating in a petition or other filing to the Commission seeking to modify the rules pertaining to, or eliminate the effect of, such cost, expense or obligation or to permit the recovery by the CDS Provider of all or a portion thereof, provided that such support or participation shall not require the Company to take or support a position that would be in conflict with, or otherwise violate, any Commission approved order, settlement or other agreement that applies to the Company.

29. Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

To the Company:

PECO Energy Company
2301 Market Street/S4-4
Philadelphia, PA 19101
Attn.: Carlo Ciabattoni
Title: Manager, Supplier Administration Group
Telephone: (215) 841-4210
Facsimile: (215) 841-4728
Internet E-Mail: cciabattoni@peco-energy.com

To the CDS Provider:

Green Mountain Energy Company
325 Chestnut Street, Suite 512
Philadelphia, PA 19106
Attn. A. Clifton Payne
Title: President, Mid-Atlantic Region
Telephone: (215) 238-8001
Facsimile: (215) 238-8002
Internet E-Mail: clif.payne@greenmountain.com

All notices required to be made hereunder shall be in writing and shall be delivered by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the business day on which it was transmitted or hand delivered (unless transmitted or hand delivered after close in which case it shall be deemed received at the close of the next business day). Notice by overnight mail or courier shall be deemed to have been received two (2) business days after it was sent. A Party may change its address by providing notice of same in accordance herewith.

30. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

31. The Supplier Tariff, as modified hereunder to apply to the CDS Provider and as the same may be amended from time to time, is incorporated herein by reference and made a part hereof. In the event of a conflict between the terms of this Agreement and the terms of the Supplier Tariff, the terms of this Agreement shall control.
32. If the date on which a notice is due or a prescribed action is required to take place falls on a day that is not a business day, the date on which such notice or action shall be due shall be extended until the next succeeding business day.
33. Except as otherwise required by law or regulation, each Party shall notify the other Party prior to making or issuing any press release concerning the execution, filing or nature of this Agreement and coordinate the issuance of the same, provided that the nature and content of any such press release shall be within the discretion of the issuing Party.

34. **IN WITNESS WHEREOF**, and intending to be legally bound hereby, the Company and CDS Provider have caused this Agreement to be executed by their respective authorized officials.

PECO ENERGY COMPANY

By: Ellen M. Cavanaugh
 Name: Ellen M. Cavanaugh Title: Vice-President,
 Electric Supply
 & Transmission

GREEN MOUNTAIN ENERGY COMPANY

By: _____
 Name: A. Clifton Payne Title: President,
 Mid-Atlantic Region

34. **IN WITNESS WHEREOF**, and intending to be legally bound hereby, the Company and CDS Provider have caused this Agreement to be executed by their respective authorized officials.

PECO ENERGY COMPANY

By: _____
Name: Ellen M. Cavanaugh Title: Vice-President,
Electric Supply
& Transmission

GREEN MOUNTAIN ENERGY COMPANY

By: *A. Clifton Payne* *President, Mid-Atlantic Region*
Name: A. Clifton Payne Title: President,
Mid-Atlantic Region

Exhibit A

Operational Procedures

- (1) The CDS Provider shall prohibit disclosure of customer specific billing history or load information regarding CDS Customers to personnel of the CDS Provider or any company controlled by it or under common control ("affiliate"), vendors or agents who are engaged in marketing activities for EGS generation supply service.
- (2) Any marketing materials distributed in the Company's service territory by the CDS Provider or any of its affiliates that include an offer to provide EGS services will include a disclaimer distinguishing the provision of CDS from other services offered to such customers by the CDS Provider or its affiliates.
- (3) The CDS Provider will promptly refer requests from CDS Customers for information about electric generation suppliers to the Company.
- (4) The billing and customer care employees of the CDS Provider who perform such functions relating to CDS shall function independently from personnel performing those functions for its EGS or any affiliate.
- (5) The CDS Provider will formally adopt and implement the provisions in the Code of Conduct and this Exhibit A as company policy and will take appropriate steps to train and instruct its employees of their content and application.

Customer Care Functions

Customer Care Functions to be performed by the Company

- Preparation of Terms and Conditions for CDS
- Billing
- Credit
- Collections and notices
- Physical termination
- Maintenance and repair of Company-owned meters
- Reading of non-advanced Company-owned meters
- Administration of universal service programs (CAP, LIURP, CARES and Hardship)
- Call center activities related to meter reading, billing, switching requests, distribution system outages and emergencies, and discontinuance of service

Customer Care Functions to be performed by the CDS Provider

- Notifying CDS Customers of their selection for enrollment in CDS
- Responding to switch or service termination requests from the Company with respect to CDS Customers
- Call center activities related to CDS electric generation supply and pricing and CDS Customer inquiries directly related thereto
- EDI/EDEWG transactions
- Dispute resolution related to CDS electric generation supply

CDS Prices

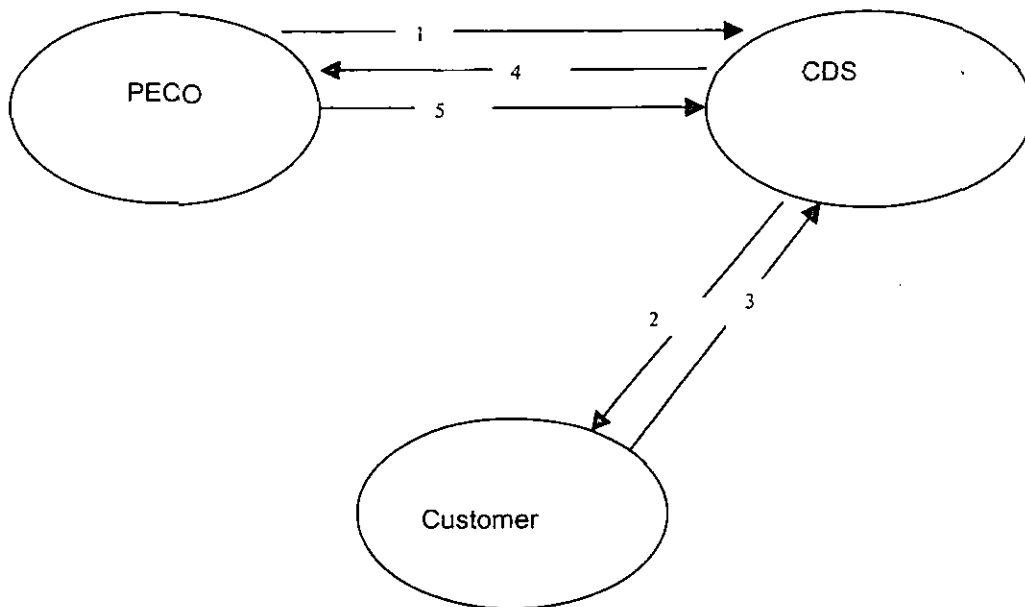
The CDS Price for a CDS Customer is determined by rate class as a percentage discount from the Company's "shopping credit" with respect to its retail customers during the applicable month of the CDS Term. The percentage discount, grouped by rate class, is shown on the table below.

Rate Class	Percentage Discount
Rate Class R	
up to 500 kWh	2.02%
over 500 kWh – Winter	2.02%
over 500 kWh – Summer	2.02%
Rate Class R – CAP 1 & CAP 2	
up to 500 kWh	2.02%
over 500 kWh	2.02%
Rate Class RH	
up to 600 kWh – Winter	1.02%
over 600 kWh – Winter	1.02%
up to 600 kWh – Summer	1.02%
over 600 kWh – Summer	1.02%
Rate Class RH – CAP 1 & CAP 2	
up to 500 kWh – Winter	1.02%
over 500 kWh – Winter	1.02%
up to 500 kWh – Summer	1.02%
over 500 kWh – Summer	1.02%
Rate Class OP	
All kWh	1.02%

As of the date of this Agreement, the CDS Prices resulting from the above table are as follows:

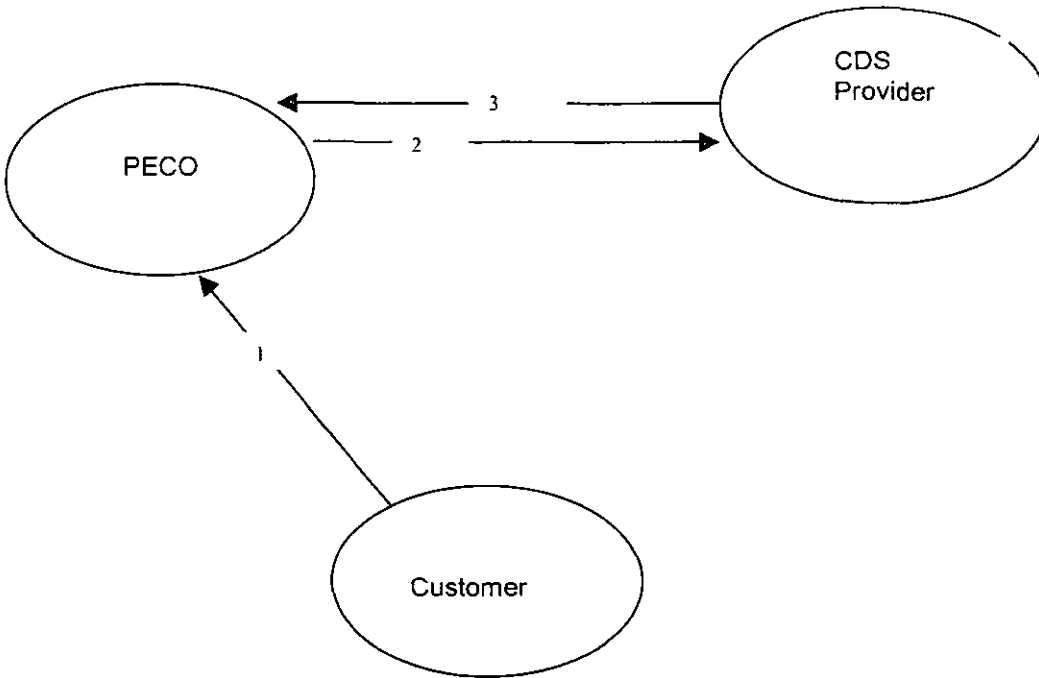
Rate Class	CDS Price (£/kWh)		
	2001	2002	2003
Rate Class R			
up to 500 kWh	5.438	5.438	5.487
over 500 kWh – Winter	5.438	5.438	5.487
over 500 kWh – Summer	6.085	6.085	6.134
Rate Class R – CAP 1 & CAP 2			
up to 500 kWh	5.467	5.467	5.487
over 500 kWh	5.438	5.438	5.487
Rate Class RH			
up to 600 kWh – Winter	5.711	5.711	5.751
over 600 kWh – Winter	3.227	3.227	3.256
up to 600 kWh – Summer	5.711	5.711	5.751
over 600 kWh – Summer	6.404	6.404	6.453
Rate Class RH – CAP 1 & CAP 2			
up to 500 kWh – Winter	5.711	5.711	5.771
over 500 kWh – Winter	2.752	2.752	2.781
up to 500 kWh – Summer	5.711	5.711	5.751
over 500 kWh – Summer	5.701	5.701	5.751
Rate Class OP			
All kWh	1.712	1.712	1.732

Exhibit D

Initial Assignment to CDS Provider

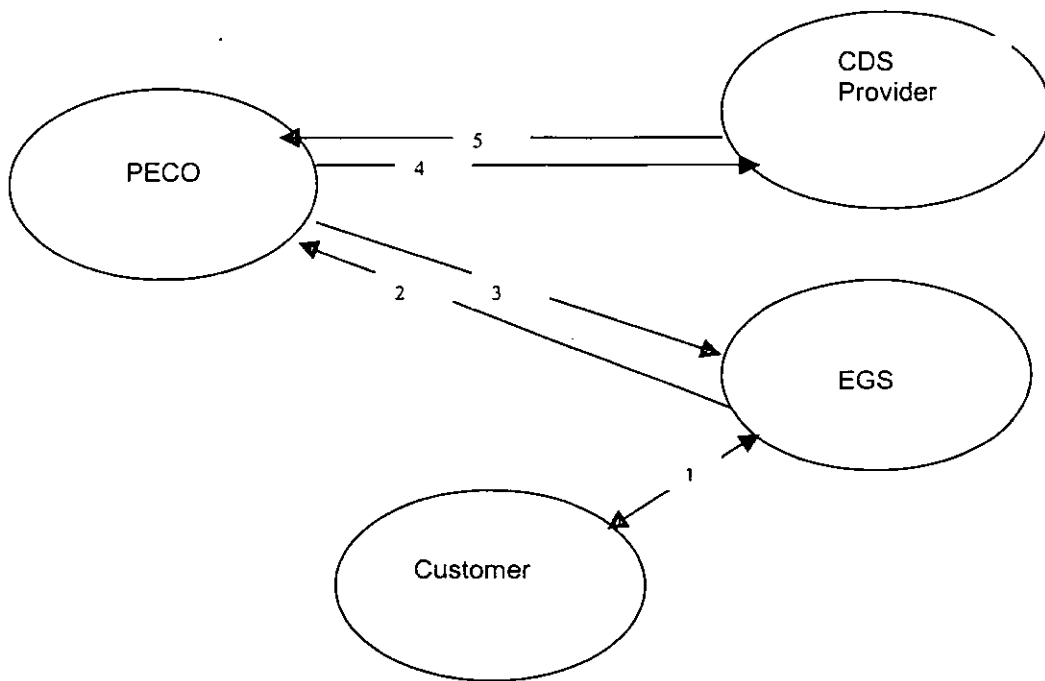
1. PECO provides a flat file of randomly selected accounts to CDS Provider. This list will include all non-shopping customers. Customers pending enrollment (16 day rolling switching rule) will not be included. The list will be the same file layout of the current Eligible Customer List.
2. The CDS Provider will send a letter to customers notifying them that they have been assigned to the CDS Provider for Generation Service. The customer will have an "opt out" period.
3. Customer will respond to the CDS Provider. The Customers that "opt out" will not be replaced by other candidates and will remain with PECO for PLR Service.
4. CDS Provider to send 814 Enrollments per the current rolling switching rules for non-opt out customers to PECO.
5. PECO will generate an 814 Enrollment Response to the CDS Provider indicating the estimated start date (based on first meter read after CDS Provider period begins). If a customer is currently shopping with a supplier, or has a supplier pending, the response will indicate the enrollment is rejected.

Customer Notifies PECO to Drop CDS Provider

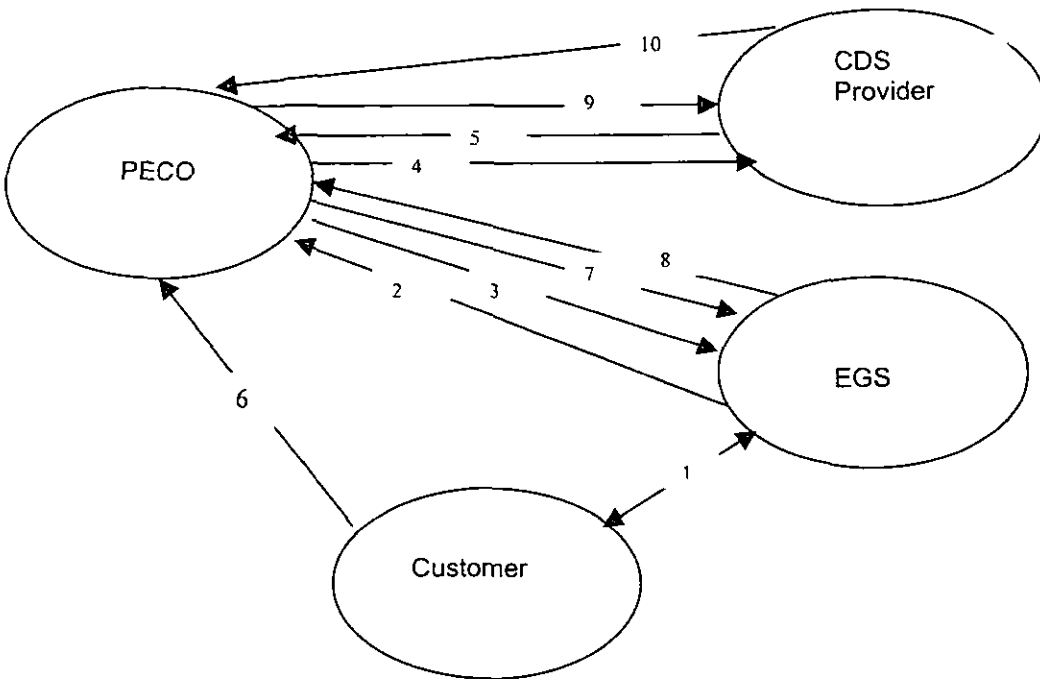


1. Customer calls PECO to drop out of CDS after CDS Provider enrolls customer.
2. PECO sends an 814 Drop to CDS Provider (will follow rolling switching rules).
3. CDS Provider sends 814-Drop Response to PECO

Customer Selects EGS



1. EGS and Customer communicate regarding enrollment
2. EGS sends 814 Enrollment Request to PECO
3. PECO sends 814 Enrollment Response to EGS
4. PECO sends 814 Drop to CDS Provider
5. CDS Provider sends 814-Drop Response to PECO

Customer Selects EGS - with Rescission

1. EGS and Customer communicate regarding enrollment
2. EGS sends 814 Enrollment Request to PECO
3. PECO sends 814 Enrollment Response to EGS
4. PECO sends 814 Drop to CDS Provider
5. CDS Provider sends 814-Drop Response to PECO
6. Customer calls PECO to rescind
7. PECO sends 814-Drop Request to EGS
8. EGS sends 814-Drop Response to PECO
9. PECO sends 814 Reinstatement to CDS Provider
10. CDS Provider sends 814 Reinstatement Response to PECO

Annual Adjustment Formula for Required Amount in Escrow Account, Letter of Credit, or Guaranty, as applicable

As of December 3, 2001 and December 2, 2002 (the "Adjustment Date"), the amount required to be maintained in the Escrow Account (or, if applicable, guaranteed by the Guaranty or reflected in the Letter of Credit) pursuant to Section 18 of the Agreement shall be recalculated in accordance with the formula set forth below. Such recalculation shall become effective no later than five business days after such recalculation, at which time the CDS Provider shall either post any additional collateral required or a distribution shall be made to the CDS Provider of any collateral in the Escrow Account in excess of the recalculated required amount (or, if applicable, the amount guaranteed by the Guaranty or reflected in the Letter of Credit shall be adjusted). An example of such recalculation is attached hereto as Attachment 1 to Exhibit E. Notwithstanding the foregoing, or the results of any calculation from the formula below, in no event shall the amount required to be maintained in the Escrow Account (or, if applicable, guaranteed by the Guaranty or reflected in the Letter of Credit) pursuant to Section 18 of the Agreement exceed eight million three hundred thirty three thousand (\$8,333,000) or fall below two million dollars (\$2,000,000).

Amount (\$) Required for Escrow = MCF - RER

Where:

CDS Customer List = a snapshot of the number and strata of customers being served by the CDS Provider, and used in the calculations of future energy supply ("L", as defined below) and PJM capacity obligations ("ICAP", as defined below). The values associated with the CDS Customer List shall be determined as follows: For the December 3, 2001 determination, the CDS Customer List shall be the actual list of customers receiving CDS from the CDS Provider as of December 3, 2001; and for the December 2, 2002 determination, the CDS Customer List shall be the actual list of customers receiving CDS from the CDS Provider as of December 2, 2002, plus the additional customers who were selected in the supplemental assignment pursuant to Section 12 of the Agreement.

MCF = Market Cost Forecast (\$) - the estimated all-in market cost to provide energy plus related services to all CDS Customers for the remaining full calendar years (*i.e.*, both 2002 and 2003, or just 2003, as the case may be) contained within the term of the Agreement, determined pursuant to the following formula:

$$\text{MCF} = [(\text{FP} \times \text{LFP} + \text{BA} + \text{AS}) \times \text{L} \times \text{LLA}] + \text{ICAP}$$

FP = Forward price (\$/MWH) - broker price for a standard block of 7 x 24 firm energy at the PJM western hub, for the remaining full calendar years (*i.e.*, both 2002 and 2003, or just 2003, as the case may be) contained within the term of the Agreement. This price shall be the mid-market number between bid and ask values solicited by a representative of the Company from Prebon (or another mutually acceptable broker) at 10 AM EST on

the Adjustment Date. The CDS Provider shall have the option to call the broker simultaneously to confirm the "bid" and "ask" numbers received by the Company.

LFP = Load Following Premium (ratio) - a ratio representing the difference in energy price to serve load with a residential load shape compared to that for the standard block of energy used to determine FP, calculated as: $LFP = LTC / ATC$

The Load Following Premium looks back 24 months from the date of determination and calculates the additional cost to serve the scheduled hourly CDS load at actual hourly PECO zone Locational Marginal Price (LMP) compared to the price to serve a flat load at the same PECO zone LMPs. Because actual CDS customer load data is not available for this 24 month look back, the hourly load shapes used in this calculation will be as defined in "LH", the same as those used to calculate future CDS load responsibility "L", as defined below.

LTC = Average load-weighted hourly LMP for the PECO zone (\$/MWH) - To determine LTC: (i) calculate the cost of serving the modeled CDS load from the PJM spot market at the hourly LMP for the PECO zone for each hour of the previous 24 months by multiplying the hourly load (in MW) times the PECO zone LMP (\$/MWH) for the same hour; (ii) sum all amounts calculated in (i) above; and (iii) divide the total dollars by the total hourly loads. The result will be the load weighted average LMP in \$/MWH.

ATC = Around the Clock average PECO zone LMP for the same hours used in LTC calculation (\$/MWH) - the simple arithmetic average of hourly PECO zone LMPs for the same 24 month period used to determine LTC above.

BA = Basis Adjustment (\$/MWH) - the average difference over the past 24 months between the hourly LMP for the PJM western hub and the PECO zone, load weighted and including the same hours and load weighting methodology as for LTC, above.

AS = Ancillary Services cost (\$/MWH) - the average cost of ancillary services billed to the Company by PJM over the past 12 months, adjusted for any rate changes announced by PJM. AS is calculated as the sum of ancillary service charges (\$) to the Company for the Company's Default PLR Service load over the most recent 12 months for which data is available, divided by the total Default PLR Service load (MWH) for the same period.

ICAP - Capacity Obligations according to the PJM Reliability Assurance Agreement (\$) - ICAP is calculated as the product of the total capacity obligation of the customers in the CDS Customer List (MW-days) for the remaining full calendar years (i.e., both 2002 and 2003, or just 2003, as the case may be) contained within the term of the Agreement and the market price for ICAP. The market price for ICAP shall be the mid-market number between bid and ask values solicited by a representative of the Company from broker TFS (or a mutually agreeable replacement) at 10 AM EST on the Adjustment Date. The CDS Provider shall have the option to call the broker simultaneously to confirm the "bid" and "ask" numbers received by the Company.

L = forecast of volume of energy to serve CDS Customers (MWH) - The volume of energy expected to be delivered to CDS Customers for the remaining full calendar years (i.e., both 2002 and 2003, or just 2003, as the case may be) contained within the term of the Agreement, calculated as: $L = LR + LRH$

LH = forecast of volume of energy to serve CDS Customers in individual hours (MWH) - The volume of energy expected to be delivered to CDS Customers during a particular hour, calculated as: $LH = LR(\text{hourly}) + LRH(\text{hourly})$ This string of hourly values is needed in the calculation of **LTC** and **BA**, as defined above.

LLA = Standard line loss adjustment factor for all residential customers, used to account for the difference between forecast retail sales "L" and the associated wholesale energy supply requirement. **LLA** shall be applied in a manner consistent with Section 6.5 of the Supplier Tariff.

RER = Retail Estimated Revenue (\$) - the expected generation service charges that would be collected from CDS Customers based on the Company's filed "price to compare" for the remainder of the term of the Agreement, adjusted for Gross Receipts Tax and excluding the portion of the price to compare associated with PJM Network Transmission Service. **RER** shall be calculated as: $RER = [LR \times PCR] + [LRH \times PCRH]$

LR = load forecast for CDS Rate R customers - **LR** is a forecast based on normal temperatures. It is calculated by summing the forecast loads for all Rate R customers in the CDS Customer List. The forecast load for each customer is calculated by applying 30 year historical average hourly temperatures for the Philadelphia region (supplied by the NOAA or other mutually acceptable source) into the appropriate PECO strata energy forecast model. **LR** summed over all customers and across all hours is used in the calculation of **L**.

LRH = load forecast for CDS Rate RH customers - **LRH** is a forecast based on normal temperatures. It is calculated by summing the forecast loads for all Rate RH customers in the CDS Customer List. The forecast load for each customer is calculated by applying 30 year historical average hourly temperatures for the Philadelphia region (supplied by the NOAA or other mutually acceptable source) into the appropriate PECO strata energy forecast model. **LRH** summed over all customers and across all hours is used in the calculation of **L**.

PCR = PECO Energy Price for Rate R customers - the expected generation service rate for Default PLR Service customers in Rate R, based on the unbundled unit rates (cents/kWh) contained in the Summary of Unbundled Revenue section of Appendix A to the Company's Electric Restructuring Settlement approved in Docket Nos. R-00973953 and P-00971265 on May 14, 1998, adjusted to remove the Gross Receipts Tax (GRT) component.

Such rates are as follows:

Rate R	Year	Generation (cents/kwh)	Adjusted to remove GRT @ 4.4% (cents/kwh)
	2002	5.09	4.87
	2003	5.14	4.91

PCRH = PECO Energy Price for Rate RH customers - the expected generation service rate for Default PLR Service customers in Rate RH, based on the unbundled unit rates (cents/kWh) contained in the Summary of Unbundled Revenue section of Appendix A to the Company's Electric Restructuring Settlement approved in Docket Nos. R-00973953 and P-00971265 on May 14, 1998, adjusted to remove the Gross Receipts Tax (GRT) component.

Such rates are as follows:

Rate RH	Year	Generation (cents/kwh)	Adjusted to remove GRT @ 4.4% (cents/kwh)
	2002	4.20	4.02
	2003	4.23	4.04