

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Docket No. R-00061346

Duquesne Light Company

Statement No. 13

Direct Testimony of Michele R. Sandoe

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**APR - 7 2006
PA PUBLIC UTILITY COMMISSIC
SECRETARY'S BUREAU**

1 **Direct Testimony of Michele R. Sandoe**

2

3 **Q. Please state your full name and business address.**

4 A. Michele R. Sandoe, 411 Seventh Avenue MD 5-2, Pittsburgh PA 15219.

5

6 **Q. What is your position at Duquesne Light Company (“Duquesne Light” or**
7 **“Company”)?**

8 A. Director of Revenue Cycle Services

9

10 **Q. How long have you worked at Duquesne Light?**

11 A. *I began my employment with Duquesne on December 30, 1996.*

12

13 **Q. What are your current responsibilities?**

14 A. My overall responsibilities are to develop and establish policies, plans, programs,
15 strategies and tactics for providing service to the Company’s 585,000 customers.
16 I am responsible for managing and coordinating services for all customers
17 including maintaining meters, reading meters, billing customers and Electric
18 Generation Suppliers, processing payments, collecting delinquent accounts and
19 terminating service for non-payment consistent with the Pennsylvania Public
20 Utilities Commission (“PaPUC”) Rulemakings and corporate policies. These
21 functions and services are referred to as the “Revenue Cycle”. I lead project
22 teams to research, evaluate, recommend and implement various related Revenue
23 Cycle Service projects to optimize operations, minimize costs and add value to
24 Duquesne Light. Also, I am responsible for management of the handling all
25 bankruptcies, final bills, credit reporting, low-income programs and
26 miscellaneous billing and collections. The following departments report to me as
27 Director of Revenue Cycle Services: Meter Operations Department, Billing and
28 Payment Processing Department, Credit & Universal Services Department and the
29 Field Services Department.

30

31 **Q. What are your qualifications, work experience and educational background?**

1 A. I have included that information as Exhibit MRS - 1 to my testimony.

2

3 **Q. What is the purpose of your direct testimony regarding Duquesne Light's**
4 **request for increased rates?**

5 A. I will describe and explain the company's operating history regarding the funding
6 and implementation of Universal Service and Energy Conservation programs. I
7 will also describe and explain our budget and future planned operations for these
8 programs. In particular, I will discuss the company's Customer Assistance
9 Program (CAP), Smart Comfort program (Duquesne Light's low-income usage
10 reduction program), Dollar Energy program including Duquesne Light's Hardship
11 Fund, CARES program and Stay Warm Programs, as well as Duquesne Light's
12 outreach efforts for LIHEAP and CRISIS grants. Finally, I will also discuss the
13 Stay Warm programs for low income customers during the Winter of 2005-2006.

14

15 **Q. Are you sponsoring any exhibits as part of your direct testimony?**

16 A. Yes, I am. Exhibit MRS - 1 is my biographical information. Exhibit MRS - 2 is
17 Duquesne Light's Universal Services brochure.

18

19 **Q. Can you explain the programs that Duquesne Light offers to assist low**
20 **income customers.**

21 A. Yes. Duquesne Light offers the following programs to assist payment troubled
22 verified low-income customers: Customer Assistance Program (CAP), CARES, a
23 hardship fund, Smart Comfort, and LIHEAP / CRISIS outreach. During the
24 Winter of 2005-2006, Duquesne Light also offered five new programs to enhance
25 and augment its low-income customer assistance programs: Stay Warm 150, Stay
26 Warm Senior 200, Stay Warm 200, Stay Warm 250 and Stay Warm Plus 150.
27 CAP is a special payment program for low-income households (i.e., at or below
28 150% of the Federal poverty level for non-senior households; at or below 200%
29 for senior citizens (aged 62 or above)) that have overdue balances or an inability
30 to pay their electric bill. This Universal Service Program costs are included in the

1 Company's operating expenses, funded by revenue and administered by
2 community-based organizations.

3 The primary features of CAP include a reduced payment agreement based on a
4 customer's ability to pay, arrearage forgiveness over a specified period of time,
5 protection against loss of electric service, and referrals to other community
6 programs and services. A major benefit to customers who faithfully meet their
7 monthly CAP payment agreement is the complete forgiveness of their existing
8 indebtedness for electric service to Duquesne Light. As customers make "in-
9 full", on-time payments in CAP, 1/36th of their arrearage is forgiven each month.
10 An additional benefit is the CAP reduced payment. Customers who are enrolled
11 in the program are allowed to pay a reduced monthly amount, based on the
12 amount of their total household income. The schedule of payments is as follows:
13
14

Income Category:	Residential Service Percentage of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment:
0% to 50% of Poverty	35%	60%
51% to 100% of Poverty	70%	80%
101% to 150% of Poverty (Up to 200% for seniors)	90%	90%

15
16 For the CAP Program, there were 16,809 customers participating in CAP by year
17 end 2003, 18,490 CAP customers by year end 2004 and 23,093 CAP customers
18 by year end 2005. In 2003, CAP customers benefited by over \$2.2 million in
19 arrearage forgiveness and \$1.3 million in deficiency adjustments. In 2004, CAP
20 customers benefited by nearly \$2.3 million in arrearage forgiveness and over \$1.8
21 million in deficiency adjustments. In 2005, CAP customers benefited by nearly
22 \$2.5 million in arrearage forgiveness and over \$3.9 million in deficiency
23 adjustments.
24

1 **Q. Please describe the CARES Program.**

2 A. The purpose of Duquesne Light's CARES Program is to assist payment
3 challenged customers and customers with special needs obtain necessary social
4 service support and assistance. The program is designed for customers whose
5 income is less than 150% of the federal poverty guideline and senior citizens less
6 than 200% of the federal poverty guideline, although no needy customer will be
7 turned away. An outreach or community agency, such as Goodwill Industries or
8 Holy Family, acts as an intermediary between the customer and Duquesne Light
9 in an effort to link the customer to the necessary social service programs that will
10 enhance the customer's ability to pay for electric service. The outreach worker
11 contact referred customers and, if necessary, makes a home visit to the customer.
12 Referrals are made by Duquesne Light, other utilities, community based agencies,
13 the PaPUC, and word of mouth.

14 The primary objectives of CARES are to help customers experiencing payment
15 hardships to manage their electric bills by providing them with information,
16 resources, and encouragement, to make tailored referrals to Company and
17 community assistance programs, to maintain and/or establish partnerships and
18 alliances with social service agencies, government offices, and community
19 organizations to ensure maximum and timely assistance for customers who have
20 personal or family hardships and to act as an internal advocate for payment
21 troubled customers.

22
23 **Q. Please describe the Dollar Energy Fund.**

24 A. Duquesne Light's hardship fund is a partnership with Dollar Energy Fund.
25 Duquesne Light's stockholders match customer contributions up to \$325,000
26 annually. In addition, the Company contributes \$65,000 for administrative
27 support. The program targets low-income customers who have overdue balances
28 and an inability to pay the full amount of their energy bills. Dollar Energy defines
29 low-income as households that have annual incomes at or below 200% of the
30 federal poverty guideline. This program becomes the "fund of last resort" when
31 other energy assistance programs are not available to the customer.

1 The primary features of Dollar Energy include direct financial assistance for
2 overdue energy bills, protection against shutoffs, and referrals to other programs
3 and services. As a result of ongoing donations from customers, Duquesne Light,
4 in turn, disburses the funding monthly to Dollar Energy Fund. Duquesne Light's
5 funding may be used to pay the electricity bill for residential or residential heating
6 service.

7
8 **Q. What is Duquesne Light's Smart Comfort Program?**

9 A. Smart Comfort is Duquesne Light's low-income usage reduction program
10 (LIURP). It targets residential customers whose gross household income is less
11 than 150% of the federal poverty guideline and senior citizens whose gross
12 household income is less than 200% of the federal poverty guideline, whose base
13 load electric usage exceeds 500 kWh per month and who have been a resident at
14 their current address for at least six months. However, all electric heat customers
15 who are homeowners will have the base load usage and residency requirements
16 waived. The residency requirement will also be waived for residential service
17 CAP customers who are homeowners.

18 This program has evolved from strictly weatherization to an "end use" strategy.
19 Electric usage reduction measures include cost effective appliance and lighting
20 replacements in addition to determining if weatherization is warranted.

21 Low-income customers, whose base load usage is less than 500 kWh per month,
22 are invited to take part in energy conservation workshops. These workshops
23 provide conservation education, energy reduction tips, and usage reduction
24 measures that they can install themselves. These workshops are held in different
25 locations in Duquesne Light's service territory.

26 The primary objectives of Smart Comfort are to reduce energy usage and electric
27 bills, to increase the ability to pay, to improve the comfort, to provide safer living
28 conditions of low-income customer through the reduction of secondary heating
29 devices. In addition, Smart Comfort seeks to make tailored referrals to Duquesne
30 Light and other assistance programs such as CAP, Dollar Energy Fund or private
31 funds, LIHEAP, and other weatherization programs.

1 The Smart Comfort process begins with an energy audit by an energy manager at
2 the customer's home. Potential energy savings areas with the house are
3 investigated and usage of targeted electrical equipment within the house is
4 measured. Energy education is provided to the household. The Smart Comfort
5 energy manager determines which measures are appropriate. Standard measures
6 include compact fluorescent light bulbs, water mattress replacement with standard
7 mattress, refrigerators and freezers, electric hot water tanks or tank wraps,
8 window air-conditioning units, air filtration measures, and home insulation. At
9 the discretion of the energy manager, potential measures include furnaces, electric
10 dryers, electric stoves, water pumps, electric blankets, and air conditioners.
11 Finally, the energy managers will contact Smart Comfort recipients regularly to
12 discuss their usage and resulting decrease in energy consumption and to reinforce
13 energy education.

14
15 **Q. What is the objective of Duquesne Light's Stay Warm Programs?**

16 A. The primary objective of the Stay Warm Programs is to augment and enhance
17 Duquesne Light's low-income customer assistance programs. These programs
18 address customers with incomes up to 250% of the federal poverty level and also
19 address customers who have service presently or are terminated. These new
20 energy assistance programs, in sum, provide the following benefits for low-
21 income customers during the Winter of 2005-2006 (December 1, 2005 through
22 March 31, 2006). Stay Warm 150 assists customers whose service is off due to
23 non-payment and whose income is 150%, or less, of the federal poverty level.
24 Stay Warm 150 provides a one-time credit of \$150 to the customer's account and,
25 with a complete application for a Dollar Energy Fund Grant, reconnects all
26 customers in this category. These customers also qualify for and will be enrolled
27 in CAP. Stay Warm 200 Senior assists customers 62 years of age or older whose
28 service is off due to non-payment and whose income is 200%, or less, of the
29 federal poverty level. Stay Warm 200 Senior provides a one-time credit of \$150
30 to the customer's account and, with a complete application for a Dollar Energy
31 Fund Grant, reconnects all customers in this category. These customers also

1 qualify for and will be enrolled in CAP. Stay Warm 200 assists our “working
2 poor” customers, whose service is off due to non-payment and whose income is
3 between 150% and 200% of the federal poverty level. Stay Warm 200 provides a
4 one-time credit of \$150 towards the customer’s account and, with a complete
5 application for a Dollar Energy Fund Grant, reconnects all customers in this
6 category. Stay Warm 250 assists our “working poor” customers whose service is
7 off due to non-payment and whose income is between 200% and 250% of the
8 federal poverty level. Stay Warm 250 provides a one-time credit of \$150 towards
9 the customer’s account and reconnects all customers in this category. Stay Warm
10 Plus 150 assists our “working poor” customers whose service is on, whose
11 income falls between 150% and 250% of the federal poverty level and who have
12 an arrearage (other than the current month’s bill). Stay Warm Plus 150 provides
13 matching credits up to a total of \$150 during the winter months of December
14 2005, January 2006, February 2006, and March 2006, for any payment made by
15 the customer to reduce the arrearage. Further, Duquesne has temporarily waived
16 the reconnection fees during Winter 2005-2006.

17 Duquesne Light intends to continue the Stay Warm Programs in substantially
18 similar format and offerings during the Winter of 2006-2007. At the end of the
19 current program, an analysis will be completed to determine if any changes are
20 warranted.

21
22 **Q. Does Duquesne Light provide any other functions to provide customer**
23 **support?**

24 A. Yes, we do. Aside from the other programs that Duquesne Light administers,
25 Duquesne Light promotes LIHEAP and CRISIS programs through
26 informational/educational brochures, bill print messages, bill stuffers, and
27 seminars. Duquesne Light mails thousands of LIHEAP applications to new
28 potential LIHEAP recipients each year. Duquesne Light also provides an internal
29 liaison who facilitates the screening and grant distribution process.
30 See Exhibit MRS-2 for the Universal Services brochure.

31

1 **Q. How have these programs been funded over the past years?**

2 A. Universal Services programs have been funded over the past decade or more by
3 Company revenues, except for shareholder funding as described below.

4
5 **Q. How does Duquesne Light propose to pay for the cost of the Stay Warm
6 Programs?**

7 A. Duquesne Light evaluated the options available for payment of the programs and
8 possible recovery. Duquesne Light does not propose to recover from customers
9 the costs of these Stay Warm Programs for the Winter 2005-2006. Duquesne
10 Light's shareholders will pay for the costs of those Programs for that Winter.
11 However, if Duquesne Light is going to continue to offer the benefits of these
12 Programs, customers should pay those future costs. Those costs are anticipated to
13 be \$1.2 million for Winter 2006-2007 and for subsequent years as needed by our
14 customers.

15
16 **Q. Has Duquesne Light done anything to promote the availability of these
17 programs?**

18 A. Yes. Duquesne Light promotes these programs by distributing Universal Services
19 brochures, maintaining information concerning Universal Services on Duquesne
20 Light's website, providing informational factoids on the Interactive Voice
21 Response phone system (IVR), and mailing informational bill "stuffers" to
22 residential customers. The Universal Services toll-free number is located on all
23 residential bills. Further, Duquesne Light's Customer Service Representatives
24 provide information and individual referrals to all customers who potentially
25 qualify for Universal Services. During the Cold Weather Intervention Program
26 (CWIP) survey, information concerning Universal Services Programs are
27 provided and promoted.

28
29 **Q. What are the operating results of these programs?**

30 A. For the CAP Program, there were 16,809 customers participating in CAP by
31 yearend 2003, 18,490 CAP customers by year end 2004 and 23,093 CAP

1 customers by year end 2005. The Company has budgeted for 25,000 CAP
2 customers by year end 2006 and continued growth of approximately 2,000
3 customers in 2007. In 2003, CAP customers benefited by over \$2.2 million in
4 arrearage forgiveness and \$1.3 million in deficiency adjustments. In 2004, CAP
5 customers benefited by nearly \$2.3 million in arrearage forgiveness and over \$1.8
6 million in deficiency adjustments. In 2005, CAP customers benefited by nearly
7 \$2.5 million in arrearage forgiveness and over \$3.9 million in deficiency
8 adjustments. The Company has provided for \$9.8 million for these in 2006.
9 CARES continue to provide invaluable assistance to thousands of customers each
10 year as described above.

11 Dollar Energy Fund Grants assisted 2,379 households in 2003, 2,433 households
12 in 2004, and 2,936 households in 2005. The customers benefited from \$650,000
13 in grants for each year. The average grant size varied between \$221 and \$273.
14 Smart Comfort works in conjunction with the CAP program. Customers who
15 enroll in CAP and participate in Smart Comfort benefit from a lower payment
16 amount and are equipped with the tools to proactively reduce their monthly
17 payment even further with energy conservation. The latest Consumer Services
18 LIURP Cost and Energy Savings Analysis from the Pennsylvania State University
19 revealed that Smart Comfort yields a 10% reduction in energy usage or a
20 reduction of \$101.20 from the participants average annual electricity cost. In
21 2003, 1,769 customers received Smart Comfort. In 2004, 2,120 customers
22 received Smart Comfort. 3,003 customers received Smart Comfort in 2005, with
23 continued growth anticipated in 2006.

24 LIHEAP / CRISIS Outreach provides positive results for our customers in need.
25 During the 2002-2003 Program Year, 6,910 customers received LIHEAP or
26 CRISIS grants for over \$2.1 million in assistance for their electricity bills. This
27 reflects 4,741 LIHEAP grants for \$1.3 million and 2,169 CRISIS grants for \$0.8
28 million. During the 2003-2004 Program Year, 7,238 customers received LIHEAP
29 or CRISIS grants for over \$2.0 million in aide. This reflects 5,086 LIHEAP
30 grants for \$1.4 million and 2,152 CRISIS grants for \$0.6 million. During the
31 2004-2005 Program Year, 7,184 customers received LIHEAP or CRISIS grants

1 for over \$2.0 million in assistance for their electricity bills. This reflects 5,034
2 LIHEAP grants for nearly \$1.5 million and 2,150 CRISIS grants for over \$0.5
3 million.
4

5 **Q. Does Duquesne Light intend to offer these programs in 2006?**

6 A. Yes, as discussed in connection with each of the programs above, Duquesne Light
7 plans on offering all Universal Services programs in 2006.
8

9 **Q. Is Duquesne Light proposing as part of this case any modifications to the**
10 **features of these programs?**

11 A. While Duquesne Light is not proposing any modifications to the functionality or
12 base objectives of the programs, except for the Stay Warm Program initiated in
13 December 2005, it is recognizing that the participation level in some programs
14 will greatly exceed the Duquesne Light's Universal Service and Energy
15 Conservation Plan 2004-2007. For example, the conservation plan projected CAP
16 enrollment levels at 17,000, 18,000 and 19,000 customers for 2005, 2006, and
17 2007 respectively. Duquesne Light has already exceeded 23,000 CAP customers
18 at the end of 2005 and sees increased CAP enrollment levels to 25,000 customers
19 in 2006 and 27,000 customers in 2007.

20 Duquesne Light anticipates a greater need for the hardship fund and CARES in
21 2006 and 2007 as well as increased pressure on other customer assistance
22 programs offered by Duquesne Light.
23

24 **Q. What are the proposed annual expense requirements by Duquesne Light for**
25 **these programs?**

26 A. Total funding for Universal Service Programs in 2005 was \$9,188,667. Duquesne
27 Light is proposing funding of \$12,621,250 for Universal Services programs in
28 2006, and \$13,176,250 in 2007. For 2006, this includes amounts of \$10,950,000
29 for CAP, \$1,181,250 for Smart Comfort, \$100,000 for CARES, and \$390,000 for
30 the hardship fund. These amounts will increase to \$11,420,000 for CAP in 2007,

1 \$1,181,250 for Smart Comfort, \$125,000 for CARES, and \$450,000 for the
2 hardship fund.

3

4 **Q. How would Duquesne Light fund these proposed increases?**

5 A. The Company has included these costs for funding these programs in its requested
6 increase in revenues in this rate case as part of the 2006 operating budget or pro
7 forma adjustments.

8

9 **Q. Do you think these proposed increases are in the best interests of Duquesne
10 Light and its customers?**

11 A. Yes, I do. Energy is becoming more expensive. Governmental assistance falls
12 short of the needs of low-income customers. Since electricity is so critical to
13 everyday life and activities, I think it is important that Duquesne Light tries its
14 best to assist its customers in paying for the energy they require. Conservation
15 should and does play a role in reducing customers' energy bills. We are trying to
16 increase our assistance to these customers but at the same time keep the costs of
17 such programs reasonable.

18

19 **Q. Does this conclude your direct testimony?**

20 A. Yes, it does.

21

Exhibit MRS- 1

1

2

3

4

QUALIFICATION AND EXPERIENCE OF MICHELE R. SANDOE

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I have been in my current position as Acting Director of Revenue Cycle Services since August 2005. Prior to my present position, I had an active position within Credit or Universal Services for nearly five years. My tenure in Credit and Universal Services began in September 2000 as an Assistant Manager. In January 2002, I became the Manager of Universal Services and the On-Line Collections System and in July 2004, I accepted the position of Manager of Credit & Collections and Universal Services. I began my career at Duquesne Light as an Analytical Consultant in December 1996. I have a Bachelor of Science in Industrial Engineering from the University of Pittsburgh and a Masters of Science in Industrial and Operations Engineering from the University of Michigan.



Duquesne Light

Our Energy...Your Power

Universal Service Center

1-888-393-7600

Hours of Operation

Monday - Friday

8:00 a.m. - 5:00 p.m.



\$1 Energy Fund, Inc.



Duquesne Light

Our Energy...Your Power

Universal Services

**...Helping those in need gain
access to affordable energy.**

Call us to find out how we can help you.

1-888-393-7600



\$1 Energy Fund, Inc.

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September 2005

Universal Services

Community Partners Near Your Home

<p>Holy Family Institute 211 N. Whitfield Street Pittsburgh, PA 15206 (East Liberty) (412) 361-2583</p>	<p>Holy Family Institute 1789 S. Braddock Avenue Suite 585 Pittsburgh, PA 15218 (Swissvale) (412) 244-8010</p>
<p>Holy Family Institute 19 May Street McKees Rocks, PA 15136 (412) 331-8665</p>	<p>Holy Family Institute Northside Common Ministries 1601 Brighton Road Pittsburgh, PA 15212 (North Side) (412) 322-6588</p>
<p>Goodwill Industries 2600 East Carson Street Pittsburgh, PA 15203 (South Side) (412) 390-2313</p>	<p>Goodwill Industries 345 Fifth Avenue McKeesport, PA 15132 (412) 664-1967</p>
<p>Catholic Charities 212 Ninth Street, 8th Floor Pittsburgh, PA 15222 (Downtown) (412) 456-6913</p>	<p>Catholic Charities 3582 Brodhead Road Suite 108 Monaca, PA 15061 (724) 775-2034</p>
<p>North Hills Community Outreach 223 North Avenue Pittsburgh, PA 15209 (Millvale) (412) 821-0904</p>	<p>Goodwill Industries, Rochester Plaza 750 Ohio River Blvd. Rochester, PA 15074 (724) 775-6768</p>

LIHEAP Low-Income Home Energy Assistance Program

How to Apply for LIHEAP

1. Call or visit your local County Assistance Office to set up an appointment.

If you think you qualify, contact your local County Assistance Office as soon as possible. Be sure to apply at the office for the county where you live. Funds for this program are limited and the program is only open a short time.

When you apply for LIHEAP, you will need to bring the following information:

- Proof of monthly and/or yearly income of all household members.
- Names, birth dates, & social security numbers of all household members.
- A recent heating bill.

If You Qualify for LIHEAP

30 days after you apply for energy assistance, you will receive written notice telling you if you are eligible and the amount you will receive.

A payment will be sent directly to your utility/fuel company, and the payment will be credited on your bill. In some cases, the check may be mailed to you for forwarding to your utility/fuel company.

For further information and to learn the dates of assistance availability, call Universal Service 1-888-393-7600.

Introduction to Universal Services

Through Universal Service Programs, such as CAP, Smart Comfort, CARES, \$1 Energy Fund, and LIHEAP, Duquesne Light intends to cost effectively ensure that payment-troubled customers on a limited or fixed income have access to affordable energy.

Duquesne Light will work with eligible customers to:

- Establish affordable payment arrangements which maintain electric service and assist customers towards self-sufficiency in paying their bill.
- Provide assistance in reducing their electric consumption to a more affordable level.

CAP

Customer Assistance Program

Goal of CAP

The goal of Duquesne Light's Customer Assistance Program is to help low-income households that have an inability to pay their electric bill receive affordable energy.

As a qualified customer, you will be assisted towards self-sufficiency by making timely payments.

Program Benefits

- ⇒ Protection against loss of electric service.
- ⇒ Reduced monthly payments based on ability to pay.
- ⇒ Arrearage forgiveness over a specified period of time.
- ⇒ Information about reducing your electric use.
- ⇒ Toll-free number for questions and information.
- ⇒ Referrals to Community Services and Programs.

How to Qualify for CAP

- The name on your account must be an adult (18 years of age or older) living in the household.
- Your monthly and/or yearly household income must fall within the Federal Income Guidelines.

LIHEAP

Low-Income Home Energy Assistance Program

LIHEAP helps eligible customers on low or limited incomes pay their heating bills through energy assistance grants. You do not have to have an unpaid bill to receive energy assistance.

The Department of Public Welfare administers LIHEAP and establishes dates in which LIHEAP is available.

How to Qualify for LIHEAP

- You must be responsible for your home heating costs.
- Your monthly and/or yearly household income must fall within the Federal Income Guidelines.

CRISIS Grants:

Additional money is available if you have an emergency situation and are in danger of losing your heat.

Emergency Situations Include:

- ☒ Broken heating equipment or leaking lines which must be fixed or replaced
- ☒ Being without fuel
- ☒ Utility service termination
- ☒ In danger of being without fuel or having utility service terminated

Assistance with emergency situations is available 24 hours a day. Call your local County Assistance Office for information.

\$1 Energy Fund

How to Apply for the Grant Program

1. Call the Universal Service Center at:
1-888-393-7600

The Universal Service Representative will refer you to a screening agency in your area who will assist you in filling out the Grant Program application.

When you place your call to the Universal Service Center, please have the following information available:

- Monthly and/or yearly income of all household members.
- Names, birth dates, & social security numbers of all household members.
- Household expenses, such as rent, utility bills, food, and insurance payments.

.Provide proof of income.

You will be required to provide proof of your monthly and/or yearly household income when you visit the screening agency to fill out the Grant Program application.

Your Responsibilities

- Make a sincere effort to pay your monthly electric bill.
- Contact Duquesne Light to set up payment arrangements.
- Conserve electricity.

CAP Customer Assistance Program

How to Apply for CAP

1. Call the Universal Service Center at:
1-888-393-7600

A Universal Service Representative will provide the name and telephone number of the location nearest you. When you place your call, please have the following information available:

- Monthly and/or yearly income of all household members.
 - Names, birth dates, & social security numbers of all household members.
 - Household expenses, such as rent, utility bills, food, and insurance payments.
- ↪ Some applications can be processed over the telephone.

2. Provide proof of income.

You may be required to provide proof of your monthly and/or yearly household income at an agency specified by the Universal Service Representative.

3. Complete the steps of the application process yearly to remain a CAP customer.

CAP Customer Assistance Program

Your CAP Payment

If you qualify for CAP, you will be put on a payment plan and will be required to make an on-time monthly payment. Your payment is based upon your ability to pay. It will be a percentage of your actual charges.

Current Charges

Amount paid by CAP Program -- you are encouraged to apply for energy assistance grants to help.

Your CAP payment.

Past Due Amount

1/36 of your arrearage amount will be forgiven for each monthly, on-time, complete payment.

If you remain in CAP, you can pay off your past due amount.

Reducing Your Account Balance

You can completely forgive your account balance if you:

- **Make your monthly payments on time for 3 consecutive years.**

\$1 Energy Fund

Program Dates

The program opens **October 3** for services that are off or in threat of termination only. From **December 1** through February **28**, the program is open for services that are off only.

During this time, if you are eligible and programs are open, you must apply for LIHEAP and CRISIS *before* applying for the \$1 Energy Fund Grant.

Starting **March 1** the program is open to all eligible customers whether your electric service is on or off.

How to Qualify for the Grant Program

- Your account must be residential, single home or apartment.
- The name on your account must be an adult (18 years of age or older) living in the household.
- You must have paid at least \$150 on your account in the last 90 days. Senior citizens 62 and over must have paid \$100.
- You must have a balance on your electric bill of at least \$100.
- Senior citizens age 62 and over may have a zero (0) balance, as long as there is no existing credit on the account.
- Your monthly and/or yearly household income must fall within the Federal Income Guidelines.

\$1 Energy Fund



Since 1983, the \$1 Energy Fund has been helping to make basic utilities more affordable for people with fixed or limited incomes. The Fund is a private charity founded by a group of community, religious, and business leaders.

The Fund assists with bills that are no longer manageable. Individuals apply once a year for each utility and are not expected to pay the grants back.

Goal of the \$1 Energy Fund Grant Program

The goal of the Grant Program is to help customers understand and access community resources to solve their heat, light, and water payment problems as a step toward greater self-sufficiency.

Program Benefits

- ⇒ Prevent termination of electric service
- ⇒ Restore electric service if terminated
- ⇒ Reduce past due amount

CAP Customer Assistance Program

Your Current Electric Bill

Your monthly payment only covers part of your current electric bill. Funds to pay the remainder of your current bill can be obtained from several sources including: LIHEAP assistance, and \$1 Energy Fund grants.

For more information about these sources, call the Universal Service Center at 1-888-393-7600.

Your Responsibilities

- Pay your monthly CAP payment by the due date.
- Participate in energy education.
- Conserve electricity.
- Accept weatherization measures, if you qualify.
- Accept any changes to the CAP Program.
- Notify Universal Services of any change in income, residence, or number of household members.

☞ If you do not maintain your responsibilities, you may be removed from the program.

Smart Comfort Usage Reduction Program

Goal of Smart Comfort

The goal of Duquesne Light's Smart Comfort Program is to help you reduce your electric bill.

Program Benefits

- ⇒ Free conservation measures
- ⇒ Energy education
- ⇒ Services and measures to reduce your electric use and lower your monthly bill
- ⇒ Energy audit
- ⇒ Toll-free number for questions and information
- ⇒ Referrals to Community Resources

How to Qualify for Smart Comfort

- The name on your account must be an adult (18 years of age or older) living in the household.
- You must have continuous electric service at your current home for the previous 6 months except for home owners and electric heating customers.
- You have not had a Smart Comfort visit in the last 7 years.
- Your monthly and/or household yearly income must fall within the Federal Income Guidelines
- Your monthly average usage must be greater than 500 kilowatt-hours (kWh).

CARES Customer Assistance & Referral Evaluation Service

How to Apply for CARES

1. Call the Universal Service Center at:
1-888-393-7600

A Universal Service Representative will provide the name and telephone number of the location nearest you. When you place your call, please have the following information available:

- Monthly and/or yearly income of all household members.
- Names, birth dates, & social security numbers of all household members.
- Household expenses, such as rent, utility bills, food, and insurance payments.

2. Provide proof of income.

You may be required to provide proof of your monthly and/or yearly household income.

Your Responsibilities

- Must apply for energy assistance grants, if eligible.
- Must contact agencies suggested to you by the CARES Representative.
- Conserve electricity.

☞ *If you do not maintain your customer responsibilities, you may be removed from the program.*

CARES Customer Assistance & Referral Evaluation Service

How to Qualify for CARES

There are no income guidelines to qualify for the CARES Program.

You may qualify for the CARES Program, if you:

- Are experiencing a temporary hardship
- Are willing to work together with a CARES Representative

Examples of Temporary Hardships

- ☞ Serious illness or injury to a member of household
- ☞ Death of primary wage earner
- ☞ SSI or Disability recipient
- ☞ Low-income elderly
- ☞ Low-income single parent
- ☞ Loss of income to household
- ☞ Marital or family problems
- ☞ Loss of unemployment benefits
- ☞ High medical bills
- ☞ Mental health disability

Smart Comfort Usage Reduction Program

How to Apply for Smart Comfort

1. Call Smart Comfort at 1-866-282-3147

When you call, please have the following information available.

- Your 13 digit Duquesne Light account number (upper right on bill).
- Monthly and/or yearly income of all household members.
- The phone number(s) you can be reached.

2. Provide proof of income.

You may be required to provide proof of your monthly and/or yearly household income to the Energy Manager during the home visit.

Your Responsibilities

- ⇒ Participate in energy audit and energy education with an Energy Manager.
- ⇒ Accept any weatherization or conservation measures.
- ⇒ Conserve energy.

Smart Comfort Usage Reduction Program

Weatherization Measures

Duquesne Light has partnered with Community Based Organizations in your county to provide **free usage reduction measures** in your home.

An Energy Manager will visit you in your home and provide energy education and free usage reduction measures through an energy audit.

The Energy Audit will:

- Investigate potential savings areas within the home.
- Measure usage of targeted electrical equipment within the home.
- Provide energy education.
- Apply energy reduction measures where needed.

CARES Customer Assistance & Referral Evaluation Service

Hardships, such as loss of income due to injury, illness, or death of primary wage earner, can strike anyone at anytime. When they do, payment problems may occur. Many customers experiencing these types of problems are not aware of the programs and services available to them.

Goal of CARES

The goal of Duquesne Light's CARE Program is to assist payment challenged customers and customers with special needs obtain necessary social service support and assistance.

Program Benefits

- ⇒ No termination of electric service
- ⇒ Affordable monthly payments
- ⇒ No late payment charges
- ⇒ Home visit by CARES Representative
- ⇒ Information about reducing your electric use
- ⇒ Toll-free number for questions and information
- ⇒ Referrals to other Duquesne Light programs
- ⇒ Referrals to Community Resources, such as:

\$1 Energy Fund	Housing	Food Programs
Employment	Counseling	LIHEAP
Rehabilitation	Transportation	

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

DOCKET NO. R-00061346

DUQUESNE LIGHT COMPANY

Statement No. 14

Direct Testimony of Nancy J. D. Krajovic

RECEIVED

**APR - 7 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

1 **Q. Please state your full name and business address.**

2 A. Nancy J. D. Krajovic, 411 Seventh Avenue, Pittsburgh, PA 15219.

3

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Duquesne Light Company as Manager of Regulatory Affairs.

6

7 **Q. What are your principal duties and responsibilities in this position?**

8 A. I act as the primary interface with the Public Utility Commission (PUC) staff in
9 the conduct of financial and management audits of the Company. I prepare or
10 direct the preparation of numerous reports filed with the Commission, as well as
11 calculate the annual revisions to the State Tax Adjustment Surcharge. I am also
12 responsible for the administration of the Company's Retail and Supplier Tariffs,
13 ensuring proper modifications and appropriate and timely distribution of effective
14 tariffs. Relative to my responsibilities regarding the tariff, I also provide
15 interpretation of the provisions of the rules and regulations, rates and riders
16 contained therein to the various business units in the Company impacted by them.

17

18 **Q. What is your educational background?**

19 A. I received a Bachelor of Science in Accounting from Duquesne University in
20 1982 and a Master of Business Administration from the University of Pittsburgh's
21 Katz Graduate School of Business in 1988.

22

23 **Q. Please describe your professional experience.**

24 A. I was employed by the Pennsylvania Public Utility Commission from 1984
25 through 1987 as an auditor. In that position I performed audits of gas, electric and
26 steam heat utilities' fuel cost rates, as well as original cost and continuing
27 property records audits of water, telephone and gas utilities. I also was
28 responsible for the review of fuel cost rate filings from all jurisdictional gas,
29 electric and steam heat utilities and the preparation of Audit Bureau reports
30 recommending Commission action on those filings.

1 In 1988, following the completion of my graduate work at the University of
2 Pittsburgh, I joined Duquesne Light Company as a Regulatory Analyst. Since
3 that time, I have held various positions within the Rates and Regulatory Affairs
4 function of the Company. My responsibilities have included activities and
5 projects regarding regulatory reporting compliance, interaction with regulatory
6 staff, interpretation and implementation of the tariff and regulations, development
7 of strategy to respond to new or changing regulations, transition of business
8 processes and regulatory compliance to reflect customer choice and the
9 Company's role as a wires-only utility.

10 In the course of my employment with Duquesne, I have provided written
11 testimony before the PUC at Docket No. I-900005 – Demand Side Management,
12 Docket No. M-00930404C001, a complaint proceeding filed by the Office of
13 Consumer Advocate against Duquesne's 1993 ECR, Docket No. R-
14 00016854C001, a complaint proceeding filed by the Office of Consumer
15 Advocate against Duquesne's proposed recovery of Revenue Neutral
16 Reconciliation tax liability. I have provided oral testimony before the
17 Commission at Docket No. M-FACE0302 in regard to the implementation of a
18 solution to correct an error in the billing of CTC to large C & I customers and also
19 in several formal complaint actions filed by residential customers.
20

21 **Q. Are you sponsoring any exhibits in this proceeding?**

22 A. Yes. I am sponsoring Exhibit NJDK-1, which is Tariff No. 24 and Exhibit
23 NJDK-2, the Digest of Proposed Changes contained within Duquesne's Tariff No.
24 24
25

26 **Q. What is the purpose of your testimony?**

27 A. My testimony addresses the proposed changes to the retail tariff that will
28 implement the proposed rates, simplification of the tariff to reflect the delivery
29 service provided under the tariff and rate design modifications discussed by other
30 witnesses in this proceeding. Since this is the first opportunity to address
31 inconsistencies in language pertaining to transmission and delivery service, many

1 of the changes, though administrative in nature, are necessary to reflect rules and
2 rates for delivery service.

3
4 **Q. Would you briefly describe the contents of Exhibit NJDK-2?**

5 A. This exhibit sets forth in detail the modifications being proposed to Duquesne's
6 tariff, including the changes in rates and rate design being proposed to recover the
7 \$424 million in distribution revenue requirement sought at this docket.

8 Discussion of the changes in rates and rate design is contained in Mr. Pfrommer's
9 testimony.

10
11 **Q. Please describe in general the types of changes being proposed to the Tariff.**

12 Changes are being proposed to the rates contained in the rate schedules and
13 selected riders. There are also modifications to tariff language, changes to
14 provisions of selected rules and changes specific to several of the rate schedules
15 and riders.

16
17 **Q. Please describe the changes to the rates contained in the rate schedules of the
18 tariff?**

19 A. The distribution rates contained in each rate schedule have been modified to
20 reflect the allocated rate increase described by Mr. Pfrommer in his testimony.
21 Changes have also been made to the language and provisions to implement the
22 rate design modifications that he proposes.

23 Additionally, the rates for the provision of transmission service have been
24 removed from the individual rate schedules and now are contained in Appendix A
25 to the tariff, which also sets forth the proposed tracking mechanism to be used to
26 update those charges annually. Each rate schedule references Appendix A.

27
28 **Q. Please describe the changes in language presented in Duquesne's Tariff No.
29 24.**

30 A. A number of modifications have been made to eliminate language rendered
31 irrelevant by the transition to full deregulation of electric generation service, to

1 clarify provisions related to customer choice or to eliminate outdated provisions
2 or limitations that are no longer applicable. They are found on Tariff Pages No. 8,
3 23, 24, 55, 69, 105 and 107.
4

5 **Q. Please describe the changes to the rules of the tariff.**

6 A. The Company proposes to eliminate selected language in Rule No. 4 – Contracts,
7 that provides for the development of special contracts with commercial or
8 industrial customers to address changing business needs, operating conditions or
9 other economic considerations. This language was designed prior to deregulation
10 to enable the Company to offer economic development alternatives. Given the
11 significant change in the nature of the service now provided under our tariff and
12 the fact that the distribution and transmission charges constitute a very small
13 portion of a customer's bill, leaving little margin for consequential impact from a
14 discount, this provision is no longer an effective offering for our customers. The
15 remaining language regarding special contracts governs those contracts still in
16 existence.

17 Tariff Rule No. 21.3 – Returned Check Charge has been modified to extend the
18 provision for imposing a fee for a returned check to also include the fee for denied
19 access when a customer's payment is being made through an electronic
20 instrument instead of by check.
21

22 **Q. Are there any modifications to Rate GS/GM – General Service Small and
23 Medium other than the increases to current distribution rates and rate
24 design modifications that the Company is proposing in this proceeding?**

25 A. Yes. Recognizing the diversity for customers on this rate schedule, provisions
26 and a rate structure have been added for those customers who take non-demand
27 metered service, as reflected in Mr. Pfrommer's testimony.
28

29 **Q. Are there modifications to Rate HVPS – High Voltage Power Service other
30 than the increases to current distribution rates that the Company is
31 proposing in this proceeding?**

1 A. Yes. Rate HVPS – High Voltage Power Service contains distribution rate
2 differentials relative to time of use. Prior to unbundling, these rate discounts
3 reflected the reduced generation costs of electricity during non-peak periods.
4 They were maintained in the restructuring proceeding so as not to create increases
5 that would violate statutory and later voluntary rate caps. Now that the transition
6 to deregulated service is complete it is appropriate to revisit these charges.
7 Duquesne is proposing a rate structure whereby all distribution costs allocated to
8 Rate HVPS customers will be recovered via distribution demand charges.
9 Therefore, the tariff reflects the elimination of distribution energy charges from
10 Rate HVPS.

11

12 **Q. Are there any changes proposed to Rate SE – Street Lighting Energy in**
13 **addition to those contained in Mr. Pfrommer’s testimony?**

14 A. Yes. Rate SE currently contains charges for special facilities. The type of
15 facilities referenced in the tariff pertained to arc circuit lighting that have been
16 removed from service. This language and these charges are no longer necessary
17 and the Company therefore proposes to eliminate them.

18

19 **Q. Are there any changes proposed relative to Rate SH – Street Lighting**
20 **Highway in addition to those contained in Mr. Pfrommer’s testimony?**

21 A. Yes. Rate SH – Street Lighting Highway contains stated charges for Mercury
22 Vapor Lamps and for Sodium Vapor Lamps. The customers taking service under
23 this rate have converted all of their facilities to utilize only Sodium Vapor Lamps,
24 which are more efficient, and therefore, the Company proposes to eliminate all
25 rates for references to Mercury Vapor Lamps. Similarly, no customers currently
26 utilize 250 watt or 1,000 watt Sodium Vapor Lamps, and therefore these rates
27 have been eliminated from the tariff.

28

29 **Q. Are there any changes to the meter charges contained in the tariff?**

30 A. Yes. The meter charges contained in Rider No. 5 – Time of Day Discounts, Rider
31 No. 13 – General Service Separately Metered Electric Space Heating and Rider

1 No. 14 – Residential Service Separately Metered Space and Water Heating have
2 been updated to reflect the current cost of providing the metering services
3 required under those riders.
4

5 **Q. Are there any proposed changes to Rider No. 10 - State Tax Adjustment**
6 **Surcharge (STAS)?**

7 A. Yes. The Company is proposing to modify the way in which it recovers changes
8 in state taxes. Rider No. 10 is the State Tax Adjustment Surcharge (STAS) that
9 reflects changes in taxes of the Commonwealth. The STAS reflects changes in
10 tax rates for the Capital Stock Tax, Corporate Net Income Tax, Public Realty Tax
11 and Gross Receipts Tax, and is currently applicable to all of the distribution,
12 transmission and generation charges for customers taking service from the
13 Company. The Company is proposing to recover the effect of changes in the
14 rates for Capital Stock Tax, Corporate Net Income Tax and Public Realty Tax
15 only through the distribution charges, to avoid creating a disparity between
16 transmission rates for POLR customers and under the OATT, while the Gross
17 Receipts Tax will be recovered from all three types of charges. Consequently, the
18 Company is proposing to replace the current STAS that applies to all components
19 of the bill with a two-part rate, in which Part 1, to include changes in the Capital
20 Stock and Franchise Tax, Corporate Income Tax, and Public Utility Realty Tax,
21 will apply to only the distribution component of a customer's bill. Part 2 will
22 include changes to the Gross Receipts Tax and will be applied to all components
23 of a customer's bill.
24

25 **Q. Were these proposed changes to the STAS approved and in effect for other**
26 **utilities in the Commonwealth of Pennsylvania?**

27 A. Yes. A two-part STAS was approved in the Commission's Opinion and Order for
28 PPL in Docket No. R-00049255.
29

30 **Q. Are there any changes to Rider No. 16 – Service to Non-Utility Generating**
31 **Facilities?**

1 A. Yes. Currently, customers seeking back-up service from the Company for their
2 generation facilities would contract for either firm, interruptible or maintenance
3 back-up services. Recognizing that the Company no longer owns generation and
4 the energy to be supplied for backup service will come either from Rider No. 9 –
5 Hourly Price Service for large customers or through the Company’s full
6 requirements POLR contract for small customers, there are no longer any
7 distinguishing characteristics upon which to base price differentials for the nature
8 of the remaining back-up distribution services provided by the Company.
9 Therefore, the proposed modifications to Rider No. 16 offer only one class of
10 back-up service, with rate levels for customers with back-up contract demand of
11 greater than 5,000 kW and for customers with back-up contract demand of less
12 than 5,000 kW.

13

14 **Q. Are there any changes to Rider No. 18 – Rates for Purchase of Electric**
15 **Energy from Customer-Owned Renewable Resources Generating Facilities?**

16 A. Yes. Duquesne currently purchases power from customers under the provisions
17 of Rider No. 18, as required by PURPA. Rider No. 18 has historically contained
18 a provision stating that it was only effective so long as the Company could
19 recover the cost of such energy purchases through its Energy Cost Rate or
20 equivalent in the future. As Duquesne’s ECR was rolled into base rates in the
21 restructuring proceeding and the recovery mechanism was concurrently
22 eliminated from the tariff, this provision is no longer applicable and has been
23 removed.

24

25 **Q. Are there any changes to Rider No. 19 – Off-Peak Water Heating Rate?**

26 A. Yes. Introduced in 1993, this rider was a marketing tool designed to provide a
27 competitive alternative to natural gas for water heating service and its rate was
28 initially set at a level competitive with the average cost of water heating with gas
29 in the Company’s service territory. The rider also contained an indexing feature
30 whereby the rate would be adjusted annually to reflect the average change of gas
31 prices of the three major Pittsburgh area gas companies for the previous year, with

1 stated boundaries that it would not go any lower than 3.0 cents per kWh or any
2 higher than 6.0 cents per kWh. The rate is currently at 3.03 cents (by virtue of the
3 roll-in of the STAS), as it was frozen in the restructuring and transition period.
4 The rate has not been subsequently indexed to reflect the increases in the cost of
5 natural gas experienced over the past seven years in the Pittsburgh region.
6 Additionally, recognizing the impact of both the volume of change in the price of
7 gas relative to the cost of electricity and the variation in heating efficiencies
8 between gas and electric energy sources, the indexing methodology currently
9 contained in the tariff would have failed to maintain a “competitive” price that
10 still had any relationship to actual cost of the electric supply over time since the
11 last adjustment.

12 In light of the Company’s transition to a wires-only entity no longer owning a
13 competing energy source and the dramatic increases in the price of natural gas,
14 the Company is now proposing to modify both the rate for this service and the
15 rate indexing provision. Rather than correlating the cost of the service to changes
16 in gas prices, Duquesne proposes that the price reflect the off-peak nature of the
17 service. The rate will be adjusted annually each March 1st, based upon the
18 average off-peak price in the PJM Duquesne Zone for the preceding calendar
19 year, adjusted for transmission and distribution line losses and the Rider No. 1 –
20 PJM Surcharge.

21
22 **Q. Are there any changes to Rider No. 21 – Universal Service Charge?**

23 A. Yes. In the Class Cost of Service Study prepared by Mr. Gorman, universal
24 service costs have been allocated only to the residential customer rate classes,
25 reflecting cost causation. Accordingly, the provisions of Rider No. 21, which
26 reflect the current recovery of those costs from all customers, must be modified.
27 The Distribution Allocation Factors have been calculated based upon each rate
28 schedule’s share of distribution revenues relative to the total class distribution
29 revenues. The Base Universal Service Charge has been revised, reflecting that the
30 costs have been allocated among all three residential rate classes on a per kWh

1 basis. Also, the definition of the "U" factor of the formula has been updated to
2 include the Stay Warm Program recently implemented by the Company.

3

4 **Q. Are there any changes to Rider No. 22 – Renewable Energy Service?**

5 A. Yes. The metering charges contained therein have been updated to correspond to
6 the revised customer charges contained in Rates RS, RH, RA, GS/GM and GMH,
7 consistent with current corresponding charges.

8

9 **Q. Have any Riders been added to the tariff?**

10 A. Yes. Rider No. 20 – Distribution System Improvement Charge has been added to
11 the tariff. This rider will provide for the recovery of the fixed costs of eligible
12 delivery system improvement and relocation projects designed to enhance system
13 security, reliability, integrity, safety and long-term viability and is discussed in
14 detail in Mr. Pfrommer's testimony.

15

16 **Q. Have any Riders been eliminated from the tariff?**

17 A. Yes. The application of Rider No. 8 – Fixed Price Service concluded on May 31,
18 2006. Therefore, Rider No. 8, all references to it and Rider No. 23 – Generation
19 Rate Adjustment, which applied to customers that switched from service under
20 Rider No. 8 to either Rider No. 9 – Hourly Price Service or an Electric Generation
21 Supplier (EGS), have been removed from the tariff.

22

23 **Q. Does this conclude your testimony?**

24 A. Yes.

Exhibit NJDK-1

Duquesne Light Company

Tariff Electric – PA. P.U.C. No. 24

March 30, 2006

ELECTRIC – PA. P.U.C. NO. 24
Superseding

ELECTRIC – PA. P.U.C. NO. 23
and Supplements thereto



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Pages No. 4 and 5)

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Morgan K. O'Brien
President and Chief Executive Officer

ISSUED: April 7, 2006

EFFECTIVE: June 6, 2006

NOTICE

**THIS TARIFF INCREASES, DECREASES AND CHANGES EXISTING RATES AND RIDERS
AND ADDS A NEW RIDER**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rate RS – Residential Service	Original Page No. 32
Rate RH – Residential Service Heating	Original Pages No. 34 and 35
Rate RA – Residential Service Add-On Heat Pump	Original Pages No. 37 and 38
Rate GS/GM – General Service Small and Medium	Original Pages No. 40 and 41
Rate GMH – General Service Medium Heating	Original Pages No. 43 and 44
Rate GL – General Service Large	Original Page No. 47
Rate GLH – General Service Large Heating	Original Pages No. 50 and 51
Rate L – Large Power Service	Original Page No. 53
Rate HVPS – High Voltage Power Service	Original Pages No. 57 and 58
Rate AL – Architectural Lighting Service	Original Page No. 61
Rate SE – Street Lighting Energy	Original Page No. 64
Rate SM – Street Lighting Municipal	Original Pages No. 68 and 69
Rate SH – Street Lighting Highway	Original Page No. 71
Rate UMS – Unmetered Service	Original Page No. 74
Rate PAL – Private Area Lighting	Original Pages No. 76 and 77
Rider No. 13 – General Service Separately Metered Electric Space/ Heating Service	Original Page No. 97
Rider No. 14 – Residential Service Separately Metered Electric Space and Water Heating	Original Page No. 98
Appendix A – Transmission Service Charges	Original Pages No. 113-115

All charges for transmission services provided to customers have been removed from the individual rate schedules and consolidated into Appendix A – Transmission Service Charges. Language has been inserted into each rate schedule describing the provision of transmission services under the PJM OATT and referencing Appendix A. The tariff pages listed above have been modified/added to reflect these changes.

Rule No. 4 – Contracts	Original Page No. 9
Rule No. 45.2 – Supplier Switching Options	Original Page No. 31
Rate GL – General Service Large	Original Pages No. 47 and 48
Rate GLH – General Service Large Heating	Original Pages No. 50 and 51
Rate L – Large Power Service	Original Pages No. 53 and 54
Rate HVPS – High Voltage Power Service	Original Pages No. 57 and 58
Rider No. 5 – Time of Day Discounts	Original Page No. 84
Rider No. 8 – Fixed Price Service	
Rider No. 9 – Hourly Price Service	Original Page No. 93
Rider No. 16 – Service to Non-Utility Generating Facilities	Original Pages No. 101 and 102
Rider No. 23 – Generation Rate Adjustment	

Fixed Price Service previously included in the tariff as Rider No. 8 and available to customers taking service under Rates GL, GLH, L and HVPS expires effective June 1, 2006. Rider No. 8 and Rider No. 23 – Generation Rate Adjustment, which applied only to customers served under Rider No. 8, have been eliminated from the tariff. All references to these riders have been deleted from the remaining rules, rates and regulations of the tariff as reflected on the pages listed above.

Rule No. 4 – Contracts	Original Page No. 9
------------------------	---------------------

Language providing for the negotiation of special contracts between the Company and customers has been eliminated from the tariff.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)**CHANGES – (Continued)****Rule No. 21.3 – Returned Check or Access Denied Charge** **Original Page No. 24**

Application of the \$20.00 charge levied on a customer for a returned check is extended to include denied access for an authorized electronic payment of a customer's account.

Rate GS/GM – General Service Small and Medium **Original Page No. 40**

Rates have been added for customers taking non-demand metered service under this rate schedule.

Rate GL – General Service Large **Original Page No. 48**

Determination of Demand has been modified to refer specifically to Distribution.

Rate GLH – General Service Large Heating **Original Pages No. 50 and 51**

Language has been modified to reflect that during the non-heating months, Rate GL shall apply to service rendered to Rate GLH customers. Determination of demand language has also been removed, as no demand charges are billed during the heating months under Rate GLH.

Rate SE – Street Lighting Energy **Original Page No. 66**

Charges for Special Facilities have been removed from the tariff since the facilities no longer exist.

Rate SH – Street Lighting Highway **Original Page No. 71**

Rates for all Mercury Vapor lamps and 250 watt and 1,000 watt Sodium Vapor lamps have been removed, as those facilities are no longer utilized by customers on Rate SH.

Rate UMS – Unmetered Service **Original Pages No. 74 and 75**

Former Rate MTS – Municipal Traffic Signals has been renamed as Rate UMS – Unmetered Service and its availability extended to include other customers with similar service requirements.

Rate L – Large Power Service **Original Page No. 54**

Determination of Demand has been modified to refer specifically to Distribution.

Rate HVPS – High Voltage Power Service **Original Pages No. 57 and 58**

Distribution charges for kWh usage have been eliminated.

Determination of Demand has been modified to refer specifically to Distribution.

Rider No. 10 – State Tax Adjustment Surcharge **Original Page No. 94**

The State Tax Adjustment Surcharge has been modified to reflect a two-part application, the first to only the distribution components of customer bills and the second to all components of customer bills.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)**CHANGES – (Continued)****Rider No. 16 – Service to Non-Utility Generating Facilities** **Original Pages No. 101 and 102**

The language in Rider No. 16 has been modified to reflect the availability of only one type of back-up service from the Company.

Rider No. 19 – Off-Peak Water Heating Service **Original Page No. 106**

Provisions for annual modification of the rate contained in this rider have been changed.

Rider No. 20 – Distribution System Improvement Charge **Original Pages No. 108-110**

This rider has been added to the tariff.

Rider No. 21 – Universal Service Charge **Original Page No. 111**

Applicability, language, allocation factors and base charge have been modified to reflect that universal service charges are recovered only through distribution charges billed to residential customers under this tariff. Definition of "U" was expanded to include all current programs.

Rule No. 3.1 – Definitions **Original Page No. 8****Rule No. 20.1 – Billing Options** **Original Page No. 23****Rule No. 21.2 – Partial Payment of Bills** **Original Page No. 24****Rate L – Large Power Service** **Original Page No. 55****Rate SM – Street Lighting Municipal** **Original Page No. 69****Rider No. 18 – Rates for Purchase of Electric Energy from Customer-Owned
Renewable Resources Generating Facilities** **Original Page No. 105****Rider No. 19 – Off-Peak Water Heating Service** **Original Page No. 107**

Minor changes to eliminate outdated language or provisions related to the now-completed transition to full direct access have been eliminated from the tariff pages listed above.

INCREASES**Rate RS – Residential Service** **Original Page No. 32**

Customer charge and unit prices have been changed resulting in increases.

Rate RH – Residential Service Heating **Original Page No. 34**

Customer charge and unit prices have been changed resulting in increases.

Rate RA – Residential Service Add-On Heat Pump **Original Page No. 37**

Customer charge and unit prices have been changed resulting in increases.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)**INCREASES – (Continued)**

Rate GS/GM – General Service Small and Medium **Original Pages No. 40 and 41**

Customer charge, unit prices and maximum average charge have been changed resulting in increases.

Rate GMH – General Service Medium Heating **Original Pages No. 43-45**

Customer charge, unit prices, maximum average charge and minimum charge have been changed resulting in increases.

Rate GL – General Service Large **Original Page No. 47**

Fixed and unit prices have been changed resulting in increases.

Rate GLH – General Service Large Heating **Original Pages No. 50 and 51**

Customer charge, unit prices and minimum charge have been changed resulting in increases.

Rate L – Large Power Service **Original Page No. 53**

Fixed and unit prices have been changed resulting in increases.

Rate HVPS – High Voltage Power Service **Original Page No. 57**

Fixed and unit prices have been changed resulting in increases.

Rate AL – Architectural Lighting Service **Original Page No. 61**

Unit prices have been changed resulting in increases.

Rate SE – Street Lighting Energy **Original Page No. 64**

Rate structure for distribution charges has been changed and charges have increased.

Rate SM – Street Lighting Municipal **Original Pages No. 68 and 69**

Unit prices have been changed resulting in increases.
Pole charges have been increased.

Rate SH – Street Lighting Highway **Original Page No. 71**

Unit prices have been changed resulting in increases.

Rate UMS – Unmetered Service **Original Page No. 74**

Customer charge and tail-block unit prices have been changed resulting in increases.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

INCREASES – (Continued)**Rate PAL – Private Area Lighting**

Original Pages No. 76 and 78

Unit prices have been changed resulting in increases.
Pole charges have been increased.

Rider No. 5 – Time of Day Discounts

Original Page No. 85

Meter charges have been changed, resulting in increases for some customers.

Rider No. 13 – General Service Separately Metered Electric Space Heating Service

Original Page No. 97

Unit prices have been changed resulting in increases.
Meter charge has been increased.

Rider No. 14 – Residential Service Separately Metered Electric Space and Water Heating

Original Page No. 98

Unit prices have been changed resulting in increases.
Meter charge has been increased.

Rider No. 16 – Service to Non-Utility Generating Facilities

Original Page No. 102

Fixed and unit prices have been changed resulting in increases.

Rider No. 19 – Off-Peak Water Heating Service

Original Page No. 106

Unit prices have been changed resulting in increases.

Rider No. 22 - Renewable Energy Service

Original Page No. 112

Meter charges have been increased.

Appendix A – Transmission Service Charges

Original Page No. 113

Unit Prices have been changed, resulting in increases.

DECREASES**Rate GL – General Service Large**

Original Page No. 47

Unit prices have been changed resulting in decreases.

Rate L – Large Power Service

Original Page No. 53

Unit prices have been changed resulting in decreases.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)**DECREASES – (Continued)**

Rate AL – Architectural Lighting Service	Original Page No. 61
Customer charge and unit prices have been changed resulting in decreases.	
Rate SM – Street Lighting Municipal	Original Page No. 68
Unit prices have been changed resulting in decreases.	
Rate UMS – Unmetered Service	Original Page No. 74
Unit prices have been changed resulting in decreases.	
Rate PAL – Private Area Lighting	Original Page No. 76
Unit prices have been changed resulting in decreases.	
Rider No. 5 – Time of Day Discounts	Original Page No. 85
Meter charges have been changed, resulting in decreases for some customers.	
Appendix A – Transmission Service Charges	Original Page No. 113
Unit prices have been changed, resulting in decreases.	

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(C) – Indicates Change

LIST OF COMMUNITIES SERVED

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

ALLEGHENY COUNTY**Cities and Boroughs**

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

Townships

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

LIST OF COMMUNITIES SERVED - (Continued)**BEAVER COUNTY****Cities and Boroughs**

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

Townships

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

RULES AND REGULATIONS**THE ELECTRIC SERVICE TARIFF**

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

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

The supply of generation may be provided by the Company or by an alternative EGS. Rates for generation shall apply per applicable tariffs of the Company or the EGS.

3.1 DEFINITIONS

- (1) **Aggregator or Market Aggregator** - An entity, licensed by the Commission, that purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- (2) **Basic Services** - The services necessary for the physical delivery of electricity service including generation, transmission and distribution. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning.
- (3) **Broker or Marketer** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (4) **Commission** - The Pennsylvania Public Utility Commission.
- (5) **Company** - Duquesne Light Company.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

DEFINITIONS - (Continued)

- (6) **Customer** - A retail electric customer or potential customer of retail electricity service who are direct purchasers of electric power for use at their facility. Unless indicated otherwise, "retail customer" and "customer" used throughout this tariff shall have the same meaning. A residential customer is a natural person in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service, or any adult occupant whose name appears on the mortgage, deed or lease of the property of which the residential utility service is requested.
- (7) **Direct access** - The right of EGSs and retail customers to utilize and interconnect with the electric transmission and distribution system of the Company on a non-discriminatory basis at rates and terms and conditions of service comparable to the Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.
- (8) **Distribution Charges** - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to billing information) and universal service, as applicable.
- (9) **Electric Distribution Company (EDC)** - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.
- (10) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to January 1, 1997. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).
- (11) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (12) **Generation Charges** - Basic service charges for acquiring or producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

DEFINITIONS - (Continued)

- (13) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (14) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (15) **PJM** - PJM Interconnection, L.L.C.
- (16) **PJM Tariff** - the PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.
- (17) **Provider of Last Resort** - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) or has been returned to POLR service by the EGS under circumstances as described in Rule No. 45.2 of this Tariff. (C)
- (18) **Transmission Charges** - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company billed to customers that acquire their electricity from the Company. Customers who choose to acquire electricity from an EGS will be billed for transmission services by the EGS.

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

4. CONTRACTS The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and 66 Pa.C.S. § 2807. Extension of such facilities will not be conditioned on the customer's agreement to purchase generation from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RULES AND REGULATIONS - (Continued)**THE ELECTRIC SERVICE TARIFF - (Continued)****CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS****4. CONTRACTS - (Continued)**

and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service.

Commencing June 1, 2006, all contracts entered into by the Company will be in accordance with the stated provisions and charges of the rate schedule applicable to the customer's electric service requirements. Special contracts negotiated prior to June 1, 2006 will continue to expiration subject to the following provisions. (C)

Under direct access, customers with special contracts may continue to purchase electricity from the Company in accordance with the terms and conditions of the contract; terminate the contract and obtain electricity from an EGS on the otherwise applicable tariff rates according to the eligibility under direct access; or, retain the Company's services under the unbundled rates of the contract and purchase electrical energy from an EGS. The customer's discount from the otherwise applicable tariff rates will be allocated to the generation components of the unbundled rates. The discount will be applied to the demand and energy components of the unbundled rate elements.

Effective January 1, 2005, customers with special contracts will be required to pay the incremental costs for PJM capacity, ancillary services and administrative services, which will be the applicable PJM Surcharge identified in Rider No. 1. The Company will calculate the incremental PJM capacity and ancillary service charges as follows:

- o The Company will calculate the PJM capacity and ancillary service charges described in Rider No. 9 excluding Pennsylvania gross receipts taxes.
- o The Company will subtract the ancillary service charges for the applicable rate schedule embedded in the generation rates. The embedded charges are: \$0.17/kW and \$0.000387/kWh for rate schedule GL; \$0.20/kW and \$0.000701/kWh for rate schedule GLH; \$0.15/kW and \$0.000395/kWh for rate schedule L and \$0.19/kW and \$0.000448/kWh for rate schedule HVPS.
- o This difference will be divided by (1 - Pennsylvania gross receipts tax rate) to determine the incremental PJM capacity and ancillary services charge.

For contracts that contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract and the customer will be eligible to obtain electricity from an EGS only in accordance with the terms and conditions of the customer's contract. Upon expiration of their contract, special contract customers will default to Rider No. 9, Hourly Price Service. (C)

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RULES AND REGULATIONS - (Continued)**CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS - (Continued)**

5. **DEPOSITS AND ADVANCE PAYMENTS** The Company reserves the right to require a cash deposit from applicants taking service for a period of less than thirty days, in an amount equal to the estimated gross bill for Company charges for such temporary service. The gross bill for Company charges shall include all fixed, demand and energy charges for Company charges in accordance with the applicable tariff. Deposits may be required from all other applicants when creditworthiness has not been established or from existing customers when such customer's credit standing is impaired by delinquent payments of any two consecutive electric bills for Company charges excluding any unpaid EGS bills, if any, or three or more electric bills for Company charges within the preceding 12 months or as a condition to the reconnection of service or by failure to comply with a settlement or payment agreement.

The amount of the deposit will be based on Company charges in an amount that is equal to one-sixth of the applicant's estimated annual bill or one-sixth of the actual average annual bill for existing customers. The Company is not required to provide service if the full amount of the cash deposit is not paid. An applicant or existing customer may furnish a third party guarantor in lieu of a cash deposit, with the provision of a written guaranty setting forth the terms therein. The guarantor will be responsible for all missed payments of the applicant or customer.

The Company will pay interest on residential cash deposits at the rate six percent per annum without deduction for any taxes thereon commencing December 14, 2004. For all other cash deposits, the Company will pay interest at the lower of the average of 1-year Treasury Bills for September, October and November of the previous year beginning May 1, 1995 and January 1, 1996 and each year thereafter, or six percent per annum without deduction for any taxes thereon, provided that interest accrued prior to April 14, 1995 shall be calculated at 6%. On deposits held for more than one year, accrued interest will be paid at the end of each anniversary year. Upon the return of a deposit, any unpaid interest accrued thereon will be paid.

Deposits secured from a residential applicant or customer shall be returned to the depositor when a timely payment history has been established, or after a maximum of 24 months. A timely payment history is established when a customer has paid undisputed bills in full and on time for 12 consecutive months. Should a customer become delinquent prior to establishing a timely payment history, the Company may deduct the outstanding balance from the deposit. Deposits secured from other than residential customers shall be returned to the depositor upon annual review provided such depositor shall have paid undisputed bills during those consecutive 12 months without having service terminated and without having paid the bill subsequent to the due date so long as the customer is not currently delinquent. Payment of any disputed bill, where the payment is withheld beyond the due date set forth on the face of the bill at issue and the dispute over which is terminated substantially in favor of the customer, shall be made by the customer within 15 days following the termination of that dispute in order to be deemed timely. Where service is discontinued, the deposit and unpaid interest accrued thereon to the date of discontinuance of service, less the amount of all bills due the Company, will promptly be paid to the customer.

The Company reserves the right to require payment in advance for seasonal service, when the applicants elect to take such service, in an amount equal to the estimated gross Company charges for such seasonal service as determined by the provisions of the rate under which this service is taken.

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE**

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

7. SUPPLY LINE EXTENSIONS**A. Definitions**

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

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

B. Overhead Areas

- (1) In areas where the existing supply lines are overhead, the Company will construct and maintain extensions of all single-phase overhead supply lines operating at 23,000 volts or less to the customer's property line without a guarantee of revenue.

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****7. SUPPLY LINE EXTENSIONS - (Continued)****B. Overhead Areas - (Continued)**

- (2) In areas where the existing supply lines are overhead, the Company will construct and maintain extensions of all three-phase overhead supply lines, operating at 23,000 volts or less, which are usable as a part of its general supply system without a guarantee of revenue. When the three-phase supply line extension is to supply service exclusively to a single customer, such a supply line will be extended to the customer's property line only if a guarantee of revenue is provided by the customer over a period of five years which is sufficient to recover the actual total construction cost of the three-phase overhead line extension, less the estimated total construction cost for an equivalent single-phase overhead line extension. In the event that a revenue guarantee is not sufficient to recover the estimated total cost of the construction, or if the Company determines that the extension is speculative, or the customer represents a credit risk, the Company may require an up-front contribution in aid of construction (CIAC) from the customer to recover the total cost of construction. A customer may choose the option to make a CIAC rather than utilize a revenue guarantee. The Company will consider financing alternatives, such as a letter of credit or other payment arrangements, in lieu of a CIAC when appropriate. Any additional CIAC payment required will include the related income tax.
- (3) When the customer has a severe fluctuating or unbalanced load, or requests an alternate routing or a deviation from the Company's standard overhead construction practices, the additional cost incurred plus the related income tax will be borne by the customer and will not be included when determining the revenue guarantee amount.

C. Underground Areas

- (1) In areas where the existing supply lines are underground outside the limits of a residential development covered by Tariff Rule 13.2, the Company will construct and maintain extensions of all single-phase underground supply lines operating at 23,000 volts or less which are usable as part of its general supply system without a guarantee of revenue. When the single-phase supply line extension is to supply electricity exclusively to a single customer, such a supply line will be extended to the customer's property line only if a guarantee of revenue is provided by the customer, over a period of five years which is sufficient to recover the actual total contractor cost, direct labor cost and direct material cost for the full length of the single-phase underground line extension, less the estimated total contractor cost, direct labor cost, and direct material cost for an equivalent single-phase overhead line extension. In the event that a revenue guarantee is not sufficient to recover the estimated total cost of the construction, or if the Company determines that the extension is speculative, or the customer represents a credit risk, the Company may require an up-front contribution in

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****7. SUPPLY LINE EXTENSIONS - (Continued)****C. Underground Areas - (Continued)**

aid of construction (CIAC) from the customer to recover the total cost of construction. A customer may choose the option to make a CIAC rather than utilize a revenue guarantee. The Company will consider financing alternatives, such as a letter of credit or other payment arrangements, in lieu of a CIAC when appropriate. Any additional CIAC payment required will include the related income tax.

- (2) In areas where the existing supply lines are underground outside of the limits of a residential development covered by Tariff Rule 13.2, the Company will construct and maintain extensions of all three-phase underground supply lines operating at 23,000 volts or less which are usable as part of its general supply system without a guarantee of revenue. When the three-phase supply line extension is to supply service exclusively to a single customer, such a supply line will be extended to the customer's property line only if a guarantee of revenue is provided by the customer over a period of five years which is sufficient to recover the actual total construction cost of the three-phase underground line extension, less the estimated total construction cost for an equivalent single-phase overhead line extension. In the event that a revenue guarantee is not sufficient to recover the estimated total cost of the construction, or if the Company determines that the extension is speculative, or the customer represents a credit risk, the Company may require an up-front contribution in aid of construction (CIAC) from the customer to recover the total cost of construction. A customer may choose the option to make a CIAC rather than utilize a revenue guarantee. The Company will consider financing alternatives, such as a letter of credit or other payment arrangements, in lieu of a CIAC when appropriate. Any additional CIAC payment required will include the related income tax.
- (3) When the customer has a severe fluctuating or unbalanced load, or requests an alternate routing or a deviation from the Company's standard underground construction practices, the additional cost plus the related income tax will be borne by the customer and will not be included when determining the revenue guarantee amount.

D. Rights-of-Way

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

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****7. SUPPLY LINE EXTENSIONS - (Continued)****E. Revenue Guarantees**

The revenue guarantee amount shall be the estimated cost of the line extension. The annual revenue guarantee amount shall be the revenue guarantee amount, divided by the number of years in the guarantee period. The annual revenue guarantee amount will be reviewed yearly and will be adjusted to the minimum charges as provided in the applicable rate schedule on the following basis:

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

F. Contributions in Aid of Construction

The Contribution in Aid of Construction (CIAC) will be refunded to the customer over the five-year revenue guarantee period to the extent that the revenue from the customer satisfies the revenue guarantee.

- (1) When the total of the monthly Company delivery charges at the end of the current year is greater than or equal to one-fifth of the CIAC, a refund of one-fifth of the CIAC will be made to the customer.
- (2) When the total of the monthly Company delivery charges at the end of the current year is less than one-fifth of the CIAC, a refund of one-fifth of the CIAC less the revenue shortfall will be made to the customer.
- (3) At the end of the five-year revenue guarantee period, a final reconciliation of delivery charges during the period will be made against the CIAC. If the total delivery charges paid exceed or equal the original CIAC, any remaining CIAC will be returned to the customer. If the total delivery charges paid are less than the original CIAC, the remaining CIAC will be retained by the Company.

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)**

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

9. RELOCATIONS OF FACILITIES**A. Pole Removal or Relocation for Residential Customers**

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

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

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

B. Other Company Facilities for all Customers

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

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)**

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

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

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

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

13.1 UNDERGROUND DISTRIBUTION

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

B. Underground Service Lines from Overhead Supply Lines**(1) Service Line Voltages Under 600 Volts.**

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

(2) Service Line Voltages Over 600 Volts.

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

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS****A. Definitions**

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

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

B. Installation of Distribution and Service Lines

Distribution and service lines installed under an application for electric service within a development will be installed underground; will conform to the Company's construction standards, the Pennsylvania PUC regulation 57.26 of Title 52 (relating to construction and maintenance of facilities), the specifications set forth in the National Electric Safety Code (NESC), and will be owned and maintained by the Company. Pad-mounted transformers will be installed as a Company construction standard. Excavating and backfilling shall be performed by the developer of the project or by another agent as the developer may authorize. Installation of service-related Company facilities will be performed by the Company or by another agent as the Company may authorize. Street-lighting lines installed then or thereafter within the same development will also be installed underground, upon terms and conditions prescribed elsewhere in the Company's tariff. The Company

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)****B. Installation of Distribution and Service Lines - (Continued)**

will not be liable for injury or damage occasioned by the willful or negligent excavation, breakage, or other interference with its underground lines occasioned by anyone other than its own employees or agents.

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

C. Applicants for Electric Service

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

- (1) At its own cost, provide the Company with a copy of the recorded development plot plan identifying property boundaries, and with easements satisfactory to the Company for occupancy by distribution, service and street-lighting lines and related facilities.
- (2) At its own cost, clear the ground in which the lines and related facilities are to be laid of trees, stumps and other obstructions, provide the excavating and backfilling subject to the inspection and approval of the Company, and rough grade it to within six inches of final grade, so that the Company's part of the installation shall consist only of laying of the lines and installing other service-related facilities. Excavating and backfilling performed or provided by the applicant will follow the Company's underground construction standards and specifications set forth by the Company in written form and presented to the applicant at the time of application for service and presentation of the recorded plot plan to the Company. If the Company's specifications have not been met by the applicant's excavating and backfilling, the excavating and backfilling will be corrected or redone by the applicant or its authorized agent. Failure to comply with the Company's construction standards and specifications permits the Company to refuse utility service until the standards and specifications are met.
- (3) Request electric service at such time that the lines may be installed before curbs, pavements and sidewalks are laid; carefully coordinate scheduling of the Company's line and facility installation with the general project construction schedule, including coordination with other utilities sharing the same trench; keep the route of lines clear of machinery and other obstructions when the line installation crew is scheduled to appear; and otherwise cooperate with the Company to avoid unnecessary costs and delay.
- (4) Pay to the Company any necessary and additional costs incurred by the Company as a result of the following:

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)****C. Applicants for Electric Service - (Continued)**

- (a) Installation of underground facilities that deviate from the Company's underground construction standards and specifications if such deviation is requested by the applicant for electric service and is acceptable to the Company.
 - (b) A change in the plot plan or final grade elevations by the applicant for electric service after the Company has completed engineering for the project and/or has commenced installation of its facilities.
 - (c) Physical characteristics such as oversized lots or lots with extreme set-back where under the Company's line extension policy contained in its tariff a charge is mandated for overhead service.
- (5) No charges other than those described in paragraph (4) of this rule shall be borne by the applicant for electric service or by any other utility sharing the same trench, even if the Company elects to perform its own excavating and backfilling.
- (6) No charges other than those described in paragraphs (4) or (5) will be borne by the applicant, even if the Company elects to perform its own trenching and backfilling.

D. Installing Distribution Lines Beyond Boundary of Development

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

E. Classification of Charges

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

F. Exceptions

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

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE - (Continued)****13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)****F. Exceptions – (Continued)**

- (a) A copy of the recorded plot plan of the development for which the exception is being sought.
- (b) A letter petition setting forth:
 - (i) the name of the applicant
 - (ii) the location and size of the development involved
 - (iii) the names of the electric utility and telephone utility which will provide service to that development
 - (iv) the date on which construction began or will begin; whether the development is a new development or one phase in a development to be completed in several phases; and whether facilities in the area surrounding the development have been installed underground or overhead.
- (2) Upon the filing of an exception request, the Commission staff will notify the utilities involved and the appropriate local government authority, review the facts stated in the request, and issue to the applicant and the utility an informal written report and decision within 180 days of the request for an exception. Failure of the party requesting an exception to supply sufficient data within 180 days of the period shall result in the automatic denial of the request.
- (3) A public utility or any affected person may appeal the informal decision rendered by Commission staff by filing a letter petition with the Secretary of the Commission stating the facts in question and requesting a hearing. All appeals shall be referred to the Commission's Office of Administrative Law Judge for hearing and decision.
- (4) If an exception request initiated by an applicant for electric service is granted, and the applicant thereafter desires underground electric service, then paragraphs B and C (relating to installation of distribution and service lines and applicant for electric service) will apply as if no exception had been granted.

G. Applicability

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

H. Subdivisions

Underground facilities in new residential developments are only required by paragraphs A through G (relating to underground electric service in new residential developments)

RULES AND REGULATIONS - (Continued)**MEASUREMENT AND USE OF SERVICE****13.2 UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - (Continued)****H. Subdivisions – (Continued)**

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

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

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

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

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

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

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

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

RULES AND REGULATIONS - (Continued)**MEASUREMENT AND USE OF SERVICE - (Continued)****14.2 CUSTOMER REQUEST FOR SPECIAL METERING - (Continued)**

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

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

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

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

16. USE OF SERVICE BY CUSTOMER The customer shall use the electric service only at the premise where service is established; and after electric service has been established, shall notify the Company of any change in connected load, demand, or other conditions of use. The customer shall notify the Company of other on site sources of electric generation or electricity concurrently produced as a by-product of another process or electricity produced utilizing renewable resources. Customers who own and operate electric generation equipment shall conform with the Company's "Electric Service Installation Rules", copies of which may be obtained at the Company's offices. For customers who own and operate electric generation, the provisions of Rider No. 16, "Service to Non-Utility Generating Facilities" and Rider No. 22, "Renewable Energy Service" may also apply.

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

RULES AND REGULATIONS - (Continued)**MEASUREMENT AND USE OF SERVICE - (Continued)**

18. REDISTRIBUTION All electric energy shall be consumed by the customer to whom the Company supplies and delivers such energy, except that (1) a customer operating a separate office building, and (2) any other customer who, upon showing that special circumstances exist, obtains the written consent of the Company may redistribute electric energy to tenants of such customer, but only if such tenants are not required to make a specific payment for such energy, except where such payments would encourage energy conservation. This rule shall not affect any practice undertaken prior to June 1, 1965. See Rule No. 41 for special requirements for residential dwelling units in a building.

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

BILLS AND NET PAYMENT PERIODS

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

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

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

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

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

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RULES AND REGULATIONS - (Continued)**BILLS AND NET PAYMENT PERIODS - (Continued)**

21.2 PARTIAL PAYMENT OF BILLS For customers who submit payments which are insufficient to cover all of the charges billed by the Company, including EGS charges for those customers who have selected consolidated billing, the Company will apply the payment based upon their current bill and their outstanding balance, if applicable, as follows: (1) current distribution charges; (2) current transmission charges; (3) balance due for prior generation charges; (4) current generation charges, and (5) non-basic service charges. (C)

21.3 RETURNED CHECK OR ACCESS DENIED CHARGE If a check or access device as defined by Pennsylvania law received in payment of a Customer's account is returned to the Company unpaid by the Customer's bank and cannot be redeposited by the Company for payment, a \$20.00 charge for the returned check will be added to the Customer's account. (C)

COMPANY PROPERTY ON CUSTOMER'S PREMISES

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

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

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

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

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE

26. ARREARS The Company upon reasonable notice may terminate electric service and remove its equipment from the premises for nonpayment of undisputed Company service charges or Company charges as the provider of last resort charges. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RULES AND REGULATIONS - (Continued)**DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE – (Continued)**

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

27. CONTRACTS OR APPLICATIONS Where electric service has been established without the customer first having executed a written contract or application, the Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer refuses or neglects to execute a written contract or application when requested so to do by the Company. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

28. DEPOSITS The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer refuses or neglects to post a cash deposit based on Company charges when requested to do so by the Company, as provided under Rule No. 5. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

29. UNDERGROUND SERVICE The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice when the customer refuses or neglects to provide at his own expense the necessary facilities for receiving underground service, as provided under Rule No. 13.1. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

30. HAZARDOUS AND IMPROPER CONDITIONS The Company may terminate electric service and remove its equipment from the premises if in the judgment of the Company the customer's installation has become dangerous or defective, or if the Company has received a notice from the proper authorities that the customer's equipment is dangerous or defective, or if the customer's equipment or use thereof injuriously affects the equipment of the Company or the Company's service to other customers. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

31. MISREPRESENTATIONS The Company reserves the right to terminate electric service and remove its equipment from the premises in case the customer has made misrepresentations to the Company with respect to the customer's identity or the use of the electric service. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

32. REDISTRIBUTION The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer redistributes the electric service contrary to the provisions set forth in this tariff. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

RULES AND REGULATIONS - (Continued)**DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)**

33. INACCESSIBILITY The Company may terminate electric service and remove its equipment from the premises upon reasonable notice in case meter readers or other authorized representatives of the Company cannot gain admittance or are refused admittance to the premises for the purpose of reading meters, making repairs, making inspections, or removing Company property, or in case the customer interferes with Company representatives in the performance of their duties. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

34. TAMPERING The Company may terminate electric service and remove its equipment from the premises in case the Company's property on the premises has been interfered with, or in case evidence is found that the service wires, meters, switch-box or other appurtenances on the premises have been tampered with. When a residential customer or residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

35. REPAIRS AND LOSSES The Company may terminate electric service and remove its equipment from the premises upon reasonable notice in case the customer shall neglect or refuse to reimburse the Company for repairs to or loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by negligence on the part of the customer. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

36. WRITS AND LEVIES The Company reserves the right to terminate electric service and remove its equipment from the premises upon reasonable notice in case a Writ of Execution is issued against the customer, or in case the premises at which service is supplied is levied upon, or in case of assignment or act of bankruptcy on the part of the customer. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

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

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

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

RULES AND REGULATIONS - (Continued)**DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)**

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

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

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

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

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

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

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

RULES AND REGULATIONS - (Continued)**DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)****39.2 EMERGENCY ENERGY CONSERVATION - (Continued)**

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

40. RECONNECTION CHARGE Where service has been discontinued under the terms of Rules No. 26 through 36, inclusive, the Company reserves the right as a condition precedent to the reconnection of service to require the payment of all arrearages for Company charges and a deposit, and to require the payment of the following appropriate reconnection charge:

- A. \$50.00 for resumption of electric service to the same customer within a year of the service disconnection or termination where service has been disconnected at the meter.
- B. \$250.00 for resumption of electric service to the same customer within a year of the service disconnection or termination where service has been disconnected at the pole.
- C. \$250.00 for resumption of electric service to the same customer within a year of the service disconnection or termination when the connection is an aerial tap.
- D. \$89.00 for reconnection of a transformer to the same General Service customer within a year of the service disconnection or termination.

When a residential customer or residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

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

Where electric service to a non-residential customer has been terminated under the terms of Rules No. 30 and/or 34, and such condition was the direct result of tampering, the Company reserves the right as a condition precedent to the reconnection of service to require payment of all costs incurred by the Company for investigations and inspections, and for such protective equipment deemed necessary by the Company.

RULES AND REGULATIONS - (Continued)**DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE - (Continued)**

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

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

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

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

GENERAL PROVISIONS

42. METER TESTING The Company will inspect or test the accuracy of a meter at the request of the customer or an EGS for whom the meter registers service, but reserves the right to require payment of the fees set forth in 52 Pa. Code § 57.22 for such test. This rule shall apply to the inspection or testing of special meters described in Rule No. 14.2.

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

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

A. Availability

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

B. Billing

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

RULES AND REGULATIONS - (Continued)**GENERAL PROVISIONS – (Continued)****44. SURGE PROTECTION SERVICE – (Continued)****C. Payment Terms**

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

D. Contract Term

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

E. Termination of the Service

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

F. Liability

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

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

45.1 SWITCHING PROTOCOLS Upon receipt of the request by the Company from the customer or authorized party to change the EGS, the Company will send the customer a confirmation letter notifying the customer of the proposed change and their right to rescind. If the customer does not contact the Company within 10 days of the date on the confirmation letter, then the Company will process the selection. The selection will be effective as of the next scheduled meter read date and the EGS will become the EGS of record for delivery provided that: (1) the Company has received at least 10 days prior notice from the EGS; (2) and all required customer information including the customer's name, service address, customer account number, proposed EGS and confirmation that the proposed EGS has agreed to provide the services is provided to the Company is accurate and complete; (3) the 10-day waiting period has expired; and (4) the customer has not contacted the Company to dispute the EGS selection. If the required information to process a change to an EGS is not provided, the customer shall either call the Company with the necessary

RULES AND REGULATIONS - (Continued)**GENERAL PROVISIONS- (Continued)****45.1 SWITCHING PROTOCOLS – (Continued)**

information or supply signed written authorization before the change is processed. If during the 10-day waiting period, the Customer elects to rescind its new EGS selection, the Company will notify the rejected EGS of the rescission. In the event the customer rescinds their EGS selection after the 10-day waiting period, the customer will be required to remain with the selected EGS for a minimum of one billing cycle.

45.2 SUPPLIER SWITCHING OPTIONS Customers on these rate schedules who take POLR service from the Company may switch to an EGS at any time provided such notice is made to the Company in accordance with the switching protocols Rule No. 45.1. If a customer's service with an EGS is scheduled to terminate at some future date, that customer may renew that service with the same EGS or enter into a new contract with another EGS for service without returning to POLR service, provided such notice is made in accordance with the switching protocols. The customer may return to POLR service at the applicable tariff rates in effect at the time service is rendered to the customer. Only the customer may initiate the switch from EGS service to return to the Company's POLR service. The customer must notify the Company by telephone, in person or by written correspondence to initiate the switch to return to POLR service. The Company, however, will permit a customer to return to POLR service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the customer's failure to pay for service rendered by the EGS, (2) the complete abandonment of service in the Company's service area by the customer's EGS, (3) to remedy a case of inadvertent slamming of the customer, and (4) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around POLR service rates by returning the customer to POLR service when wholesale energy prices have increased and EGS service to the customer has become uneconomic. Upon receipt of notice from an EGS to switch a customer from POLR service to the EGS, or notice from the customer of its intention to return to POLR service, the Company will provide the customer with a confirmation letter confirming the change in generation supply unless otherwise instructed by the customer within 10 days. (C)

46. PROVISION OF LOAD DATA The Company will provide to a customer or its authorized representative historical data in accordance with all current regulatory requirements of direct access once each calendar year for no fee. All subsequent requests by the customer, and all requests for historical data by the EGSs or other customer authorized consultant will be provided in accordance with the Supplier Tariff.

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

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, and general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise.

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$11.50 (I)

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
All kilowatt-hours	3.7542	6.3031	(I)

ELECTRIC CHARGES (C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

(I) – Indicates Increase

(C) – Indicates Change

RATE RS - RESIDENTIAL SERVICE - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES – (Continued)**

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

SPECIAL PROVISIONS**RESIDENTIAL GARAGE**

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

OPTIONAL BUDGET PAYMENT PLAN

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

RATE RH - RESIDENTIAL SERVICE HEATING

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$11.50 (I)

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Generation Charge</u> <u>cents per kilowatt-hour</u>	
First 500 kilowatt-hours	3.7542	7.6604	(I)
Additional kilowatt-hours	2.2933	2.6133	(I)

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Generation Charge</u> <u>cents per kilowatt-hour</u>	
All kilowatt-hours	3.7542	7.6604	(I)

(I) - Indicates Increase

(C) - Indicates Change

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)**SPECIAL PROVISIONS****RESIDENTIAL GARAGE**

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

SPACE HEATING EQUIPMENT

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

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

OPTIONAL BUDGET PAYMENT PLAN

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

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and an add-on heat pump for space heating. Other energy sources may be used to supplement the add-on heat pump provided that the supplemental energy source is thermostatically controlled to operate only when the outdoor temperature falls to at least 40° F and the add-on heat pump cannot provide the total heating requirements.

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$11.50 (I)

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 500 kilowatt-hours	2.5359	7.7806	(I)
Additional kilowatt-hours	1.5491	2.7020	(I)

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per Kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
All kilowatt-hours	2.5359	7.7806	(I)

(I) - Indicates Increase

(C) - Indicates Change

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

(C) - Indicates Change

ISSUED: APRIL 7, 2006**EFFECTIVE: JUNE 6, 2006**

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP - (Continued)**SPECIAL PROVISIONS****SPACE HEATING EQUIPMENT**

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

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

OPTIONAL BUDGET PAYMENT PLAN

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

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

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

MONTHLY RATE FOR NON-DEMAND METERED CUSTOMERS

CUSTOMER CHARGE

Customer Distribution Charge \$11.50 (I)

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 1,300 kilowatt-hours	3.7542	7.9914	(I)
Additional kilowatt-hours	3.7542	3.4824	(I)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS

CUSTOMER CHARGE

Customer Distribution Charge \$30.00 (I)

DEMAND CHARGES (C)

	<u>Distribution Charge</u> \$ per kilowatt	<u>Generation Charge</u> \$ per kilowatt	
First 5 kilowatts or less of Demand	No Charge	No Charge	
Additional kilowatts of Demand	5.14	9.28	(I)

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 1,300 kilowatt-hours	0.9130	7.9914	(I)
Additional kilowatt-hours	0.9130	3.4824	(I)

(I) - Indicates Increase

(C) - Indicates Change

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

MONTHLY RATE

ELECTRIC CHARGES

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MAXIMUM AVERAGE CHARGE

For customers who elect to purchase their electricity from the Company, the total average charge for distribution, transmission and generation calculated under the rates contained in this Tariff shall not exceed 26.8218 cents per kilowatt-hour except by reason of the Minimum Charge. (I)

For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 26.8218 cents per kilowatt-hour had they purchased their electricity from the Company, the average charge for distribution shall not exceed 8.19 cents per kilowatt-hour. (I)

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

<u>Maximum Average Distribution Charge cents per kilowatt-hour</u>	<u>Maximum Average Transmission Charge cents per kilowatt-hour</u>	<u>Maximum Average Generation Charge cents per kilowatt-hour</u>	
8.19	0.76	17.8718	(I)

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

(C) – Indicates Change

(I) – Indicates Increase

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)**MONTHLY RATE – (Continued)****MINIMUM CHARGE**

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

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

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

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

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

CONTRACT PROVISIONS

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

STANDARD CONTRACT RIDERS

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

RATE GMH - GENERAL SERVICE MEDIUM HEATING

AVAILABILITY

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

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$30.00 (I)

For the Billing Months of October through May:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt of Demand over 6 kilowatts	2.8026	7.2685	(I)
Additional kilowatt-hours	0.9130	3.0442	(I)

For the Billing Months of June through September:

DEMAND CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 5 kilowatts or less of Demand	No Charge	No Charge	
Additional kilowatts of Demand	5.14	9.66	(I)

(I) – Indicates Increase

(C) – Indicates Change

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

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

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 1,300 kilowatt-hours	0.9130	8.2699	(I)
Additional kilowatt-hours	0.9130	3.0442	(I)

ELECTRIC CHARGES

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MAXIMUM AVERAGE CHARGE

For customers who elect to purchase their electricity from the Company, the total average charge for distribution, transmission and generation calculated under the above rates shall not exceed 28.5318 cents per kilowatt-hour except by reason of the Minimum Charge. (I)

For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 28.5318 cents per kilowatt-hour had they purchased their electricity from the Company, the average charge for distribution shall not exceed 8.19 cents per kilowatt-hour. (I)

(C) – Indicates Change

(I) – Indicates Increase

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

MAXIMUM AVERAGE CHARGE – (Continued)

The Maximum Average Charges shall be allocated among distribution, transmission and generation and billed as follows:

<u>Maximum Average Distribution Charge cents per kilowatt-hour</u>	<u>Maximum Average Transmission Charge cents per kilowatt-hour</u>	<u>Maximum Average Generation Charge cents per kilowatt-hour</u>	
8.19	0.76	19.5818	(I)

This provision is only applicable for those bills that include demand billed during the billing months of June through September.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge plus a Distribution Charge of \$4.20 per kW, a Transmission Charge of \$0.36 per kW, and a Generation Charge of \$1.76 per kW for each kilowatt, but not less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand during the preceding eleven months, but not less than the Customer Distribution Charge. The Demand Charge shall be determined using the distribution charge and the transmission and generation charges associated with Company supplied transmission and generation, if any. (I)

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

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

(I) – Indicates Increase

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

STANDARD CONTRACT RIDERS

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

SPECIAL PROVISION

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

RATE GL - GENERAL SERVICE LARGE

AVAILABILITY

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

MONTHLY RATE

GENERATION

Customers who elect to purchase their electric generation requirements from the Company will do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein. (C)

DISTRIBUTION

(C)

DEMAND CHARGES

(C)

First 300 kilowatts or less of Demand	\$2,120.00	(I)
Additional kilowatts of Demand	\$6.45 per kW	(I)

ENERGY CHARGES

(C)

All kilowatt-hours	0.3579 cents per kWh	(D)
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ELECTRIC CHARGES

(C)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service. (C)

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(C) – Indicates Change

(I) – Indicates Increase

(D) – Indicates Decrease

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE GL - GENERAL SERVICE LARGE - (Continued)MONTHLY RATE – (Continued)**MINIMUM CHARGE**

The Minimum Charge shall be the Demand Charge based on 50% of the Contract On-Peak Demand for transmission and distribution and the Demand Charge as calculated under Rider No. 9 for Company supplied generation. The Demand Charge shall be determined using the Distribution Charge, and the Transmission and Generation Charges associated with Company supplied transmission and generation, if any, but in total not less than the demand charges associated with the first 300 kW or less of demand. (C)

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND FOR DISTRIBUTION (C)

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

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

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

CONTRACT DEMAND

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

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE GL - GENERAL SERVICE LARGE - (Continued)**CONTRACT DEMAND – (Continued)**

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

CONTRACT PROVISIONS

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

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

STANDARD CONTRACT RIDERS

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

RATE GLH - GENERAL SERVICE LARGE HEATING

AVAILABILITY

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

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge	\$30.00	(I)
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GENERATION

Customers who elect to purchase their electric generation requirements from the Company may do so under the provisions of Rider No. 9 - Hourly Price Service and will be billed in accordance with the terms contained therein. (C)

DISTRIBUTION

For the Billing Months of October through May:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	
First 1,250 kilowatt-hours plus 150 kilowatt hours for each kilowatt of Demand over 6 kilowatts	3.2939	(I)
Additional kilowatt-hours	0.3579	(I)

For the Billing Months of June through September:

Rate GL shall apply. (C)

(I) - Indicates Increase

(C) - Indicates Change

RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

(C)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

(C)

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge plus a Distribution Charge of \$4.94 per kW and a Transmission Charge of \$1.55 per kW, but not less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be the Demand Charge based on 50% of the Contract On-Peak Demand for transmission and distribution and the Demand Charge as calculated under Rider No. 9 for Company supplied generation. The Demand Charge shall be determined using the Distribution Charge, and the Transmission and Generation Charges associated with Company supplied transmission and generation, if any, but in total not less than the demand charges associated with the first 300 kW or less of demand.

(I)

(C)

RIDERS

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

LATE PAYMENT CHARGE

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

(C)

(C) – Indicates Change

(I) – Indicates Increase

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)

MONTHLY RATE - (Continued)

STANDARD CONTRACT RIDERS

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

SPECIAL PROVISION

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

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

UNTRANSFORMED SERVICE CREDIT

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

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

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand for transmission and distribution and the Demand Charge as calculated under Rider No. 9 for Company supplied generation. The Demand Charge shall be determined using the Distribution Charge, and the Transmission and Generation Charges associated with Company supplied transmission and generation, if any, but in total not less than the demand charges associated with the first 5,000 kW's or less of demand. (C)

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND FOR DISTRIBUTION (C)

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

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

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

(C) – Indicates Change

RATE L - LARGE POWER SERVICE - (Continued)STANDARD CONTRACT RIDERS

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

CONTRACT DEMAND

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

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

CONTRACT PROVISIONS

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Effective on January 26, 1985, such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term. (C)

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

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

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

RATE L - LARGE POWER SERVICE - (Continued)VOLTAGE CONTROL PROVISION

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

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

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

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

MONTHLY RATE

GENERATION

Customers who elect to purchase their electric generation requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein. (C)

DISTRIBUTION (C)

DEMAND CHARGES

First 30,000 kilowatts or less of On-Peak Demand	\$9,115.00	(I)
Additional kilowatts of Demand	\$0.16 per kW	(I)

ELECTRIC CHARGES (C)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

For customers who elect to purchase their generation from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service. (C)

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(C) – Indicates Change

(I) – Indicates Increase

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

MINIMUM CHARGE

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand for transmission and distribution and the Demand Charge as calculated under Rider No. 9 for Company supplied generation. The Demand Charge shall be determined using the Distribution Charge, and the Transmission and Generation Charges associated with Company supplied transmission and generation, if any, but in total not less than the demand charges associated with the first 30,000 kW or less of demand. (C)

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND FOR DISTRIBUTION

(C)

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

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

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

ON-PEAK AND OFF-PEAK CONTRACT DEMAND

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

(C) - Indicates Change

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)**ON-PEAK AND OFF-PEAK CONTRACT DEMAND – (Continued)**

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

DEMANDS AND ENERGIES

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

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

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand. Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

These demands will apply only for purposes of calculating the applicable transmission and distribution charges under this rate and do not apply to demand for electric generation.

ON-PEAK AND OFF-PEAK HOURS

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

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

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

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

CONTRACT PROVISION

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

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

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)**CONTRACT PROVISION - (Continued)**

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

VOLTAGE CONTROL PROVISION

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

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

FACILITIES CHARGE

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

RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$7.50 (D)

DEMAND CHARGES (C)

	<u>Distribution Charge</u> <u>\$ per kilowatt</u>	<u>Generation Charge</u> <u>\$ per kilowatt</u>	
All kilowatts of Demand	1.63	5.06	(I)

ENERGY CHARGES (C)

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Generation Charge</u> <u>cents per kilowatt-hour</u>	
First 300 kilowatt-hours	0.2745	7.1574	(D)
Additional kilowatt-hours	0.2745	1.7392	(D)

ELECTRIC CHARGES (C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

(D) - Indicates Decrease

(C) - Indicates Change

(I) - Indicates Increase

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES – (continued)**

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

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

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

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

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)STANDARD CONTRACT RIDERS

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

SPECIAL TERMS AND CONDITIONS

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

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

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

MONTHLY RATE

DISTRIBUTION CHARGE		(C)
Monthly charge per lamp	\$3.20	(I)
GENERATION CHARGE		(C)
All kilowatt-hours	3.8918 cents per kWh	

ELECTRIC CHARGES (C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(C) – Indicates Change

(I) – Indicates Increase

RATE SE - STREET LIGHTING ENERGY - (Continued)**MONTHLY RATE - (Continued)****DETERMINATION OF ENERGY FOR BILLING PURPOSES****Series Street Lights**

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

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

Multiple Street Lights

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

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

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

CREDIT FOR OUTAGE

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

RIDERS

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

RATE SE - STREET LIGHTING ENERGY - (Continued)**MONTHLY RATE - (Continued)****LATE PAYMENT CHARGE**

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

(C)

SPECIAL PROVISIONS

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

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE SE - STREET LIGHTING ENERGY - (Continued)

SPECIAL PROVISIONS - (Continued)

7. All installations, on and after July 1, 1969, of standard junction boxes used for street lighting service and of conduit and multiple service cable used exclusively for street lighting service will be installed, owned and maintained by the customer.

TERM OF CONTRACT

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

RATE SM - STREET LIGHTING MUNICIPAL

AVAILABILITY

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

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

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

(C)

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Generation Charge per Unit</u>	
Mercury Vapor				
100	44	\$12.50	\$1.60	(I)
175	74	\$12.75	\$2.07	(D)
250	102	\$13.01	\$2.58	(D)
400	161	\$13.52	\$3.49	(D)
1,000	386	\$15.56	\$7.56	(D)
Sodium Vapor				
70	29	\$12.91	\$1.62	(I)
100	50	\$13.02	\$2.07	(D)
150	71	\$13.19	\$2.46	(D)
250	110	\$13.55	\$3.59	(D)
400	170	\$14.08	\$4.68	(D)
1,000	387	\$16.20	\$9.77	(D)

ELECTRIC CHARGES

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

(C) – Indicates Change

(I) – Indicates Increase

(D) – Indicates Decrease

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE SM - STREET LIGHTING MUNICIPAL - (Continued)**MONTHLY RATE – (Continued)****ELECTRIC CHARGES – (Continued)**

(C)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charges by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RIDERS

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

LATE PAYMENT CHARGE

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

POLES

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

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$10.26 for each pole required.

(C)

(I)

RATE SM - STREET LIGHT MUNICIPAL - (Continued)SPECIAL TERMS AND CONDITIONS

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

RATE SH - STREET LIGHTING HIGHWAY

AVAILABILITY

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

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

(C)

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Generation Charge per Unit</u>	
Sodium Vapor				
100	50	\$13.02	\$5.72	(I)
150	71	\$13.19	\$7.02	(I)
200	95	\$13.37	\$8.35	(I)
400	170	\$14.08	\$13.54	(I)

ELECTRIC CHARGES

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

(C) – Indicates Change

(I) – Indicates Increase

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE SH - STREET LIGHTING HIGHWAY - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES - (Continued)**

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RIDERS

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

LATE PAYMENT CHARGE

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

SPECIAL TERMS AND CONDITIONS

1. The above charges include operation, normal maintenance and replacement of the entire highway lighting system including conduit, cable, wire, ornamental poles, brackets, fixtures, lamps and photo electric controls.
2. Energy shall be supplied at a standard 120/240 or 230/460 volts from a single point or multiple points of supply satisfactory to the Company. Fixtures operating at higher voltages will not be acceptable.
3. The highway lighting system design shall include proper control devices to energize the system, such as individual photo electric controls.
4. If additional highway lighting is to be added to an existing highway lighting system, it shall be installed completely by the customer or the Company will install such facilities at the customer's expense with ownership transferred to the Company for a nominal consideration.
5. In accepting conduit, junction boxes, etc. installed by the State or other governmental agency in bridges, and bridge approaches, the Company accepts no liability for damage to concrete due to deteriorating conduit or junction boxes.

RATE SH - STREET LIGHTING HIGHWAY - (Continued)**SPECIAL TERMS AND CONDITIONS - (Continued)**

6. The State Department of Transportation or other governmental agency shall provide the necessary drawings of the entire highway lighting system to the Company specifying the type of equipment so that acceptability can be established before contracts are awarded.
7. The State Department of Transportation or other governmental agency shall furnish any requisite authority necessary to provide for the installation, operation and maintenance of the entire highway lighting system within the highway right-of-way including authority for equipment to stop on the paved portion of the highway.
8. Maintenance and/or replacement of poles and pole equipment in excess of 35 feet is not included, but will be maintained and/or replaced on a time and material basis by the Company. Charges for this will be reimbursed by the customer. All poles in excess of 35 feet high must be equipped with lowering device equipment so that the lighting equipment can be maintained from the ground.

TERM OF CONTRACT

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

RATE UMS – UNMETERED SERVICE

AVAILABILITY

Available to customers using unmetered standard service at each point of connection for customer-owned and maintained equipment such as traffic signals, communication devices and billboard lighting.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$10.00 (I)

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
First 1,300 kilowatt-hours	3.4109	7.2530	(D)
Additional kilowatt-hours	3.4109	1.6954	(I)

ELECTRIC CHARGES (C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(I) – Indicates Increase

(C) – Indicates Change

(D) – Indicates Decrease

RATE UMS – UNMETERED SERVICE - (Continued)**MONTHLY RATE - (Continued)****RIDERS**

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

LATE PAYMENT CHARGE

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

SPECIAL TERMS AND CONDITIONS

Energy usage for customers using this service shall be estimated by the Company on the basis of equipment wattage and operating hours. The customer shall notify the Company whenever any change is made in the equipment or the operating hours, so that the Company may revise the estimated energy usage. (C)

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

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

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

Monthly Rate Per Unit

(C)

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Generation Charge per Unit</u>	
High Pressure Sodium				
70	29	\$12.91	\$1.62	(I)
100	50	\$13.02	\$2.07	(D)
150	71	\$13.19	\$2.45	(D)
250	110	\$13.55	\$3.58	(D)
400	170	\$14.08	\$4.67	(D)
Flood Lighting				
100	46	\$14.32	\$1.86	(I)
150	67	\$14.51	\$2.17	(D)
250	100	\$14.90	\$2.61	(D)
400	155	\$15.49	\$3.34	(D)

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$3.20	\$1.27	(I)
100	46	\$3.20	\$2.02	(I)
150	67	\$3.20	\$2.93	(D)
250	100	\$3.20	\$4.37	(D)
400	155	\$3.20	\$6.78	(D)

(C) – Indicates Change

(I) – Indicates Increase

(D) – Indicates Decrease

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

RATE PAL - PRIVATE AREA LIGHTING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

(C)

Customers who elect to purchase their electric generation requirements from the Company will be charged according to the above charges. The Generation Charge includes transmission ancillary services, line losses, the PJM surcharge per Rider No. 1 and the price of electricity. Transmission ancillary services include reactive power service, regulation and frequency control service, spinning reserve service and supplemental reserve service. Losses include transmission line losses and distribution line losses.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and generation requirements from their selected EGS. Customers may change suppliers or return to the Company for electric generation requirements as defined in Rule No. 45.

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

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RIDERS

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

LATE PAYMENT CHARGE

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

POLES

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

(C) – Indicates Change

RATE PAL - PRIVATE AREA LIGHTING - (Continued)MONTHLY RATE - (Continued)POLES - (Continued)

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$10.26 for each pole required. (I)

SPECIAL TERMS AND CONDITIONS

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

(I) – Indicates Increase

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

STANDARD CONTRACT RIDERS**GENERAL**

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

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 1 - PJM SURCHARGE****(Applicable to All Rates)**

The PJM Surcharge is a pass-through of the charges incurred by the Company for start-up, grid management and administrative costs associated with membership and operation in PJM. These charges are billed by PJM to each generation supplier and therefore, customers purchasing their electric generation requirements from an electric generation supplier will not be billed this surcharge by the Company.

The charges incurred are beyond the control of the Company and can change from time to time.

A PJM Surcharge of 0.0708 cents per kWh shall be applied to all kWh for customers on Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, MTS and PAL who purchase their electric generation requirements from the Company. The PJM Surcharge shall remain fixed at 0.0708 cents/kWh for these Rate Schedules through December 31, 2007, and is included in the generation charges.

A PJM Surcharge of 0.0708 cents per kWh shall be applied to all kWh for customers on Rate Schedules GL, GLH, L and HVPS who purchase their electric generation requirements from the Company. The Surcharge applicable to Rate Schedules GL, GLH, L and HVPS will be adjusted annually to recover actual costs incurred by the Company and reconcile costs with revenues collected.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 2 - UNTRANSFORMED SERVICE

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

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

First 50 Kilowatts at.....	20.4 cents per Kilowatt
Next 550 Kilowatts at.....	13.3 cents per Kilowatt
Excess over 600 Kilowatts at.....	7.1 cents per Kilowatt

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 3 - SCHOOL AND GOVERNMENTAL SERVICE DISCOUNT PERIOD

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

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

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 4 - BUDGET BILLING - HUD FINANCED MULTI-FAMILY HOUSING****(Applicable to Rates GS/GM, GL, GMH, and GLH)**

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

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

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 5 - TIME OF DAY DISCOUNTS**

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

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

CONTRACT DEMANDS

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

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

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

DEMANDS AND ENERGIES

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

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

Rates GL, GLH and L

For customers on Rates GL, GLH and L who purchase their electric generation requirements from the Company, the discounts available under the provisions of this rider will apply only to the demand charges billed for transmission and distribution. The demand charges billed for generation provided under Rider No. 9 will not be impacted by this rider. For customers on Rates GL, GLH and L who purchase their electric generation requirements from an EGS, the discounts available under the provisions of this rider will apply only to the demand charges billed for distribution service.

(C)

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

STANDARD CONTRACT RIDERS - (Continued)

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

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

ON-PEAK AND OFF-PEAK HOURS

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

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

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

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

METER CHARGE

For all customers that apply for service on Rider No. 5, a meter charge of \$24.00 will be added to the customer's monthly bill.

(I)(D)

CONTRACT PROVISIONS

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

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 6 - TEMPORARY SERVICE****(Applicable to Rate GS/GM only)**

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

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

STANDARD CONTRACT RIDERS – (Continued)**RIDER NO. 7 – SECA CHARGE****(Applicable to the Transmission Charges in All Rate Schedules)**

The Seams Elimination Charge Adjustment ("SECA") Charge billed under this Rider is a pass-through of all charges incurred by the Company that are imposed by the PJM Interconnection, Inc. ("PJM") under its Open Access Transmission Tariff related to the elimination of Regional Through and Out Rates ("RTORs") for transmission service within PJM as it is presently constituted, including the Duquesne zone, and for transmission service between PJM and the Midwest Independent Transmission System Operator. ("SECA Charges"). SECA Charges include all costs associated with the elimination of RTORs, including any related increases in transmission rates imposed by PJM on the Company.

The SECA Charge billed under this Rider shall be \$0.001557 per kWh, and it shall apply to all customers who purchase their electric transmission requirements from the Company.

The SECA Charge billed under this Rider shall be subject to reconciliation. Amounts billed to customers under the SECA Charge will be reconciled against actual SECA Charges paid by the Company and subject to Commission audit.

The SECA Charge billed under this Rider will remain in effect until the level of SECA Charges paid by the Company has been fully recovered, at which time the SECA Charge billed under this Rider will terminate, subject to any final reconciliation required due to final resolutions of litigation. If the SECA Charge billed under this Rider recovers more than the level of SECA Charges actually incurred by the Company, the Company will terminate the SECA Charge billed under this Rider and submit a plan of refund to the Commission for its approval.

STANDARD CONTRACT RIDERS - (Continued)

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ISSUED: APRIL 7, 2006

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STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – HOURLY PRICE SERVICE

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

Hourly price service provides large commercial and industrial customers with the ability to purchase their electric generation requirements on an hourly basis. Beginning January 1, 2005, the Company will supply generation under this rider by obtaining the requirements through the PJM market. This rider is also available for the supply of electricity to generating stations that are not otherwise self-supplying and where the generating station is not otherwise receiving service from an EGS. Metering equipment must be installed at the generating station at the expense of the customer.

MONTHLY CHARGES

Energy charges are hourly and provided at the real-time PJM locational marginal price based on the customer's hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, plus a retail margin. Capacity charges are daily and based on the PJM daily capacity market and shall recover the charges associated with the customer's share of the Company's capacity obligation assigned by PJM, plus cost based ancillary services. Energy and capacity charges will be calculated using the following formula and adjusted for the Pennsylvania Gross Receipts Tax (GRT) in effect.

$$\sum_{t=StartHour}^{EndHour} [(L_t * (1 + ADJ_t)) * (LMP_t + SR_t + OR_t + REG_t + SCN_t + Loss_t + SLA) + L_t * (PJM_s + FRA)] +$$

$$\sum_{D=StartDay}^{EndDay} [(CO_D * CChg_D) + NPLC_D * (R_D + B_D)] +$$

$$CO_D * DefChg$$

Where:

t = Particular clock hour in the Billing Period from start hour to end hour for energy charges.

D = Particular day in the Billing Period from start day to end day for capacity charges.

Customer Load

L_t = Hourly load of the customer measured in MW.

ADJ_t = Adjustments to the customer load at the retail meter using the same methodology used to determine the hourly load obligations of a customer served by an EGS pursuant to Duquesne's Supplier Coordination Tariff. The hourly load adjustments shall be the sum of the percentage distribution and transmission (if applicable) losses of the applicable schedule as specified in Duquesne's Supplier Coordination Tariff.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 9 – HOURLY PRICE SERVICE – (Continued)****(Applicable to Rate Schedules GL, GLH, L and HVPS and Generating Station Service)****MONTHLY CHARGES – (Continued)****Energy Charges**

LMP_t = Real-time hourly locational marginal price (LMP) in \$/MWH for the Duquesne Zone or Duquesne Residual Zone as applicable.

PJM Ancillary Service Charges and Other PJM Charges

SR_t = Hourly spinning reserve charge in \$/MWH as calculated by PJM for supporting the customer's load.

OR_t = Hourly real-time operating reserve (supplemental) charge in \$/MWH as calculated by PJM for supporting the customer's load.

REG_t = Hourly regulation charge in \$/MWH as calculated by PJM for supporting the customer's load.

SCN_t = Synchronous Condensing Charge in \$/MWH for supporting the customer's load if this charge is billed separately by PJM to the Company.

$Loss_t$ = Hourly marginal transmission losses in \$/MWH (if applicable) to the customer's load in PJM. This \$/MWH charge will be calculated by PJM for energy delivered to the Duquesne Zone. This charge shall be set to \$0/MWh until such time PJM implements marginal transmission losses.

$S1A$ = PJM Schedule 1A rate in \$/MWH applicable to the Duquesne Zone.

PJM_s = PJM Surcharge as described in Rider No. 1 in \$/MWH.

R_p = Reactive supply service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 2.

B_o = Blackstart service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 6A.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 9 – HOURLY PRICE SERVICE – (Continued)****(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)****MONTHLY CHARGES – (Continued)****Retail Margin**

FRA = The Company's fixed retail adder applicable to each rate schedule as follows.

Rate Schedule	FRA
GL	\$4.89/MWH
GLH	\$3.52/MWH
L	\$3.41/MWH
HVPS	\$1.70/MWH

Customer's Capacity Obligation and Network Service Peak LoadCO_d = Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation".NPLC_d = The customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.**Capacity Charges**CChg_o = The demand charge in \$/MW-day as determined from the PJM daily capacity market.

DefChg = Any capacity deficiency charges in \$/MW. Should the PJM daily capacity market be in deficiency at any time during the period in which the customer is taking service under Rider No. 9, then DefChg shall be set at the rate necessary to recover all deficiency charges assessed by PJM for those customers taking service under Rider No. 9 at the time of the capacity deficiency.

PJM bills these charges to the Company as a function of the load measured in megawatts (MW) and expresses these charges as \$/MW, \$/MWH and \$/MW-day. The Company measures the customer's load and energy usage in kilowatts (kW) and will convert the above charges to \$/kW, \$/kWh and \$/kW-day for the purposes of computing the customer's monthly bill.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 9 – HOURLY PRICE SERVICE – (Continued)**

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

LOCATIONAL MARGINAL PRICE

The "Duquesne Zone" is the PJM-defined area encompassing the franchised service territory of the Duquesne Light Company. The pricing for the Duquesne Zone contains every transmission load bus on the Company's system. PJM will determine the locational marginal price for the Duquesne Zone and an hourly nodal locational marginal price for each load bus. Load Serving Entities (LSE's) and wholesale transmission customers have the option of electing energy settlement at the hourly nodal prices.

The "Duquesne Residual Zone" is the pricing zone determined by PJM in the event that LSE's or other wholesale transmission customers in the Duquesne Zone elect settlement based on nodal locational marginal energy prices. In such event the Duquesne Zone locational marginal price will be replaced by the Duquesne Residual Zone locational marginal price and:

- (i) the pricing for such zone will be calculated by PJM using a load-weighted average of the nodal locational marginal prices of all load buses within the Duquesne Zone, but excluding from such calculation the weighting at the respective nodal prices of the load served by LSE's or other wholesale transmission customers who have elected nodal settlement; and
- (ii) settlement for all LSE's and wholesale transmission customers in the Duquesne Zone that have not elected nodal settlement, will have their load obligations settled on an hourly day-ahead, hourly real-time or other periodic basis at the respective PJM-determined price for the Duquesne Residual Zone for such period.

DETERMINATION OF CAPACITY OBLIGATION

The capacity obligation subject to the Demand Charges in this rider will be the customer's share of the Company's capacity obligation determined by PJM. The Company's capacity obligation will be calculated by PJM based on the Company's peak system load and will be the basis for the capacity obligation for the following calendar year.

In determining the customer's share of the capacity obligation, the Company will calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with the peak hour of the five peak days as determined by PJM. The customer load in each of these five hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy will be averaged to calculate the customer's peak load contribution. The customer will receive a credit for their participation, if any, in PJM Active Load Management (ALM) programs, as determined solely by PJM. The peak load contribution less ALM credits will be used to determine the customer's share of the Company's capacity obligation. The Company will adjust the customer's capacity obligation from time to time throughout the calendar year as PJM adjusts the Company's capacity obligation.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 9 - HOURLY PRICE SERVICE - (Continued)****(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)****NOTIFICATION AND ELECTION OF SERVICE**

Customers may elect to purchase their generation requirements through this rider at any time according to the requirements of Rule No. 45. Customers that do not elect service with an EGS will default to hourly price service under this rider. (C)

GENERAL

The Generation Charges are intended to recover the market costs of providing POLR service to customers in PJM as these costs may change or be redefined from time to time. The Generation Charges shall be calculated using the formula and prices referenced above. The formula is subject to change at any time, as PJM rules, charges or market parameters change. The Company will seek Commission approval for modifications to the formula in this rider.

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 10 - STATE TAX ADJUSTMENT****(Applicable to All Rates)**

In addition to the charges provided in this Tariff, a two-part surcharge will apply to all bills rendered by the Company, pursuant to the Pennsylvania Public Utility Commission authorization of March 10, 1970, to compensate the Company for new and increased taxes imposed by the General Assembly. (C)

Part 1 of the surcharge, at a rate of 0.0% will include Capital Stock Tax, Corporate Net Income Tax, and Public Utility Realty Tax, which will be applied to the distribution charges of customer bills.

Part 2 of the surcharge, at a rate of 0.0% will include Gross Receipts Tax and will be applied to all portions of customer bills.

The Company will recompute the surcharge using the elements prescribed by the Commission's March 10, 1970, authorization:

1. Whenever any of the tax rates used in computing the surcharge is changed, in which case the recomputation shall take into account the changed tax rate.
2. Whenever the Company makes effective increased or decreased rates (other than net energy clause), in which case the recomputation shall take into account the adjustments prescribed by the Commission's March 10, 1970, authorization.
3. On December 22, and each year thereafter.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation; and if the recomputed surcharge is less than the one then in effect the Company will, and if the recomputed surcharge is more than the one then in effect the Company may, accompany such recomputation with a Tariff or supplement to reflect such recomputed surcharge, the effective date of which, shall be ten (10) days after filing.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 11 - STREET RAILWAY SERVICE****(Applicable to Rates GS/GM and GL)**

Where service is supplied at 11,500 volts or higher at two or more interconnected points of delivery to any street railway system for the purpose of conversion to direct current energy for the operation of such system, the Billing Demand in kilowatts of such service for distribution and generation charges, if purchased from the Company, shall be reduced by 7.20% for Rate GS/GM customers and 7.25% for Rate GL customers for the purpose of computation of the delivery charges of the bill under the applicable rate and any other applicable rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 12 - BILLING OPTION FOR VOLUNTEER FIRE COMPANIES AND NONPROFIT SENIOR CITIZEN CENTERS

(Applicable to Rates GS/GM, and GMH)

Upon application, Volunteer Fire Companies, Nonprofit Senior Citizen Centers, Nonprofit Rescue Squads and Nonprofit Ambulance Services may elect to have electric service billed at the pricing of Rate RS or Rate RH provided that the customer satisfies the space heating requirements stated in the availability clause of Rate RH.

Contracts will be for a period of not less than one (1) year.

DEFINITIONS

VOLUNTEER FIRE COMPANY - A separately metered service location consisting of a building, sirens, a garage for housing vehicular fire fighting equipment, or a facility certified by the Pennsylvania Emergency Management Agency (PEMA) for fire fighter training. The sole use of electric service at this service location shall be to support the activities of the volunteer fire company. Any fund raising activities at this service location must be used solely to support volunteer fire fighting operations.

The customer of record at this service location must be a predominately volunteer fire company recognized by the local municipality or PEMA as a provider of fire fighting services.

NONPROFIT SENIOR CITIZEN CENTER - A separately metered service location consisting of a facility for the sole use of senior citizens coming together as individuals or groups and where access to a wide range of services to senior citizens is provided.

The customer of record at this service location must be an organization recognized by the Internal Revenue Service (IRS) as nonprofit and recognized by the Department of Aging as an operator of a senior citizen center.

NONPROFIT RESCUE SQUAD - A separately metered service location consisting of a building, sirens, a garage for housing vehicular rescue equipment, or a facility that is recognized by PEMA and the Pennsylvania Department of Health as a provider of rescue services. The sole use of electric service at this service location shall be to support the activities of the nonprofit rescue squad. Any fund raising activities at this service location must be used solely to support nonprofit rescue operations.

The customer of record at this service location must be an organization recognized by the IRS as nonprofit.

NONPROFIT AMBULANCE SERVICE - A separately metered service location consisting of a building, sirens, a garage for housing vehicular ambulance equipment, or a facility that is certified by the Pennsylvania Department of Health as a provider of ambulance services. The sole use of electric service at this service location shall be to support the activities of the nonprofit rescue squad. Any fund raising activities at this service location must be used solely to support nonprofit rescue operations.

The customer of record at this service location must be an organization recognized by the IRS as nonprofit.

STANDARD CONTRACT RIDERS - (Continued)

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

(Applicable to Rate GS/GM)

AVAILABILITY

Available for separately metered circuitry connected to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors, system fans, pumps and controls except where the customer uses the Company's service for water heating, then water heating may also be included on the circuit. The space heating service may be provided at the same voltage as other electric service.

MONTHLY RATE

ENERGY CHARGES

(C)

For the billing months of November through April:

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
All kilowatt-hours	0.9130	3.4824	(I)

For the billing months of May through October:

Rate GS/GM will apply.

METER CHARGE..... \$13.21 per month (I)

The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow the isolation and metering of the electric space heating system.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING

(Applicable to Rate RS)

AVAILABILITY

Available for separately metered circuitry connected solely to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors and system fans, pumps and controls comprising the customer's entire space heating system except where the customer uses the Company's service for water heating, then water heating equipment may also be included on the circuit.

MONTHLY RATE

ENERGY CHARGES

(C)

For the billing months of November through April:

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Generation Charge</u> cents per kilowatt-hour	
All kilowatt-hours	1.5491	2.6133	(I)

For the billing months of May through October:

Rate RS will apply.

(C)

METER CHARGE \$1.63 per month

(I)

SPECIAL TERMS AND CONDITIONS

1. Space heating equipment must be permanently installed, thermostatically controlled and approved by the Company.
2. The customer must use the Company's standard low voltage service as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood or hydro. Any alternate energy source may be used to supplement an add-on heat pump.
3. The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow isolation and metering of the electric space heating system and water heating equipment.

(C) – Indicates Change

(I) – Indicates Increase

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING
- (Continued)

(Applicable to Rate RS)

SPECIAL TERMS AND CONDITIONS - (Continued)

4. The Company reserves the right to inspect at all reasonable times the customer's circuitry to determine that the load served under the terms of this rider is created by the equipment defined herein.
5. If the Company finds, in its sole judgment, that the conditions of this rider are being violated, it may discontinue application of the rider and bill all usage pursuant to Rate RH.

STANDARD CONTRACT RIDERS - (Continued)

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STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES**

(C)

(Applicable to all General Service Rates)

The following applies to non-utility generating facilities including, but not limited to cogeneration and small power production facilities that are qualified in accord with Part 292 of Chapter I, Title 18, Code of Federal Regulations (qualifying facility). Electric energy will be delivered to a non-utility generating facility in accord with the following:

A. DEFINITIONS

Supplementary Power is electric energy supplied by the Company or by an Electric Generation Supplier (EGS) to a non-utility generating facility and regularly used in addition to that electric energy which the non-utility generating facility generates itself. The Company's regular and appropriate General Service Rates will be utilized for billing for Supplementary Power. Customers purchasing Supplementary Power from an EGS will be billed for charges according to their applicable rate and billing arrangement with their EGS.

Back-Up Power is defined electric energy supplied by the Company to a non-utility generating facility during any outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment.

(C)

Base Period is the twelve consecutive monthly billing periods applicable to the customer ending one month prior to the installation of new on-site generation or increase in capacity to existing on-site generation.

(C)

Contract Demand is the maximum electrical capacity in kilowatts that the Company shall be required by the contract to deliver to the customer for back-up service to the customer's generating facility.

Distribution Billing Determinants are the monthly billing period billing demand in kilowatts (kW) and the energy usage in kilowatt-hours (kWh) for Supplementary Power during the current billing month under which the on-site generation is operable.

Distribution Base Period Billing Determinants are the billing demand (kW) and the energy usage (kWh) for the month in the Base Period corresponding to the current billing month under which the on-site generation is operable. For new customers, the Company will use existing procedures to estimate Base Period Billing Determinants.

Generation Billing Determinants for customers on Rate Schedules GL, GLH, L and HVPS are the billing demand (kW) and energy usage (kWh) during the current billing month then in effect under Rider No. 9. Generation Billing Determinants for customers on Rate Schedule GS/GM and GMH shall be the same as those defined above for Distribution.

(C)

(C) – Indicates Change

ISSUED: APRIL 7, 2006**EFFECTIVE: JUNE 6, 2006**

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)**

(C)

(Applicable to all General Service Rates)

B. BACK-UP POWER

The Company will supply such service each month at the following rates:

DISTRIBUTION

Contract Demand of 5,000 kW or more	\$5.83 per kW, but no less than \$1,405.00	(I)
Contract Demand of less than 5,000 kW	\$6.45 per kW, but no less than \$185.00	(I)

The distribution charges will be applied in each month based on the customer's Contract Demand without regard to whether or not back-up energy is supplied.

GENERATION

In any month that the Company provides energy to back up the customer's equipment, generation service shall be supplied and billed under Rider No. 9 for customers with Contract Demand of 300 kW or more. For customers having Contract Demand of less than 300 kW, the Company will bill the applicable generation demand and energy charges then in effect under Rate Schedule GS/GM.

(C)

The use of backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new back-up Contract Demand for the remaining term of the back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

C. INTERCONNECTION

Each non-utility generating facility will be required to install at its expense or pay in advance to have the Company install interconnection equipment and facilities which are over and above that equipment and facilities required to provide electric service to the non-utility generating facility according to the Company's General Service Rates, except as noted below. Any such equipment to be installed by the non-utility generating facility must be reviewed and approved in writing by the Company prior to installation. Nothing in this Rider shall exempt a new customer from the application of Rules No. 7 and 9 regarding Supply Line Extensions and Relocation of Facilities.

However, customers may elect to pay the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power via a monthly charge rather than in total at the onset of the contract. The monthly charge for transformation equipment for customers with contract demand under this rider of 5,000 kW or more will be determined by the Company on a case-by-case basis. For all others, the rate of \$0.2523 per kW per month will apply.

(C) – Indicates Change

(I) – Indicates Increase

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STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION****(Applicable to Rates GL, GLH, L, and HVPS)****PURPOSE**

This rider is applicable in conjunction with Tariff Rule No. 39.2, relating to Emergency Energy Conservation. It provides for deviation from and modifications to the charges and practices otherwise applicable to certain customers as a result of compliance with or noncompliance with energy conservation curtailment levels requested or ordered under emergency energy conservation conditions resulting from actual or potential shortage of fuel for electric generation.

APPLICABILITY

Applicable progressively in the following order of priority as required by the need for curtailment to meet conditions resulting from actual or potential shortage of fuel for electric generation:

1. To individual electric customer accounts served under Rates L and HVPS with recorded demand of 5,000 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.
2. To individual electric customer accounts served under Rates GL and GLH with recorded demand of 300 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.

Customers designated as exempt in the procedures for emergency energy conservation filed in accord with Tariff Rule No. 39.2 or by the Pennsylvania Public Utility Commission will be exempt from the provisions of this rider.

DEFINITIONS

1. **Base Period Energy Use** - The base energy use for a weekly period shall be determined by the Company for each applicable electric customer account based upon a consideration of the customer's actual past or current electric consumption and the customer's existing operation.
2. **Mandatory Curtailment Energy Use Level Target** - The Mandatory Curtailment Energy Use Level Target for each applicable customer shall be that percentage of base period energy use ordered pursuant to the emergency energy conservation procedures provided by Tariff Rule No. 39.2 or other percentage as a result of the order of appropriate governmental authority.
3. **Current Energy Use** - Current period use will be monitored on a weekly basis commencing on the date the emergency is declared.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION - (Continued)****(Applicable to Rates GL, GLH, L, and HVPS)****DEFINITIONS - (Continued)**

4. **Compliance** - When the energy consumption in any weekly period during the period of the mandatory emergency energy conservation condition is equal to or less than the mandatory curtailment energy use level target, the customer will be deemed to have complied.

In the event of continued non-compliance, the Company, upon notice to the Commission, may discontinue service.

A customer may arrange with the utility for mutually acceptable methods for achieving the mandatory curtailment energy use level target, as long as the customer, in total, meets the curtailment target.

BILLING

During the period of emergency energy conservation condition, billing will be based on meter readings especially made to identify the demand established and energy used during the current energy use period. Customers in compliance with conservation orders will be excused from minimum bills and historical or Contract Demand or ratchet provisions and will be billed instead on the basis of current consumption and demand whenever the normal calculation method would produce a greater bill.

These customers will be individually notified of this special billing provision prior to the implementation of the emergency energy conservation procedure.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 18 - RATE FOR PURCHASE OF ELECTRIC ENERGY FROM
CUSTOMER-OWNED RENEWABLE RESOURCES GENERATING FACILITIES**

The Company will purchase electric energy from customer-owned generating facilities that: (1) are "qualifying small power production facilities" as defined in Subpart B - Qualifying Cogeneration and Small Power Production Facilities, of Part 292 of Subchapter K of Chapter 1, Title 18, Code of Federal Regulations ("facility"); (2) are located in the Company's service area; (3) use as the energy source renewable resources such as small scale hydro facilities of 30 megawatts or less, biomass, waste, solar or wind; and (4) meet one of the following three criteria:

- (a) are subject to a contract dated prior to August 25, 1987, and are supplying electric energy, or have commenced construction of facilities to supply electric energy within sixty (60) day of August 25, 1987.
- (b) are supplying electric energy to the Company under the terms of this rider on or before August 25, 1987, but are not subject to an executed contract.
- (c) have been negotiating with the Company for a contract and it is determined that the project has been the subject of serious negotiations prior to August 25, 1987.

The electric energy will be purchased, as available, from such facilities at the rate of six (6) cents per kilowatt-hour, or at a rate based on the Company's avoided costs when such costs exceed six (6) cents per kilowatt-hour. For facilities that do not qualify under the provisions of this rider, electric energy will be purchased at a rate based on the Company's avoided costs as calculated in accordance with the applicable PA. P.U.C. regulations. Payment will be made monthly for the electric energy received from the facility in the preceding month.

Each facility will be required to install at its expense, or to have the Company install at the customer's expense, interconnection equipment and facilities including metering, protection and controls. All such interconnection equipment and facilities must be reviewed and approved in writing by the Company prior to installation.

The owner of each facility will be solely responsible for the operation, maintenance and repair of such facility.

The Company shall not be liable for damage to the facility which may result from its interconnection with the Company's facilities.

Purchase of electric energy under this rider shall be subject to all applicable Rules and Regulations of the Company's Electric Service Tariff, such Rules and Regulations to be read and interpreted, generally, with the word "purchase" substituted for the word "supply" or the word "service" where appropriate to reflect the application of the Rules and Regulations to the purchase rather than the sale of electric energy.

The Company reserves the right to require a written contract covering the purchase of electric energy for each facility.

(C)

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

STANDARD CONTRACT RIDERS - (CONTINUED)

RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE

(Applicable to Rates RS, RH, RA and GS/GM)

AVAILABILITY

Available to customers on the applicable rates utilizing electric storage water heaters equipped with timing devices that control water heating to defined off-peak hours as the sole source of water heating.

MONTHLY RATE

ENERGY CHARGE

All kilowatt-hours of water heating usage at 4.58 cents per kWh (I)

The energy charge per kilowatt-hour of water heating usage shall be revised annually each March 1st to reflect the average PJM Duquesne Zone off-peak price for the preceding calendar year, adjusted for transmission and distribution line losses and the Rider No. 1 - PJM Surcharge. (C)

DETERMINATION OF MONTHLY WATER HEATING USAGE

For customers who have installed a storage water heating system that limits water heating to the defined off-peak hours specified and stores hot water for use during on-peak periods, the monthly water heating usage will be determined based upon the heating unit capacities as follows and subject to the limitation listed below:

<u>Unit Capacity</u>	<u>Monthly Water Heating Allowance</u>
30 to 39 gallons	Next 150 kWh of usage after the first 200 kWh
40 to 59 gallons	Next 200 kWh of usage after the first 200 kWh
60 to 99 gallons	Next 300 kWh of usage after the first 200 kWh
100 to 119 gallons	Next 400 kWh of usage after the first 200 kWh
120 gallons or greater	Next 500 kWh of usage after the first 200 kWh

(I) - Indicates Increase

(C) - Indicates Change

STANDARD CONTRACT RIDERS (Continued)

RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE- (Continued)

(Applicable to Rates RS, RH, RA and GS/GM)

ON-PEAK AND OFF-PEAK HOURS

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

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

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

SPECIAL TERMS AND CONDITIONS

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

1. The electric storage water heaters must be approved by the Company as capable of meeting the usage control requirements of this rider.
2. The Company reserves the right to inspect at all reasonable times the energy storage and usage control devices that qualify the customer for this rider and to ascertain by any reasonable means that the time differentiated load characteristics of such devices meet Company specifications.
3. If the Company finds that in its sole judgment the conditions of this rider are being violated, it may discontinue billing the customer under the provisions of this rider and all usage will be billed at the applicable rate.

PROVISIONS UNDER DIRECT ACCESS

For customers purchasing their electric generation from an EGS, the customer will be billed the Distribution Charges of the applicable rate based on energy consumption net of the water heating allowance.

(C)

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 20 – DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

(C)

(Applicable to All Rates)

PURPOSE

This Distribution System Improvement Charge (DSIC) provides for the recovery of the fixed costs of eligible delivery system improvement and relocation projects designed to enhance system security, reliability, integrity, safety and long-term viability.

APPLICATION PROVISIONS

This DSIC includes fixed costs (depreciation and pre-tax return) of non-revenue producing distribution system improvement projects completed and placed in service.

Eligible property will consist of the following:

- structures (account 361), poles (account 364), oil circuit reclosures (account 365), underground conduit (account 366), underground cable (account 367), line transformers (account 368), underground services (account 369), meters (account 370), street lighting and signal systems (account 373), tools, shop and garage equipment (account 394) and communication equipment (account 397) installed as in-kind replacements,
- area supply substation equipment (account 362) replacements due to deterioration, failure, or obsolescence to maintain reliability,
- unreimbursed cost related to capital projects that relocate Company facilities due to highway relocation work,
- distribution line circuit capital replacements to maintain reliability, and
- security improvements.

This DSIC applies to all kilowatt-hours in each Rate Schedule and applicable Riders under this Tariff and becomes effective for bills rendered on or after April 1, 2007.

CALCULATION

The initial charge, effective April 1, 2007, shall recover the fixed costs of eligible projects that are not reflected in the Company's rates and have been placed in service from January 1, 2007 through February 28, 2007. Thereafter, the DSIC will be updated quarterly to reflect eligible projects placed in service during the 3-month period ending one month prior to the effective date of each DSIC update. Provided, however, that if non-DSIC eligible plant additions during the period covered by the calculation are less than depreciation accruals, the difference will be deducted from the balance of DSIC-eligible plant for purposes of the quarterly calculations.

The fixed costs of eligible distribution system improvement projects shall consist of depreciation and pre-tax return, calculated as follows:

1. Depreciation: The depreciation expense is the original cost of DSIC-eligible property multiplied by the annual accrual rates employed in the Company's last base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded.

(C) – Indicates Change

ISSUED: APRIL 7, 2006**EFFECTIVE: JUNE 6, 2006**

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 – DISTRIBUTION SYSTEM IMPROVEMENT CHARGE – (Continued)

(C)

(Applicable to All Rates)

CALCULATION – (Continued)

2. Pre-tax return: The pre-tax return will be calculated using the State and Federal income tax rates, the Company's actual capital structure and actual cost rates for the long-term debt and preferred stock as of the last day of the 12-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of cost of equity will be the equity return rate approved in the Company's last fully-litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years have elapsed between the entry of such final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission staff in the latest Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

The DSIC, determined to the nearest one-thousandth of one mill per kilowatt-hour, in accordance with the formula set forth below, shall be applied to all kilowatt-hours billed for electric service during the billing month.

$$DSIC = \{ ((DSI \times PTRR) + Depr + "e") / PQR \} * \{ 1 / (1 - T) \}$$

Where:

- DSI = The original cost of the eligible Distribution System improvement projects net of depreciation.
- PTRR = The Pre-tax Return Rate applicable to eligible distribution system improvement projects.
- Depr = Depreciation expense related to eligible distribution system improvement projects.
- "e" = Experienced net over or under collection of the fixed costs included in the DSIC as of the end of the 12-month period ending November 30 preceding the application quarter including applicable interest. Interest shall be computed monthly at the statutory rate, from the month the over or under collection occurs to the effective month that the overcollection is refunded or the undercollection is recouped.
- PQR = Projected retail distribution revenue from customers of the Company for the application quarter.
- T = The total Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

The DSIC will not exceed 5% of the amount billed to customers for electric distribution service under otherwise applicable rates and charges.

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 20 – DISTRIBUTION SYSTEM IMPROVEMENT CHARGE – (Continued)**

(C)

(Applicable to All Rates)

CALCULATION – (Continued)

Supporting data for each quarterly update will be filed with the Commission and shall be served on the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff.

ANNUAL RECONCILIATION

The Company will file with the Commission by December 1st of each year an annual reconciliation of the DSIC revenue recovery during the immediately preceding four quarterly application periods pursuant to 66 Pa. C.S. § 1307. The annual reconciliation filing shall be served on the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Trial Staff. The annual reconciliation shall be the subject of a public hearing pursuant to 66 Pa. C.S. § 1307(e).

The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate over a one-year period commencing on January 1st of each year. If the DSIC revenues exceed DSIC-eligible costs, such overcollection will be refunded with interest.

Minimum bills shall not be reduced by reason of the DSIC, nor shall charges hereunder be part of the monthly rate schedule minimum. The DSIC shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS.)

The Company shall file a report of collections under the DSIC within thirty days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission.

Application of the DSIC shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the DSIC and the costs included therein.

The DSIC will be reset to zero as of the effective date of new base rates that provide for prospective recovery of the fixed costs that previously had been recovered through the DSIC. Thereafter, only the fixed costs of new eligible plant additions, that have not been reflected in the Company's base rates, shall be reflected in the DSIC.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 - UNIVERSAL SERVICE CHARGE

(Applicable to Rates RS, RH and RA)

A Universal Service Charge, calculated independently for each rate schedule in this Tariff using distribution allocation factors, shall be applied to all kWh delivered under the Tariff. This Universal Service Charge shall be determined to the nearest one-thousandth of 1 mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours delivered during the billing month:

$$USC = \{ ((U * D) / S) - B - e \} * \{ 1 / (1 - T) \}$$

The Universal Service Charge so computed, effective during the billing months of April through March, shall be applied to customers' bills as a non-bypassable surcharge effective for service rendered on and after the following April 1 of each year.

Where:

- USC** = Universal Service Charge in mills per kWh to be applied to each kilowatt-hour delivered under this Tariff.
- U** = The estimated net universal service program costs related to the Company's Customer Assistance Program (CAP), Customer Assistance and Referral Evaluation Services (CARES), Smart Comfort Program, Stay Warm Program, hardship fund administration, Consumer Credit Counseling Services (CCCS), low-income collection costs and low income write-offs for the computation year. (C)
- D** = Distribution Allocation Factor for each rate schedule as stated below: (C)

Rate RS	0.9063
Rate RH	0.0832
Rate RA	0.0105
- S** = The Company's projected kWh to be delivered for each rate schedule for the computation year.
- B** = Base universal service charge, in mills per kilowatt hour, is 5.656. (C)
- e** = The experienced net overcollection or undercollection of the universal service program costs as computed for each rate schedule as of the end of the reconciliation period.
- T** = The Pennsylvania gross receipts tax in effect during the billing month, expressed in decimal form.

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

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 22 - RENEWABLE ENERGY SERVICE**

(Applicable to Rates RS, RH, RA, GS/GM and GMH)

AVAILABILITY

Available to customers purchasing single-phase electric service served under the applicable rates who have installed a device or devices that are, in sole judgment, a bona fide technology for use in generating electricity from qualifying renewable energy installations not exceeding 10 kW, and that will be operated in parallel with the Company's system. Qualifying renewable energy installations include solar panels, wind, hydro, biomass, methane field, and fuel cell generation. The customer's equipment must conform to the installation for parallel operation of non-utility generation. The Company will modify its distribution and transmission facilities as necessary to interconnect with the customer at a single point. A customer will be charged for all modifications, additions or retirements made to provide the interconnection. The costs for making the renewable energy resource operational shall be the responsibility of the customer.

METERING

A customer may select one of the following metering options in conjunction with the applicable rate.

- (a) A non-ratcheted, bi-directional meter, may be used to record net energy sales to the customer.
- (b) Two meters may be installed. One will measure the energy delivered by the Company that the customer uses, and the other will measure the energy delivered to the Company from the customer that is generated by the customer's qualified renewable energy installation.
- (c) The Company shall consider other qualified meter installations requested by the customer.

BILLING

If, in any billing month, the amount of energy delivered by the Company that the customer uses is greater than the amount of energy the customer delivered to the Company, then the Company will bill the customer for the difference on the applicable rate. If, in any billing month, the amount of energy delivered by the Company that the customer uses is less than the amount of energy the customer delivered to the Company, only the Customer Distribution Charge of the applicable rate will be due by the customer. A customer, at its option, may sell any excess energy to an EGS rather than to the Company.

METERING CHARGE

- | | | |
|------------|---|-----|
| Option (a) | No charge | |
| Option (b) | \$11.50 for customers on Rates RS, RA and RH | (I) |
| | \$30.00 for customers on Rates GS/GM and GMH. | (I) |
| Option (c) | Meter cost shall be based upon the net incremental cost to the Company to purchase install and make operational the new metering equipment. | |

(I) – Indicates Increase

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

APPENDIX A

(C)

TRANSMISSION SERVICE CHARGES

(Applicable to All Rates)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission (FERC) for customers who receive Provider of Last Resort (POLR) Service from the Company. Customers taking POLR service from the Company shall be charged in accordance with the charges of the applicable rate schedules stated below. These charges shall also apply to riders applicable to each rate schedule.

MONTHLY RATES

Rate Schedule	Transmission Service Charge	
RS	\$0.006701 per kWh	(I)
RH	\$0.003314 per kWh	(I)
RA	\$0.006129 per kWh	(I)
<i>GS/GM Non-Demand Metered</i>	\$0.006701 per kWh	(I)
<u>GS/GM Demand Metered</u>		
Demand	\$0.45 per kW	(D)
Energy	\$0.001489 per kWh	(D)
<u>GMH</u>		
Demand (June through September)	\$0.45 per kW	(D)
Energy	\$0.002429 per kWh	(I)
GL	\$1.55 per kW	(I)
GLH	\$1.55 per kW	(I)
L	\$1.55 per kW	(I)
HVPS	\$1.55 per kW	(I)
UMS	\$1.55 per kW	(I)

BILLING DEMAND

Billing Demand subject to Transmission Service Charges for customers taking service under Rate Schedules GS/GM and GMH shall be the same as that determined for distribution and generation charges under the applicable rate schedules.

(C) – Indicates Change

(I) – Indicates Increase

(D) – Indicates Decrease

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

APPENDIX A – (Continued)

(C)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

BILLING DEMAND – (Continued)

Billing Demand subject to Transmission Service Charges for Customers taking service under Rate Schedules GL, GLH, L, HVPS and UMS shall be the customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

ANNUAL UPDATE

The Transmission Service Charges (TSC) defined herein will be updated effective June 1st of each calendar year or more often upon determination that the rates then in effect would result in a significant over or under collection. On or about May 1st, the Company will file revised TSC rates with the PA Public Utility Commission (Commission) defining rates in effect from June 1 to May 31 of the following year, the computation year. These rates shall be determined based on the projected revenue requirement for the computation year and the over or under collection of expenses based on actual TSC revenue and expense incurred up to March 1 of each filing year. The revenue requirement and over or under collection shall be allocated to each rate class based on the class contribution to the Company's coincident peak load (1CP) and POLR share of the 1CP load from the previous calendar year. The rates applicable to each rate schedule shall be determined in accordance with the following formulas.

For Rate Schedules RS, RH, RA and applicable Riders:

$$\text{TSC-kWh} = \left\{ (\text{RCRR} - "e") / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedules GS/GM and GMH:

Non-Demand Metered:

$$\text{TSC-kWh} = \left\{ (\text{RCRR} - "e") / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

Demand Metered:

$$\text{TSC-kW} = \left\{ ((\text{RCRR} - "e") \times 50\%) / \text{RCDemand} \right\} * \left\{ 1/(1-T) \right\}$$

$$\text{TSC-kWh} = \left\{ ((\text{RCRR} - "e") \times 50\%) / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedules GL, GLH, L, HVPS and UMS:

$$\text{TSC-kW} = \left\{ (\text{RCRR} - "e") / \text{RC1CP} \right\} * \left\{ 1/(1-T) \right\}$$

(C) – Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

APPENDIX A - (Continued)

(C)

TRANSMISSION SERVICE CHARGES - (Continued)

(Applicable to All Rates)

ANNUAL UPDATE - (Continued)

For Rate Schedules GL, GLH, L, HVPS and UMS: - (Continued)

Where:

- TSC = Transmission service charge to be applied to all Transmission billing units (either kWh or kW, as indicated.)
- RCRR = Projected total revenue requirement is established for the computation year of June 1st through May 31st, corresponding to the PJM planning year. The revenue requirement shall then be allocated to the specific rate classes by applying the ratio of the RC1CP to the Duquesne Zone 1CP for the prior year.
- "e" = Total over or undercollection calculated by comparing total TSC revenues billed to the specific rate class during the reconciliation year of the twelve month period ending February 28th or 29th to the total charges billed by PJM under its OATT as approved or accepted by FERC and allocated to the specific rate class based upon its POLR share of the Duquesne Zone 1CP for the prior year, including applicable interest. Interest shall be computed monthly at the statutory rate, from the month the over or under collection occurs to the effective month that the overcollection is refunded or the undercollection is recouped.
- RCSales = Projected kWh sales for the specific rate class for the computation year.
- RCDemand = Projected kW billing demand for the specific rate class for the computation year.
- RC1CP = Rate Class load coincident with the peak hour of the peak day of the Duquesne Zone during the calendar year prior to the computation year.
- T = The total Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

MISCELLANEOUS

Minimum bills shall not be reduced by reason of the TSC, nor shall charges hereunder comprise any portion of a monthly rate schedule minimum. The TSC shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report of TSC collections within thirty days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission.

Application of the TSC shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the TSC and the costs included therein.

(C) - Indicates Change

ISSUED: APRIL 7, 2006

EFFECTIVE: JUNE 6, 2006

Duquesne Light Company

Digest of Proposed Changes
contained in
Tariff Electric – PA. P.U.C. No. 24

March 30, 2006

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I. General

Duquesne Light Company's Tariff Electric – PA. P.U.C. No. 24 (Tariff No. 24) issued March 31, 2006 to become effective June 1, 2006 results in an overall average increase of 13.3% and is expected to produce \$143.7 million of additional annual revenue under future test year conditions.

All customers will be notified of the proposed rate increase by a news release issued the day of the filing, newspaper advertisements in major service territory newspapers the day of the filing, and by a bill insert to be mailed to all customers during the month after the filing is made.

Other modifications to the rules, rates and riders of Duquesne's tariff are being proposed and, together with a presentation of the proposed and current rates, are discussed below.

II. Proposed Changes to Tariff Rules

Tariff Rule No. 3.1 - Definitions – Provider of Last Resort - has been modified by the removal of "is not eligible to obtain electricity from an EGS" to reflect that all customers are now eligible to shop for their supply of electricity.

Tariff Rule No. 4 – Contracts - has been modified to remove the provision for negotiation of special contracts with commercial and industrial customers having minimum load of 100 kW to address changed business or operating conditions or economic alternatives. It has also been modified to reflect the elimination of Rider No. 8 – Fixed Price Service from the tariff.

Tariff Rule No. 20.1 – Billing Options – has been modified to reflect that customers can choose to purchase all of their electric from either the Company or an EGS, but cannot purchase part from both.

Tariff Rule No. 21.2 – Partial Payment of Bills – has been modified to remove language relative to pre-direct access account balances that is no longer necessary.

Tariff Rule No. 21.3 – Returned Check or Access Denied Charge – has been modified to provide for a fee equal to the Returned Check Charge to be levied against a customer when payment of their account via electronic means fails due to denied access.

Tariff Rule No. 45.2 – Supplier Switching Options – has been modified to reflect the elimination of Rider No. 8 – Fixed Price Service from the tariff.

III. Proposed Changes to Tariff Rate Schedules

All Rate Schedules:

Transmission rates have been removed from the individual Rate Schedules and the following language inserted under Electric Charges:

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Provider of Last Resort Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Rate RS – Residential Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$6.44	\$11.50
All kWh	\$/kWh	\$0.030522	\$0.037542

Rate RH – Residential Service Heating

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>	
Customer Charge		\$6.44	\$11.50	
Summer:	All kWh	\$/kWh	\$0.014575	\$0.037542
Winter:	First 500 kWh	\$/kWh	\$0.014575	\$0.037542
	Additional kWh	\$/kWh	\$0.005325	\$0.022933

Rate RA – Residential Service Add-on Heat Pump

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>	
Customer Charge		\$6.44	\$11.50	
Summer:	All kWh	\$/kWh	\$0.015728	\$0.025359
Winter:	First 500 kWh	\$/kWh	\$0.015728	\$0.025359
	Additional kWh	\$/kWh	\$0.005747	\$0.015491

III. Proposed Changes to Tariff Rate Schedules – (continued)

Rate GS/GM – General Service Small and Medium

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Non-Demand Metered:			
Customer Charge		N/A	\$11.50
All kWh	\$/kWh	N/A	\$0.037542
Demand Metered:			
Customer Charge		\$9.16	\$30.00
Demand over 5 kW	\$/kW	\$3.58	\$5.14
First 550 kWh	\$/kWh	\$0.026544	\$0.009130
Next 750 kWh	\$/kWh	\$0.024827	\$0.009130
Additional kWh	\$/kWh	\$0.006705	\$0.009130

Rate GS/GM has been subdivided to provide rate differentiation for customers taking non-demand metered service.

KWh block price differentials have been eliminated from the distribution rate structure.

Rate GMH – General Service Medium Heating

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Summer:			
Customer Charge		\$9.16	\$30.00
Demand over 5 kW	\$/kW	\$2.94	\$5.14
First 550 kWh	\$/kWh	\$0.021805	\$0.009130
Next 750 kWh	\$/kWh	\$0.020395	\$0.009130
Additional kWh	\$/kWh	\$0.005508	\$0.009130
Winter:			
First block kWh	\$/kWh	\$0.017784	\$0.028026
Additional kWh	\$/kWh	\$0.005508	\$0.009130

III. Proposed Changes to Tariff Rate Schedules – (continued)

Rate GL – General Service Large

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
First 300 kW or less		\$726.76	\$2,120.00
Additional kW	\$/kW	\$1.84	\$6.45
All kWh	\$/kWh	\$0.004520	\$0.003579

Definition of Determination of Demand has been modified to refer to only to Distribution, as *Transmission Demand will be determined as defined in Appendix A.*

Reference to Rider No. 8 – Fixed Price Service, which is no longer available effective June 1, 2006, has been removed.

Rate GLH – General Service Large Heating

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Summer:			
First 300 kW or less		\$445.08	\$2,120.00
All kWh	\$/kWh	\$0.002768	\$0.003579
Winter:			
Customer Charge		\$9.16	\$30.00
First block kWh	\$/kWh	\$0.008937	\$0.032939
Additional kWh	\$/kWh	\$0.002768	\$0.003579

Rate GLH – General Service Large Heating has been modified to have distribution rates in the non-heating months set equal to the distribution rates as contained in Rate GL – General Service Large.

Determination of Demand has been removed, as demand charges will only be billed under Rate GL.

Reference to Rider No. 8 – Fixed Price Service, which is no longer available effective June 1, 2006, has been removed.

III. Proposed Changes to Tariff Rate Schedules – (continued)

Rate L – Large Power Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
First 5,000 kW or less		\$9,168.00	\$30,555.00
Next 10,000 kW	\$/kW	\$1.47	\$5.83
Next 25,000 kW	\$/kW	\$1.43	\$5.83
Additional kW	\$/kW	\$1.39	\$5.83
First block kWh	\$/kWh	\$0.004420	\$0.002982
Next 150 kWh/kW	\$/kWh	\$0.002826	\$0.002982
Additional kWh	\$/kWh	\$0.002543	\$0.002982

KW and kWh block price differentials have been eliminated from the distribution rate structure.

Definition of Determination of Demand has been modified to refer to only to Distribution, as Transmission Demand will be determined as defined in Appendix A.

Reference to Rider No. 8 – Fixed Price Service, which is no longer available effective June 1, 2006, has been removed.

Rate HVPS – High Voltage Power Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
First 30,000 kW or less		\$2,823.75	\$9,115.00
Additional kW	\$/kW	\$0.10	\$0.16
On-peak kWh	\$/kWh	\$0.000338	\$0.000000
Off-peak kWh	\$/kWh	\$0.000157	\$0.000000

Rate HVPS – High Voltage Power Service has been modified to eliminate the distribution charges for kWh usage.

Definition of Determination of Demand has been modified to refer to only to Distribution, as Transmission Demand will be determined as defined in Appendix A.

Reference to Rider No. 8 – Fixed Price Service, which is no longer available effective June 1, 2006, has been removed.

III. Proposed Changes to Tariff Rate Schedules – (continued)

Rate AL – Architectural Lighting Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$9.16	\$7.50
Demand all kW	\$/kW	\$0.89	\$1.63
First 300 kWh	\$/kWh	\$0.012304	\$0.002745
Additional kWh	\$/kWh	\$0.003054	\$0.002745

KWh block price differentials have been eliminated from the distribution rate structure.

Rate SE – Street Lighting Energy

Distribution charges are proposed to be recovered via a fixed charge of \$3.20 per lamp. Distribution energy charges have been eliminated.

Language and fees associated with facilities that have been taken out of service and will not again be utilized have been removed.

Rate SM – Street Lighting Municipal

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Mercury Vapor:			
100 watt	per month	\$11.03	\$12.50
175 watt	per month	\$14.37	\$12.75
250 watt	per month	\$17.89	\$13.01
400 watt	per month	\$24.22	\$13.52
1000 watt	per month	\$52.34	\$15.56
Sodium Vapor:			
70 watt	per month	\$11.22	\$12.91
100 watt	per month	\$14.32	\$13.02
150 watt	per month	\$16.96	\$13.19
250 watt	per month	\$24.80	\$13.55
400 watt	per month	\$32.36	\$14.08
1000 watt	per month	\$67.67	\$16.20
Poles	per month	\$1.32	\$10.26

III. Proposed Changes to Tariff Rate Schedules – (continued)

Rate SH – Street Lighting Highway

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Mercury Vapor:			
175 watt	per month	\$5.32	\$00.00
250 watt	per month	\$6.93	\$00.00
400 watt	per month	\$10.17	\$00.00
1000 watt	per month	\$22.86	\$00.00
Sodium Vapor:			
100 watt	per month	\$5.12	\$13.02
150 watt	per month	\$6.29	\$13.19
200 watt	per month	\$7.48	\$13.37
250 watt	per month	\$8.63	\$00.00
400 watt	per month	\$12.14	\$14.08
1000 watt	per month	\$27.23	\$00.00

Charges for all Mercury Vapor lamps and 250 and 1000 watt Sodium Vapor lamps have been removed, as these lamps are no longer in service.

Rate UMS – Unmetered Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$9.00	\$10.00
First 1,300 kWh	\$/kWh	\$0.038551	\$0.034109
Additional kWh	\$/kWh	\$0.009580	\$0.034109

Rate MTS – Municipal Traffic Signals has been renamed as Rate UMS – Unmetered Service and its availability has been extended to include other customers with similar service requirements.

KWh blocks have been removed from the distribution rate structure.

III. Proposed Changes to Tariff Rate Schedules – (continued)

Rate PAL – Private Area Lighting

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
High Pressure Sodium:			
70 watt	per month	\$11.22	\$12.91
100 watt	per month	\$14.32	\$13.02
150 watt	per month	\$16.96	\$13.19
250 watt	per month	\$24.80	\$13.55
400 watt	per month	\$32.36	\$14.08
Flood Lighting:			
100 watt	per month	\$12.94	\$14.32
150 watt	per month	\$15.02	\$14.51
250 watt	per month	\$18.05	\$14.90
400 watt	per month	\$23.15	\$15.49
Unmetered:			
70 watt	per month	\$1.53	\$3.20
100 watt	per month	\$2.44	\$3.20
150 watt	per month	\$3.55	\$3.20
250 watt	per month	\$5.29	\$3.20
400 watt	per month	\$8.20	\$3.20
Poles	per month	\$15.75	\$10.26

IV. Proposed Changes to Tariff Riders

Rider No. 5 – Time of Day Discounts

The meter charges have been modified to reflect the current cost of providing the metering services required under this rider, changing the rate to \$24.00 per month.

Reference to Rider No. 8 – Fixed Price Service, which is no longer available effective June 1, 2006, has been removed.

Rider No. 8 – Fixed Price Service

The availability of Fixed Price Service expires effective June 1, 2006 and this rider is therefore eliminated from the tariff.

IV. Proposed Changes to Tariff Riders – (continued)

Rider No. 9 – Hourly Price Service

Reference to Rider No. 8 – Fixed Price Service, which no is longer available effective June 1, 2006, has been removed.

Rider No. 10 – State Tax Adjustment Surcharge

Rider No. 10 – State Tax Adjustment Surcharge has been revised to reflect a two-part rate, in which Part 1, to include changes in the Capital Stock and Franchise Tax, Corporate Income Tax, and Public Utility Reality Tax will apply to only the distribution component of a customer’s bill. Part 2 will include changes to the Gross Receipts Tax and will be applied to all components of a customer’s bill.

Rider No. 13 – General Service Separately Metered Electric Space Heating Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
All kWh	\$/kWh	\$0.006705	\$0.009130
Meter Charge	per month	\$10.16	\$13.21

The meter charge has been updated to reflect the current cost of providing the metering services required under this rider.

Rider No. 14 – Residential Service Separately Metered Electric Space and Water Heating

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
All kWh	\$/kWh	\$0.005325	\$0.015491
Meter Charge	per month	\$1.51	\$1.63

The meter charge has been updated to reflect the current cost of providing the metering services required under this rider.

IV. Proposed Changes to Tariff Riders – (continued)

Rider No. 16 – Service to Non-Utility Generating Facilities

<u>Distribution</u>	<u>Proposed Rates with STAS</u>
Contract Demand of 5,000 kW or more	\$5.83 per kW, but no less than \$1,405.00
Contract Demand of less than 5,000 kW	\$6.45 per kW, but no less than \$185.00

Definition of Contract Demand has been added.

Options of firm, interruptible or maintenance back-up service have been removed.

Reference to Rider No. 8 – Fixed Price Service, which is no longer available effective June 1, 2006 has been removed.

Rider No. 18 – Rate for Purchase of Electric Energy from Customer Owned Renewable Resource Generating Facilities

Language stating that this rider is only effective so long as the Company has an Energy Cost Rate or similar mechanism through which to recover the costs incurred under the rider has been removed.

Rider No. 19 – Off-Peak Water Heating Service

<u>Energy</u>	<u>Current Rates</u>	<u>Proposed Rate</u>
Water Heating kWh \$/kWh	\$0.0303	\$0.0458

Rate adjustment mechanism has been changed to reflect the off-peak price of power in the PJM Duquesne Zone rather than the local cost of natural gas service.

Rider No. 21 – Universal Service Charge

Language has been modified to reflect that universal charges are recovered only from residential customers, and therefore the applicability, distribution allocation factors and base universal service charges have been revised.

Rider No. 22 – Renewable Energy Charge

The Meter Charges contained in this rider have been modified to reflect the changes contained in the Rate Schedules

IV. Proposed Changes to Tariff Riders – (continued)

Rider No. 23 – Generation Rate Adjustment

With the conclusion of the availability and application of Rider No. 8 – Fixed Price Service, Rider No. 23 is no longer applicable and therefore is removed.

V. Addition of Rider No. 20 – Distribution System Improvement Charge

This proposed rider provides for the recovery of the fixed costs of eligible delivery system improvement and relocation projects designed to enhance system security, reliability, integrity, safety and long-term viability.

VI. Addition of Appendix A – Transmission Service Charges

This proposed Appendix will contain the transmission rates to be billed under all rate schedules as well as providing for the mechanism and process by which the transmission rates will be annually revised.