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February 3, 2026

VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**Re: Petition of FirstEnergy Pennsylvania Electric Company for Approval of Its
Default Service Program for the Period June 1, 2027 to May 31, 2031
Docket No. P-2026-**

Dear Secretary Homsher:

Enclosed for filing on behalf of FirstEnergy Pennsylvania Electric Company ("FE PA") is the **Petition of FirstEnergy Pennsylvania Electric Company for Approval of Its Default Service Program for the Period June 1, 2027 to May 31, 2031** ("DSP VII Petition") with accompanying Direct Testimony and Exhibits.

FE PA respectfully requests that notice of this filing and deadline for intervention be published in the February 14, 2026 issue of the *Pennsylvania Bulletin*.

As indicated on the attached Certificate of Service, FE PA is serving the DSP VII Petition on the Office of Consumer Advocate, Office of Small Business Advocate, the Pennsylvania Public Utility Commission Bureau of Investigation & Enforcement, and PJM Interconnection, L.L.C. FE PA is also serving all active parties in its last default service proceeding. Due to the high number of electric generation suppliers ("EGSs") licensed and registered in FE PA's service area, EGSs that did not participate in FE PA's last default service proceeding are being served with a copy of this filing letter and the attached Certificate of Service only.

A complete copy of the filing is electronically available on FE PA's website at www.firstenergycorp.com/customer_choice/pennsylvania/pennsylvania_tariffs.html. In addition, FE PA will provide a hard copy to any entity identified on the Certificate of Service upon request.

Morgan, Lewis & Bockius LLP

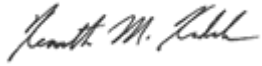
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Matthew Homsher, Secretary
February 2, 2026
Page 2

If you have any questions, please call me directly at 215.963.5384. Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kenneth M. Kulak".

Kenneth M. Kulak

Enclosures

c: Per Certificate of Service (w/encls.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF FIRSTENERGY	:	
PENNSYLVANIA ELECTRIC	:	
COMPANY FOR APPROVAL OF ITS	:	DOCKET NO. P-2026-_____
DEFAULT SERVICE PROGRAM FOR	:	
THE PERIOD FROM JUNE 1, 2027	:	
THROUGH MAY 31, 2031	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the **Petition of FirstEnergy Pennsylvania Electric Company (“FE PA”) for Approval of Its Default Service Program for the Period June 1, 2027 to May 31, 2031** on the persons listed below, in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION
OF
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DOCKET NO. P-2026-_____**

**FOR
APPROVAL OF ITS
DEFAULT SERVICE PROGRAM**

**For the Period
June 1, 2027 to May 31, 2031**

February 3, 2026

Petition

FE PA Statement No. 1 – Direct Testimony of David M. Young

- Exhibit DMY-1 Residential and Commercial Customer Class Time-of-Use (“TOU”) Pricing Analysis (On Peak Hours – 2 p.m. to 9 p.m. Non-Holiday Weekdays)
- Exhibit DMY-2 FirstEnergy Pennsylvania Electric Company (“FE PA”) System-Average Peak Load and Locational Marginal Price (2021-2024)
- Exhibit DMY-3 Residential and Commercial Customer Class TOU Pricing Analysis (On Peak Hours – 3 p.m. to 7 p.m. Non-Holiday Weekdays)
- Exhibit DMY-4 Weighted-Average Class TOU Pricing Analysis (On Peak Hours – 3 p.m. to 7 p.m. Non-Holiday Weekdays)
- Exhibit DMY-5 Residential and Commercial Customer Class TOU Pricing Analysis (Summer Months Only)
- Exhibit DMY-6 FE PA Tariff No. 1 Definitions (Relevant Pages)
- Exhibit DMY-7 Analysis of Net Metering Cash Out Expense Impact on Price to Compare Default Service Rate Rider

FE PA Statement No. 2 – Direct Testimony of Ryan J. Rose

- Exhibit RJR-1 Proposed Procurement Schedule
- Exhibit RJR-2 Default Service Supplier Master Agreement

FE PA Statement No. 3 – Direct Testimony of Nicholas E. Powers

- Exhibit NEP-1 Comparisons of Default Service Full Requirements Auction Price to Expected Wholesale Market Costs

FE PA Statement No. 4 – Direct Testimony of Carlixta De La Rosa

- Exhibit CDL-1 Price to Compare Default Service Rate Rider

- Exhibit CDL-2 Hourly Pricing Default Service Rider
- Exhibit CDL-3 Default Service Support Rider
- Exhibit CDL-4 Electric Generation Supplier Coordination Tariff (Relevant Pages)
- Exhibit CDL-5 FE PA Estimated DSP VII Administrative Costs

FE PA Statement No. 5 – Direct Testimony of Margarita Patria

- Exhibit MP-1 Appendix 1-Part 1 Application
- Exhibit MP-2 Appendix 2-Part 2 Application
- Exhibit MP-3 CRA International-Bidding Rules
- Exhibit MP-4 Pre-Bid Security Letter of Credit

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF FIRSTENERGY :
PENNSYLVANIA ELECTRIC COMPANY :
FOR APPROVAL OF ITS DEFAULT : DOCKET NO. P-2026-
SERVICE PROGRAM FOR THE PERIOD :
JUNE 1, 2027 TO MAY 31, 2031 :**

PETITION OF FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY

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Dated: February 3, 2026

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF FIRSTENERGY	:	
PENNSYLVANIA ELECTRIC COMPANY	:	DOCKET NO. P-2026-
FOR APPROVAL OF ITS DEFAULT	:	
SERVICE PROGRAM FOR THE PERIOD	:	
JUNE 1, 2027 TO MAY 31, 2031	:	

**PETITION OF FIRSTENERGY PENNSYLVANIA
ELECTRIC COMPANY**

Pursuant to Pennsylvania’s Electric Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2801 et seq. (the “Competition Act”), as amended by Act 129 of 2008 (“Act 129”), the default service regulations of the Pennsylvania Public Utility Commission (“Commission”) at 52 Pa. Code §§ 54.181-54.190 (“Regulations”), and the Commission’s Policy Statement on default service at 52 Pa. Code §§ 69.1801-1817 (“Policy Statement”), FirstEnergy Pennsylvania Electric Company (“FE PA” or the “Company”), hereby petitions the Commission for approval of its seventh default service program (hereinafter “DSP VII”) as set forth herein. FE PA files this Petition in accordance with its responsibilities as default service provider to establish the terms and conditions under which the Company will procure default service supplies, provide default service to non-shopping customers, satisfy requirements imposed by the Alternative Energy Portfolio Standards (“AEPS”) Act,¹ and recover all associated costs on a full and current basis for the period from June 1, 2027 through May 31, 2031.

Consistent with the Competition Act, Regulations, Policy Statement, and AEPS Act, the Company’s DSP VII is designed to produce the least cost over time by procuring a prudent mix of

¹ 73 P.S. §§ 1648.1 – 1648.8 and related provisions of 66 Pa.C.S §§ 2813-2814.

long-term, short-term, and spot-market generation supplies and is structured to satisfy its obligation to furnish adequate and reliable service to default service customers. Accordingly, FE PA respectfully requests that the Commission enter an order: (1) granting this Petition; (2) approving the Company's proposed DSP VII, including the procurement plan, implementation plan, and contingency plan, as well as the related bidder rules, supplier master agreement ("SMA"), credit documents, and other associated agreements for default service supply from June 1, 2027 through May 31, 2031; (3) approving FE PA's proposed rate design and tariffs for default generation service, including the Company's proposed time-of-use ("TOU") rate options and recovery of all of FE PA's costs associated with the provision of default service; (4) approving CRA International, Inc. d/b/a Charles River Associates ("CRA") as the independent third-party evaluator for FE PA's DSP VII procurements; (5) finding that neither FE PA nor its affiliates have withheld from the market any generation supply in a manner that violates federal law; (6) finding that DSP VII includes prudent steps necessary to negotiate favorable generation supply contracts; (7) finding that DSP VII includes prudent steps necessary to obtain least-cost generation supply on a long-term, short-term, and spot-market basis; (8) granting a waiver of the rate design provisions of 52 Pa. Code § 54.187 and transmission-related, price-to-compare ("PTC") provisions at 52 Pa. Code §§ 54.182 and 54.187, to the extent necessary; (9) approving supplier coordination tariff changes related to electric generation supplier ("EGS") arrangements with customers and granting a waiver of the Commission's regulations at 52 Pa. Code § 54.10, to the extent necessary; (10) approving the Company's proposed modifications to its purchase of EGS receivables ("POR") program; and (11) approving FE PA's proposed revised SMA as an affiliated interest agreement under 66 Pa.C.S. § 2102.

I. INTRODUCTION AND OVERVIEW

1. FE PA is a wholly owned subsidiary of FirstEnergy Corp. that provides electric service to approximately 2.1 million customers throughout Pennsylvania. FE PA was formed through the combination of several predecessor Pennsylvania electric utilities after approval by the Commission. On January 1, 2024, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively, the “Predecessor Companies”), which were all affiliates and subsidiaries of FirstEnergy Corporation, merged into FE PA.² Consistent with the approvals received from the Commission, FE PA was certificated as a public utility and authorized to provide public utility service in the territories of the Predecessor Companies (now, “Rate Districts”).

2. FE PA is an electric distribution company (“EDC”) as defined in the Competition Act and is the electric generation default service provider within the Rate Districts for retail customers who do not choose an alternative EGS or whose EGS fails to provide service.

² *Joint Application of Metro. Edison Co., Pa. Elec. Company, Pa. Power Co., West Penn Power Co., Keystone Appalachian Transmission Co., Mid-Atlantic Interstate Transmission LLC, and FirstEnergy Pa. Electric Co. for All of the Necessary Authority, Approvals, and Certificates of Pub. Convenience for (1) the Agreements and Plans of Merger; (2) the Establishment of FirstEnergy Pa. Holding Co. LLC as an Intermediate Holding Co. in the Chain of Ownership of FirstEnergy Pa. Elec. Co.; (3) the Merger of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co. with and into FirstEnergy Pa. Elec. Co.; (4) the Initiation by FirstEnergy Pa. Elec. Co. of Elec. Serv. in All Territories in this Commonwealth where Metro. Edison Co., Pa. Elec. Co., Pa. Power Company, and West Penn Power Co. Do or May Provide Elec. Service; (5) the Abandonment by Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co. of All Elec. Service in this Commonwealth; (6) the Adoption by FirstEnergy Pa. Elec. Co. of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co.’s Existing Tariffs and their Application within New Service and Rate Districts of FirstEnergy Pa. Elec. Co. Corresponding to their Existing Service Territories as the Met-Ed Rate District, Penelec Rate District, Penn Power Rate District, West Penn Rate District, and The Pennsylvania State University Rate District, Respectively; (7) the Sale of Class B Membership Interests in Mid-Atlantic Interstate Transmission, LLC held by Met-Ed and Penelec to FirstEnergy Corp.; (8) the Contribution of West Penn Power Co.’s Transmission Assets to Keystone Appalachian Transmission Co.; (9) a Certificate of Pub. Convenience Conferring Upon Keystone Appalachian Transmission Co. the Status of a Pa. Pub. Util.; (10) Where Necessary, Associated Affiliated Interest Agreements; and (11) Any Other Approvals Necessary to Complete the Contemplated Transaction, Docket Nos. A-2023-3038771, et al. (Order entered Dec. 7, 2023).*

3. The Competition Act became effective on January 1, 1997, and, among other things, restructured the electric utility industry in Pennsylvania by deregulating the generation of electricity, creating the framework for retail customers to choose alternative suppliers of generation, and establishing caps on unbundled rates that EDCs could charge during the transition to competition.

4. Section 2806(d) of the Competition Act, 66 Pa.C.S. § 2806(d), required EDCs to file restructuring plans for Commission approval that, in relevant part, “unbundled” (or functionally disaggregated) their rates into distribution, transmission, and generation components. Each of the Predecessor Companies filed restructuring plans which, subject to certain modifications, were approved by the Commission.³

5. Following the transition to competition, the Predecessor Companies retained the obligation to serve as the default service providers for their respective retail customers. The Predecessor Companies’ current Commission-approved default service programs (“DSP VI”) expire on May 31, 2025.⁴ FE PA is proposing a four-year term for its proposed DSP VII, which is the same term length of the currently effective DSP VI programs for each of the Predecessor Companies.⁵

³ See Docket Nos. R-00974008 and R-00974009 (Met-Ed and Penelec) (Order entered October 20, 1998); Docket No. R-00974149 (Penn Power) (Orders entered July 22, 1998 and Sept. 17, 1999); Docket No. R-00973981 (West Penn) (Order entered Nov. 19, 1998).

⁴ See *Joint Petition of Metro. Edison Co., Pennsylvania Elec. Co., Pennsylvania Power Co., and West Penn Power Co. for Approval of their Default Serv. Programs for the Period Beginning June 1, 2023 through May 31, 2027*, Docket Nos. P-2021-3030012 et al. (Recommended Decision dated June 29, 2022) (“DSP VI RD”). The DSP VI RD was adopted without modification by the Commission in its Order entered August 4, 2022.

⁵ The Policy Statement provides default service program terms should be for two years, unless otherwise directed by the Commission. 52 Pa. Code § 69.1804. The Commission has approved longer terms for default service programs, noting that a four-year term would minimize future litigation expenses and reduce administrative costs. See, e.g., *Petition of Duquesne Light Co. for Approval of its Default Serv. Program for the Period from June 1, 2021 through May 31, 2025*, Docket No. P-2020-3019522 (Opinion and Order entered Jan. 14, 2021) (“DLC DSP IX Order”) at 27; *Petition of PECO Energy Co. for Approval of its Default Serv. Program for the Period from June 1, 2021 through May 31, 2025*, Docket No. P-2020-3019296 (Opinion and Order entered Dec. 3, 2020) at 30-31.

6. Section 54.185(a) of the Regulations provides that a default service provider should file a default service program (“DSP”) with the Commission no later than twelve months before its current DSP will expire. To have sufficient time to undertake the competitive procurement process to obtain default generation supplies for default service on and after June 1, 2027, FE PA needs to have a final, approved, unappealable DSP in place by approximately November 1, 2026. Accordingly, FE PA is filing this Petition to obtain approval by that date.⁶

7. This Petition sets forth FE PA’s proposed DSP VI and, as such, identifies and describes the Company’s procurement plans, implementation plan, contingency plans, and rate design for the recovery of all reasonable costs on a full and current basis.

8. This Petition also incorporates the proposed standard default service SMA; auction rules; associated form agreements; and proposed tariff changes, along with the following direct testimonies supporting various components of DSP VII:

- **FE PA Statement No. 1, Direct Testimony of David M. Young** (DSP VI Settlement Commitments, Customer Benefits and Notice, Plan Term, TOU Rate Options, Classification of Non-Residential Default Service Customers, Supplier Tariff and Retail Shopping Changes);
- **FE PA Statement No. 2, Direct Testimony of Ryan J. Rose** (Product Definitions, Procurement Plan and Schedule, AEPS Act Requirements, Default Service Supplier Master Agreement, Contingency Plans);
- **FE PA Statement No. 3, Direct Testimony of Nicholas E. Powers, PhD** (Analysis of Default Service Supply Plans);

⁶ See 66 Pa.C.S. § 2807(e)(3.6) (providing that the Commission shall issue a final order approving or disapproving a proposed default service program within nine months of filing).

- **FE PA Statement No. 4, Direct Testimony of Carlixa De La Rosa** (Rate Design and Cost Recovery, Customer Referral Program, Other Related Matters); and
- **FE PA Statement No. 5, Direct Testimony of Margarita Patria** (Auctions, Role of Independent Evaluator, Bidder Interactions and Qualification, Confidentiality, Reporting to the Commission).

9. As explained in the Petition and supporting testimonies, FE PA is proposing limited changes to the Predecessor Companies' existing, Commission-approved DSP VI programs.

II. DEFAULT SERVICE PROCUREMENT PLAN

A. Default Service Products

10. FE PA seeks to procure full-requirements, load-following energy and energy-related products for all default service customers through a competitive procurement process. For procurement purposes, non-shopping load will be segregated into residential, commercial, and industrial customer classes. Each customer class will have its own product specifications, as described below. The load of each class will be divided into tranches, with each tranche constituting a fixed percentage of each Company's default service load corresponding to approximately 50 megawatts ("MW"), although the actual load served will vary based on many factors, including customer migration to and from EGSs. FE PA is proposing to maintain the customer class definitions that were approved by the Commission in the DSP VI proceeding. However, as explained by Mr. Young, FE PA is clarifying that the 100 kilowatt ("kW") threshold that separates the commercial and industrial class groupings will be determined by the maximum registered peak load ("MRPL") of the customer. This approach to classification of "no load" net metering customer generators includes both demand and supply impacts to ensure that large customer-generators are grouped with other large customers for default supply purposes.

11. Consistent with DSP VI, winning full-requirements suppliers in the competitive procurement process must fulfill all obligations imposed on a load serving entity (“LSE”) by PJM Interconnection, L.L.C. (“PJM”) and, as LSEs, will be required to: (i) provide energy, capacity, and transmission service⁷; (ii) pay all ancillary service costs and PJM administrative expenses; and (iii) provide any other services and pay any other fees as required by PJM of an LSE. As explained by Mr. Rose, default service suppliers will also be responsible for meeting 100% of the Tier I and Tier II AEPS Act requirements.

12. Additionally, each winning full requirements supplier will be required to schedule delivery to the PJM load zone that corresponds to the Rate District for which it has contracted for the sale of power, as follows: “METED_RESID_AGG” for Met-Ed products, “PENELEC_RESID_AGG” for Penelec products, “PENNPOWER_RESID_AGG” for Penn Power products, and “APS_RESID_AGG” for West Penn products. All load zones are located within the control area for which PJM is the regional transmission organization (“RTO”). Winning full-requirements suppliers must be members of PJM and must comply with all regulations, business rules, scheduling protocols, and all other aspects of doing business within PJM.

B. Residential Class

13. Each residential class tranche for load includes a 100% fixed-price product, the price for which will be established through FE PA’s descending-price clock auction process. DSP VII introduces a 60-month fixed-price full requirements product that will represent approximately

⁷ As explained in Section III.C. below, FE PA will continue to assume responsibility for Regional Transmission Expansion Plan charges (“RTEP”); Expansion Cost Recovery Charges; Reliability Must Run/generation deactivation charges associated with generating plans for which specific RMR charges begin after July 24, 2014; historical out-of-market tie line, generation, and retail customer meter adjustments; unaccounted for energy; or any Federal Energy Regulatory Commission (“FERC”) approved reallocation of PJM RTEP charges related to Docket No. EL05-121-009 (collectively, referred to as “non-market based charges” or “NMB charges”). These NMB charges will be assumed by FE PA for both default service suppliers and EGSs that serve load in the Rate Districts, and the associated costs will be recovered from customers in a competitively neutral manner through FE PA’s non-bypassable Default Service Support (“DSS”) Rider.

10% of the Company's default service load at any time to enhance portfolio diversity and provide partial long-term energy hedge for residential default service customers. The remaining Residential products will have staggered 12- and 24-month terms.

C. Commercial Class

14. Each commercial tranche features a 100% fixed-priced product, served in approximately 50 MW tranches to be bid through FE PA's descending-price clock auction process. Commercial products will have staggered 12- and 24-month terms. Commercial customers with demand or MRPL less than 100 kW are eligible for this product.

D. Industrial Class

15. The industrial class product is an hourly-priced service ("HPS") based upon the PJM real-time zonal hourly market price. Suppliers will bid for the right to serve a portion of the HPS load for 12-month terms (commencing on June 1 in each of 2027, 2028, 2029, and 2030). Each tranche will be approximately 100 MW, although the actual load served will vary based on many factors, including customer migration to and from EGSs. Winning suppliers will be paid the winning price bid in the hourly-priced auction and the hourly PJM real-time zonal locational marginal price.

E. Procurement Schedule and Method

16. FE PA proposes plans for the residential and commercial classes that consist of semi-annual procurements. The first auction for DSP VII will occur in January 2027 due to the timing of the DSP VII filing, and will have three procurements (January, April and November 2027). From 2028 to 2030, auctions would be conducted in January and November. For the industrial class, FE PA is proposing four procurements occurring in April 2027, January 2028,

January 2029 and January 2030. FE PA Exhibit RBR-1 attached to Mr. Rose's direct testimony provides a detailed breakdown of the proposed procurements.

17. FE PA proposes to procure the previously described full-requirements default service products through simultaneous, multiple-round, descending-price clock auctions similar to those used, and being used, by FE PA in DSP VI. The proposed auction process allows suppliers to efficiently switch between the different products being procured by the Company. Potential suppliers will have to meet certain credit and financial criteria in order to participate in the auction. Winning bids will be chosen from pre-qualified participants solely on the basis of price (i.e., the low-price bidders will be the procurement winners). Bidding proceeds in rounds. In a round, the procurement manager announces a price for each product. Participants in the procurement then make bids for the number of tranches that they are willing to supply for each of the specified products at the announced prices. If the number of tranches supplied by all suppliers is greater than the number of tranches needed for a product at a particular price, the price for that product is reduced in the next round. In that round, suppliers are given an opportunity to bid again and are permitted to switch their bids from one product to another, if applicable.

18. The format described above is characterized as a "descending clock" auction because prices "tick down" as rounds progress, starting at an initial price and being reduced until the number of tranches that all bidders are willing to supply is just enough to match the load to be supplied.

19. The "descending clock" procurement process has many benefits. Its multi-product design allows all products to be procured in a single auction, which provides a cost-effective, economically efficient means to obtain multiple products while also allowing for instantaneous market-based pricing. Suppliers receive feedback from the results of each round. Because pricing

is transparent, some suppliers will withdraw, and the least-cost suppliers will prevail. The Predecessor Companies and FE PA have successfully employed the descending clock auction to obtain default supplies under DSP VI and for more than a decade, and the Commission is familiar with the process and the results it obtains.

20. During DSP VII, FE PA will maintain the existing 50% load cap for fixed-price product auctions and the existing 75% load cap for hourly-product auctions, which restrict the amount of supply any one bidder can win in an auction.

F. Supplier Master Agreement

21. In this proceeding, FE PA is proposing to continue the use of the current Commission-approved SMA for DSP VI, with modifications to reflect changes the Company is proposing for DSP VII in the areas of AEPS compliance, responsibility for certain PJM transmission-related charges, and contingency planning.

22. As described in the direct testimony of Mr. Rose, the principal differences between the proposed SMA and the current Commission-approved SMAs are: (1) modifications to reflect the changes in default service supplier responsibility for AEPS compliance discussed in paragraph 24; (2) removal of PJM charges for Network Integration Transmission Service (“NITS”) from the pricing under SMA, similar to the treatment of these costs by other EDCs, to facilitate increased supplier participation in auctions; (3) changes to add new PJM billing line items associated with emergency orders issued by the U.S. Department of Energy; and (4) revisions to clarify the true-up methodology for the capacity proxy price (“CPP”) used in FE PA’s auctions in the event PJM does not conduct a base residual auction (“BRA”) as discussed in paragraph 31 below.

23. To permit the participation of affiliates of FE PA in its default supply competitive procurements (as allowed by Section 54.186(b)(6) of the Default Service Regulations, 52 Pa. Code

§ 54.186(b)(6)), the Company also respectfully requests that the Commission approve the revised SMA as an affiliated interest agreement under 66 Pa.C.S. § 2102.

G. AEPS Act Requirements

24. In accordance with Section 54.185(e)(1) of the Regulations, FE PA proposes to satisfy all of its AEPS Act requirements as part of the solicitation of default service supply. Specifically, winning suppliers of full-requirements default service products in FE PA's Rate Districts will be responsible for meeting all Tier I and Tier II requirements, including solar photovoltaic requirements.

H. Independent Evaluator

25. Consistent with the Regulations' requirements and the Policy Statement's recommendation, FE PA has retained CRA to be the independent third-party evaluator for its default service procurements. CRA has extensive expertise in the operation of competitive wholesale energy markets and is serving as the independent third-party evaluator for DSP VI.

26. The auction rules that guide the bid solicitation process (included in FE PA Statement No. 5, the testimony of Margarita Patria) are designed to comply with the Commission's codes of conduct and to ensure that bidder qualification requirements are fair and nondiscriminatory.⁸

I. Requirements of PJM

27. As required by Section 54.185(e)(4) of the Regulations, DSP VII is consistent with the legal and technical requirements of PJM pertaining to the generation, sale, and transmission of electricity. FE PA's proposed SMA requires suppliers to maintain specific qualifications under applicable PJM agreements and rules. Before a supplier may participate in the bid process, the

⁸ See 52 Pa. Code §§ 54.186(b)(6)(ii) and 54.186(c)(2).

supplier will have to demonstrate that it can fulfill the technical and regulatory requirements of the SMA, including becoming an LSE, as defined under PJM's rules.

J. Contingency Plans

28. FE PA proposes to continue utilizing the current Commission-approved DSP VI contingency plans, which address the following possible scenarios: (i) an individual solicitation is not fully subscribed or the Commission rejects the bid results from a solicitation; (ii) a winning supplier defaults prior to the start of the delivery period or at any time during the delivery period; and (iii) PJM does not conduct its BRA in time for default service suppliers to incorporate capacity prices into their bids.

29. For full-requirements, load-following products, if a scheduled solicitation is not fully subscribed following the initial proposed procurement or if the Commission rejects the bid results from a solicitation, FE PA will rebid the unfilled tranches from that solicitation in the next scheduled procurement for which there is sufficient calendar time to include the tranches. For any unfilled tranches remaining, FE PA will purchase the necessary physical supply through PJM-administered markets. FE PA will not enter into hedging transactions to attempt to mitigate the associated price or volume risks to serve such unfilled tranches. FE PA proposes to secure any AEPS Act compliance requirements for unfilled tranches at market prices. In addition, specific contingency measures apply to the proposed 60-month full-requirements tranches. If these long-term products do not clear during the initial January 2027 auction, FE PA will fill the unserved portion of load by procuring additional 12-month tranches during the subsequent April 2027 auction.

30. If a winning bidder defaults prior to the start of, or during, the delivery period, FE PA will offer the unfilled tranches to the other qualified bidders who participated in the most recent

solicitation of full-requirements, load-following products. FE PA may enter into an agreement with the qualified bidder(s) offering the best terms for the unfilled tranches resulting from the default, provided the prices offered by such bidder(s) are consistent with the original prices at which the unfilled tranches were procured, giving due consideration to changes in market conditions from the time when the original tranches were procured. If FE PA is not able to enter into such an agreement and at least thirty calendar days remain prior to the start of the delivery period, the Company will seek to bid the defaulted tranches in a separate supplemental competitive solicitation. If insufficient time exists to conduct an additional competitive solicitation, or if the supplemental solicitation is unsuccessful, FE PA will supply the tranches by purchasing power in the PJM-administered markets in the same manner described in the preceding paragraph.

31. If PJM does not conduct the BRA in time for default service suppliers to incorporate the auction results in their bids, the CPP will be the average of the capacity prices from the previous two known delivery year capacity market auctions conducted by PJM. During the delivery year for which the BRA results are not known, winning suppliers will be debited or credited (as applicable) any differences between the CPP and the actual capacity price utilizing their daily unforced capacity obligation by class and tranches served by class.

III. RATE DESIGN AND COST RECOVERY

A. PTC Default Service Rate Rider and Hourly Pricing Default Service Rate Rider

32. FE PA currently recovers the cost of default service for the residential and commercial customer classes through its PTC Default Service Rate Rider (“PTC Rider”). FE PA currently recovers the cost of default service for the industrial customer class through the Hourly Pricing Default Service Rate Rider (“HP Rider”). The HP Rider will apply to commercial and industrial customers with a demand or MRPL of 100 kW and above. Under DSP VI, FE PA adjusts

default service rates under the PTC Rider semi-annually, with rate change filings to be made the latter of 45 days prior to the effective date or seven days after the last supply auction.

33. During DSP VII, FE PA will continue to procure default service supply separately for each Rate District due to the pricing differences in their respective PJM delivery zones. Therefore, the rates charged under the Company's PTC and HP Riders will remain separate for each Rate District. FE PA proposes to maintain the same rate design for the PTC Rider and HP Rider approved by the Commission in DSP VI, with limited tariff revisions to those riders to align with the change in responsibility for NITS costs described in Section II above and the procurement plan discussed in Mr. Rose's direct testimony.

34. Pursuant to the Commission's regulations (52 Pa. Code § 54.187(i)) default service rates shall be adjusted on a quarterly basis, or more frequently, for customers with load requirements between 25 and 500 kW. The Commission has previously approved six-month intervals for rate adjustments for those customers that are not receiving hourly-priced default service.⁹ Therefore, FE PA requests a waiver of these regulations, to the extent necessary, to continue a six-month rate adjustment schedule for the commercial class under the PTC Rider.

B. Default Service Support ("DSS") Rider

35. FE PA currently has a DSS Rider that imposes non-bypassable charges. The Company will continue to assume responsibility for NMB charges for both default service suppliers and EGSs that serve load in FE PA's Rate Districts and recover the costs from customers under the DSS Rider. For DSP VII, as described in Ms. De La Rosa's direct testimony, the Company is proposing to consolidate the Consumer Education Charge component of the DSS

⁹ See, e.g., DSP VI RD at 68-70; DLC DSP IX Order at 15-16; *Petition of PPL Elec. Utils. Corp. for Approval of Its Default Serv. Program for the Period from June 1, 2021 through May 31, 2025*, Docket No. P-2020-3019356 (Dec. 17, 2020) ("PPL DSP V Order") at 13, 153.

Rider and eliminate the Midcontinent Independent System Operator and Transmission Expansion Plan (“MTEP”) cost component, which are both currently set to zero for all Rate Districts.

36. Consistent with the FE PA’s existing tariff, the Company is proposing to continue a flat per kilowatt-hour (“kWh”) rate design for the residential and commercial customer classes and a demand-based rate design for the industrial customer class. The demand for the industrial customer class will continue to be the single coincident peak kilowatt network service peak load, as calculated by FE PA in accordance with PJM rules and requirements.

37. FE PA respectfully requests a waiver, if necessary, of the Regulations (specifically with regard to the inclusion of transmission costs in the PTC addressed at 52 Pa. Code §§ 54.182 and 54.187) so that they may continue to recover the NMB charges through the non-bypassable DSS Rider rather than the PTC Rider and HP Rider.

C. Solar Photovoltaic Requirements Charge Rider (“SPVRC Rider”)

38. FE PA currently has an SPVRC Rider that applies to all delivery service customers in the Met-Ed, Penelec, and Penn Power Rate Districts. The Company proposes to eliminate this rider in DSP VII because all legacy solar contracts have expired and the rider is no longer active.

D. Reconciliation

39. As described in the testimony of Ms. De La Rosa, the PTC and HP Riders currently include “E” factor reconciliation mechanisms. The Company compares its actual default service supply costs to the revenue that is billed to customers under the PTC and HP Riders and reconciles the differences in these amounts semi-annually. FE PA is not proposing any changes to its reconciliation mechanisms.

40. FE PA requests a waiver of the Commission’s regulations at 52 Pa. Code § 54.187(i) and (j), to the extent necessary, to continue a semi-annual reconciliation schedule for all

customer classes throughout DSP VII to mitigate potential default service rate volatility due to billing cycle lag.

E. TOU Rates

41. FE PA currently offers optional TOU pricing rates for each Rate District through its TOU Default Service Rider (“TOU Rider”).

42. During DSP VII, TOU rate options will be available to residential and commercial default service customers with smart meters. However, FE PA proposes to continue excluding residential customers enrolled in the Company’s Customer Assistance Program (“CAP”) from the TOU Rider to avoid potential adverse impacts to those customers.

43. FE PA’s existing TOU rates differentiate prices across three periods (on-peak, off-peak, and super off-peak) that are constant year-round based on pricing multipliers for each class and Rate District. These multipliers are updated every two years and are designed to motivate customers to shift usage to lower-cost, off-peak hours. FE PA proposes to continue updating the TOU pricing multipliers on a bi-annual basis in the same manner as DSP VI.

44. FE PA’s existing TOU rate structure offers a higher rate during non-holiday weekdays from 2 p.m. to 9 p.m. relative to the Company’s non-time varying PTC Rider default service rate and a reduced rate during two off-peak periods. The current TOU rates include a super off-peak pricing period from 11 p.m. to 6 a.m. every day to encourage electric vehicle charging during overnight low-priced hours. The off-peak period consists of all other hours.

45. For DSP VII, FE PA is proposing to shorten the on-peak pricing period from seven hours (2 p.m. to 9 p.m.) to four hours (3 p.m. to 7 p.m.) to create larger price differentials that are more likely to motivate customers to adjust the time of day they use electricity. The Company will maintain the same super off-peak pricing usage period from DSP VI. FE PA is also proposing

to simplify its TOU rate offerings for DSP VII by using a single weighted-average class multiplier for all Rate Districts.

46. FE PA will continue to source both the standard and TOU default service for residential and commercial customers from the same supply portfolio for each class. TOU rates will continue to be adjusted on a semi-annual basis, synchronized with the PTC Rider adjustment periods for the residential and commercial classes, using FE PA's proposed pricing multipliers. Any mismatches between revenues from TOU rates and supply costs paid to default service suppliers will be recovered or refunded within the existing TOU Rider customer class reconciliation. This approach will mitigate potential large swings in over-and-under collections that could arise if customers switch between standard and TOU default service rates under the PTC Rider.

47. Additional details regarding the Company's proposed TOU Rider are provided in Mr. Young's direct testimony (FE PA Statement No. 1).

IV. CUSTOMER REFERRAL PROGRAM

48. FE PA currently has a CRP for residential and small commercial customers that was first established in the Rate Districts' second default service proceeding, consistent with the Commission's guidelines in its Retail Markets Investigation.¹⁰ The CRP provides eligible customers with an opportunity to select among a group of EGSs who have voluntarily chosen to offer customers a twelve-month contract priced at least 7% below the Company's applicable PTC at the time of the offer. Customers may terminate a CRP contract at any time without penalty, either to re-enroll in the CRP with a new rate, select another EGS or return to default service.

¹⁰ See *Investigation of Pa.'s Retail Elec. Mkt.: Intermediate Work Plan*, Docket No. I-2011-2237952 (Final Order entered Mar. 2, 2012), p. 31; *Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co. and West Penn Power Co. for Approval of Their Default Serv. Programs*, Docket Nos. P-2011-2273650 et al. (Opinion and Order entered Aug. 16, 2021) at 137-140, 144-146.

49. In the DSP VI proceeding, the Office of Consumer Advocate (“OCA”) and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”) opposed continuation of the CRP based on concerns about the prices CRP customers pay for electric supply after the initial 12-month contract. Under the Commission-approved settlement of the DSP VI proceeding (“DSP VI Settlement”), the CRP administered by FE PA in each of the Rate Districts will terminate on May 31, 2027. In accordance with the DSP VI Settlement, FE PA agreed to address whether a successor CRP should be implemented in their next DSP filing and convened a collaborative to compile and review CRP metrics, including supplier participation, customer enrollment levels, and the prices CRP customers pay for competitive generation service during and after the 12-month CRP contract term. Based on the Company’s review of the data gathered during the collaborative showing declining supplier participation and a relatively low-level of residential customer enrollment, FE PA is not proposing a successor CRP for DSP VII.

V. SUPPLIER TARIFF AND RETAIL SHOPPING CHANGES

50. As discussed in Mr. Young’s direct testimony, FE PA residential shopping customers in aggregate paid approximately \$82 million more in net generation charges in 2025 than they would have paid for the same amount of generation at the Company’s default service rates. To address issues arising from shopping customers paying EGS prices in excess of the PTC, FE PA is proposing modifications to its supplier coordination tariff in two areas: (1) protocols for EGS arrangements with customers and (2) purchase of EGS receivables. The tariff changes are described in Ms. De La Rosa’s testimony (FE PA Statement No. 4) and shown in FE PA Exhibit CDL-4.

51. First, during the DSP VII period, FE PA proposes a new provision to require EGSs entering into new contracts with residential customers after June 1, 2027, to return those residential customers to default service at the conclusion of the fixed duration contract term absent an

affirmative choice to remain with the EGS in response to the notices required by the Commission's regulations at 52 Pa. Code § 54.10. In addition, commencing June 1, 2027, EGSs will be required to provide an attestation of affirmative customer consent on a quarterly basis for all residential customers on variable-priced month-to-month products. These supplier coordination tariff changes will encourage customers to make choices about the cost of their generation supply and help mitigate the adverse impact of above-PTC prices on customer bills and affordability.

52. Under the Commission's regulations at 52 Pa Code. § 54.10(3), a customer served by an EGS that does not respond to the required notices regarding expiration of a fixed duration contract automatically renews with the customer's current EGS on a month-to-month contract or another fixed duration contract, without cancellation fees. To implement its proposed changes to EGS arrangements with FE PA residential shopping customers, the Company requests a waiver of Section 54.10(3) of the Commission's regulations for new contracts entered into on and after June 1, 2027 (the beginning of the DSP VII term).

53. Consistent with the Commission's Policy Statement at 52 Pa. Code § 69.1814, each of the Predecessor Companies agreed to provide, and the Commission approved, POR programs for residential and small commercial accounts served by EGSs.¹¹ All EGSs that elect FE PA's utility consolidated billing ("UCB") option are currently eligible to participate in the Company's POR program. Under this program, FE PA pays the face value of the accounts receivable without recourse to the EGS regardless of what the Company is actually able to collect from customers.

¹¹ See *Joint Petition of Metro. Edison Co. and Pa. Elec. Co. for Approval of Their Default Serv. Programs*, Docket Nos. P-2009-2093053 and P-2009-2093054 (Opinion and Order approving settlement entered Nov. 6, 2009) (Met-Ed and Penelec); *Petition of Pa. Power Co. for Approval of its Default Serv. Program*, Docket No. P-2010-2157862 (Opinion and Order approving settlement entered Nov. 17, 2010) (Penn Power); *Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co. for Approval of Their Default Serv. Programs*, Docket Nos. P-2013-2391368 et al. (Opinion and Order approving settlement entered Jul. 24, 2014) (revising West Penn).

54. The Company's current supplier coordination tariff includes a clawback mechanism to reduce FE PA's and customer exposure to increased uncollectible expense generated by EGSs whose pricing practices are driving significantly higher write-offs as compared to other EGSs. The clawback charge is assessed to EGSs whose write-offs as a percentage of revenues are 200% higher than their peers and whose average price per kWh is greater than 150% of the average PTC of the Company. As explained by Mr. Young, during DSP VI, a substantial number of EGSs serving FE PA customers continue to charge prices higher than the PTC and generate POR-related write-offs well above the average for the entire EGS population notwithstanding the Clawback Provision.

55. For DSP VII, the Company proposes a limitation on eligibility for its POR program to incentivize EGSs to consider the impact of their pricing on a customer's ability to pay and affordability. Specifically, for all contracts entered into after June 1, 2027, EGSs on UCB must use "rate-ready" billing and charge a rate that is at or below the PTC at the time of the customer's enrollment transaction or rate change transaction to be eligible for POR for that customer account. EGSs that do not comply with the new pricing requirement for the Company's POR program will be responsible for all arrearages those EGSs generate, which would substantially reduce FE PA's and customers' exposure to unreasonable and excessive EGS-driven write-offs. As such, the Company will phase out the clawback charge over the first year of the DSP VII term if its proposed POR program changes are approved by the Commission. Mr. Young provides more details about the new eligibility requirements and how they will be implemented in FE PA Statement No. 1.

VI. GENERATION SUPPLY ISSUES

56. Section 2807(e)(3.7)(III) of the Public Utility Code requires the Commission, when approving default service programs, to find that "[n]either the Default Service Provider nor its affiliated interest has withheld from the market any generation supply in a manner that violates

federal law.” FE PA does not own generation and pursuant to the Commission’s Competitive Safeguards¹² and the FERC’s Standards of Conduct,¹³ the Company does not discuss generation market-related issues with any of its affiliates. However, FE PA is not aware of any determination by any court or regulatory agency of competent jurisdiction that the Company’s affiliates have withheld generation supply from the wholesale market in violation of federal law.

VII. NOTICE

57. In accordance with Sections 54.185 and 54.188 of the Regulations, FE PA will provide notice of this filing in several ways:

- Within thirty days of filing this Petition, FE PA will provide public notice of the filing by publishing a notice in the major newspapers serving the Rate Districts. The notice will contain information about the Company’s tariff filing, its proposed competitive solicitations of generation resources, how the FE PA’s DSP VII may affect customers, where the filings are available for public inspection, how comments or complaints can be filed, and how customers can participate in this proceeding.
- FE PA’s Petition and its direct testimony and accompanying exhibits will be posted to the Company’s public internet domain, where it will be available electronically for public inspection.
- FE PA will provide additional public notice by means of a press release to inform customers of the filing.
- FE PA also served copies of this Petition and direct testimony and accompanying exhibits on the Commission’s Bureau of Investigation and Enforcement, the OCA, the

¹² 52 Pa. Code § 54.21 et seq.

¹³ 18 C.F.R. Part 358.

Office of Small Business Advocate, PJM, and all EGSs registered to provide service in the Rate Districts. FE PA is also serving copies on intervenors in the Predecessor Companies' last default service proceedings, specifically, Calpine Retail Holdings, LLC, CAUSE-PA, Constellation Energy Generation, LLC and Constellation NewEnergy, Inc., Enerwise Global Technologies, LLC d/b/a CPower Energy Management, John Bevec and Sunrise Energy LLC, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance and, West Penn Power Industrial Intervenors, NRG Energy, Inc., the Pennsylvania State University, and the Retail Energy Supply Association.

- FE PA will provide additional notice as directed by the Commission.

58. FE PA believes these communication efforts will provide potential interested parties with ample notice as well as an opportunity to participate in the Commission's proceeding addressing the Company's proposed DSP VII.

VIII. PROPOSED SCHEDULE

59. Pursuant to § 2807(e)(3.6) of the Public Utility Code, the Commission will have nine months from the date of this filing to issue a final order. In accordance with that timeline, FE PA suggests the following schedule for this proceeding:

Petition Filing	February 3, 2026
Publication in the <i>Pennsylvania Bulletin</i>	February 14, 2026
Pre-Hearing Conference	March 5, 2026
Other Parties' Direct Testimony	April 15, 2026
Rebuttal Testimony	May 13, 2026
Surrebuttal Testimony	May 29, 2026
Oral Rejoinder and Hearings	June 3, 2026
Main Briefs	June 24, 2026
Reply Briefs	July 8, 2026

IX. REQUEST FOR WAIVERS

60. To the extent necessary, FE PA requests: (1) a waiver of 52 Pa. Code § 54.187(h) – (j) in order to continue to use the residential, commercial, and industrial customer class definitions, which the Commission has previously approved, and to use MRPL to classify net metering customer generators; (2) a waiver of 52 Pa. Code § 54.187(i) – (j) to continue semi-annual rate adjustments and reconciliation for commercial customers under the PTC Rider and semi-annual reconciliation of HP Rider over-and-under collections for the industrial class; (3) a waiver of the Commission’s requirements at 52 Pa. Code §§ 54.182 and 54.187 with regard to including certain transmission-related costs in the PTC so that the Company may recover the NMB charges through the non-bypassable DSS Rider rather than the PTC Rider as previously explained; and (4) a waiver of the Commission’s regulations at 52 Pa Code. § 54.10(3) to implement FE PA’s proposed changes residential customer arrangements with EGSs.

X. PUBLIC INTEREST CONSIDERATIONS

61. FE PA’s proposed DSP VII is in the public interest for all of the reasons previously explained and for the following reasons: (1) DSP VII will utilize a competitive and transparent bid solicitation process; (2) DSP VII will utilize fair and nondiscriminatory bidder qualification requirements; (3) an independent third party evaluator will be utilized for all procurements; (4) the Programs are consistent with the legal and technical requirements established by PJM and align with its planning year; (5) DSP VII provides for compliance with AEPS requirements; (6) DSP VII provides for hourly or semi-annual adjustments of the default service rate components, as applicable (subject to the waiver for commercial customers served under the PTC Riders as

previously discussed); (7) DSP VII includes viable contingency plans; (8) DSP VII ensures that the PTC is designed to recover all default service costs (subject to the waiver for certain transmission-related costs, as previously explained); (9) DSP VII has a procurement schedule that diversifies the times when procurements occur; (10) DSP VII utilizes a prudent mix of long-term, short-term, and spot-market generation supply to yield the least cost to customers over time; (10) DSP VII includes supplier tariff coordination changes designed to address issues arising from shopping customers paying EGS prices in excess of the PTC after expiration of their EGS contracts; and (11) FE PA is providing ample notice of its proposed DSP VII to interested parties.

XI. CONCLUSION

62. Pursuant to the requirements of 66 Pa.C.S. § 2807(e)(3.7), FE PA requests that the Commission enter an order: (1) granting this Petition; (2) approving the Company's proposed DSP VII, including the procurement plan, implementation plan, and contingency plans, as well as the related bidder rules, SMA, credit documents, and other associated agreements for default service supply from June 1, 2027 through May 31, 2031; (3) approving FE PA's proposed rate design and tariffs for default generation service, including recovery of all of the Company's costs associated with the provision of default service; (4) approving CRA as the independent third-party evaluator for FE PA's default supply procurements; (5) finding that neither FE PA nor its affiliates have withheld from the market any generation supply in a manner that violates federal law; (6) finding that DSP VII includes prudent steps necessary to negotiate favorable generation supply contracts; (7) finding that DSP VII includes prudent steps necessary to obtain least-cost generation supply on a long-term, short-term, and spot market basis; (8) finding that FE PA's proposed TOU rate options for the residential and commercial classes satisfy the Company's obligations under 66 Pa.C.S. § 2807(f)(5); (9) granting a waiver of the rate design provisions of 52 Pa. Code § 54.187 and transmission-related PTC provisions at 52 Pa. Code §§ 54.182 and 54.187, to the extent

necessary; (10) approving FE PA's proposed supplier coordination changes related to EGS arrangements with residential customers; (11) approving the Company's proposed modifications to its POR program; and (12) approving FE PA's proposed revised SMA as an affiliated interest agreement under 66 Pa.C.S. § 2102.

Respectfully submitted,



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Dated: February 3, 2026

*Counsel for FirstEnergy Pennsylvania Electric
Company*

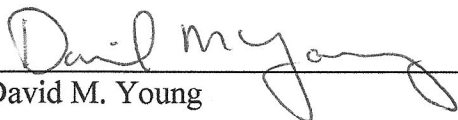
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF FIRSTENERGY	:	
PENNSYLVANIA ELECTRIC COMPANY	:	DOCKET NO. P-2026-
FOR APPROVAL OF ITS DEFAULT	:	
SERVICE PROGRAM FOR THE PERIOD	:	
JUNE 1, 2027 THROUGH MAY 31, 2031	:	
	:	

VERIFICATION

I, David M. Young, hereby declare that the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information and belief; and that I make this verification subject to the penalties of 18 Pa.C.S. § 4904 pertaining to false statements to authorities.

Dated: February 3, 2026



David M. Young

FE PA Statement No. 1
Direct Testimony of David M. Young

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DOCKET NO. P-2026-
DEFAULT SERVICE PROGRAM**

**For the Period
June 1, 2027 to May 31, 2031**

**Direct Testimony of
David M. Young**

**List of Topics Addressed
Overview**

Customer Notice

Time-of-Use-Rates

Classification of Non-Residential Default Service Customers

Supplier Tariff and Retail Shopping Changes

**DIRECT TESTIMONY
OF
DAVID M. YOUNG**

I. INTRODUCTION AND PURPOSE

Q. Please state your name and business address.

A. My name is David Young, and my business address is 341 White Pond Drive, Akron, Ohio 44320.

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

A. I am employed by FirstEnergy Service Company as a Consultant – Rates and Regulatory Affairs – Pennsylvania. The Pennsylvania Rates Department provides regulatory support for FirstEnergy Corp.’s (“FirstEnergy”) wholly-owned Pennsylvania electric distribution operating company, FirstEnergy Pennsylvania Electric Company (“FE PA” or “Company”). FE PA consists of the following rate districts: Met-Ed, Penelec, Penn Power, West Penn and The Pennsylvania State University (“PSU”), which is a sub-part of the West Penn rate district (individually a “Rate District” and in any combination the “Rate Districts”).

Q. What is your educational background?

A. I have a Bachelor of Science degree in accounting and a Master of Business Administration degree from the University of Akron. I have over 25 years of experience at FirstEnergy. My educational background and work experience are described in Appendix A.

Q. Please describe your duties as a Rates Consultant.

A. I am responsible for the development, coordination, preparation and presentation of FE PA’s accounting and financial data in its rate-related matters before the Pennsylvania Public Utility Commission (“Commission” or “PaPUC”) and New York State Public

1 Service Commission. I am also responsible for tariff interpretation, tariff filings, and the
2 design and development of retail electric rates.

3 **Q. Have you ever testified before the Commission?**

4 A. Yes. I have testified before the Commission in other rate-related matters, as shown in
5 Appendix A to this statement.

6 **Q. On whose behalf are you testifying in this proceeding?**

7 A. I am testifying on behalf of FE PA. FE PA was formed through the combination of several
8 predecessor Pennsylvania electric utilities after approval by the Commission. On January
9 1, 2024, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company
10 (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power
11 Company (“West Penn”) (collectively, the “Predecessor Companies”) merged into FE PA
12 (the “PA Consolidation”). Consistent with the approvals received from the Commission,
13 FE PA was certificated as a public utility and authorized to provide public utility service
14 in the territories of the Predecessor Companies (now, the Rate Districts).

15 **Q. What is the purpose of your direct testimony?**

16 A. My testimony will describe the following elements of FE PA’s proposed seventh default
17 service program (“DSP”) for the period June 1, 2027 through May 31, 2031 (hereinafter
18 “DSP VII”) that is the subject of this proceeding: (1) compliance with Commission
19 directives and settlement commitments arising from the Predecessor Companies’ sixth
20 DSP proceedings decided at Docket Nos. P-2021-3030012 (Met-Ed), P-2021-3030013
21 (Penelec), P-2021-3030014 (Penn Power), and P-2021-3030021 (West Penn) (collectively,
22 “DSP VI”); (2) customer benefits and notice; (3) plan term; (4) Time-of-Use (“TOU”)
23 Default Service Rate Rider (“TOU Rider”); (5) assigning default service customers to the

1 Price to Compare (“PTC”) Default Service Rate Rider (“PTC Rider”) or the Hourly Pricing
2 Default Service Rider (“HP Rider”) based on their maximum registered peak load
3 (“MRPL”); and (6) proposed supplier coordination changes related to electric generation
4 supplier (“EGS”) arrangements with customers and the Company’s purchase of EGS
5 receivables (“POR”) program.

6 **Q. Have you prepared any exhibits to accompany your testimony?**

7 A. Yes, FE PA Exhibits DMY-1 through DMY-7 were prepared by me or under my
8 supervision and are described later in my testimony.

9 **II. SUMMARY OF DSP AND COMPLIANCE WITH DSP VI COMMITMENTS AND**
10 **OBLIGATIONS**

11 **Q. Please describe FE PA’s default service obligations.**

12 A. FE PA is obligated to arrange for and provide electric generation service (default service)
13 to all customers within its service territory who do not select an EGS or who return to
14 default service after being served by an EGS that becomes unable or unwilling to serve. By
15 law, the Company is required to file a plan with the Commission that sets forth how it will
16 meet its default service obligation, including a strategy for procuring generation supply, a
17 schedule for implementation, and a rate design to recover the Company’s reasonable costs.

18 **Q. Why is FE PA filing a new DSP?**

19 A. The Company’s current DSP (“DSP VI”) will expire on May 31, 2027.¹ To comply with
20 the Commission’s default service regulations, the Company must file a new DSP to
21 establish supply plans to obtain market-based generation supply for its customers that

¹ See *Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pa Power Co., and West Penn Power Co. for Approval of their Default Serv. Programs for the Period Beginning June 1, 2023 through May 31, 2027*, Docket Nos. P-2021-3030012 et al. (Recommended Decision dated June 29, 2022) (“DSP VI RD”). The Commission adopted the DSP VI RD without modification by Order entered on August 4, 2022 (“DSP VI Order”). In the DSP VI Order, the Commission approved a Joint Petition for Partial Settlement (“DSP VI Settlement”) without modification.

1 choose not to, or are unable to, shop for generation service not less than 12 months prior to
2 the conclusion of the currently effective Commission-approved DSP VI.²

3 With limited changes, FE PA is proposing to generally continue the framework
4 from DSP VI, which, as noted above, was previously approved by the Commission. In
5 addition, FE PA has used the Commission’s default service regulations, the associated
6 Policy Statement,³ the Electricity Generation Customer Choice and Competition Act (the
7 “Competition Act”), as amended by Act 129 of 2008 (“Act 129”),⁴ and the Alternative
8 Energy Portfolio Standards (“AEPS”) Act,⁵ as guides in developing its proposed DSP VII.
9 As explained in the direct testimony submitted by FE PA in this proceeding, FE PA
10 believes that the DSP set forth in its filing: (1) complies with the Commission’s default
11 service regulations and Policy Statement, as well as applicable provisions of the
12 Competition Act, Act 129, and the AEPS Act; (2) is consistent with Commission decisions
13 in similar prior proceedings; and (3) is in the public interest.

14 **Q. Please describe the settlement conditions and Commission directives in the DSP VI**
15 **proceeding that are relevant to FE PA’s proposed DSP in this proceeding and explain**
16 **how FE PA has complied with its obligations related thereto.**

17 A. The provisions and FE PA’s compliance actions are as follows:

18 1. In the DSP VI proceeding, the Predecessor Companies proposed new TOU rate
19 options for the residential and commercial classes consistent with Commission guidance

² 52 Pa. Code §§ 54.181-54.189.

³ Commission Policy Statement on Default Service, 52 Pa. Code §§ 69.1801- 69.1817.

⁴ 66 Pa.C.S. §§ 2801 et seq.

⁵ 73 P.S. §§ 1648.1 – 1648.8 and related provisions of 66 Pa.C.S §§ 2813-2814.

1 on TOU rate design and Act 129 requirements.⁶ The DSP VI Settlement adopted the
2 Predecessor Companies' originally proposed TOU rate options with limited modifications
3 related to periodic updates to their TOU pricing multipliers and the communications plan
4 for the TOU rates.

5 I will discuss FE PA's review of the TOU pricing multipliers during DSP VI and
6 the Company's proposed enhancements to its existing TOU rate options later in my
7 testimony.

8 2. As part of the DSP VI Settlement, the Predecessor Companies agreed to terminate
9 their Customer Referral Programs ("CRPs") on May 31, 2027, and to address whether a
10 successor CRP should be implemented in its next DSP filing. In addition, the Predecessor
11 Companies agreed to convene a collaborative to explore the compilation of metrics related
12 to the CRP. In her direct testimony (FE PA Statement No. 4), Company witness Carlixta
13 De La Rosa discusses the results of the collaborative and explains why FE PA is not
14 proposing to implement a successor CRP during DSP VII.

⁶ After the Commission's initial approval of each Predecessor Company's TOU Rider, the scope of an EDC's obligation to offer TOU rates to default service customers was the subject of litigation before the Commission and Commonwealth Court. *See Petition of PPL Elec. Utils. Corp. for Approval of a New Pilot Time-of-Use Program*, Docket No. P-2013-2389572 (Order entered Sept. 11, 2014) (holding that Act 129 did not require PPL Electric Utilities Corp. ("PPL") to offer TOU rates directly to customer-generators); *Dauphin Cty. Indus. Dev. Auth. v. Pa. P.U.C.*, 123 A.3d 1124, 1136 (Pa. Cmwlth. 2015) ("DCIDA") (holding that Act 129 does not authorize default service providers to delegate the obligation to offer TOU rates to customers with smart meters to EGSs); *Petition of PPL Elec. Utils. Corp. for Approval of a New Pilot Time-of-Use Program*, Docket Nos. P-2013-2389572 and M-2016-2578051 (Secretarial Letter issued Apr. 6, 2017) ("April 2017 Secretarial Letter") (proposing a TOU design for PPL in accordance with the DCIDA decision and noting that the proposed TOU design "may provide future guidance to all EDCs" for incorporation into their own TOU proposals in their individual default service proceedings).

1 **III. CUSTOMER BENEFITS AND NOTICE**

2 **Q. Is FE PA proposing any changes from DSP VI that will benefit customers?**

3 A. Yes. The Company is proposing several changes to DSP VI that will provide customer
4 benefits, including:

- 5 • changes to FE PA's TOU rate options, including shortening the peak period duration
6 to produce more meaningful price differences that could encourage customer usage
7 behavior, as described later in my testimony;
- 8 • the Company's proposal to classify commercial and industrial default service
9 customers by their MRPL as described later in my testimony;
- 10 • an introduction of a five-year full-requirements product for residential customers as
11 described in the direct testimony of Ryan J. Rose (FE PA Statement No. 2) and Dr.
12 Nicholas E. Powers (FE PA Statement No. 3);
- 13 • removing Network Integration Transmission Service ("NITS") costs from the auction
14 product for all default service customers and simplifying the capacity proxy price
15 process as described in Mr. Rose's direct testimony; and
- 16 • supplier coordination tariff changes to address issues arising from FE PA residential
17 shopping customers paying EGS charges in excess of the PTC, as discussed later in my
18 testimony.

19 **Q. Please describe how FE PA will provide notice to customers of this DSP filing.**

20 A. Pursuant to 52 Pa. Code § 54.188(e)(1), FE PA must provide all customers with notice of
21 its DSP filing in a manner similar to that described in 52 Pa. Code § 53.68. Accordingly,
22 within 30 days of filing its DSP VII Petition, FE PA will provide public notice of the filing
23 by publishing a notice in the major newspapers serving each Rate District. The notice will

1 contain information about FE PA's Petition; the Company's proposed competitive
2 solicitations of generation resources for each Rate District; how FE PA's plan may affect
3 customers; where the filing is available for public inspection; how comments or complaints
4 can be filed; and how customers can participate in this proceeding. Additionally, the
5 Company's Petition and supporting testimony and exhibits will be posted on FE PA's
6 public internet domain, where those materials will be available electronically for public
7 inspection. Finally, FE PA is providing additional public notice by means of a press release.
8 In accordance with 52 Pa. Code § 54.185(c), FE PA is also serving a complete copy of its
9 Petition on the Pennsylvania Office of Consumer Advocate ("OCA"), the Pennsylvania
10 Office of Small Business Advocate ("OSBA"), the Commission's Bureau of Investigation
11 and Enforcement ("I&E"), PJM Interconnection, L.L.C. ("PJM"), and all EGSs registered
12 to provide service in its service territory. As a courtesy, FE PA is also serving a complete
13 copy of its Petition on the intervenors in the Predecessor Companies' last default service
14 proceedings, specifically, Calpine Retail Holdings, LLC, the Coalition for Affordable
15 Utility Service and Energy Efficiency in Pennsylvania, Constellation Energy Generation,
16 LLC and Constellation NewEnergy, Inc., Enerwise Global Technologies, LLC d/b/a
17 CPower Energy Management, John Bevec and Sunrise Energy LLC, the Met-Ed Industrial
18 Users Group, the Penelec Industrial Customer Alliance, and the West Penn Power
19 Industrial Intervenors (collectively, the "Industrials"), NRG Energy, Inc., PSU, and the
20 Retail Energy Supply Association.

1 **Q. Please describe the proposed customer notices that will be provided for any default**
2 **service rate changes.**

3 A. FE PA will continue to submit tariff supplements to recover the costs reasonably incurred
4 in acquiring electricity at market prices the later of 45 days prior to the effective date of
5 each change in their default service rate, seven days after the last supply auction for that
6 delivery period or seven days after the last NITS rate applicable to load serving entities in
7 the Rate Districts is published by PJM or more frequently. The tariff supplements will be
8 accompanied by the calculations that convert procurement plan results into retail rates.
9 Written notice of the submission of these tariff supplements will be provided to the OCA,
10 OSBA, I&E, the Industrials, PSU, and other parties included on the service list of this
11 proceeding. The tariff supplements will be posted on FE PA's public internet domain when
12 they are filed with the Commission. In addition, FE PA will continue to post the filed PTC
13 Rider rates for the residential and commercial classes on the Commission's website at
14 www.papowerswitch.com. Also, the revised PTC Rider rates for the residential and
15 commercial customer classes will be posted on FE PA's public internet site within one
16 business day of the effective date of the revision. Consistent with its current practice, as
17 approved in the DSP VI proceeding, customers will be provided notice, via bill message,
18 that new default service rates will take effect. The notices will enable customers to analyze
19 how the new rates will affect their bills and provide an opportunity for them to seek
20 competitive alternatives from EGSs.

1 **Q. What is the proposed term of DSP VII?**

2 A. If approved, DSP VII would span the 48-month period of June 1, 2027, through May 31,
3 2031. This term is consistent with the four-year DSP VI term approved by the Commission
4 in the DSP VI Order.

IV. **TIME-OF-USE DEFAULT SERVICE RIDER**

5 **Q. Does FE PA currently offer TOU rate options as required by Act 129?**⁷

6 A. Yes. FE PA currently offers TOU rate options to eligible residential and commercial
7 default service customers through its Time-of-Use Default Service Rider (“TOU Rider”)
8 as approved by the Commission in the DSP VI Order. FE PA’s existing TOU rates
9 differentiate prices across three periods (peak, off-peak and super off-peak) that remain
10 constant year-round based on price multipliers for each class and Rate District that are
11 updated every two years and are designed to motivate customers to shift usage to lower-
12 cost, off-peak hours.

13 FE PA’s current TOU rate structure offers a higher rate during non-holiday
14 weekdays from 2 p.m. to 9 p.m. relative to the Company’s non-time varying PTC Rider
15 default service rate and a reduced rate during two off-peak periods. The current TOU rates
16 include a super off-peak pricing period from 11 p.m. to 6 a.m. every day to encourage
17 electric vehicle charging during overnight low-priced hours. The off-peak period consists
18 of all other hours.

19 Participating customers remain on the TOU rate until they affirmatively elect to
20 return to FE PA’s standard default service rate, switch to an EGS or otherwise become

⁷ 66 Pa.C.S. § 2807(f)(5). The Hourly Pricing Default Service Rate Rider for commercial class already meets Act 129 requirements.

ineligible. Participating customers may leave the Company’s TOU rate for any reason and at any time without penalty. However, they may not re-enroll for 12 billing months to discourage customers from joining the TOU Rider only in certain months when they do not have to shift usage to save money, thereby reducing the ability to game the rider.

Q. Is FE PA proposing any changes to the eligibility rules for its TOU rates?

A. No. FE PA’s TOU Rider is available, with limited exceptions, to default service customers with smart meters who are not receiving hourly-priced default service. Residential customers enrolled in FE PA’s Customer Assistance Program (“CAP”) are not eligible for the TOU Rider. The Company is proposing to continue excluding CAP customers from the TOU Rider.

Q. What are the current TOU rate multipliers and how long are they effective?

A. The current TOU rate multipliers, which are effective from June 1, 2025. through May 31, 2027, are summarized in Table 1. Details regarding the calculation of those multipliers using market data from 2021 through 2024 is provided in FE PA Exhibit DMY-1.

Table 1		On-Peak	Off-Peak	Super Off-Peak
Met-Ed	Commercial	1.7434	0.8431	0.6124
	Residential	1.7060	0.8397	0.6215
Penelec	Commercial	1.6999	0.8541	0.6437
	Residential	1.6792	0.8482	0.6510
Penn Power	Commercial	1.6307	0.8817	0.6474
	Residential	1.6048	0.8744	0.6512
West Penn	Commercial	1.6946	0.8636	0.6242
	Residential	1.6649	0.8542	0.6298

Q. How are the TOU rate multipliers calculated?

A. The TOU price multipliers reflect the load-weighted locational marginal price (“LMP”) for each TOU pricing period calculated from Rate District-specific historical PJM day-ahead

1 spot market pricing data and load data for their respective zones. FE PA allocates the cost
2 of capacity, which varies by Rate District and customer class, entirely to on-peak hours.
3 This approach is intended to send cost-based pricing signals and create pricing differentials
4 between the on-peak and off-peak pricing periods that are more likely to motivate
5 customers to adjust the time of day they use electricity. In accordance with Paragraph 56
6 of the DSP VI Settlement, FE PA reviews the TOU pricing multipliers every two years by
7 Rate District and class, using an updated rolling four years of historical PJM spot market
8 and capacity pricing data. The Company updates all TOU rate multipliers if the calculation
9 of at least one TOU rate multiplier results in a 15% or larger change in any direction. FE
10 PA proposes to continue updating the TOU rate multipliers every two years in the same
11 manner as DSP VI, and the updated multipliers for the first year of DSP VII will be
12 reflected in FE PA's PTC Rider filing 45 days before June 1, 2027.

13 **Q. Is FE PA proposing any changes to the TOU Rider's price-differentiated usage**
14 **periods for DSP VII?**

15 A. Yes. The current on-peak period runs for seven hours from 2 p.m. to 9 p.m., which could
16 present challenges for customers to shift their load to off-peak hours. In addition, the on-
17 peak to off-peak price ratios shown in Table 1 are relatively low (less than 2 to 1 in many
18 classes and rate districts). FE PA is proposing to shorten the duration of the on-peak period
19 to four hours from 3 p.m. to 7 p.m. Reducing the on-peak hours will produce a more
20 meaningful price variation (on average 2.5 times higher than off-peak) to create a stronger
21 incentive for customers to sign up for the TOU program and change their energy
22 consumption habits. The off-peak period will gain the three hours removed from on-peak

and the super-off peak period will remain the same. Table 2 highlights the proposed time periods.

Table 2

Pricing Period	Days of Week	Current	Proposed
On-Peak	Mon - Fri	2 p.m. - 9 p.m.	3 p.m. - 7 p.m.
Super Off-Peak	Everyday	11 p.m. - 6 a.m.	11 p.m. - 6 a.m.
Off-Peak		All Other Hours	All Other Hours

In addition, FE PA Exhibit DMY-2 shows a graph highlighting the average load and LMPs for FE PA during the proposed on-peak pricing period.

Q. How do the Company's proposed changes to the on-peak and off-peak usage periods impact its currently effective TOU rate multipliers?

A. As summarized in Table 3 below and shown in more detail in FE PA Exhibit DMY-3, the Company's proposal increases the price variation between on- and off-peak periods, thereby giving customers a stronger incentive to sign up for the TOU program and change their energy consumption habits.

Table 3		On-Peak	Off-Peak	Super Off-Peak
Met-Ed	Commercial	2.3110	0.8617	0.6124
	Residential	2.2608	0.8584	0.6215
Penelec	Commercial	2.2457	0.8702	0.6437
	Residential	2.2189	0.8657	0.6510
Penn Power	Commercial	2.0867	0.9010	0.6474
	Residential	2.0481	0.8959	0.6512
West Penn	Commercial	2.0799	0.9121	0.6242
	Residential	2.0339	0.9055	0.6298

Q. Is FE PA proposing any other changes to its TOU rate multipliers for DSP VII?

A. Yes. As shown in the above table, FE PA currently calculates a multiplier for each Rate District and customer class. FE PA is proposing two additional changes. The first is to

1 apply a single weighted-average customer class TOU rate multiplier to all Rate Districts
2 and the second is to use the multiplier from the Rate District with the greatest on-peak to
3 off-peak price ratio across the FE PA footprint. FE PA believes this approach will provide
4 the most incentive for customers to change their consumption patterns and shift their usage
5 to lower cost hours. In addition, FE PA believes it will be easier to educate consumers on
6 the benefits of TOU while streamlining future pricing updates from a back-office
7 perspective. Table 4 shows the current TOU rate multipliers with the Residential and
8 Commercial classes combined on a weighted-average basis. FE PA Exhibit DMY-4
9 provides more detail as to how these numbers were calculated.

Table 4		Super		
		On-Peak	Off-Peak	Off-Peak
Met-Ed	R & C Combined	2.2741	0.8593	0.6190
Penelec	R & C Combined	2.2281	0.8673	0.6484
Penn Power	R & C Combined	2.0620	0.8978	0.6498
West Penn	R & C Combined	2.0470	0.9074	0.6282

10
Q. How will FE PA determine which TOU rate multipliers to apply across all Rate Districts?

11 A. FE PA will continue to calculate TOU pricing multipliers for the residential and
12 commercial customer classes at all Rate Districts, in addition to the weighted-average
13 customer class TOU rate multipliers discussed above. Each time the calculation is
14 completed, FE PA would choose the weighted-average customer class TOU multipliers at
15 the Rate District with the largest pricing differential between the on-peak and off-peak
16 pricing periods to apply to all Rate Districts. This would provide the most incentive for
17 customers to enroll in the TOU program and shift their usage to the off-peak pricing
18 periods.

1 **Q. Based on the current data, if this proposal was approved by the Commission, what**
2 **multipliers would be used?**

3 A. Currently, the Met-Ed multipliers would be used for all of the Rate Districts since they
4 provide the biggest spread between the on-peak price and the off-peak and super-off peak
5 prices.

6 **Q. Did FE PA consider applying seasonal TOU rate multipliers in place of the current**
7 **year-round TOU multipliers?**

8 A. Yes. FE PA calculated summer only weighted-average TOU rate multipliers using the
9 Company's proposed time-differentiated pricing periods. The remainder of the year pricing
10 would be at the PTC Rider rates. However, there was not a material difference between the
11 summer-only and year-round TOU rate multipliers for on- and off-peak usage periods.
12 Therefore, FE PA concluded that the year-round TOU multipliers keep the program simple
13 to understand and appropriately incentivize customers to shift their usage to the off-peak
14 periods throughout the year. Table 5 below highlights the summer only weighted-average
15 TOU rate multipliers, while FE PA Exhibit DMY-5 provides more detail.

Table 5		Super		
		On-Peak	Off-Peak	Off-Peak
Met-Ed	R & C Combined	2.2664	0.8610	0.4924
Penelec	R & C Combined	2.2335	0.8758	0.5340
Penn Power	R & C Combined	2.0419	0.9065	0.5187
West Penn	R & C Combined	2.0551	0.9084	0.4854

16
17 **Q. Will FE PA continue its current methodology for adjusting default service rates for**
18 **customers on the Company's TOU Rider?**

19 A. Yes. TOU rates will be adjusted on a semi-annual basis, synchronized with the PTC Rider
20 adjustment periods for the residential and commercial classes. TOU customer kilowatt-
21 hours ("kWh") usage and costs will be included in the semi-annual reconciliation of the

1 over/undercollection component of the PTC Rider by class (i.e., residential or commercial).
2 The Company's proposed reconciliation process using a single E-Factor for each customer
3 class will help mitigate potential large swings in the PTC Rider over/under collections that
4 could arise if customers switch between the Company's standard default service and TOU
5 default service rates. In addition, the Commission has previously authorized other electric
6 distribution companies ("EDCs") to recover TOU over/undercollection amounts from all
7 default service customers based on its finding that the TOU rates mandated by Act 129 are
8 a "form of default service."⁸

9 **Q. Are there any TOU tariff changes?**

10 A. Yes, TOU tariff changes can be found beginning on page 5 of FE PA Exhibit DMY-6.

11 **V. CLASSIFICATION OF NON-RESIDENTIAL DEFAULT SERVICE CUSTOMERS**

12 **Q. How does FE PA currently classify non-residential default service customers between**
13 **the commercial and industrial classes served under the PTC Rider and the HP Rider,**
14 **respectively?**

15 A. Effective June 1, 2019, default service customers with a demand of 100 kilowatts ("kW")
16 or above are classified as industrial customers and receive hourly-priced default service
17 under the HP Rider while default service customers with a demand below 100 kW are
18 classified as commercial customers served under the PTC Rider.

⁸ See *Pa. P.U.C. v. PPL Elec. Utils. Corp.*, Docket No. R-2011-2264771 (Opinion and Order entered Aug. 30, 2012) at 22-23.

1 **Q. How often does FE PA review the demand to determine if a default service customer**
2 **is served under the PTC Rider or the HP Rider?**

3 A. FE PA reviews the demand determination annually. Per the tariff, effective June 1st of each
4 year, a review of the measured demand for the period of April 1 of the preceding year
5 through March 31 of the current year will be conducted.

6 **Q. What is FE PA proposing as the criteria to determine if a non-residential default**
7 **service customer is served under the PTC Rider or the HP Rider?**

8 A. FE PA is proposing that default service customers with a demand of 100 kW or above **or**
9 MRPL of 100 kW or above will be served under the HP Rider. Default service customers
10 with a demand below 100 kW **and** MRPL below 100 kW will be served under the PTC
11 Rider.

12 **Q. How is MRPL defined by the Commission's regulations?**

13 A. The Commission's regulations (52 Pa. Code § 54.182) define MRPL as the highest level
14 of demand for a particular customer, based on the PJM "Peak Load Contribution Standard,"
15 or its equivalent, and as may be further defined by the EDC's tariff in a particular service
16 territory.

Q. Is FE PA proposing to define MRPL in its tariff?

17 A. Yes, based on the definition discussed previously, FE PA is proposing tariff changes as
18 shown on FE PA Exhibit DMY-6 to define MRPL as a customer's net demand contribution
19 impact to the Company's default service procurement activity, as determined upon the net
20 power flow from or into the Company's distribution system.

1 **Q. Why is FE PA proposing to classify commercial and industrial customers according**
2 **to MRPL?**

3 A. FE PA's proposed methodology includes both demand and supply impacts to ensure that
4 large customer-generators are grouped with other large customers for default supply
5 procurement purposes. Unlike traditional customers, net metering customer generators
6 have little to no onsite electric load and any kWh of energy delivered by the Company is
7 used primarily or even exclusively to facilitate operation of the customer's generating
8 facilities. Net metering generation projects are typically utility scale (greater than 1 MW
9 but less than 3 MW), and the current 1,200 applications on the Company's system as of
10 September 30, 2025 total approximately 3.3 gigawatts of nameplate capacity.

11 FE PA does not use excess energy from net-metered customer generators as supply
12 to serve default service load. Instead, excess energy from intermittent net-metered
13 customer generators is recognized financially as an aggregate reduction of the load served
14 by winning bidders in the Company's default service auctions. That load reduction is
15 submitted to PJM and credited to the applicable Rate District at the LMP. In short, adding
16 large customer-generator supply to the commercial procurement group would decrease
17 load provided by default service suppliers and would increase risk premiums included in
18 fixed-price full requirements products. In addition, the costs of net metering excess power
19 purchases paid by the Company are recovered from other customers in the same class as
20 large customer generators (under FE PA's current classification based solely on demand,
21 the PTC Rider). Classifying default service customers based on demand and MRPL avoids
22 the risks associated with reduced load for commercial customers on the PTC Rider and

1 potential subsidization of large customer generators by smaller commercial retail
2 customers.

3 **Q. Please describe the Company’s responsibility to compensate non-shopping customers**
4 **taking service under FE PA’s net metering rider for excess generation.**

5 A. On an annual basis, the Company will compensate customer-generators for excess energy
6 during the preceding year at the “full retail value for all energy produced” consistent with
7 Section 5 of the AEPS Act (73 P.S. § 1648.5) and the Commission’s net metering
8 regulations (52 Pa. Code § 75.13). Currently, excess generation produced by net metering
9 customers is banked until the end of the PJM Planning Year (each May 31). At this time,
10 their banked excess generation is cashed out at the commercial PTC Rider rate and
11 collected from other commercial PTC Rider customers.

12 **Q. What is the current true-up expense for commercial PTC Rider customers due to**
13 **compensation for excess generation for non-shopping net metering customers?**

14 A. For the period June 1, 2024 to May 31, 2025, the true-up expense for commercial PTC
15 Rider customers totaled just over \$4.4 million.

16 **Q. Based on the number of net metering applications FE PA currently has, does FE PA**
17 **expect this true-up expense to increase in the coming years?**

18 A. Yes. Based on the analysis set forth in FE PA Exhibits DMY-7, if as little as 10% of the
19 proposed projects in the current applications come online by 2029, the true-up expense in
20 2029 will be approximately \$81 million. If closer to 50% of those projects come online by
21 2029, the true-up expense in 2029 would approach \$750 million.

1 **Q. If the proposal is approved, what will be the impact on large customer generators?**

2 A. As mentioned, these customers will be classified as industrial customers served by the HP
3 Rider rather than the PTC Rider. This means their excess generation will be paid out based
4 on the HP Rider rate. Likewise, the costs to pay for the excess net-metered generation will
5 be recovered in the HP Rider as well. The HP Rider is calculated using real-time pricing
6 based on the hourly generation needs of the customers. Since most HP Rider customers are
7 more active in managing their energy needs, they are less likely to be impacted by an
8 increase in default service rates due to an influx of net-metered generation pushed to the
9 grid.

10 **Q. How would the Company implement its MRPL proposal?**

11 A. The Company would calculate a customer's MRPL on an annual basis for the period April
12 1 of the preceding year to March 31 of the current year to be effective on the upcoming
13 June 1. For new customers without a 12-month billing history, the MRPL shall be based
14 on the Company's estimate using factors such as, but not limited to, similarly equipped
15 buildings, and similarly utilized buildings and square footage. Updated classifications
16 would be communicated to the affected customers approximately 30 days prior to each
17 June 1.

18 **Q. What is the proposed effective date for this change?**

19 A. FE PA proposes to make this change effective June 1, 2027, for new net metering customer
20 generation coming online after June 1, 2027. However, existing net metering customer
21 generation online prior to the start of DSP VII will be exempt from the annual
22 reclassification until June 1, 2029.

1 **Q. Has the Commission approved any similar proposals to determine if a non-residential**
2 **default service customer is served under the PTC Rider or the HP Rider?**

3 A. Yes. In UGI Utilities, Inc. - Electric Division's ("UGI Electric") most recent DSP case,⁹
4 the Commission approved a similar proposal. While UGI Electric uses the term "supply
5 peak load impact" to make the determination if its non-residential default service customers
6 are served under its equivalent to FE PA's PTC Rider (GSR-1) or HP Rider (GSR-2), FE
7 PA is proposing to use the MRPL to make that determination.

8 **Q. Does the Company believe that any waivers of the Commission's regulations are**
9 **required to implement its proposal?**

10 A. No. As noted above, the Company maintains that its proposal is authorized by the existing
11 provisions in the Commission's regulations. However, to the extent necessary, FE PA
12 respectfully requests a waiver of the customer groupings recommended in 52 Pa. Code §§
13 54.187 and 69.1805, along with any other Commission regulations or requirements that
14 may be necessary to implement its proposal.

15 **VI. SUPPLIER TARIFF AND RETAIL SHOPPING CHANGES**

16 **Q. Is FE PA proposing any changes related to how its shopping customers take service?**

17 A. Yes. The Company is proposing two key modifications to its supplier coordination tariff
18 and protocols regarding its customers' arrangements with EGSs. First, FE PA proposes a
19 new provision to require EGSs entering into new contracts with residential customers after
20 June 1, 2027 to return those residential customers to default service at the conclusion of
21 their fixed duration contracts, absent an affirmative choice to remain with the EGS in
22 response to the notices required by the Commission's regulations at 52 Pa. Code § 54.10.

⁹ See *Petition of UGI Utils., Inc. – Elec. Div. for Approval of a Default Serv. Plan for the Period of June 1, 2025 through May 31, 2029*, Docket No. P-2024-3049343, et al. (Opinion and Order entered Feb. 20, 2025) at 52-56.

1 In addition, commencing June 1, 2027, EGSs will be required to provide an attestation of
2 affirmative customer consent on a quarterly basis for all residential customers on variable-
3 priced month-to-month products. These revisions will encourage customers to make
4 intentional and informed choices about the cost of their generation supply as prices change
5 and help mitigate the adverse impact of above-PTC prices on customer bills and
6 affordability.

7 Second, the Company proposes a limitation on eligibility for its POR program to
8 incentivize EGSs to consider the impact of their pricing on a customer's ability to pay and
9 affordability. Specifically, for all contracts entered into after June 1, 2027, EGSs on utility
10 consolidated billing ("UCB") must use "rate-ready" billing and charge a rate that is at or
11 below the PTC at the time of the customer's enrollment or at the time of a pricing change
12 to be eligible for POR for the individual customer account. The Company is also proposing
13 a supplier coordination tariff change to remove language stating that the POR program is
14 mandatory for EGSs electing UCB, consistent with the Company's current practice of
15 offering UCB with and without POR.

16 **Q. Why is FE PA proposing these changes, generally?**

17 A. The Company has been keeping a continuing focus on customer affordability and has
18 concerns regarding the amounts its shopping customers are paying in excess of PTC rates.
19 FE PA compared amounts that its residential customers paid to EGSs over what would
20 have been charged to those customers had they remained on default service for each month
21 in 2025. In 2025, 84 EGSs served FE PA's residential customers, with 68 of those suppliers
22 serving customers at a rate above the Company's applicable PTC. As shown in Table 6
23 below, this resulted in FE PA's residential customers paying nearly \$85 million more in

generation charges to those 68 EGSs that charged an average price in 2025 that was 27% higher than the PTC. Conversely, 16 EGSs served FE PA residential customers at a rate that was on average 6% lower than the applicable PTC, which resulted in those customers saving a little more than \$3 million. In total, FE PA residential shopping customers paid approximately \$82 million more in net generation charges in 2025 than they would have paid if they were paying for the same amount of generation at the Company's default service rates.

Table 6	MWh	Third-Party \$'s	Default Service \$	Difference	Third-Party	Default Service	Average Rate
		Received	Amount		Average Rate	Average Rate	Difference
Paid Less than PTC	467,332	\$47.7	\$50.8	(\$3.1)	\$0.102	\$0.109	-6.1%
Paid More than PTC	2,895,254	\$398.0	\$313.1	\$84.9	\$0.137	\$0.108	27.1%
Total	3,362,587	\$445.7	\$363.8	\$81.9	\$0.133	\$0.108	22.5%

In addition, in 2025, FE PA experienced an approximately 50% increase in formal and informal customer complaints related to competition issues, including slamming and high EGS prices, compared to 2024.

Q. What typically happens for customers at the end of their fixed-duration EGS contracts under today's structure?

A. Under the Commission's regulations at 52 Pa Code. § 54.10(3) and the Company's supplier coordination tariff, a customer served by an EGS that does not respond to the required notices regarding expiration of a fixed duration contract automatically renews with the customer's current EGS on a month-to-month contract or another fixed duration contract, without cancellation fees. In order to implement its proposed changes to EGS arrangements with FE PA shopping customers, the Company requests a waiver of Section 54.10(3) for new contracts entered into beginning with DSP VII, as well as the corresponding supplier

1 coordination tariff changes outlined by Ms. De La Rosa in FE PA Statement No. 4 and FE
2 PA Exhibit CDL-4.

3 **Q. Does this change apply to commercial or industrial class customers?**

4 A. No.

5 **Q. What will happen for residential customers who select variable rate products from**
6 **EGSs on and after June 1, 2027?**

7 A. Residential customers that do not respond to the notices required by the Commission's
8 regulations at 52 Pa. Code § 54.10 upon the expiration of a fixed duration contract with a
9 variable rate structure will be returned to default service in the same manner as residential
10 customers on a fixed rate contract with an EGS. Starting June 1, 2027, residential customers
11 who select month-to-month variable products will be required to affirmatively consent, on
12 a quarterly basis, to remain with their existing EGS. If the EGS does not affirm customer
13 consent each quarter for those accounts on month-to-month variable rate products through
14 an electronic data interchange ("EDI") transaction, the customer will be returned to default
15 service.

16 **Q. Do you believe that these changes will support customer affordability in light of the**
17 **Company's findings?**

18 A. Yes. Absent affirmative customer action, EGSs currently have the right to increase a
19 residential customer's rate to a level that may be much higher than the PTC, to change a
20 fixed-rate contract to a variable-rate fixed-duration contract, or charge variable rates on a
21 month-to-month basis. Requiring affirmative action by residential customers to remain
22 with an EGS after expiration of a fixed duration contract and requiring customer consent

1 on a quarterly basis for month-to-month variable rate products addresses issues arising
2 from residential customers unknowingly paying EGS prices well above the PTC.

3 **Q. Please describe the POR program included in FE PA's supplier coordination tariff.**

4 A. Consistent with the Commission's Policy Statement at 52 Pa. Code § 69.1814, each of the
5 Predecessor Companies agreed to provide, and the Commission approved, voluntary POR
6 programs for residential and small commercial accounts served by EGSs.¹⁰ FE PA's POR
7 program entails purchasing accounts receivable from participating EGSs at a zero-discount
8 rate. Under this program, FE PA pays the face value of the accounts receivable without
9 recourse to the EGS regardless of what the Company is actually able to collect from
10 customers. As such, the Company's POR program offers a significant benefit to
11 participating EGSs by eliminating the risk to EGSs that some of their customers will not
12 pay their bills. It also enhances EGSs' cash flow and reduces their collection expenses
13 because EGSs are paid on a regular and timely basis by EDCs, do not have to wait for late
14 payments and do not need to pursue delinquent accounts.

15 **Q. How does FE PA recover uncollectible accounts expense created by its POR**
16 **program?**

17 A. An adjusted allowance for uncollectible accounts expense was approved in FE PA's most
18 recent base rate case. A portion of that allowance is attributable to distribution rates and
19 the balance is attributable to the provision of default service and the POR program. The

¹⁰ See *Joint Petition of Metro. Edison Co. and Pa. Elec. Co. for Approval of Their Default Serv. Programs*, Docket Nos. P-2009-2093053 and P-2009-2093054 (Opinion and Order entered Nov. 6, 2009) (Met-Ed and Penelec); *Petition of Pa. Power Co. for Approval of Its Default Serv. Programs*, Docket No. P-2010-2157862 (Opinion and Order entered Nov. 17, 2010) (Penn Power); *Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co., and West Penn Power Co. for Approval of Their Default Serv. Programs*, Docket Nos. P-2013-2391368, et al. (Opinion and Order entered July 24, 2014) (revising West Penn).

1 default service and POR-related portion of uncollectible accounts expense is recovered
2 through the Company's Default Service Support ("DSS") Rider on a non-bypassable basis.

3 **Q. Who pays for that uncollectible account expense in the DSS Rider?**

4 A. The residential and commercial customer classes pay for the POR-related uncollectible
5 accounts expense charged in the DSS Rider.

6 **Q. You mentioned that the POR program does not include a discount. Does the**
7 **Company's current supplier coordination tariff include any other mechanism to**
8 **reduce FE PA's and customer exposure to increased uncollectible expense due to**
9 **excessive EGS write-offs?**

10 A. Yes. In the DSP VI proceeding, the Commission approved a Clawback Provision as a
11 permanent element of the POR program outlined in the Predecessor Companies' supplier
12 coordination tariffs. The Clawback Provision employs two objective screening measures
13 over a 12-month period to identify EGSs that impose a risk of generating excessive levels
14 of write-offs: (1) an average write-off percentage more than 200% of the average write-off
15 percentage of the Company's entire EGS population and (2) an average price over 150%
16 of the Company's average PTC for the applicable 12-month period. If both thresholds are
17 crossed, an EGS that wishes to remain in the POR program must, as a condition of doing
18 so, pay an administrative charge equal to the difference between its actual write-offs and
19 what its write-offs would have been at 200% of the average write-off percentage for all
20 participating EGSs.

1 **Q. Why is the Company seeking POR changes given the existence of this Clawback**
2 **Provision?**

3 A. As shown in Table 7, during DSP VI, a substantial number of EGSs serving FE PA
4 customers continued to charge prices higher than the PTC and generate POR-related write-
5 offs well above the average for the entire EGS population notwithstanding the Clawback
6 Provision.

7 **Table 7**

<u>Year (November 1 to October 31)</u>	<u>Total Clawback Charges</u>	<u># of EGSs</u>	<u>Total Residential EGS Population</u>
2022	\$945,483	22	111
2023	\$1,023,809	20	113
2024	\$432,307	13	116
2025	\$503,995	16	89

8
9 In 2025 alone, 16 EGSs – nearly 18% of suppliers currently serving FE PA residential
10 customers – incurred clawback charges totaling over \$500,000. In aggregate, the EGSs that
11 were identified by the screening measures for the most recent clawback charge (November
12 2024 to October 2025) served approximately 150 million kWh of FE PA’s residential
13 customer load. Seven of those 16 EGS also incurred clawback charges in 2024, and four
14 were assessed three years in a row.

15 In addition, the Clawback Provision only partially compensates the Company and
16 its customers for costs that are imposed by EGSs whose write-offs exceed the average by
17 more than 200% and who are charging prices substantially above the PTC. Each year, FE
18 PA must examine the historic performance of its entire EGS population to identify those

EGSs who are most likely to be the ones imposing higher bad debt costs on the Company and its customers. Modifying the terms of the sale and purchase of EGS accounts receivable, as the Company proposes, will reduce administrative burden and reduce the risk of excessive EGS-driven write-offs up front at the time of customer enrollment.

Q. Please describe the eligibility provisions of the Company's POR program as outlined in the Company's current supplier tariff.

A. All EGSs that elect FE PA's UCB option are currently eligible to participate in the Company's POR program. Under FE PA's current UCB option, EGSs may use "bill-ready" or "rate-ready" billing. "Bill-ready" billing means that FE PA receives calculated results from the EGSs for its charges for printing on the customer's consolidated bill. Under "rate-ready" billing, FE PA calculates the dollar amounts of generation charges using a fixed rate provided by the EGS.

Q. Please highlight how this will change under the Company's proposal in this case.

A. The Company will apply the new eligibility parameters for POR on a customer account level. FE PA will identify EGS customer accounts that are eligible for POR based on the pricing information (in cents per kWh) included in the EDI "rate-ready" enrollment transaction or "rate-ready" rate change transaction that includes acknowledgement of affirmative consent. EGSs may still use UCB for its customers that are charged a "rate ready" rate above the PTC without POR or bill-ready transactions, and the Company would continue to serve as the billing agent for those EGSs. In that capacity, FE PA will receive payments from customers and these payments would be remitted to the EGS. Any arrearages for generation charges would remain with the EGS.

1 **Q. Will FE PA continue the clawback charge if the Company’s proposed POR program**
2 **modifications are approved by the Commission?**

3 A. No. The clawback charge is designed to compensate FE PA and its customers for a portion
4 of POR-related uncollectible expense from those EGSs whose pricing practices are driving
5 significantly higher write-offs as compared to other EGSs. Terminating POR for EGSs that
6 charge prices higher than the PTC, as the Company proposes, would substantially reduce
7 FE PA’s and customers’ exposure to unreasonable EGS-driven uncollectible expenses.
8 EGSs that do not comply with the new pricing requirement for the Company’s voluntary
9 POR program will be responsible for all arrearages those EGSs generate. If the Company’s
10 proposal is approved, FE PA will implement a transition period during the first year of DSP
11 VII, and the final clawback charge will be assessed for the period November 2026 through
12 October 2027.

13 **VIII. CONCLUSION**

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

15 A. Yes.

APPENDIX A

Resume: Education and Experience of David M. Young

Education:

1999 Bachelor of Science Degree in Accounting - University of Akron

2003 Master of Business Administration in Finance – University of Akron

Experience:

6/99 – 6/02 Analyst - Rotational Finance Program, FirstEnergy Service Company

6/02 – 9/07 Analyst - Integrated Business Planning, FirstEnergy Service Company

9/07 – 11/13 Analyst – Corporate Planning, FirstEnergy Solutions

11/13 – 9/15 Analyst – Business Analytics. FirstEnergy Service Company

9/15 – 10/24 Consultant – Business Development, FirstEnergy Service Company

10/24 – Present Consultant – Rates and Regulatory Affairs, Pennsylvania – FirstEnergy Service Company

Prepared and presented testimony in the following rate-related cases:

Pennsylvania Public Utility Commission Cases: Docket No:

A-2023-3043428 West Penn Power Acquisition of Certain Electric Distribution Facilities from the Letterkenny Industrial Development Authority.

R-2024-3047068 Pennsylvania Electric Company Rate Case

West Virginia Public Service Commission

21-0857-E-CN Certificate of Public Convenience and Necessity for Environmental Compliance and Modernization, Upgrade and Improvement Program and related Surcharge for Coal-Fired Boilers at Electric Power Plants

Exhibit DMY-1

**Residential and Commercial Customer Class Time-of-Use (“TOU”)
Pricing Analysis (On Peak Hours – 2 p.m. to 9 p.m. Non-Holiday
Weekdays**

FE-PA Met-Ed Rate District
Residential Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	2 p.m. - 9 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 61,345,949
2022				\$ 59,433,163
2023				\$ 34,790,221
2024				\$ 26,519,486

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 128,833,723	\$ 79,986,360	\$ 40,973,746	\$ 249,793,829
2022	\$ 270,551,705	\$ 157,451,097	\$ 89,440,289	\$ 517,443,091
2023	\$ 85,353,406	\$ 52,880,646	\$ 30,101,086	\$ 168,335,138
2024	\$ 97,791,550	\$ 63,506,352	\$ 33,963,758	\$ 195,261,659

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	3,253,552	1,552,933	1,438,491	6,244,976
2022	3,295,633	1,536,280	1,505,291	6,337,205
2023	3,053,393	1,422,809	1,401,363	5,877,565
2024	3,135,941	1,480,970	1,452,116	6,069,027

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 39.60	\$ 51.51	\$ 28.48	\$ 40.00
2022	\$ 82.09	\$ 102.49	\$ 59.42	\$ 81.65
2023	\$ 27.95	\$ 37.17	\$ 21.48	\$ 28.64
2024	\$ 31.18	\$ 42.88	\$ 23.39	\$ 32.17

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 39.50	\$ -	\$ 9.82
2022	\$ -	\$ 38.69	\$ -	\$ 9.38
2023	\$ -	\$ 24.45	\$ -	\$ 5.92
2024	\$ -	\$ 17.91	\$ -	\$ 4.37

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 39.60	\$ 91.01	\$ 28.48	\$ 49.82
2022	\$ 82.09	\$ 141.17	\$ 59.42	\$ 91.03
2023	\$ 27.95	\$ 61.62	\$ 21.48	\$ 34.56
2024	\$ 31.18	\$ 60.79	\$ 23.39	\$ 36.54

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.7948	1.8267	0.5717	
2022	0.9018	1.5509	0.6527	
2023	0.8089	1.7830	0.6215	
2024	0.8534	1.6635	0.6400	
Average	0.8397	1.7060	0.6215	

FE-PA Met-Ed Rate District
Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	2 p.m. - 9 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 24,386,337
2022				\$ 22,360,478
2023				\$ 13,102,955
2024				\$ 9,824,564

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 51,735,369	\$ 28,852,173	\$ 16,520,988	\$ 97,108,530
2022	\$ 98,487,166	\$ 54,200,463	\$ 32,008,079	\$ 184,695,708
2023	\$ 31,932,948	\$ 19,217,724	\$ 10,959,828	\$ 62,110,500
2024	\$ 34,800,560	\$ 21,935,604	\$ 11,746,467	\$ 68,482,631

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,292,046	566,272	587,604	2,445,922
2022	1,237,860	545,443	564,027	2,347,331
2023	1,153,086	526,348	527,115	2,206,550
2024	1,157,668	533,044	528,198	2,218,910

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.04	\$ 50.95	\$ 28.12	\$ 39.70
2022	\$ 79.56	\$ 99.37	\$ 56.75	\$ 78.68
2023	\$ 27.69	\$ 36.51	\$ 20.79	\$ 28.15
2024	\$ 30.06	\$ 41.15	\$ 22.24	\$ 30.86

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 43.06	\$ -	\$ 9.97
2022	\$ -	\$ 41.00	\$ -	\$ 9.53
2023	\$ -	\$ 24.89	\$ -	\$ 5.94
2024	\$ -	\$ 18.43	\$ -	\$ 4.43

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.04	\$ 94.02	\$ 28.12	\$ 49.67
2022	\$ 79.56	\$ 140.36	\$ 56.75	\$ 88.21
2023	\$ 27.69	\$ 61.41	\$ 20.79	\$ 34.09
2024	\$ 30.06	\$ 59.58	\$ 22.24	\$ 35.29

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8061	1.8927	0.5660	
2022	0.9020	1.5913	0.6433	
2023	0.8124	1.8015	0.6100	
2024	0.8518	1.6883	0.6302	
Average	0.8431	1.7434	0.6124	

**FE PA Penelec Rate District
Commercial Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	2 p.m. - 9 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 26,927,149
2022				\$ 26,025,447
2023				\$ 15,305,757
2024				\$ 11,024,625

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 57,110,226	\$ 29,291,517	\$ 19,093,481	\$ 105,495,224
2022	\$ 104,955,879	\$ 54,432,331	\$ 36,522,331	\$ 195,910,540
2023	\$ 41,767,997	\$ 23,956,658	\$ 14,439,278	\$ 80,163,932
2024	\$ 45,613,379	\$ 26,750,753	\$ 15,642,669	\$ 88,006,800

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,447,204	620,395	653,559	2,721,158
2022	1,442,629	627,217	658,329	2,728,176
2023	1,347,187	603,719	614,548	2,565,454
2024	1,353,924	610,285	616,803	2,581,012

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 39.46	\$ 47.21	\$ 29.21	\$ 38.77
2022	\$ 72.75	\$ 86.78	\$ 55.48	\$ 71.81
2023	\$ 31.00	\$ 39.68	\$ 23.50	\$ 31.25
2024	\$ 33.69	\$ 43.83	\$ 25.36	\$ 34.10

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 43.40	\$ -	\$ 9.90
2022	\$ -	\$ 41.49	\$ -	\$ 9.54
2023	\$ -	\$ 25.35	\$ -	\$ 5.97
2024	\$ -	\$ 18.06	\$ -	\$ 4.27

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 39.46	\$ 90.62	\$ 29.21	\$ 48.66
2022	\$ 72.75	\$ 128.28	\$ 55.48	\$ 81.35
2023	\$ 31.00	\$ 65.03	\$ 23.50	\$ 37.21
2024	\$ 33.69	\$ 61.90	\$ 25.36	\$ 38.37

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8109	1.8621	0.6003	
2022	0.8943	1.5769	0.6820	
2023	0.8331	1.7476	0.6314	
2024	0.8780	1.6132	0.6610	
Average	0.8541	1.6999	0.6437	

**FE PA Penelec Rate District
Residential Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	2 p.m. - 9 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 47,162,794
2022				\$ 45,996,312
2023				\$ 27,104,682
2024				\$ 19,741,748

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 97,173,760	\$ 55,325,955	\$ 33,107,948	\$ 185,607,662
2022	\$ 185,740,278	\$ 101,545,603	\$ 66,381,511	\$ 353,667,393
2023	\$ 73,246,734	\$ 42,858,748	\$ 26,077,061	\$ 142,182,542
2024	\$ 82,409,726	\$ 49,754,869	\$ 29,027,930	\$ 161,192,525

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	2,497,699	1,164,649	1,123,553	4,785,901
2022	2,528,499	1,152,662	1,164,405	4,845,566
2023	2,361,198	1,070,230	1,087,507	4,518,935
2024	2,405,467	1,101,354	1,110,902	4,617,723

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 38.91	\$ 47.50	\$ 29.47	\$ 38.78
2022	\$ 73.46	\$ 88.10	\$ 57.01	\$ 72.99
2023	\$ 31.02	\$ 40.05	\$ 23.98	\$ 31.46
2024	\$ 34.26	\$ 45.18	\$ 26.13	\$ 34.91

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 40.50	\$ -	\$ 9.85
2022	\$ -	\$ 39.90	\$ -	\$ 9.49
2023	\$ -	\$ 25.33	\$ -	\$ 6.00
2024	\$ -	\$ 17.92	\$ -	\$ 4.28

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 38.91	\$ 88.00	\$ 29.47	\$ 48.64
2022	\$ 73.46	\$ 128.00	\$ 57.01	\$ 82.48
2023	\$ 31.02	\$ 65.37	\$ 23.98	\$ 37.46
2024	\$ 34.26	\$ 63.10	\$ 26.13	\$ 39.18

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.7999	1.8093	0.6059	
2022	0.8906	1.5519	0.6912	
2023	0.8281	1.7450	0.6401	
2024	0.8744	1.6104	0.6669	
Average	0.8482	1.6792	0.6510	

**FE PA Penn Power Rate District
Commercial Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	2 p.m. - 9 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 11,521,953
2022				\$ 8,889,403
2023				\$ 3,602,067
2024				\$ 2,807,316

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 23,725,947	\$ 12,128,164	\$ 7,803,171	\$ 43,657,282
2022	\$ 42,804,851	\$ 22,503,180	\$ 14,439,715	\$ 79,747,746
2023	\$ 17,313,765	\$ 10,058,895	\$ 5,701,954	\$ 33,074,614
2024	\$ 18,282,192	\$ 11,092,871	\$ 6,020,393	\$ 35,395,456

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	578,909	248,968	261,564	1,089,441
2022	579,136	251,914	263,616	1,094,666
2023	547,471	245,863	245,428	1,038,762
2024	555,362	250,194	249,685	1,055,241

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.98	\$ 48.71	\$ 29.83	\$ 40.07
2022	\$ 73.91	\$ 89.33	\$ 54.78	\$ 72.85
2023	\$ 31.62	\$ 40.91	\$ 23.23	\$ 31.84
2024	\$ 32.92	\$ 44.34	\$ 24.11	\$ 33.54

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 46.28	\$ -	\$ 10.58
2022	\$ -	\$ 35.29	\$ -	\$ 8.12
2023	\$ -	\$ 14.65	\$ -	\$ 3.47
2024	\$ -	\$ 11.22	\$ -	\$ 2.66

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.98	\$ 94.99	\$ 29.83	\$ 50.65
2022	\$ 73.91	\$ 124.62	\$ 54.78	\$ 80.97
2023	\$ 31.62	\$ 55.56	\$ 23.23	\$ 35.31
2024	\$ 32.92	\$ 55.56	\$ 24.11	\$ 36.20

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8092	1.8755	0.5890	
2022	0.9128	1.5390	0.6765	
2023	0.8957	1.5737	0.6580	
2024	0.9093	1.5346	0.6660	
Average	0.8817	1.6307	0.6474	

**FE PA Penn Power Rate District
Residential Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	2 p.m. - 9 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 18,817,996
2022				\$ 14,722,850
2023				\$ 5,854,890
2024				\$ 4,609,578

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 38,555,109	\$ 21,972,263	\$ 12,550,811	\$ 73,078,183
2022	\$ 72,099,420	\$ 41,064,556	\$ 24,643,809	\$ 137,807,785
2023	\$ 27,914,182	\$ 17,176,464	\$ 9,507,200	\$ 54,597,846
2024	\$ 30,662,965	\$ 19,811,047	\$ 10,326,975	\$ 60,800,986

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	950,349	447,252	417,099	1,814,700
2022	956,176	443,206	436,099	1,835,481
2023	880,485	410,563	401,994	1,693,041
2024	908,465	425,457	412,611	1,746,533

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.57	\$ 49.13	\$ 30.09	\$ 40.27
2022	\$ 75.40	\$ 92.65	\$ 56.51	\$ 75.08
2023	\$ 31.70	\$ 41.84	\$ 23.65	\$ 32.25
2024	\$ 33.75	\$ 46.56	\$ 25.03	\$ 34.81

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 42.07	\$ -	\$ 10.37
2022	\$ -	\$ 33.22	\$ -	\$ 8.02
2023	\$ -	\$ 14.26	\$ -	\$ 3.46
2024	\$ -	\$ 10.83	\$ -	\$ 2.64

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.57	\$ 91.20	\$ 30.09	\$ 50.64
2022	\$ 75.40	\$ 125.87	\$ 56.51	\$ 83.10
2023	\$ 31.70	\$ 56.10	\$ 23.65	\$ 35.71
2024	\$ 33.75	\$ 57.40	\$ 25.03	\$ 37.45

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8011	1.8010	0.5942	
2022	0.9074	1.5147	0.6800	
2023	0.8879	1.5711	0.6623	
2024	0.9012	1.5326	0.6683	
Average	0.8744	1.6048	0.6512	

**FE PA West Penn Power Rate District
Commercial Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	2 p.m. - 9 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)					
Years					Total
2021					\$ 28,650,245
2022					\$ 20,963,950
2023					\$ 9,403,042
2024					\$ 7,452,302
Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak		Total
2021	\$ 74,632,118	\$ 50,706,027	\$ 24,096,725	📈	\$ 149,434,870
2022	\$ 127,850,179	\$ 78,072,191	\$ 43,474,694	📈	\$ 249,397,065
2023	\$ 51,827,117	\$ 35,151,095	\$ 17,154,544	📈	\$ 104,132,756
2024	\$ 53,767,741	\$ 36,404,513	\$ 17,726,440	📈	\$ 107,898,694
Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak		Total
2021	1,768,867	768,042	805,231	📈	3,342,140
2022	1,668,825	732,666	766,241	📈	3,167,732
2023	1,548,009	700,346	711,165	📈	2,959,520
2024	1,570,522	715,378	719,690	📈	3,005,590
Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak		Total
2021	\$ 42.19	\$ 66.02	\$ 29.93	\$	44.71
2022	\$ 76.61	\$ 106.56	\$ 56.74	\$	78.73
2023	\$ 33.48	\$ 50.19	\$ 24.12	\$	35.19
2024	\$ 34.24	\$ 50.89	\$ 24.63	\$	35.90
Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak		Total
2021	\$ -	\$ 37.30	\$ -	\$	8.57
2022	\$ -	\$ 28.61	\$ -	\$	6.62
2023	\$ -	\$ 13.43	\$ -	\$	3.18
2024	\$ -	\$ 10.42	\$ -	\$	2.48
Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak		Total
2021	\$ 42.19	\$ 103.32	\$ 29.93	\$	53.28
2022	\$ 76.61	\$ 135.17	\$ 56.74	\$	85.35
2023	\$ 33.48	\$ 63.62	\$ 24.12	\$	38.36
2024	\$ 34.24	\$ 61.31	\$ 24.63	\$	38.38
Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.7918	1.9391	0.5616		
2022	0.8976	1.5838	0.6648		
2023	0.8727	1.6583	0.6288		
2024	0.8920	1.5974	0.6418		
Average	0.8636	1.6946	0.6242		

**FE PA West Penn Power Rate District
Residential Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	2 p.m. - 9 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)					
Years					Total
2021					\$ 66,398,332
2022					\$ 50,913,032
2023					\$ 22,951,568
2024					\$ 18,406,046
Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 172,164,971	\$ 130,561,078	\$ 54,792,151	\$ 357,518,200	
2022	\$ 323,138,271	\$ 210,512,207	\$ 110,646,733	\$ 644,297,211	
2023	\$ 127,988,244	\$ 90,412,694	\$ 42,761,218	\$ 261,162,156	
2024	\$ 138,516,636	\$ 98,559,424	\$ 45,776,040	\$ 282,852,101	
Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	4,096,885	1,941,227	1,796,507	7,834,619	
2022	4,141,439	1,919,915	1,878,485	7,939,840	
2023	3,813,774	1,776,313	1,730,918	7,321,005	
2024	3,939,580	1,855,952	1,781,076	7,576,608	
Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 42.02	\$ 67.26	\$ 30.50	\$ 45.63	
2022	\$ 78.03	\$ 109.65	\$ 58.90	\$ 81.15	
2023	\$ 33.56	\$ 50.90	\$ 24.70	\$ 35.67	
2024	\$ 35.16	\$ 53.10	\$ 25.70	\$ 37.33	
Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 34.20	\$ -	\$ 8.47	
2022	\$ -	\$ 26.52	\$ -	\$ 6.41	
2023	\$ -	\$ 12.92	\$ -	\$ 3.14	
2024	\$ -	\$ 9.92	\$ -	\$ 2.43	
Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 42.02	\$ 101.46	\$ 30.50	\$ 54.11	
2022	\$ 78.03	\$ 136.17	\$ 58.90	\$ 87.56	
2023	\$ 33.56	\$ 63.82	\$ 24.70	\$ 38.81	
2024	\$ 35.16	\$ 63.02	\$ 25.70	\$ 39.76	
Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.7767	1.8752	0.5637		
2022	0.8911	1.5551	0.6727		
2023	0.8648	1.6445	0.6366		
2024	0.8843	1.5850	0.6464		
Average	0.8542	1.6649	0.6298		

Exhibit DMY-2

**FirstEnergy Pennsylvania Electric Company (“FE PA”) System-
Average Peak Load and Locational Marginal Price (2021-2024)**

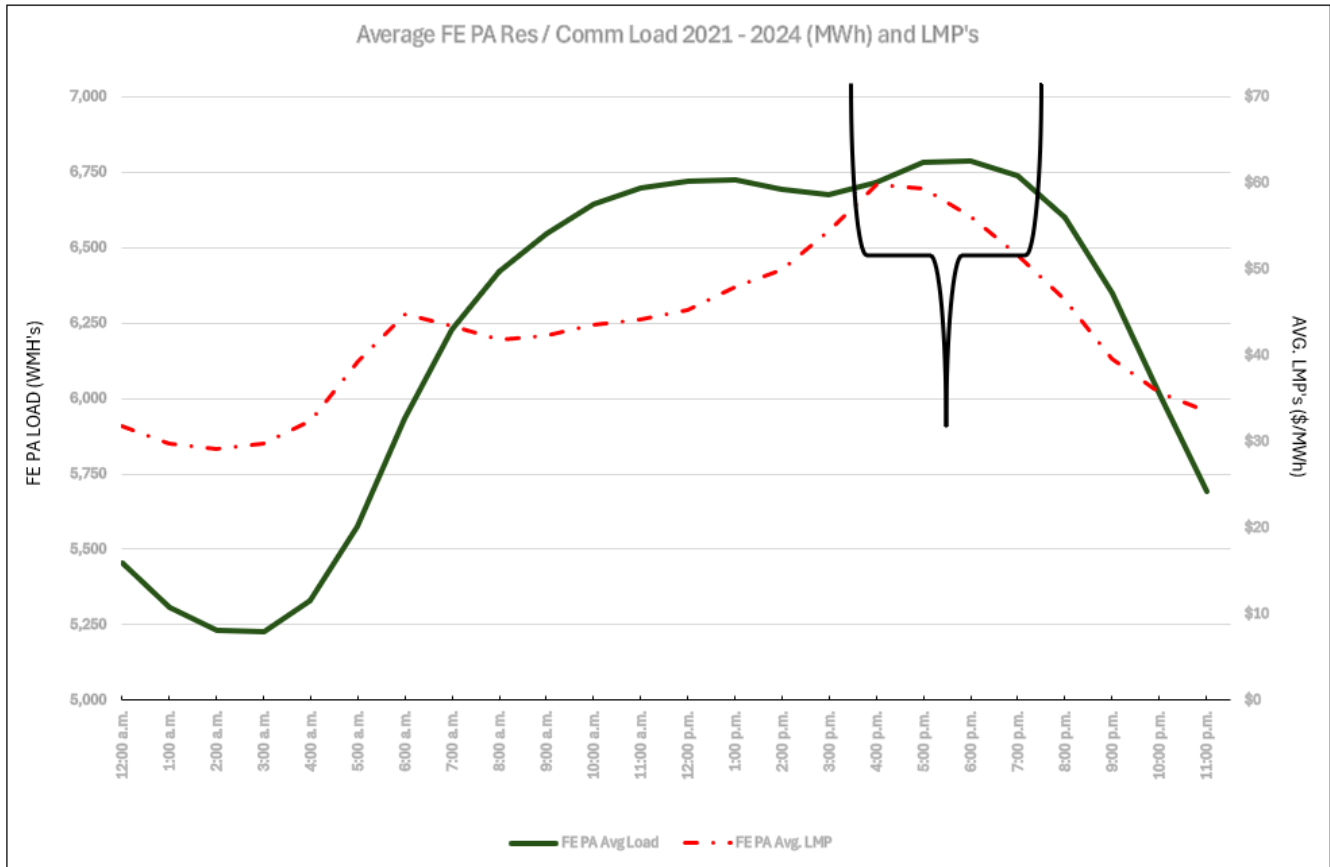


Exhibit DMY-3

**Residential and Commercial Customer Class TOU Pricing Analysis
(On Peak Hours – 3 p.m. to 7 p.m. Non-Holiday Weekdays)**

FE-PA Met-Ed Rate District
Residential Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	3 p.m. - 7 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)						
Years						Total
2021						\$ 61,345,949
2022						\$ 59,433,163
2023						\$ 34,790,221
2024						\$ 26,519,486
Energy (\$)						
Years	Off-Peak		On-Peak	Super Off-Peak		Total
2021	\$	158,375,081	\$ 50,445,002	\$ 40,973,746	\$	249,793,829
2022	\$	329,207,335	\$ 98,795,468	\$ 89,440,289	\$	517,443,091
2023	\$	104,653,021	\$ 33,581,031	\$ 30,101,086	\$	168,335,138
2024	\$	120,613,300	\$ 40,684,602	\$ 33,963,758	\$	195,261,659
Load (MWH)						
Years	Off-Peak		On-Peak	Super Off-Peak		Total
2021		3,902,015	904,470	1,438,491		6,244,976
2022		3,944,003	887,910	1,505,291		6,337,205
2023		3,663,117	813,085	1,401,363		5,877,565
2024		3,770,052	846,859	1,452,116		6,069,027
Load-Weighted LMP (\$/MWH)						
Years	Off-Peak		On-Peak	Super Off-Peak		Total
2021	\$	40.59	\$ 55.77	\$ 28.48	\$	40.00
2022	\$	83.47	\$ 111.27	\$ 59.42	\$	81.65
2023	\$	28.57	\$ 41.30	\$ 21.48	\$	28.64
2024	\$	31.99	\$ 48.04	\$ 23.39	\$	32.17
Capacity Cost (\$/MWH)						
Years	Off-Peak		On-Peak	Super Off-Peak		Total
2021	\$	-	\$ 67.83	\$ -	\$	9.82
2022	\$	-	\$ 66.94	\$ -	\$	9.38
2023	\$	-	\$ 42.79	\$ -	\$	5.92
2024	\$	-	\$ 31.32	\$ -	\$	4.37
Energy + Capacity (\$/MWH)						
Years	Off-Peak		On-Peak	Super Off-Peak		Total
2021	\$	40.59	\$ 123.60	\$ 28.48	\$	49.82
2022	\$	83.47	\$ 178.20	\$ 59.42	\$	91.03
2023	\$	28.57	\$ 84.09	\$ 21.48	\$	34.56
2024	\$	31.99	\$ 79.36	\$ 23.39	\$	36.54
Rate Factor (Pricing Period compared to Total)						
Years	Off-Peak		On-Peak	Super Off-Peak		
2021		0.8147	2.4808	0.5717		
2022		0.9170	1.9576	0.6527		
2023		0.8267	2.4332	0.6215		
2024		0.8755	2.1716	0.6400		
Average		0.8584	2.2608	0.6215		

FE-PA Met-Ed Rate District
Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 24,386,337
2022				\$ 22,360,478
2023				\$ 13,102,955
2024				\$ 9,824,564

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 62,601,583	\$ 17,985,959	\$ 16,520,988	\$ 97,108,530
2022	\$ 118,895,720	\$ 33,791,909	\$ 32,008,079	\$ 184,695,708
2023	\$ 38,877,795	\$ 12,272,877	\$ 10,959,828	\$ 62,110,500
2024	\$ 42,615,792	\$ 14,120,372	\$ 11,746,467	\$ 68,482,631

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,530,208	328,110	587,604	2,445,922
2022	1,467,281	316,022	564,027	2,347,331
2023	1,374,068	305,366	527,115	2,206,550
2024	1,381,152	309,559	528,198	2,218,910

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.91	\$ 54.82	\$ 28.12	\$ 39.70
2022	\$ 81.03	\$ 106.93	\$ 56.75	\$ 78.68
2023	\$ 28.29	\$ 40.19	\$ 20.79	\$ 28.15
2024	\$ 30.86	\$ 45.61	\$ 22.24	\$ 30.86

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 74.32	\$ -	\$ 9.97
2022	\$ -	\$ 70.76	\$ -	\$ 9.53
2023	\$ -	\$ 42.91	\$ -	\$ 5.94
2024	\$ -	\$ 31.74	\$ -	\$ 4.43

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.91	\$ 129.14	\$ 28.12	\$ 49.67
2022	\$ 81.03	\$ 177.69	\$ 56.75	\$ 88.21
2023	\$ 28.29	\$ 83.10	\$ 20.79	\$ 34.09
2024	\$ 30.86	\$ 77.35	\$ 22.24	\$ 35.29

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8236	2.5998	0.5660	
2022	0.9186	2.0144	0.6433	
2023	0.8301	2.4379	0.6100	
2024	0.8743	2.1918	0.6302	
Average	0.8617	2.3110	0.6124	

**FE PA Penelec Rate District
Residential Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 47,162,794
2022				\$ 45,996,312
2023				\$ 27,104,682
2024				\$ 19,741,748

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 118,669,803	\$ 33,829,912	\$ 33,107,948	\$ 185,607,662
2022	\$ 225,264,899	\$ 62,020,983	\$ 66,381,511	\$ 353,667,393
2023	\$ 89,428,350	\$ 26,677,132	\$ 26,077,061	\$ 142,182,542
2024	\$ 101,098,607	\$ 31,065,988	\$ 29,027,930	\$ 161,192,525

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	2,988,973	673,375	1,123,553	4,785,901
2022	3,019,033	662,128	1,164,405	4,845,566
2023	2,822,621	608,807	1,087,507	4,518,935
2024	2,879,356	627,465	1,110,902	4,617,723

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 39.70	\$ 50.24	\$ 29.47	\$ 38.78
2022	\$ 74.61	\$ 93.67	\$ 57.01	\$ 72.99
2023	\$ 31.68	\$ 43.82	\$ 23.98	\$ 31.46
2024	\$ 35.11	\$ 49.51	\$ 26.13	\$ 34.91

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 70.04	\$ -	\$ 9.85
2022	\$ -	\$ 69.47	\$ -	\$ 9.49
2023	\$ -	\$ 44.52	\$ -	\$ 6.00
2024	\$ -	\$ 31.46	\$ -	\$ 4.28

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 39.70	\$ 120.28	\$ 29.47	\$ 48.64
2022	\$ 74.61	\$ 163.14	\$ 57.01	\$ 82.48
2023	\$ 31.68	\$ 88.34	\$ 23.98	\$ 37.46
2024	\$ 35.11	\$ 80.97	\$ 26.13	\$ 39.18

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8163	2.4730	0.6059	
2022	0.9046	1.9779	0.6912	
2023	0.8457	2.3581	0.6401	
2024	0.8961	2.0666	0.6669	
Average	0.8657	2.2189	0.6510	

**FE PA Penelec Rate District
Commercial Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 26,927,149
2022				\$ 26,025,447
2023				\$ 15,305,757
2024				\$ 11,024,625

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 68,625,553	\$ 17,776,190	\$ 19,093,481	\$ 105,495,224
2022	\$ 126,211,997	\$ 33,176,213	\$ 36,522,331	\$ 195,910,540
2023	\$ 50,683,968	\$ 15,040,687	\$ 14,439,278	\$ 80,163,932
2024	\$ 55,548,225	\$ 16,815,906	\$ 15,642,669	\$ 88,006,800

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,710,497	357,102	653,559	2,721,158
2022	1,708,439	361,408	658,329	2,728,176
2023	1,602,270	348,635	614,548	2,565,454
2024	1,611,572	352,637	616,803	2,581,012

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.12	\$ 49.78	\$ 29.21	\$ 38.77
2022	\$ 73.88	\$ 91.80	\$ 55.48	\$ 71.81
2023	\$ 31.63	\$ 43.14	\$ 23.50	\$ 31.25
2024	\$ 34.47	\$ 47.69	\$ 25.36	\$ 34.10

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 75.40	\$ -	\$ 9.90
2022	\$ -	\$ 72.01	\$ -	\$ 9.54
2023	\$ -	\$ 43.90	\$ -	\$ 5.97
2024	\$ -	\$ 31.26	\$ -	\$ 4.27

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 40.12	\$ 125.18	\$ 29.21	\$ 48.66
2022	\$ 73.88	\$ 163.81	\$ 55.48	\$ 81.35
2023	\$ 31.63	\$ 87.04	\$ 23.50	\$ 37.21
2024	\$ 34.47	\$ 78.95	\$ 25.36	\$ 38.37

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8244	2.5724	0.6003	
2022	0.9081	2.0136	0.6820	
2023	0.8500	2.3390	0.6314	
2024	0.8983	2.0576	0.6610	
Average	0.8702	2.2457	0.6437	

**FE PA Penn Power Rate District
Residential Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 18,817,996
2022				\$ 14,722,850
2023				\$ 5,854,890
2024				\$ 4,609,578

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 47,093,062	\$ 13,434,310	\$ 12,550,811	\$ 73,078,183
2022	\$ 87,951,629	\$ 25,212,346	\$ 24,643,809	\$ 137,807,785
2023	\$ 34,352,421	\$ 10,738,225	\$ 9,507,200	\$ 54,597,846
2024	\$ 38,021,597	\$ 12,452,414	\$ 10,326,975	\$ 60,800,986

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,138,429	259,172	417,099	1,814,700
2022	1,144,132	255,249	436,099	1,835,481
2023	1,056,412	234,636	401,994	1,693,041
2024	1,090,498	243,424	412,611	1,746,533

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 41.37	\$ 51.84	\$ 30.09	\$ 40.27
2022	\$ 76.87	\$ 98.78	\$ 56.51	\$ 75.08
2023	\$ 32.52	\$ 45.77	\$ 23.65	\$ 32.25
2024	\$ 34.87	\$ 51.16	\$ 25.03	\$ 34.81

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 72.61	\$ -	\$ 10.37
2022	\$ -	\$ 57.68	\$ -	\$ 8.02
2023	\$ -	\$ 24.95	\$ -	\$ 3.46
2024	\$ -	\$ 18.94	\$ -	\$ 2.64

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 41.37	\$ 124.44	\$ 30.09	\$ 50.64
2022	\$ 76.87	\$ 156.46	\$ 56.51	\$ 83.10
2023	\$ 32.52	\$ 70.72	\$ 23.65	\$ 35.71
2024	\$ 34.87	\$ 70.09	\$ 25.03	\$ 37.45

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8169	2.4574	0.5942	
2022	0.9250	1.8827	0.6800	
2023	0.9107	1.9805	0.6623	
2024	0.9310	1.8715	0.6683	
Average	0.8959	2.0481	0.6512	

FE PA Penn Power Rate District
Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 11,521,953
2022				\$ 8,889,403
2023				\$ 3,602,067
2024				\$ 2,807,316

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 28,498,705	\$ 7,355,406	\$ 7,803,171	\$ 43,657,282
2022	\$ 51,567,411	\$ 13,740,620	\$ 14,439,715	\$ 79,747,746
2023	\$ 21,052,929	\$ 6,319,731	\$ 5,701,954	\$ 33,074,614
2024	\$ 22,375,969	\$ 6,999,094	\$ 6,020,393	\$ 35,395,456

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	684,034	143,843	261,564	1,089,441
2022	685,487	145,563	263,616	1,094,666
2023	650,663	142,672	245,428	1,038,762
2024	660,406	145,150	249,685	1,055,241

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 41.66	\$ 51.13	\$ 29.83	\$ 40.07
2022	\$ 75.23	\$ 94.40	\$ 54.78	\$ 72.85
2023	\$ 32.36	\$ 44.30	\$ 23.23	\$ 31.84
2024	\$ 33.88	\$ 48.22	\$ 24.11	\$ 33.54

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 80.10	\$ -	\$ 10.58
2022	\$ -	\$ 61.07	\$ -	\$ 8.12
2023	\$ -	\$ 25.25	\$ -	\$ 3.47
2024	\$ -	\$ 19.34	\$ -	\$ 2.66

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 41.66	\$ 131.24	\$ 29.83	\$ 50.65
2022	\$ 75.23	\$ 155.47	\$ 54.78	\$ 80.97
2023	\$ 32.36	\$ 69.54	\$ 23.23	\$ 35.31
2024	\$ 33.88	\$ 67.56	\$ 24.11	\$ 36.20

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8226	2.5911	0.5890	
2022	0.9291	1.9200	0.6765	
2023	0.9164	1.9696	0.6580	
2024	0.9359	1.8662	0.6660	
Average	0.9010	2.0867	0.6474	

**FE PA West Penn Power Rate District
Residential Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 66,398,332
2022				\$ 50,913,032
2023				\$ 22,951,568
2024				\$ 18,406,046

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 223,721,087	\$ 79,004,962	\$ 54,792,151	\$ 357,518,200
2022	\$ 405,445,082	\$ 128,205,395	\$ 110,646,733	\$ 644,297,211
2023	\$ 162,467,148	\$ 55,933,790	\$ 42,761,218	\$ 261,162,156
2024	\$ 175,035,188	\$ 62,040,873	\$ 45,776,040	\$ 282,852,101

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	4,911,094	1,127,017	1,796,507	7,834,619
2022	4,954,388	1,106,967	1,878,485	7,939,840
2023	4,574,396	1,015,691	1,730,918	7,321,005
2024	4,731,691	1,063,842	1,781,076	7,576,608

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 45.55	\$ 70.10	\$ 30.50	\$ 45.63
2022	\$ 81.84	\$ 115.82	\$ 58.90	\$ 81.15
2023	\$ 35.52	\$ 55.07	\$ 24.70	\$ 35.67
2024	\$ 36.99	\$ 58.32	\$ 25.70	\$ 37.33

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 58.92	\$ -	\$ 8.47
2022	\$ -	\$ 45.99	\$ -	\$ 6.41
2023	\$ -	\$ 22.60	\$ -	\$ 3.14
2024	\$ -	\$ 17.30	\$ -	\$ 2.43

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 45.55	\$ 129.02	\$ 30.50	\$ 54.11
2022	\$ 81.84	\$ 161.81	\$ 58.90	\$ 87.56
2023	\$ 35.52	\$ 77.67	\$ 24.70	\$ 38.81
2024	\$ 36.99	\$ 75.62	\$ 25.70	\$ 39.76

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8419	2.3844	0.5637	
2022	0.9346	1.8480	0.6727	
2023	0.9152	2.0013	0.6366	
2024	0.9303	1.9018	0.6464	
Average	0.9055	2.0339	0.6298	

**FE PA West Penn Power Rate District
Commercial Customer Class Time-of-Use Pricing Analysis**

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 28,650,245
2022				\$ 20,963,950
2023				\$ 9,403,042
2024				\$ 7,452,302

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 95,008,425	\$ 30,329,719	\$ 24,096,725	\$ 149,434,870
2022	\$ 158,716,780	\$ 47,205,591	\$ 43,474,694	\$ 249,397,065
2023	\$ 65,178,755	\$ 21,799,458	\$ 17,154,544	\$ 104,132,756
2024	\$ 67,279,025	\$ 22,893,229	\$ 17,726,440	\$ 107,898,694

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	2,094,374	442,535	805,231	3,342,140
2022	1,979,166	422,324	766,241	3,167,732
2023	1,844,327	404,028	711,165	2,959,520
2024	1,872,790	413,110	719,690	3,005,590

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 45.36	\$ 68.54	\$ 29.93	\$ 44.71
2022	\$ 80.19	\$ 111.78	\$ 56.74	\$ 78.73
2023	\$ 35.34	\$ 53.96	\$ 24.12	\$ 35.19
2024	\$ 35.92	\$ 55.42	\$ 24.63	\$ 35.90

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 64.74	\$ -	\$ 8.57
2022	\$ -	\$ 49.64	\$ -	\$ 6.62
2023	\$ -	\$ 23.27	\$ -	\$ 3.18
2024	\$ -	\$ 18.04	\$ -	\$ 2.48

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 45.36	\$ 133.28	\$ 29.93	\$ 53.28
2022	\$ 80.19	\$ 161.42	\$ 56.74	\$ 85.35
2023	\$ 35.34	\$ 77.23	\$ 24.12	\$ 38.36
2024	\$ 35.92	\$ 73.46	\$ 24.63	\$ 38.38

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.8513	2.5012	0.5616	
2022	0.9396	1.8912	0.6648	
2023	0.9212	2.0131	0.6288	
2024	0.9361	1.9140	0.6418	
Average	0.9121	2.0799	0.6242	

Exhibit DMY-4

**Weighted-Average Class TOU Pricing Analysis
(On Peak Hours – 3 p.m. to 7 p.m. Non-Holiday Weekdays)**

FE-PA Met-Ed Rate District
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	3 p.m. - 7 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)					
Years					Total
2021					\$ 85,732,286
2022					\$ 81,793,641
2023					\$ 47,893,177
2024					\$ 36,344,050
Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 220,976,663	\$ 68,430,961	\$ 57,494,734	\$ 346,902,359	
2022	\$ 448,103,055	\$ 132,587,376	\$ 121,448,367	\$ 702,138,799	
2023	\$ 143,530,816	\$ 45,853,908	\$ 41,060,914	\$ 230,445,638	
2024	\$ 163,229,091	\$ 54,804,974	\$ 45,710,225	\$ 263,744,290	
Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	5,432,224	1,232,579	2,026,095	8,690,898	
2022	5,411,284	1,203,932	2,069,319	8,684,535	
2023	5,037,185	1,118,452	1,928,478	8,084,115	
2024	5,151,204	1,156,418	1,980,314	8,287,937	
Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 40.68	\$ 55.52	\$ 28.38	\$ 39.92	
2022	\$ 82.81	\$ 110.13	\$ 58.69	\$ 80.85	
2023	\$ 28.49	\$ 41.00	\$ 21.29	\$ 28.51	
2024	\$ 31.69	\$ 47.39	\$ 23.08	\$ 31.82	
Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 69.56	\$ -	\$ 9.86	
2022	\$ -	\$ 67.94	\$ -	\$ 9.42	
2023	\$ -	\$ 42.82	\$ -	\$ 5.92	
2024	\$ -	\$ 31.43	\$ -	\$ 4.39	
Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 40.68	\$ 125.07	\$ 28.38	\$ 49.78	
2022	\$ 82.81	\$ 178.07	\$ 58.69	\$ 90.27	
2023	\$ 28.49	\$ 83.82	\$ 21.29	\$ 34.43	
2024	\$ 31.69	\$ 78.82	\$ 23.08	\$ 36.21	
Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.8172	2.5125	0.5700		
2022	0.9174	1.9727	0.6502		
2023	0.8276	2.4344	0.6184		
2024	0.8752	2.1769	0.6375		
Average	0.8593	2.2741	0.6190		

FE PA Penelec Rate District
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	3 p.m. - 7 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)					
Years					Total
2021					\$ 74,089,943
2022					\$ 72,021,759
2023					\$ 42,410,439
2024					\$ 30,766,373
Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 187,295,356	\$ 51,606,102	\$ 52,201,429	\$ 291,102,886	
2022	\$ 351,476,895	\$ 95,197,196	\$ 102,903,842	\$ 549,577,933	
2023	\$ 140,112,317	\$ 41,717,819	\$ 40,516,338	\$ 222,346,474	
2024	\$ 156,646,832	\$ 47,881,895	\$ 44,670,599	\$ 249,199,326	
Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	4,699,469	1,030,478	1,777,112	7,507,059	
2022	4,727,472	1,023,536	1,822,735	7,573,742	
2023	4,424,891	957,442	1,702,056	7,084,389	
2024	4,490,928	980,103	1,727,705	7,198,736	
Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 39.85	\$ 50.08	\$ 29.37	\$ 38.78	
2022	\$ 74.35	\$ 93.01	\$ 56.46	\$ 72.56	
2023	\$ 31.66	\$ 43.57	\$ 23.80	\$ 31.39	
2024	\$ 34.88	\$ 48.85	\$ 25.86	\$ 34.62	
Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 71.90	\$ -	\$ 9.87	
2022	\$ -	\$ 70.37	\$ -	\$ 9.51	
2023	\$ -	\$ 44.30	\$ -	\$ 5.99	
2024	\$ -	\$ 31.39	\$ -	\$ 4.27	
Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 39.85	\$ 121.98	\$ 29.37	\$ 48.65	
2022	\$ 74.35	\$ 163.37	\$ 56.46	\$ 82.07	
2023	\$ 31.66	\$ 87.87	\$ 23.80	\$ 37.37	
2024	\$ 34.88	\$ 80.24	\$ 25.86	\$ 38.89	
Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.8193	2.5074	0.6038		
2022	0.9059	1.9906	0.6879		
2023	0.8473	2.3512	0.6370		
2024	0.8969	2.0633	0.6648		
Average	0.8673	2.2281	0.6484		

FE PA Penn Power Rate District
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	3 p.m. - 7 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)					
Years					Total
2021					\$ 30,339,949
2022					\$ 23,612,253
2023					\$ 9,456,958
2024					\$ 7,416,893
Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 75,591,768	\$ 20,789,716	\$ 20,353,982	\$ 116,735,465	
2022	\$ 139,519,040	\$ 38,952,966	\$ 39,083,524	\$ 217,555,531	
2023	\$ 55,405,349	\$ 17,057,957	\$ 15,209,154	\$ 87,672,460	
2024	\$ 60,397,566	\$ 19,451,508	\$ 16,347,368	\$ 96,196,443	
Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	1,822,463	403,015	678,663	2,904,142	
2022	1,829,619	400,812	699,715	2,930,147	
2023	1,707,075	377,307	647,421	2,731,803	
2024	1,750,905	388,573	662,296	2,801,774	
Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 41.48	\$ 51.59	\$ 29.99	\$ 40.20	
2022	\$ 76.26	\$ 97.19	\$ 55.86	\$ 74.25	
2023	\$ 32.46	\$ 45.21	\$ 23.49	\$ 32.09	
2024	\$ 34.50	\$ 50.06	\$ 24.68	\$ 34.33	
Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 75.28	\$ -	\$ 10.45	
2022	\$ -	\$ 58.91	\$ -	\$ 8.06	
2023	\$ -	\$ 25.06	\$ -	\$ 3.46	
2024	\$ -	\$ 19.09	\$ -	\$ 2.65	
Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 41.48	\$ 126.87	\$ 29.99	\$ 50.64	
2022	\$ 76.26	\$ 156.10	\$ 55.86	\$ 82.31	
2023	\$ 32.46	\$ 70.27	\$ 23.49	\$ 35.56	
2024	\$ 34.50	\$ 69.15	\$ 24.68	\$ 36.98	
Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.8190	2.5051	0.5922		
2022	0.9265	1.8965	0.6786		
2023	0.9128	1.9765	0.6607		
2024	0.9328	1.8698	0.6674		
Average	0.8978	2.0620	0.6498		

FE PA West Penn Power Rate District
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included
Off-Peak	All Other Hours
On-Peak	3 p.m. - 7 p.m. Monday through Friday
Super Off-Peak	11 p.m. - 6 a.m. Everyday

Annual Capacity (\$)					
Years					Total
2021					\$ 95,048,577
2022					\$ 71,876,982
2023					\$ 32,354,610
2024					\$ 25,858,348
Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 318,729,512	\$ 109,334,681	\$ 78,888,876	\$	506,953,070
2022	\$ 564,161,862	\$ 175,410,986	\$ 154,121,427	\$	893,694,276
2023	\$ 227,645,903	\$ 77,733,248	\$ 59,915,762	\$	365,294,912
2024	\$ 242,314,212	\$ 84,934,102	\$ 63,502,481	\$	390,750,795
Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	7,005,468	1,569,553	2,601,738	11,176,759	
2022	6,933,554	1,529,291	2,644,727	11,107,572	
2023	6,418,724	1,419,719	2,442,082	10,280,525	
2024	6,604,480	1,476,952	2,500,766	10,582,199	
Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 45.50	\$ 69.66	\$ 30.32	\$	45.36
2022	\$ 81.37	\$ 114.70	\$ 58.27	\$	80.46
2023	\$ 35.47	\$ 54.75	\$ 24.53	\$	35.53
2024	\$ 36.69	\$ 57.51	\$ 25.39	\$	36.93
Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 60.56	\$ -	\$	8.50
2022	\$ -	\$ 47.00	\$ -	\$	6.47
2023	\$ -	\$ 22.79	\$ -	\$	3.15
2024	\$ -	\$ 17.51	\$ -	\$	2.44
Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 45.50	\$ 130.22	\$ 30.32	\$	53.86
2022	\$ 81.37	\$ 161.70	\$ 58.27	\$	86.93
2023	\$ 35.47	\$ 77.54	\$ 24.53	\$	38.68
2024	\$ 36.69	\$ 75.01	\$ 25.39	\$	39.37
Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.8447	2.4176	0.5630		
2022	0.9360	1.8601	0.6704		
2023	0.9169	2.0047	0.6343		
2024	0.9319	1.9054	0.6450		
Average	0.9074	2.0470	0.6282		

Exhibit DMY-5

**Residential and Commercial Customer Class TOU Pricing Analysis
(Summer Months Only)**

FE-PA Met-Ed Rate District - SUMMER MONTHS ONLY
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 34,372,185
2022				\$ 22,088,509
2023				\$ 11,666,738
2024				\$ 12,352,916

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 85,498,760	\$ 33,071,797	\$ 17,190,041	\$ 135,760,598
2022	\$ 197,519,850	\$ 74,216,199	\$ 37,700,640	\$ 309,436,688
2023	\$ 47,293,415	\$ 20,950,121	\$ 9,463,119	\$ 77,706,655
2024	\$ 58,788,472	\$ 27,127,357	\$ 11,509,799	\$ 97,425,628

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,989,629	495,566	660,823	3,146,018
2022	1,897,672	476,840	652,902	3,027,414
2023	1,795,378	442,458	626,825	2,864,662
2024	1,869,538	458,084	655,136	2,982,758

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 42.97	\$ 66.74	\$ 26.01	\$ 43.15
2022	\$ 104.09	\$ 155.64	\$ 57.74	\$ 102.21
2023	\$ 26.34	\$ 47.35	\$ 15.10	\$ 27.13
2024	\$ 31.45	\$ 59.22	\$ 17.57	\$ 32.66

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 69.36	\$ -	\$ 10.93
2022	\$ -	\$ 46.32	\$ -	\$ 7.30
2023	\$ -	\$ 26.37	\$ -	\$ 4.07
2024	\$ -	\$ 26.97	\$ -	\$ 4.14

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 42.97	\$ 136.09	\$ 26.01	\$ 54.08
2022	\$ 104.09	\$ 201.96	\$ 57.74	\$ 109.51
2023	\$ 26.34	\$ 73.72	\$ 15.10	\$ 31.20
2024	\$ 31.45	\$ 86.19	\$ 17.57	\$ 36.80

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.7946	2.5166	0.4810	
2022	0.9505	1.8443	0.5273	
2023	0.8443	2.3628	0.4839	
2024	0.8544	2.3417	0.4774	
Average	0.8610	2.2664	0.4924	

FE PA Penelec Rate District - SUMMER MONTHS ONLY
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)				
Years				Total
2021				\$ 29,545,907
2022				\$ 19,273,835
2023				\$ 10,031,079
2024				\$ 10,160,883

Energy (\$)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 67,716,459	\$ 22,145,831	\$ 15,070,259	\$ 104,932,550
2022	\$ 142,095,941	\$ 47,253,805	\$ 31,961,806	\$ 221,311,552
2023	\$ 46,224,158	\$ 18,013,941	\$ 9,864,762	\$ 74,102,861
2024	\$ 54,670,902	\$ 21,962,228	\$ 11,356,191	\$ 87,989,321

Load (MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	1,638,236	383,896	569,571	2,591,703
2022	1,554,350	371,811	556,215	2,482,376
2023	1,477,805	346,184	531,395	2,355,384
2024	1,546,893	362,656	555,561	2,465,109

Load-Weighted LMP (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 41.33	\$ 57.69	\$ 26.46	\$ 40.49
2022	\$ 91.42	\$ 127.09	\$ 57.46	\$ 89.15
2023	\$ 31.28	\$ 52.04	\$ 18.56	\$ 31.46
2024	\$ 35.34	\$ 60.56	\$ 20.44	\$ 35.69

Capacity Cost (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ -	\$ 76.96	\$ -	\$ 11.40
2022	\$ -	\$ 51.84	\$ -	\$ 7.76
2023	\$ -	\$ 28.98	\$ -	\$ 4.26
2024	\$ -	\$ 28.02	\$ -	\$ 4.12

Energy + Capacity (\$/MWH)				
Years	Off-Peak	On-Peak	Super Off-Peak	Total
2021	\$ 41.33	\$ 134.65	\$ 26.46	\$ 51.89
2022	\$ 91.42	\$ 178.93	\$ 57.46	\$ 96.92
2023	\$ 31.28	\$ 81.01	\$ 18.56	\$ 35.72
2024	\$ 35.34	\$ 88.58	\$ 20.44	\$ 39.82

Rate Factor (Pricing Period compared to Total)				
Years	Off-Peak	On-Peak	Super Off-Peak	
2021	0.7966	2.5950	0.5099	
2022	0.9433	1.8462	0.5929	
2023	0.8757	2.2680	0.5197	
2024	0.8876	2.2247	0.5134	
Average	0.8758	2.2335	0.5340	

FE PA Penn Power Rate District - SUMMER MONTHS ONLY
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)					
Years					Total
2021					\$ 12,497,074
2022					\$ 3,832,457
2023					\$ 2,529,661
2024					\$ 2,323,624

Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 28,047,808	\$ 9,402,974	\$ 5,603,932	\$	43,054,714
2022	\$ 60,027,118	\$ 21,307,909	\$ 12,000,710	\$	93,335,737
2023	\$ 19,871,313	\$ 8,061,040	\$ 3,733,405	\$	31,665,758
2024	\$ 22,778,478	\$ 9,548,809	\$ 4,167,399	\$	36,494,686

Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	654,754	157,734	212,170		1,024,659
2022	616,369	155,343	208,944		980,655
2023	588,863	145,373	200,508		934,744
2024	624,760	152,899	213,229		990,888

Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 42.84	\$ 59.61	\$ 26.41	\$	42.02
2022	\$ 97.39	\$ 137.17	\$ 57.44	\$	95.18
2023	\$ 33.75	\$ 55.45	\$ 18.62	\$	33.88
2024	\$ 36.46	\$ 62.45	\$ 19.54	\$	36.83

Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 79.23	\$ -	\$	12.20
2022	\$ -	\$ 24.67	\$ -	\$	3.91
2023	\$ -	\$ 17.40	\$ -	\$	2.71
2024	\$ -	\$ 15.20	\$ -	\$	2.34

Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 42.84	\$ 138.84	\$ 26.41	\$	54.21
2022	\$ 97.39	\$ 161.84	\$ 57.44	\$	99.08
2023	\$ 33.75	\$ 72.85	\$ 18.62	\$	36.58
2024	\$ 36.46	\$ 77.65	\$ 19.54	\$	39.18

Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.7901	2.5609	0.4872		
2022	0.9829	1.6333	0.5797		
2023	0.9224	1.9914	0.5090		
2024	0.9307	1.9821	0.4989		
Average	0.9065	2.0419	0.5187		

FE PA West Penn Power Rate District - SUMMER MONTHS ONLY
Residential and Commercial Customer Class Time-of-Use Pricing Analysis

TOU Pricing Period	Days/Hours Included			
Off-Peak	All Other Hours			
On-Peak	3 p.m. - 7 p.m. Monday through Friday			
Super Off-Peak	11 p.m. - 6 a.m. Everyday			

Annual Capacity (\$)					
Years					Total
2021					\$ 39,666,899
2022					\$ 13,565,623
2023					\$ 9,165,060
2024					\$ 8,456,940

Energy (\$)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 118,957,153	\$ 50,304,961	\$ 20,959,196	\$	190,221,311
2022	\$ 234,097,983	\$ 88,688,789	\$ 45,272,472	\$	368,059,244
2023	\$ 79,646,985	\$ 34,447,981	\$ 13,986,442	\$	128,081,408
2024	\$ 92,741,792	\$ 42,571,411	\$ 15,504,017	\$	150,817,220

Load (MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	2,479,313	611,424	795,247	3,885,985	
2022	2,319,045	593,187	779,885	3,692,116	
2023	2,207,473	549,398	749,151	3,506,022	
2024	2,353,538	587,542	795,097	3,736,177	

Load-Weighted LMP (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 47.98	\$ 82.28	\$ 26.36	\$	48.95
2022	\$ 100.95	\$ 149.51	\$ 58.05	\$	99.69
2023	\$ 36.08	\$ 62.70	\$ 18.67	\$	36.53
2024	\$ 39.41	\$ 72.46	\$ 19.50	\$	40.37

Capacity Cost (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ -	\$ 64.88	\$ -	\$	10.21
2022	\$ -	\$ 22.87	\$ -	\$	3.67
2023	\$ -	\$ 16.68	\$ -	\$	2.61
2024	\$ -	\$ 14.39	\$ -	\$	2.26

Energy + Capacity (\$/MWH)					
Years	Off-Peak	On-Peak	Super Off-Peak	Total	
2021	\$ 47.98	\$ 147.15	\$ 26.36	\$	59.16
2022	\$ 100.95	\$ 172.38	\$ 58.05	\$	103.36
2023	\$ 36.08	\$ 79.38	\$ 18.67	\$	39.15
2024	\$ 39.41	\$ 86.85	\$ 19.50	\$	42.63

Rate Factor (Pricing Period compared to Total)					
Years	Off-Peak	On-Peak	Super Off-Peak		
2021	0.8110	2.4874	0.4455		
2022	0.9766	1.6677	0.5616		
2023	0.9217	2.0279	0.4769		
2024	0.9244	2.0373	0.4574		
Average	0.9084	2.0551	0.4854		

Exhibit DMY-6

**FE PA Tariff No. 1 Definitions
(Relevant Pages)**

GENERAL RULES AND REGULATIONS, DEFINITIONS (continued)

FERC - The Federal Energy Regulatory Commission.

Generating Facility - Any equipment and/or facility that is electrically interconnected to the Company and is (i) capable of generating electrical energy for delivery into the PJM control area and (ii) is located on a single site within the Company's service territory. A single site with multiple generating units, each owned by a single entity, shall constitute one Generating Facility. The Company shall have the sole and exclusive right to determine if any particular equipment qualifies as a Generating Facility if the operating characteristics and/or circumstances relating to such equipment are different than described in this definition.

Hertz - A unit of frequency, equal to one cycle per second.

Horsepower (HP) - Unit of mechanical power representing rate of consumption of power and equivalent to 746 watts. As used herein, horsepower is computed as the equivalent of 750 watts.

Hourly Pricing Service Charges - For Customers served under Rate Schedules GS-Small (Special Rule GSDS), GS-Medium (HP), GS-Large, GP, TP, as well as GS-Small and GS-Medium (PTC) Customers that elect this rate, the charges representing the Company's costs for providing energy, capacity, including the cost of complying with non-solar AEPS, transmission, and ancillary services for Default Service Customers.

Individualized Contract - Shall have the meaning ascribed to it in Rule 14.

Industrial Customer Class - Rate Schedules GS-Large, GP, TP, GS-Small (Special Rule GSDS), and Schedules 44 and 46.

Kilovar (KVAR or kVAr) - 1,000 volt-amperes reactive.

Kilovolt-ampere (KVA or kVA) - 1,000 volt-amperes.

Kilowatt (KW or kW) - 1,000 watts.

Kilowatt-hour (KWH or kWh) - 1,000 watts for one (1) hour.

Line Extension - The extension of the Company's distribution system from the nearest suitable and available Distribution Line to the Service Line which will provide service to the Customer.

Maximum Registered Peak Load - A customer's net demand contribution impact to the Company's default service procurement activity, as determined upon the net power flow from or into the Company's distribution or transmission system. As related to customer-generators, this shall also be inclusive of the nameplate capacity of the generation system.

Monthly Minimum Charge - A charge designed to recover the costs incurred in billing a Customer's account and providing other services.

Net Station Power - The quantity of electrical energy and/or capacity actually provided by the Company to the Generating Facility for Station Power during an applicable period after crediting the amount, if any,

~~of electric energy during the applicable period (i) produced by the Generating Facility and delivered into the PJM control area or (ii) as permitted under "Station Power Energy Netting" as described in the applicable Rate Schedule.~~

GENERAL RULES AND REGULATIONS, DEFINITIONS (continued)

Net Station Power – The quantity of electricity energy and/or capacity actually provided by the Company to the Generating Facility for Station Power during an applicable period after crediting the amount, if any, of electric energy during the applicable period (i) produced by the Generating Facility and delivered into the PJM control area or (ii) as permitted under “Station Power Energy Netting” as described in the applicable Rate Schedule.

Network Integration Transmission Service - Network Integration Transmission Service as set forth in the PJM Open Access Transmission Tariff and any direct Transmission Owner charged expense.

Network Service Peak Load (kW NSPL) - A Customer’s one (1) coincident peak kW Network Service Peak Load in effect from time to time, as calculated by the Company in accordance with PJM rules and requirements.

Non-Profit Ambulance Service - Any nonprofit chartered corporation, association, or organization located in the Commonwealth of Pennsylvania which (i) is regularly engaged in the service of providing emergency medical care and transportation of patients, (ii) possesses all necessary legal authority in Pennsylvania to perform emergency medical care and transportation of patients and (iii) provides such services from a building or other structure located in the Company's service territory that constitutes a separately metered location for electric delivery purposes. The electric service used by the Non-Profit Ambulance Service shall be primarily to support its service. The Customer/Applicant shall provide all documentary and other evidence of its compliance with this provision if requested by the Company.

Non-Profit Rescue Squad - Any nonprofit chartered corporation, association, or organization located in the Commonwealth of Pennsylvania which (i) is regularly engaged in providing rescue services, (ii) possesses all necessary legal authority in Pennsylvania to perform rescue services and (iii) provides such services from a building or other structure located in the Company's service territory that constitutes a separately metered location for electric delivery purposes. The electric service used by the Non-Profit Rescue Squad shall be primarily to support its service. The Customer/Applicant shall provide all documentary and other evidence of its compliance with this provision if requested by the Company.

Non-Profit Senior Citizen Center - A separately metered service location comprised of a building or other structure used by senior citizens as a meeting or gathering facility for individuals or groups, and where services to senior citizens are provided. The Customer of record at this service location shall be an organization recognized by the Internal Revenue Service as non-profit and by the Department of Aging as an operator of a senior citizen center.

Non-Speculative Line Extension - A Line Extension for a Permanent Residential Customer under which the Company has taken into account various factors including, but not limited to, Customer location, rate classification, projected Company revenues, permanency of use, primary residence and prospect of use by future Customers, and has deemed the cost for the Line Extension to be reasonable for the Company to incur.

Non-Summer - The calendar months of October through May.

RATE SCHEDULES, RATE GS-MEDIUM (continued)

DEFAULT SERVICE CHARGES:

For Rate Schedule GS-Medium (PTC) Customers receiving Default Service from the Company, the Price to Compare Default Service Rate Rider, Commercial Customer Class rate applies unless the Customer elects to receive Default Service from the Company under the Hourly Pricing Default Service Rider. For Rate Schedule GS-Medium (HP) Customers receiving Default Service from the Company, the Hourly Pricing Default Service Rider rates apply.

DETERMINATION OF RATE SCHEDULE GS-MEDIUM (PTC) AND GS-MEDIUM (HP):

Rate Schedule GS-Medium (PTC): Customers receiving service under this Rate Schedule with a kW Demand less than 100 kW and Maximum Registered Peak Load less than 100 kW.

Rate Schedule GS-Medium (HP): Customers receiving service under this Rate Schedule with a kW Demand equal to or greater than 100 kW or Maximum Registered Peak Load greater than or equal to 100 kW.

The Customer's demand and Maximum Registered Peak Load used for the determination of the default service rider that the customer should be billed under if receiving Default Service from the Company shall be determined as follows: effective June 1st of each year, a review of the measured demand and Maximum Registered Peak Load for the period April 1st of the preceding year to March 31st of the current year will be conducted. Based on the review, if the measured demand and Maximum Registered Peak Load in any twelve months is less than 100 kW, then the Customer shall receive Default Service under the provisions of the Price to Compare Default Service Rate Rider. Otherwise, the Customer will receive Default Service under the provisions of the Hourly Pricing Default Service Rider.

(C)

DETERMINATION OF BILLING DEMAND:

The Company shall install suitable demand meters to determine 15-minute to a maximum of an hourly integrated demand when (i) the connected load being served equals fifteen (15) kilowatts or more, or (ii) the Company estimates that a demand greater than five (5) kilowatts will be established. The Company may install a demand meter on new or upgraded electric services.

A determination of connected load or estimated demand may be made by the Company at any time and shall be made when the Customer's total consumption exceeds 1,500 kWh per month for two (2) consecutive months in the most recent twelve-month period.

(C) Change

TIME-OF-USE DEFAULT SERVICE RIDER

Availability:

Time-Of-Use (“TOU”) default service (“TOU_{Default}”) is available under this Rider for Residential Customers, and Commercial Customers with demand less than 100 kW and Maximum Registered Peak Load less than 100 kW, including those served under the Net Metering Rider, and are receiving Default Service from the Company, upon the terms and conditions set forth herein, that: (1) have had smart meters installed pursuant to the Company’s Smart Meter Technology Procurement and Installation Plan; (2) are not enrolled in the Company’s Customer Assistance Program; (3) are not enrolled in budget billing; (4) are not involved in virtual net metering; (5) have not elected to terminate service under the TOU Default Service Rider, for any reason, within the last 12 months; and (6) affirmatively elect to receive service under this Rider and comply with its enrollment procedures.

Rates:

<u>On-Peak Rate</u>	<u>PTC_{Default} Rate x X.XXXX</u>
<u>Off-Peak Rate</u>	<u>PTC_{Default} Rate x X.XXXX</u>
<u>Super Off-Peak Rate</u>	<u>PTC_{Default} Rate x X.XXXX</u>

Met-Ed			(C)
Customer-Class	Residential	Commercial	
On-Peak Rate	PTC _{Default} Rate x 1.7060	PTC _{Default} Rate x 1.7434	
Off-Peak Rate	PTC _{Default} Rate x 0.8397	PTC _{Default} Rate x 0.8431	
Super Off-Peak Rate	PTC _{Default} Rate x 0.6215	PTC _{Default} Rate x 0.6124	

Penelee			(C)
Customer-Class	Residential	Commercial	
On-Peak Rate	PTC _{Default} Rate x 1.6792	PTC _{Default} Rate x 1.6999	
Off-Peak Rate	PTC _{Default} Rate x 0.8482	PTC _{Default} Rate x 0.8541	
Super Off-Peak Rate	PTC _{Default} Rate x 0.6510	PTC _{Default} Rate x 0.6437	

Penn Power			(C)
Customer-Class	Residential	Commercial	
On-Peak Rate	PTC _{Default} Rate x 1.6048	PTC _{Default} Rate x 1.6307	
Off-Peak Rate	PTC _{Default} Rate x 0.8744	PTC _{Default} Rate x 0.8817	
Super Off-Peak Rate	PTC _{Default} Rate x 0.6512	PTC _{Default} Rate x 0.6474	

West Penn			(C)
Customer-Class	Residential	Commercial	
On-Peak Rate	PTC _{Default} Rate x 1.6649	PTC _{Default} Rate x 1.6946	
Off-Peak Rate	PTC _{Default} Rate x 0.8542	PTC _{Default} Rate x 0.8636	
Super Off-Peak Rate	PTC _{Default} Rate x 0.6298	PTC _{Default} Rate x 0.6242	

Hours:

The rates for TOU default service are different for On-Peak, Off-Peak and Super Off-Peak hours during the year, and are billed on a service rendered basis, as shown below. All times listed below are prevailing time.

TOU Pricing Period	Included Time Periods
On-Peak	23 PM - 97 PM Monday - Friday

Issued:

(C) Change

Effective: June 1, 2027

Page 5 of 7

Off-Peak	All Other Hours
Super Off-Peak	11 PM - 6 AM Every day

TOU_{Default}:

The TOU_{Default} rates are based on the PTC_{Default} rates, which will be calculated semi-annually for the six-month period ending March 31st to be effective for the six-month period beginning June 1st and for the six-month period ending September 30th to be effective for the six-month period beginning December 1st.

Customer Switching:

A Customer that has enrolled in the TOU default service program remains eligible to return to standard Default Service. A Customer that has enrolled in the TOU default service program may, at any time, elect to receive another product from any EGS. Customers may leave the TOU Default Service Rider at any time without incurring fees or penalties. If a Customer elects to terminate service under the TOU Default Service Rider for any reason, the Customer cannot re-enroll in the TOU Default Service Rider for twelve billing months.

Annual Review and Audit:

The application of TOU Default rates under this Rider shall be subject to annual review and audit by the Commission

This page is intentionally left blank. ~~TIME OF USE DEFAULT SERVICE RIDER (continued)~~

TOU_{Default}:

~~The TOU_{Default} rates by Residential or Commercial Customer Class are based on the PTC_{Default} rates, which will be calculated semi-annually for the six-month period ending March 31st to be effective for the six-month period beginning June 1st and for the six-month period ending September 30th to be effective for the six-month period beginning December 1st.~~

Customer Switching:

~~A Customer that has enrolled in the TOU default service program remains eligible to return to standard Default Service. A Customer that has enrolled in the TOU default service program may, at any time, elect to receive another product from any EGS. Customers may leave the TOU Default Service Rider at any time without incurring fees or penalties. If a Customer elects to terminate service under the TOU Default Service Rider for any reason, the Customer cannot re-enroll in the TOU Default Service Rider for twelve billing months.~~

Annual Review and Audit:

~~The application of TOU Default rates under this Rider shall be subject to annual review and audit by the Commission~~

Exhibit DMY-7

**Analysis of Net Metering Cash Out Expense Impact on Price to
Compare Default Service Rate Rider**

HIGH ESTIMATE

% of Farms online	5%	15%	30%	50%

Current Application: 103

Met-Ed Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		5	15	31	52
Average kW of Solar Facility (from Applications)		2,860	2,860	2,860	2,860
Total kW		14,300	42,900	88,660	148,720
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		125,268,000	375,804,000	776,661,600	1,302,787,200
Capacity Factor*		17%	17%	17%	17%
Excess kWh to be Cashed Out	23,470,053	44,765,613	87,356,733	155,502,525	244,943,877
PTC Rate	\$0.1085	\$0.1293	\$0.1369	\$0.1525	\$0.1834
Estimated Net Metering Expense	\$2,547,226	\$5,788,641	\$11,955,918	\$23,708,464	\$44,922,439

Current Application: 538

Penelec Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		27	81	161	269
Average kW of Solar Facility (from Applications)		2,690	2,690	2,690	2,690
Total kW		72,630	217,890	433,090	723,610
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		636,238,800	1,908,716,400	3,793,868,400	6,338,823,600
Capacity Factor*		17%	17%	17%	17%
Excess kWh to be Cashed Out	743,777	108,904,373	325,225,565	645,701,405	1,078,343,789
PTC Rate	\$0.1039	\$0.1216	\$0.1371	\$0.1894	\$0.3331
Estimated Net Metering Expense	\$743,777	\$13,237,327	\$44,586,192	\$122,325,409	\$359,173,699

Current Application: 206

Penn Power Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		10	31	62	103
Average kW of Solar Facility (from Applications)		2,590	2,590	2,590	2,590
Total kW		25,900	80,290	160,580	266,770
Hours in Year		8,760	8,760	8,760	8,760
Max Generated (kWh)		226,884,000	703,340,400	1,406,680,800	2,336,905,200
Capacity Factor*		17%	17%	17%	17%
Excess kWh to be Cashed Out	2,951,014	38,570,280	119,567,868	239,135,736	397,273,884
PTC Rate	\$0.1209	\$0.1373	\$0.1602	\$0.2432	\$0.4949
Estimated PTC Increase		17%	52%	104%	172%

Current Application: 376

West Penn Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		19	56	113	188
Average kW of Solar Facility (from Applications)		2,710	2,710	2,710	2,710
Total kW		51,490	151,760	306,230	509,480
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		451,052,400	1,329,417,600	2,682,574,800	4,463,044,800
Capacity Factor*		17%	17%	17%	17%
Excess kWh to be Cashed Out	8,021,920	76,678,908	226,000,992	456,037,716	758,717,616
PTC Rate	\$0.0955	\$0.1099	\$0.1176	\$0.1420	\$0.2012
Estimated PTC Increase		7%	21%	42%	69%

FEPA	2025	2026	2027	2028	2029
Excess kWh to be Cashed Out	35,186,764	268,919,174	758,151,158	1,496,377,382	2,479,279,166
Estimated Net Metering Expense	\$4,414,221	\$32,750,594	\$102,286,702	\$268,929,254	\$753,395,318

MID ESTIMATE

% of Farms online	3%	8%	15%	25%

Current Application: 103

Met-Ed Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		3	8	15	26
Average kW of Solar Facility (from Applications)		2,860	2,860	2,860	2,860
Total kW		8,580	22,880	42,900	74,360
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		75,160,800	200,428,800	375,804,000	651,393,600
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	23,470,053	36,247,389	57,542,949	87,356,733	134,206,965
PTC Rate	\$0.1085	\$0.1293	\$0.1354	\$0.1456	\$0.1622
Estimated Net Metering Expense	\$2,547,226	\$4,687,150	\$7,792,806	\$12,718,629	\$21,766,990

Current Application: 538

Penelec Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		13	40	81	135
Average kW of Solar Facility (from Applications)		2,690	2,690	2,690	2,690
Total kW		34,970	107,600	217,890	363,150
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		306,337,200	942,576,000	1,908,716,400	3,181,194,000
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	743,777	52,821,101	160,981,697	325,225,565	541,546,757
PTC Rate	\$0.1039	\$0.1216	\$0.1291	\$0.1535	\$0.2121
Estimated Net Metering Expense	\$743,777	\$6,420,405	\$20,780,930	\$49,918,719	\$114,864,005

Current Application: 206

Penn Power Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		5	15	31	52
Average kW of Solar Facility (from Applications)		2,590	2,590	2,590	2,590
Total kW		12,950	38,850	80,290	134,680
Hours in Year		8,760	8,760	8,760	8,760
Max Generated (kWh)		113,442,000	340,326,000	703,340,400	1,179,796,800
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	2,951,014	19,285,140	57,855,420	119,567,868	200,565,456
PTC Rate	\$0.1209	\$0.1373	\$0.1488	\$0.1860	\$0.2823
Estimated Net Metering Expense	\$357,014	\$2,647,657	\$8,606,185	\$22,241,376	\$56,621,828

Current Application: 376

West Penn Rate District	2025	2026	2027	2028	2029
Number of Solar Facilities Online		9	28	56	94
Average kW of Solar Facility (from Applications)		2,710	2,710	2,710	2,710
Total kW		24,390	75,880	151,760	254,740
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		213,656,400	664,708,800	1,329,417,600	2,231,522,400
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	8,021,920	36,321,588	113,000,496	226,000,992	379,358,808
PTC Rate	\$0.0955	\$0.1099	\$0.1136	\$0.1253	\$0.1513
Estimated Net Metering Expense	\$766,204	\$3,992,832	\$12,835,089	\$28,325,029	\$57,380,060

FEPA	2025	2026	2027	2028	2029
Excess kWh to be Cashed Out	3,648,017	13,755,212	37,179,921	84,878,724	193,252,823
Estimated Net Metering Expense	\$4,414,221	\$17,748,044	\$50,015,010	\$113,203,752	\$250,632,882

LOW ESTIMATE

% of Farms online	1%	4%	7%	10%

Current Application: 103

Met-Ed Rate District	2025	2026	2027	2028	2029
Number of Solar Farms Online		1	4	7	10
Average kW of Solar Farm		2,860	2,860	2,860	2,860
Total kW		2,860	11,440	20,020	28,600
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		25,053,600	100,214,400	175,375,200	250,536,000
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	23,470,053	27,729,165	40,506,501	53,283,837	66,061,173
PTC Rate	0.1085	\$0.1293	\$0.1340	\$0.1411	\$0.1509
Estimated Net Metering Expense	\$2,547,226	\$3,585,658	\$5,427,412	\$7,516,776	\$9,967,213

Current Application: 538

Penelec Rate District	2025	2026	2027	2028	2029
Number of Solar Farms Online		5	22	38	54
Average kW of Solar Farm		2,690	2,690	2,690	2,690
Total kW		13,450	59,180	102,220	145,260
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		117,822,000	518,416,800	895,447,200	1,272,477,600
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	743,777	20,773,517	88,874,633	152,969,801	217,064,969
PTC Rate	\$0.1039	\$0.1216	\$0.1245	\$0.1375	\$0.1622
Estimated Net Metering Expense	\$743,777	\$2,525,021	\$11,066,212	\$21,034,676	\$35,209,542

Current Application: 206

Penn Power Rate District	2025	2026	2027	2028	2029
Number of Solar Farms Online		2	8	14	21
Average kW of Solar Farm		2,590	2,590	2,590	2,590
Total kW		5,180	20,720	36,260	54,390
Hours in Year		8,760	8,760	8,760	8,760
Max Generated (kWh)		45,376,800	181,507,200	317,637,600	476,456,400
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	2,951,014	7,714,056	30,856,224	53,998,392	80,997,588
PTC Rate	\$0.1209	\$0.1373	\$0.1419	\$0.1608	\$0.1984
Estimated Net Metering Expense	\$357,014	\$1,059,063	\$4,377,737	\$8,684,517	\$16,072,326

Current Application: 376

West Penn Rate District	2025	2026	2027	2028	2029
Number of Solar Farms on Line		4	15	26	38
Average kW of Solar Farm		2,710	2,710	2,710	2,710
Total kW		10,840	40,650	70,460	102,980
Hours in Year		8,760	8,760	8,760	8,760
Max Output in kWh		94,958,400	356,094,000	617,229,600	902,104,800
Capacity Factor		17%	17%	17%	17%
Excess kWh to be Cashed Out	8,021,920	16,142,928	60,535,980	104,929,032	153,357,816
PTC Rate	\$0.0955	\$0.1099	\$0.1116	\$0.1177	\$0.1290
Estimated Net Metering Expense	\$766,204	\$1,774,592	\$6,753,040	\$12,353,794	\$19,789,496

FEPA	2025	2026	2027	2028	2029
Excess kWh to be Cashed Out	766,204	1,850,780,618	1,855,759,067	1,861,359,820	1,868,795,522
Estimated Net Metering Expense	\$4,414,221	\$8,944,334	\$27,624,401	\$49,589,763	\$81,038,577

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF FIRSTENERGY
PENNSYLVANIA ELECTRIC COMPANY
FOR APPROVAL OF ITS DEFAULT
SERVICE PROGRAM FOR THE PERIOD
JUNE 1, 2027 THROUGH MAY 31, 2031**

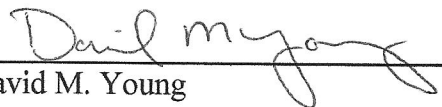
DOCKET NO. P-2026-

VERIFICATION

I, David M. Young, hereby state that the facts set forth in the pre-marked statements and exhibits listed below are true and correct to the best of my knowledge, information, and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

- FE PA Statement No. 1 and FE PA Exhibits DMY-1 through 7

Date: February 3, 2026



David M. Young

FE PA Statement No. 2
Direct Testimony of Ryan J. Rose

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DOCKET NO. P-2026-
DEFAULT SERVICE PROGRAMS**

**For the Period
June 1, 2027 to May 31, 2031**

**Direct Testimony of
Ryan J. Rose**

**List of Topics Addressed
Product Definitions
Procurement Plan and Schedule
Alternative Energy Portfolio Standards Act and Contingency Plans
Supplier Master Agreement**

**DIRECT TESTIMONY
OF
RYAN J. ROSE**

I. INTRODUCTION AND PURPOSE

Q. Please state your name and business address.

A. My name is Ryan J. Rose. My business address is 341 White Pond Drive, Akron, OH 44320.

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

A. I am employed by FirstEnergy Service Company as an Advanced Business Analyst, Regulated Commodity Sourcing Department ("RCS"). RCS is primarily responsible for procuring power and power-related products for all FirstEnergy Corp.'s ("FirstEnergy") regulated utilities, including FirstEnergy Pennsylvania Electric Company ("FE PA" or the "Company"). FE PA consists of the following rate districts: Met-Ed, Penelec, Penn Power, West Penn and The Pennsylvania State University ("PSU"), which is a sub-part of the West Penn rate district (individually a "Rate District" and in any combination the "Rate Districts").

Q. What is your educational background?

A. I have a Bachelor of Science degree in Biology from the University of Cincinnati and more than ten years of experience with FirstEnergy and its subsidiaries.

Q. What is your work experience at FirstEnergy?

A. I joined FirstEnergy Service Company in 2015 as a Lab Technician in Water Chemistry. In that role, I conducted analytical testing and ensured compliance with environmental and safety standards. From 2018 through 2022, I transitioned to a role where I supported corporate sustainability initiatives, data analysis, and reporting. In 2022, I became an Advanced Business Analyst in RCS, where I provide strategic analysis and management

1 of Pennsylvania default service-related activities including contract management,
2 alternative energy portfolio management, and procurement auctions.

3 **Q. Please describe your duties as an Advanced Business Analyst in RCS.**

4 A. In my role, I am primarily responsible for the procurement and management of the
5 regulated energy supply and renewable energy portfolio that FirstEnergy's electric
6 distribution utilities are required to maintain in their role as load serving entities ("LSEs").

7 **Q. On whose behalf are you testifying in this proceeding?**

8 A. I am testifying on behalf of FE PA.

9 **Q. What is the purpose of your direct testimony?**

10 A. The purpose of my testimony is to describe the Company's proposed: (i) products to be
11 procured under the Company's seventh default service program ("DSP") for the period
12 June 1, 2027 through May 31, 2031 ("DSP VII"); (ii) procurement process and schedule
13 for the multiple procurements by the Company; and (iii) compliance with Pennsylvania's
14 Alternative Energy Portfolio Standards ("AEPS") Act and Commission requirements for
15 default service contingency plans.

16 **Q. Have you prepared any exhibits to accompany your testimony?**

17 A. Yes. FE PA Exhibits RJR-1 and RJR-2 were prepared by me or under my supervision and
18 are described later in my testimony.

19 **II. PROCUREMENT PLAN PRODUCT DEFINITIONS**

20 **Q. Please provide an overview of the Company's DSP VII.**

21 A. In this proceeding, the Company is proposing a four-year term for DSP VII. As such, the
22 plan would span forty-eight months beginning June 1, 2027 and ending May 31, 2031. The
23 proposed DSP VII will procure the required power supply in the wholesale marketplace,

1 by Rate District and rate class, through multiple solicitations. Power to serve the non-
2 shopping loads of each of the Rate Districts will be procured in tranches of approximately
3 50 megawatts (“MW”) each for the residential and commercial rate classes and in tranches
4 of approximately 100 MW each for the industrial rate class. DSP VII is designed to offer
5 non-shopping customers power through a prudent mix of products. Residential and
6 commercial customers will be served via fixed price contracts with terms of 12 and 24
7 months. In addition, 10% of the residential load will be procured through a new 60-month
8 contract. The Company is proposing a variable-priced product for industrial customers in
9 each Rate District. Default service (“DS”) suppliers who are successful bidders in the
10 competitive procurement process will be responsible for satisfying the AEPS Act
11 requirements associated with the default service customer load they supply.

12 **Q. What products does the Company’s DSP VII procurement plan include?**

13 A. Under DSP VII, customers will be served by products reflecting market-based generation
14 rates, which will provide opportunities for electric generation suppliers (“EGSs”) to offer
15 competitive alternatives in accordance with the provisions of the Electricity Generation
16 Customer Choice and Competition Act and the Commission’s default service regulations.
17 For residential and commercial customers, the DSP will offer fixed generation rates that
18 change on a semi-annual basis and will be synchronized with the energy year of PJM
19 Interconnection, L.L.C. (“PJM”) beginning every June 1. For industrial customers, DSP
20 VII will continue to offer hourly pricing. DSP VII will enable the Company to procure its
21 generation supplies through multiple solicitations, providing price diversity to the DSP
22 rates while protecting residential customers from short-term price variations due to
23 anomalies in the generation marketplace. In particular, the 60- , 24- and 12-month fixed

1 products will provide some price stability for residential customers, and the 24- and 12-
2 month fixed products will provide some price stability for commercial customers. In total,
3 the Company's DSP is designed to yield market-reflective rates through a prudent mix of
4 products acquired at the least cost over time, which is a key requirement of Act 129 of 2008
5 ("Act 129"). In FE PA Statement No. 3, Mr. Powers further describes how the Company's
6 proposed DSP VII comports with Act 129's least-cost-over-time mandate.

7 **Q. What is the nature of the products the Company seeks to obtain under DSP VII?**

8 A. The Company proposes to procure full requirements, load-following energy and energy-
9 related products for their non-shopping customers. The Company's non-shopping load will
10 be segregated into customer classes, and each class will have its own product
11 specifications. The load of each class will be divided into tranches, with each tranche
12 representing a fixed percentage of the Company's non-shopping load. Procurement
13 winners will be responsible for fulfilling all obligations of a PJM LSE. As such, winning
14 suppliers will be required to provide energy, capacity, and transmission service, as well as
15 all PJM administrative expenses and any other services or fees required by PJM of an LSE,
16 with some limited exceptions. Specifically, winning bidders will not be responsible for: (i)
17 Regional Transmission Expansion Plan ("RTEP") charges; (ii) Expansion Cost Recovery
18 Charges; (iii) Reliability Must Run ("RMR")/Generation Deactivation Charges associated
19 with generating plants for which specific RMR charges began being assessed following
20 July 24, 2014; (iv) historical out-of-market tie line, generation, and retail customer meter
21 adjustments; (v) unaccounted for energy; (vi) any approved reallocation by the Federal
22 Energy Regulatory Commission ("FERC") of PJM Regional Transmission Expansion Plan
23 charges related to Docket No. EL05-121-009 (collectively, referred to as "non-market

1 based charges” or “NMB charges”); (vii) Network Integration Transmission Service
2 (“NITS”) charges; and (viii) DOE Section 202(c) charges. Under the Company’s proposal,
3 default service suppliers in the Company’s service territories will also be responsible for
4 meeting 100% of the solar, non-solar Tier I and Tier II AEPS Act requirements. AEPS Act
5 compliance is discussed further in Section IV of my testimony. The NMB charges will be
6 paid by the Company on behalf of all customers and recovered from all customers through
7 the Default Service Support (“DSS”) Rider in each Rate District. Ms. De La Rosa discusses
8 these costs and how their proposed recovery remains the same as the Company’s sixth DSP
9 (“DSP VI”) in her direct testimony (FE PA Statement No. 4).

10 **Q. What customer classes are being proposed by the Company?**

11 A. The Company proposes to segregate load into the same three classes that the Company has
12 traditionally used for default service purposes, namely, residential, commercial, and
13 industrial.

14 **Q. How many and what size customer class tranches are being proposed by the**
15 **Company?**

16 A. For the residential class, the Company proposes to bid out a total of two hundred and fifty-
17 seven (257) tranches of approximately 50 MW each. A total of ninety-three (93) tranches
18 of approximately 50 MW each is proposed for the commercial class, and one hundred and
19 twenty-eight (128) tranches of approximately 100 MW each of an hourly pricing service
20 are proposed for industrial customers. A tranche represents a defined percentage of the load
21 of a particular customer class that the default service supplier must serve, including the
22 provision of energy, capacity, ancillary services, and transmission services but excluding
23 NMB charges.

1 **Q. You stated that the Company proposes to hold simultaneous procurement processes.**
2 **Will residential, commercial, and industrial class products be offered concomitantly**
3 **using the same type of procurement process?**

4 A. Yes. As was the case with DSP VI, the Company proposes employing procurement
5 processes for its fixed-price residential and commercial products and the hourly-priced
6 service for industrial customers through auctions that will be scheduled to occur on the
7 same day. Each procurement will feature a descending clock auction (“DCA”) process that
8 will be administered by CRA International, Inc. d/b/a Charles River Associates (“CRA”),
9 the Company’s proposed DSP VII independent auction manager (i.e., the Independent
10 Evaluator). CRA presently serves in this role under the Company’s extant DSP VI as it has
11 for the majority of the Company’s prior DSPs.

12 **Q. Please describe the residential class products proposed by the Company.**

13 A. For the residential-class tranche, the Company proposes a fixed-price, load-following full-
14 requirements product, with either a 12-, 24-, or 60-month term. All required residential
15 tranches will be secured over eight procurement dates.

16 **Q. Please describe the commercial class products proposed by the Company.**

17 A. The commercial-class tranche proposed by the Company is a fixed-price, load-following,
18 full requirements product, with either a 12- or 24-month term. All tranches would be
19 secured over eight procurement dates.

20 **Q. Please describe the industrial class products proposed by the Company.**

21 A. Consistent with the Company’s current DSPs, the Company proposes to secure power
22 supply for the industrial class utilizing a service referred to as the “hourly pricing service”
23 (“HPS”). Contracts for HPS will be for 12-month terms beginning June 1 in 2027, 2028,

2029, and 2030. The HPS is not a fixed-price service; rather, it is a variable hourly service that is priced to the PJM real-time hourly total locational marginal price (“LMP”) for each rate district’s PJM delivery point. Default service suppliers will be bidding for the right to serve a portion of a Rate District’s HPS load: a total of one hundred and twenty-eight tranches for HPS load will be up for bid across all of the Rate Districts. Customers on HPS will pay, and winning default service suppliers will receive: 1) the winning price bid by the winning default service supplier in the hourly-priced auction; and 2) the applicable PJM zonal real-time hourly LMP.

Q. Do the residential, commercial, and industrial products proposed by the Company comply with Act 129 and the Commission’s default service regulations and policy statement?

A. Yes. The proposed product mix meets the current legislative standard under Act 129 and the Commission’s default service regulations and policy statement, which require a default service procurement plan to include a prudent mix of variable market purchases, short-term contracts, and long-term purchase contracts that provides adequate and reliable service and is designed to ensure least cost to customers over time. This is further described in the testimony of Mr. Powers (FE PA Statement No. 3). This conclusion is supported by the fact that the Commission approved a similar product mix as part of the Company’s previous DSPs.

Q. Please describe the general obligations imposed by PJM on default service suppliers.

A. Winning default service suppliers must schedule delivery to the applicable PJM delivery point of the Rate District for which the supplier won tranches to supply load. Winning default service suppliers must be valid LSEs within PJM and cognizant of and compliant

1 with all Commission regulations, including 66 Pa.C.S. § 2807(e), 52 Pa. Code § 54.186
2 and 52 Pa. Code § 69.1805. Suppliers must also comply with the business rules, scheduling
3 protocols, and all other aspects of doing business within PJM, including the introduction
4 of new billing line items that are not otherwise specified as the responsibility of the
5 Company. All operational supply risks to perform under this procurement process will be
6 borne by the winning default service suppliers.

7 **Q. Has the Company experienced a default by any of its default service suppliers?**

8 A. No. The Company has not experienced a default by any of its default service suppliers
9 since the inception of its default service programs. However, in the wake of the recent rise
10 in energy prices, the Company has witnessed retail supplier defaults and has had to work
11 with wholesale suppliers who were having difficulty maintaining the margin requirements
12 imposed by the Supplier Master Agreement (“SMA” or “Agreement”). Given the
13 significant customer harm that could result from a default by one of the Company’s default
14 service suppliers, the Company believes this is the time to ensure its customers remain
15 adequately protected.

16 **Q. Do you have plans in place to address a supplier default?**

17 A. Yes. There are contingency plans to address a supplier default, which are described later
18 in my testimony.

19 **Q. Is the Company proposing any modifications to the procurement process?**

20 A. Yes, while the procurement process itself is not changing and the Company is proposing
21 to conduct auctions twice a year as it did in DSP VI, there is an exception that in year one,
22 there will be three auctions (January, April, and November). The first auction for DSP VII
23 would be in January of 2027. From 2028-2031, auctions would be conducted semiannually

1 in January and November, as opposed to April and November. The procurement schedule
2 is shown in FE PA Exhibit RJR-1.

3 **Q. What auction design is the Company proposing for the default service auctions?**

4 A. The Company proposes continuing its current approach of using a version of the
5 simultaneous, multiple-round, DCA format to procure default service supplies. This
6 auction platform is commonly used for multiple commodity types and has been
7 successfully used in numerous electricity procurements, including the Company's
8 procurements in Pennsylvania and by other utilities in various states since the late 1990s.
9 The bidding format is simultaneous: multiple products or tranches, or both, are bid on
10 simultaneously. Bidding takes place online using web-based software in a series of bidding
11 rounds, with pre-specified starting and ending times for each round. Prior to the start of
12 each round, the announced price for each product is disclosed to bidders. The announced
13 price is the same for each tranche for a product but may differ across products. The
14 announced round 1 starting price for each product is set sufficiently high enough to
15 encourage bidder participation. At the end of each round, the bidding software (through
16 CRA's oversight) determines which products are over-subscribed and which products are
17 under-subscribed. A product is over-subscribed if suppliers bid to supply more tranches
18 than the number of tranches needed of that product. Conversely, a product is under-
19 subscribed if fewer tranches were bid on it than the number that is needed. If a product is
20 over-subscribed, the announced price for that product will be reduced by a decrement for
21 the next round. If a product is not over-subscribed, its announced price will not change for
22 the next round. The bidding process continues in this manner, with prices tending to tick
23 down like a countdown clock. As prices change across the products, bidders are allowed

1 to change the number of tranches they bid, with certain restrictions. Subject to these
2 restrictions, in each round a bidder simply specifies the number of tranches it is willing and
3 able to supply for each product at the announced price for each product. There is no pre-
4 determined number of rounds before the auction closes. The auction closes after the first
5 round in which no product is over-subscribed. The clearing price for a product is the lowest
6 price at which the product is not under-subscribed. Winning tranches for the product are
7 tranches that were bid at a price no higher than the clearing price. Winning bidders are
8 those bidders who bid the winning tranches. Throughout the auction, the pricing for each
9 product is known to the suppliers, which provides price transparency. This price
10 transparency allows the bidders flexibility to switch products throughout the auction, as is
11 described in the direct testimony of Mr. Powers (FE PA Statement No. 3). The Bidding
12 Rules and appendices for the default service procurement auctions are presented and
13 discussed in Ms. Patria's testimony (FE PA Statement No. 5).

14 **Q. Do you believe that the use of a DCA is the appropriate design for the default service**
15 **auctions?**

16 A. Yes. As previously mentioned and explained by Ms. Patria in her direct testimony, the
17 proposed DCA process is identical to the auction process used under the Company's
18 current and past DSPs and is similar to auction processes used in other jurisdictions to
19 successfully procure electric power supply. It is a process that default service suppliers and
20 other stakeholders accept and are experienced with. Further, its design encourages
21 participation because it is fair, open, transparent, and non-discriminatory, and it provides
22 low barriers to participation for a variety of prospective bidders. The tranche sizes and the
23 range of contract durations appeal to various bidders because they are consistent with

1 products available in energy markets. With simultaneous bidding on products that are
2 related in value (the residential and commercial products across the Company, and the
3 industrial products across the Company), bidders are able to switch their bid quantities
4 across the Company's products and bid simultaneously on substitutable products or
5 complementary products, or both, in response to changes in pricing. Because these factors
6 encourage active participation and allow participants to bid efficiently, a DCA auction
7 design foment competitive outcomes.

8 **Q. Recognizing that FE PA did include a long-term contract to serve a portion of its load**
9 **by way of the 60-month energy purchase, did the Company consider entering into a**
10 **contract for energy of any longer durations?**

11 A. Yes. The Company has been considering the viability of even longer-term contracts for
12 future default service procurements in instances that would be supportive to bringing
13 incremental generation online by way of new or uprated facilities. Should the Company
14 determine that such contracts would be beneficial and could be designed in a way that
15 would support customer needs while maintaining the integrity of FE PA's balance sheet
16 and credit metrics, the Company will file an amendment to DSP VII or incorporate such
17 contracts into procurement and implementation plans for its next default service program
18 period. If such contracts are to be included in the Company's next default service program,
19 the Company expects it would file the program for approval with sufficient time for
20 contracts to be executed in order to allow for construction and in-servicing of the
21 incremental generation to support delivery during the term of that program.

1 **III. AEPS COMPLIANCE**

2 **Q. What requirements does the AEPS Act impose on Pennsylvania’s default service**
3 **providers?**

4 A. The AEPS Act requires the Company and other electric distribution companies (“EDCs”) and EGSs in Pennsylvania to obtain a percentage of electricity sold to the Commonwealth’s retail customers from certain alternative energy sources—such as wind, solar energy, and biomass. Compliance is measured through alternative energy credits (“AECs”), which are equal to one megawatt-hour (“MWh”) of energy from approved “Tier I” or “Tier II” alternative energy sources. The AEPS Act also includes a solar “set-aside,” which mandates that a specific portion of the Company’s Tier I requirements be satisfied through AECs derived from solar photovoltaic energy (i.e., Solar Photovoltaic Alternative Energy Credits or “SPAECs”). The AEPS Act defines Tier I and Tier II alternative energy sources and the dates and percentages of supply required for compliance. The Tier I, Tier II, and SPAEC percentage requirements during the term of the proposed DSPs are as follows: Tier I Non solar - 8.0%, Tier I Solar - 0.5%, and Tier II - 10%.

16 **Q. Is this a change from DSP VI?**

17 A. Yes, in DSP VI, FE PA allocated SPAECs separately procured by the Company to suppliers to meet a portion of the suppliers’ SPAEC requirements. In DSP VII, suppliers will be responsible for meeting all AEPS requirements.

20 **Q. Will default service suppliers be responsible for any changes to the AEPS**
21 **requirements going forward?**

22 A. Yes. If AEPS requirements change due to federal or state law or any other reason, the
23 suppliers will be responsible for any incremental AEPS compliance obligations.

1 **Q. What procedure will the Company use to verify that winning default service suppliers**
2 **have complied with the AEPS Act?**

3 A. The Company will continue to only accept AECs from Tier I and Tier II sources that are
4 approved by the Commission's AEPS Program Administrator and generated through PJM
5 Environmental Information Services Inc.'s Generation Attributes Tracking System
6 ("GATS"), which the Commission has designated under the AEPS Act as the "registry"
7 for tracking and issuing AECs. It will be incumbent on the winning default service supplier
8 to open and maintain, at its own expense, a GATS account in order to satisfy the AEPS Act
9 requirements. This process is currently and successfully being used by the Company to
10 comply with AEPS Act requirements.

11 **Q. What happens if a portion of a default service supplier's sourced AECs are found by**
12 **the Commission to be non-compliant with the AEPS Act requirements, and a penalty**
13 **is levied against the Company?**

14 A. Any default service supplier that fails to acquire the necessary AECs during the compliance
15 periods will be identified by the Company and assessed charges to cover an alternative
16 compliance payment or other penalty imposed upon the Company by the Commission for
17 the AEPS non-compliance.

18 **Q. How is the Company proposing to treat excess AECs?**

19 A. Should any of the Rate Districts have excess AECs, the Rate District in question will first
20 see if the AECs can be used by one of the other Rate Districts. If that Rate District still has
21 excess AECs, the Company proposes to sell the excess AECs to the open market. Proceeds
22 from the sale of excess AECs will be refunded through the Company's DSS Riders.

1 **Q. How would the Company ensure that AEC transfers between Rate Districts would be**
2 **conducted at market prices?**

3 A. On the date of the transaction, bid/offer market quotes will be obtained from three AEC
4 brokers through their published broker sheets. The Company will then calculate the average
5 mid-price of the three broker quotes to establish a sell/buy per REC cost between affiliate
6 companies. The Company then ensures that the vintage is the same for the broker quotes
7 when obtaining the average. If a mid-price isn't available on a broker sheet, it will take the
8 average of the bid and ask prices to establish the mid.

9 **IV. DEFAULT SERVICE SMA**

10 **Q. What is the SMA?**

11 A. The SMA is the agreement executed by the Company and each successful bidder that
12 governs specific duties, rights, and obligations in connection with the sale and purchase of
13 default service supply to serve the Company's retail electric customers receiving default
14 service.

15 **Q. How was the Company's proposed form SMA developed?**

16 A. In its Order entered on February 15, 2013, in its Investigation of Pennsylvania's Retail
17 Electricity Market: End State of Default Service, the Commission directed its Office of
18 Competitive Market Oversight ("OCMO") to create a procurement collaboration working
19 group, which was tasked with formulating, among other things, a uniform SMA.¹ The
20 Company participated actively in the working group's development of a uniform SMA,
21 which was to be used on a statewide basis. The resulting SMA, with minor modifications,

¹ *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Order entered February 15, 2013).

1 was adopted by the Company and is currently in use under the Company's current DSP VI.
2 The Company is proposing a similar form SMA for use under the proposed DSP VII,
3 subject to minor modifications as discussed below. The proposed form SMA is attached
4 hereto as FE PA Exhibit RJR-2.

5 **Q. How are suppliers to be paid under the proposed form SMA?**

6 A. It depends largely upon the class being served. For residential customer products, default
7 service suppliers will be paid a fixed price. This fixed price will be included in Exhibit 1
8 of the SMAs once known. The fixed price will be a supplier's compensation for all cost
9 components associated with meeting the full-requirements default service supply,
10 including capacity, ancillary services, AEPS Act compliance, and all PJM administrative
11 expenses and any other services or fees as required by PJM of an LSE, with some limited
12 exceptions.² The applicable delivery point will be provided to bidders and included in
13 Exhibit 1 of the executed SMAs.

14 For commercial customer products, default service suppliers will be paid a fixed
15 price. The fixed price, in dollars per MWh, will be for 100% of the delivered supply each
16 hour, which will be established through the Company's competitive procurement process
17 and included in Exhibit 1 of the SMA once known. The fixed price will be a supplier's
18 compensation for all cost components associated with meeting the full-requirements
19 default service supply, including capacity, ancillary services, AEPS compliance, and all
20 PJM administrative expenses and any other services or fees as required by PJM of an LSE,

² Specifically, winning bidders will not be responsible for the following charges: RTEP; Expansion Cost Recovery Charges; Reliability Must Run/generation deactivation charges associated with generating plants for which specific RMR charges that began after July 24, 2014; historical out-of-market tie line, generation, and retail customer meter adjustments; unaccounted for energy, any FERC-approved reallocation of PJM RTEP charges related to NMB charges, NITS, and DOE 202(c) charges.

1 but excluding the NMB charges as previously discussed. As with the Company's prior and
2 current DSPs, for industrial customer products, default service suppliers will be paid a
3 variable price for each hour during the applicable period. The price paid is equal to the
4 delivered supply multiplied by the sum of the real-time hourly LMP for the applicable PJM
5 delivery point, plus the winning price for the winning default service suppliers in the
6 hourly-priced auction.

7 **Q. Is there a change in responsibility for PJM charges from DSP VI?**

8 A. Yes, in DSP VI, suppliers were responsible for NITS charges. In DSP VII, NITS will be
9 part of the price-to-compare ("PTC") and will no longer be included in the auction product
10 and is no longer the responsibility of the supplier.

11 **Q. Why is FE PA removing NITS from the auction product?**

12 A. Because of the continued increase in transmission spend, removing NITS from the auction
13 product will reduce the supplier risk premium and therefore reduce the overall cost to
14 customers. In addition, the removal of NITS from the auction product is consistent with
15 other Pennsylvania EDCs' treatment of these charges.

16 **Q. Is anything changing in the hourly-priced product?**

17 A. Yes, there will no longer be a \$4.00 per MWh adder for winning suppliers in the hourly-
18 priced auctions. Suppliers will need to consider all costs of providing full-requirements
19 supply in their bid price.

20 **Q. Are the credit requirements changing from DSP VI?**

21 A. No, the credit requirements are staying the same for DSP VII.

22 **Q. Is the Company proposing any modifications to the SMA?**

23 A. Yes, the Company is proposing to make the following changes to the SMA:

- 1 • **Appendix A:** Add the Independent Credit Requirement per tranche for the 60-month
2 product;
- 3 • **Appendix D:** Update the following PJM Billing line items:
 - 4 • Add items 1935 and 2935, Department of Energy; Billing which are associated
5 with the emergency orders issued by the U.S. Department of Energy (“DOE”)
6 pursuant to section 202c of the Federal Power Act and will be the responsibility
7 of the “Buyer” for recovery from customers. This is consistent with how item
8 1930 (Generation Deactivation Charges) is handled under our current tariff
9 language.
 - 10 • Revise items 1101, 1102, and 1104 regarding the Network Integration Service
11 Charges to reflect that these charges will now be the responsibility of the
12 “Buyer” for recovery from customers for reasons discussed earlier in my
13 testimony; and
 - 14 • Remove items 1930 and 2930 where there are references to “before PaPUC
15 Approval of the Company’s Default Service Program in PAPUC Docket Nos.
16 P-2013-2391368 et al.” Items 1930 and 2930 will be the responsibility of the
17 “Buyer”;
- 18 • **Appendix E:** Update the years on the compliance period section for AEPS
19 obligations;
- 20 • **Exhibit 1:** Remove reference to “of total tranches,” remove “total allocated AECs,”
21 and update the delivery period. Remove reference to a \$4.00 per MWh adder on the
22 industrial example; and

- **Appendix H:** Update language to accurately reflect how the capacity proxy price (“CPP”) will be used. The true-up is to be performed for the delivery year in which the CPP is in effect and will be based on the result of the most recent base residual auction (“BRA”) clearing price.

V. CONTINGENCY PLANS

Q. What default service supply contingencies does the Company propose to address in DSP VII?

A. While not every contingency can be anticipated, the Company has identified the following possible scenarios for which contingency plans have been developed:

(1) The Company’s competitive solicitations for full requirements, load-following tranche products are not fully subscribed due to a lack of bids or the rejection of bids by the Commission;

(2) A default by any of the winning suppliers prior to the start of the delivery period or at any time during the delivery period; or

(3) PJM does not conduct its BRA in time for default service suppliers to incorporate the capacity price into their bids.

Q. What is the contingency plan if the Company’s competitive solicitation for full requirements, load-following products is not fully subscribed due to a lack of bids or rejection of bids by the Commission?

A. In the event that a scheduled solicitation is not fully subscribed following the initial proposed procurement due to a lack of bids or due to rejection of bids by the Commission, the Company will rebid the unfilled tranches from that solicitation in the next scheduled procurement for which there is sufficient calendar time to include the tranches. If the 60-

1 month product is not fully subscribed or is rejected by the Commission, the Company plans
2 to offer those tranches as 12-month products in the remaining auctions. For any unfilled
3 tranches still remaining, the Company, acting as the LSE, will purchase the necessary
4 physical supply through PJM-administered markets. The Company's procurements will be
5 made at real-time zonal variable market prices, plus other supply costs, including capacity,
6 ancillary services, and AEPS Act compliance. The Company will not enter into hedging
7 transactions to attempt to mitigate the associated price or volume risks to serve these
8 tranches. The Company will satisfy AEPS compliance requirements for unfilled tranches
9 by procuring AECs at market prices. At the next semi-annual rate adjustment, the Company
10 will include an estimate of these costs in the weighted cost of the default service supply
11 calculation and utilize the reconciliation process to recover from default service customers
12 the difference between the estimated and actual costs that the Company incurs as a result
13 of purchasing the necessary supply and AEPS requirements.

14 **Q. What is the contingency plan if a winning bidder of a full-service load-following**
15 **tranche product were to default prior to the start of or during the Company's delivery**
16 **periods?**

17 A. If a winning bidder defaults prior to the start of or during the delivery period, the Company
18 will offer the unfilled tranches to the other registered bidders who participated in the most
19 recent solicitation, subject to applicable load caps. The Company may enter into an
20 agreement with the registered bidder or bidders offering the best terms for the unfilled
21 tranches resulting from the default, provided the prices offered by such bidder or bidders
22 are consistent with the original prices under which the unfilled tranches were procured
23 adjusted for changes in market conditions from the time when the original tranches were

1 procured. If the Company is not able to enter into such an agreement and more than thirty
2 calendar days exist prior to the start of the delivery period, the Company will seek to bid
3 the defaulted tranches in the next available or a separate supplemental competitive
4 solicitation. As with other unfilled tranches described above, if insufficient time exists to
5 conduct an additional competitive solicitation, or if the supplemental solicitation is
6 unsuccessful, the Company will supply the tranches using PJM administered markets with
7 recovery and reconciliation of estimated and actual costs as described previously.

8 **Q. What is the contingency plan if PJM does not conduct its BRA in time for default**
9 **service suppliers to incorporate capacity costs into their bids?**

10 A. A CPP will be used for default service auctions to establish a capacity cost when PJM does
11 not conduct its BRA in time for default service suppliers to incorporate the auction results
12 into their bids. Each billing month the Company will prepare a statement of amounts due
13 to the DS Supplier. This statement will show the aggregate amounts due based on the DS
14 fixed price multiplied by the hourly energy requirements of DS supply used to determine
15 the preliminary monthly energy allocation (“PMEA”) multiplied by the DS fixed
16 percentage as shown on the transaction confirmation(s) for each hour of the billing month,
17 plus the aggregate amounts due based on the DS variable price multiplied by the hourly
18 energy requirements of DS supply used to determine the PMEA multiplied by the DS
19 variable percentage, if applicable, as shown on the transaction confirmation(s) for each
20 hour of the billing month. For each billing month where a CPP was used, an additional line
21 item on the supplier invoice will show the true-up amount expressed in dollars which is the
22 difference between the EDC capacity price actually charged for load served on the day for
23 the Company’s PJM zone and the CPP multiplied by the DS supplier responsibility share

of the capacity obligation (“UCAP”) for each day of the billing month in question. True-ups will occur in the delivery year when a proxy price is utilized.

Q. Is the CPP calculation changing from DSP VI?

A. Yes. The CPP will be equal to the most recent PJM BRA clearing price conducted by PJM. In DSP VI, it was the average of the two most recent BRA auctions, including any incremental auctions. The incremental auctions will no longer impact the CPP.

VI. CONCLUSION

Q. Does this conclude your testimony?

A. Yes, it does.

Exhibit RJR-1

Proposed Procurement Schedule

								2026				2027				2028				2029				2030				2031				2032						
Auction Date	FP or HP Auction	Customer Class	# Mos to Delivery	Delivery Duration	Rate District	# Tranches	% of DS Load	J	A	N	J	A	N	J	A	N	J	A	N	J	A	N	J	A	N	J	A	N	J	A	N							
January 2027	FP Auction TT = 45 LC = 22	Residential	4	12 Mos	Met-Ed	6	20.00%	J	A	N	Jun 2027 - May 2028																											
					Penelec	3	15.00%				Jun 2027 - May 2028																											
					Penn Power	1	11.11%				Jun 2027 - May 2028																											
					West Penn Power	6	16.22%				Jun 2027 - May 2028																											
			4	24 Mos	Met-Ed	2	6.67%				Jun 2027 - May 2029																											
					Penelec	1	5.00%				Jun 2027 - May 2029																											
					Penn Power	1	11.11%				Jun 2027 - May 2029																											
					West Penn Power	4	10.81%				Jun 2027 - May 2029																											
			4	60 Mos	Met-Ed	3	10.00%				June 2027 - May 2032																											
					Penelec	2	10.00%				June 2027 - May 2032																											
					Penn Power	1	11.11%				June 2027 - May 2032																											
					West Penn Power	4	10.81%				June 2027 - May 2032																											
		Commercial	4	12 Mos	Met-Ed	2	22.22%	J	A	N	Jun 2027 - May 2028																											
					Penelec	2	22.22%				Jun 2027 - May 2028																											
					Penn Power	1	25.00%				Jun 2027 - May 2028																											
					West Penn Power	2	18.18%				Jun 2027 - May 2028																											
			4	24 Mos	Met-Ed	1	11.11%				Jun 2027 - May 2029																											
					Penelec	1	11.11%				Jun 2027 - May 2029																											
					Penn Power	0	0.00%				Jun 2027 - May 2029																											
					West Penn Power	2	18.18%				Jun 2027 - May 2029																											

[illegible]

Auction Date	FP or HP Auction	Customer Class	# Mos to Delivery	Delivery Duration	Rate District	# Tranches	% of DS Load	2026	2027	2028	2029	2030	2031	2032
								1 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5
November 2027	FP Auction TT = 41 LC = 20	Residential	6	12 Mos	Met-Ed	7	23.33%			NOV	Jun 2028 - May 2029			
					Penelec	5	25.00%				Jun 2028 - May 2029			
					Penn Power	1	11.11%				Jun 2028 - May 2029			
					West Penn Power	5	13.51%				Jun 2028 - May 2029			
		Commercial	6	24 Mos	Met-Ed	3	10.00%				Jun 2028 - May 2030			
					Penelec	4	20.00%				Jun 2028 - May 2030			
					Penn Power	1	11.11%				Jun 2028 - May 2030			
					West Penn Power	5	13.51%				Jun 2028 - May 2030			
	FP Auction TT = 41 LC = 20	Residential	6	12 Mos	Met-Ed	2	22.22%			NOV	Jun 2028 - May 2029			
					Penelec	2	22.22%				Jun 2028 - May 2029			
					Penn Power	1	25.00%				Jun 2028 - May 2029			
					West Penn Power	2	18.18%				Jun 2028 - May 2029			
		Commercial	6	24 Mos	Met-Ed	1	11.11%				Jun 2028 - May 2030			
					Penelec	1	11.11%				Jun 2028 - May 2030			
					Penn Power	0	0.00%				Jun 2028 - May 2030			
					West Penn Power	1	9.09%				Jun 2028 - May 2030			

Auction Date	FP or HP Auction	Customer Class	# Mos to Delivery	Delivery Duration	Rate District	# Tranches	% of DS Load	2026	2027	2028	2029	2030	2031	2032
								1 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5
January 2028	FP Auction TT = 44 LC = 22	Residential	4	12 Mos	Met-Ed	8	26.67%			JAN	Jun 2028 - May 2029			
					Penelec	4	20.00%				Jun 2028 - May 2029			
					Penn Power	2	22.22%				Jun 2028 - May 2029			
					West Penn Power	6	16.22%				Jun 2028 - May 2029			
		Commercial	4	24 Mos	Met-Ed	3	10.00%				Jun 2028 - May 2030			
					Penelec	2	10.00%				Jun 2028 - May 2030			
					Penn Power	1	11.11%				Jun 2028 - May 2030			
					West Penn Power	6	16.22%				Jun 2028 - May 2030			
	HP Auction TT = 32 LC = 24	Commercial	4	12 Mos	Met-Ed	2	22.22%			JAN	Jun 2028 - May 2029			
					Penelec	2	22.22%				Jun 2028 - May 2029			
					Penn Power	1	25.00%				Jun 2028 - May 2029			
					West Penn Power	2	18.18%				Jun 2028 - May 2029			
		Industrial	4	12 Mos	Met-Ed	1	11.11%				Jun 2028 - May 2030			
					Penelec	1	11.11%				Jun 2028 - May 2030			
					Penn Power	1	25.00%				Jun 2028 - May 2030			
					West Penn Power	2	18.18%				Jun 2028 - May 2030			
	HP Auction TT = 32 LC = 24	Industrial	4	12 Mos	Met-Ed	9	100.00%			JAN	Jun 2024 - May 2025			
					Penelec	9	100.00%				Jun 2024 - May 2025			
					Penn Power	2	100.00%				Jun 2024 - May 2025			
					West Penn Power	12	100.00%				Jun 2024 - May 2025			

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								2026				2027				2028				2029				2030				2031				2032															
Auction Date	FP or HP Auction	Customer Class	# Mos to Delivery	Delivery Duration	Rate District	# Tranches	% of DS Load	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
January 2029	FP Auction	Residential	4	12 Mos	Met-Ed	8	26.67%													JAN	Jun 2029 - May 2030																										
					Penelec	4	20.00%														Jun 2029 - May 2030																										
					Penn Power	2	22.22%														Jun 2029 - May 2030																										
					West Penn Power	7	18.92%														Jun 2029 - May 2030																										
			4	24 Mos	Met-Ed	4	13.33%														Jun 2029 - May 2031																										
					Penelec	4	20.00%														Jun 2029 - May 2031																										
					Penn Power	1	11.11%														Jun 2029 - May 2031																										
					West Penn Power	6	16.22%														Jun 2029 - May 2031																										
		Commercial	4	12 Mos	Met-Ed	2	22.22%													JAN	Jun 2029 - May 2030																										
					Penelec	2	22.22%														Jun 2029 - May 2030																										
					Penn Power	1	25.00%														Jun 2029 - May 2030																										
					West Penn Power	2	18.18%														Jun 2029 - May 2030																										
			4	24 Mos	Met-Ed	1	11.11%														Jun 2029 - May 2031																										
					Penelec	1	11.11%														Jun 2029 - May 2031																										
					Penn Power	1	25.00%														Jun 2029 - May 2031																										
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	HP Auction TT = 32 LC = 24	Industrial	4	12 Mos	Met-Ed	9	100.00%													JAN	Jun 2029 - May 2030																										
					Penelec	9	100.00%														Jun 2029 - May 2030																										
					Penn Power	2	100.00%														Jun 2029 - May 2030																										
					West Penn Power	12	100.00%														Jun 2029 - May 2030																										

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Exhibit RJR-2

Default Service Supplier Master Agreement

FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DEFAULT SERVICE
SUPPLIER MASTER AGREEMENT

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PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this ____ day of _____ (“Effective Date”), by and between **FirstEnergy Pennsylvania Electric Company** (the “Company” and “Buyer”), a corporation and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania **INSERT NAME OF SUPPLIER** (“DS Supplier”), the Company and the DS Supplier hereinafter sometimes referred to collectively as the “Parties”, or individually as a “Party”,

WITNESSETH:

WHEREAS, the Company is an electric public utility engaged, inter alia, in providing retail electric service within its service territory located in the Commonwealth of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer’s Pennsylvania franchise service territory; and

WHEREAS, the PaPUC has found that, for periods further identified in Appendix C it would serve the public interest for the Company to secure Default Service Supply (“DS Supply”) through a competitive procurement process (“DS Solicitation”) and the PaPUC has approved such a process; and

WHEREAS, the Company has conducted and completed a successful DS Solicitation for the provision of DS Supply, and the DS Supplier was one of the winning bidders in the DS Solicitation; and

WHEREAS, pursuant to the competitive bidding procedures of the DS Solicitation, the Company and the DS Supplier desire to enter into this Agreement setting forth their respective rights and obligations concerning the provision of DS Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1: DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article.

AEPS Act – The Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

Affiliate - means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Allocated AECs – Shall mean the types and amounts of AECs specified on Appendix E, if any.

Alternative Energy Credit or “AEC” – Shall have the meaning ascribed thereto in the AEPS Act.

Alternative Energy Portfolio Standards or “AEPS” – Standards requiring that a certain amount of electric energy sold to retail electric customers in the Commonwealth of Pennsylvania

be comprised of electricity generated from alternative energy sources, as measured by AECs, in accordance with the requirements of the AEPS Act and provisions of the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 281214, in effect on the Effective Date including, without limitation, any subsequent increases in Tier I requirements under 66 Pa.C.S. § 2814.

Ancillary Services – Shall have the meaning ascribed thereto in the PJM Agreements.

Applicable Legal Authorities – Those Federal and Pennsylvania statutes and administrative rules and regulations that govern the electric utility industry in Pennsylvania, as they may be amended from time to time.

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

Bankruptcy Code – Those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled “Bankruptcy” and found at 11 U.S.C. § 101 et seq., as such laws may be amended, modified, replaced or superseded from time to time.

Billing Line Item Transfers - “Billing Line Item Transfers” shall have the meaning ascribed to it in Section 2.4 (PJM Services).

Billing Month – Each calendar month during the term of this Agreement.

Business Day – Any day on which the Company’s and PJM’s corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

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

Capacity Market Auction – The auctions conducted by PJM in the accordance with PJM’s Reliability Pricing Model (“RPM”).

Capacity Proxy Price or “CPP” - The capacity price DS Suppliers account for in their bid if the PJM capacity price is not known for a given year.

Charge – Any fee, charge or other amount that is billable by the Company to the DS Supplier under this Agreement.

Commercial Class – Group of Rate Schedules that comprise the Commercial Class for DS Supply and itemized in Appendix C.

Costs – With respect to the Non-Defaulting Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

Customer – Any person or entity who enters a contractual agreement with the Company to receive retail electric service including, without limitation, all persons or entities taking service under a retail tariff, eligible to receive competitive electricity supply from an EGS or DS, respectively, in accordance with the Applicable Legal Authorities.

Damages – Financial compensation from the Defaulting Party to the Non-Defaulting Party associated with the occurrence of an Event of Default or an Early Termination of this Agreement.

This compensation shall be assessed pursuant to Article 5 of this Agreement.

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

Defaulting Party – A Party to this Agreement that has caused or precipitated an Event of Default or an Early Termination of this Agreement.

Default Service or “DS” – Electric generation service that is provided at retail pursuant to the Applicable Legal Authorities under the Company’s retail electric tariffs and under any other agreements or arrangements between the Company and Customers, to any Customer that is not being served by an EGS.

Default Service Supply or “DS Supply” – All necessary Energy, Capacity, AECs for AEPS Act compliance, Ancillary Services, and transmission services, all transmission and distribution losses and congestion and imbalance costs associated with the provision of such services, and such other services or products that the DS Supplier may be required, by PJM or any governmental body having jurisdiction, to provide in order to meet the DS Supplier Responsibility Share for serving DS Load under this Agreement and as detailed in Appendix C. For the avoidance of doubt, any reference in this Agreement to any other agreement for DS Supply shall include any agreement between the Parties for the provision of Energy to serve DS Load, even if such other agreement does not require delivery of additional products (e.g., Capacity).

Delivery Period – The delivery period specified in Appendix C.

Delivery Point – Means the applicable zone of the Company as designated by PJM.

DS Customer(s) – Retail customers who are provided Default Service pursuant to the terms of this Agreement, the Applicable Legal Authorities and the Company’s retail tariffs.

DS Fixed Percentage – The percentage of DS Supply provided at a fixed price, as set forth in Exhibit 1.

DS Fixed Price – The price in dollars per MWh, as set forth in Exhibit 1 hereto, as determined pursuant to the DS Solicitation.

DS Load – The aggregate load of DS Customers being provided DS Supply.

DS Solicitation – The competitive bidding processes, procedures and rules employed by the Company to competitively procure DS Supply for purposes of this Agreement.

DS Supplier – An entity that (i) has been selected through the DS Solicitation and has accepted the obligations and associated rights to provide DS Supply to the Company for retail customers in accordance with the Applicable Legal Authorities, (ii) has entered into this Agreement with the Company as a Party, and (iii) is a PJM Member and registered with PJM as a LSE.

DS Supplier Representative – Any officer, director, employee, consultant, contractor, or other agent or representative of the DS Supplier in connection with the DS Supplier’s activity under this Agreement. To the extent the DS Supplier is a division or group of a company, the term DS Supplier Representative does not include any person in that company who is not part of the DS Supplier division or group.

DS Supplier Responsibility Share – The fixed percentage share of the Company’s DS Load for which the DS Supplier is responsible as set forth in Appendix C.

DS Tariff – The Company’s existing schedules of rates and services provided to retail customers as currently on file with the Commission and on the Company’s website at

https://www.firstenergycorp.com/content/customer/customer_choice/pennsylvania/pennsylvania_tariffs.html, as they may be amended from time to time.

DS Variable Percentage – The percentage of DS Supply provided at a variable price, as set forth in Exhibit 1 hereto.

DS Variable Price – The price in dollars per MWh, as set forth in Exhibit 1 hereto.

Early Termination – Termination of this Agreement prior to the end of the term due to the occurrence of an Event of Default as specified in Article 5.2 of this Agreement and the declaration of Early Termination.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Article 5.2 of this Agreement.

Electric Distribution Company or “EDC” – A public utility providing facilities for the transmission and distribution of electricity to retail customers in Pennsylvania.

Electric Generation Supplier or “EGS” – A person or entity that is duly certified by the Commission to offer and provide competitive electric supply to retail customers located in the Commonwealth of Pennsylvania.

Emergency – (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of Emergency Operations Procedures as defined in the PJM Agreements or PJM manuals; or (iv) any other condition or situation that the Company or PJM deems imminently likely to endanger life or property or to affect or impair the Company’s electrical system or the electrical system(s) of other(s) to which the Company’s electrical system is directly or indirectly connected (a “Connected Entity”). Such a

condition or situation may include, but shall not be limited to, potential overloading of the Company's transmission and/or distribution circuits, PJM minimum generation ("light load") conditions, or unusual operating conditions on either the Company's or a Connected Entity's electrical system, or conditions such that the Company is unable to accept Energy from the DS Supplier without jeopardizing the Company's electrical system or a Connected Entity's electrical system. Other additional emergencies can only be declared by PJM, FERC, or the PaPUC.

Energy – Three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Event of Default – A Party's breach of obligations under this Agreement as set forth in Article 5 of this Agreement.

FERC – The Federal Energy Regulatory Commission.

Final Monthly Energy Allocation or "FMEA" – A quantity of Energy which, for any Billing Month, is the PMEA adjusted for any billing or metering data received subsequent to the calculation of PMEA of which PJM is notified within 60 days.

Force Majeure - Means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, such as riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, acts of God which are not within the reasonable control of, or the results of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of DS Supplier's supply; (ii) DS Supplier's ability to sell the DS Supply at a price greater than that received under any Transaction; (iii) curtailment by a utility transmitting DS Supply; (iv) the Company's ability to purchase the DS Supply at a price lower

than paid under any Transaction; (v) any change in requirements of any governmental authority; or (vi) labor stoppage or lockout.

Forward Market Price – The price for On-peak Energy Forward Price and Off-peak Energy Forward Price as determined by averaging concurrent broker quotes obtained by the Company for the Market Price Hub as available.

Gains – With respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Generator Attribute Tracking System or “GATS” - the system owned and operated by PJM Environmental Services, Inc. to provide reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PaPUC. (As specified in Appendix E)

Guarantor – Any party having the authority and agreeing to guarantee the DS Supplier’s financial obligations under this Agreement, recognizing that such party shall be obligated to meet the Company’s creditworthiness requirements specified in this Agreement for such DS Supplier.

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached to this DS Supplier Master Agreement or other form approved by the Company.

Independent Credit Requirement per Tranche or ICRT - Amount per Tranche required as security under Section 6.3, to mitigate the risk to the Company of Energy price movements between the date of an Early Termination caused by an Event of Default by a DS Supplier and the date the final calculation of Default Damages owing to the Company under Section 5.3 is made.

Independent Credit Threshold or ICT- Amount of credit, based on the creditworthiness of a DS Supplier or its Guarantor, if applicable, determined pursuant to Section 6.4, granted by the Company to such DS Supplier to be applied towards the satisfaction of such DS Supplier's Independent Credit Requirement.

Industrial Class - Group of Rate Schedules that comprise the Industrial Class for the DS Supply and itemized in Appendix C.

Interest Index – The average Federal Funds Effective Rate for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website (<http://www.federalreserve.gov/releases/h15/update/>).

Kilowatt or “kW” – Unit of measurement of useful power equivalent to 1000 watts.

Kilowatt-hour or “kWh” – One kilowatt of electric power used over a period of one hour.

Load Serving Entity or “LSE” – An entity that has been granted the authority or has an obligation pursuant to state or local law, regulation or franchise to sell electricity to retail customers located within the PJM Control Area as that term is defined in the PJM Agreements or in successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement.

Losses – With respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin – The amount by which the Total Exposure Amount exceeds the DS Supplier's, or Guarantor's, credit limit as defined in Section 6.6.

Mark-to-Market (“MtM”) Exposure Amount – An amount calculated daily for each DS Supplier reflecting the total MtM credit exposure to the Company due to fluctuations in market

prices for Energy minus amounts due pursuant to this Agreement to such DS Supplier for the delivery of DS Supply. The methodology for calculation of the MtM credit exposure is illustrated in Appendix B.

Market Price Hub - A liquid pricing point located within PJM's geographic footprint, as specified in Appendix B.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable credit limit cap as specified in Section 6.6 of this Agreement.

Megawatt or MW – One thousand kilowatts.

Megawatt-hour or MWh – One megawatt of electric power used over a period of one hour.

Merger Event – When a DS Supplier consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such DS Supplier hereunder in the sole discretion of the Company or (ii) the benefits of any credit support provided pursuant to Article 6 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the DS Supplier's obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement in the sole discretion of the Company.

Minimum Rating – A minimum senior unsecured debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - \$100,000.

NERC – The North American Electric Reliability Council or its successor.

Network Integration Transmission Service or "NITS" – "Network Integration Transmission Service" under the PJM Agreements in effect as of the date of this Agreement, or its

successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. In the event the PJM Agreements are modified such that “Network Integration Transmission Service” is no longer offered, Network Integration Transmission Service shall mean the type of transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

Non-Defaulting Party - A Party to this Agreement who, at the time an Event of Default occurs, is not itself in default of this Agreement and has not otherwise caused or precipitated an Event of Default or Early Termination of this Agreement.

Off-Peak Energy Forward Price - Means the price for Off-Peak Hours for each billing month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from reference market makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer available or no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

On-Peak Energy Forward Price – Means the price for On-Peak Hours for each billing month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from reference market makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

PaPUC or Commission – The Pennsylvania Public Utility Commission or its successor.

PJM – PJM Interconnection, L.L.C. or its successor.

PJM Agreements – The PJM OATT, PJM RAA, PJM OA and all other PJM agreements, procedures, manuals and documents applicable to the Transactions covered by or relating to this Agreement.

PJM Control Area – That certain Control Area encompassing electric systems in parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Member – A member in good standing of PJM that satisfies the requirements to conduct business with PJM.

PJM OA – The PJM Operating Agreement or the successor, superseding or amended version of the PJM Operating Agreement that may take effect from time to time.

PJM OATT – The PJM Open Access Transmission Tariff or the successor, superseding or amended version of the PJM Open Access Transmission Tariff that may take effect from time to time.

PJM OI – The PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM RAA – The PJM Reliability Assurance Agreement or the successor, superseding or amended version of the PJM Reliability Assurance Agreement that may take effect from time to time.

PMEA/FMEA Adjustment Amount – For any Billing Month, the monetary amount due to the DS Supplier or the Company, as the case may be, in order to reconcile any difference between the PMEA used for the purpose of calculating estimated payments made to DS Supplier for a given

month and the FMEA used for calculating the final payments due to the DS Supplier for such month as more fully described in Article 9 hereof.

Preliminary Monthly Energy Allocation or “PMEA” – A quantity of Energy which, for any Billing Month, is the preliminary calculation of the DS Supplier’s DS Supplier Responsibility Share.

Rate Schedule(s) – Shall mean the specified existing, and modified or successor customer rate schedule(s) in the electric service tariff of the Company filed with the Commission.

Reliability First Corporation or “RFC” – The approved regional NERC entity with responsibility for the Commonwealth of Pennsylvania.

Residential Class – Group of Rate Schedules that comprise the Residential Class for the DS Supply and itemized in Appendix C

Rounding Amount - \$100,000

Settlement Amount – With respect to a Non-Defaulting Party, the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the NonDefaulting Party under this Agreement if the total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement if the Gains exceed the total of the Losses and Costs.

Statement – A monthly report prepared by the Company for the DS Supplier indicating the amount due to the DS Supplier by the Company as compensation for DS Supply supplied to DS Customers by the DS Supplier during the current Billing Month, in accordance with DS Supplier’s obligations under this Agreement.

Supply Day – Any calendar day during the term of this Agreement on which the DS Supplier is providing, or is obligated by this Agreement to provide, DS Supply to the Company’s DS Customers.

Tangible Net Worth or “TNW” – Total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment – An amount paid by the Defaulting Party due to Early Termination.

Tier I AEC – Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar Tier I requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier I (Solar) AEC – Shall mean an AEC generated by a solar photovoltaic energy source that will satisfy the Tier I solar photovoltaic requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Tier II AEC - Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar Tier II requirements of the AEPS Act applicable to the Company. (As specified in Appendix E)

Total Exposure Amount – An amount calculated daily for the DS Supplier reflecting the total credit exposure to the Company and consisting of the sum of (i) the Mark-to-Market Exposure Amount arising under this Agreement; (ii) any amount(s) designated as the “Mark-to-Market Exposure Amount” arising under any other DS Supply agreements providing for “DS Supply” or similar default service; and (iii) the amount designated as the “credit exposure” under any other

DS Supply agreements providing for DS Supply or similar default service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche – A fixed percentage share of the Company’s DS Load, as specified in Appendix C.

Transaction – Means a particulate agreement by which the Company purchases and the DS Supplier sells DS Supply pursuant to this Agreement, the details of which are more fully set forth in Exhibit 1 – Transaction Confirmation.

Transaction Confirmation – Shall have the meaning ascribed to it in Appendix C and Exhibit 1 of this Agreement.

ARTICLE 2: GENERAL TERMS AND CONDITIONS

2.1 Capacity In Which Company Is Entering Into This Agreement

The DS Supplier agrees and acknowledges that the Company is contracting for the provision of DS Supply from such DS Supplier for Customers receiving Default Service on the Company’s electric system pursuant to the authorizations provided to the Company. The DS Supplier further agrees and acknowledges that the Company will administer and monitor the DS Supplier’s performance in providing DS Supply under this Agreement and that the Company shall be entitled to enforce the DS Supplier’s obligations related to the provision of DS Supply. The DS Supplier hereby permanently, expressly and irrevocably waives any claim that Company is not entitled to seek enforcement of this Agreement on behalf of Customers. It is the specific intention of the Parties hereto that Customers and Customer groups are not third party beneficiaries of this Agreement and that no Customer or Customer group shall seek enforcement of this Agreement

against the DS Supplier on their own behalf, either independently or by joining in any legal proceeding brought by the Company.

The Parties acknowledge that the Agreement is a forward contract and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that the Agreement may be terminated by either Party upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code in accordance with Article 5.2 of this Agreement.

2.2 Parties' Obligations

(a) Obligations of DS Supplier

The DS Supplier hereby agrees as follows:

- (i) DS Supplier shall provide service on a firm and continuous basis such that the supply delivered for the term of the Agreement meets the terms and conditions set forth in Appendix C;
- (ii) To provide sufficient quantities of DS Supply on an instantaneous basis at all times and supplied to the Delivery Point to meet the DS Supplier Responsibility Share;
- (iii) To procure those services provided by the PJM OI and to perform such functions as may be required by the PJM OI that are necessary for the delivery of DS Supply required hereunder;
- (iv) To cooperate with the Company in any regulatory compliance efforts that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of DS Supply, before the PaPUC, FERC or any other regulatory body

- asserting jurisdiction;
- (v) To become the Load Serving Entity (“LSE”) with respect to the provision of DS Supply for the DS Supplier Responsibility Share and to comply with all requirements of a LSE with respect to such DS Supplier Responsibility Share;
- (vi) To pay to the Company the PMEA/FMEA Adjustment Amount for any Billing Month in which the PMEA exceeds the FMEA, as more fully described in Article 9 of this Agreement;
- (vii) To accept assignment of and to fulfill all obligations of a LSE that are assigned to it by this Agreement;
- (viii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and
- (ix) To comply with the AEPS requirements of the Company’s Default Service Plan, as detailed in Appendix E.

(b) Obligations of the Company

The Company hereby agrees as follows:

- (i) To pay to each DS Supplier every month an amount due, resulting from the calculations, as detailed in Article 9 of this Agreement, subject to the adjustments as expressed therein;
- (ii) Pay to the DS Supplier the PMEA/FMEA Adjustment Amount for any Billing Month in which the FMEA exceeds the PMEA, as more fully described in Article 9 of this Agreement;
- (iii) To provide to the DS Supplier its estimated aggregate load obligation (capacity MW value) for each Supply Day no less than five (5) calendar days prior to

the day of delivery. Further, this information will be posted in the DS Supplier's specific PJM eMTR account, or successor system or process;

- (iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company;
- (v) Accept the delivery of DS Supply necessary to meet the DS Load; and
- (vi) Be responsible (as between the Company and the DS Supplier) for the provision of the Allocated AECs, if any, to satisfy a portion of AEPS requirements.

2.3 Congestion and Congestion Management

The DS Supplier is responsible for any congestion costs incurred to meet the DS Supplier Responsibility Share. The Company shall transfer or assign to the DS Supplier the Company's rights to Auction Revenue Rights ("ARRs") to which the Company is entitled as an LSE pursuant to the PJM Agreements, including the rights to ARRs, provided that such rights are related to the service being provided to meet the DS Supplier Responsibility Share and such rights are for the Delivery Period. All rights, liabilities and obligations associated with such ARRs will accrue and be assumed by the DS Supplier through the transfer or assignment from the Company to the DS Supplier including the responsibility and ability of the DS Supplier to request or nominate such ARRs when applicable and feasible. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM planning period and such ARRs will be allocated to the DS Supplier in accordance with the PJM Agreements based upon its DS Supplier Responsibility Share.

2.4 PJM Services

The DS Supplier shall make all necessary arrangements for the delivery of DS Supply through the PJM OI. The Company will advise the PJM OI of the magnitude and location of each

DS Supplier's actual DS Supplier Responsibility Share, as required by the PJM OI, for the purpose of calculating such DS Supplier's appropriate DS Supply requirements related to the provision of service under this Agreement by DS Supplier arising under the PJM Agreements. The DS Supplier shall remain responsible to PJM for the performance of its LSE obligations associated with the provision of DS Supply under this Agreement until the effective date of the transfer of such LSE obligations.

The Company shall generate and provide to DS Supplier PJM shortname(s) associated with supplier's unique contract type(s), as necessary. Unique shortname(s) may be generated for each differing contract type. DS Supplier shall complete all required forms and processing to PJM to create shortname(s) within the PJM system.

For the period of time that this Agreement is in effect, both Buyer and DS Supplier agree that PJM Settlement, Inc. shall transfer the applicable billing line item charges and/or credits as designated between the Buyer and DS Supplier in EXHIBIT D. Buyer will be responsible for initiating and/or maintaining Billing Line Item Transfers utilizing the PJM Billing Line Item Tool. DS Supplier agrees to confirm/approve Billing Line Item Transfers by the last business day of the month prior to the Delivery Period of the first Transaction under the Agreement.

2.5 PJM Agreement Modifications

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

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

2.6 PJM Member Default Cost Allocation

In the event PJM imposes a Default Allocation Assessment upon the Company relating to a default during the Term, the Company shall invoice DS Supplier and DS Supplier shall pay an amount equal to the product of (i) DS Supplier Responsibility Share, and (ii) the Default Allocation Assessment, less the amounts of any types of charges allocated to the Company under this Agreement that are used by PJM in calculating such Default Allocation Assessment.

2.7 Other Fines and Penalties

If fees, fines, penalties, or costs are claimed or assessed against the Company by any Applicable Legal Authority or PJM due to noncompliance by the DS Supplier with this Agreement, any other requirements of law, or the PJM Agreements, the DS Supplier shall indemnify and hold the Company harmless against any and all losses, liabilities, damages, and claims suffered or incurred by the Company, including claims for indemnity or contribution made by third parties against the Company, except to the extent the Company recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.8 Communications and Data Exchange

The DS Supplier and the Company shall supply to each other in a thorough and timely manner all data, materials or other information that is specified in this Agreement, or that may

otherwise reasonably be required by DS Supplier or by the Company in connection with the provision of DS Supply by the DS Supplier to DS Customers, if required.

The DS Supplier shall be equipped with the communications capabilities necessary to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by PJM, and shall exclusively bear the costs of installing, maintaining, testing, and operating all required information technology systems that will enable it to send to and receive data from the Company and PJM and to satisfy its obligations under this Agreement, the PJM Agreements and all other relevant agreements.

2.9 Record Retention

The Company shall retain necessary records for the longer of two years or as required under applicable PaPUC requirements so as to permit DS Supplier to confirm the validity of payments due to DS Supplier hereunder; provided that if a DS Supplier has provided notice pursuant to this Agreement that it disputes the validity of any payments, the Company agrees that it shall retain all records related to such dispute until the dispute is finally resolved.

2.10 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, and provided that a mutually acceptable confidentiality agreement is executed by the Parties, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of relevant portions of the books and records of the other Party.

2.11 Forward Contract Merchant

The Parties agree that the Agreement is a “forward contract merchant” within the meaning of the United States Bankruptcy Code, all setoffs, netting and liquidations contemplated hereunder constitute “settlement payments” as set forth in Sections 101 and 741 of the United States

Bankruptcy Code and each payment or transfer of Performance Assurance is a “margin payment”, “settlement payment” or transfer within the meaning of Section 101 of the United States Bankruptcy Code for the purposes of and as used in such Code.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES

3.1 DS Supplier’s Representations and Warranties

The DS Supplier hereby represents, warrants and covenants to the Company on the Effective Date and throughout the term of this Agreement as follows:

a) It is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, under the laws of such jurisdiction and, in such case, is duly registered and authorized to do business in such other jurisdiction;

b) It has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC requirements;

c) The execution and delivery of this Agreement and the performance of such DS Supplier’s obligations hereunder have been duly authorized by all necessary action on the part of the DS Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the DS Supplier’s certificate of incorporation or

bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the DS Supplier is a party or by which the DS Supplier or any of its properties is bound or subject;

d) All necessary and appropriate action that is required on the DS Supplier's part to execute this Agreement has been completed;

e) This Agreement is the legal, valid and binding obligation of the DS Supplier, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity;

f) There are no actions at law, suits in equity, proceedings or claims pending or, to the DS Supplier's knowledge, threatened against the DS Supplier before any Federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the DS Supplier's performance of its obligations hereunder;

g) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

h) It is in good standing as an LSE in PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations, as established and interpreted by the PJM OI, that are applicable to LSEs as defined by the PJM Agreements; provided that the DS Supplier shall not be obligated to become an LSE in PJM until the date it begins providing DS Supply;

i) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;

j) It will comply with any and all information and data transfer protocols that may be adopted by the Company or that are set by, and from time to time modified by, the PaPUC; provided that DS Supplier shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum.

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

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

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

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

o) It has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DS Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(12) of the

Commodity Exchange Act.

3.2 Company's Representations and Warranties

The Company hereby represents, warrants and covenants to the DS Supplier as follows:

- a) The Company is an electric utility corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;
- b) The Company has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;
- c) The execution and delivery of this Agreement and the performance of the Company's obligations hereunder have been duly authorized by all necessary action on the part of the Company and do not and will not conflict with, constitute a breach of or default under, any of the terms, conditions, or provisions of the Company's certificate of incorporation or bylaws or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Company is a party or by which the Company or any of its properties is bound or subject;
- d) All necessary and appropriate action that is required on the Company's part to execute this Agreement has been completed;
- e) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity and the Commission's power under section 508 of the Public Utility Code, 66 Pa.C.S. § 508, to amend or modify the contracts of public utilities;

f) The ability of the Company to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not conditioned upon any governmental or administrative appropriation by the Commission, the Commonwealth of Pennsylvania or any other governmental authority;

g) There are no actions at law, suits in equity, proceedings or claims pending or, to the Company's knowledge, threatened against the Company before any Federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the Company's performance of its obligations under this Agreement;

h) It has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;

i) The Company's performance under this Agreement is not contingent upon the performance of Customers or the ability of Customers to pay rates;

j) The Company shall have sole responsibility for metering and billing with respect to Customers; and

k) The Company shall be responsible for electric distribution services and the DS Supplier shall not be responsible for distribution charges.

3.3 Survival of Obligations

All representations and warranties contained in this Article are of a continuing nature and shall be maintained during the term of this Agreement or until all amounts due hereunder, including all obligations, have been paid or performed in full. If a Party learns that any of the representations, warranties or covenants in this Agreement are no longer true during the term of this Agreement,

the Party shall immediately notify the other Party via facsimile, with a hard copy of the notice delivered by overnight mail.

ARTICLE 4: COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement shall commence upon the Effective Date. Unless otherwise agreed upon by the Company and the DS Supplier, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement, unless the Agreement is terminated prematurely pursuant to the provisions of this Agreement.

4.2 Termination of Right to Supply

The DS Supplier agrees that termination of this Agreement for reason of an Event of Default shall terminate any right of the DS Supplier to provide DS Supply to the DS Customers and nullify any of the entitlements to which the DS Supplier became entitled as a result of being selected as a winning bidder in the DS Solicitation.

4.3 Survival of Obligations

Termination of this Agreement for any reason shall not relieve the Company or the DS Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for final billings.

4.4 Mutual Termination

The Company and the DS Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement

acceptable in form and substance to the Company and the DS Supplier (“Mutual Termination Agreement”); provided that Company agrees that it shall enter into such a Mutual Termination Agreement, which will discharge the terminating DS Supplier (the “Terminating DS Supplier”) with respect to liabilities arising after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating DS Supplier identifies a replacement DS Supplier willing to assume all obligations of the Terminating DS Supplier hereunder for the remaining term of this Agreement (the “Replacement DS Supplier”); (ii) the Replacement DS Supplier demonstrates its compliance with Article 6 of this Agreement, “Creditworthiness”, as of the effective date of the Mutual Termination Agreement, that determination to be made in the sole discretion of Company; (iii) the Replacement DS Supplier executes a counterpart signature page to this Agreement and thereby becomes a Party under this Agreement, effective immediately following the effective date of the Mutual Termination Agreement; and (iv) the Terminating DS Supplier is not, to the belief or knowledge of the Company, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Company believes that the Terminating DS Supplier may be subject to an Event of Default, either (a) the Company has determined that, as of the effective date of the Mutual Termination Agreement, it has not incurred any Damages as a result of the Event of Default or (b) if the Company has determined, as of the effective date of the Mutual Termination Agreement, that it may have incurred Damages as a result of the Event of Default, that the Replacement DS Supplier has agreed in writing to be responsible for the payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Company in its sole discretion.

ARTICLE 5: BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement shall occur if a Party (the “Defaulting Party”):

- (i) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (ii) Makes an assignment for the benefit of its creditors;
- (iii) Applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (iv) Is dissolved (other than pursuant to a consolidation, amalgamation or merger) or is the subject of a Merger Event;
- (v) Has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;
- (vi) Has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vii) In the case of a DS Supplier, PJM terminates the DS Supplier’s ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of DS Supply under this Agreement and PJM does not rescind such termination or assignment of responsibility within seven (7) Business Days;
- (viii) Fails to comply with the creditworthiness requirements as set forth in Article 6 of this Agreement, including, without limitation, compliance with the

creditworthiness requirements to cover the Margin calculated under Section 6.7 or post any Margin due under Section 6.7 of this Agreement, within the time frames set forth in this Agreement;

- (ix) Is declared by PJM to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;
- (x) Failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;
- (xi) Violates any Federal, state or local code, regulation or statute applicable to the supply of Energy and/or AECs in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the DS Supplier, by way of failure to maintain any other governmental approvals required for participation in the Pennsylvania retail Energy market, or defaults on any obligation or other failure to comply with PJM requirements under the PJM Agreements;
- (xii) Is the subject of an involuntary bankruptcy or similar proceeding;
- (xiii) Subject to Section 5.3(b) of this Agreement, in the case of the Company, fails to accept DS Supply properly tendered by the DS Supplier under this Agreement;
- (xiv) Failure to perform any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;

- (xv) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DS Solicitation; or
 - (xvi) Commits an act or makes an omission that constitutes an “Event of Default” under any other agreement(s) for the provision of DS Supply between the Company and the DS Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the “Non-Defaulting Party”) is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such NonDefaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections “i”, “ii”, “iii”, “iv”, “v”, “vi”, “vii” or “viii” above.
- Termination of
- this Agreement by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement.

With respect to the DS Supplier’s Guarantor, if any:

1. any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
2. Guarantor fails to make, when due, any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this

Agreement and such failure shall not be remedied within two (2) Business Days after written notice;

3. Guarantor's guaranty fails to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; or
4. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty.

5.2 Rights upon Default

Upon and during the continuation of an Event of Default, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Article 5.7. In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to implement all of the following remedies:

- (i) Declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement shall immediately terminate automatically and without notice in the case of any Event of Default in which a DS Supplier is the Defaulting Party occurring under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii) of Article 5.1 of this Agreement and

such date of automatic termination shall be deemed the Early Termination Date of this Agreement with respect to such DS Supplier; and

(ii) Receive Damages in accordance with Section 5.3 of this Agreement. The Non-Defaulting Party shall be entitled to elect or pursue one or more of the above remedies.

5.3 Damages Resulting From an Event of Default

(a) **DS Supplier's Failure to Supply DS Supply or Declaration of Early Termination By Company:** Damages resulting from (i) the DS Supplier's failure to (A) provide DS Supply in conformance with Article 2.2 hereof or (B) pay PJM for purchases of any products or services from PJM, or other failure to comply with PJM requirements, such that PJM holds the Company responsible for the provision of DS Supply to meet the DS Supplier's DS Supplier Responsibility Share under this Agreement or (ii) the occurrence of any Event of Default attributable to the DS Supplier resulting in Early Termination, shall include all Costs incurred by the Company, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services or in obtaining a replacement supplier, which Costs exceed the amounts that would have been payable to the defaulting DS Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

(i) The cost of DS Supply allocated to the Company by the PJM OI due to the failure of the DS Supplier to meet obligations owing to the PJM OI in connection with its obligations under this Agreement;

(ii) The costs of DS Supply purchased by the Company to replace DS Supply that a DS Supplier was obligated to supply under this Agreement during the term hereof;

(iii) Administrative and legal costs associated with procuring replacement DS Supply;
and

(iv) Financial hedging costs incurred by the Company on behalf of DS

Customers as a result of having to procure DS Supply not provided by the DS Supplier.

The Parties further recognize and agree that the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be dependent upon the arrangements made by the Company to obtain replacement services or a replacement DS Supplier. The Company and the DS Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Company of the Settlement Amount on behalf of DS Customers in the event of an Early Termination as set forth in Article 5.4 of this Agreement shall be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages have been finally determined under this Article 5.3, the amounts of Damages due and owing will be reconciled with payments already made by the DS Supplier under Section 5.4 of this Agreement.

(b) Failure By Company on Behalf of Customers To Accept DS Supply Tendered

By DS Supplier: Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement shall consist of the positive difference (if any) between (i) the amounts that would have been payable to the DS Supplier hereunder had the Company accepted the DS Supply tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under this Agreement and (ii) the amount realized by the DS Supplier in disposing, in a commercially reasonable manner, of the DS Supply not accepted by the

Company; provided, however, that the Company shall not be required to accept on behalf of any Customer, quantities of DS Supply utilized by Customers on an instantaneous basis as a function of electrical load, in excess of such Customer's instantaneous consumption of such component of DS Supply; and further provided that the Company shall not be liable for any Damages if this Agreement is terminated by the PaPUC, other regulatory authority or a court of law.

(c) **Damages Resulting From Early Termination Due To An Event of Default**

Attributable To the Company: Damages resulting from Early Termination due to an Event of Default attributable to the Company shall be as set forth in Section 5.4 of this Agreement. Damages calculated in accordance with said Article 5.4 shall be the exclusive remedy available to the DS Supplier in the event of Early Termination resulting from an Event of Default attributable to the Company.

(d) **Damages Resulting from DS Supplier's Failure to Continuously Satisfy it**

AEPS Obligations: Damages resulting from the DS Supplier's failure to continuously meet and satisfy all or any portion of its obligations under Section 2.2(a)(viii) of this Agreement shall include, but not be limited to, the amount of all penalties, costs associated with the procurement of additional AECs, etc. including, without limitation, interest and other charges, if any, levied against the Company related to AEPS regulations, due to such DS Supplier's conduct or inaction.

(e) **Other Damages:** Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.

(f) **Waiver of Event of Default:** If an Event of Default has occurred and the NonDefaulting Party is the Company, then unless the Event of Default was a failure by the DS Supplier to meet any or all of its DS Supply obligations, the Company may elect, at its sole discretion, to offer to waive the default on such terms and conditions as the Company, at its sole discretion, may deem

appropriate to propose a special remedy. Any such special remedy can only be offered to the DS Supplier if it first is specifically approved by the PaPUC in accordance with Commission Orders.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

(a) Settlement Amount. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the Non-Defaulting Party shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as a date for Early Termination (“Early Termination Date”) to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement, (ii) to withhold any payments due to the Defaulting Party under this Agreement, and (iii) to suspend performance; provided however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subsections (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) of Article 5.1 of this Agreement.

The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement.

The DS Supplier may, in its sole discretion, select the notional quantity in the following subsection 5.4(a)(i) by checking the box below. If the DS Supplier does not select subsection 5.4(a)(i) by checking the box, it will be deemed to be excluded from this Agreement. ☐

(i) For the purposes of such determination, the DS Supply provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of this Agreement shall be deemed to be those quantity amounts that would have been delivered on an hourly basis, had this Agreement been in effect during the previous

calendar year adjusted for such DS Load changes as may have occurred since the previous calendar year.

(b) Net Out of Settlement Amounts. The Non-Defaulting Party shall calculate a Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply into a single amount by netting out (a) all Settlement Amounts that are due or will become due to the Defaulting Party, plus at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply against (b) all Settlement Amounts that are due or will become due to the NonDefaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply, so that all such amounts shall be netted out to a single liquidated amount; provided, however, that if the DS Supplier is the Defaulting Party and the Termination Payment is due to the DS Supplier, the Company shall be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for additional amounts that may be determined to be due and owing by the DS Supplier as Damages and further provided that any previously attached security interest of the Company in such retained amounts shall continue. The

Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been retained by the Company as security for additional amounts that may be determined to be due and owing by the DS Supplier, and if, upon making a final

determination of Damages, the Termination Payment, or any portion thereof, is to be made to the DS Supplier, the Company will pay simple interest on the Termination Payment amount being made to the DS Supplier. Simple interest will be calculated at the lower of the Interest Index or six (6) percent per annum.

(c) **Notice of Termination Payment.** As soon as practicable after calculation of a Termination Payment, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. Subject to Article 5.4(b) above, the Termination Payment shall be made by the Party that owes it within three (3) Business Days after such notice is effective.

(d) **Disputes With Respect to Termination Payment.** If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within three (3) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the

Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party as specified in the Termination Payment Dispute Notice.

(e) **Multiple DS Supply Agreements.** It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the

provision of DS Supply that existed prior to the Effective Date of this Agreement or are entered into after the Effective Date of this Agreement, the Company will calculate a single Termination Payment applicable to all such agreements as set forth herein.

5.5 Step-up Provision

The Company may ask other DS Suppliers whether they wish to assume all or part of the delivery obligations on the same terms and price contained herein, but any DS Supplier shall not be obligated to assume any such step-up requests. Any agreement to make additional supply available shall be termed a “Step-Up”, and is subject to compliance with the creditworthiness provisions of Article 6 of this Agreement and the DS Supplier’s load cap as per the Company’s approved default service procurement plan. For the avoidance of doubt, in the event that the DS Supplier does not respond to the Company’s Step-Up request within the relevant timeframe, then the DS Supplier shall be deemed to have rejected the Company’s request in full.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting

Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Article 5.4 and 5.7 of this Agreement, shall be supplemental to, and not in lieu of any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

- a. Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement.
- b. Return of Auction Revenue Rights. When the DS Supplier is the Defaulting Party, the DS Supplier will make best efforts to facilitate the transfer or reassignment to the entity which is the replacement DS Supplier on the Early Termination Date, any and all of the replacement DS Supplier's rights to ARRs to which the replacement DS Supplier is entitled as a LSE pursuant to the PJM Agreements, which were transferred or assigned to the DS Supplier under Section 2.3 (Congestion and Congestion Management).

ARTICLE 6: CREDITWORTHINESS

6.1 Applicability

The DS Supplier agrees that it shall meet the creditworthiness requirements of this Article 6 at all times during the term of this Agreement and shall inform the Company immediately of any changes in its credit rating or financial condition. Without limitation of the foregoing, the DS

Supplier shall, upon written request, affirmatively demonstrate to the Company, its compliance with the creditworthiness requirements set forth hereunder.

The Company may establish less restrictive creditworthiness requirements under this Article 6 in a non-discriminatory manner.

6.2 Creditworthiness Determination

The DS Supplier may submit and maintain a security deposit in accordance with Section 6.7 of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. The DS Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the DS

Supplier believes would improve the determination made by the Company of its creditworthiness. The Company's credit re-evaluation must be completed as soon as possible but no longer than thirty (30) days after receiving a fully documented request. The Company must provide the rationale for its determination of the credit limit and any resulting security requirement. The Company must perform its credit re-evaluation and associated security calculation in a nondiscriminatory manner. DS Supplier shall provide the Company and its agent's unrestricted access to audited financial statements; provided that if audited financial statements are not available, the Company, in its sole discretion, may specify other types of financial statements that will be accepted.

6.3 Independent Credit Requirement per Tranche

The Independent Credit Requirement per Tranche ("ICRT") that will be required of DS Suppliers under each Agreement will initially be the sum of the amounts set forth on Appendix A at the inception of the Original Delivery Period for each Tranche and will decline throughout the Term in accordance with the schedule set forth on Appendix A.

6.4 Independent Credit Threshold

Each DS Supplier that qualifies under the following criteria will be granted an Independent Credit Threshold (“ICT”).

(a) For a DS Supplier or its Guarantor that has been organized under the laws of the United States, the following requirements must be satisfied in order for such SSO Supplier to be granted an ICT:

(i) the DS Supplier or its Guarantor, as applicable, must (1) be rated by S&P Global Ratings (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”), and (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate or issuer rating) of at least “BB” from S&P, “Ba2” from Moody’s, or “BB” from Fitch (a “Minimum Rating”). If the DS Supplier or its Guarantor is rated by only two rating agencies and the ratings are split, the lower rating will be used. If the DS Supplier or its Guarantor is rated by three rating agencies and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. If the DS Supplier and an Affiliate(s) are both winning bidders in the Solicitation for the provision of DS Supply, then the DS Supplier or its Guarantor, as applicable, and the Affiliate(s) will proportionally share the maximum level of the ICT using the highest rating as determined for the DS Supplier or its Guarantor, as applicable, and the Affiliate(s). The maximum level of the ICT will be determined based on the following table:

Credit Rating of the DS Supplier or its Guarantor			Max. Independent Credit Threshold (calculated as the lesser of the percentage of TNW and the applicable Independent Credit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Independent Credit Threshold Cap
A- and above	A3 and above	A- and above	16%	Not applicable
BBB+	Baa1	BBB+	16%	Not applicable
BBB	Baa2	BBB	10%	Not applicable
BBB-	Baa3	BBB-	8%	Not applicable
BB+	Ba1	BB+	4%	\$3,000,000
BB	Ba2	BB	3%	\$1,500,000
BB- and below	Ba3 and below	BB- and below	0%	\$0

(ii) for DS Supplier having a Guarantor, the maximum level of the ICT

that can be granted based on an ICT Guaranty will be determined in accordance

with subsection (i) above, with reference to the credit rating of the Guarantor.

The ICT granted to the DS Supplier will not exceed the amount of the ICT Guaranty. The ICT Guaranty tendered by the DS Supplier to satisfy the ICT requirement arising under this Section 6.4 shall be a separate guaranty from the Total Exposure Amount Guaranty, if any, tendered by the DS Supplier to satisfy any requirement for a Credit Limit to cover the Total Exposure Amount arising under Section 6.7; provided, however, that a single Guaranty may be provided if such Guaranty is for an unlimited amount.

(b) For a DS Supplier or Guarantor that has not been incorporated or otherwise formed under the laws of the United States and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles (“GAAP”) in the United States, they shall supply the following additional information:

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

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

(iii) The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the DS Supplier or Guarantor has been authorized by its governing board to enter into agreements of the same type as this Agreement; and

(iv) Such other documents and certificates as may be required by the Company in its sole discretion.

6.5 Credit Exposure Methodology

The credit exposure per tranche that will be required of the DS Supplier under this agreement will be determined by the DS Customer Group as stated on the Transaction Confirmation(s).

For the Industrial class, the credit exposure under this Agreement shall be \$140,000 times the number of tranches shown on the Transaction Confirmation(s). If the DS Supplier meets the Minimum Rating in Section 6.6, no security will be required as long as the Total Exposure Amount does not exceed the maximum credit limit of the DS Supplier or its Guarantor.

To calculate the daily exposure for each DS Supplier for the Residential and Commercial classifications as stated on the Transaction Confirmation(s), the MtM credit exposure methodology will be used. The “mark” for each Billing Month will be determined at the time the auction is completed based on the available Forward Market Prices and for the remaining Billing Months will be derived based on historical data. At the time the auction is completed, the MtM credit exposure for each DS Supplier shall be equal to zero. Subsequently, the differences between the available Forward Market Prices on the valuation date and the “mark” prices for the corresponding Billing Months will be used to calculate the daily credit exposures for each DS Supplier. The total MtM credit exposure will be equal to the sum of the MtM credit exposures for each Billing Month. The methodology for calculation of the MtM credit exposure is illustrated in the example (using hypothetical numbers) set forth in Appendix B hereto.

6.6 Credit Limit

The following criteria constitute the Company’s creditworthiness requirements for the DS Supplier to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer rating) will be used.

(i) For a DS Supplier to be granted an unsecured line of credit, the DS Supplier must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch. The methodology for determining the credit rating to use is set forth in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Appendix A of this Agreement.

The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.9 (b) of this Agreement (see standard format in Appendix F) for the Margin due the Company as set forth in Section 6.7 of this Agreement; or

(ii) For a DS Supplier having a Guarantor, in the case of a Guarantor organized under the laws of the United States, the Guarantor (1) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (2) must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Appendix G) will be determined based on the credit matrix table for Guarantors on Appendix A. The DS Supplier will be granted a credit limit equal to the lesser of (i) the amount of the Guaranty as provided to the Company at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Company during the term of this Agreement, or (ii) the Supplier's Maximum Credit Limit. The DS Supplier, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable credit limit during the time period after the Company has made a Margin call but before the DS Supplier has posted

the required Margin. Notwithstanding anything herein to the contrary, the DS Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Company and upon the Company's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, the DS Supplier may request a return of Margin in accordance with Section 6.7 of this Agreement. The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.9(b) of this Agreement (see standard format in Appendix F) for the Margin due the Company as set forth in Section 6.7 of this Agreement; or

(iii) For a DS Supplier or Guarantor that has not been incorporated or otherwise formed under the laws of the United States and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles ("GAAP") in the United States, they shall supply the following additional information:

a. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the DS Supplier or Guarantor is incorporated or otherwise formed that this Agreement is, or upon completion of execution formalities will become, the binding obligation of the DS Supplier or Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and

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

c. The sworn certificate of the corporate secretary (or similar officer) of such DS Supplier or Guarantor that the DS Supplier or Guarantor has been authorized by its governing board to enter into agreements of the same type as this Agreement; and

d. Such other documents and certificates as may be required by the Company in its sole discretion.

(iv) The posting of cash or a letter of credit as defined in Section 6.9 (b) below for the entire Total Exposure Amount as set forth in Section 6.7 of this Agreement.

6.7 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of this Agreement, the Total Exposure Amount, rounded by the Rounding amount, exceeds the DS Supplier's or the Guarantor's credit limit by the Minimum Transfer Amount (MTA), then the Company on any Business Day, may request that the DS Supplier provide cash or a letter of credit in an acceptable form as defined in Article 6.9(b) of this Agreement (see standard format in Appendix F), in an amount equal to the Margin (less any Margin posted by the DS Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply).

If the DS Supplier receives written notice for Margin from the Company by 1:00 p.m. New York time on a Business Day, then the DS Supplier shall post Margin the next following Business Day, if posting cash, and by the second Business Day following the date of notice, if posting a letter of credit, unless the Company agrees in writing to extend the period to provide Margin. If the DS Supplier receives notice for Margin from the Company after 1:00 p.m. New York time on

a Business Day, whether posting cash or a letter of credit, then the DS Supplier must post Margin the second Business Day following the date of notice unless the Company agrees in writing to extend the period to provide Margin. The Company will not unreasonably deny a request for a one-day extension of such period. In the event that the DS Supplier fails to post Margin when due in accordance with this Article 6.7, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the Company will be entitled to the remedies set forth in Article 5 of this Agreement.

(b) Surplus Margin being held by the Company that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the DS Supplier upon receipt of a written request by the DS Supplier. Surplus Margin means cash or a letter of credit posted by the DS Supplier as a result of a request by the Company pursuant to Article 6.7(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's credit limit (rounded by the Rounding Amount). If the resulting Surplus Margin amount is more than the Minimum Transfer Amount, it will be returned to the DS Supplier. If the DS Supplier posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day and if the DS Supplier posted cash and notice is received by the Company after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. If the DS Supplier posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. The DS Supplier will not unreasonably deny a request for a one-day extension of such period. In the event that the Company

fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the DS Supplier will be entitled to the remedies set forth in Article 5 of this Agreement.

6.8 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the DS Supplier posted Margin/collateral hereunder, the DS Supplier hereby grants to the Company a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, the Company, and the DS Supplier and the Company agree to take such action as is reasonably required to perfect the secured Party's first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of the Company with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the DS Supplier in the possession of the Company whether held in connection with this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply; (iii) draw on any outstanding letter of credit issued for its benefit; and (iv) liquidate all security held by or for the benefit of the Company free from any claim or right of any nature whatsoever of the DS Supplier, including any equity or right of purchase or redemption by the DS Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the DS Supplier's obligation under this Agreement or any other agreement(s) between the Company and the DS

Supplier for the provision of DS Supply (the DS Supplier remaining liable for any amounts owing to the Company after such application), subject to the Company's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related security or deposit transfers shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to a DS Supplier to:

_____ Copy

to:

If to the Company to:

FirstEnergy Corp. 341
White Pond Drive
Akron, OH 44320
Attn: Credit Risk Management Phone:
(330) 315 7226
Facsimile:
Email: margin@firstenergycorp.com

Copy to:

FirstEnergy Corp.
P.O. Box 16001
Reading, PA 19612-6001
Attn: Tori Giesler, Managing Counsel
Phone: (610) 921-6658
Facsimile: (610) 939-8655
Email: tgiesler@firstenergycorp.com

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by facsimile transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

6.9 Security Instruments

At each DS Supplier's choice, the following are deemed to be acceptable methods for posting security, if required:

- (a) Cash; or
- (b) A standby irrevocable letter of credit acceptable to the Company, in its sole discretion, issued by a bank or other financial institution with a minimum "A" senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A2" from Moody's (see standard format in Appendix F). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If the Company receives notice from the issuing financial institution that the letter of credit is being cancelled, the DS Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the Company thirty (30) days before the cancellation date of the original letter of credit. If the DS Supplier fails to supply a substitute letter of credit as required, then the Company will have the right to draw on the existing letter of credit and to hold the amount as Margin.

If the credit rating of a bank or other financial institution from which a DS Supplier has obtained a letter of credit falls below the levels specified in Article 6 of this Agreement, the DS Supplier shall have two (2) Business Days following written notice by the Company to obtain a

suitable letter of credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by the Company. The Company shall have no obligation under this Agreement or otherwise to make or grant such extension.

6.10 Maintenance of Creditworthiness

(a) Reporting of Changes.

The DS Supplier shall promptly notify the Company of any change in its credit rating or financial condition or that of its Guarantor. The DS Supplier or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the request of the Company.

(b) Change in Credit Standing.

The Company will re-evaluate the creditworthiness of a DS Supplier whenever it becomes aware of an adverse change, through the provision of notice by the DS Supplier or otherwise, in the DS Supplier's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine the DS Supplier's Maximum Credit Limit or its credit limit adversely changes, the Company will require additional security from the DS Supplier in accordance with Sections 6.6 of this Agreement. The additional security must be in a form acceptable to the Company in its sole discretion, as specified in Article 6.9 of this Agreement and must be posted as set forth in Section 6.7 of this Agreement.

6.11 Calling on Security

The Company may call upon the security posted by the DS Supplier if the DS Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply after all of the following events occur:

- (a) Written Notice of Default is provided to the DS Supplier; and

(b) Any applicable cure period associated with the written Notice of Default ends. The foregoing notwithstanding, the security posted by the DS Supplier shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) of Section 5.1 of this Agreement.

6.12 Interest on Cash Held by Company

The Company will pay simple interest calculated at the lower of the Interest Index or six (6) percent per annum on all cash held by the Company pursuant to this Agreement. Each Billing Month, the Company will prepare a statement of interest amounts due to the DS Supplier. The statement will be sent to the DS Supplier within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Company shall make interest payments on the first Business Day after the 5th day of each calendar month.

6.13 No Endorsement of DS Supplier

The Company's determination that a DS Supplier is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the DS Supplier. The Company will treat all DS Suppliers in a non-discriminatory manner and shall provide no preference to any DS Supplier.

6.14 Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the effective date of this Agreement or is entered into after the effective date of this Agreement, the Company will calculate the Margin applicable to all such agreements as set forth herein. Each

DS Supplier that is a party to such other agreements with the Company for the provision of DS Supply hereby agrees that such other agreements are deemed amended by this Agreement for the purpose of calculating the Margin as described herein.

ARTICLE 7: PROCEDURES FOR ENERGY SCHEDULING, CAPACITY RESOURCE SUBMISSION AND TRANSMISSION

PROCUREMENT

7.1 Load Obligations

The Company and the DS Supplier acknowledge and agree that (1) the Company shall determine the DS Load, (2) the Company shall allocate the DS Supply obligation using the DS Supplier Responsibility Share, (3) the Company shall provide the DS Supplier's DS Supply obligation to PJM, and (4) the DS Supplier shall be responsible for meeting its DS Supply obligations as a LSE under the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for DS Supplier's DS Load shall be as set forth by PJM.

7.3 Energy Scheduling

The Company is not obligated to provide any day ahead scheduling services. If the Company chooses to provide such services, the information provided is not guaranteed by the Company.

ARTICLE 8: THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement By PJM

The settlement process occurs at PJM to reflect the DS Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for each DS

Supplier will be determined based on the DS Supplier Responsibility Share of the DS Load. The reconciled total DS Energy obligation will be based on the final total Energy loads for the Customers receiving DS service, including duration adjustments for marginal losses.

Any adjustments for billing and metering errors reported subsequent to the calculation of FMEA will be proportionally allocated by the Company to the DS Suppliers based on the respective DS Supplier Responsibility Share.

8.2 Energy Settlement by the Company

In the event that actual DS Customer consumption data is not available until after the PJM deadline for conducting the final settlement, the Company will conduct the settlement process with the DS Supplier. In the event PJM imposes penalties against the Company as a result of the DS Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company, to the DS Supplier as part of this settlement process. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the DS Supplier.

ARTICLE 9: BILLING AND PAYMENT

9.1 The Company Payment of Obligations to the DS Supplier

The Company shall pay all amounts due to the DS Supplier hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown on the Transaction Confirmation(s) for each hour of the Billing Month, plus the aggregate amounts due based on the DS Variable Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Variable Percentage, if applicable, as shown on the Transaction Confirmation(s) for each hour of the Billing Month.

(b) The Statement will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means. (c)

The Company shall make payment on the first Business Day after

(d) the 19th day of each calendar month.

(e) To the extent that the FMEA differs from the PMEA, the Company shall pay or charge the DS Supplier for the PMEA/FMEA Adjustment Amount within the PJM deadline for conducting the final settlement.

(f) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.

(g) Payments shall be subject to adjustment for any arithmetic errors,

computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(h) The Company shall make payments of funds payable to the DS Supplier by

electronic transfer to a bank designated by the DS Supplier.

(i) If a good faith dispute arises between the Company and the DS Supplier

regarding a Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Statement in dispute. Statement disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

(j) If payment is made to the DS Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

9.2 Billing for DS Supplier's Obligations to Other Parties

The Company shall have no responsibility for billing between the DS Supplier and PJM; the DS Supplier and any Energy or Capacity source; or the DS Supplier and any other third party. The Company will be solely responsible for billing DS Customers for Default Service.

9.3 The DS Supplier Payment of Obligations to the Company

The DS Supplier shall pay all Charges it incurs hereunder in accordance with the following provisions:

(a) Each Billing Month, the Company shall submit an invoice to the DS Supplier for all Charges owed by the DS Supplier under this Agreement. The DS Supplier shall make payment for Charges shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to the DS Supplier within eight

(8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.

(b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of this Agreement.

(c) The DS Supplier shall make payments of funds payable to the Company by electronic transfer to a bank designated by the Company.

(d) If a good faith dispute arises between the Company and the DS Supplier regarding an invoice, the disputing Party shall pay only the undisputed portion of the invoice, if any, and shall present the dispute in writing and submit supporting documentation to the nondisputing Party within one hundred twenty (120) calendar days from the due date of the invoice in dispute. Billing disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a billing

dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a bill dispute was received by the non-disputing Party.

(e) If payment is made to the Company after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This late fee shall be the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) or (b) the maximum rate permitted by applicable law.

ARTICLE 10: SYSTEM OPERATION

The Parties shall adhere to any applicable operational requirements of PJM necessary to protect the integrity of the transmission system within the PJM Control Area and the transmission systems of interconnected control areas, and shall satisfy any and all PJM, RFC and NERC criteria, when applicable. The DS Supplier shall also adhere to any applicable operational requirements of the Company necessary to protect the integrity of the Company’s local distribution system.

10.1 Disconnection and Curtailment By the Company

The Company shall have the right, without incurring any liability to the DS Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the DS Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever the Company determines in the exercise of its good faith discretion, or when the Company is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company’s facilities; or due to any other reason affecting the safe and reliable operation of the Company’s or

a Customer's facilities, including, without limitation, an Emergency, forced outage or potential overloading of the Company's transmission and/or distribution circuits, potential damage to any Customer's facilities or any risk of injury to persons or property.

10.2 Inadvertent Loss of Service to DS Customers

The Parties agree and acknowledge that service to DS Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Company affecting the transmission and distribution system of the Company. Neither Party will have any liability to the other Party for the occurrence of such events except for the Company's obligation to pursue steps for the resumption of the disrupted service as set forth in Section 10.3 below. In no event will an inadvertent loss of service affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 Good Faith Efforts

The Company shall use good faith efforts to: (a) minimize any curtailment, interruption or reduction in service to DS Customers to the extent reasonably practicable under the circumstances; (b) provide the DS Supplier with prior notification of any curtailment, interruption or reduction in service to DS Customers, to the extent reasonably practicable; and (c) resume service to DS Customers as promptly as reasonably practicable.

10.4 PJM Requirements

The DS Supplier acknowledges and agrees that, as a member of PJM, the Company is bound by all PJM operating instructions, policies and procedures as are currently set forth in the PJM Operating Manual, which are available through the Internet on the PJM Home Page (<http://www.pjm.com>), as may be revised from time to time, which are needed to maintain the integrity of the PJM system. The DS Supplier acknowledges and agrees that it will cooperate with

the Company so that the Company will be in compliance with all PJM Emergency Operations Procedures, which include, but are not limited to, those procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

10.5 Compliance with Governmental Directives

The DS Supplier also acknowledges and agrees that the Company may need to act in response to governmental or civil authority directives which may affect DS Customer load. The DS Supplier agrees to cooperate with the Company in order to comply with said directives.

ARTICLE 11: DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

Before pursuing resolution of any dispute arising out of this Agreement (other than an Event of Default under Article 5.1(i)-(ix), (xii), or (xvi)), the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Article 11.1 (Informal Resolution of Disputes), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Index from the original due date through the date of payment.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

After the requirements of Article 11.1 (Informal Dispute Resolution) have been satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the

appropriate authority. Nothing in this Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal

Power Act (“FPA”), with the PaPUC under relevant provisions of the Applicable Legal Authorities, with a Pennsylvania State court or a Federal court of competent jurisdiction and within reasonably close proximity to the Company. The Party’s agreement hereunder is without prejudice to any Party’s right to contest the jurisdiction of the agency or court to which a complaint is brought.

The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement freely and in good faith and that the terms of this Agreement have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights (i) to argue before any governmental authority that any review, modification, or rescission of this Agreement should be considered under any standard of review other than the “public interest” standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”), and (ii) to argue before any governmental authority that any terms of this Agreement should be modified or rescinded based on (A) any claim of fraud, duress, unfairness, bad faith, or inequity in the relative bargaining power of the Parties or (B) any

claim of market manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

ARTICLE 12: REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance with Applicable Legal Authorities

The Company and the DS Supplier are subject to, and shall comply with, all existing or future applicable Federal, State and local laws, all existing or future duly promulgated orders or other duly-authorized actions of PJM or of Applicable Legal Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of descriptions of procedures or processes utilized by PJM or otherwise subject to the jurisdiction of FERC is intended solely for informational purposes.

If anything stated herein is found by the FERC to conflict with or be inconsistent with any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by PJM are duly modified, the applicable FERC rule, regulation, order, determination or modification shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company and/or the DS Supplier, if applicable, shall use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

12.3 Energy Efficiency, Conservation, and Retail Market Programs

DS Supplier acknowledges that DS Customers may participate in energy efficiency and conservation programs offered by the Company (required by Applicable Legal Authorities or otherwise offered by the Company whether voluntarily or not), by PJM, or by other third parties

and, for the avoidance of doubt, any programs offered or conducted by the Company or other entities relating to or arising from the PaPUC's Investigation of Pennsylvania's Retail Electricity Market, PaPUC Docket No. I-2011-2237952 (including legislation enacted to address the Commission's Final Order in Docket No. I-20112237952), and that such participation may reduce or change the amount of DS Supply that

DS Supplier is required to provide and the amount of monies it may receive under this Agreement. The Company shall have no obligation whatsoever to DS Supplier with respect to the effect, if any, of such programs. DS Supplier is solely responsible for determining the effect, if any, of such programs on future load requirements.

ARTICLE 13: LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

13.1 Limitations on Liability

Except as set forth in this Agreement, there is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed. The Parties confirm that the express remedies and measures of Damages provided in this Agreement satisfy the essential purposes hereof. For breach of any provision for which an express remedy or measure of Damages is provided, such express remedy or measure of Damages shall be the sole and exclusive remedy, the obligor's liability shall be limited as set forth in such provision and all other remedies or Damages at law or in equity are waived. If no remedy or measure of Damages is expressly provided herein, the obligor's liability shall be limited to direct actual Damages only, such direct actual Damages shall be the sole and exclusive remedy and all other remedies or Damages at law or in equity are waived. Unless expressly herein provided, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect Damages, lost profits or other business interruption Damages, by statute, in tort or

contract, under any indemnity provision or otherwise. It is the intent of the Parties that the limitations herein imposed on remedies and the measure of Damages be without regard to the cause or causes related thereto, including the negligence or any Party, whether such negligence by sole, joint or concurrent, or active or passive. To the extent any Damages required to be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and the Damages calculated hereunder constitute a reasonable approximation of the harm or loss.

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 of this Agreement, the Company shall be deemed to have custody and control of the electric Energy delivered by the DS Supplier upon receipt thereof into the Company's distribution system and until delivery thereof at the retail electric meter of the Customer; and the DS Supplier shall be deemed to have custody and control of the DS Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of DS Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such DS Supply while in its custody and control and shall indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14: INDEMNIFICATION

14.1 Indemnification

(a) Should the Company become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in

connection with an act or omission of the DS Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the DS Supplier has otherwise assumed liability under the terms of this Agreement, the DS

Supplier shall defend (at the Company's option), indemnify and hold harmless the Company, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Company. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(b) Should the DS Supplier (the "Indemnified DS Supplier") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the Company with respect to an obligation arising under or in connection with this Agreement, or for which the Company has otherwise assumed liability under the terms of this Agreement, the Company shall defend (at the option of the Indemnified DS Supplier), indemnify and hold harmless the Indemnified DS Supplier, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except to the extent that a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified DS Supplier. The Indemnified DS Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(c) If either Party intends to seek indemnification under Article 14.1(a) or

14.1(b), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld, conditioned or delayed.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article shall survive termination of this Agreement, and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any statutory scheme, including any Worker's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

ARTICLE 15: FORCE MAJEURE

15.1 Force Majeure

Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform, during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of

Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfill the requirements set forth in Article 15.2 (Notification).

15.2 Notification

A Party unable to perform under this Agreement due to an event of Force Majeure shall:

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

ARTICLE 16: MISCELLANEOUS PROVISIONS

16.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by overnight express mail or courier service. Notice may also be provided via e-mail or facsimile transmission (with the original transmitted by any of the other delivery methods specified in the previous sentence) addressed per the notification information for the DS Supplier and Company as set forth in Exhibit 2 hereto.

Such notices, demands or requests shall also be provided to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day shall be deemed received on the next Business Day.

16.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other

right hereunder, which shall remain in full force and effect. No term or condition of this Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

16.3 Assignment

Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. The Company agrees that it shall grant its consent to a proposed assignment by the DS Supplier if the proposed assignee meets all of the Company's creditworthiness requirements then in effect under this Agreement and any applicable load cap restrictions. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained. Any assignment in violation of this Section 16.3 shall be void; provided, however, the Company may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the DS Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Company, if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. The DS Supplier may, with prior written notice to the Company but without obtaining the approval of the Company, assign the accounts, revenues or proceeds under this Agreement to a third party. The Company agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Company may reasonably request, the Company will pay amounts becoming due to the assigning DS Supplier under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond

the rights granted to the DS Supplier and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Company arising under this Agreement.

16.4 Governing Law and Venue

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Pennsylvania State court or Federal court of competent jurisdiction and within reasonably close proximity to the Company. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.5 Regulatory Approvals

DS Supplier agrees to cooperate, to the fullest extent necessary, to obtain any and all required State, Federal or other regulatory approvals of the Agreement and/or Transaction Confirmations hereunder. The commencement of the Delivery Period and the obligations hereto are subject to (i) the receipt or waiver by Company of all Company required regulatory approvals, (ii) the receipt or waiver by DS Supplier of all DS Supplier required regulatory approvals, and (iii) Pennsylvania PUC approval.

16.6 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

16.7 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto and nothing in this Agreement shall be construed to create any duty, or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

16.8 General Miscellaneous Provisions

(a) This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligation or liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

(b) Cancellation, expiration or Early Termination of this Agreement shall not relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.

(c) Should any provision of this Agreement be held invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof unless it materially changes the agreement of the Parties; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties.

(d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all proposals (oral or written), understandings,

representations, conditions, warranties, covenants and all other communications between the Parties relating thereto. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement or any Transaction.

16.9 Taxes

As between the Parties: (i) The DS Supplier is responsible for the payment of all taxes imposed by all present and future Federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of DS Supply under this Agreement; and (ii) The Company is responsible for the payment of all taxes imposed by all present and future Federal, state, municipal or other taxes imposed by any taxing authority on retail sales of DS Supply under this Agreement. Should the DS Supplier be required to remit any Pennsylvania State Sales and Use Taxes directly to the applicable taxing authority, other than taxes previously collected by the DS Supplier on behalf of the Company, the Company will defend and indemnify the DS Supplier for such Sales and Use Taxes and will pay to the DS Supplier all such tax amounts upon demand. If any Transaction is exempt from the payment of any such taxes, the affected DS Supplier will, if requested, provide the Company with valid tax exemption certificates. Should the Company be required to remit any such taxes directly to any applicable taxing authority, other than taxes previously collected by the Company directly from the DS Supplier, the DS Supplier will defend and indemnify the Company and will pay to the Company all such tax amounts upon demand.

16.10 Audit

Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with

Article 9 (Billing) and 9.1 (i) (Interest on Unpaid Balances) of this Agreement.

16.11 Rules of Interpretation

The following principles shall be observed in the interpretation and construction of this Agreement:

- (a) Unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
- (b) All titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;
- (c) References to the singular include the plural and vice versa;
- (d) References to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;
- (e) In carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and

- (f) If any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

16.12 Confidentiality

- (a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless:
 - (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation or (v) such disclosure is made to PJM or Pa PUC and is necessary in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.
- (b) Notwithstanding any other provision of this Section 16.12, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 16.12, and further provided that in no event shall a

document or information be disclosed in violation of the standard of conduct requirements established by FERC.

- (c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.
- (d) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.12. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under this Article 16.12, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.13 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation ("FAR"), 48 Code of Federal Regulations Chapter 1, should be deemed to apply to this Agreement, the DS Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

- 1) Clean Air and Water: § 52.223-2;
- 2) Contract Work Hours and Safety Standards Act-Overtime Compensation: § 52.222-4;

- 3) Equal Opportunity: § 52.222-26;
- 4) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: § 52.222-35 and § 52.222-37;
- 5) Affirmative Action for Handicapped Workers: § 52.222-36;
- 6) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: § 52.219-8 and § 52-219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR shall prevail.

16.14 Binding Terms

This Agreement and the rates, terms and conditions herein shall remain in effect for the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the FPA, if the FPA is deemed to have jurisdiction over this Agreement, including on the grounds that they are not just and reasonable.

16.15 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties prior to such amendment becoming effective. Except as provided in Appendix C and the Transaction Confirmation(s), the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. Absent the agreement of all parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power*

Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956), affirmed by Morgan Stanley
Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al., 554
U.S. 527
(2008) (the “Mobile-Sierra Doctrine”).

16.16 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

16.17 Successors

This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:

FirstEnergy Pennsylvania Electric Company

By:

By:

Name: _____

Name: _____

Title: _____

Title: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be
executed by their duly authorized representatives as of the date first set forth above.

ATTEST: **DS Supplier**

By:

By:

Name: _____

Name: _____

Title: _____

Title: _____

APPENDIX A- MAXIMUM UNSECURED CREDIT

Credit Rating of the DS Supplier Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)

<u>Credit Rating of the DS Supplier</u>			<u>Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)</u>	
<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>	<u>Percentage of TNW</u>	<u>Credit Limit Cap</u>
<u>A- and above</u>	<u>A3 and above</u>	<u>A- and above</u>	<u>16%</u>	<u>\$50MM</u>
<u>BBB +</u>	<u>Baa1</u>	<u>BBB +</u>	<u>16%</u>	<u>\$50MM</u>
<u>BBB</u>	<u>Baa2</u>	<u>BBB</u>	<u>10%</u>	<u>\$35MM</u>
<u>BBB-</u>	<u>Baa3</u>	<u>BBB-</u>	<u>8%</u>	<u>\$20MM</u>
<u>BB+</u>	<u>Ba1</u>	<u>BB+</u>	<u>4%</u>	<u>\$10MM</u>
<u>BB</u>	<u>Ba2</u>	<u>BB</u>	<u>3%</u>	<u>\$5MM</u>
<u>BB-</u>	<u>Ba3</u>	<u>BB-</u>	<u>2%</u>	<u>\$2MM</u>
<u>Below BB-</u>	<u>Below Ba3</u>	<u>Below BB-</u>	<u>0%</u>	<u>\$0MM</u>

Credit Rating Determination Methodology

The DS Supplier or its Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating. If the DS Supplier or its Guarantor is rated by only two rating agencies, and the ratings are split, the lower rating will be used. If the DS Supplier or its Guarantor is rated by three rating agencies, and the ratings are split, the lower of the two highest ratings will be used; provided, however, that in the event that the two highest ratings are common, such common rating will be used. The maximum level of the credit limit to cover the Total Exposure Amount will be determined based on the above table and will be aggregated – meaning, this is the maximum credit limit for all the Companies combined.

Minimum Rating – The lowest credit rating for a DS Supplier, as set forth in this Appendix A, that can obtain unsecured credit.

Independent Credit Requirement per Tranche (ICRT) Schedule for ICRT - FEPA

DSPVI

* ICRT required for both Residential and Commercial tranches (not required for Industrial)

* ICRT **not** required for 6-month tranches

* ICRT netted with prior ICRT requirements

Month	<u>60-Month Product</u> <u>(\$/tranche)</u>	24-Month Product (\$/tranche)	12-Month Product (\$/tranche)
Month 1	<u>1,500,000</u>	1,500,000	1,500,000
Month 2	<u>1,500,000</u>	1,500,000	1,500,000
Month 3	<u>1,500,000</u>	1,500,000	1,200,000
Month 4	<u>1,500,000</u>	1,500,000	1,200,000
Month 5	<u>1,500,000</u>	1,500,000	1,000,000
Month 6	<u>1,500,000</u>	1,500,000	1,000,000
Month 7	<u>1,500,000</u>	1,200,000	800,000
Month 8	<u>1,500,000</u>	1,200,000	800,000
Month 9	<u>1,500,000</u>	1,200,000	600,000
Month 10	<u>1,500,000</u>	1,200,000	600,000
Month 11	<u>1,200,000</u>	1,000,000	400,000
Month 12	<u>1,200,000</u>	1,000,000	400,000
Month 13	<u>1,200,000</u>	1,000,000	
Month 14	<u>1,200,000</u>	1,000,000	

Month 15	<u>1,200,000</u>	800,000
Month 16	<u>1,200,000</u>	800,000
Month 17	<u>1,200,000</u>	800,000
Month 18	<u>1,200,000</u>	800,000
Month 19	<u>1,200,000</u>	600,000
Month 20	<u>1,200,000</u>	600,000
Month 21	<u>1,000,000</u>	600,000
Month 22	<u>1,000,000</u>	400,000
Month 23	<u>1,000,000</u>	400,000
Month 24	<u>1,000,000</u>	400,000
<u>Month 25</u>	<u>1,000,000</u>	
<u>Month 26</u>	<u>1,000,000</u>	
<u>Month 27</u>	<u>1,000,000</u>	
<u>Month 28</u>	<u>1,000,000</u>	
<u>Month 29</u>	<u>1,000,000</u>	
<u>Month 30</u>	<u>1,000,000</u>	
<u>Month 31</u>	<u>800,000</u>	
<u>Month 32</u>	<u>800,000</u>	
<u>Month 33</u>	<u>800,000</u>	
<u>Month 34</u>	<u>800,000</u>	
<u>Month 35</u>	<u>800,000</u>	
<u>Month 36</u>	<u>800,000</u>	
<u>Month 37</u>	<u>800,000</u>	

<u>Month 38</u>	<u>800,000</u>
<u>Month 39</u>	<u>800,000</u>
<u>Month 40</u>	<u>800,000</u>
<u>Month 41</u>	<u>600,000</u>
<u>Month 42</u>	<u>600,000</u>
<u>Month 43</u>	<u>600,000</u>
<u>Month 44</u>	<u>600,000</u>
<u>Month 45</u>	<u>600,000</u>
<u>Month 46</u>	<u>600,000</u>
<u>Month 47</u>	<u>600,000</u>
<u>Month 48</u>	<u>600,000</u>
<u>Month 49</u>	<u>600,000</u>
<u>Month 50</u>	<u>600,000</u>
<u>Month 51</u>	<u>400,000</u>
<u>Month 52</u>	<u>400,000</u>
<u>Month 53</u>	<u>400,000</u>
<u>Month 54</u>	<u>400,000</u>
<u>Month 55</u>	<u>400,000</u>
<u>Month 56</u>	<u>400,000</u>
<u>Month 57</u>	<u>400,000</u>
<u>Month 58</u>	<u>400,000</u>
<u>Month 59</u>	<u>400,000</u>
<u>Month 60</u>	<u>400,000</u>

APPENDIX B – MTM EXPOSURE AMOUNT CALCULATION INFORMATION

Table 1 contains the initial marks¹ for each month of the DS auction period. Monthly marks (example only,) are provided for a twelve-month period. For the months, two-month blocks² or quarterly blocks³ where broker quotes are available, broker quotes will be used for those months. For all the remaining months the EDCs will be using a proprietary method that reflects forward market conditions. The initial mark for each Billing Month is the initial mark that was calculated on the date that the DS auction closes and will not change over the life of the contract.

After the close of the DS auction On-Peak Energy Forward and Off-Peak Energy Forward prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM Exposure Amount will be adjusted monthly to reflect the most current changes. On-Peak and Off-Peak Energy Forward prices for the months, two-month blocks or quarterly blocks where at least two broker quotes are available will be equal to the broker quotes. In case quotes for a component of a block and for the block are both available, the EDCs reserve the right not to use both the component of a block and the block if they are inconsistent with each other. However, when this inconsistency occurs the EDC must use either the component or the block. On-Peak and Off-Peak Energy Forward prices for the months, two-month blocks or quarterly blocks where broker quotes are unavailable will be equal to the last available broker quotes or in case they have not been quoted

¹ Initial marks represent Market Price Hub on-peak prices.

² For two-month and quarterly blocks for which the average for the block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2013 = \$50 and Oct 2013 = \$40; therefore, Oct 2013 = \$40 and Nov-Dec 2013 = \$55 $(\$50 \times (336 + 336 + 368) + \$40 \times 336) / (336 + 368) = \$54.77$. If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2014 = \$35, then Jan 2014 = \$35 and Feb 2014 = \$35.

on the broker sheets since the DS auction closed, they will be equal to the marks set at the close of the DS auction.

MtM Calculation Example

Parameters – On the closing day of the auction, the following parameters are set:

1. The expected monthly On-Peak Load per tranche for each EDC.
2. The expected monthly Off-Peak Load per tranche for each EDC.
3. The monthly on-peak forward prices (to be used as the inception price “initial mark” for each month of the supply period).
4. The monthly off-peak forward prices (to be used as the inception price “initial mark” for each month of the supply period) Indicative on-peak and off-peak loads per tranche for each EDC will be made available 14 days prior to the auction.

All Energy Prices are based on a Market Price Hub that the Company will specify as follows: PJM Western Hub

Table 1 - Data set on the Closing Day of the Auction (MWh/tranche)³

	On-Peak Volume⁵	Off-Peak On-Price⁶	Initial Mark Peak Price⁷	Initial Mark Off Volume⁴
Month 1				
Month 2				
Month 3				
Month 4				
Month 5				
Month 6				
Month 7				
Month 7				
Month 8				

Month 9
Month 10
Month 11
Month 12

³ Table 1 can be found at the FirstEnergy Pennsylvania Default Service Program website at <http://www.fepaauction.com/Documents/MarkToMarketCalculations.aspx>.

⁴ On-peak and off-peak volumes will be adjusted monthly.

⁵ On-peak and off-peak volumes will be adjusted monthly.

⁶ Initial Mark On-peak price set at day auction closes. Remains constant through term of agreement.

⁷ Initial Mark Off-peak price set at day auction closes. Remains constant through term of agreement.

EXAMPLE

Table 2 – Post Auction Close MTM Calculation (MWh/tranche)³

	On-Peak	Off-Peak	Initial	Initial	On-Peak	Off-Peak	
Load per	Load per	Mark On-	Mark Off-	Forward	Energy	Forward	MtM ₁₁
Tranche	Tranche	Peak	Peak	Price	Price ₄	Price ₅₆	
(MWh)	(MWh)	Price	Price				
Month 1							
Month 2							
Month 3							
Month 4							
Month 5							
Month 6							
Month 7							
Month 8							
Month 9							
Month 10							
Month 11							

³ Table 2 can be found at the FirstEnergy Pennsylvania Default Service Program website at <http://www.fepaauction.com/Documents/MarkToMarketCalculations.aspx>.

⁴ On-peak Energy Forward as available and quoted by referenced market makers.

⁵ Off-peak Energy Forward as available and quoted by referenced market makers.

⁶ MTM = (On Peak Load * (On Peak Energy Forward Price - Initial Mark On Peak Price) + (Off Peak Load * (Off Peak Energy Price - Initial Mark Off Peak Price))

Month 12

Total

APPENDIX C - DS SUPPLY SPECIFICATIONS

The following DS Supply specifications will be specified in Transaction Confirmations to this Agreement.

Product:

DS Supply: All necessary Energy, Capacity, AECs for AEPS Act compliance, Ancillary Services, transmission services -including Network Integration Transmission Service, all transmission and distribution losses, and congestion and imbalance costs associated with the provision of such services, as well as such other services or products that the DS Supplier may be required, by PJM or any governmental body having jurisdiction, to provide in order to meet the DS Supplier Responsibility Share for serving DS Load.

Appendix D - describes Company and DS Supplier responsibilities for PJM Billing Statement Line Item Credits and Charges associated with the Product. In addition, any unaccounted for energy and historical tie line, generation, and retail customer meter charges not set forth in

Appendix D shall be the responsibility of the Company through the applicable nonbypassable Default Service Support Rider.

Appendix E - further describes DS Supplier responsibilities for compliance with the AEPS Act in the product specification.

DS Customer Group:

Each Transaction Confirmation shall be associated with DS Supply to one of the following DS Customer categories as defined in the Company's Tariff, by Rate District:

Residential – **Met-Ed and Penelec** (Rate RS, and Rate GS – Volunteer Fire Company, Non-Profit Ambulance Service, Rescue Squad and Senior Center Service Rate)
Penn Power (Rate Schedules RS; and GS Special Provision for Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services)

West Penn (Rate Schedule 10 and Rate Schedule 20 special provision for Volunteer Fire Company, Non-Profit Ambulance Service, Non-Profit Rescue Squad and Non-Profit Senior Citizen Center)

Commercial – **Met-Ed** (Rate GS-Small, Rate GS-Medium (PTC), Rate MS, Borderline Service, Street Lighting Service, Ornamental Street Lighting, LED Streetlighting Service, and Outdoor Lighting Service)

Penelec (Rate GS-Small, Rate GS-Medium (PTC), Rate H, Borderline Service, High Pressure Sodium Vapor Street Lighting Service, Municipal Street Lighting Service, LED Streetlighting Service, and Outdoor Lighting Service)

Penn Power (Rate Schedules GS (excluding GS Special Rule GSDS), PNP, GM (PTC), PLS, SV, SVD, and LED)

West Penn (Rate Schedules 20, 30 (PTC), 51, 52, 53, 54, 55, 56, 57, 58, 71 and 72)

Industrial – **Met-Ed** (Rate Schedules GS-Medium (HP), GS-Large, GP, and TP)

Penelec (Rate Schedules GS-Medium (HP), GS-Large, GP, and LP)

Penn Power (Rate Schedules GM (HP), GS-Large, GP, GT, or GS if such GS Customers also are under Special Rule GSDS)

West Penn (Rate Schedules 30 (HP), 35, 40, 44, 46 and Tariff No. 37 – Pennsylvania State University)

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG, PENNPOWER_RESID_AGG, APS_RESID_AGG as applicable for the appropriate zone]

Delivery Period: The term of the Company's Default Service Plan is from June 1, 2023 to May 31, 2027. The applicable Delivery Period for awarded contracts will be as identified on each Transaction Confirmation within the Default Service Plan date range.

Number of Tranches and Percentage for Each Tranche, by Rate District:

Residential – For **Met-Ed** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. For **Penelec** there are [TBD] total Residential tranches available.

Each tranche represents [TBD]% of the Residential DS Load. For **Penn Power** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. For **West Penn** there are [TBD] total Residential tranches available. Each tranche represents [TBD]% of the Residential DS Load. Tranches won for the applicable Delivery Period will be specified on the Transaction Confirmation.

Commercial – – For **Met-Ed** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. For **Penelec** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. For **Penn Power** there are [TBD] total Commercial tranches available.

Each tranche represents approximately [TBD]% of the Commercial DS Load. For **West Penn** there are [TBD] total Commercial tranches available. Each tranche represents approximately [TBD]% of the Commercial DS Load. Tranches won for the applicable Delivery Period will be specified on the Transaction Confirmation.

Industrial – For **Met-Ed** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. For **Penelec** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. For **Penn Power** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. For **West Penn** there are [TBD] total Industrial tranches available. Each tranche represents [TBD]% of the Industrial DS Load. Tranches won for the applicable Delivery Period will be specified on the Transaction Confirmation.

DS Supplier Responsibility Share:

Fixed percentage share of DS Load for DS Customer Group associated with Transaction Confirmation. Typically, number of tranches won x Tranches Percentage for the DS Customer Group.

DS Fixed Percentage/DS Variable Percentage:

The percentage of DS Supply provided at a fixed price and the percentage of DS Supply provided at a variable price. For each Transaction Confirmation, DS Fixed Percentage + DS Variable Percentage specified shall add to 100%.

**APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS
DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL**

		Responsible Party	
ID #	PJM Billing Statement Line Items	Buyer	DS Supplier
ID#	CHARGES		
1100	Network Integration Transmission Service	X	X
1102	Network Integration Transmission Service (exempt)	X	X
1104	Network Integration Transmission Service Offset	X	X
1108	Transmission Enhancement	X	
1110	Direct Assignment Facilities		X
1115	Transmission Enhancement Settlement (EL05-121-009)	X	
1120	Other Supporting Facilities		X
1130	Firm Point-to-Point Transmission Service		X
1133	Firm Point-to-Point Transmission Service Resale Charge		X
1140	Non-Firm Point-to-Point Transmission Service		X
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		X
1200	Day-ahead Spot Market Energy		X
1205	Balancing Spot Market Energy		X

1210	Day-ahead Transmission Congestion		X
1215	Balancing Transmission Congestion		X

1218	Planning Period Congestion Uplift		X
1220	Day-ahead Transmission Losses		X
1225	Balancing Transmission Losses		X
1230	Inadvertent Interchange		X
1240	Day-ahead Economic Load Response		X
1241	Real-time Economic Load Response		X
1245	Emergency Load Response		X
1250	Meter Error Correction	X	
1260	Emergency Energy		X
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		X
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		X
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		X
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		X

1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		X
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		X
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		X
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		X

1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		X
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		X
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		X
1314	Market Monitoring Unit (MMU) Funding		X
1315	FERC Annual Charge Recovery		X
1316	Organization of PJM States, Inc. (OPSI) Funding		X
1317	North American Electric Reliability Corporation (NERC)		X
1318	Reliability First Corporation (RFC)		X
1320	Transmission Owner Scheduling, System Control and Dispatch Service		X
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X

1340	Regulation and Frequency Response Service		X
1350	Energy Imbalance Service		X
1360	Synchronized Reserve		X
1365	Day-ahead Scheduling Reserve		X
1370	Day-ahead Operating Reserve		X
1371	Day-ahead Operating Reserve for Load Response		X
1375	Balancing Operating Reserve		X
1376	Balancing Operating Reserve for Load Response		X

1377	Synchronous Condensing		X
1378	Reactive Services		X
1380	Black Start Service		X
1400	Load Reconciliation for Spot Market Energy		X
1410	Load Reconciliation for Transmission Congestion		X
1420	Load Reconciliation for Transmission Losses		X
1430	Load Reconciliation for Inadvertent Interchange		X
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		X

1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		X
1445	Load Reconciliation for FERC Annual Charge Recovery		X
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		X
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		X
1448	Load Reconciliation for Reliability First Corporation (RFC)		X
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		X
1460	Load Reconciliation for Regulation and Frequency Response Service		X
1470	Load Reconciliation for Synchronized Reserve		X
1475	DASR Load Reconciliation		X
1478	Load Reconciliation for Operating Reserve		X

1480	Load Reconciliation for Synchronous Condensing		X
1490	Load Reconciliation for Reactive Services		X
1500	Financial Transmission Rights Auction		X
1600	RPM Auction		X
1610	Locational Reliability		X

1650	Non-Unit Specific Capacity Transaction		X
1660	Demand Resource and ILR Compliance Penalty		X
1661	Capacity Resource Deficiency		X
1662	Generation Resource Rating Test Failure		X
1663	Qualifying Transmission Upgrade Compliance Penalty		X
1664	Peak Season Maintenance Compliance Penalty		X
1665	Peak-Hour Period Availability		X
1710	PJM/MISO Seams Elimination Cost Assignment		X
1720	RTO Start-up Cost Recovery		X
1730	Expansion Cost Recovery	X	
1900	Unscheduled Transmission Service		X
1910	Ramapo Phase Angle Regulators		X
1920	Station Power		X

~~1930~~	~~Generation Deactivation and RMR Generating Unit Declarations Before PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. P2013-2391368 et al.~~		~~X~~

1930	Generation Deactivation ~~and RMR Generating Unit Declarations After PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. P20132391368 et al.~~	X	
<u>1935</u>	<u>DOE 202C</u>	<u>X</u>	
1950	Virginia Retail Administrative Fee		X
1980	Miscellaneous Bilateral		X
1995	PJM Annual Membership Fee		X
ID#	CREDITS		
2100	Network Integration Transmission Service		X
2102	Network Integration Transmission Service (exempt)		X
2104	Network Integration Transmission Service Offset		X
2106	Non-Zone Network Integration Transmission Service		X
2108	Transmission Enhancement	X	
2110	Direct Assignment Facilities		X
2115	Transmission Enhancement Settlement (EL05-121-009)	X	
2120	Other Supporting Facilities		X
2130	Firm Point-to-Point Transmission Service		X

2132	Internal Firm Point-to-Point Transmission Service		X
2133	Firm Point-to-Point Transmission Service Resale Credit		X
2140	Non-Firm Point-to-Point Transmission Service		X
2142	Internal Non-Firm Point-to-Point Transmission Service		X
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		X
2210	Transmission Congestion		X
2211	Day Ahead Transmission Credit (Formerly BLI 2210)		X
2215	Balancing Transmission Congestion Credit		X
2217	Planning Period Excess Congestion		X
2218	Planning Period Congestion Uplift		X
2220	Transmission Losses		X
2240	Day-ahead Economic Load Response		X
2241	Real-time Economic Load Response		X
2245	Emergency Load Response		X
2260	Emergency Energy		X
2320	Transmission Owner Scheduling, System Control and Dispatch Service		X

2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
2340	Regulation and Frequency Response Service		X
2350	Energy Imbalance Service		X
2360	Synchronized Reserve		X
2365	Day-ahead Scheduling Reserve		X
2370	Day-ahead Operating Reserve		X

2371	Day-ahead Operating Reserve for Load Response		X
2375	Balancing Operating Reserve		X
2376	Balancing Operating Reserve for Load Response		X
2377	Synchronous Condensing		X
2378	Reactive Services		X
2380	Black Start Service		X
2415	Balancing Transmission Congestion Load Reconciliation Credit		X
2420	Load Reconciliation for Transmission Losses		X
2500	Financial Transmission Rights Auction		X
2510	Auction Revenue Rights		X

2600	RPM Auction		X
2620	Interruptible Load for Reliability		X
2630	Capacity Transfer Rights		X
2640	Incremental Capacity Transfer Rights		X
2650	Non-Unit Specific Capacity Transaction		X
2660	Demand Resource and ILR Compliance Penalty		X
2661	Capacity Deficiency Resource		X
2662	Generation Resource Rating Test Failure		X
2663	Qualifying Transmission Upgrade Compliance Penalty		X
2664	Peak Season Maintenance Compliance Penalty		X
2665	Peak-Hour Period Availability		X
2710	PJM/MISO Seams Elimination Cost Assignment		X
2720	RTO Start-up Cost Recovery		X
2730	Expansion Cost Recovery	X	
2910	Ramapo Phase Angle Regulators		X

2930	~~Generation Deactivation and RMR Generating Unit Declarations Before PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. P2013-2391368 et al.~~		X
2930	~~Generation Deactivation and RMR Generating Unit Declarations After PaPUC Approval Of the Company's Default Service Program in PaPUC Docket Nos. P- 20132391368 et al.~~	X	
<u>2935</u>	<u>DOE 202C</u>	<u>X</u>	
2950	Virginia Retail Administrative Fee		X
2980	Miscellaneous Bilateral		X
2996	Annual PJM Cell Tower		X
2997	Annual PJM Building Rent		X

****Any PJM fees or charges not specifically identified as being the responsibility of the EDC shall be the responsibility of the EGS. Line Items 2100, 2102, and 2104 are Transmission Owner Revenues.**

APPENDIX E – DS SUPPLIER’S OBLIGATIONS FOR AEPS COMPLIANCE

To satisfy AEPS with respect to the DS Supplier’s Responsibility Share, DS Supplier shall fulfill the following obligations:

1. Providing sufficient AECs for each tranche awarded via the DS Solicitation less the Allocated AECs; if any
2. Paying any AEPS penalties, costs, charges, etc. assessed against the DS Supplier and/or the Company associated with the DS Supplier’s nonperformance with AEPS requirements;
3. Submitting to the Company proof of AEPS compliance under this Agreement in such form and manner as may be required by the Company.
4. Provide to the Company all information the Company may require to comply with the AEPS Act and its implementing regulations and other Requirements of Law, including, but not limited to the price paid per AEC required by 73 Pa.C.S.

§1648.3(e)(8).

This Appendix E shall confirm the Alternative Energy Portfolio Standards Obligation of the Transaction Date as defined in the Transaction Confirmation.

Alternative Energy Portfolio Standards Obligations for the period beginning June 1, 2023 based on the total MWh supplied by DS Supplier:

<u>Compliance Period</u>	<u>Tier I</u>	<u>Tier I Solar</u>	<u>Tier II</u>
6/1/202 ~~7~~ <u>3</u> to 5/31/ ~~2028~~ <u>2024</u>	8.00%	0.50%	10.00%
6/1/202 ~~8~~ <u>4</u> to 5/31/202 ~~9~~ <u>5</u>	8.00%	0.50%	10.00%
6/1/20 ~~29~~ <u>25</u> to 5/31/20 ~~30~~ <u>26</u>	8.00%	0.50%	10.00%
6/1/20 ~~30~~ <u>26</u> to 5/31/20 ~~31~~ <u>27</u>	8.00%	0.50%	10.00%

The percentages set forth above are those applicable for the first DS Solicitation and may be revised for future DS Solicitations to reflect changes in law or other applicable regulatory requirements.

The above amounts are estimates and will vary based on actual load served. DS Supplier will need to true-up, higher or lower, actual credits needed based on Monthly Settlement Amount.

If Alternative Energy Portfolio requirements change by Federal or state law or any other reason, the DS Suppliers shall be responsible for any incremental AEPS compliance requirement in order to comply with DS Supplier's obligations under DS Supply.

EXHIBIT 1
TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated _____ between _____ (“Company”) and _____ (“DS Supplier”). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on _____ (“Transaction Date”).

Product: DS Supply

DS Customer Group: Residential

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG
PENNPOWER_RESID_AGG, or APS_RESID_AGG as applicable]

Delivery Period: June 1, 202~~7~~³ through May 31, 20~~28~~²⁴ (Example of a 12 Month Product)

DS Supplier Responsibility Share: X Tranches won ~~of Y Total Tranches~~

DS Fixed Price = \$XX.XX/MWh as bid by DS Supplier

DS Fixed Percentage = 100%

~~**Total Allocated AECs:** To be determined.~~

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation. The signatories to this Transaction must have the authority to enter into this Transaction.

____ Company

DS SUPPLIER

By: _____ By: _____

Name: _____ Name: _____ Title: _____

_____ Title: _____

EXHIBIT 1

TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated _____ between FirstEnergy Pennsylvania Electric Company (“Company”) and _____ (“DS Supplier”). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on _____ (“Transaction Date”).

Product: DS Supply

DS Customer Group: Commercial

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG
PENNPOWER_RESID_AGG, or APS_RESID_AGG as applicable]

Delivery Period: June 1, 202~~7~~³ through May 31, 20~~28~~²⁴ (Example of a 12 Month Product)

DS Supplier Responsibility Share: X Tranches won ~~of Y Total Tranches~~

DS Fixed Price = \$XX.XX/MWh as bid by DS Supplier

DS Fixed Percentage = 100%

~~**Total Allocated AECs: To be determined.**~~

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation. The signatories to this Transaction must have the authority to enter into this Transaction.

Company

DS SUPPLIER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT 1
TRANSACTION CONFIRMATION

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated _____ between FirstEnergy Pennsylvania Electric Company (“Company”) and _____ (“DS Supplier”). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the Transaction agreed to on _____ (“Transaction Date”).

Product: DS Supply

DS Customer Group: Industrial

Delivery Point: [METED_RESID_AGG, PENELEC_RESID_AGG
PENNPOWER_RESID_AGG, or APS_RESID_AGG as applicable]

Delivery Period: June 1, 202~~7~~³ through May 31, 20~~28~~²⁴ (Example of a 12 Month Product)

DS Supplier Responsibility Share: X Tranches won ~~of Y Total Tranches~~

DS Fixed Price = \$XX.XX/MWh as bid by DS Supplier

DS Variable Price = The DS Variable Price is the real time hourly total LMP for the
Delivery Point, ~~plus a fixed adder of \$4.00/MWh.~~

Corrections to DS Variable Price: In the event that PJM changes the location or mechanism by which the LMP for the Delivery Point is calculated, the Company will recalculate a new DS Variable Price for this Agreement. The PMEA/FMEA Adjustment Amount shall reflect any changes to these prices.

~~Total Allocated AECs: To be determined.~~

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between DS Supplier and Company by returning an executed copy of this Transaction Confirmation. The signatories to this Transaction must have the authority to enter into this Transaction.

Company

By: _____
Name: _____
Title: _____

DS SUPPLIER

By: _____
Name: _____
Title: _____

EXHIBIT 2
FORM OF NOTICE

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

Buyer:

DS Supplier:

All Notices:

FirstEnergy Corp.
341 White Pond Drive
Akron, OH 44320
Attn: Randy G. Feucht
Director Regulated Commodity Sourcing
Phone: (330) 384 4619
Facsimile:
Email: rfeucht@firstenergycorp.com
Duns:
Federal Tax ID Number: 92-3343862

All Notices:

DS Company
Street
City/State/Zip
Attn:
Phone:
Facsimile:
Email:
Duns:
Federal Tax ID Number:

Copy to:

FirstEnergy Corp.
P.O. Box 16001
Reading, PA 19612-6001
Attn: Joanne Savage Director Rates & Regulatory Affairs
Phone: (610) 921 6525
Facsimile:
Email: jmsavage@firstenergycorp.com

Invoices:

FirstEnergy Corp.
341 White Pond Drive
Akron, OH 44320
Attn: Robert Brown
Manager, Regulated Settlements
Phone: (216) 970 8357
Facsimile:
Email: rdbrown@firstenergycorp.com

Invoices:

Attn:
Phone:
Facsimile:
Email:

Scheduling:

FirstEnergy Corp.
341 White Pond Drive
Akron, OH 44320
Attn: Tiffanne L. Cowan
Manager Regulated Settlements
Phone: (330) 761 4474
Facsimile:
Email: cowant@firstenergycorp.com

Scheduling:

Attn:

Phone:
Facsimile:
Email:

Payments:

FirstEnergy Corp.
341 White Pond Drive
Akron, OH 44320
Attn: Robert Brown
Manager, Regulated Settlements
Phone: (216) 970 8357
Facsimile:
Email: rdbrown@firstenergycorp.com

Payments:

Attn:

Phone:
Facsimile:
Email:

Wire Transfer:

BNK: JP Morgan Chase, NY
FirstEnergy Service Co.
ABA: 021000021
ACCT: 323-396496

Wire Transfer

BNK:

ABA:
ACCT:

APPENDIX F - LETTER OF CREDIT DOCUMENTATION

Sample DS Letter of Credit

[Insert Date]

Letter of Credit No. [Insert Credit No]

To: FirstEnergy Pennsylvania Electric Company ("Beneficiary")

We hereby establish in your favor this irrevocable transferable Letter of Credit (this "Letter of Credit") for the account of _____ (the "Applicant"), in the amount of \$_____, effective immediately and available to you at sight upon demand at our counters at _____ (Location) and expiring 364 days from date of issuance, unless terminated earlier in accordance with the provisions hereof.

This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in paragraph 11 hereof. This Letter of Credit may be drawn upon an Event of Default under the DS Supplier Master Agreement(s) between the Applicant and you, dated _____ and the DS Supplier Supplier Master Agreement(s) between the Applicant and you, dated _____.

A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, NY time⁷) on such Business Day to _____ (Bank), _____

⁷ If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

(address), (i) a notice executed by you in the form of Annex 1 hereto,
appropriately completed and duly signed by your Authorized Officer of the Beneficiary and (ii)

your draft in the form of Annex 2 hereto, appropriately completed and duly signed by your
Authorized Officer of the Beneficiary. Authorized Officer shall mean President, Treasurer, any
Vice President or any Assistant Treasurer.

We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing, if delivery of this requisite document is made prior to 11:00 AM (New York, NY time) on a Business Day pursuant to Paragraph 3 herein above, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made on or after 11:00 AM (New York, NY time) on any Business Day pursuant to Paragraph 3 herein above.

If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons that the demand for payment was not effected _____ in accordance with such terms and conditions, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such

nonconforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, or (iii) will be automatically extended without written amendment for successive additional one (1) year periods from the current or any future extended expiry date, unless at least ninety (90) days prior to such date of expiration, we give written notice to the Beneficiary by registered or certified mail, return receipt requested, or by overnight courier, at the address set forth above, or at such other address of which prior written notice has been provided to us, that we elect not to renew this irrevocable standby Letter of Credit for such additional one (1) year period.

As used herein:

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fed wire system.

This Letter of Credit is assignable and transferable, in accordance with Annex 4, to an entity who you certify to us in the form of Annex 4, and we hereby consent to such assignment or transfer, provided that this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007 Revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). Any and all transfer fees, expenses and

costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law. Transfers fees shall be borne by the Applicant.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 6 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

We certify that as of _____ (date) we _____
("Bank") satisfy the senior unsecured debt rating of "A" from Standard & Poor's Ratings Services or "A2" from Moody's Investors Service Inc.

The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____.
Partial drawings are permitted hereunder.

Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ confirmed by telephone to _____.

In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

This original Letter of Credit has been sent to the beneficiary EDC located at _____ above (as per Applicant's instructions). The aggregate amount paid to the

_____ during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the _____. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Officer of the (Bank).

Very truly yours,

By: _____

By: _____

Name: [Insert Name]

Name: [Insert Name]

Title: [Insert Title]

Title: [Insert Title]

Date: [Insert Date]

Date: [Insert Date]

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. [InsertCreditNo.]

[Insert Date]

To: [Insert Bank]

[Insert Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit.

"Pursuant to Paragraph 2 of the Letter of Credit No. [Insert Credit No.], dated [Insert Date], the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of \$[Insert Dollars], inasmuch as there is an Event of Default under any DS Supplier Master Agreement between the Applicant and us.

We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

By: _____

By: _____

[Insert Company Name]

[Insert Company Name] Title:

[Insert Title]

Title: [Insert Title]

Date: [Insert Date]

Date: [Insert Date]

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. [Insert Credit No.]

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. [Insert
Credit No.]

[Insert Bank]

[Insert Address]

The [Insert Company]

Name: [Insert Name]

Name: [Insert Name]

Title: [Insert Title]

Title: [Insert Title]

Date: [Insert Date]

Date: [Insert Date]

ON [Business day immediately succeeding date of presentation]

PAY TO: FirstEnergy Pennsylvania Electric Company

OF

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION

OF LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]

[Insert Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentleman:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

The [Insert Company]

By: _____

Name: [Insert Name]

Title: [Insert Title]

Date: [Insert Date]

By: _____

Name: [Insert Name]

Title: [Insert Title]

Date: [Insert Date]

cc: [Insert Applicant Name]

Annex 4 to Letter of Credit

NOTICE OF TRANSFER OF LETTER OF CREDIT NO. [Insert Credit No.]

[Insert Date]

To: [Insert Bank]

[Insert Address]

To Whom It May Concern:

Re: Credit [Insert Credit No.]

Issued by: [Insert Name]

Advice No.: [Insert Advise No.]

For the value received, the undersigned beneficiary hereby irrevocably transfers to:

[Insert Transferee Name]

(Name of Transferee)

[Insert Address]

(Address)

All rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it direct to the transferee with your customary notice of transfer.

Enclosed is a certified check in the amount of \$ [Insert Amount] in payment of your transfer commission and in addition we agree to pay to you on demand any expenses that may be incurred by you in conjunction with this transfer.

Very Truly Yours,

[Insert Signature of Company]

(Signature of the Company)

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

(Name of authenticating party)

[Insert Signature of Authenticating Party]

(Authorized signature of authenticating party)

Name: [Insert Name]

Title: [Insert Title]

APPENDIX G - GUARANTY

GUARANTY (this "Guaranty"), dated as of [Insert Date], made by _____ (the "Guarantor"), a corporation organized and existing under the laws of [Insert Law References] in favor of [Insert Company Name] (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

Terms not defined herein take on the meaning given to them in the DS Supplier Master Agreement(s). Guarantor enters into this Guaranty in consideration of, and as an inducement for Guaranteed Party having entered into or entering into the "Agreements" with [Insert Name] (Name), a [Insert State] (State) corporation (the "DS Supplier"), which may involve the extension of credit by the Guaranteed Party. Guarantor, subject to the terms and conditions hereof, hereby unconditionally and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to an applicable grace period and upon demand in writing from the Guaranteed Party to the Guarantor's attention at the address for Guarantor set forth in Section 11 hereof of any and all amounts payable by the DS Supplier to the Guaranteed Party arising out of the Agreement(s), and,

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal and interest on any sums due and payable by the BGS Supplier as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this

Guaranty shall Option 1 (in no event exceed [Insert Limit Amount].) Option 2 (in no event exceed the lesser of [Insert Limit Amount] or the sum of the Total Exposures Amounts under the Agreement(s).) All such principal, interest, obligations and liabilities, collectively, are the “Guaranteed Obligations”. This Guaranty is a guarantee of payment and not of collection.

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

3. The Guaranteed Party may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (i) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Document or any person (including the DS Supplier) that the Guaranteed Party determines in its sole discretion to be necessary or appropriate; (ii) take or refrain from taking any action of any kind in respect of any security for any Guaranteed Obligation(s) or liability of the DS Supplier to the Guaranteed Party; or (iii) compromise or subordinate any Guaranteed Obligation(s) or liability of the DS Supplier to the Guaranteed Party including any security for such Guaranteed Obligation(s) or liability of the DS Supplier to the Guaranteed Party.

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute and unconditional and, without limiting the generality of the foregoing,

shall not be released, discharged or otherwise affected by: (i) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the DS Supplier concerning any provision of the Agreement(s) in respect of any Guaranteed

Obligations of the DS Supplier; (ii) the rendering of any judgment against the DS Supplier or any action to enforce the same; (iii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed

Obligations; (iv) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the DS Supplier and the Guaranteed Party; (v) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the BGS Supplier or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the DS Supplier or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligations; (vi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the DS Supplier, the Guaranteed Party or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; (vii) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same, or any provision of applicable law or regulation purporting to prohibit payment by the DS Supplier of amounts to be paid by it under the Agreement(s) or any of the Guaranteed Obligations; and (viii) except for a failure to comply with any applicable statute of limitations, any other act or omission to act or delay of any kind of the DS Supplier, any other guarantor, the Guaranteed Party or any other corporation or person or any other event, occurrence

or circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

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

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

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

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

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

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

10. The Guarantor agrees that its liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise.

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

If to the Guarantor:

[Insert Guarantor]

If to the Guaranteed Party:

[Insert Guaranteed Party]

12. If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property,

or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

13. The Guarantor hereby certifies that it satisfies the Minimum Rating as defined in the Agreement(s).

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

15. The Guarantor represents and warrants that: (i) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (ii) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction

over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (iii) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditor's rights generally and by general principles of equity; and (iv) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Agreement, Articles of Incorporation or bylaws] or any law, regulation or contractual restriction binding on it or its assets.

16. This Guaranty and the rights and obligations of the DS Supplier and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree to the exclusive jurisdiction of State and Federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive any objections to venue or inconvenient forum. The Guarantor and Guaranteed Party each hereby irrevocably waive any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.

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

18. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of

competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

19. No Trustee or shareholder of Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and such Guaranty shall not be enforceable against any such Trustee in their or his or her individual capacities or capacity. This Guaranty shall be enforceable against the Trustees of Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to Guarantor, its shareholders or Trustee shall look solely to the trust estate of Guarantor for the payment or satisfaction thereof.

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

(GUARANTOR)

Accepted and Agreed to: [Insert

Guarantor]

[Insert Company Name]

By: _____

By: _____

Name: [Insert Name]

Name: [Insert Name]

Title: [Insert Title]

Title: [Insert Title]

APPENDIX H– CAPACITY PROXY PRICE

For purposes of this Appendix: (i) the “PJM RPM Zonal Net Load Price” is the price charged by PJM to LSEs for capacity in the Company’s PJM zone under the Reliability Pricing Model (“RPM”) or its successor; and (ii) the “Capacity Proxy Price” (CPP) for the Company is \$_____ /MW-day.

The CPP for each Company will be equal to the most recent PJM Base Residual Auction “BRA” clearing price conducted by PJM.

In the event a CPP is implemented, Section 9.1 (a) of the SMA is replaced with the following:

Each Billing Month the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown on the Transaction Confirmation(s) for each hour of the Billing Month, plus the aggregate amounts due based on the DS Variable Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Variable Percentage, if applicable, as shown on the Transaction Confirmation(s) for each hour of the Billing Month. For each Billing Month where a CPP was used, an additional line item on the supplier invoice will show the true-up amount expressed in dollars which is the difference between the EDC Capacity Price actually charged for load served on the day for the Company’s PJM zone and the Capacity Proxy Price multiplied by the DS Supplier responsibility share of the Capacity obligation (UCAP) for each day of the Billing Month in question. True-ups will occur in the delivery year where a proxy price was utilized.

after the Capacity Proxy Price is known, the Companies will apply the Capacity Proxy Price true-up across the The calculation of the day weighted average capacity price adjustment for purposes of determining the true up amount will reflect final unforced capacity (i.e., UCAP) quantity weighting. For example, for a 24-month contract term, the Company will calculate the average capacity price adjustment by appropriately weighting the amount of capacity (i.e., the final UCAP quantity) purchased by the supplier at each PJM capacity price.

~~APPENDIX H – CAPACITY PROXY PRICE~~

~~For purposes of this Appendix: (i) the “PJM RPM Zonal Net Load Price” is the price charged by PJM to LSEs for capacity in the Company’s PJM zone under the Reliability Pricing Model (“RPM”) or its successor; and (ii) the “Capacity Proxy Price” (CPP) for the Company is \$_____/MW-day.~~

~~The CPP for each Company will be the average of the capacity prices from the last auctions of the previous two Capacity Market Auctions conducted by PJM.~~

~~In the event a CPP is implemented, Section 9.1 (a) of the SMA is replaced with the following:~~

~~Each Billing Month the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown on the Transaction Confirmation(s) for each hour of the Billing Month, plus the aggregate amounts due based on the DS Variable Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Variable Percentage, if applicable, as shown on the Transaction Confirmation(s) for each hour of the Billing Month. For each Billing Month after the Capacity Proxy Price is known, the Companies will apply the Capacity Proxy Price true-up across the entire contract term. The calculation of the day-weighted average capacity price adjustment for purposes of determining the true-up amount will reflect final unforced capacity (i.e., UCAP) quantity weighting. For example, for a 24-month contract term, the Companies will calculate the relevant 24-month average capacity~~

~~price adjustment by appropriately weighting the amount of capacity (i.e., the final UCAP quantity)
purchased by the supplier at each PJM capacity price.~~

APPENDIX I – ASSIGNMENT AGREEMENT

ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT

This Assignment, Assumption and Release Agreement (this “Assignment Agreement”) dated as of _____, _____ (the “Assignment Execution Date”) by and among:

(“Transferor”)

(“Transferee”)

and

[Applicable EDC listed here – Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, or West Penn Power Company], a corporation and a public utility organized and existing under the laws of Pennsylvania (“Remaining Party”).

RECITALS

WHEREAS as identified in Schedule 1 hereto, Transferor and Remaining Party have in place the Default Service Supplier Master Agreement between Remaining Party and Transferor dated _____, including the associated appendices attached thereto (collectively referred to herein as “Agreement”);

WHEREAS Transferor has agreed to assign to Transferee and Transferee has agreed to assume all of the rights, liabilities, duties and obligations of Transferor under and in respect of the Agreement on and subject to the terms contained herein;

WHEREAS Remaining Party is willing to consent to such assignment and assumption as herein set forth and to accept Transferee as its counterparty with respect to the Agreement in the place and stead of Transferor pursuant to the terms of this Assignment Agreement; and

WHEREAS Transferor and Remaining Party have agreed to release and discharge, as a result and to the extent, of the assignment and assumption described above, their respective future obligations under and in respect of the Agreement all as more fully set forth below.

NOW THEREFORE, for good and valuable consideration (receipt and sufficiency of which are hereby acknowledged), the parties hereto mutually covenant and agree as follows:

1. **Assignment and Assumption.** Transferor hereby assigns, conveys, transfers and delivers to Transferee, and Transferee hereby accepts and assumes, in each case as of the Assignment Execution Date, Transferor's entire right, title, estate and interest in and to, and Transferor's rights, liabilities, duties and obligations under, the Agreement from and after the Effective Date, for Transferee's sole use and benefit absolutely. For purposes of this Assignment Agreement, the term "**Effective Date**" shall mean _____.
2. **Acceptance by Transferee.** Transferee hereby assumes and accepts the aforesaid Agreement, and covenants and agrees with Remaining Party and Transferor that from and after the Assignment Execution Date, Transferee will be bound by, observe and perform, carry out and fulfill all covenants and agreements, duties and obligations under the Agreement from and after the Effective Date that were formerly required to be observed and performed by Transferor under the terms of the Agreement, and that the Agreement shall be fully enforceable against Transferee by Remaining Party, in each case, as if Transferee were an original party thereto.
3. **Consent and Acceptance by Remaining Party.** In satisfaction of Section 16.3 of the Agreement, Remaining Party hereby consents to the assignment and assumption of the Agreement in accordance with the terms set forth herein and accepts Transferee as the party

to perform the obligations of Transferor under the Agreement from and after the Effective Date, and Remaining Party agrees that it shall not make any claim against Transferee as a consequence of or relating to the observance and performance of the covenants, representations and agreements under, or any default, breach or non-performance attributable to Transferor under the Agreement or any other transaction entered into pursuant to the Agreement prior to the Effective Date, regardless of when Remaining Party's cause of action accrued.

4. Release.

- (a) Effective as of and from the Effective Date, Remaining Party hereby releases and forever discharges Transferor from all obligations to Remaining Party with respect to the Agreement and of and from any and all liability as a consequence of or relating to all manner of action and actions, cause or causes of action, suits, debts, dues, sums of money, claims and demands whatsoever at law or in equity ("**Claims**") arising out of, or which are in any way related to, the Agreement after and including the Effective Date; provided that, for certainty, the foregoing shall not release or discharge Transferor in respect of the settlement, payment or performance of any liabilities or obligations due and payable or due to be performed, including without limitation payment of any adjustments thereof, or causes of action for breach of the Agreement, with respect to periods prior to the Effective Date (the "**Transferor Excluded Liabilities**") and all such Transferor Excluded Liabilities shall be paid or performed by Transferor in accordance with the terms of the Agreement.

- (b) Effective as of and from the Effective Date, Transferor hereby releases and forever discharges Remaining Party from all obligations to Transferor with respect to the Agreement and of and from any and all liability as a consequence of or relating to all Claims arising out of, or which are in any way related to, the Agreement after and including the Effective Date; provided that, for certainty, the foregoing shall not release or discharge Remaining Party in respect of the settlement, payment or performance of any liabilities or obligations due and payable or due to be performed, including without limitation payment of any adjustments thereof, with respect to periods prior to the Effective Date (the “**Remaining Party Excluded Liabilities**”), and all such Remaining Party Excluded Liabilities shall be paid or performed by Remaining Party in accordance with the terms of the Agreement.
- (c) In respect of the Agreement, effective from and after the Effective Date, Remaining Party and Transferee each undertake liabilities and obligations towards the other and acquire rights against each other identical in their terms as if Transferee were Transferor and with Remaining Party remaining the counterparty, save for any rights, liabilities or obligations of Remaining Party with respect to any Remaining Party Excluded Liabilities, if any, or Transferor with respect to any Transferor Excluded Liabilities, if any.

5. **Further Assurances.** Each party hereto agrees that it shall, from time to time and at all times hereafter, execute such further assurances and do all such acts and things as may be reasonably required for the purpose of vesting in Transferee the rights and obligations of Transferor in the Agreement as assigned to, and assumed by, Transferee and effecting the release and other transactions set forth herein, including, at the request of Remaining Party,

executing a new default service supplier master agreement with the same terms and conditions of the Agreement.

6. **Address for Notices.**

The address for Transferor for notices shall be:

The address for the Transferee for notices shall be:

7. **Enurement.** This Assignment Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

8. **Counterpart Execution.** This Assignment Agreement may be executed in separate counterparts and delivered by facsimile, or as an attachment to an electronic message (such as a pdf, tif or other mutually acceptable type of file attachment) each of which when so executed and delivered shall constitute the one and the same original document.

9. **Governing Law; Waiver of Jury Trial.** This Assignment Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of laws. Any judicial action arising out of, resulting from, or in any way relating to this Assignment Agreement shall be brought only in a state or federal court of competent jurisdiction located in the Commonwealth of Pennsylvania, except to the extent subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"), Pennsylvania Public Utility Commission ("PUC") or appellate courts having jurisdiction over the PUC or FERC matters. **EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT**

MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS ASSIGNMENT AGREEMENT. EACH PARTY CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH A SUIT ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER.

10. Representations, Warranties and Covenants.

- (a) Transferor hereby represents and warrants that: (i) its right, title, estate and interest in and to the Agreement is free and clear of any liens, charges, pledges, options, mortgages, deeds of trust, security interests, restrictions (whether on voting, sale, transfer, disposition, or otherwise), and easements, whether imposed by law, agreement, understanding, or otherwise whatsoever, (ii) it has the power and authority to effect the sale, assignment and transfer of the Agreement and to execute this Assignment Agreement; (iii) it is a “public utility” as such term is defined under the Federal Power Act, (iv) it has no captive customers; (v) it does not own, or provide transmission services over, transmission facilities subject to the jurisdiction of the Federal Energy Regulatory Commission; (vi) assuming the truthfulness of the representations of Transferee set forth in Section 11(b)(iii), (iv) and (v) below, the transfer of rights under the Agreement falls within the blanket authorization granted under 18 C.F.R. Section 33.1(c)(16); (vii) the Agreement has not been amended or modified and is in full force and effect; (viii) no event or condition has occurred that constitutes, or will with the passage of time constitute, an event of default or termination under the Agreement; (ix) there are no material disputes

pending or to its knowledge threatened related to any rights or obligations transferred by this Assignment Agreement; (x) as of the Assignment Execution Date, it has performed all of its obligations under the Agreement that are required to be performed and will have performed all such obligations as of the Effective Date; (xi) it is acting for its own account, and it has made its own independent decisions to enter into this Assignment Agreement and as to whether this Assignment Agreement is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary; (xii) it is not relying on any communication (written or oral) of the other parties as investment advice or as a recommendation to enter into this Assignment Agreement; it being understood that information and explanations related to the terms and conditions of this Assignment Agreement shall not be considered investment advice or a recommendation to enter into this Assignment Agreement; (xiii) no communication (written or oral) received from any of the other parties shall be deemed to be an assurance or guarantee as to the expected results of this Assignment Agreement; (xiv) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Assignment Agreement; (xv) it is also capable of assuming, and assumes, the risks of this Assignment Agreement; and (xvi) none of the other parties is acting as a fiduciary for or an adviser to it in respect of this Assignment Agreement.

- (b) Transferee hereby represents and warrants that: (i) it has the power and authority to accept and assume the sale, purchase, assignment and transfer of the Agreement

and to execute this Assignment Agreement; (ii) it is qualified to do business in the Commonwealth of Pennsylvania; (iii) it is a “public utility” as such term is defined under the Federal Power Act, (iv) it has no captive customers; (v) it does not own, or provide transmission services over, transmission facilities subject to the jurisdiction of the Federal Energy Regulatory Commission; (vi) it is a “Load Serving Entity” as defined in the Agreement in good standing with PJM Interconnection, LLC (“PJM”) and is in compliance with all applicable PJM obligations, rules and regulations; (vii) assuming the truthfulness of the representations of Transferor set forth in Section 10(a)(iii), (iv) and (v) above, the transfer of rights under the Agreement falls within the blanket authorization granted under 18 C.F.R. Section 33.1(c)(16); (viii) it is acting for its own account, and it has made its own independent decisions to enter into this Assignment Agreement and as to whether this Assignment Agreement is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary; (ix) it is not relying on any communication (written or oral) of the other parties as investment advice or as a recommendation to enter into this Assignment Agreement; it being understood that information and explanations related to the terms and conditions of this Assignment Agreement shall not be considered investment advice or a recommendation to enter into this Assignment Agreement (x) no communication (written or oral) received from any of the other parties shall be deemed to be an assurance or guarantee as to the expected results of this Assignment Agreement; (xi) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Assignment

Agreement and the Agreement; (xii) it is also capable of assuming, and assumes, the risks of this Assignment Agreement and the Agreement; and (xiii) none of the other parties is acting as a fiduciary for or an advisor to it in respect of this Assignment Agreement.

- (c) Transferee hereby represents and warrants (i) that each representation and warranty of the Transferor set forth in the Agreement is true, correct and complete with respect to Transferee as of the Assignment Execution Date and will be true, correct and complete as of the Effective Date, and hereby makes each such representation and warranty for the benefit of Remaining Party as if set forth in full herein, and (ii) that Transferee is familiar with and meets all of Remaining Party's creditworthiness requirements and all applicable load-cap requirements, currently in effect under and pursuant to the Agreement. Transferee acknowledges that Remaining Party is relying upon, and agrees that Remaining Party may rely upon, the representations and warranties of Transferee set forth in this Assignment Agreement in providing its consent to and acceptance of the assignment to and assumption by Assignee of the Agreement.
- (d) Transferee hereby agrees to be bound by the terms of the Agreement and to perform all of the obligations thereunder in accordance with the terms thereof.

Each party hereto represents and warrants to the others that: (i) this Assignment Agreement and, as to Remaining Party and Transferee, the Agreement, do not and will not violate or conflict with its charter, articles or certificate of incorporation, or by-laws (or comparable constitutive documents), any statute, law, rule, regulation or ordinance, or any judgment, order, consent order, stipulated

agreement, writ, injunction, or decree of any court or governmental agency, applicable to it or any agreement to which it is a party or by which it or any of its property is bound; provided that the Remaining Party shall provide an informational filing to the PUC advising of the execution of this Assignment Agreement after the

Assignment Execution Date; (ii) its obligations hereunder and, as to Remaining Party and Transferee, under the Agreement are legal, valid and binding on it, and enforceable in accordance with their terms; and (iii) the person signing this Assignment Agreement for such party is an officer, director, and/or partner of such party and is authorized and duly empowered to do so.

11. **Informational Filing.** The parties acknowledge that Remaining Party shall provide an informational filing to the PUC advising of the execution of this Assignment Agreement after the Assignment Execution Date.
12. **Costs and Expenses.** The parties will each pay their own costs and expenses (including legal fees) incurred in connection with this Assignment Agreement and as a result of the negotiation, preparation and execution of this Assignment Agreement.
13. **Amendments.** No amendment, modification or waiver in respect of this Assignment Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties.
14. **Waiver.** No waiver under this Assignment Agreement is effective unless it is in writing and signed by the party waiving its right. Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated and does not operate as a waiver on

any future occasion. None of the following constitutes a waiver or estoppel of any right, remedy, power, privilege or condition arising from this Assignment Agreement:

(a) any failure or delay in exercising any right, remedy, power or privilege or in enforcing any condition under this Assignment Agreement; or (b) any act, omission or course of dealing between the parties.

15. **Cumulative Remedies.** All rights and remedies provided in this Assignment Agreement are cumulative and not exclusive, and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the parties or otherwise.
16. **No Third Party Beneficiaries.** This Assignment Agreement benefits solely the parties to this Assignment Agreement and their respective permitted successors and assigns and nothing in this Assignment Agreement, express or implied, confers on any other person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Assignment Agreement.
17. **Headings; Defined Terms.** The headings in this Assignment Agreement are for reference only and do not affect the interpretation of this Assignment Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement.
18. **Severability.** If any term or provision of this Assignment Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability does not affect any other term or provision of this Assignment Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties to this

Assignment Agreement shall negotiate in good faith to modify this Assignment Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[signature page follows]

IN WITNESS WHEREOF the parties have executed this Assignment Agreement on the respective dates specified below with effect from and including the Assignment Execution Date.

TRANSFEROR:

By: _____ Name: _____

Title: _____
Date: _____

TRANSFeree:

By: _____ Name: _____

Title: _____
Date: _____

REMAINING PARTY:

[Applicable EDC listed here – Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, or West Penn Power Company]

By: _____
Name: _____ Title: _____

Date: _____

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF FIRSTENERGY	:	
PENNSYLVANIA ELECTRIC COMPANY	:	DOCKET NO. P-2026-
FOR APPROVAL OF ITS DEFAULT	:	
SERVICE PROGRAM FOR THE PERIOD	:	
JUNE 1, 2027 TO MAY 31, 2031	:	
	:	

VERIFICATION

I, Ryan J. Rose, hereby state that the facts set forth in the pre-marked statements and exhibits listed below are true and correct to the best of my knowledge, information, and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

- FE PA Statement No. 2 and FE PA Exhibits RJR-1 and 2

Ryan Rose

Date: February 3, 2026

Ryan J. Rose

FE PA Statement No. 3
Direct Testimony of Nicholas E. Powers

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DOCKET NO.
DEFAULT SERVICE PROGRAMS**

**For the Period
June 1, 2027 to May 31, 2031**

**Direct Testimony of
Nicholas E. Powers**

**List of Topics Addressed
Analysis of Default Service Program Plans**

DIRECT TESTIMONY OF NICHOLAS E. POWERS

I. INTRODUCTION AND PURPOSE

Q. Please state your name and business address.

A. My name is Nicholas E. Powers. I am a Principal of The Brattle Group (“Brattle”). My business address is 1800 M St. NW, Suite 700 North, Washington, D.C.

Q. What is your educational background?

A. I hold a Ph.D. in Business Economics from the University of Michigan and a Bachelor of Science in Applied Economics and Management from Cornell University. My areas of specialization within economics are industrial organization and environmental economics. I have also completed field courses in economic theory.

Q. Please describe your duties as Principal.

A. I provide economic analysis to a variety of clients in a variety of contexts, in regulatory, litigation, and advisory roles. For more than 15 years, I have worked on matters related to competition and regulation, both in the electricity industry and more generally. Appendix A provides further detail regarding my professional experience and educational background.

Q. Have you ever testified before the Pennsylvania Public Utility Commission (“Commission” or “PaPUC”)?

A. Yes. I have previously submitted written testimony to the Pennsylvania Public Utility Commission on behalf of FirstEnergy Corp.’s Pennsylvania electric distribution utilities—now consolidated as FirstEnergy Pennsylvania Electric Company (“FE PA” or “the Company”)—in the most recent (pre-consolidation) sixth default service proceedings

1 (“DSP VI”) at Docket Nos. P-2021-3030012, P-2021-3030013, P-2021-3030014, and P-
2 2021-3030021. That testimony evaluated whether the proposed procurement plans
3 provided a prudent mix of supply products and achieved the statutory standard of least cost
4 to customers over time. Following consolidation, FE PA consists of the following rate
5 districts: Met-Ed, Penelec, Penn Power, West Penn and The Pennsylvania State University
6 (“PSU”), which is a sub-part of the West Penn rate district (individually a “Rate District”
7 and in any combination the “Rate Districts”).

8 **Q. On whose behalf are you testifying in this proceeding?**

9 A. I am testifying on behalf of FE PA.

10 **Q. What is the purpose of your direct testimony?**

11 A. My testimony evaluates the Company’s proposed procurement of full-requirements service
12 for residential and commercial default service customers and hourly-priced service for
13 industrial customers during June 2027 through May 2031. I explain how the products and
14 the auction format together produce a prudent mix of spot, short-term, and long-term
15 purchases that meets applicable requirements of Pennsylvania’s Act 129 of 2008 (“Act
16 129”) and delivers least cost over time.

17 **Q. Please summarize your testimony.**

18 A. My testimony evaluates FE PA’s-proposed Default Service Program (“DSP”) for the
19 period June 1, 2027 through May 31, 2031 (“DSP VII”). I describe the structure of the
20 proposed procurement, including the use of competitive descending-clock auctions to
21 acquire full-requirements, load-following service for residential and commercial customers
22 and hourly-priced service for industrial customers. I explain how the mix of 12-, 24-, and

60-month products, combined with a limited exposure to spot market pricing, provides a prudent balance between price stability and responsiveness to market conditions.

I also discuss the allocation of supplier responsibilities under the proposed plan, including the treatment of capacity costs through the continued use of a Capacity Proxy Price (“CPP”) and the recovery of transmission-related and other non-market-based charges through established tariff mechanisms. In addition, I describe the proposed long-term 60-month product and the contingency provisions designed to ensure reliable service in the event that any procurement does not fully clear.

Finally, I present an analysis of historical default service auction outcomes, comparing auction prices to expected wholesale market costs to assess whether the procurements have produced reasonable, market-consistent results. Based on this analysis and Commission precedent, I conclude that the proposed procurement framework is consistent with Act 129’s requirements for a prudent mix of supply and is designed to achieve the least cost to customers over time.

Q. Have you prepared any exhibits to accompany your testimony?

A. Yes. I have prepared FE PA Exhibit NEP-1, which is attached hereto and will be discussed later herein.

II. THE DESIGN OF THE SUPPLY PLAN FOR THE COMPANY’S DEFAULT SERVICE CUSTOMERS CONFORMS WITH THE REQUIREMENTS OF ACT 129, SUCH THAT IT WILL RESULT IN THE LEAST COST OVER TIME FOR THOSE CUSTOMERS

Q. Can you provide an overview of the Company’s proposed DSP VII?

A. Yes. Under DSP VII, FE PA proposes to procure full-requirements, load-following generation service for non-shopping residential and commercial customers through a series of descending-clock auctions. The resulting contracts will satisfy default service supply

1 requirements for the period June 1, 2027, through May 31, 2031. The residential default
2 service portfolio will consist of 12-, 24-, and 60-month fixed-price full-requirements
3 tranches, which together will serve 100 percent of residential load.¹ Commercial load will
4 continue to be served through a mix of 12- and 24-month full-requirements procurements.
5 Industrial customers will remain on hourly-priced service, under which suppliers provide
6 a full-requirements product priced at the PJM real-time energy price plus the price bid by
7 winning suppliers.

8 Each auction will solicit tranches—defined slices of customer-class load—under
9 standard contract terms. There will be separate default service products for each Rate
10 District and for commercial and residential customer classes, and while the mix of tranches
11 offered in each auction will vary, both residential and commercial products will be
12 procured simultaneously in each auction. Auctions will occur three times in 2027 (to
13 establish the full portfolio before delivery begins) and semi-annually thereafter. The
14 staggered timing of the procurements of tranches, combined with varying contract
15 durations, is designed to promote both price stability and ongoing supplier participation.

16 The customers receiving default service will be billed at a fixed price per kilowatt
17 hour that will change every six months, with the timing synchronized to PJM
18 Interconnection, LLC's ("PJM") energy year, which begins on June 1 and lasts through
19 May 31.²

¹ Specifically, at any point in time during the default service period, roughly 45% of the load obligation will effectively be priced based on one-year purchases, while another 45% of load will be priced based on two-year purchases. The remaining share of load (approximately 10%) will be met through 60-month full-requirements purchases. I describe this aspect of the default service program in further detail later in this testimony.

² Specifically, a new price-to-compare ("PTC") will take effect on June 1 and December 1 of every year and remain in effect for the ensuing six-month period.

1 **Q. How will suppliers’ responsibilities be defined under DSP VII?**

2 A. Winning suppliers will be responsible for all components, other than transmission costs, of
3 serving their assigned share of default service load, including energy, capacity, ancillary
4 services, PJM administrative fees, and compliance with Alternative Energy Portfolio
5 Standards (“AEPS”). Suppliers will not be responsible for Network Integration
6 Transmission Service (“NITS”) charges; rather, the Company will retain NITS
7 responsibility and will recover it through a bypassable rider on default service customer
8 bills. Suppliers will not be responsible for Regional Transmission Expansion Plan
9 (“RTEP”) charges; Expansion Cost-Recovery Charges; Reliability Must Run/generation
10 deactivation charges; Department of Energy emergency order-related generation charges;
11 historical out-of-market adjustments related to tie lines, generation, and retail customer-
12 metering costs; unaccounted-for energy costs; or any FERC-approved reallocation of PJM
13 RTEP charges related to Docket No. EL05-121-009 (collectively referred to as “non-
14 market-based charges,” or “NMB charges”). The costs associated with NMB charges will
15 be charged to customers directly through a non-bypassable tariff rider (i.e., the Default
16 Service Support Rider (hereinafter “DSSR”)).

17 For capacity, DSP VII continues the use of a CPP. Because future PJM capacity
18 prices are uncertain, the CPP serves as a forward estimate of expected base residual auction
19 (“BRA”) outcomes for later delivery years in the terms of the 24- and 60-month default
20 service contracts. Prior to relevant default service supply auctions, suppliers will be
21 informed of the relevant CPP so that they can account for it in their bids. Eventual
22 differences between the proxy and actual realized costs during the term of the service
23 contract will be reconciled through a true-up mechanism applied as part of the DSSR. This
24 approach limits suppliers’ exposure to unpredictable capacity costs, thereby reducing risk

1 premiums embedded in bids. The Company proposes to simplify the calculation of the
2 proxy price as well as the true-up mechanism in a manner that maintains these principles
3 of the current CPP approach. The proposed modifications to the CPP are described in Mr.
4 Rose's testimony (FE PA Statement No. 2).

5 **Q. Are long-term products included in DSP VII?**

6 A. Yes. DSP VII introduces a 60-month full-requirements fixed-price product that will
7 represent approximately 10 percent of the Company's residential default service load at
8 any time. This product will be procured in the January 2027 auction through the same
9 auction platform used for shorter-term tranches. The inclusion of longer-term tranches
10 enhances portfolio diversity and provides a partial long-term energy hedge for customers,
11 while maintaining manageable exposure to market changes.

12 **Q. What contingency provisions apply if the 60-month product tranches do not clear?**

13 A. If the 60-month tranches offered in the January 2027 auction do not attract sufficient bids
14 to clear, the Company will fill the uncovered portion of the portfolio by procuring
15 additional 12-month full-requirements tranches during the subsequent April 2027 auction.
16 This ensures that the entire default service load will be supplied beginning June 1, 2027
17 and maintains continuity with prior Commission-approved contingency protocols.

18 **Q. Does the term length of the products proposed in the DSP VII plan demonstrate**
19 **compliance with the prudent mix requirement of Act 129?**

20 A. Yes. Under Act 129 of 2008, an electric distribution company's ("EDC's") default service
21 plan must include a "prudent mix" of spot-market purchases and short- and long-term

1 contracts.³ Consistent with this requirement, the Company’s proposed procurement design
2 achieves a balanced portfolio that limits risk while providing reasonable cost stability.
3 The combination of 12-, 24-, and 60-month full-requirements contracts offers both short-
4 term responsiveness to changing market conditions and longer-term price stability. The
5 inclusion of 12-month and 24-month contracts procured at multiple points in time during
6 the four-year plan, along with the 60-month tranche, ensures that customers are exposed to
7 meaningful price signals while also benefiting from the stabilizing effects of a diversified
8 portfolio of contracts with differing durations.

9 While I am not an attorney, I have been advised by counsel that Pennsylvania case
10 law recognizes that a prudent mix can include different combinations of contract terms, or
11 even rely on a single type of procurement structure, when doing so provides the least cost
12 to customers over time.⁴ In this case, the proposed plan’s mix of contract durations and
13 auction timing provides a disciplined, competitive process that meets the prudent-mix
14 standard and balances cost, risk, and stability in accordance with Act 129.

15 **Q. Do you believe that the Company’s proposed DSP VII is consistent with 66 Pa.C.S. §**
16 **2807(e)(3.4), which requires that default service be designed to ensure “the least cost**
17 **to customers over time”?**

18 A. Yes, I do. The plan’s design is consistent with both the letter and intent of Act 129. The
19 use of a competitive auction process to procure a full-requirements product encourages
20 active participation from qualified suppliers and promotes efficient pricing outcomes.
21 Through the auction, suppliers that can manage portfolios of energy, capacity,

³ 66 Pa.C.S. § 2807(e)(3.2).

⁴ *Popowsky v. Pa. P.U.C.*, 71 A.3rd 1112, 1117 (Pa. Commw. Ct. 2013) (“*Popowsky*”).

1 transmission, and renewable energy products most effectively—and at the lowest expected
2 cost—will emerge as winning bidders.

3 This competitive structure has proven reliable in prior proceedings and continues
4 to meet the “least cost over time” standard established by the Commission and affirmed by
5 the Commonwealth Court in *Popowsky*. The plan balances short-term market
6 responsiveness with longer-term price stability by blending contracts of different durations,
7 while the inclusion of a real-time component for industrial customers ensures that
8 customers remain exposed to current market conditions.

9 Overall, the proposed procurement framework leverages supplier expertise and
10 competition to secure supply at the lowest sustainable cost for ratepayers, consistent with
11 Act 129’s directive to minimize long-term costs rather than momentary price levels.

12 **Q. How does the reliance upon a full-requirements product contribute to a procurement**
13 **strategy that is designed to ensure “the least cost to customers over time,” as required**
14 **under Act 129?**

15 A. A full-requirements product provides a clear, standardized means of acquiring default
16 service supply through competition. Each tranche represents a defined percentage of a
17 customer class’s load that the supplier must serve—including energy, capacity, ancillary
18 services, and transmission components—excluding non-market-based charges recovered
19 through separate tariff mechanisms. Because all bidders compete to supply an identical
20 product, the auction results are transparent and price-driven.

21 By bidding to provide a fixed-price, load-following product, suppliers assume risks
22 associated with fluctuating wholesale prices, customer migration, weather-related
23 variability, and other market factors. Those suppliers that are best equipped to manage
24 these risks will submit the most competitive bids. In this way, the procurement process

1 relies on suppliers' portfolio-management expertise to achieve the least cost to customers
2 over time while providing reasonable rate stability.

3 This approach also conforms with Commission precedent recognizing the
4 advantages of the full-requirements model: it transfers market and volumetric risk to
5 suppliers that specialize in managing it, minimizes administrative burden on the
6 distribution utility, and uses competition to select the most cost-effective resources
7 available in the market. See, for example, the Commission's discussion of full-
8 requirements procurements in the Final Rulemaking Order in Docket No. L-2009-2095604:

9 The major benefit associated with the FR [full-requirements] approach is
10 that the procurement function is delegated to the electric supplier which is
11 presumably better equipped with the necessary personnel and infrastructure
12 to perform the activities associated with acquiring electric supplies in the
13 complex and ever changing wholesale market environment. The FR process
14 insulates default supply customers from the volatility associated with
15 wholesale market conditions with the supplier bearing the risks of factors
16 such as customer migration, weather, load variation and economic activity.

17 2011 Final Rulemaking Order, at 54.⁵

18 **Q. How does the reliance upon full-requirements products compare to the alternative**
19 **where the EDC instead uses a managed-portfolio approach?**

20 A. The full-requirements approach remains the most practical and cost-effective framework
21 for meeting default service obligations in Pennsylvania. Under this model, suppliers
22 compete to provide all elements of generation service for their share of load, and they
23 assume responsibility for managing the underlying portfolio of energy, capacity, and
24 related products. This structure transfers both price and volumetric risk to entities that
25 specialize in wholesale market participation and portfolio optimization.

⁵ *Implementation of Act 129 of October 15, 2008; Default Serv. and Retail Elec. Mkts*, Docket No. L-2009-2095604 (Final Rulemaking Order entered October 4, 2011).

1 By contrast, a managed-portfolio approach—where the utility itself would procure
2 and assemble individual market components—would expose customers to additional risk
3 if the utility’s procurement or risk-management decisions proved less effective than those
4 of experienced wholesale suppliers. The PaPUC has previously found that EDCs generally
5 lack the staffing, systems, and market infrastructure necessary to manage a complex energy
6 portfolio competitively.

7 On balance, we are not persuaded that the MP [managed portfolio] approach
8 is superior to the FR approach in achieving the “least cost to customers”
9 while also achieving the other objectives of “prudent mix” of products and
10 price stability. The MP approach has clear advantages to the retail markets
11 and the retail customer provided the EDC is capable of performing the full
12 range of portfolio management functions....**Our principal concerns are**
13 **that EDCs do not currently possess the requisite expertise and**
14 **infrastructure to perform these portfolio management duties and the**
15 **risks to retail customers from EDC inexperience in performing these**
16 **functions is too great.** We are also mindful of the fact that the current
17 default supply process, with the EDC acting as the default supplier and
18 distribution entity purchasing its supply from electric suppliers
19 knowledgeable about the workings of the wholesale electric market, is a
20 product of the Competition Act, which created the market structure we now
21 operate within. [emphasis added].⁶

22 The full-requirements model, by comparison, relies on transparent competitive
23 bidding to identify the suppliers best able to manage cost and risk over time. It ensures that
24 default service customers receive reliable supply at prices reflecting true market
25 competition, consistent with Act 129’s least-cost-over-time standard.

26 **Q. Have previous full-requirements default service procurements conducted by the**
27 **Company resulted in substantial participation?**

28 A. Yes. Participation in prior full-requirements default service procurements has remained
29 consistently robust. In recent auctions conducted for DSP VI, the number of registered

⁶ *Id.* at 55-56.

1 bidders ranged from eight to nineteen, depending on the procurement class and delivery
2 period.⁷ These results demonstrate continued supplier interest and confidence in the
3 competitive design of the auction process.

4 The level of participation indicates that qualified wholesale suppliers view the
5 Company's procurement framework as transparent, well-structured, and capable of
6 producing fair market outcomes. Strong competition among multiple qualified bidders also
7 reinforces the effectiveness of the descending-clock auction format in achieving reasonable
8 prices for default service customers.

9 **Q. Have the Company's previous default service auctions resulted in reasonable prices**
10 **that reflected expected wholesale market conditions?**

11 A. Yes. Analyses of recent full-requirements procurements conducted for the Company's DSP
12 V and DSP VI show that resulting prices generally track the combination of expected
13 wholesale energy, capacity, ancillary-service, and transmission costs prevailing at the time
14 of each auction. As detailed in FE PA Exhibit NEP-1, average clearing prices were
15 typically only modestly above projected market fundamentals—consistent with efficient
16 competition among suppliers.

17 My analysis of the prices resulting from recent default service auctions conducted
18 for the Company's residential and commercial customers shows that for most of the period
19 I analyzed, the resulting prices were only slightly above the combined wholesale energy,
20 capacity, ancillary service, and NITS costs that were projected at the time of each auction

⁷ The reported range reflects the number of bidders who registered for each of the seven procurements held under DSP VI thus far.

1 for the corresponding delivery periods.⁸ This analysis is set forth in FE PA Exhibit NEP-
2 1.

3 For my analysis, I first estimated the expected wholesale energy costs to serve retail
4 loads of the Company's residential and commercial customers. For this calculation, I used
5 PJM Interconnection, LLC ("PJM") West forward prices, which I adjusted for the delivery
6 location by using the difference in spot-energy prices between the PJM West hub and the
7 corresponding zonal price (*e.g.*, METED, PENELEC, PENN POWER, or APS).⁹ I then
8 adjusted these flat prices by the load-shape factor of the Company's residential and
9 commercial non-shopping customers to reflect the fact that the retail load of these customer
10 classes is, on average, higher during hours with higher prices. The resulting energy prices
11 were in the range of \$24-\$103/MWh for Met-Ed, \$25-\$93/MWh for Penelec, \$25-
12 \$93/MWh for Penn Power, and \$26-\$98/MWh for West Penn.¹⁰

13 To calculate the capacity-cost component of serving the Company's residential and
14 commercial customers, I generally relied on the PJM BRA prices for the appropriate
15 delivery periods. The exception to this rule is that to calculate the capacity-cost component

⁸ I did not include costs associated with alternative energy credits needed to satisfy AEPS requirements. Given the exclusion of these costs, my estimates of implied risk premiums in providing default service may be somewhat overstated.

⁹ For this "basis" adjustment, I used 2018 as the reference year for default service auctions that occurred in 2018 and 2019. I used 2020 as the reference year for default service auctions that occurred in 2020 and 2021. I used 2022 as the reference year for default service auctions that occurred in 2022 and 2023; and I used 2024 as the reference year for default service auctions that occurred in 2024 and April 2025. METED, PENELEC, APS, and PENN POWER zonal prices are used for the respective Met-Ed, Penelec, West Penn, and Penn Power basis adjustments. APS refers to the Allegheny Power System zone in PJM. For purposes of this analysis, APS is used as the relevant PJM zonal price for the West Penn rate district, as West Penn load is settled in the APS zone. Accordingly, references to APS zonal prices in this analysis are economically equivalent to references to West Penn zonal prices.

¹⁰ Examination of the detailed results in FE PA Exhibit NEP-1 shows that energy prices were substantially higher beginning in November 2021. For example, column [I] on p. 1 of that exhibit (presenting calculations for Met-Ed) shows that for auctions held between October 2018 and April 2021, the load shape-adjusted energy price ranged from approximately \$24/MWh to approximately \$36/MWh. For auctions held between November 2021 and November 2025, the load shape-adjusted energy price ranged from approximately \$44/MWh to \$103/MWh.

1 of serving those same customers with 24-month products during auctions held in DSP VI,
2 I relied instead on the capacity proxy prices provided to DSP auction participants.¹¹ Then,
3 I converted these capacity prices, all of which are expressed in dollars per megawatt day
4 (“\$/MW-day”), into levelized capacity costs (expressed in \$/MWh) by using the ratio of
5 peak-to-average load for each customer class.¹² The resulting levelized capacity prices
6 were in the range of \$5-\$35/MWh for Met-Ed, \$4-\$32/MWh for Penelec, \$3-\$36/MWh for
7 Penn Power, and \$2-\$35/MWh for West Penn.

8 For ancillary service costs, I used the actual observed costs (or in more recent years,
9 a reasonable estimate thereof), which ranged from \$1.06 to \$1.46 per MWh between 2018
10 and 2024.¹³

11 For NITS costs, I used costs expressed in \$/MW-day, as provided by the Company.
12 As I did with the capacity prices, I converted NITS costs into levelized costs (expressed in
13 \$/MWh) by using the ratio of peak-to-average load for each customer class.¹⁴ The resulting
14 levelized NITS costs were in the range of \$6-\$34/MWh for Met-Ed, \$6-\$21/MWh for
15 Penelec, \$11-\$24/MWh for Penn Power, and \$3-\$7/MWh for West Penn.

16 Finally, I added together the energy, capacity, ancillary service, and NITS costs to
17 estimate the expected wholesale market cost of serving the Company’s residential and

¹¹ As discussed above, this approach limits suppliers’ exposure to unpredictable capacity costs. It also means that for 24-month products auctioned during DSP VI, the CPP is the appropriate measure of the capacity cost component of serving residential and commercial customers.

¹² For this capacity price adjustment, I used 2018 load data for default service auctions that occurred in 2018 and 2019; 2020 load data for default service auctions that occurred in 2020 and 2021; 2022 load data for default service auctions that occurred in 2022 and 2023; and 2024 load data for default service auctions that occurred in 2024 and 2025.

¹³ For ancillary service costs, I used: 2018 costs for default service auctions that occurred in 2018 and 2019; 2020 costs for default service auctions that occurred in 2020 and 2021; 2022 costs for default service auctions that occurred in 2022 and 2023; and 2024 costs for auctions that occurred in 2024 and 2025.

¹⁴ I used the same load data for the NITS cost adjustment as for the capacity price adjustment.

1 commercial customers. This represents my estimate of the expected cost of serving retail
2 customers without accounting for any potential risk premium that default service suppliers
3 may include in their bid prices to reflect volumetric and price uncertainty. I refer to this
4 estimated cost as the “Estimated No-Risk Price”, as shown in FE PA Exhibit NEP-1.

5 My estimated cost of serving retail customers is conservative as it does not include
6 the costs of alternative energy credits needed to meet AEPS requirements, as well as any
7 other costs not described above that are incurred by suppliers of default service. Therefore,
8 the “risk premium” referenced in FE PA Exhibit NEP-1, which is calculated as the
9 difference between the auction price and the sum of the expected cost of serving the
10 customer (i.e., the sum of energy, capacity, ancillary services, and NITS costs), may be
11 larger than the “true” risk-premium to the extent that any material costs have been omitted.

12 In spite of the conservatism of my cost calculations, the average difference between
13 the auction price and expected cost is relatively modest. The average risk premiums
14 expressed in \$/MWh were \$6.46/MWh for Met-Ed, \$9.26/MWh for Penelec, \$10.24/MWh
15 for Penn Power, and \$8.22/MWh for West Penn. Expressed as a percentage of the
16 Estimated No-Risk Price, the risk premiums were, on average, 9.32% for Met-Ed, 13.73%
17 for Penelec, 14.16% for Penn Power, and 13.50% for West Penn. My results are
18 summarized below in Table 1, and further detail is provided in FE PA Exhibit NEP-1.

Table 1: Average Estimated Risk Premium in Default Service Full-Requirements Auctions (October 2018 – November 2025): DSP V and VI

EDC	Risk Premium (\$/MWh)	Risk Premium (% of No-Risk Price)
Met-Ed	6.46	9.32%
Penelec	9.26	13.73%
Penn Power	10.24	14.16%
West Penn Power	8.22	13.50%

Source: The Brattle Group

Q. What are the advantages of conducting simultaneous procurements across the Company's Rate Districts?

A. Conducting simultaneous procurements for all customer classes and service territories offers several benefits that enhance both competition and administrative efficiency. A single, coordinated auction encourages greater supplier participation by allowing bidders to evaluate opportunities across territories within the same procurement event, thereby reducing transaction costs and barriers to entry.

The simultaneous, multi-round descending-clock auction format also improves price discovery. Suppliers can shift bids between products or territories as relative prices adjust, ensuring that clearing prices reflect underlying cost differences rather than timing effects between separate auctions. This leads to more economically efficient outcomes and helps maintain consistent default service rates across service areas.

From an administrative standpoint, a unified procurement schedule simplifies oversight and implementation for both the Company and the Commission. It promotes uniformity in contracting, credit requirements, and communication with market

1 participants—further contributing to a transparent, replicable process that has proven
2 effective in securing least-cost supply over time.

3 **Q. Do the proposed procurement formats conform with the requirements of Act 129?**

4 A. Yes, they do. Section 2807(e)(3.1), Title 66, of the Pennsylvania Consolidated Statutes
5 requires that default service be provided pursuant to a Commission-approved competitive
6 procurement plan, which may include auctions, requests for proposals, or bilateral
7 agreements entered into at the utility’s discretion:

8 [T]he default service provider shall provide electric generation supply to
9 that customer pursuant to a commission-approved competitive procurement
10 plan. The electric power acquired shall be procured through competitive
11 procurement processes and shall include one or more of the following:

- 12
13 (i) auctions;
14 (ii) requests for proposal;
15 (iii) bilateral agreements entered into at the sole discretion of the
16 default service provider. . . .¹⁵

17 The procurement structure proposed by FE PA fully satisfies this requirement.

18 The Company’s use of a descending-clock auction—an approach that has been
19 reviewed and approved by the Commission in prior default service proceedings—ensures
20 that all qualified suppliers compete on an equal basis to provide the same full-requirements
21 product. The auction rules are transparent, pre-established, and replicable, allowing prices
22 to be determined solely by competitive market forces.

23 This format continues to provide the benefits recognized by the Commission in
24 previous orders: it encourages robust participation, promotes fairness and efficiency, and
25 yields outcomes that reflect the least cost to customers over time. The proposed

¹⁵ 66 Pa.C.S. § 2807(e)(3.1).

procurement process therefore conforms fully with Act 129 and with the Commission's long-standing guidance for competitive default service procurements.

Q. Is the proposed procurement format designed to achieve a competitive result, which would be essential to achieving the least cost to customers over time?

A. Yes. The descending-clock auction format is specifically designed to promote competitive outcomes that yield fair, market-based prices for default service customers. The auction process is open to all qualified suppliers that meet established credit and eligibility criteria, ensuring a broad pool of participants and a level playing field.

The format itself is transparent and easily understood: prices begin at a pre-announced level and decline in successive rounds as suppliers indicate the quantities they are willing to serve. The auction concludes when the amount of supply offered matches the amount required. This structure motivates suppliers to bid aggressively based on their true costs of serving load, leading to efficient pricing outcomes.

Because each bidder competes to provide an identical full-requirements product, non-price factors do not influence award decisions. The process is fair, replicable, and verifiable, providing confidence that the resulting prices reflect robust competition rather than administrative judgment. By encouraging broad participation and ensuring that winning suppliers are selected solely on price, the proposed auction format is well aligned with Act 129's goal of achieving the least cost to customers over time.

Q. Why is it that the superior portfolio managers will place the lowest bids in these full-requirements procurements?

A. Supplying default service requires bidders to assemble and manage portfolios of wholesale energy, capacity, ancillary services, and related products in a dynamic market environment.

1 In a full-requirements procurement, suppliers compete to serve a fixed percentage of load
2 at a fixed price per MWh while bearing the associated market and volumetric risks.

3 Suppliers that are the most proficient portfolio managers—those with superior
4 analytical capabilities, diversified generation assets, or the lowest cost of hedging—can
5 manage these risks more efficiently than their competitors. As a result, they can submit
6 lower bids while still meeting their return requirements. Conversely, suppliers that face
7 higher transaction costs or less effective risk-management strategies will bid at higher
8 prices to compensate for those disadvantages.

9 In this way, the auction process naturally identifies the suppliers best positioned to
10 provide reliable service at the least cost over time. By transferring the responsibility for
11 portfolio construction and risk management to competitive suppliers, the full-requirements
12 procurement framework ensures that customers benefit from the expertise and efficiency
13 of market participants rather than from administrative cost forecasts.

14 **Q. Does the competitiveness of the auction procurement process depend on the**
15 **competitiveness of the underlying wholesale market?**

16 **A.** While the effectiveness of the auction format depends on active supplier participation, the
17 broader competitiveness of the PJM wholesale market provides the foundation for that
18 participation. The PJM markets—both forward and spot—include a large number of
19 capable suppliers and counterparties, which helps ensure that the prices discovered in the
20 auction reflect genuine market conditions.

21 PJM's market design incorporates numerous safeguards to maintain competitive
22 outcomes. The Independent Market Monitor actively oversees PJM's energy and capacity
23 markets, and PJM applies ex ante market-power-mitigation rules that limit bids in its day-
24 ahead and real-time energy markets whenever structural conditions could allow the

1 exercise of market power. These protections, along with transparent pricing and publicly
2 available forward markets, provide confidence to potential suppliers that they can obtain
3 the products needed to meet their load obligations at fair, market-based prices.

4 The continued presence of multiple qualified bidders demonstrates that the
5 wholesale market remains competitive enough to support vigorous bidding in FE PA's
6 default service auctions. As evidenced by past results, these conditions have consistently
7 produced reasonable and stable prices for default service customers.

8 **Q. Are there contingency plans in place for alternative procurement strategies if any**
9 **given auction attracts limited interest or if a winning supplier subsequently defaults**
10 **on its obligation before or during a delivery period?**

11 A. Yes. As described in detail in Mr. Rose's testimony (FE PA Statement No. 2), the Company
12 will continue to maintain contingency procedures similar to those approved by the
13 Commission in prior default service proceedings. If an auction fails to produce sufficient
14 winning bids to meet the required load, or if a supplier subsequently defaults on its
15 obligation, the Company will procure replacement supply through Commission-approved
16 short-term or interim procurements. These procedures ensure continuity of service and
17 protect customers from exposure to unmanaged spot-market risk.

18 In addition, specific contingency measures apply to the proposed 60-month full-
19 requirements tranches. If these long-term products do not clear during the initial January
20 2027 auction, FE PA will fill the unserved portion of load by procuring additional 12-
21 month tranches during the subsequent April 2027 auction. This approach preserves the
22 integrity of the portfolio design and guarantees that all default service requirements are met
23 by the start of the June 1, 2027, delivery year.

1 These contingency provisions provide a tested and transparent mechanism for
2 maintaining reliable supply under all market conditions and are consistent with prior
3 Commission approvals of similar protocols.

4 **Q. Do you think that the plan to enter into long-term contracts for the 60-month full-**
5 **requirements tranches contributes to the objectives of Act 129?**

6 A. Yes, I do. The addition of a 60-month full-requirements product strengthens the portfolio's
7 alignment with Act 129's requirement for a prudent mix of spot, short-term, and long-term
8 contracts. Including a limited share of longer-term supply enhances overall cost stability
9 for customers while maintaining sufficient flexibility to respond to changing market
10 conditions.

11 These contracts will provide an additional source of cost certainty by fixing energy
12 costs for a portion of load over a five-year period. Because the products will be procured
13 through the same competitive descending-clock auction used for the shorter-term tranches,
14 suppliers will continue to compete on a level playing field, ensuring that the resulting prices
15 reflect actual market fundamentals.

16 Incorporating a modest long-term component also advances Act 129's broader
17 goals of promoting price stability and prudent risk management. The winning suppliers for
18 the 60-month tranches will be those most capable of managing energy and volumetric risk
19 over longer horizons, which helps deliver reliable service to customers at the least cost over
20 time.

1 **III. CONCLUSION**

2 **Q. Can you summarize how the proposed plan to procure full-requirements service for**
3 **default service customers leads to the “least cost to customers over time” in the**
4 **provision of default service supply?**

5 **A.** Yes. FE PA’s proposed procurement framework is designed to achieve the least cost to
6 customers over time by combining competitive market forces with prudent risk
7 management. The plan relies on descending-clock auctions to secure full-requirements,
8 load-following products of varying durations—12-, 24-, and 60-month tranches—to serve
9 residential and commercial default service load.

10 Industrial default service load will be priced based on the PJM real-time market.
11 Suppliers will compete for this load through an auction process where they will bid an
12 additional adder to cover any costs (or profit margin requirements) of the capacity,
13 ancillary services, AEPS Act, and other costs that are part of the full-requirements
14 obligation.

15 This structure promotes both competition and price stability. By staggering contract
16 terms and holding regular auctions, the plan smooths the effects of short-term market
17 volatility while continuously refreshing the portfolio with new market information. The
18 inclusion of the 60-month product introduces a measured long-term hedge that enhances
19 stability without compromising responsiveness to evolving market conditions.

20 Winning suppliers must act as sophisticated portfolio managers, acquiring energy,
21 capacity, and ancillary services from PJM markets and managing the risks of load
22 variability, fuel-price changes, and customer migration. Because suppliers compete on

1 price to provide these services, the auction design ensures that the most efficient risk
2 managers—and therefore the lowest-cost suppliers—are selected.

3 The process is open, transparent, and replicable, consistent with the Commission's
4 standards for competitive procurement. In this way, the proposed plan integrates
5 competitive market discipline with regulatory safeguards to provide reliable default service
6 to customers at the least cost over time.

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

8 **A.** Yes, it does.

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Dr. Powers specializes in conducting econometric and economic analysis and applying concepts from industrial organization and regulatory economics in competition, regulatory, and other litigation matters, with a focus on the electricity sector.

His electricity experience includes several key analyses of price effects, market power, and anticompetitive behavior. Dr. Powers also conducts econometric analyses of innovative pricing programs in the electric industry.

Dr. Powers has supported expert testimony in three separate litigation proceedings arising from the California electricity crisis of 2000–2001. He has also overseen statistical analyses in several New Source Review cases and performed damages and other analyses in energy-related litigation proceedings

For the Department of Energy, Dr. Powers coauthored two reports on electric grid infrastructure and approaches to valuation of various grid assets, and for multiple clients he has analyzed retail electric market conditions and regulatory developments. He has also acted as both an independent evaluator and an advisor to several procurement processes in the electricity sector, and has estimated the cost and feasibility of renewables-only energy portfolios.

Dr. Powers also has extensive experience conducting analysis for and submitting expert reports in regulatory proceedings in other industries. This includes the extensive analysis of regression-based costing models in the postal industry, rate of return analysis in the telecommunications industry, and econometric analysis of the renewable fuels market.

In the competition space, he has performed analysis estimating cartel impacts in large-scale price-fixing cases, potential competitive effects from proposed mergers, and price effects of competitor entry and exit in proposed joint ventures. Dr. Powers regularly provides economic analyses of cartel behavior, and he also has experience analyzing exclusionary practices.

AREAS OF EXPERTISE

- Antitrust & Competition
- Collaborations & Cartels
- Electricity Litigation & Regulatory Disputes
- Regulatory Economics, Finance & Rates
- Transportation

EDUCATION

- **University of Michigan, Ross School of Business**
PhD in Business Economics
- **Cornell University**
BS in Applied Economics and Management

PROFESSIONAL EXPERIENCE

- **The Brattle Group (2010–Present)**
Principal (2021–Present)
Senior Associate (2013–2020)
Associate (2010–2013)

TESTIMONY

- Before the Pennsylvania Public Utility Commission | Docket Nos. R-2021-3030012, R-2021-3030013, R-2021-3030014, R-2021-3030021. | Direct and Rebuttal Testimony of James D. Reitzes and Nicholas E. Powers (December 2021 – March 2022)
- ***Turo Inc. v. City of Los Angeles*** | The United States District Court, Central District of California Western Division | *Case 2:18-cv06055-CAS-GJS, Document 1* (January 2022)
- Four reports submitted to the District Court of Amsterdam (Case No. C/13/486440: C/13/561169 Equilib), in 2019, 2020, 2022, and 2025, co-authored with James D. Reitzes. Reports filed on behalf of claimants, related to overcharge and to the estimation of the volume of commerce affected by an alleged cartel agreement among major international cargo airlines pertaining to fuel surcharges. Presented to the Court on two occasions.

- **Dover Chemical Corporation v. City of Dover, Ohio, et al.** | In the Court of Common Pleas – Tuscarawas County, Ohio | Case No. 2021 CV 020097 | Expert Testimony of Nicholas E. Powers, Ph.D (June 30, 2023)

SELECTED CONSULTING EXPERIENCE

ENERGY AND ENVIRONMENTAL

- For FirstEnergy’s Pennsylvania utilities, sponsored witness testimony before the Pennsylvania Public Utility Commission, analyzing the cost and risk associated with the Companies’ proposed default service supply plans. Analysis included estimates of the implied price premium for covering volumetric and pricing risk that was associated with past procurements of full-requirements power supplies, showing that this premium was relatively modest in size.
- For the California parties, conducted several key pieces of analysis evaluating effects of tariff violations in the summer of 2000 on CAISO market prices and drafted portions of expert testimony, in a litigation matter before the FERC arising from the California electricity crisis.
- For the California parties, conducted econometric analyses detecting the exercise of market power and price discrimination in the 2001 “CERS” period of the California electricity crisis. This analysis formed the basis of key parts of the testimony of two expert witnesses.
- Supervised the analysis for four cases in support of testimony relating to alleged New Source Review (NSR) violations at coal-fired power plants. For a Southeastern power cooperative, analysis of government’s claims included examination of alternative baseline emission calculations, analysis of changes in fuel quality, and evaluation of long-run patterns in utilization, generation, and emissions, as well as econometric analysis of the determinants of emissions. For a Midwestern utility, analysis consisted of identifying long-term trends in pricing strategy, market dispatch outcomes, and emissions prices to inform PROMOD runs in order to generate emissions projections that are consistent with NSR regulations. For a Mid-Atlantic utility, the analysis focused on long-run variation in coal plant operations, including analysis of changing market conditions that influenced that variation.
- In conjunction with a Commission-mandated time-of-use (“TOU”) pricing pilot, analyzed the impacts of TOU prices on peak load and conservation in three Maryland electric utilities. Designed and implemented a matching-based regression methodology; co-authored two reports presenting our findings.

- For a Mid-Atlantic electric utility, performed cost-benefit analyses underlying several performance incentive mechanisms (PIMs) tied to environmental objectives, in support of testimony before the state utility Commission.
- Co-authored a short report summarizing the extent and scale of rail disruptions in 2022, in support of expert testimony filed in a fuel cost reconciliation proceeding before the Wisconsin Public Service Commission.
- For multiple regulated utilities in Pennsylvania, on multiple occasions, designed and managed the procurement of solar photovoltaic alternative energy credits (SPAECs). Responsibilities included: (i) designing and drafting the auction rules, structure, and bid forms; (ii) overseeing the provision of auction-related information on the procurement website; (iii) corresponding with interested bidders; (iv) interacting with company personnel regarding bidder credit issues; (v) hosting bidder information sessions; (vi) evaluating bid materials; (vii) building a financial model to determine the likely value of the solar energy credits; (viii) providing a benchmarking study to determine if the bids were reflective of market fundamentals; and (ix) drafting and submitting reports to the Pennsylvania Public Utility Commission to secure approval of the procurements.
- For multiple regulated utilities in Pennsylvania, designed and managed the procurement of a long-term solar power purchase agreement (PPA). Responsibilities included: (i) designing the auction rules and bid forms; (ii) implementing and marketing the procurement; (iii) analyzing market conditions to determine if the bids were reflective of market fundamentals; and (iv) drafting and submitting a report to the Pennsylvania Public Utility Commission to secure approval of the procurements.
- For Transmission Developers Inc., managed sale of transmission rights for Champlain Hudson Power Express transmission project. Prepared report in support of Section 205 filing for submission to the Federal Energy Regulatory Commission.
- For the owner of a merchant transmission line connecting PJM with NYISO, designed and managed an RFP process to sell transmission scheduling rights. Responsibilities included: (i) designing the auction; (ii) drafting rules and bid forms; (iii) developing marketing materials and conducting various types of market analyses to assist bidders in understanding the value proposition offered by the transmission rights; (iv) identifying potentially interested bidders; (v) hosting a website and overseeing the provision of auction-related information through the website; (vi) communicating with potential bidders; (vii) responding to bidder questions and posting answers to those questions on the auction website; (viii) interacting with the client regarding a variety of bidder-related issues;

(ix) selecting the winning bidders; and (x) preparing a report describing the auction process that was submitted to the Federal Energy Regulatory Commission.

- For an expert report submitted as part of a revenue requirements proceeding, benchmarked BC Hydro's non-fuel operations and maintenance costs against those of U.S. investor-owned utilities.
- In follow-on work, developed testimony assessing the value or appropriateness of a suite of cost benchmarking reports as proposed by BC Hydro.
- For the Department of Energy and Pacific Northwest National Laboratory, coauthored a baseline report on electric transmission, distribution, and storage infrastructure in the United States as part of the inaugural Quadrennial Energy Review process.
- For the Department of Energy and Pacific Northwest National Laboratory, coauthored a report on the valuation of electric power systems and technologies as part of the Quadrennial Energy Review process.
- Coauthored a report analyzing the economics and reliability of alternative energy portfolios (approaching 100% renewable power) for the City of Memphis.
- For a Southeastern generation and transmission electric cooperative, oversaw preparation of expert damages report and advised counsel on same in the context of an arbitration proceeding stemming from an alleged breach of contract.
- Advised a large nonprofit energy buying consortium in a procurement of retail electric service for their members, assessing offers over a variety of products, services, and geographic areas, and assisting in negotiations with several large retail electric suppliers.
- For a valuation matter concerning a back-office IT services provider to retail energy suppliers, supervised the analysis for and supported industry witness in a report assessing the status and prospects of the retail energy service business in restructured states.
- On behalf of Growth Energy, coauthored a report analyzing the role that higher ethanol blends of gasoline (E85) could play in meeting the proposed 2017 renewable volume obligations (RVOs) under the Renewable Fuel Standards (RFS) program. The report was filed with Growth Energy's comments in the Environmental Protection Agency's rulemaking docket regarding proposed renewable fuel standards for 2017.
- Researched alternative rate plans and presented results to senior management of a mid-sized electric utility as part of a regulatory strategy consulting engagement.

- For a utility in the Southeastern United States, conducted a review of NERC region load forecasts. This consisted of econometric analysis to weather-normalize actual loads and evaluate the portion of the forecast error that could be attributed to variations in weather.
- For a mid-Atlantic utility, estimated economic benefits to ratepayers from natural gas service, as portion of eventual PUC filing justifying investments related to storm resilience of distribution system.

ANTITRUST

- In a large civil case concerning alleged collusion in the corrugated packaging industry, executed the econometric analysis forming the basis of a report critiquing plaintiff's damages estimates. Supported the expert testimony of Nobel laureate Daniel McFadden.
- On behalf of purchasers of air cargo (plaintiffs) in a class action civil suit, conducted econometric and other statistical analyses in order to estimate economic damages from alleged price-fixing. Supported the expert testimony of Nobel laureate Daniel McFadden.
- Served as damages co-expert, covering both overcharge and volume of commerce, in a cartel class action stemming from the international air cargo cartel. Co-authored confidential expert reports on volume of commerce and overcharge; on two occasions presented findings before the Court of Amsterdam, where I was subjected to Court examination.
- Currently serving as damages co-expert (on behalf of Claimants) in another cartel proceeding in the Netherlands.
- Assisting a Class I railroad in assessing competitive effects from the proposed merger between Union Pacific and Norfolk Southern. Ongoing.
- Retained as expert in U.S. Federal Court case involving alleged collusive boycott in transportation sector. Matter settled.
- Managed economic analysis in support of damages expert for one of the defendants in the undersea cables matter in proceedings before the United Kingdom Competition Appeal Tribunal.
- Advised chemical industry defendant in a litigation proceeding involving alleged collusion.
- Advise counsel representing a large multinational industrial firm by estimating overcharges stemming from a series of price-fixing conspiracies covering several input commodities.
- Analyzed the competitive effects associated with a joint venture in the music industry.

- Analyzed the competitive effects associated with a proposed merger involving two firms selling niche/specialty ERP software.
- Analyzed the competitive effects associated with a proposed merger in the medical equipment industry.
- Analyzed Surface Transportation Board waybill data to identify potential competitive effects in the context of a proposed railroad merger.
- Analyzed the competitive effects associated with a proposed merger in the venue management industry.
- Analyzed the anti-competitive impacts resulting from a proposed merger in the television broadcast industry.
- Performed econometric estimates of the price effects resulting from competitor entry and exit in geographic product markets to support expert testimony that assessed anti-competitive effects from a proposed joint venture in the airline industry.
- Conducted econometric analysis in evaluation of expert testimony that sought to quantify network effects in the payment card industry.
- Identified flaws in the econometric analysis of opposing experts in the context of settlement negotiations arising from price-fixing allegations in the plastics manufacturing industry.
- Oversaw preparation of expert report and quantification of damages, on behalf of plaintiffs, stemming from exclusionary conduct.
- Supported testifying expert, on behalf of plaintiffs, in a competition matter related to vertical restraints.

OTHER REGULATORY

- On behalf of United Parcel Service, manage analysis and support expert witness in several regulatory dockets before the Postal Regulatory Commission. Apply regulatory economic principles and econometric expertise to detailed knowledge of USPS costing models; provide input on economic arguments and regulatory strategy. Conducted econometric analyses and assisted in the preparation of reports and testimony in a number of Dockets before the Postal Regulatory Commission, including Dockets ACR2014, RM2015-7, RM2016-2, and RM2016-3. Coauthored expert report critiquing a proposed change to costing principles in the Purchased Highway Transportation cost segment, in Docket RM2016-12.
- On behalf of the Railway Supply Institute's Equipment Leasing Committee, filed a Verified Statement in a proceeding before the Surface Transportation Board, considering whether

the current system for determining car hire rates fosters an economically appropriate long-term supply of boxcars. Docket No. EP 334 (Sub-No. 8A).

- Managed the analysis in support of multiple verified statements filed in a railroad trackage rights proceeding before the Surface Transportation Board, leveraging the Brattle Rail Network Model. Our analysis relied on a variety of data sources, including confidential Carload Waybill Sample data, proprietary railroad traffic tapes, and Form R-1 data.
- For an express package delivery carrier, managed the construction of an integrated Excel-based cost and demand financial forecasting model of the United States Postal Service (USPS), based on public USPS data and filings in previous Postal Regulatory Commission dockets.
- Submitted an expert report analyzing the rate of return of a land-based telecommunications network in Alaska for a proceeding before the Federal Communications Commission.

OTHER LITIGATION

- For the City of Los Angeles, submitted expert testimony analyzing the economic arguments for airport rental car regulations, and assessing potential economic harms from uneven application of those regulations.
- In a lawsuit brought by the City of Ontario, CA against Los Angeles World Airports, evaluated the reliability of plaintiff's claim for damages in excess of \$3 billion for alleged mismanagement of the Ontario airport.
- For a class of Australian owners of Volkswagen vehicles, analyzed the impact of the diesel emissions issue on resale prices for VW vehicles affected by non-compliant emissions "defeat devices."

EXPERT REPORTS AND REGULATORY FILINGS

- "PC44 Time of Use Pilots: End-of-Pilot Evaluation," with Sanem Sergici, Ahmad Faruqui, Sai Shetty, and Ziyi Tang, prepared for Maryland Joint Utilities and Filed with the Maryland Public Utility Commission (October 4, 2021)
- "PC44 Time of Use Pilots: Year 1 Evaluation," with Sanem Sergici, Ahmad Faruqui, Sai Shetty, and Jingcheng Jiang, prepared for Maryland Joint Utilities and filed with the Maryland Public Utility Commission (September 15, 2020)

- “Expert Declaration of Kevin Neels and Nicholas Powers,” before the Postal Regulatory Commission and related to the Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products, in Docket No. RM2017-3 (February 2020)
- Expert report and supplemental report submitted to the Court of Amsterdam (Case No. C/13/486440 / HA ZA 11-944; C/13/561169 / HA ZA 14-283), on behalf of claimants, related to the estimation of the volume of commerce affected by an alleged cartel agreement among major international airlines pertaining to fuel surcharges. Later submitted reports on overcharge methodology and overcharge results (2019, 2020, 2022, 2025)
- “Evaluation, Measurement and Verification Plan for the PC44 Time-of-Use Rate Pilots,” with Sanem Sergici and Ahmad Faruqui, prepared for Maryland Public Service Commission PC44 Rate Design Work Group (June 2018)
- “Rate of Return Analysis of GCI’s TERRA Network,” with William P. Zarakas and Agustin J. Ros, prepared for GCI Communication Corp. (March 2018)
- “Report of Dr. Kevin Neels and Dr. Nicholas Powers to Accompany UPS Comments in Docket No. RM2016-12,” before the Postal Regulatory Commission, related to costing principles in the highway transportation segment; reply report also submitted (October 2016)
- “Peeking Over the Blendwall: An Analysis of the Proposed 2017 Renewable Volume Obligations,” with Marc Chupka, J. Michael Hagerty, and Sarah Germain, prepared for Growth Energy; filed with comments in Docket EPA-HQ-OAR-2016-0004 (July 2016)

ACADEMIC PUBLICATIONS

- “Competitive Effects of Exchanges or Sales of Airport Landing Slots,” with James D. Reitzes, Brendan McVeigh, and Samuel Moy, *Review of Industrial Organization* (August 2014)
- “Measuring the Impact of the Toxics Release Inventory: Evidence from Manufacturing Plant Births,” US Census Bureau Center for Economic Studies Working Paper Series (March 2013)
- “Does Disclosure Reduce Pollution? Evidence from India’s Green Rating Project,” with Allen Blackman, Thomas P. Lyon, and Urvashi Narain, *Environmental and Resource Economics* (March 2011)
- “Do State Renewable Portfolio Standards Promote In-state Renewable Generation?” with Haitao Yin, *Energy Policy* (February 2010)

OTHER REPORTS AND ARTICLES

- “Will Merger Improve the Financial Performance of CP and KCS?” with Kevin Neels and Ivy Young. *Journal of Transportation Law, Logistics and Policy* (December 2022)
- “Differing Proof Requirements for Global Class Actions: Using Economic Analysis to Guide Future Policymakers,” with John Roberti and Kelse Moen. *Antitrust Magazine* (August 2021)
- “Power to Memphis: Options for a Reliable, Affordable, and Greener Future,” with Jürgen Weiss, Judy Chang, and Kai Van Horn, prepared for Friends of the Earth (January 2019)
- “Valuation of Electric Power System Services and Technologies,” with Ira H. Shavel, Michael Hagerty, Yingxia Yang, and Roger Lueken, prepared for the US Department of Energy, Office of Electricity Delivery and Energy Reliability (August 2016)
- “Electricity Baseline Report for the US Power System,” with Ira Shavel, J. Michael Hagerty, and Yingxia Yang, prepared for Pacific Northwest National Laboratory and the US Department of Energy (April 2015)
- “Developing a Market Vision for MISO – Supporting a Reliable and Efficient Electricity System in the Midcontinent,” with Samuel A. Newell and Kathleen Spees, prepared for the Midcontinent Independent System Operator, Inc. (MISO) (January 2014)

SELECTED PRESENTATIONS

- “The Incremental Cost Test When Technology Choice is Endogenous” at the Center for Research in Regulated Industries Eastern Conference (2018)
- “Analyzing the Competitive Effects of Exchanges or Sales of Airport Landing Slots” at the International Industrial Organization Conference (2012)
- “The Toxics Release Inventory and Manufacturing Plant Births” at Penn State University (2010), University of Maryland (2010), US Census Center for Economic Studies (2009)
- “Does Disclosure Reduce Pollution? Evidence from India's Green Rating Project”, at Association for Public Policy Analysis and Management Fall Conference (2009), Allied Social Sciences Association Annual Meetings (2008), Southern Economics Association Annual Meetings (2007)

SELECTED HONORS & AWARDS

2022	<i>Concurrences</i> Antitrust Writing Awards: Best Article in the Business, Private Enforcement Category, for the article “Differing Proof Requirements for Global Class Actions: Using Economic Analysis to Guide Future Policymakers,” with John Roberti and Kelse Moen. <i>Antitrust Magazine</i> (August 2021)
2005–2009	Fred and Barbara Erb Fellowship, University of Michigan
2007	Thomas W. Leabo Memorial Award, University of Michigan

PROFESSIONAL ASSOCIATIONS & MEMBERSHIPS

American Economic Association

Energy Bar Association

Exhibit NEP-1

**Comparisons of Default Service Full Requirements Auction Price to
Expected Wholesale Market Costs**

Default Service Full Requirements Auction Price to Expected Wholesale Market Costs: Met-Ed, October 2018 - November 2025

Utility	Auction Month	Product	Duration	Delivery Period		PJM West forward price		Zonal Premium		Zone Adjusted Price		All Hours Flat Load Price	Load Shape Factor	Load Shape Adjusted Price	Average Capacity Price	Capacity Scaling Factor	Adjusted Capacity Price Adder	Ancillary Services Add-in	Average NITS Rate	NITS Scaling Factor	Adjusted NITS Rate Adder	Estimated No-Risk Price	Auction Price		Risk Premium												
				Start	End	Off Peak \$/MWh [A]	On Peak \$/MWh [B]	Off Peak \$/MWh [C]	On Peak \$/MWh [D]	Off Peak \$/MWh [E]	On Peak \$/MWh [F]												S/MWh [G]	[%] [H]		S/MWh [I]	S/MWh [J]	# [K]	S/MWh [L]	S/MWh [M]	S/MWh [N]	# [O]	S/MWh [P]	S/MWh [Q]	S/MWh [R]	S/MWh [S]	[%] [T]
Met-Ed	Oct-18	Com	24	Jun-19	May-21	26.52	36.52	-1.90	-2.27	24.62	34.26	29.11	6.21%	30.92	4.03	1.95	7.86	1.10	3.76	1.95	7.32	47.20	50.33	3.13	6.63%												
Met-Ed	Oct-18	Com	12	Jun-19	May-20	28.25	37.97	-1.90	-2.27	26.36	35.70	30.71	6.21%	32.62	3.88	1.95	7.57	1.10	3.29	1.95	6.41	47.70	51.49	3.79	7.95%												
Met-Ed	Oct-18	Res	24	Jun-19	May-21	26.52	36.52	-1.90	-2.27	24.62	34.26	29.11	12.39%	32.72	4.03	2.11	8.52	1.10	3.76	2.11	7.94	50.28	51.71	1.43	2.85%												
Met-Ed	Oct-18	Res	12	Jun-19	May-20	28.25	37.97	-1.90	-2.27	26.36	35.70	30.71	12.39%	34.51	3.88	2.11	8.21	1.10	3.29	2.11	6.95	50.77	52.29	1.52	3.00%												
Met-Ed	Jan-19	Com	24	Jun-19	May-21	27.49	38.23	-1.90	-2.27	25.59	35.96	30.42	6.21%	32.31	4.03	1.95	7.86	1.10	3.76	1.95	7.32	48.60	51.83	3.23	6.66%												
Met-Ed	Jan-19	Com	12	Jun-19	May-20	29.61	40.14	-1.90	-2.27	27.71	37.88	32.45	6.21%	34.46	3.88	1.95	7.57	1.10	3.29	1.95	6.41	49.54	51.86	2.32	4.68%												
Met-Ed	Jan-19	Res	24	Jun-19	May-21	27.49	38.23	-1.90	-2.27	25.59	35.96	30.42	12.39%	34.19	4.03	2.11	8.52	1.10	3.76	2.11	7.94	51.75	53.9	2.15	4.15%												
Met-Ed	Jan-19	Res	12	Jun-19	May-20	29.61	40.14	-1.90	-2.27	27.71	37.88	32.45	12.39%	36.47	3.88	2.11	8.21	1.10	3.29	2.11	6.95	52.72	54.05	1.33	2.52%												
Met-Ed	May-19	Com	24	Jun-19	May-21	26.68	36.48	-1.90	-2.27	24.79	34.21	29.18	6.21%	30.99	4.03	1.95	7.86	1.10	3.76	1.95	7.32	47.27	50.83	3.56	7.53%												
Met-Ed	May-19	Com	12	Jun-19	May-20	28.40	37.67	-1.90	-2.27	26.50	35.41	30.65	6.21%	32.55	3.88	1.95	7.57	1.10	3.29	1.95	6.41	47.64	51.35	3.71	7.80%												
Met-Ed	May-19	Res	12	Jun-19	May-20	28.40	37.67	-1.90	-2.27	26.50	35.41	30.65	12.39%	34.45	3.88	2.11	8.21	1.10	3.29	2.11	6.95	50.70	53.73	3.03	5.97%												
Met-Ed	May-19	Res	24	Jun-19	May-21	26.68	36.48	-1.90	-2.27	24.79	34.21	29.18	12.39%	32.79	4.03	2.11	8.52	1.10	3.76	2.11	7.94	50.35	53.21	2.86	5.68%												
Met-Ed	Oct-19	Com	12	Jun-20	May-21	22.38	31.36	-1.90	-2.27	20.49	29.09	24.49	6.21%	26.02	4.18	1.95	8.15	1.10	4.22	1.95	8.23	43.50	48.52	5.02	11.55%												
Met-Ed	Oct-19	Res	12	Jun-20	May-21	22.38	31.36	-1.90	-2.27	20.49	29.09	24.49	12.39%	27.53	4.18	2.11	8.83	1.10	4.22	2.11	8.92	46.39	50.83	4.44	9.58%												
Met-Ed	Jan-20	Com	12	Jun-20	May-21	21.41	29.01	-1.55	-2.40	19.85	26.61	23.02	6.83%	24.59	4.18	1.93	8.07	1.06	4.22	1.93	8.15	41.87	46.24	4.37	10.44%												
Met-Ed	Jan-20	Res	12	Jun-20	May-21	21.41	29.01	-1.55	-2.40	19.85	26.61	23.02	9.52%	25.21	4.18	2.21	9.25	1.06	4.22	2.21	9.35	44.87	48.67	3.80	8.48%												
Met-Ed	Apr-20	Com	12	Jun-20	May-21	21.18	28.47	-1.55	-2.40	19.63	26.07	22.64	6.83%	24.19	4.18	1.93	8.07	1.06	4.22	1.93	8.15	41.47	47.93	6.46	15.57%												
Met-Ed	Apr-20	Com	24	Jun-20	May-22	21.18	28.47	-1.55	-2.40	19.63	26.07	22.64	6.83%	24.19	5.47	1.93	10.55	1.06	4.97	1.93	9.60	45.40	50.8	5.40	11.89%												
Met-Ed	Apr-20	Res	12	Jun-20	May-21	21.18	28.47	-1.55	-2.40	19.63	26.07	22.64	9.52%	24.80	4.18	2.21	9.25	1.06	4.22	2.21	9.35	44.46	49.09	4.63	10.42%												
Met-Ed	Apr-20	Res	24	Jun-20	May-22	21.18	28.47	-1.55	-2.40	19.63	26.07	22.64	9.52%	24.80	5.47	2.21	12.10	1.06	4.97	2.21	11.01	48.96	52.12	3.16	6.44%												
Met-Ed	Nov-20	Com	24	Jun-21	May-23	24.57	32.98	-1.55	-2.40	23.01	30.58	26.56	6.83%	28.37	5.66	1.93	10.93	1.06	5.44	1.93	10.50	50.86	54.86	4.00	7.86%												
Met-Ed	Nov-20	Com	12	Jun-21	May-22	24.91	33.48	-1.55	-2.40	23.35	31.08	26.97	6.83%	28.81	6.76	1.93	13.04	1.06	5.72	1.93	11.05	53.96	54.75	0.79	1.46%												
Met-Ed	Nov-20	Res	12	Jun-21	May-22	24.91	33.48	-1.55	-2.40	23.35	31.08	26.97	9.52%	29.53	6.76	2.21	14.95	1.06	5.72	2.21	12.67	58.22	58.91	0.69	1.19%												
Met-Ed	Nov-20	Res	24	Jun-21	May-23	24.57	32.98	-1.55	-2.40	23.01	30.58	26.56	9.52%	29.08	5.66	2.21	12.54	1.06	5.44	2.21	12.04	54.71	57.52	2.81	5.13%												
Met-Ed	Jan-21	Com	24	Jun-21	May-23	23.97	32.59	-1.55	-2.40	22.41	30.19	26.06	6.83%	27.84	5.66	1.93	10.93	1.06	5.44	1.93	10.50	50.33	54.4	4.07	8.10%												
Met-Ed	Jan-21	Com	12	Jun-21	May-22	24.19	32.94	-1.55	-2.40	22.64	30.54	26.34	6.83%	28.13	6.76	1.93	13.04	1.06	5.72	1.93	11.05	53.29	55.67	2.38	4.47%												
Met-Ed	Jan-21	Res	12	Jun-21	May-22	24.19	32.94	-1.55	-2.40	22.64	30.54	26.34	9.52%	28.84	6.76	2.21	14.95	1.06	5.72	2.21	12.67	57.53	59.44	1.91	3.33%												
Met-Ed	Jan-21	Res	24	Jun-21	May-23	23.97	32.59	-1.55	-2.40	22.41	30.19	26.06	9.52%	28.54	5.66	2.21	12.54	1.06	5.44	2.21	12.04	54.17	58.43	4.26	7.87%												
Met-Ed	Apr-21	Com	24	Jun-21	May-23	24.70	33.81	-1.55	-2.40	23.15	31.41	27.02	6.83%	28.86	5.66	1.93	10.93	1.06	5.44	1.93	10.50	51.35	57.72	6.37	12.40%												
Met-Ed	Apr-21	Com	12	Jun-21	May-22	25.26	34.65	-1.55	-2.40	23.71	32.24	27.70	6.83%	29.60	6.76	1.93	13.04	1.06	5.72	1.93	11.05	54.75	58.52	3.77	6.89%												
Met-Ed	Apr-21	Res	12	Jun-21	May-22	25.26	34.65	-1.55	-2.40	23.71	32.24	27.70	9.52%	30.34	6.76	2.21	14.95	1.06	5.72	2.21	12.67	59.02	62.95	3.93	6.65%												
Met-Ed	Apr-21	Res	24	Jun-21	May-23	24.70	33.81	-1.55	-2.40	23.15	31.41	27.02	9.52%	29.59	5.66	2.21	12.54	1.06	5.44	2.21	12.04	55.22	61.39	6.17	11.18%												
Met-Ed	Nov-21	Res	12	Jun-22	May-23	39.06	52.74	-1.55	-2.40	37.50	50.34	43.51	9.52%	47.65	4.57	2.21	10.12	1.06	5.15	2.21	11.40	70.23	77.38	7.15	10.18%												
Met-Ed	Nov-21	Com	12	Jun-22	May-23	39.06	52.74	-1.55	-2.40	37.50	50.34	43.51	6.83%	46.48	4.57	1.93	8.82	1.06	5.15	1.93	9.94	66.31	74.05	7.74	11.67%												
Met-Ed	Jan-22	Res	12	Jun-22	May-23	39.54	52.49	-0.05	0.45	39.49	52.95	45.76	12.17%	51.33	4.57	2.13	9.75	1.46	5.15	2.13	10.99	73.53	78.26	4.73	6.43%												
Met-Ed	Jan-22	Com	12	Jun-22	May-23	39.54	52.49	-0.05	0.45	39.49	52.95	45.76	9.11%	49.93	4.57	3.86	17.64	1.46	5.15	3.86	19.88	88.90	74.31	-14.59	-16.42%												
Met-Ed	Apr-22	Res	12	Jun-22	May-23	79.91	105.26	-0.05	0.45	79.86	105.72	91.90	12.17%	103.09	4.57	2.13	9.75	1.46	5.15	2.13	10.99	125.29	138.12	12.83	10.24%												
Met-Ed	Apr-22	Com	12	Jun-22	May-23	79.91	105.26	-0.05	0.45	79.86	105.72	91.90	9.11%	100.28	4.57	3.86	17.64	1.46	5.15	3.86	19.88	139.25	131.71	-7.54	-5.42%												
Met-Ed	Nov-22	Res	12	Jun-23	May-24	53.38	72.53	-0.05	0.45	53.33	72.98	62.49	12.17%	70.09	2.37	2.13	5.05	1.46	5.95	2.13	12.69	89.29	100.59	11.30	12.65%												
Met-Ed	Nov-22	Com	12	Jun-23	May-24	53.38	72.53	-0.05	0.45	53.33	72.98	62.49	9.11%	68.18	2.37	3.86	9.14	1.46	5.95	3.86	22.95	101.73	107.37	5.64	5.55%												
Met-Ed	Feb-23	Com	24	Jun-23	May-25	42.63	54.97	-0.05	0.45	42.58	55.43	48.57	9.11%	52.99	3.50	3.86	13.50	1.46	7.14	3.86	27.58	95.53	89.21	-6.32	-6.62%												
Met-Ed	Feb-23	Res	24	Jun-23	May-25	42.63	54.97	-0.05	0.45	42.58	55.43	48.57	12.17%	54.48	3.50	2.13	7.46	1.46	7.14	2.13	15.25	78.65	88.66	10.01	12.73%												
Met-Ed	Apr-23	Res	12	Jun-23	May-24	41.85	54.15	-0.05	0.45	41.80	54.60	47.76	12.17%	53.58	2.37	2.13	5.05	1.46	5.95	2.13																	

Default Service Full Requirements Auction Price to Expected Wholesale Market Costs: Penelec, October 2018 - November 2025

Utility	Auction Month	Product	Duration	Delivery Period		PJM West forward price		Zonal Premium		Zone Adjusted Price		All Hours Flat Load Price	Load Shape Factor	Load Shape Adjusted Price	Average Capacity Price	Capacity Scaling Factor	Adjusted Capacity Price Adder	Ancillary Services Add-in	Average NITS Rate	NITS Scaling Factor	Adjusted NITS Rate Adder	Estimated No-Risk Price	Auction Price	Estimated Risk		Risk Premium		
				Start	End	Off Peak \$/MWh [A]	On Peak \$/MWh [B]	Off Peak \$/MWh [C]	On Peak \$/MWh [D]	Off Peak \$/MWh [E]	On Peak \$/MWh [F]													\$/MWh [G]	% [H]		\$/MWh [I]	\$/MWh [J]
Penelec	Oct-18	Com	24	Jun-19	May-21	26.52	36.52	-1.34	-0.68	25.18	35.84	30.15	5.60%	31.83	4.03	1.74	7.00	1.10	3.76	1.74	6.52	46.46	49.31	2.85	6.13%			
Penelec	Oct-18	Com	12	Jun-19	May-20	28.25	37.97	-1.34	-0.68	26.92	37.28	31.75	5.60%	33.52	3.88	1.74	6.75	1.10	3.29	1.74	5.71	47.08	50.45	3.37	7.16%			
Penelec	Oct-18	Res	24	Jun-19	May-21	26.52	36.52	-1.34	-0.68	25.18	35.84	30.15	8.24%	32.63	4.03	1.91	7.69	1.10	3.76	1.91	7.17	48.59	49.47	0.88	1.81%			
Penelec	Oct-18	Res	12	Jun-19	May-20	28.25	37.97	-1.34	-0.68	26.92	37.28	31.75	8.24%	34.36	3.88	1.91	7.41	1.10	3.29	1.91	6.27	49.14	50.61	1.47	2.98%			
Penelec	Jan-19	Com	24	Jun-19	May-21	27.49	38.23	-1.34	-0.68	26.15	37.55	31.46	5.60%	33.22	4.03	1.74	7.00	1.10	3.76	1.74	6.52	47.85	51.25	3.40	7.11%			
Penelec	Jan-19	Com	12	Jun-19	May-20	29.61	40.14	-1.34	-0.68	28.27	39.46	33.48	5.60%	35.36	3.88	1.74	6.75	1.10	3.29	1.74	5.71	48.91	52.40	3.49	7.13%			
Penelec	Jan-19	Res	24	Jun-19	May-21	27.49	38.23	-1.34	-0.68	26.15	37.55	31.46	8.24%	34.05	4.03	1.91	7.69	1.10	3.76	1.91	7.17	50.01	51.74	1.73	3.46%			
Penelec	Jan-19	Res	12	Jun-19	May-20	29.61	40.14	-1.34	-0.68	28.27	39.46	33.48	8.24%	36.24	3.88	1.91	7.41	1.10	3.29	1.91	6.27	51.02	52.63	1.61	3.15%			
Penelec	May-19	Com	12	Jun-19	May-20	28.40	37.67	-1.34	-0.68	27.06	36.99	31.69	5.60%	33.46	3.88	1.74	6.75	1.10	3.29	1.74	5.71	47.02	51.08	4.06	8.64%			
Penelec	May-19	Com	24	Jun-19	May-21	26.68	36.48	-1.34	-0.68	25.35	35.79	30.21	5.60%	31.90	4.03	1.74	7.00	1.10	3.76	1.74	6.52	46.53	50.01	3.48	7.47%			
Penelec	May-19	Res	12	Jun-19	May-20	28.40	37.67	-1.34	-0.68	27.06	36.99	31.69	8.24%	34.30	3.88	1.91	7.41	1.10	3.29	1.91	6.27	49.08	51.00	1.92	3.91%			
Penelec	May-19	Res	24	Jun-19	May-21	26.68	36.48	-1.34	-0.68	25.35	35.79	30.21	8.24%	32.70	4.03	1.91	7.69	1.10	3.76	1.91	7.17	48.66	50.45	1.79	3.67%			
Penelec	Oct-19	Com	12	Jun-20	May-21	22.38	31.36	-1.34	-0.68	21.04	30.68	25.53	5.60%	26.96	4.18	1.74	7.26	1.10	4.22	1.74	7.33	42.66	47.14	4.48	10.51%			
Penelec	Oct-19	Res	12	Jun-20	May-21	22.38	31.36	-1.34	-0.68	21.04	30.68	25.53	8.24%	27.63	4.18	1.91	7.98	1.10	4.22	1.91	8.06	44.77	47.07	2.30	5.14%			
Penelec	Jan-20	Com	12	Jun-20	May-21	21.41	29.01	-0.84	-1.28	20.57	27.73	23.92	5.06%	25.13	4.18	1.80	7.50	1.06	4.22	1.80	7.58	41.27	45.82	4.55	11.01%			
Penelec	Jan-20	Res	12	Jun-20	May-21	21.41	29.01	-0.84	-1.28	20.57	27.73	23.92	6.39%	25.45	4.18	1.93	8.06	1.06	4.22	1.93	8.14	42.71	45.63	2.92	6.84%			
Penelec	Apr-20	Com	12	Jun-20	May-21	21.18	28.47	-0.84	-1.28	20.35	27.19	23.55	5.06%	24.74	4.18	1.80	7.50	1.06	4.22	1.80	7.58	40.88	47.32	6.44	15.74%			
Penelec	Apr-20	Com	24	Jun-20	May-22	21.18	28.47	-0.84	-1.28	20.35	27.19	23.55	5.06%	24.74	5.47	1.80	9.81	1.06	4.97	1.80	8.92	44.54	49.45	4.91	11.03%			
Penelec	Apr-20	Res	24	Jun-20	May-22	21.18	28.47	-0.84	-1.28	20.35	27.19	23.55	6.39%	25.06	5.47	1.93	10.54	1.06	4.97	1.93	9.58	46.24	49.02	2.78	6.02%			
Penelec	Apr-20	Res	12	Jun-20	May-21	21.18	28.47	-0.84	-1.28	20.35	27.19	23.55	6.39%	25.06	4.18	1.93	8.06	1.06	4.22	1.93	8.14	42.31	46.85	4.54	10.72%			
Penelec	Nov-20	Com	24	Jun-21	May-23	24.57	32.98	-0.84	-1.28	23.73	31.70	27.46	5.06%	28.85	5.66	1.80	10.17	1.06	5.44	1.80	9.76	49.84	54.01	4.17	8.38%			
Penelec	Nov-20	Com	12	Jun-21	May-22	24.91	33.48	-0.84	-1.28	24.07	32.19	27.87	5.06%	29.28	6.76	1.80	12.13	1.06	5.72	1.80	10.27	52.74	54.80	2.06	3.90%			
Penelec	Nov-20	Res	24	Jun-21	May-23	24.57	32.98	-0.84	-1.28	23.73	31.70	27.46	6.39%	29.22	5.66	1.93	10.92	1.06	5.44	1.93	10.48	51.67	53.86	2.19	4.23%			
Penelec	Nov-20	Res	12	Jun-21	May-22	24.91	33.48	-0.84	-1.28	24.07	32.19	27.87	6.39%	29.66	6.76	1.93	13.02	1.06	5.72	1.93	11.03	54.77	54.80	0.03	0.05%			
Penelec	Jan-21	Com	24	Jun-21	May-23	23.97	32.59	-0.84	-1.28	23.13	31.31	26.96	5.06%	28.33	5.66	1.80	10.17	1.06	5.44	1.80	9.76	49.31	53.55	4.24	8.60%			
Penelec	Jan-21	Com	12	Jun-21	May-22	24.19	32.94	-0.84	-1.28	23.35	31.66	27.24	5.06%	28.62	6.76	1.80	12.13	1.06	5.72	1.80	10.27	52.08	54.59	2.51	4.82%			
Penelec	Jan-21	Res	24	Jun-21	May-23	23.97	32.59	-0.84	-1.28	23.13	31.31	26.96	6.39%	28.69	5.66	1.93	10.92	1.06	5.44	1.93	10.48	51.14	54.59	3.45	6.74%			
Penelec	Jan-21	Res	12	Jun-21	May-22	24.19	32.94	-0.84	-1.28	23.35	31.66	27.24	6.39%	28.98	6.76	1.93	13.02	1.06	5.72	1.93	11.03	54.10	55.53	1.43	2.65%			
Penelec	Apr-21	Com	12	Jun-21	May-22	25.26	34.65	-0.84	-1.28	24.43	33.36	28.61	5.06%	30.06	6.76	1.80	12.13	1.06	5.72	1.80	10.27	53.52	57.84	4.32	8.08%			
Penelec	Apr-21	Com	24	Jun-21	May-23	24.70	33.81	-0.84	-1.28	23.87	32.53	27.92	5.06%	29.34	5.66	1.80	10.17	1.06	5.44	1.80	9.76	50.32	57.03	6.71	13.34%			
Penelec	Apr-21	Res	24	Jun-21	May-23	24.70	33.81	-0.84	-1.28	23.87	32.53	27.92	6.39%	29.71	5.66	1.93	10.92	1.06	5.44	1.93	10.48	52.16	58.12	5.96	11.42%			
Penelec	Apr-21	Res	12	Jun-21	May-22	25.26	34.65	-0.84	-1.28	24.43	33.36	28.61	6.39%	30.44	6.76	1.93	13.02	1.06	5.72	1.93	11.03	55.55	60.04	4.49	8.08%			
Penelec	Nov-21	Res	12	Jun-22	May-23	39.06	52.74	-0.84	-1.28	38.22	51.45	44.42	6.39%	47.26	4.57	1.93	8.81	1.06	5.15	1.93	9.93	67.05	73.21	6.16	9.18%			
Penelec	Nov-21	Com	12	Jun-22	May-23	39.06	52.74	-0.84	-1.28	38.22	51.45	44.42	5.06%	46.66	4.57	1.80	8.20	1.06	5.15	1.80	9.24	65.17	72.59	7.42	11.38%			
Penelec	Jan-22	Res	12	Jun-22	May-23	39.54	52.49	-3.15	-5.84	36.39	46.65	41.17	6.68%	43.92	4.57	2.06	9.43	1.46	5.15	2.06	10.63	65.44	72.44	7.00	10.69%			
Penelec	Jan-22	Com	12	Jun-22	May-23	39.54	52.49	-3.15	-5.84	36.39	46.65	41.17	5.15%	43.29	4.57	1.75	7.99	1.46	5.15	1.75	9.01	61.75	72.26	10.51	17.02%			
Penelec	Apr-22	Res	12	Jun-22	May-23	79.91	105.26	-3.15	-5.84	76.76	99.42	87.32	6.68%	93.14	4.57	2.06	9.43	1.46	5.15	2.06	10.63	114.67	132.22	17.55	15.30%			
Penelec	Apr-22	Com	12	Jun-22	May-23	79.91	105.26	-3.15	-5.84	76.76	99.42	87.32	5.15%	91.82	4.57	1.75	7.99	1.46	5.15	1.75	9.01	110.27	131.69	21.42	19.42%			
Penelec	Nov-22	Res	12	Jun-23	May-24	53.38	72.53	-3.15	-5.84	50.23	66.68	57.90	6.68%	61.76	2.37	2.06	4.89	1.46	5.95	2.06	12.28	80.38	94.66	14.28	17.76%			
Penelec	Nov-22	Com	12	Jun-23	May-24	53.38	72.53	-3.15	-5.84	50.23	66.68	57.90	5.15%	60.88	2.37	1.75	4.14	1.46	5.95	1.75	10.40	76.88	107.98	31.10	40.45%			
Penelec	Feb-23	Com	24	Jun-23	May-25	42.63	54.97	-3.15	-5.84	39.48	49.13	43.98	5.15%	46.24	3.50	1.75	6.12	1.46	7.14	1.75	12.49	66.32	86.04	19.72	29.74%			
Penelec	Feb-23	Res	24	Jun-23	May-25	42.63	54.97	-3.15	-5.84	39.48	49.13	43.98	6.68%	46.91	3.50	2.06	7.22	1.46	7.14	2.06	14.75	70.34	82.53	12.19	17.32%			
Penelec																												

Default Service Full Requirements Auction Price to Expected Wholesale Market Costs: Penn Power, October 2018 - November 2025

Utility	Auction Month	Product	Duration	Delivery Period		PJM West forward price		Zonal Premium		Zone Adjusted Price		All Hours Flat Load Price	Load Shape Factor	Load Shape Adjusted Price	Average Capacity Price	Capacity Scaling Factor	Adjusted Capacity Price Adder	Ancillary Services Add-in	Average NITS Rate	NITS Scaling Factor	Adjusted NITS Rate Adder	Estimated No-Risk Price	Auction Price	Estimated Risk		Risk Premium												
				Start	End	Off Peak \$/MWh [A]	On Peak \$/MWh [B]	Off Peak \$/MWh [C]	On Peak \$/MWh [D]	Off Peak \$/MWh [E]	On Peak \$/MWh [F]													S/MWh [G]	[%]		S/MWh [I]	S/MWh [J]	# [K]	S/MWh [L]	S/MWh [M]	S/MWh [N]	# [O]	S/MWh [P]	S/MWh [Q]	S/MWh [R]	S/MWh [S]	%
Penn Power	Oct-18	Res	24	Jun-19	May-21	26.52	36.52	-0.79	3.25	25.73	39.77	32.27	10.54%	35.67	3.80	2.08	7.91	1.10	6.42	2.08	13.37	58.04	58.80	0.76	1.30%													
Penn Power	Oct-18	Res	12	Jun-19	May-20	28.25	37.97	-0.79	3.25	27.46	41.21	33.87	10.54%	37.43	3.88	2.08	8.08	1.10	6.30	2.08	13.11	59.73	60.38	0.65	1.09%													
Penn Power	Jan-19	Com	24	Jun-19	May-21	27.49	38.23	-0.79	3.25	26.70	41.47	33.58	7.25%	36.01	3.80	1.82	6.90	1.10	6.42	1.82	11.67	55.69	62.64	6.95	12.49%													
Penn Power	Jan-19	Com	12	Jun-19	May-20	29.61	40.14	-0.79	3.25	28.81	43.39	35.60	7.25%	38.18	3.88	1.82	7.05	1.10	6.30	1.82	11.44	57.78	63.67	5.89	10.19%													
Penn Power	Jan-19	Res	24	Jun-19	May-21	27.49	38.23	-0.79	3.25	26.70	41.47	33.58	10.54%	37.12	3.80	2.08	7.91	1.10	6.42	2.08	13.37	59.49	59.87	0.38	0.63%													
Penn Power	Jan-19	Res	12	Jun-19	May-20	29.61	40.14	-0.79	3.25	28.81	43.39	35.60	10.54%	39.35	3.88	2.08	8.08	1.10	6.30	2.08	13.11	61.65	60.70	-0.95	-1.54%													
Penn Power	May-19	Com	24	Jun-19	May-21	26.68	36.48	-0.79	3.25	25.89	39.72	32.33	7.25%	34.68	3.80	1.82	6.90	1.10	6.42	1.82	11.67	54.35	60.87	6.52	12.00%													
Penn Power	May-19	Com	12	Jun-19	May-20	28.40	37.67	-0.79	3.25	27.61	40.92	33.81	7.25%	36.26	3.88	1.82	7.05	1.10	6.30	1.82	11.44	55.86	61.45	5.59	10.01%													
Penn Power	May-19	Res	24	Jun-19	May-21	26.68	36.48	-0.79	3.25	25.89	39.72	32.33	10.54%	35.74	3.80	2.08	7.91	1.10	6.42	2.08	13.37	58.12	58.34	0.22	0.38%													
Penn Power	May-19	Res	12	Jun-19	May-20	28.40	37.67	-0.79	3.25	27.61	40.92	33.81	10.54%	37.37	3.88	2.08	8.08	1.10	6.30	2.08	13.11	59.66	60.19	0.53	0.88%													
Penn Power	Oct-19	Res	12	Jun-20	May-21	22.38	31.36	-0.79	3.25	21.59	34.60	27.65	10.54%	30.56	3.72	2.08	7.74	1.10	6.54	2.08	13.62	53.02	55.17	2.15	4.05%													
Penn Power	Jan-20	Res	12	Jun-20	May-21	21.41	29.01	-0.41	-0.96	21.00	28.05	24.30	7.65%	26.16	3.72	2.21	8.23	1.06	6.54	2.21	14.48	49.93	53.02	3.09	6.19%													
Penn Power	Apr-20	Com	12	Jun-20	May-21	21.18	28.47	-0.41	-0.96	20.77	27.51	23.93	5.58%	25.26	3.72	1.88	6.98	1.06	6.54	1.88	12.28	45.58	53.90	8.32	18.25%													
Penn Power	Apr-20	Com	24	Jun-20	May-22	21.18	28.47	-0.41	-0.96	20.77	27.51	23.93	5.58%	25.26	5.99	1.88	11.24	1.06	7.06	1.88	13.25	50.82	58.90	8.08	15.91%													
Penn Power	Apr-20	Res	12	Jun-20	May-21	21.18	28.47	-0.41	-0.96	20.77	27.51	23.93	7.65%	25.76	3.72	2.21	8.23	1.06	6.54	2.21	14.48	49.53	52.36	2.83	5.72%													
Penn Power	Apr-20	Res	24	Jun-20	May-22	21.18	28.47	-0.41	-0.96	20.77	27.51	23.93	7.65%	25.76	5.99	2.21	13.26	1.06	7.06	2.21	15.63	55.70	57.09	1.39	2.49%													
Penn Power	Nov-20	Res	12	Jun-21	May-22	24.91	33.48	-0.41	-0.96	24.49	32.52	28.25	7.65%	30.41	8.27	2.21	18.30	1.06	7.58	2.21	16.78	66.54	63.34	-3.20	-4.82%													
Penn Power	Nov-20	Res	24	Jun-21	May-23	24.57	32.98	-0.41	-0.96	24.15	32.02	27.84	7.65%	29.97	5.33	2.21	11.79	1.06	7.60	2.21	16.83	59.64	61.48	1.84	3.08%													
Penn Power	Jan-21	Com	12	Jun-21	May-22	24.19	32.94	-0.41	-0.96	23.78	31.98	27.62	5.58%	29.16	8.27	1.88	15.52	1.06	7.58	1.88	14.23	59.96	63.34	3.38	5.63%													
Penn Power	Jan-21	Res	24	Jun-21	May-23	23.97	32.59	-0.41	-0.96	23.56	31.63	27.34	7.65%	29.43	5.33	2.21	11.79	1.06	7.60	2.21	16.83	59.11	62.15	3.04	5.15%													
Penn Power	Jan-21	Res	12	Jun-21	May-22	24.19	32.94	-0.41	-0.96	23.78	31.98	27.62	7.65%	29.73	8.27	2.21	18.30	1.06	7.58	2.21	16.78	65.86	63.98	-1.88	-2.86%													
Penn Power	Apr-21	Com	24	Jun-21	May-23	24.70	33.81	-0.41	-0.96	24.29	32.85	28.30	5.58%	29.88	5.33	1.88	10.00	1.06	7.60	1.88	14.27	55.21	64.80	9.59	17.38%													
Penn Power	Apr-21	Com	12	Jun-21	May-22	25.26	34.65	-0.41	-0.96	24.85	33.68	28.99	5.58%	30.60	8.27	1.88	15.52	1.06	7.58	1.88	14.23	61.41	67.22	5.81	9.47%													
Penn Power	Apr-21	Res	12	Jun-21	May-22	25.26	34.65	-0.41	-0.96	24.85	33.68	28.99	7.65%	31.20	8.27	2.21	18.30	1.06	7.58	2.21	16.78	67.34	69.56	2.22	3.30%													
Penn Power	Apr-21	Res	24	Jun-21	May-23	24.70	33.81	-0.41	-0.96	24.29	32.85	28.30	7.65%	30.46	5.33	2.21	11.79	1.06	7.60	2.21	16.83	60.14	64.92	4.78	7.95%													
Penn Power	Nov-21	Res	12	Jun-22	May-23	39.06	52.74	-0.41	-0.96	38.65	51.77	44.79	7.65%	48.22	2.39	2.21	5.28	1.06	7.63	2.21	16.88	71.44	75.22	3.78	5.29%													
Penn Power	Nov-21	Com	12	Jun-22	May-23	39.06	52.74	-0.41	-0.96	38.65	51.77	44.79	5.58%	47.29	2.39	1.88	4.48	1.06	7.63	1.88	14.32	67.15	77.37	10.22	15.23%													
Penn Power	Jan-22	Res	12	Jun-22	May-23	39.54	52.49	-4.74	-7.27	34.80	45.22	39.65	8.69%	43.10	2.39	2.43	5.80	1.46	7.63	2.43	18.55	68.91	74.49	5.58	8.09%													
Penn Power	Jan-22	Com	12	Jun-22	May-23	39.54	52.49	-4.74	-7.27	34.80	45.22	39.65	6.24%	42.13	2.39	1.98	4.71	1.46	7.63	1.98	15.07	63.37	74.55	11.18	17.63%													
Penn Power	Jan-22	Res	12	Jun-22	May-23	79.91	105.26	-4.74	-7.27	75.17	97.99	85.80	8.69%	93.26	2.39	2.43	5.80	1.46	7.63	2.43	18.55	119.07	131.28	12.21	10.25%													
Penn Power	Apr-22	Com	12	Jun-22	May-23	79.91	105.26	-4.74	-7.27	75.17	97.99	85.80	6.24%	91.16	2.39	1.98	4.71	1.46	7.63	1.98	15.07	112.40	130.60	18.20	16.19%													
Penn Power	Nov-22	Res	12	Jun-23	May-24	53.38	72.53	-4.74	-7.27	48.64	65.26	56.38	8.69%	61.28	1.63	2.43	3.97	1.46	7.49	2.43	18.23	84.94	100.88	15.94	18.76%													
Penn Power	Nov-22	Com	12	Jun-23	May-24	53.38	72.53	-4.74	-7.27	48.64	65.26	56.38	6.24%	59.90	1.63	1.98	3.23	1.46	7.49	1.98	14.81	79.40	113.33	33.93	42.74%													
Penn Power	Feb-23	Res	24	Jun-23	May-25	42.63	54.97	-4.74	-7.27	37.89	47.70	42.46	8.69%	46.15	2.01	2.43	4.90	1.46	8.74	2.43	21.25	73.76	87.74	14.08	19.08%													
Penn Power	Apr-23	Res	12	Jun-23	May-24	41.85	54.15	-4.74	-7.27	37.11	46.88	41.66	8.69%	45.28	1.63	2.43	3.97	1.46	7.49	2.43	18.23	68.94	99.50	30.56	44.33%													
Penn Power	Apr-23	Res	24	Jun-23	May-25	43.24	55.89	-4.74	-7.27	38.50	48.62	43.21	8.69%	46.97	1.51	2.43	3.67	1.46	8.74	2.43	21.25	73.35	101.46	28.11	38.33%													
Penn Power	Apr-23	Com	12	Jun-23	May-24	41.85	54.15	-4.74	-7.27	37.11	46.88	41.66	6.24%	44.26	1.63	1.98	3.23	1.46	7.49	1.98	14.81	63.75	102.31	38.56	60.48%													
Penn Power	Apr-23	Com	24	Jun-23	May-25	43.24	55.89	-4.74	-7.27	38.50	48.62	43.21	6.24%	45.91	1.51	1.98	2.98	1.46	8.74	1.98	17.26	67.61	106.68	39.07	57.78%													
Penn Power	Nov-23	Res	12	Jun-24	May-25	41.65	55.16	-4.74	-7.27	36.91	47.89	42.02	8.69%	45.68	1.38	2.43	3.36	1.46	9.98	2.43	24.26	74.76	90.41	15.65	20.93%													
Penn Power	Nov-23	Res	24	Jun-24	May-26	42.65	56.74	-4.74	-7.27	37.91	49.47	43.29	8.69%	47.06	1.53	2.43	3.72	1.46	10.03	2.43	24.40	76.64	91.90	15.26	19.91%													
Penn Power	Nov-23	Com	12	Jun-24	May-25	41.65	55.16	-4.74	-7.27	36.91	47.89	42.02	6.24%	44.65	1.38	1.98	2.73	1.46	9.98	1.98	19.71	68.55	92.05	23.50	34.28%													
Penn Power	Apr-24	Res	12	Jun-24	May-25	39.52	53.01	-2.91	-5.54	36.61	47.47	41.68	11.40%	46.43	1.38	2.21	3.05	1.35	9.98	2.21	22.04	72.87	88.92	16.05	22.02%													
Penn Power	Apr-24	Com	12	Jun-24	May-25	39.52	53.01	-2.91	-5.54	36.61	47.47	41.68	7.55%	44.82	1.38	1.90	2.63	1.35	9.98	1.90	18.98	67.78	89.43	21.65	31.95%													
Penn Power	Apr-24	Com	24	Jun-24	May-26	42.47	56.74	-2.91	-5.54	39.56	51.20	44.99	7.55%	48.38	1.54	1.90	2.93	1.35	10.03	1.90	19.09	71.75	93.60															

Default Service Full Requirements Auction Price to Expected Wholesale Market Costs: West Penn Power, October 2018 - November 2025

Utility	Auction Month	Product	Duration	Delivery Period		PJM West forward price		Zonal Premium		Zone Adjusted Price		All Hours Flat Load Price	Load Shape Factor	Load Shape Adjusted Price	Average Capacity Price	Capacity Scaling Factor	Adjusted Capacity Price Adder	Ancillary Services Add-in	Average NITS Rate	NITS Scaling Factor	Adjusted NITS Rate Adder	Estimated No-Risk Price	Auction Price	Estimated Risk	Risk Premium
			months	Start	End	Off Peak \$/MWh [A]	On Peak \$/MWh [B]	Off Peak \$/MWh [C]	On Peak \$/MWh [D]	Off Peak \$/MWh [E]	On Peak \$/MWh [F]	\$/MWh [G]	% [H]	\$/MWh [I]	\$/MWh [J]	# [K]	\$/MWh [L]	\$/MWh [M]	\$/MWh [N]	# [O]	\$/MWh [P]	\$/MWh [Q]	\$/MWh [R]	\$/MWh [S]	% [T]
West Penn Power	Oct-18	Com	24	Jun-19	May-21	26.52	36.52	-0.05	0.90	26.47	37.42	31.57	5.44%	33.29	3.80	1.91	7.28	1.10	1.64	1.91	3.14	44.80	48.00	3.20	7.14%
West Penn Power	Oct-18	Com	12	Jun-19	May-20	28.25	37.97	-0.05	0.90	28.20	38.86	33.17	5.44%	34.97	3.88	1.91	7.44	1.10	1.64	1.91	3.14	46.65	49.55	2.90	6.22%
West Penn Power	Oct-18	Res	24	Jun-19	May-21	26.52	36.52	-0.05	0.90	26.47	37.42	31.57	9.37%	34.53	3.80	2.10	7.98	1.10	1.64	2.10	3.44	47.05	47.35	0.30	0.65%
West Penn Power	Oct-18	Res	12	Jun-19	May-20	28.25	37.97	-0.05	0.90	28.20	38.86	33.17	9.37%	36.28	3.88	2.10	8.15	1.10	1.64	2.10	3.44	48.97	48.96	-0.01	-0.02%
West Penn Power	Jan-19	Com	24	Jun-19	May-21	27.49	38.23	-0.05	0.90	27.44	39.12	32.88	5.44%	34.67	3.80	1.91	7.28	1.10	1.64	1.91	3.14	46.18	49.64	3.46	7.48%
West Penn Power	Jan-19	Com	12	Jun-19	May-20	29.61	40.14	-0.05	0.90	29.56	41.04	34.90	5.44%	36.80	3.88	1.91	7.44	1.10	1.64	1.91	3.14	48.48	50.75	2.27	4.68%
West Penn Power	Jan-19	Res	12	Jun-19	May-20	29.61	40.14	-0.05	0.90	29.56	41.04	34.90	9.37%	38.18	3.88	2.10	8.15	1.10	1.64	2.10	3.44	50.87	51.03	0.16	0.31%
West Penn Power	Jan-19	Res	24	Jun-19	May-21	27.49	38.23	-0.05	0.90	27.44	39.12	32.88	9.37%	35.96	3.80	2.10	7.98	1.10	1.64	2.10	3.44	48.48	49.40	0.92	1.90%
West Penn Power	May-19	Com	12	Jun-19	May-20	28.40	37.67	-0.05	0.90	28.35	38.57	33.11	5.44%	34.91	3.88	1.91	7.44	1.10	1.64	1.91	3.14	46.59	48.71	2.12	4.56%
West Penn Power	May-19	Com	24	Jun-19	May-21	26.68	36.48	-0.05	0.90	26.64	37.37	31.64	5.44%	33.36	3.80	1.91	7.28	1.10	1.64	1.91	3.14	44.87	47.54	2.67	5.95%
West Penn Power	May-19	Res	24	Jun-19	May-21	26.68	36.48	-0.05	0.90	26.64	37.37	31.64	9.37%	34.60	3.80	2.10	7.98	1.10	1.64	2.10	3.44	47.12	47.61	0.49	1.04%
West Penn Power	May-19	Res	12	Jun-19	May-20	28.40	37.67	-0.05	0.90	28.35	38.57	33.11	9.37%	36.21	3.88	2.10	8.15	1.10	1.64	2.10	3.44	48.91	49.17	0.26	0.54%
West Penn Power	Oct-19	Com	12	Jun-20	May-21	22.38	31.36	-0.05	0.90	22.33	32.25	26.95	5.44%	28.42	3.72	1.91	7.12	1.10	1.64	1.91	3.13	39.77	43.13	3.36	8.45%
West Penn Power	Oct-19	Res	12	Jun-20	May-21	22.38	31.36	-0.05	0.90	22.33	32.25	26.95	9.37%	29.48	3.72	2.10	7.81	1.10	1.64	2.10	3.43	41.82	44.10	2.28	5.46%
West Penn Power	Jan-20	Com	12	Jun-20	May-21	21.41	29.01	-0.01	-0.06	21.39	28.95	24.93	5.34%	26.26	3.72	1.82	6.77	1.06	1.64	1.82	2.98	37.07	40.41	3.34	9.00%
West Penn Power	Jan-20	Res	12	Jun-20	May-21	21.41	29.01	-0.01	-0.06	21.39	28.95	24.93	8.12%	26.95	3.72	2.16	8.04	1.06	1.64	2.16	3.54	39.59	41.11	1.52	3.84%
West Penn Power	Jan-20	Res	24	Jun-20	May-22	21.41	29.01	-0.01	-0.06	21.39	28.95	24.93	8.12%	26.95	5.23	2.16	11.32	1.06	1.61	2.16	3.49	42.82	44.07	1.25	2.92%
West Penn Power	Apr-20	Com	12	Jun-20	May-21	21.18	28.47	-0.01	-0.06	21.17	28.41	24.56	5.34%	25.87	3.72	1.82	6.77	1.06	1.64	1.82	2.98	36.68	40.78	4.10	11.18%
West Penn Power	Apr-20	Com	24	Jun-20	May-22	21.18	28.47	-0.01	-0.06	21.17	28.41	24.56	5.34%	25.87	5.23	1.82	9.53	1.06	1.61	1.82	2.94	39.40	44.88	5.48	13.90%
West Penn Power	Apr-20	Res	12	Jun-20	May-21	21.18	28.47	-0.01	-0.06	21.17	28.41	24.56	8.12%	26.55	3.72	2.16	8.04	1.06	1.64	2.16	3.54	39.19	42.31	3.12	7.97%
West Penn Power	Apr-20	Res	24	Jun-20	May-22	21.18	28.47	-0.01	-0.06	21.17	28.41	24.56	8.12%	26.55	5.23	2.16	11.32	1.06	1.61	2.16	3.49	42.42	45.39	2.97	7.01%
West Penn Power	Nov-20	Com	24	Jun-21	May-23	24.57	32.98	-0.01	-0.06	24.55	32.92	28.47	5.34%	29.99	4.57	1.82	8.32	1.06	1.83	1.82	3.34	42.71	45.01	2.30	5.38%
West Penn Power	Nov-20	Com	12	Jun-21	May-22	24.91	33.48	-0.01	-0.06	24.89	33.42	28.88	5.34%	30.43	6.76	1.82	12.30	1.06	1.59	1.82	2.90	46.69	45.88	-0.81	-1.73%
West Penn Power	Nov-20	Res	12	Jun-21	May-22	24.91	33.48	-0.01	-0.06	24.89	33.42	28.88	8.12%	31.23	6.76	2.16	14.61	1.06	1.59	2.16	3.44	50.33	49.48	-0.85	-1.69%
West Penn Power	Nov-20	Res	24	Jun-21	May-23	24.57	32.98	-0.01	-0.06	24.55	32.92	28.47	8.12%	30.78	4.57	2.16	9.88	1.06	1.83	2.16	3.96	45.69	47.76	2.07	4.54%
West Penn Power	Jan-21	Com	24	Jun-21	May-23	23.97	32.94	-0.01	-0.06	23.95	32.53	27.97	5.34%	29.46	4.57	1.82	8.32	1.06	1.83	1.82	3.34	42.19	44.98	2.79	6.63%
West Penn Power	Jan-21	Com	12	Jun-21	May-22	24.19	32.59	-0.01	-0.06	24.18	32.88	28.25	5.34%	29.76	6.76	1.82	12.30	1.06	1.59	1.82	2.90	46.02	46.25	0.23	0.50%
West Penn Power	Jan-21	Res	24	Jun-21	May-23	23.97	32.59	-0.01	-0.06	23.95	32.53	27.97	8.12%	30.24	4.57	2.16	9.88	1.06	1.83	2.16	3.96	45.14	48.29	3.15	6.97%
West Penn Power	Jan-21	Res	12	Jun-21	May-22	24.19	32.94	-0.01	-0.06	24.18	32.88	28.25	8.12%	30.54	6.76	2.16	14.61	1.06	1.59	2.16	3.44	49.65	49.82	0.17	0.35%
West Penn Power	Apr-21	Com	24	Jun-21	May-23	24.70	33.81	-0.01	-0.06	24.69	33.75	28.93	5.34%	30.48	4.57	1.82	8.32	1.06	1.83	1.82	3.34	43.20	47.76	4.56	10.56%
West Penn Power	Apr-21	Com	12	Jun-21	May-22	25.26	34.65	-0.01	-0.06	25.25	34.58	29.62	5.34%	31.20	6.76	1.82	12.30	1.06	1.59	1.82	2.90	47.46	49.38	1.92	4.04%
West Penn Power	Apr-21	Res	24	Jun-21	May-23	24.70	33.81	-0.01	-0.06	24.69	33.75	28.93	8.12%	31.28	4.57	2.16	9.88	1.06	1.83	2.16	3.96	46.18	50.73	4.55	9.85%
West Penn Power	Apr-21	Res	12	Jun-21	May-22	25.26	34.65	-0.01	-0.06	25.25	34.58	29.62	8.12%	32.02	6.76	2.16	14.61	1.06	1.59	2.16	3.44	51.13	53.16	2.03	3.97%
West Penn Power	Nov-21	Res	12	Jun-22	May-23	39.06	52.74	-0.01	-0.06	39.04	52.67	45.43	8.12%	49.11	2.39	2.16	5.16	1.06	2.07	2.16	4.48	59.81	64.38	4.57	7.63%
West Penn Power	Nov-21	Com	12	Jun-22	May-23	39.06	52.74	-0.01	-0.06	39.04	52.67	45.43	5.34%	47.85	2.39	1.82	4.35	1.06	2.07	1.82	3.78	57.03	61.40	4.37	7.66%
West Penn Power	Jan-22	Res	12	Jun-22	May-23	39.54	52.49	-1.26	-2.64	38.28	49.85	43.67	8.86%	47.54	2.39	2.36	5.64	1.46	2.07	2.36	4.90	59.54	62.30	2.76	4.63%
West Penn Power	Jan-22	Com	12	Jun-22	May-23	39.54	52.49	-1.26	-2.64	38.28	49.85	43.67	5.75%	46.18	2.39	1.73	4.14	1.46	2.07	1.73	3.59	55.37	60.35	4.98	8.99%
West Penn Power	Apr-22	Res	12	Jun-22	May-23	79.91	105.26	-1.26	-2.64	78.65	102.62	89.82	8.86%	97.77	2.39	2.36	5.64	1.46	2.07	2.36	4.90	109.78	122.56	12.78	11.65%
West Penn Power	Apr-22	Com	12	Jun-22	May-23	79.91	105.26	-1.26	-2.64	78.65	102.62	89.82	5.75%	94.99	2.39	1.73	4.14	1.46	2.07	1.73	3.59	104.18	122.11	17.93	17.22%
West Penn Power	Nov-22	Res	12	Jun-23	May-24	53.38	72.53	-1.26	-2.64	52.13	69.89	60.40	8.86%	65.75	1.63	2.36	3.86	1.46	1.91	2.36	4.52	75.59	89.31	13.72	18.15%
West Penn Power	Nov-22	Com	12	Jun-23	May-24	53.38	72.53	-1.26	-2.64	52.13	69.89	60.40	5.75%	63.87	1.63	1.73	2.83	1.46	1.91	1.73	3.32	71.48	97.75	26.27	36.75%
West Penn Power	Feb-23	Com	24	Jun-23	May-25	42.63	54.97	-1.26	-2.64	41.38	52.33	46.48	5.75%	49.15	2.01	1.73	3.49	1.46	1.93	1.73	3.35	57.45	79.09	21.64	37.66%
West Penn Power	Feb-23	Res	24	Jun-23	May-25	42.63	54.97	-1.26	-2.64	41.38	52.33	46.48	8.86%	50.60	2.01	2.36	4.76	1.46	1.93	2.36	4.57	61.39	76.23	14.84	24.18%
West Penn Power	Apr-23	Res	12	Jun-23	May-24	41.85	54.15	-1.26	-2.64	40.59	51.51	45.68	8.86%	49.72	1.63	2.36	3.86	1.46	1.91	2.36	4.52	59.57	88.23	28.66	48.12%
West Penn Power	Apr-23	Res	24	Jun-23	May-25	43.24	55.89	-1.26	-2.64	41.99	53.24	47.23	8.86%	51.41	1.51	2.36	3.56	1.46	1.93	2.36	4.57	61.00	93.86	32.86	53.86%
West Penn Power	Apr-23	Com	12	Jun-23	May-24	41.85	54.15	-1.26	-2.64	40.59	51.51	45.68	5.75%	48.30	1.63	1.73	2.83	1.46	1.91	1.73	3.32	55.91	91.99	36.08	64.53%
West Penn Power	Apr-23	Com	24	Jun-23	May-25	43.24	55.89	-1.26	-2.64	41.99	53.24	47.23	5.75%	49.95	1.51	1.73	2.61	1.46	1.93	1.73	3.35	57.37	95.82	38.45	67.02%
West Penn Power	Nov-23	Com	12	Jun-24	May-25	41.65	55.16	-1.26	-2.64	40.39	52.52	46.04	5.75%	48.69	1.38	1.73	2.40	1.46	1.95	1.73	3.38	55.92	74.79	18.87	33.74%
West Penn Power	Nov-23	Com	24	Jun-24	May-26	42.65	56.74	-1.26	-2.64	41.39	54.10	47.3													

Notes and sources:
Only includes 12 and 24 month auctions.
[A]-[B]: S&P Capital IQ, PJM West Hub futures prices were averaged over last five trading days prior to the auction, and over all contract months in the delivery period.
[C]-[D]: Zonal premiums were calculated by taking the average difference LMP between PJM West Hub and the zone of the utility.
[E]: [A]+[C].
[F]: [B]+[D].
[G]: Weighted average of peak and off-peak zone adjusted prices.
[H]: Percentage difference between the straight average LMP and load-weighted average LMP. Load-weighted average LMP based on hourly historical load for non-shopping customers in the relevant customer class.
[I]: $[G] \times (1 + [H])$.
[J]: Capacity price increased by the installed reserve margin for the delivery period.
[K]: Ratio between peak and average load for 2018, 2020, 2022 and 2024.
[L]: $[J] \times [K]$.
[M]: Sum of ancillary service costs for 2018, 2020, 2022 and 2024.
[N]: NITS daily rate converted to an average hourly rate.
[O]: Ratio between peak and average load for 2018, 2020, 2022 and 2024.
[P]: $[N] \times [O]$.
[Q]: $[I] + [L] + [M] + [P]$.
[R]: Announced auction price from First Energy website.
[S]: $[R] - [Q]$.
[T]: $[S] / [Q]$.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF FIRSTENERGY	:	
PENNSYLVANIA ELECTRIC COMPANY	:	DOCKET NO. P-2026-
FOR APPROVAL OF ITS DEFAULT	:	
SERVICE PROGRAM FOR THE PERIOD	:	
JUNE 1, 2027 TO MAY 31, 2031	:	
	:	

VERIFICATION

I, Nicholas E. Powers, hereby state that the facts set forth in the pre-marked statements and exhibits listed below are true and correct to the best of my knowledge, information, and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

- FE PA Statement No. 3 and FE PA Exhibit NEP-1



Date: February 3, 2026

Nicholas E. Powers

FE PA Statement No. 4
Direct Testimony of Carlixta De La Rosa

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DOCKET NO. P-2026-_____**

DEFAULT SERVICE PROGRAM

**For the Period
June 1, 2027 to May 31, 2031**

**Direct Testimony of
Carlixta De La Rosa**

**List of Topics Addressed
Rate Design and Cost Recovery
Customer Referral Program
Supplier Coordination Tariff
Other Related Matters**

**DIRECT TESTIMONY
OF
CARLIXTA DE LA ROSA**

I. INTRODUCTION AND PURPOSE

Q. Please state your name and business address.

A. My name is Carlixa De la Rosa, and my business address is 2800 Pottsville Pike, Reading, Pennsylvania 19605.

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

A. I am employed by FirstEnergy Service Company as an Analyst - Rates and Regulatory Affairs - Pennsylvania. The Pennsylvania Rates Department provides regulatory support for FirstEnergy Corp.'s ("FirstEnergy") wholly-owned Pennsylvania electric distribution operating company, FirstEnergy Pennsylvania Electric Company ("FE PA" or "Company"). FE PA consists of the Met-Ed, Penelec, Penn Power, West Penn and The Pennsylvania State University ("PSU") rate districts, with PSU being a sub-part of the West Penn rate district (individually a "Rate District" and in any combination the "Rate Districts").

Q. What is your educational background?

A. I have a Bachelor of Science degree in Business from Pennsylvania State University, and a Master of Business Administration degree from Alvernia University. I have over seventeen years of experience with FirstEnergy. My educational background and work experience are more fully described in Appendix A to this statement.

Q. Please describe your duties as Rates Analyst.

A. I am responsible for the development, coordination, preparation and presentation of the Company's accounting and financial data in its rate-related matters before the Pennsylvania Public Utility Commission ("Commission" or "PaPUC") and New York State Public

1 Service Commission. I am also responsible for tariff interpretation, tariff filings, and the
2 design and development of retail electric rates.

3 **Q. Have you ever testified before the Commission?**

4 A. Yes. I have testified before the Commission in other rate-related matters, as shown in
5 Appendix A to this statement.

6 **Q. On whose behalf are you testifying in this proceeding?**

7 A. I am testifying on behalf of FE PA. FE PA was formed through the combination of several
8 predecessor Pennsylvania electric utilities after approval by the Commission. On January
9 1, 2024, Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company
10 (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power
11 Company (“West Penn”) (collectively, the “Predecessor Companies”) merged into FE PA
12 (the “PA Consolidation”). Consistent with the approvals received from the Commission,
13 FE PA was certificated as a public utility and authorized to provide public utility service
14 in the territories of the Predecessor Companies.

15 **Q. What is the purpose of your direct testimony?**

16 A. My testimony will describe the following elements of the Company’s proposed seventh
17 Default Service Program (“DSP VII”) that is the subject of this proceeding: (1) rate design
18 and cost recovery; (2) the Customer Referral Program (“CRP”); and (3) other related
19 matters.

20 **Q. Have you prepared any exhibits to accompany your testimony?**

21 A. Yes. FE PA Exhibits CDL-1 through CDL-5 were prepared by me or under my supervision
22 and are described in detail later in my testimony.

1 **II. RATE DESIGN AND COST RECOVERY**

2 **Q. Please provide an overview of the Company’s current default service rate design.**

3 A. The default service rates for the Company’s residential and commercial customer classes
4 consist of a single flat per kilowatt-hour (“kWh”) energy charge, which is charged through
5 the Price to Compare (“PTC”) Default Service Rate Rider (“PTC Rider”). The Company
6 currently projects the cost of generation supply for residential and commercial default
7 service customers with a demand less than 100 kW on a semiannual basis and adjusts PTC
8 Rider rates on June 1 and December 1 each year. The PTC Rider rates are the basis that
9 customers may use to evaluate competitive generation service offerings by electric
10 generation suppliers (“EGSs”).

11 The Company’s industrial customer class default service rates are based upon the
12 PJM Interconnection, LLC (“PJM”) real-time hourly locational marginal price (“LMP”)
13 for each Rate District’s respective PJM-designated delivery zone. The industrial customer
14 class default service rates are charged through the Hourly Pricing (“HP”) Default Service
15 Rate Rider (“HP Rider”).

16 **Q. Has FE PA implemented any strategy to mitigate fluctuations in the PTC and HP**
17 **Riders caused by over/under collections?**

18 A. Yes. Over- and under-recoveries are driven by two principal factors: the difference between
19 projected and actual supply costs and billing cycle lag. Customer billing cycles are not
20 perfectly aligned with the actual incurrence of generation supply costs. Because customers
21 are billed at different times throughout the month, the revenue from the month reflects sales
22 from the subject month and the prior month that may have experienced higher or lower
23 usage. This billing cycle lag results in a timing difference between revenue and expense

1 that can produce significant fluctuations in the PTC that are not directly related to the
2 underlying cost of default service supply. FE PA uses a semi-annual, rather than quarterly,
3 schedule for the reconciliation of over/under collection amounts for all classes to mitigate
4 the potential volatility in default service rates.

5 **Q. What costs does the Company recover under the default service rates currently in**
6 **place?**

7 A. The default service rates currently recover: (1) generation costs, certain transmission costs,
8 ancillary service costs, and Alternative Energy Portfolio Standards Act compliance costs,
9 as described by Company witness Ryan J. Rose in FE PA Statement No. 2; (2) supply
10 management and administrative costs, as contemplated by 52 Pa. Code § 69.1808; (3)
11 applicable taxes; and (4) a charge or credit, or “E-factor,” for semi-annual reconciliation
12 of any under or over-collection of actual revenues against actual costs for each class from
13 prior rate periods.

14 **Q. Did the Company consider consolidation of rates across Rate Districts as part of DSP**
15 **VII?**

16 A. Yes, but it was determined that each Rate District will continue to procure default service
17 supply separately due to the pricing differences in each Rate District’s geographic delivery
18 zone at PJM. Therefore, the PTC and HP Riders will remain separate for each Rate District.
19 However, the Company is proposing to consolidate the Consumer Education Charges

“CEC”) component of the Default Service Support (“DSS”) Rider, which is currently set to zero for all Rate Districts.

Q. Is the Company proposing any changes to its existing default service customer classifications of residential, commercial and industrial?

A. No. The Company will continue to procure default service supplies separately for each of the three retail customer classes. The rate schedules that comprise each customer class in the proposed DSP VII are consistent with the rate schedules approved by the Commission in the Predecessor Companies’ sixth default service proceedings at Docket Nos. P-2021-3030012 (Met-Ed), P-2021-3030013 (Penelec), P-2021-3030014 (Penn Power), and P-2021-3030021 (West Penn) (collectively, “DSP VI”).

Q. Is the Company proposing to maintain its existing default service rate design in DSP VII?

A. Generally, FE PA is adopting the same rate design employed in DSP VI, which the Commission has previously approved as consistent with the Pennsylvania Public Utility Code (“Code”) and the Commission’s default service regulations. The only changes the Company is proposing are limited tariff revisions: (1) to remove Network Integration Transmission Service (“NITS”) costs from the default service suppliers’ fixed-price auction products for all customer classes and include them as a separate component in the PTC and HP Riders for all customer classes as more fully described by FE PA witness Ryan Rose; (2) to modify the schedule for filing the PTC and HP Rider rates as a result of the proposed change in cost responsibility for PJM Interconnection, L.L.C. (“PJM”) NITS charges to load serving entities; and (3) limited tariff revisions to align with the

1 procurement plan for DSP VII presented in the direct testimony of Company witness Ryan
2 Rose (FE PA Statement No. 2).

3 **Q. Please describe the proposed change to the Company's PTC Rider and HP Rider**
4 **default service rates related to NITS costs.**

5 A. Currently, default service suppliers are responsible for PJM charges for NITS and those
6 costs are embedded in their prices for full requirements products, which FE PA recovers
7 as part of the cost component in its bypassable PTC and HP Riders. Commencing June 1,
8 2027, FE PA will acquire NITS for its default service customer load and recover the
9 associated PJM charges through the NITS component – instead of the cost component – of
10 the PTC and HP Riders. FE PA's PTC and HP Riders currently provide that rate change
11 filings will be made 45 days prior to the effective date or seven days after the last supply
12 auction, whichever occurs later. PJM publishes NITS rates typically in January and June
13 to align with transmission owner formula rate updates. Therefore, FE PA proposes to
14 modify the PTC and HP Riders to provide for a filing date 45 days prior to the effective
15 date, seven days after the last supply auction, or seven days after PJM publishes NITS rates
16 applicable to load serving entities in the Rate Districts.

17 **Q. Are you sponsoring any exhibits that show the proposed changes to the Company's**
18 **tariff necessary to implement these changes to the PTC and HP Riders?**

19 A. Yes. FE PA Exhibit CDL-1 shows the changes to the Company's PTC Rider, and FE PA
20 Exhibit CDL-2 presents modifications to the Company's HP Rider.

1 **Q. Is the Company requesting any waivers of the Commission’s regulations to continue**
2 **the semi-annual adjustment of default service rates under the PTC Rider, as well as**
3 **the semi-annual reconciliation of the over/under collection component of the HP**
4 **Rider?**

5 A. Yes. Consistent with the waivers obtained in DSP VI, FE PA is requesting waivers pursuant
6 to: (1) the Commission’s regulation 52 Pa. Code § 54.187(i), default service rates shall be
7 adjusted on a quarterly basis, or more frequently, for customers with load requirements
8 between 25 and 500 kilowatts (“kW”); and (2) the Commission’s regulation 52 Pa. Code §
9 54.187(j), default service rates shall be adjusted monthly, or more frequently, for customers
10 with load requirements equal to or greater than 500 kW.

11 **Q. Are the designs of the PTC Rider rates for the residential and commercial customer**
12 **classes and the HP Rider rates for the industrial customer class consistent with the**
13 **Commission’s default service regulations and the Code?**

14 A. Yes. The Commission’s regulations at 52 Pa. Code § 54.187(d) state that default service
15 rates may not use a declining block structure. For the residential class, the Code at 66
16 Pa.C.S. § 2807(e)(7) and the Commission’s regulations at 52 Pa. Code § 54.187(h) provide
17 that rates shall change no more frequently than on a quarterly basis. Consistent with these
18 requirements, FE PA’s proposed PTC Rider rates for the residential and commercial
19 customers in each Rate District employ a flat per kWh rate design, with rates that will
20 change on a semi-annual basis. The hourly-priced service offered under the HP Riders is
21 consistent with Commission precedent, the Commission’s regulations at 52 Pa. Code §§
22 54.187(i) and (j), other applicable provisions of those regulations, and the Commission’s

1 prior approval of the Predecessor Companies' customer class definitions and service
2 offerings.

3 **Q. Describe the Company's DSS Rider and the costs currently recovered through this**
4 **rider.**

5 A. The DSS Rider is a non-bypassable rider which recovers various categories of costs at each
6 of the Rate Districts from all distribution customers. The four categories of costs consistent
7 across all Rate Districts are: (1) the uncollectible accounts expense incurred through the
8 provision of default service and on behalf of EGSs through the purchase of receivables
9 programs for residential and small commercial customers; (2) retail enhancement costs for
10 the CRP; (3) customer education costs; and (4) non-market based ("NMB") charges.¹
11 Additionally, the Penn Power Rate District may also recover any Federal Energy
12 Regulatory Commission ("FERC")-approved Midcontinent Independent System Operator
13 ("MISO") and MISO Transmission Expansion Plan ("MTEP") costs, PJM integration fees,
14 and MISO exit fees associated with Penn Power's move from MISO to PJM.

15 **Q. Is FE PA proposing any changes to its DSS Rider?**

16 A. Yes. FE PA is proposing to eliminate the Penn Power Rate District's MTEP and MISO
17 exit fees component, which is currently set to zero, as there are no remaining costs
18 associated with Penn Power's move from MISO to PJM in 2011. Additionally, the
19 Company is proposing to consolidate the CEC component of the DSS rider, which is
20 currently set to zero for all Rate Districts. As mentioned below, FE PA is proposing to

¹ NMB Charges currently include FERC approved costs for: (i) PJM Regional Transmission Expansion Plan charges; (ii) PJM Expansion Cost Recovery charges; (iii) PJM charges for Reliability Must Run generating unit declarations and charges associated with plants deactivated on or after July 24, 2014; (iv) historical tie line, generation, and retail customer meter adjustments; (v) unaccounted for energy; (vi) any FERC-approved reallocation of PJM Regional Transmission Expansion Plan charges related to Docket No. EL05-121-009; and (vii) any other FERC-approved PJM charges billed by PJM that will not be reconciled through the PTC and/or HP Riders and as approved for recovery under the DSS Rider by the Commission.

1 eliminate the CRP as of June 1, 2027, but continue to maintain the Retail Enhancements as
2 part of the DSS rider in order to provide the final reconciliation of items that may flow
3 through this provision in the future.

4 **Q. Are you sponsoring any exhibits that show the proposed changes to the Company's**
5 **tariff necessary to implement the change to the DSS Rider?**

6 A. Yes. FE PA Exhibit CDL-3 reflects the changes to the Company's DSS Rider.

7 **Q. Is FE PA proposing any changes to its Solar Photovoltaic Requirements Charge**
8 **("SPVRC") Rider?**

9 A. Yes. FE PA is proposing to eliminate its SPVRC Rider, which is applicable to the Met-Ed,
10 Penelec and Penn Power Rate Districts because all legacy solar contracts have expired and
11 the rider is no longer active. FE PA also proposes to eliminate any references to the SPVRC
12 Rider throughout its tariff. FE PA completed the final reconciliation of the SPVRC Rider
13 at Docket No. P-2025-3054284.

14 **Q. Is the Company proposing any changes to the Electric Generation Supplier ("EGS")**
15 **Coordination Tariff ("Supplier Tariff")?**

16 A. Yes. The Company is making additions to Appendix A of the Supplier Tariff to include
17 new PJM billing line items 1935 and 2935 related to emergency orders issued by the
18 Department of Energy pursuant to section 202c of the Federal Power Act as discussed by
19 Mr. Rose in FE PA Statement No. 2. Additionally, FE PA is proposing two supplier tariff
20 changes to implement new protocols governing EGS arrangements with residential
21 customers and the proposed changes to the Company's purchase of receivables ("POR")
22 program discussed by Company witness David Young in FE PA Statement No. 1. Should
23 the proposed changes to the Company's POR program be approved, the Clawback

Provision will be phased out as redundant. All of the foregoing changes are reflected in FE PA Exhibit CDL-4.

III. CUSTOMER REFERRAL PROGRAM

Q. Please provide an overview of the Company's CRP.

A. FE PA currently has a CRP for residential and small commercial customers that was first established in the Predecessor Companies' second default service proceeding, consistent with the Commission's guidelines in its Retail Markets Investigation.² The CRP provides eligible customers with an opportunity to select among a group of EGSs that have voluntarily chosen to offer customers a twelve-month contract priced at least 7% below the Company's applicable PTC at the time of the offer. Customers may terminate a CRP contract at any time without penalty, either to re-enroll in the CRP with a new rate, select another EGS, or return to default service.

Q. Did any parties raise concerns about the Rate Districts' CRP in the DSP VI proceeding?

A. Yes. In that case, the Office of Consumer Advocate ("OCA") and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania ("CAUSE-PA") opposed continuation of the CRP based on concerns about the prices CRP customers pay for electric supply after the initial 12-month contract. To address the OCA's and CAUSE-PA's concerns, under the Commission-approved settlement of the DSP VI proceeding ("DSP VI Settlement"), the Predecessor Companies agreed to: (1) continue the current CRP design until May 31, 2027; and (2) address whether a successor CRP should be

² See *Investigation of Pa.'s Retail Elec. Mkt.: Intermediate Work Plan*, Docket No. I-2011-2237952 (Final Order entered Mar. 2, 2012), at 31; *Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pa. Power Co. and West Penn Power Co. for Approval of Their Default Serv. Programs*, Docket Nos. P-2011-2273650 et al. (Opinion and Order entered Aug. 16, 2021) at 137-140, 144-146.

implemented in FE PA's next DSP filing. In accordance with the DSP VI Settlement, FE PA also convened a collaborative to compile and review CRP metrics, including supplier participation, customer enrollment levels, and the prices CRP customers pay for competitive generation service during and after the 12-month CRP contract term.

Q. Did FE PA receive any feedback from the parties to the DSP VI Settlement following the collaborative?

A. Yes, CAUSE-PA provided feedback that the CRP program should be discontinued.

Q. Did FE PA receive any feedback from the parties to the DSP VI Settlement that the CRP should be continued beyond its termination date of May 31, 2027?

A. No.

Q. Is FE PA proposing to implement a successor CRP for DSP VII?

A. No. Based on FE PA's review of the data collected and reviewed during the collaborative, supplier participation in the CRP has been significantly declining and interest in the program from eligible customers is very low. As shown in Table 1 below, since the start of DSP VI on June 1, 2023, EGS participation decreased by more than 50% for three of the Rate Districts and 100% for the Penelec Rate District.

Participating EGS				
Rate	Rate	Billing Period		
District	Class	2023/06	2024/06	2025/06
Met-Ed	RS	12	8	6
	COM	5	4	0
Penelec	RS	12	2	0
	COM	5	3	0
Penn Power	RS	12	4	5
	COM	5	4	0
West Penn	RS	12	9	6
	COM	5	4	1

In addition, currently 10,367 residential customers are enrolled in the CRP, which represents only 3% of the Company's total eligible residential customers. Finally, as I noted

1 earlier in my testimony, none of the parties that attended the CRP collaborative requested
2 that FE PA include a successor CRP in DSP VII.

3 **IV. OTHER RELATED MATTERS**

4 **Q. What are the proposed effective dates of the tariff changes described in your**
5 **testimony?**

6 A. All changes to the Company's tariffs are proposed to be effective on June 1, 2027, which
7 is the start of the delivery period for the proposed default service term.

8 **Q. Are there administrative or general expenses associated with the proposed DSP that**
9 **the Company intends to recover in its PTC and HP Riders?**

10 A. Yes. FE PA Exhibit CDL-5 lists the estimated expenses by category for the proposed DSP
11 VII. The total estimated expenses were allocated to each Rate District using forecasted
12 kWh for the June 2027 through May 2031 period. Each Rate District's estimated expenses
13 were then allocated by customer class using the kWh for the same period to determine the
14 estimated amount to be recovered in the PTC and HP Riders.

15 **V. CONCLUSION**

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

17 A. Yes.

Resume: Education and Experience of Carlixta De la Rosa

Bachelor of Science Degree in Business – Pennsylvania State University
Master of Business Administration in Finance – Alvernia University

Experience:

2008-Present Analyst – Rates & Regulatory Affairs – Pennsylvania – FirstEnergy
Service Company

Prepared and presented testimony in the following rate-related cases:

PA P.U.C. Cases:

<i>Docket Nos.</i>	<i>Case Name</i>
M-2013-2351187	Metropolitan Edison Company – Consumer Education Charge Reconciliation
M-2013-2351180	Pennsylvania Electric Company– Consumer Education Charge Reconciliation
M-2013-2351154	Pennsylvania Power Company– Consumer Education Charge Reconciliation
M-2013-2351145	West Penn Power Company – Consumer Education Charge Reconciliation
M-2013-2367067	Metropolitan Edison Company – Non-Utility Generation Charge Rider Reconciliation
M-2013-2367068	Pennsylvania Electric Company – Non-Utility Generation Charge Rider Reconciliation
M-2012-2303494	Metropolitan Edison Company – Solar Photovoltaic Requirements Charge Reconciliation
M-2012-2303547	Pennsylvania Electric Company – Solar Photovoltaic Requirements Charge Reconciliation
M-2012-2303545	Pennsylvania Power Company – Solar Photovoltaic Requirements Charge Reconciliation
M-2012-2306981	Metropolitan Edison Company – Non-Utility Generation Charge Rider Reconciliation
M-2012-2306984	Pennsylvania Electric Company – Non-Utility Generation Charge Rider Reconciliation

Assisted in development and preparation of filings in the following proceedings:

PA P.U.C. Cases:

<i>Docket Nos.</i>	<i>Case Name</i>
R-2024-3047068	FirstEnergy Pennsylvania Electric Company Base Rate Case
A-2023-3038771	FirstEnergy Pennsylvania Electric Company – Joint Petition for Merger

P-2017-2637855, P-2017-2637857, P-2017-2637858, P-2017-2637866	Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs
R-2016-2537349 R-2016-2537352 R-2016-2537355 R-2016-2537359	Metropolitan Edison Company – General Base Rate Filing Pennsylvania Electric Company – General Base Rate Filing Pennsylvania Power Company – General Base Rate Filing West Penn Power Company – General Base Rate Filing
R-2016-2537349 R-2016-2537352 R-2016-2537355 R-2016-2537359	Metropolitan Edison Company – General Base Rate Filing Pennsylvania Electric Company – General Base Rate Filing Pennsylvania Power Company – General Base Rate Filing West Penn Power Company – General Base Rate Filing
P-2015-2511333, P-2015-2511351, P-2015-2511355, P-2015-2511356	Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs
R-2014-2428745 R-2014-2428743 R-2014-2428744 R-2014-2428742	Metropolitan Edison Company – General Base Rate Filing Pennsylvania Electric Company – General Base Rate Filing Pennsylvania Power Company – General Base Rate Filing West Penn Power Company – General Base Rate Filing
P-2013-2391368, P-2013-2391372, P-2013-2391375, P-2013-2391378	Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs
P-2011-2273650, P-2011-2273668, P-2011-2273669, P-2011-2273670	Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of their Default Service Programs
P-2009-2093053, P-2009-2093054,	Joint Petition of Metropolitan Edison Company and Pennsylvania Electric Company for Approval of their Default Service Programs
M-2009-2123950	Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company for Approval of Smart Meter Technology Procurement and Installation Plan

State of New York Public Service Commission Cases:

Docket Nos. Case Name:

11-E-0594	Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Pennsylvania Electric Company for Electric Service

Assisted in development and preparation of filings in the following proceedings:

17-E-0685 Pennsylvania Electric Company Minor Rate Filing

22-E-0668 Pennsylvania Electric Company Minor Rate Filing

Exhibit CDL-1

Price to Compare Default Service Rate Rider

PRICE TO COMPARE DEFAULT SERVICE RATE RIDER

A Price to Compare Default Service Rate (“PTC_{Default}”) shall be applied to each kWh of Default Service that the Company delivers to Customers under this rider as determined to the nearest one-thousandth of a cent per kWh. The PTC_{Default} rate shall be billed to Customers receiving Default Service from the Company under this rider. The rates shall be calculated according to the provisions of this rider.

For service rendered June 1, ~~XXXX2025~~ through November 30, ~~XXXX2025~~ the PTC_{Default} rates (C) billed by Customer Class are as follows:

Met-Ed		
Customer Class	Residential	Commercial
Rate Schedule	RS, GS-V	GS-S, GS-M (PTC), MS, Borderline Service, Street Lighting Service, LED Street Lighting Service, and Outdoor Lighting Service
Charge	\$0. ~~XXXXX~~ ~~11903~~ (I) per kWh	\$0. ~~XXXXX~~ ~~11574~~ (I) per kWh

Penelec		
Customer Class	Residential	Commercial
Rate Schedule	RS, GS-V	GS-S, GS-M (PTC), H, Borderline Service, Street Lighting Service, LED Street Lighting Service and Outdoor Lighting Service
Charge	\$0. ~~XXXXX~~ ~~11003~~ (I) per kWh	\$0. ~~XXXXX~~ ~~11405~~ (I) per kWh

Penn Power		
Customer Class	Residential	Commercial
Rate Schedule	RS, GS-V	GS-S, GS-M (PTC), PNP, PLS, SV, Outdoor Lighting Service and LED
Charge	\$0. ~~XXXXX~~ ~~11857~~ (I) per kWh	\$0. ~~XXXXX~~ ~~12726~~ (I) per kWh

West Penn		
Customer Class	Residential	Commercial
Rate Schedule	RS, GS-V	GS-S, GS-M (PTC), 51-58, 71, Outdoor Lighting Service and LED
Charge	\$0. ~~XXXXX~~ ~~10317~~ (I) per kWh	\$0. ~~XXXXX~~ ~~10536~~ (I) per kWh

(C) Change
(I) Increase

PRICE TO COMPARE DEFAULT SERVICE RATE RIDER (continued)

The PTC_{Default} rates by Residential or Commercial Customer Class will be calculated semi-annually for the six-month period ending March 31st to be effective for the six-month period beginning June 1st and for the six-month period ending September 30th to be effective for the six-month period beginning December 1st. The PTC_{Default} rate shall be calculated by Customer Class in accordance with the formula set forth below:

$$PTC_{Default} = (PTC_{Current} + E) \times [1 / (1 - T)]$$

$$PTC_{Current} = (PTC_{Current \text{ Cost Component}} \times PTC_{LossCurrent}) + PTC_{Adm} +$$

$$PTC_{NITS} E = \{[(DS_{Exp1} + DS_{Exp2}) - PTC_{Rev} + DS_{Int}] / DS_{Sales}\}$$

Where:

PTC_{Current} = The current cost component of the PTC_{Default} rate grossed up for line losses calculated by Residential or Commercial Customer Class determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Retail Customers under this rider.

The computation of the PTC_{Current} component of the PTC_{Default} rate by Residential or Commercial Customer Class will use the following procedures:

PTC_{Current Cost Component} = The current cost component of the PTC_{Default} rate calculated by Customer Class determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Retail Customers under this rider. This rate will be determined by Customer Class using the projected weighted cost of Default Service supply acquired by the Company to serve Default Service load and any PJM charges related to the provision of Default Service.

PTC_{LossCurrent} = Distribution line losses for energy that are determined by the applicable Loss Factors specified below:

Rate District	Met-Ed		Penelec		Penn Power		West Penn	
Customer Class	Res	Com	Res	Com	Res	Com	Res	Com
Loss Factor	1.0515	1.0515	1.0573	1.0573	1.0661	1.0661	1.0910	1.0899

PTC_{Adm} = An administrative fee for applicable administration costs by Customer Class determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Retail Customers under this rider.

PRICE TO COMPARE DEFAULT SERVICE RATE RIDER (continued)

$PTC_{NITS} =$ When the Company purchases Network Integration Transmission Service from PJM on behalf of customers, a Network Integration Transmission Service Charge for Default Service, is determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Retail Customers under this rider.

$E =$ The Price to Compare Default Service Reconciliation Rate component by Customer Class. The rate determined to the nearest one-thousandth of a cent per kWh by Customer Class shall be applied to each kWh of Default Service delivered to retail Customers by Customer Class under this rider.

$DS_{Exp1} =$ An allocated portion of the incremental start-up costs incurred by the Company through May 31, 2027 in connection with the Company's Default Service Supply Plan to provide Default Service amortized over the forty-eight (48) month period ending May 31, 2031, including but not limited to:

- Incremental start-up administrative costs including metering and billing costs incurred and other costs as necessary to provide service to Default Service Customers.
- Other start-up costs incurred to develop and implement the competitive bid process for the Default Service Supply Plan for Default Service including legal, customer notice, and consultant fees.
- The incremental administrative start-up costs incurred to implement the Time-of-Use Rider.

Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month that the over and under collection occurs, as reported in the Wall Street Journal, to the effective month that the over collection is refunded or the under collection is collected and included in the determination of the monthly amortized amount.

PRICE TO COMPARE DEFAULT SERVICE RATE RIDER (continued)

$DS_{Exp2} =$	The cumulative costs to provide Default Service incurred by the Company for the respective Customer Class for the six-month period ending two months prior to the effective date, including but not limited to the following: • Payments made to winning bidders. • Any PJM related charges including capacity, operating reserve, transmission-related costs other than Non-Market Based Services Transmission Charges identified in the Default Service Support Rider, and ancillary services associated with the acquisition of default service supply. • All contingency plan implementation costs incurred during the supply period, including any PJM charges to implement the Company's contingency plans. • An allocated portion of other costs incurred to develop and implement the competitive bid process for Default Service including legal, customer notice, and consultant fees. • The net AEPS expenses incurred by the Company. ~~associated with the portfolio procurements of the supply needed from block and spot purchases. These net AEPS expenses will reflect the net proceeds of sales of AEPS credits purchased that exceed the AEPS credits needed to meet AEPS requirements.~~ • The cost of credit when the Company is considered by PJM to be the load serving entity. • ~~Any cost incurred by the Company associated with any Commission approved solar power purchase agreements and the administration of the Company's long-term solar procurement, including the costs associated with spot purchases to satisfy a fixed quantity of default service load. These costs will be recovered from the customers in the applicable procurement classes receiving an allocation of the solar energy and/or the SPAECs procured.~~
$PTC_{Rev} =$	The cumulative revenues billed to Retail Customers by Customer Class for Default Service under the Default Service Supply Plan, excluding applicable Pennsylvania gross receipts tax, for the six-month period ending two months prior to the effective date billed under the respective Customer Class $PTC_{Default}$ rates.
$DS_{Int} =$	The cumulative amount of carrying charges calculated on a monthly basis for the six-month period ending two months prior to the effective date by Customer Class. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month that the over and under collection occurs, as reported in the Wall Street Journal, to the effective month that the over collection is refunded or the under collection is collected.
$DS_{Sales} =$	The Company's projected Default Service kWh sales to Retail Customers by Customer Class for the six-month billing period that the E rate component of the $PTC_{Default}$ rate will be in effect.

PRICE TO COMPARE DEFAULT SERVICE RATE RIDER (continued)

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

Each change in the PTC_{Default} rates will be filed with the Commission by the later of: (a) forty-five (45) days prior to the effective date of the rate changes or (b) seven (7) days after the last supply auction; or (c) seven (7) days after PJM publishes NITS rates applicable to load serving entities in the Rate Districts. The Company shall file details in support of the revised PTC_{Default} rates.

At the conclusion of the duration of this reconciliation rider, the Company is authorized to recover or refund any remaining amounts not reconciled at that time under such mechanism as approved by the Commission.

Application of the PTC_{Default} rates shall be subject to annual review and audit by the Commission.

Exhibit CDL-2

Hourly Pricing Default Service Rider

HOURLY PRICING DEFAULT SERVICE RIDER

AVAILABILITY:

The charges billed under this rider are applicable to all Customers on Rate Schedules 44, 46, GS-Medium (HP), GS-Large, GP, TP or GS-Small (Special Provision GSDS) who elect to take Default Service from the Company. These charges are also applicable to Customers on Rate Schedules GS-Small, and GS-Medium (PTC) on a voluntary basis who meet the metering requirements of this rider. Rates shall be billed under this rider on the next scheduled meter reading date after electing Default Service.

Rate Schedule GS-Small, GS-Medium (PTC) Customers electing service under this rider must have Smart Meter technology installed as part of the Company's Smart Meter Plan filed with and approved by the Commission.

Hourly Pricing Service Charges:

Customers participating in the Hourly Pricing Default Service Rider will be billed for usage based on the following calculation:

$$\text{Hourly Pricing Service Charges} = (\text{HP}_{\text{Energy Charge}} + \text{HP}_{\text{NITS}} + \text{HP}_{\text{Cap-AEPS-Other Charge}} + \text{HP}_{\text{Administrative Charge}} + \text{HP}_{\text{Unc}} + \text{HP}_{\text{Reconciliation Charge}}) \times [1 / (1-T)]$$

HP Energy Charge per kWh:

$$\text{HP}_{\text{Energy Charge}} = \sum_{t=1}^n (\text{kWh}_t \times (\text{LMP}_t + \text{HP}_{\text{Oth}}) \times \text{HP}_{\text{Loss Multiplier}})$$

Where:

n = Total number of hours in the billing period

t = An hour in the billing period

LMP = the "Real Time" PJM load-weighted average Locational Marginal Price for the Met-Ed, Penelec, ATSI (Penn Power), or APS (West Penn) Transmission Zone.

~~HP_{Oth} = \$0.00400 per kWh for estimate of capacity, ancillary services, NITS, AEPS compliance and other supply components.~~

Met-Ed			
Rate Schedule	GS-S, GS-M, GS-L	GP	TP
HP Loss Multipliers	1.0515	1.0171	1.0007

Penelec			
Rate Schedule	GS-S, GS-M, GS-L	GP	TP
HP Loss Multipliers	1.0573	1.0234	1.0035

Penn Power			
Rate Schedule	GS-S, GS-M, GS-L	GP	TP
HP Loss Multipliers	1.0515	1.0171	1.0007

Issued:

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HOURLY PRICING DEFAULT SERVICE RIDER (continued)

Penelec			
Rate Schedule	GS-S, GS-M, GS-L	GP	TP
HP Loss Multipliers	1.0573	1.0234	1.0035

Penn Power			
Rate Schedule	GS-S, GS-M, GS-L	GP	TP
HP Loss Multipliers	1.0515	1.0171	1.0007

West Penn			
Rate Schedule	GS-S, GS-M	GS-L	GP, TP, 44, 46
HP Loss Multipliers	1.0899	1.0678	1.0356

PSU	
Rate Schedule	GP
HP Loss Multipliers	1.0356

These HP Loss Multipliers exclude transmission losses.

HP NITS:

When the Company purchases Network Integration Transmission Service from PJM on behalf of customers, a Network Integration Transmission Service Charge for Default Service, is determined to the nearest one-thousandth of a cent per kWh multiplied by the HP Loss Multipliers.

Rate District	Met-Ed	Penelec	Penn Power	West Penn	PSU
Charge	\$X.XXXXXX per kWh	\$X.XXXXXX per kWh	\$X.XXXXXX per kWh	\$X.XXXXXX per kWh	\$X.XXXXXX per kWh

HP Cap-AEPS-Other Charge:

This represents the costs paid by the Company to the Supplier for Capacity, AEPS costs, and any other costs incurred by the Supplier multiplied by the HP Loss Multipliers.

Rate District	Met-Ed	Penelec	Penn Power	West Penn	PSU
Charge	\$0X.XXXXXX 06200 (+) per kWh	\$X0.XXXXXX 05079 (+) per kWh	\$0X.XXXXXX 06325 (+) per kWh	\$0X.XXXXXX 02836 (+) per kWh	\$0X.02836 XXXXX (+) per kWh

HP Administrative Charge:

This represents the administrative costs incurred by the Company associated with providing Hourly Pricing Service.

Rate District	Met-Ed	Penelec	Penn Power	West Penn	PSU
Charge	\$X0.XXXX X00006 per kWh	\$0X.XXX XX00006 per kWh	\$X0.00006 XXXXX per kWh	\$X0.00006 XXXXX per kWh	\$X0.00006 XXXXX per kWh

HP Uncollectibles Charge:

____ This represents the default service-related uncollectible accounts expense associated with Hourly
Issued: Effective: June 1, 2027

Pricing Default Service. This charge is subject to annual adjustment on June 1 of each year.

Rate District	Met-Ed	Penelec	Penn Power	West Penn	PSU
Charge	~~\$0X.XXXXXX000~~ 15 (D) per kWh	~~\$X0.XXXXXX000~~ 60 (D) per kWh	~~\$X0.XXXXX~~ X00011(D) per kWh	~~\$0X.XXXXXX000~~ 04(D) per kWh	~~\$0X.XXXXXX000~~ 04 (D) per kWh

HOURLY PRICING DEFAULT SERVICE RIDER (continued)

HP Reconciliation Charge:

The HP Reconciliation Charge Rate (“E_{HP}”) shall be applied to each kWh of Default Service that the Company delivers to Customers under this rider as determined to the nearest one- thousandth of a cent per kWh. The E_{HP} rate shall be included as a non-bypassable component billed to Customers receiving Default Service from the Company under this rider. The rate shall be calculated according to the provisions of this rider.

For service rendered June 1, 20~~XX25~~ through November 30, 20~~XX25~~, the E_{HP} rate is as follows:

(C)

Rate District	Met-Ed	Penelec	Penn Power	West Penn	PSU
Charge	~~\$X.XXXXXX~~ ~~(0.00985)~~ ~~(D)~~ per kWh	~~\$X.XXXXXX~~ ~~(0.03684)~~ ~~(D)~~ per kWh	~~\$X.XXXXXX~~ ~~(0.06069)~~ ~~(D)~~ per kWh	~~\$X.XXXXXX~~ ~~0.00239~~ ~~(I)~~ per kWh	~~\$X.XXXXXX~~ ~~0.00239~~ ~~(I)~~ per kWh

The E_{HP} rate will be calculated semi-annually for the six-month period ending March 31st to be effective for the six-month period beginning June 1st and for the six-month period ending September 30th to be effective for the six-month period beginning December 1st. The E_{HP} rate shall be calculated in accordance with the formula set forth below:

$$E_{HP} = [(DS_{HPExp1} + DS_{HPExp2}) - PTC_{HPRV} + DS_{HPInt}] / DS_{HPSales}$$

Where:

E_{HP} = The rate determined to the nearest one-thousandth of a cent per kWh to be applied to each kWh of Default Service delivered to Customers under this rider.

DS_{HPExp1} = An allocated portion of the incremental start-up costs incurred by the Company through May 31st, 202~~7~~₃ in connection with the Company’s Default Service Supply Plan to provide Default Service amortized over the forty-eight (48) month period ending May 31st, 20~~31~~₂₇ including but not limited to:

- Incremental start-up administrative costs including metering and billing costs incurred and other costs as necessary to provide service to Default Service Customers
- Other start-up costs incurred to develop and implement the competitive bid process for the Default Service Supply Plan including legal, customer notice, and consultant fees

Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month that the over and under collection occurs, as reported in the *Wall Street Journal*, to the effective month that the over collection is refunded or the under collection is collected and included in the determination of the monthly amortized amount.

(C) Change
(D) Decrease
(I) Increase

HOURLY PRICING DEFAULT SERVICE RIDER (continued)

DS_{HPExp2} = The cumulative costs to provide Hourly Pricing Default Service incurred by the Company for the six-month period ending two months prior to the effective date, including but not limited to the following:

- Payments made to winning bidders
- Any PJM related charges other than Non-Market Based Services Transmission charges identified in the Default Service Support Rider associated with the procurement of Hourly Pricing Default Service
- All contingency plan implementation costs incurred during the supply period
- An allocated portion of other costs incurred to develop and implement the competitive bid process for Default Service including legal, customer notice, and consultant fees
- The net AEPS expenses incurred by the Company
- The cost of credit when the Company is considered by PJM to be the load serving entity

PTC_{HPRev} = The cumulative revenues, excluding any revenues associated with the HP Uncollectibles Charge and applicable Pennsylvania gross receipts tax, for the six-month period ending two months prior to the effective date billed to Hourly Pricing Default Service Customers under this rider including the applicable EHP rates.

DS_{HPInt} = The cumulative amount of carrying charges calculated on a monthly basis for the six-month period ending two months prior to the effective date. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month that the over and under collection occurs, as reported in the *Wall Street Journal*, to the effective month that the over collection is refunded or the under collection is collected.

$DS_{HPSales}$ = The Company's projected Hourly Pricing Default Service kWh sales to Retail Customers for the six-month billing period that the E_{HP} rate will be in effect.

HOURLY PRICING DEFAULT SERVICE RIDER (continued)

Gross Receipts Tax:

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

General:

Each change in the EHP rate as well as other rates within this rider will be filed with the Commission by the later of: (a) forty-five (45) days prior to the effective date of the rate changes or (b) seven (7) days after the last supply auction; or (c) seven (7) days after PJM publishes NITS rates applicable to load serving entities in the Rate Districts. The Company shall file details in support of the revised rates.

At the conclusion of the duration of this reconciliation rider, the Company is authorized to recover or refund any remaining amounts not reconciled at that time under such mechanism as approved by the Commission.

Application of the EHP rate shall be subject to annual review and audit by the Commission.

Exhibit CDL-3

Default Service Support Rider

DEFAULT SERVICE SUPPORT RIDER

A Default Service Support (“DSS”) rate shall be applied to DSS Sales delivered by the Company to Delivery Service Customers under this rider as determined to the nearest one-thousandth of a cent per kWh or dollar per kW NSPL, as applicable. The DSS rate shall be billed to Customers receiving Delivery Service from the Company under this rider. The DSS rates shall be calculated according to the provisions of this rider. The DSS Rider shall be non-bypassable.

For service rendered during the DSS Initial Computational Period and thereafter, the DSS Computational Year, the DSS rates billed by Rate Schedule are as follows:

Rate District	Met-Ed			
Customer Class	Residential	Commercial		Industrial
Rate Schedule	RS, GS-V	GS-S	GS-M, MS, Outdoor Area Lighting Service, STLT, LED, BRD	GS-L, GP, TP
Charge	X.XXX () cents per kWh	X.XXX () cents per kWh	X.XXX () cents per kWh	\$X.XXX () per kW NSPL

Rate District	Penelec			
Customer Class	Residential	Commercial		Industrial
Rate Schedule	RS, GS-V	GS-S	GS-M, H, BRD, LED, Street Lighting, Municipal Street Lighting, Outdoor Area Lighting Service	GS-L, GP, TP
Charge	X.XXX () cents per kWh	X.XXX () cents per kWh	X.XXX () cents per kWh	\$X.XXX () per kW NSPL

Rate District	Penn Power			
Customer Class	Residential	Commercial		Industrial
Rate Schedule	RS, GS-V	GS-S	PNP, GS-M, PLS, SV, SVD, SM, LED	GS-L, GP, TP, GS-S (GSDS)
Charge	X.XXX () cents per kWh	X.XXX () cents per kWh	X.XXX () cents per kWh	\$X.XXX () per kW NSPL

Rate District	West Penn			
Customer Class	Residential	Commercial		Industrial
Rate Schedule	RS, GS-V	GS-S	GS-M, 51-58, 71, ~~72~~	GS-L, GP, TP, 44, 46
Charge	X.XXX () cents per kWh	X.XXX () cents per kWh	X.XXX () cents per kWh	\$X.XXX () per kW NSPL

Rate District	PSU			
Customer Class	Industrial			
Rate Schedule	GP			
Charge	\$X.XXX () per kW NSPL			

(D) Decrease
(I) Increase

DEFAULT SERVICE SUPPORT RIDER (continued)

The DSS rates by rate schedule shall be calculated annually in accordance with the formula set forth below:

$$\text{DSS rate} = (\text{UE} \pm \text{MPI} + \text{CEC} + \text{NMB} + \text{RE} + \text{CB}) \times [1 / (1-T)]$$

The components of the formula are defined below:

Default Service Related Uncollectibles:

UE = A default service-related unbundled uncollectible accounts expense charge, determined by Customer Class and stated to the nearest one-thousandth of a cent per kWh to be applied to DSS Sales delivered by the Company to residential and commercial Delivery Service Customers under this rider. The UE reflects the default service-related portion of the uncollectible account expense based on revenues in the Company's distribution base rate case and the additional uncollectible accounts expense incurred by the Company as a result of providing Default Service under this tariff. This component of the DSS rate in this non-bypassable rider is non-reconcilable.

The unbundled uncollectible accounts expense associated with Default Service and a purchase of receivables program allocated to Delivery Service Customers on a non-bypassable, non-reconcilable basis will be Customer Class specific and will be adjusted annually on June 1 of each year based on the projected price of Default Service. Adjustments, if necessary, will be made to the uncollectible percentage in a future distribution base rate case or the start of the next Default Service Program, whichever occurs earlier.

The UE charges by Customer Class to be included in DSS rates are as follows:

Customer Class	Residential			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXXXX () cents per kWh	X.XXXXXX () cents per kWh	X.XXXXXX () cents per kWh	X.XXXXXX () cents per kWh

Customer Class	Commercial			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXXXX () cents per kWh	X.XXXXXX () cents per kWh	X.XXXXXX () cents per kWh	X.XXXXXX () cents per kWh

(D) Decrease
(I) Increase

DEFAULT SERVICE SUPPORT RIDER (continued)

Solar Photovoltaic Requirements Charges, Met-Ed, Penelec, & Penn Power only:

$$SPV = SPVE / S$$

Where:

SPV = The charge to be applied to Delivery Service Customers under this rider to recover or refund the balance of the cumulative over or under collection of the Solar Photovoltaic Requirements Charge Rider ("SPVRC") which was approved by the Commission in it's final order at Docket No. P-2025-3054284. The SPVRC is being recovered under this DSS Rider. The SPV rate will be effect on June 1, 2025 and will be amortized over the 12-month period ending May 31, 2026.

SPVE = The balance of the SPVRC that remains to be recovered from or refunded to customers projected for the DSS Computational Year

S = The Company's total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

The SPV rates to be included in DSS rates are as follows:

	Residential and Commercial		
Rate District	Met-Ed	Penelec	Penn Power
Charge	X.XXXXXX cents per kWh	X.XXXXXX cents per kWh	X.XXXXXX cents per kWh

	Industrial		
Rate District	Met-Ed	Penelec	Penn Power
Charge	\$X.XXXX per kW NSPL	\$X.XXXXXX per kW NSPL	\$X.XXXXXX per kW NSPL

DEFAULT SERVICE SUPPORT RIDER (continued)

Customer Education Charges:

$$CEC = (CEC_C - E) / S$$

Where:

CEC = The charge to be applied to Delivery Service Customers served under this rider for Customer Education Charges incurred by the Company.

CEC_C = Customer Education costs for the specific Customer Class to cover customer education costs associated with competitive market enhancements approved by the Commission.

E = The over or under-collection of the CECC that results from the billing of the CEC during the DSS Reconciliation Year, including applicable interest. An over-collection is denoted by a positive E and an under-collection by a negative E. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month. The over and under collection occurs, as reported in the Wall Street Journal, to the effective month that the over collection is refunded or the under collection is collected.

S = The Company's total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

The CEC rates by Customer Class to be included in DSS rates are as follows:

Customer Class	Residential			
Customer ClassRate District	Met-EdResidential	PeneleeComme rcial	Penn PowerIndus trial	West PennPSU
Charge	X.XXX cents per kWh	X.XXX cents per kWh	X.XXX cents per kWh	X.XXX cents per kWh

Customer Class	Commercial			
Rate District	Met-Ed	Penelee	Penn Power	West Penn
Charge	0.000 cents per kWh	0.000 cents per kWh	0.000 cents per kWh	0.000 cents per kWh

Customer Class	Industrial				
Rate District	Met-Ed	Penelee	Penn Power	West Penn	PSU
Charge	\$0.000 per kW NSPL	\$0.000 per kW NSPL	\$0.000 per kW NSPL	\$0.000 per kW NSPL	\$0.000 per kW NSPL

DEFAULT SERVICE SUPPORT RIDER (continued)

Non-Market Based Services Transmission Charges:

$$\text{NMB} = (\text{NMB}_C - E) / S$$

Where:

NMB = The charge to be applied to Delivery Service Customers served under this rider for Non-Market Based Services Transmission Charge costs incurred by the Company.

NMB_C = Forecasted NMB costs applicable to the Company's DSS Sales. Forecasted NMB costs shall include FERC approved costs for (i) PJM Regional Transmission Expansion Plan charges; (ii) PJM Expansion Cost Recovery; (iii) PJM charges for Reliability Must Run generating unit declarations and charges associated with plants deactivated after July 24, 2014, the approval date of the Company's Default Service Program at Docket No. (ME) P-2013- 2391368, (PN) P-2013-2391372, (PP) P-2013-2391375 and (WP) P-2013-2391378; (iv) historical tie line, generation, and retail customer meter adjustments; (v) Unaccounted for Energy; (vi) any FERC-approved reallocation of PJM Regional Transmission Expansion Plan charges related to Docket No. EL05-121-009; and (vii) any other FERC-approved PJM transmission charges billed to the Company by PJM that will not be reconciled through the Company's Price To Compare Default Service Rate Rider and/or Hourly Pricing Default Service Rider. Forecasted NMB costs are allocated to each Customer Class based upon each Customer Class's contribution to the total Company Network Service Peak Load.

E = The over or under-collection of the NMB_C that results from billing of the NMB during the DSS Reconciliation Year, including applicable interest. An over-collection is denoted by a positive E and an under-collection by a negative E. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over and under collection occurs, as reported in the *Wall Street Journal*, to the effective month that the over collection is refunded or the under collection is collected.

S = The Company's total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

The NMB rates by Customer Class to be included in DSS rates are as follows:

Customer Class	Residential			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh

Customer Class	Commercial			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh

Customer Class	Industrial				
Rate District	Met-Ed	Penelec	Penn Power	West Penn	PSU
Charge	\$X.XXXX () per kW NSPL	\$X.XXXX () per kW NSPL	\$X.XXXX () per kW NSPL	\$X.XXXX () per kW NSPL	\$X.XXXX () per kW NSPL

(D) Decrease

Issued:

Effective: June 1, 2027

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DEFAULT SERVICE SUPPORT RIDER (continued)

Retail Enhancements:

$$RE = (RE_C - E) / S$$

Where:

- RE = The charge to be applied to Delivery Service Customers served under this rider for the Retail Enhancement Costs incurred by the Company.
- RE_C = The Retail Enhancement Costs incurred by the Company to cover programming expenses and implementation costs associated with competitive market enhancements approved by the Commission.
- E = The over or under-collection of the REC that results from billing of the RE during the DSS Reconciliation Year, including applicable interest. An over-collection is denoted by a positive E and an under-collection by a negative E. Interest shall be computed monthly for the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over and under collection occurs, as reported in the *Wall Street Journal*, to the effective month that the over collection is refunded or the under collection is collected.
- S = The Company's total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

The RE rates by Customer Class to be included in DSS rates are as follows:

Customer Class	Residential			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh

Customer Class	Commercial			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh

(D) Decrease
(I) Increase

DEFAULT SERVICE SUPPORT RIDER (continued)

Clawback Charge Credit:

$$CB = CB_C / S$$

Where:

CB = The credit to be applied to Delivery Service Customers related to the clawback provision, under the Default Service Program, which is collected by the Company from Electric Generation Suppliers. This credit will be amortized for each applicable DSS Computational Year.

CB_C = Clawback credits applied to each Customer Class eligible for the Company's POR to refund the clawback charges collected from Electric Generation Suppliers. The clawback charges are returned to customers when the Company's actual uncollectible expense was less than the amount of uncollectible expense recovered in base rates and the Default-Service Related Uncollectibles component of this Rider. CB will be applied to each Customer Class eligible for the Company's POR based upon each Customer Class's kWh.

S = The Company's total DSS Sales per Customer Class to Delivery Service Customers projected for the DSS Computational Year.

The CB rates by Customer Class to be included in DSS rates are as follows:

Customer Class	Residential			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh

Customer Class	Commercial			
Rate District	Met-Ed	Penelec	Penn Power	West Penn
Charge	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh	X.XXXX () cents per kWh

(D) Decrease
(I) Increase

DEFAULT SERVICE SUPPORT RIDER (continued)

Gross Receipts Tax:

T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

Other Information:

All capitalized terms not otherwise defined in this Rider shall have the definitions specified in Section 2 of this Tariff. For purposes of this Rider, the following additional definitions shall apply:

1. DSS Sales – The kWh or kW NSPL delivered during a billing month to all Delivery Service Customers, as applicable to each Rate Schedule billed under the DSS Rider.
2. DSS Computational Year – The 12-month period from June 1 through the following May 31.
3. DSS Reconciliation Year – The 12-month period ending March 31 immediately preceding the DSS Computational Year.
4. DSS Initial Computational Period – the period from May 3, 2015 through May 31, 2015 that the DSS Rider is in effect. Thereafter, the DSS Computational Year will be in effect.

The Company shall recalculate its DSS Rates annually and, based on that recalculation, shall file with the Commission, by May 1st of each year, revised Rates to become effective on June 1st of the same year unless the Commission orders otherwise. The revised DSS rates shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determining that its DSS rates, if left unchanged, would result in material over or under-collection of all costs incurred, or expected to be incurred, for DSS during the then current DSS Reconciliation Year, the Company may request that the Commission approve one or more interim revisions to its DSS rates to become effective thirty (30) days from the date of filing, unless the Commission orders otherwise.

At the conclusion of the period during which this DSS Rider is in effect, the Company shall be authorized to recover or refund at any time, any remaining differences between recoverable costs and revenues billed under this rider by charges or credits to be applied to customer's bills under such mechanism the Commission may approve, but uncollectibles, which are non-reconcilable under the terms of this rider, shall not be included in the final reconciliation.

Application of the DSS rates shall be subject to annual review and audit by the Commission.

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DEFAULT SERVICE SUPPORT RIDER (continued)

MTEP and MISO Exit Fees and PJM Integration Charges, Penn Power only:

$$MPI = \{[(MPI_{Exp1} - MPI_{Exp2}) - E] \times \text{Adjustment Factor}\} / S$$

Where:

~~MPI = — The charge to be applied to each Delivery Service Customer served under this Tariff for the Midwest Independent System Operator (“MISO”) Transmission Expansion Plan (“MTEP”) charges and MISO and PJM charges associated with the transition from MISO to PJM approved by FERC.~~

~~MPI_{Exp1} = — The Company’s cost of the MTEP charges assessed on the Company pursuant to the Open Access Transmission Tariff (“OATT”) of MISO.~~

~~MPI_{Exp2} = — The Company’s (i) charges assessed under MISO’s OATT that are associated with the Company’s exit from the MISO control area and (ii) charges assessed under the PJM OATT that are associated with the Company’s integration into the PJM control area. All such MISO exit fees and PJM integration fees charges approved by FERC shall not exceed \$3.5 million, excluding carrying charges. The Company shall recover these charges plus applicable carrying charges over a minimum five-year period.~~

~~E = — The over or under collection of MTEPs and MISO exit fees and PJM integration charges that result from the billing of the MPI portion of the DSS during the DSS Reconciliation Year (an over collection is denoted by a positive E and an under collection by a negative E), including applicable interest. Interest shall be computed monthly based upon 41 P.S. §202, the legal statutory interest rate, from the month the over or under collection occurs to the month that the over collection is refunded to or the under collection is recovered from Delivery Service Customers.~~

~~S = — The Company’s total DSS Sales to Delivery Service Customers projected for the DSS Computational Year.~~

~~The MPI Adjustment Factors and charges, by Customer Class, to be included in DSS rates are as follows:~~

Rate District	Penn Power		
Customer Class	Residential	Commercial	Industrial
Adjustment Factor	.4126	.3104	.2773
Charge	0.00000 cents per kWh	0.00000 cents per kWh	\$0.000 per kW NSPL

Exhibit CDL-4

**Electric Generation Supplier Coordination Tariff
(Relevant Pages)**

DEFINITIONS (continued)

FirstEnergy (“FE”) – the parent company of Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company, FirstEnergy Pennsylvania Electric Company, and Jersey Central Power and Light Company.

Hourly or Sub-Hourly Metering Equipment – electric metering equipment that supplies hourly or sub-hourly data of Customer consumption.

Individual Coordination Agreement – An agreement between the Company and a Registered EGS that arranges for the provision of Coordination Services.

Interest Index - an annual interest rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year.

Market Participant – has the same meaning as set forth in the PJM Tariff.

Meter Read Date - the date on which the Company schedules a meter to be read for purposes of producing a Customer bill in accordance with the regularly scheduled billing cycles of the Company, as may be modified from time to time.

MISO – Midwest Independent Transmission System Operator.

~~**MISO Exit Fees**—charges assessed under MISO’s Open Access Transmission Tariff that are associated with ATSI’s exit from the MISO control area. (PP only)~~

DEFINITIONS (continued)

~~**MTEP Charges**—A transmission charge levied by ATSI or by Midwest ISO Transmission Owners pursuant to Attachment FF of the Midwest ISO Tariff. For MTEP Projects constructed by Midwest ISO Transmission Owners, the definition of MTEP Project shall include only transmission projects with respect to which FERC has approved the allocation methodology of a portion of the revenue requirement to Transmission Customers in the ATSI zone. (PP only)~~

Network Integration Transmission Service - Network Integration Transmission Service as set forth in the PJM Open Access Transmission Tariff and any direct Transmission Owner charged expense.

North American Energy Industry Standards Board (“NAESB”, formerly known as the Gas Industry Standards Board, “GISB”) – The Board which sets standards associated with the electronic method of communication for data transfer that allows information to be sent and received electronically using the Internet. This method must meet the following minimum criteria:

- Security and/or encryption of transactions and Customer information.
- Proof of transmission and receipt.
- Positive identity of sender and recipient (non-repudiation).
- Reliability.
- Data and file integrity.
- Network performance and availability.
- Recoverability and archiving of data.

PaPUC (or “the Commission”) - The Pennsylvania Public Utility Commission.

PJM - PJM Interconnection, L.L.C., or any successor organization/entity thereto.

PJM Control Area – has the same meaning as set forth in the PJM Tariff.

5.4 Provisions relating to an EGS's Customers.

5.4.1 Arrangements with EGS Customers. EGSs shall be solely responsible for having appropriate contractual or other arrangements with their Customers necessary to implement Direct Access consistent with all applicable laws, PaPUC requirements, the PJM Tariff and this Tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

Beginning June 1, 2023, consistent with Docket No. P-2021-3030012 (ME) P-2021-3030013 (PN), P-2021-3030014 (PP), P-2021-3030021 (WP), Customers enrolled in the Company's Pennsylvania Customer Assistance Program ("PCAP") are required to be enrolled in the Company's Default Service at the price-to-compare. Additionally, EGSs shall not charge any early termination, cancellation or other add-on fees to customers transitioning to PCAP.

5.4.2 Transfer of Cost Obligations Between EGSs and Customers. Nothing in this Tariff is intended to prevent an EGS and a Customer from agreeing to reallocate between them any charges that this Tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company.

5.4.3 Customer Obligations. Customers of an EGS remain bound by the rules and requirements of the applicable EDC Tariff under which they receive service from the Company.

- **5.4.4 Return of Residential Customers to Default Service.** For new duration contracts executed after June 1, 2027, the EGS must automatically transfer residential Customers to Default Service upon expiration of the contract unless the residential Customer affirmatively elects to remain with the EGS. In addition, commencing June 1, 2027, for all Customers on month-to-month variable rates, the EGS must submit an attestation that the Customer affirmatively elects to remain with the EGS, via EDI transaction, on a quarterly basis.

7. ENERGY SCHEDULES AND USE OF SCHEDULING COORDINATORS

- 7.1 Energy Schedules.** The EGS, or its designated Scheduling Coordinator(s), shall be responsible for scheduling energy and purchasing all transmission and ancillary services as defined by the PJM Tariff necessary to get energy to the Customer's point of delivery pursuant to the service agreement for Network Integration Transmission Service under the PJM Tariff, as noted in Appendix A –Responsibilities for PJM Billing Line Items as Defined in Applicable PJM Agreement or Manual.

EGSs will no longer be responsible for PJM Regional Transmission Expansion Plan charges ("RTEPs") (PJM Tariff Schedule 12) and PJM Expansion Cost Recovery charges (PJM Tariff Schedule 13) billed for service rendered by PJM beginning June 1, 2013.

Beginning June 1, 2015, EGS will no longer be responsible for the following transmission costs: (1) PJM charges associated with reliability must run ("RMR") generating unit declarations and deactivation of plants deactivated after July 24, 2014, the date of the Commission approval of the Company's Default Service Programs in PaPUC Docket No.(ME) P-2013-2391368 , (PN) P-2013-2391372, (PP) P-2013-2391375, (WP) P-2013-2391378; (2) historical out of market tie line generation and retail customer meter adjustments; and (3) unaccounted for energy.

EGSs will not be responsible for any approved reallocation of PJM Regional Transmission Expansion Plan charges related to Docket No. EL05-121-009.

- ~~**7.2 Transition From MISO To PJM.** EGS will not be responsible for MTEP Charges or any MISO Exit Fees or PJM Integration Fees. In the event EGSs are assessed for such charges, the Company shall arrange for EGSs to receive credit equal to the assessed charges through PJM or reimbursement directly from the Company, in the Company's discretion. (PP only)~~

12.9 Purchase of EGS Receivables (“POR”) Program. The Company will purchase the account receivables, associated with Basic Electric Supply. for any EGS that charges a Rate Ready rate that is at or below the Price To Compare at the time of the Customer’s enrollment transaction or rate change transaction. The program will be applicable to residential and commercial Customers on Consolidated EDC Billing under the following rate schedules:

Rate Schedule	ME	PN	PP	WP
Residential Service RS	X	X	X	X
General Service GS-Small	X	X	X	X
General Service GS-Medium	X	X	X	X
Borderline Service	X	X		
Street Lighting Service	X	X		
Street Lighting Service-SV			X	
Street Lighting Service-SVD			X	
Street Lighting Service-SM			X	
Private Outdoor Lighting Service PLS			X	
Ornamental Street Lighting Service	X	X		
Outdoor Lighting Service	X	X		
Municipal Service	X	X		
51-58 and 71				X
GS-V	X	X	X	X

Provided that the Company is able to bill EGSs for all fees as provided in Section 12.9(f), the POR will be “non-recourse”, except as provided for under Section 12.9(g). To the extent the Company has to provide any consumer protections other than those provided for under Chapter 14 of the Public Utility Code and Chapters 55 and 56 of the Commission’s regulations, 52 Pa. Code §§ 55.1 and 56.1 et. seq., the costs will be borne by the EGSs. The Company will purchase only those receivables that are associated with basic electric supply services and not receivables associated with charges for other products or services. The Company has the right to withhold from the POR payment to an EGS an amount equal to any undisputed outstanding and unpaid balance in excess of thirty (30) or more days associated with EGS obligations to the Company as provided for in Section 12.2.

Suppliers serving both industrial and commercial/residential Customers on Consolidated EDC Billing would need a DUNs number. EGSs will not deny service to residential customers whose accounts are included in the POR program for credit-related reasons and will not ask residential customers for deposits separate from any deposit required by the Company pursuant to Chapter 14 and Commission regulations.

The Company will purchase receivables only for service rendered on or after June 1, 2011. Receivables for service rendered before June 1, 2011 cannot be used for termination purposes. For Penn Power Rate District.

- (a) **Eligibility:** The POR program will be available only for EGSs who employ the Company’s Consolidated EDC Billing option and charges a Rate Ready rate that is at or below the Price To Compare at the time of the Customer’s enrollment transaction or rate change transaction. Participation in the Company’s POR program will be mandatory for any EGS that does employ the Consolidated EDC Billing option.
- (b) **Timing of Payments:** Payments to EGSs will be made based on the current amount that is billed and owed by the Customers and will be paid forty (40) days after invoicing the Customer. The POR payments to EGSs will be subject to the Clawback Provision provided for in Section 12.9(g).

APPENDIX A

Responsibilities for PJM Billing Line Items as Defined Applicable PJM Agreement or Manual

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
1100	Network Integration Transmission Service		X
1102	Network Integration Transmission Service (exempt)		X
1104	Network Integration Transmission Service Offset		X
1108	Transmission Enhancement	X	
1110	Direct Assignment Facilities		X
1115	Transmission Enhancement Settlement (EL05-121-009)	X	
1120	Other Supporting Facilities		X
1130	Firm Point-to-Point Transmission Service		X
1133	Firm Point-to-Point Transmission Service Resale Charge		X
1140	Non-Firm Point-to-Point Transmission Service		X
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		X
1200	Day-ahead Spot Market Energy		X
1205	Balancing Spot Market Energy		X
1210	Day-ahead Transmission Congestion		X
1215	Balancing Transmission Congestion		X
1218	Planning Period Congestion Uplift		X
1220	Day-ahead Transmission Losses		X
1225	Balancing Transmission Losses		X
1230	Inadvertent Interchange		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
1240	Day-ahead Economic Load Response		X
1241	Real-time Economic Load Response		X
1245	Emergency Load Response		X
1250	Meter Error Correction		X
1260	Emergency Energy		X
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		X
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		X
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		X
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		X
1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		X
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		X
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		X
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		X
1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		X
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		X
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		X
1314	Market Monitoring Unit (MMU) Funding		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
1315	FERC Annual Charge Recovery		X
1316	Organization of PJM States, Inc. (OPSI) Funding		X
1317	North American Electric Reliability Corporation (NERC)		X
1318	Reliability First Corporation (RFC)		X
1320	Transmission Owner Scheduling, System Control and Dispatch Service		X
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
1340	Regulation and Frequency Response Service		X
1350	Energy Imbalance Service		X
1360	Synchronized Reserve		X
1365	Day-ahead Scheduling Reserve		X
1370	Day-ahead Operating Reserve		X
1371	Day-ahead Operating Reserve for Load Response		X
1375	Balancing Operating Reserve		X
1376	Balancing Operating Reserve for Load Response		X
1377	Synchronous Condensing		X
1378	Reactive Services		X
1380	Black Start Service		X
1400	Load Reconciliation for Spot Market Energy		X
1410	Load Reconciliation for Transmission Congestion		X
1420	Load Reconciliation for Transmission Losses		X
1430	Load Reconciliation for Inadvertent Interchange		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		X
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		X
1445	Load Reconciliation for FERC Annual Charge Recovery		X
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		X
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		X
1448	Load Reconciliation for Reliability First Corporation (RFC)		X
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		X
1460	Load Reconciliation for Regulation and Frequency Response Service		X
1470	Load Reconciliation for Synchronized Reserve		X
1475	DASR Load Reconciliation		X
1478	Load Reconciliation for Operating Reserve		X
1480	Load Reconciliation for Synchronous Condensing		X
1490	Load Reconciliation for Reactive Services		X
1500	Financial Transmission Rights Auction		X
1600	RPM Auction		X
1610	Locational Reliability		X
1650	Non-Unit Specific Capacity Transaction		X
1660	Demand Resource and ILR Compliance Penalty		X
1661	Capacity Resource Deficiency		X
1662	Generation Resource Rating Test Failure		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
1663	Qualifying Transmission Upgrade Compliance Penalty		X
1664	Peak Season Maintenance Compliance Penalty		X
1665	Peak-Hour Period Availability		X
1710	PJM/MISO Seams Elimination Cost Assignment		X
1720	RTO Start-up Cost Recovery		X
1730	Expansion Cost Recovery	X	
1900	Unscheduled Transmission Service		X
1910	Ramapo Phase Angle Regulators		X
1920	Station Power		X
1930	Generation Deactivation and RMR Generating Unit Declarations Before July 24, 2014, the date of the PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. (ME) P-2013-2391368, (PN) P-2013-2391372, (PP) P-2013-2391375, (WP) P-2013-2391378		X
1930	Generation Deactivation and RMR Generating Unit Declarations After July 24, 2014, the date of the PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. (ME) P-2013-2391368, (PN) P-2013-2391372, (PP) P-2013-2391375, (WP) P-2013-2391378	X	
<u>1935</u>	<u>Department of Energy pursuant to section 202c of the Federal Power Act.</u>	<u>X</u>	
1950	Virginia Retail Administrative Fee		X
1980	Miscellaneous Bilateral		X
1995	PJM Annual Membership Fee		X
2100	Network Integration Transmission Service		X
2102	Network Integration Transmission Service (exempt)		X
2104	Network Integration Transmission Service Offset		X
2106	Non-Zone Network Integration Transmission Service		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
2108	Transmission Enhancement	X	
2110	Direct Assignment Facilities		X
2120	Other Supporting Facilities		X
2130	Firm Point-to-Point Transmission Service		X
2132	Internal Firm Point-to-Point Transmission Service		X
2133	Firm Point-to-Point Transmission Service Resale Credit		X
2140	Non-Firm Point-to-Point Transmission Service		X
2142	Internal Non-Firm Point-to-Point Transmission Service		X
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		X
2210	Transmission Congestion		X
2217	Planning Period Excess Congestion		X
2218	Planning Period Congestion Uplift		X
2220	Transmission Losses		X
2240	Day-ahead Economic Load Response		X
2241	Real-time Economic Load Response		X
2245	Emergency Load Response		X
2260	Emergency Energy		X
2320	Transmission Owner Scheduling, System Control and Dispatch Service		X
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		X
2340	Regulation and Frequency Response Service		X
2350	Energy Imbalance Service		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
2360	Synchronized Reserve		X
2365	Day-ahead Scheduling Reserve		X
2370	Day-ahead Operating Reserve		X
2371	Day-ahead Operating Reserve for Load Response		X
2375	Balancing Operating Reserve		X
2376	Balancing Operating Reserve for Load Response		X
2377	Synchronous Condensing		X
2378	Reactive Services		X
2380	Black Start Service		X
2420	Load Reconciliation for Transmission Losses		X
2500	Financial Transmission Rights Auction		X
2510	Auction Revenue Rights		X
2600	RPM Auction		X
2620	Interruptible Load for Reliability		X
2630	Capacity Transfer Rights		X
2640	Incremental Capacity Transfer Rights		X
2650	Non-Unit Specific Capacity Transaction		X
2660	Demand Resource and ILR Compliance Penalty		X
2661	Capacity Deficiency Resource		X
2662	Generation Resource Rating Test Failure		X
2663	Qualifying Transmission Upgrade Compliance Penalty		X

Charge ID #	PJM Billing Statement Line Items	Responsible Party **	
		EDC	EGS
2664	Peak Season Maintenance Compliance Penalty		X
2665	Peak-Hour Period Availability		X
2710	PJM/MISO Seams Elimination Cost Assignment		X
2720	RTO Start-up Cost Recovery		X
2730	Expansion Cost Recovery	X	
2910	Ramapo Phase Angle Regulators		X
2930	Generation Deactivation and RMR Generating Unit Declarations Before July 24, 2014, the date of the PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. (ME) P-2013-2391368, (PN) P-2013-2391372, (PP) P-2013-2391375, (WP) P-2013-2391378		X
2930	Generation Deactivation and RMR Generating Unit Declarations After July 24, 2014, the date of the PaPUC Approval of the Company's Default Service Program in PaPUC Docket Nos. (ME) P-2013-2391368, (PN)P-2013-2391372, (PP) P-2013-2391375, (WP) P-2013-2391378	X	
<u>2935</u>	<u>Department of Energy pursuant to section 202c of the Federal Power Act</u>	<u>X</u>	
2950	Virginia Retail Administrative Fee		X
2980	Miscellaneous Bilateral		X
2996	Annual PJM Cell Tower		X
2997	Annual PJM Building Rent		X

** Any PJM fees or charges not specifically identified as being the responsibility of the EDC shall be the responsibility of the EGS. Line Items 2100, 2102, and 2104 are Transmission Owner Revenues.

Exhibit CDL-5

FE PA Estimated DSP VII Administrative Costs

FirstEnergy Pennsylvania Electric Company
Estimated Administrative Costs

Line No.	Description of Administrative Costs	
	Met-Ed Newspapers & Bill Insert	\$17,250
	Penelec Newspapers & Bill Insert	23,300
	Penn Power Newspapers & Bill Insert	5,400
	West Penn Newspapers & Bill Insert	<u>20,200</u>
1	Customer Notice (43 Newspapers)	\$66,150
2	Outside Counsel	\$1,145,750
3	Brattle Group	250,000
4	CRA	<u>115,590</u>
5	Total Legal and Regulatory Expenses	\$1,511,340
6		
7	Procurement Auction Process Consultant Costs	<u>3,000,000</u>
8	Total Estimated Expenses	\$3,000,000
9	Total	\$4,577,490

Met-Ed Rate District
Estimated Administrative Costs

Line No.	Description of Administrative Costs	Residential	Commercial	Industrial	Total
1	Customer Notification	\$14,534	\$2,411	\$305	\$17,250
2	Legal and Regulatory Expenses for Default Service Program Proceeding	368,045	61,066	7,733	436,844
3	Procurement Auction Process Consultant Costs	730,567	121,215	15,351	867,133
4	Total (Lines 1 through 4)	\$1,113,146	\$184,692	\$23,389	\$1,321,227
	kWh	19,045,963,215	3,160,080,503	400,200,138	
	Rate	\$0.00006	\$0.00006	\$0.00006	

**Penelec Rate District
Estimated Administrative Costs**

Line No.	Description of Administrative Costs	Residential	Commercial	Industrial	Total
1	Customer Notification	\$18,308	\$4,539	\$453	\$23,300
2	Legal and Regulatory Expenses for Default Service Program Proceeding	283,878	70,381	7,028	361,287
3	Procurement Auction Process Consultant Costs	563,496	139,706	13,951	717,153
4	Total (Lines 1 through 4)	\$865,682	\$214,626	\$21,432	\$1,101,740
	kWh	14,690,413,363	3,642,139,234	363,696,030	
	Rate	\$0.00006	\$0.00006	\$0.00006	

**Penn Power Rate District
Estimated Administrative Costs**

Line No.	Description of Administrative Costs	Residential	Commercial	Industrial	Total
1	Customer Notification	\$4,592	\$713	\$95	\$5,400
2	Legal and Regulatory Expenses for Default Service Program Proceeding	110,807	17,191	2,286	130,284
3	Procurement Auction Process Consultant Costs	219,953	34,124	4,537	258,614
4	Total (Lines 1 through 4)	\$335,352	\$52,028	\$6,918	\$394,298
	kWh	5,734,177,433	889,619,503	118,288,050	
	Rate	\$0.00006	\$0.00006	\$0.00006	

West Penn Rate District
Estimated Administrative Costs

Line No.	Description of Administrative Costs	Residential	Commercial	Industrial	Total
1	Customer Notification	\$16,459	\$2,950	\$791	\$20,200
2	Legal and Regulatory Expenses for Default Service Program Proceeding	474,957	85,127	22,840	582,924
3	Procurement Auction Process Consultant Costs	942,786	168,976	45,338	1,157,100
4	Total (Lines 1 through 4)	\$1,434,202	\$257,053	\$68,969	\$1,760,224
	kWh	24,578,519,355	4,405,232,743	1,181,955,838	
	Rate	\$0.00006	\$0.00006	\$0.00006	

kWh for PA Admin Costs (2027.06 - 2031.05)				
	Res	Com	Ind	Total
ME	19,045,963,215	3,160,080,503	400,200,138	22,606,243,856
PN	14,690,413,363	3,642,139,234	363,696,030	18,696,248,627
PP	5,734,177,433	889,619,503	118,288,050	6,742,084,986
WP	24,578,519,355	4,405,232,743	1,181,955,838	30,165,707,936
Total	64,049,073,366	12,097,071,983	2,064,140,056	78,210,285,405

Company and Class Allocation for Common Costs				
	Res	Com	Ind	Total
ME	84.3%	14.0%	1.8%	28.9%
PN	78.6%	19.5%	1.9%	23.9%
PP	85.1%	13.2%	1.8%	8.6%
WP	81.5%	14.6%	3.9%	38.6%
Total				100.0%

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF FIRSTENERGY
PENNSYLVANIA ELECTRIC COMPANY
FOR APPROVAL OF ITS DEFAULT
SERVICE PROGRAM FOR THE PERIOD
JUNE 1, 2027 TO MAY 31, 2031**

:
: **DOCKET NO. P-2026-**
:
:
:
:
:

VERIFICATION

I, Carlixta De La Rosa, hereby state that the facts set forth in the pre-marked statements and exhibits listed below are true and correct to the best of my knowledge, information, and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

- FE PA Statement No.4 and FE PA Exhibits CDL-1 through 5

Date: February 3, 2026

CARLIXTA DELA ROSA
Carlixta De La Rosa

FE PA Statement No. 5
Direct Testimony of Margarita Patria

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
DOCKET NO.
DEFAULT SERVICE PROGRAMS**

**For the Period
June 1, 2027 to May 31, 2031**

**Direct Testimony of
Margarita Patria**

**List of Topics Addressed
Auctions
Role of Independent Evaluator
Bidder Interactions and Qualification
Confidentiality
Reporting to Commission**

**DIRECT TESTIMONY
OF
MARGARITA PATRIA**

I. INTRODUCTION AND PURPOSE

Q. Please state your name and business address.

A. My name is Margarita Patria. My business address is John Hancock Tower, 200 Clarendon Street, T9, Boston, Massachusetts 02116.

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

A. I am a Principal at the energy practice at Charles River Associates (“CRA”). Founded in 1965, CRA provides economic and financial expertise and management consulting services to businesses, law firms, accounting firms, and governments.

Q. What is your educational background?

A. I have a PhD in Economics from Boston College.

Q. Please describe your duties as a Principal at CRA.

A. As a Principal in CRA’s energy practice, I focus on the U.S. power sector, leading competitive procurements for utilities and advising utilities and other market participants on mechanism design. My responsibilities include designing auction and request for proposal (“RFP”) frameworks, preparing solicitation rules and bidder qualification requirements, conducting bidder outreach and training, managing application and credit review, running clock auctions and related formats, overseeing bid evaluation and price analysis, monitoring for compliance and transparency, and preparing public reports and regulatory testimony.

Since joining CRA in 2007, I have served as RFP Manager, Auction Manager, and Independent RFP Monitor or Auction Monitor across various U.S. jurisdictions. I have led

1 or managed over 200 auctions and competitive procurements, including processes similar
2 to the FirstEnergy Pennsylvania Electric Company (“FE PA” or “Company”) process. My
3 curriculum vitae is provided as Appendix A, which includes additional details on my
4 background and experience.

5 Additionally, for the last eight years, I have led the Auction Manager team for both
6 FE PA and Duquesne Light Company. As part of those procurements, I have been
7 responsible for preparing and submitting pre- and post-auction reports to the Pennsylvania
8 Public Utility Commission (“Commission” or “PaPUC”).

9 **Q. On whose behalf are you testifying in this proceeding?**

10 A. I am testifying on behalf of FE PA. FE PA consists of the following rate districts: Met-Ed,
11 Penelec, Penn Power, West Penn and The Pennsylvania State University (“PSU”), which
12 is a sub-part of the West Penn rate district (individually a “Rate District” and in any
13 combination the “Rate Districts”).

14 **Q. What is the purpose of your direct testimony?**

15 A. The purpose of my direct testimony is to describe CRA’s role and recommendations in
16 connection with FE PA’s proposed seventh default service program (“DSP VII”). CRA has
17 served as the Independent Evaluator for FE PA’s default service procurements since 2011.
18 In my testimony, I will address the structure and design of the competitive auctions, the
19 role and responsibilities of the Independent Evaluator, bidder qualification requirements
20 and bidder interactions, the confidentiality safeguards that apply to the auction process,
21 and the reporting provided to the Commission before and after each auction. My testimony
22 is intended to assist the Commission in its review of the proposed DSP VII competitive
23 procurement process for default service supply.

1 **Q. Please summarize your testimony.**

2 A. My testimony explains how the competitive auction process for default service supply will
3 operate under DSP VII. Specifically, I will describe the structure and design of the auctions,
4 the role and responsibilities of the Independent Evaluator, the bidder qualification
5 requirements and bidder interactions, the confidentiality safeguards that govern the
6 process, and the reports that will be provided to the Commission before and after each
7 auction. My testimony is intended to assist the Commission in its review of the proposed
8 DSP VII competitive procurement process for default service supply.

9 **Q. Have you prepared any exhibits to accompany your testimony?**

10 A. Yes. I am sponsoring the following exhibits:

- 11 • FE PA Exhibit MP-1 – Part 1 Application;
- 12 • FE PA Exhibit MP-2 – Part 2 Application;
- 13 • FE PA Exhibit MP-3 – Bidding Rules; and
- 14 • FE PA Exhibit MP-4 – Pre-Bid Letter of Credit.

15
16 **II. DESCRIPTION OF THE DEFAULT SERVICE PROCUREMENT PROCESS**

17 **Q. Please describe the Company's proposed DSP VII.**

18 A. The DSP VII continues the well-established process administered by the Independent
19 Evaluator, CRA. The process is designed to promote open, fair, and transparent
20 competitive solicitations using standardized products, clear rules, and equal access to
21 information. It is guided by several key objectives, including the following:

- 22 • Provide a fair and equitable process where all qualified bidders have equal access to
23 the same information needed to prepare bids;
- 24 • Maintain strict confidentiality of bidder information and auction results prior to
25 Commission approval;

- Ensure independent oversight to verify that each auction is conducted in accordance with Commission-approved procedures; and
- Deliver pre- and post-auction reports that allow the Commission to confirm that the results reflect a competitive, least-cost outcome.

The major elements of the default service program (“DSP”) include:

- Product design and contracts. Default supply products and terms are developed to encourage participation by licensed electric generation suppliers (“EGSs”) while maintaining portfolio diversity and laddering principles.
- Bidder information and outreach. The information website (www.fepaauction.com) provides all documents, load data, schedules, answers to frequently asked questions (“FAQs”), and announcements to ensure transparency. CRA also conducts bidder webinars and mock auctions to encourage participation.
- Bidder qualification. A two-stage application process establishes both financial and non-financial criteria to ensure only serious, creditworthy participants qualify.
- Auction design and implementation. The descending-clock auction format promotes competition and price discovery while preventing gaming. CRA administers the auction using a secure electronic platform and monitors compliance.
- Oversight and reporting. CRA, as the Independent Evaluator, oversees all bidder communications, verifies confidentiality, and prepares pre- and post-auction reports for Commission review.

The proposed DSP VII incorporates a revised auction schedule and other procedural updates from the Company’s sixth default service program (“DSP VI”) process. As described in Mr. Rose’s direct testimony (FE PA Statement No. 2), the proposed DSP VII

1 is intended to reflect current market conditions and supplier participation, while
2 maintaining compliance with the Commission's objectives of ensuring reliable and least-
3 cost default service through a competitive procurement framework.

4 FE PA Exhibits MP-1 through MP-3, including the Bidding Rules and Parts I and
5 II of the bidder application materials referenced above, incorporate limited updates
6 intended to ensure consistency with the language of the Supplier Master Agreement,
7 changes to which are also described in Mr. Rose's testimony. In addition, CRA
8 recommends several minor procedural updates designed to improve administrative
9 efficiency and bidder convenience without altering substantive qualification standards or
10 auction mechanics. These include removal of the fax option as a back-up communication
11 procedure, which has become outdated, and clarification that bidder assistance will be
12 provided via email and a dedicated Help Desk telephone line. The proposed revisions also
13 eliminate notarization requirements for the Part I and Part II applications, which are no
14 longer necessary and can present an unnecessary burden to bidders. Collectively, these
15 changes are intended to modernize the process while maintaining the integrity,
16 transparency, and competitiveness of the DSP VII procurement framework. These changes
17 are reflected in FE PA Exhibits MP-1 through MP-3.

18 **Q. Describe the role of Independent Evaluator.**

19 A. The Independent Evaluator is responsible for administering the competitive procurement
20 process in a fair, transparent, and nondiscriminatory manner. The Independent Evaluator
21 manages bidder outreach and communication, oversees bidder qualification through the
22 two-stage application process, and ensures that all prospective bidders receive equal access

1 to information. This includes maintaining the public information website, managing the
2 FAQ process, and conducting bidder information sessions.

3 During the auction, the Independent Evaluator oversees the bidding process and
4 monitors compliance with the Commission-approved bidding rules. All auctions are
5 conducted using secure web-based software under the Independent Evaluator's
6 supervision. The Independent Evaluator also maintains bidder confidentiality and prevents
7 the disclosure of any sensitive or bidder-specific information.

8 In addition, the Independent Evaluator reports to the Commission before and after
9 each auction. These reports confirm that the auction was conducted in accordance with
10 approved procedures and that the results reflect a fair and competitive process.

11 **Q. Please explain the confidentiality safeguards that govern the process.**

12 A. The process is designed to protect bidder-specific and competitively sensitive information
13 while ensuring equal access to public information, and prevent any bidder from gaining an
14 advantage through any means, including affiliation with the Company. The Independent
15 Evaluator maintains a public information website that provides the same documents and
16 data to all potential bidders. The Independent Evaluator also manages all inquiries through
17 a structured FAQ process in which questions are acknowledged, redacted to remove
18 identifying details, and answered for public posting ensuring that no bidder receives
19 preferential information. Communications are governed by established protocols that limit
20 who may access confidential material and require that notices to interested parties be
21 distributed uniformly (*e.g.*, via blind carbon copy) to prevent disclosure of bidder identities.

22 Bidder qualification occurs through a secure, two-stage application on an online
23 platform. Financial and credit information, indicative offers, pre-bid security, and any

1 association disclosures are treated as confidential and are shared only with those
2 individuals necessary to evaluate eligibility and credit, including the Independent
3 Evaluator and limited Company credit representatives, each subject to confidentiality
4 undertakings. During the auction, bidding occurs on secure web-based software under the
5 Independent Evaluator's oversight; bidder identities, bidding strategies, and round-by-
6 round positions are not disclosed to other participants or to non-authorized personnel.
7 Following each auction, the Independent Evaluator submits a post-auction report to the
8 Commission that confirms compliance with approved procedures and provides results
9 necessary for regulatory review.

10 These safeguards—uniform public disclosures, redaction of inquiries, controlled
11 access to confidential materials, secure bidding and application systems, and Commission-
12 facing reporting—all ensure a fair, transparent process without compromising bidder
13 confidentiality.

14 **Q. How is information about the DSP auctions communicated to prospective bidders?**

15 A. Prior to each auction, the Independent Evaluator conducts proactive bidder outreach to help
16 ensure maximum participation and maintain a competitive process. This outreach includes
17 contacting all suppliers who have participated in previous auctions, issuing announcements
18 through Business Wire, and maintaining a comprehensive information website at
19 www.fepaauction.com.

20 The information website serves as the central public source of all auction-related
21 information. It includes the auction schedule, supplier documents, load and other data,
22 Bidding Rules, credit requirements, and presentation materials from bidder information

1 sessions. The Independent Evaluator manages this website to ensure that all interested
2 parties have equal access to accurate and timely information.

3 Interested suppliers may register as “Registered Users” on the information website
4 to submit questions, receive notifications, and access updates. Questions are handled
5 through a structured FAQ process, where each inquiry is acknowledged, redacted to
6 remove identifying details, and answered by the Independent Evaluator, often in
7 coordination with FE PA. Final FAQs are posted publicly on the website so that all
8 participants receive the same information.

9 Additionally, the Independent Evaluator conducts bidder information sessions via
10 webinar to review the auction process, demonstrate the bidding platform, and answer
11 procedural questions. Presentation materials from these sessions are posted on the
12 information website.

13 This combination of targeted outreach, open information sharing, and transparent
14 communication ensures a fair and equitable process for all bidders and supports strong
15 participation in each solicitation.

16 **Q. How is the default service procurement designed to encourage participation in each**
17 **auction and to ensure that no bidder is advantaged?**

18 A. The default service procurement is designed to promote broad participation and maintain
19 a level playing field among all qualified bidders. Any entity capable of meeting the default
20 service delivery requirements for the Company’s service territory may participate.
21 Ownership of physical generation is not required, and the default service procurement does
22 not provide any preference to bidders that own generation assets.

1 The descending-price clock auction format is inherently non-discriminatory: any
2 qualified bidder may participate under the same terms, subject to the standard application,
3 financial, and credit requirements. The process is structured to ensure transparency and
4 fairness—information is made available equally to all participants before and during the
5 auction.

6 Before each auction, all prospective bidders receive the same training and
7 educational materials on the default service procurement procedures and products. During
8 the auction itself, all participants receive identical real-time information about auction
9 status. In this way, the default service procurement ensures that no bidder is advantaged
10 and that participation opportunities are open, transparent, and equitable for all qualified
11 suppliers.

12 **Q. If an affiliate of FE PA were to own generation and seek to bid in the auction, would**
13 **it have any advantage?**

14 A. No. All bidders are treated equally and an affiliate of FE PA would have no advantage in
15 bidding or providing default service under the SMA.

16 **Q. How are bidders qualified to participate in the DSP auctions?**

17 A. Bidder qualification is conducted through a two-stage application process administered by
18 the Independent Evaluator using a secure online platform. Prospective bidders must first
19 request access to the application system by submitting an Online Account Request Form
20 available on the public home page of the Information Website. Once access is granted,
21 applicants complete a Part 1 Application and, if accepted, a Part 2 Application. Only
22 bidders who successfully complete both stages become Registered Bidders and are eligible
23 to participate in the auction.

During the Part 1 Application, the Independent Evaluator:

- Collects basic company information and contact details;
- Confirms the legitimacy and licensing status of the applicant;
- Reviews financial and credit information to determine the applicant's maximum credit limit and pre-bid security requirements; and
- Confirms that the applicant agrees to the auction rules and procedures.

An applicant whose Part 1 Application is approved becomes a Qualified Bidder.

During the Part 2 Application, each Qualified Bidder:

- Submits an indicative offer stating the maximum number of tranches it may bid at the maximum starting prices;
- Provides the required pre-bid security consistent with the bidder's credit limit; and
- Confirms compliance with all bidding requirements.

The indicative offer cannot exceed the load cap applied to the total tranches available across all products in the auction. A Qualified Bidder that completes the Part 2 Application successfully becomes a Registered Bidder. This includes meeting pre-bid security requirements through posting cash or a pre-bid letter of credit consistent with the sample pre-bid letter of credit attached as FE PA Exhibit MP-4. Only Registered Bidders may participate in the auction.

Q. What bidding design will be used for DSP VII?

A. FE PA will continue to use the simultaneous, multiple-round, descending-price clock auction to competitively procure default service supply. This auction format has been used successfully in prior default service programs, including DSP II through DSP VI, and has been approved repeatedly by the Commission. Variants of this format have also been used

1 in other states, including New Jersey, Ohio, Illinois, and Massachusetts, to procure
2 wholesale electricity supply, renewable energy, and other energy products.

3 The auction is simultaneous because multiple products (tranches serving different
4 Rate Districts, customer classes, and delivery periods) are bid on at the same time. Bidding
5 occurs online over a series of discrete rounds using secure web-based software. Each
6 product has an announced price in each round, and prices start at levels designed to
7 encourage participation.

8 At the end of each round, the auction software, under the oversight of the
9 Independent Evaluator, determines whether each product is over-subscribed (more
10 tranches bid than needed) or under-subscribed (fewer tranches than needed). If a product
11 is over-subscribed, its price is reduced by a pre-specified decrement for the next round. If
12 it is not over-subscribed, its price remains unchanged. Prices typically move downward
13 across rounds until supply and demand balance.

14 In each round, bidders state how many tranches they are willing and able to supply
15 at the current prices, subject to bidding rules designed to ensure orderly bidding. There is
16 no preset number of rounds. The auction concludes when, in a round, no product is over-
17 subscribed and there is no excess supply. The bidders holding tranches at that time are the
18 winning suppliers, and their final prices become the auction results submitted to the
19 Commission for approval. The Bidding Rules filed with DSP VII provide full procedural
20 details.

21 **Q. What reports are provided to the Commission in connection with each DSP auction?**

22 A. Two reports are prepared for each auction: a pre-auction report and a post-auction report,
23 both submitted by the Independent Evaluator to the Commission.

1 The pre-auction report is submitted prior to each auction and provides context for
2 the upcoming solicitation. It includes an overview of the default service program, the
3 products and tranche targets to be procured, the auction timeline, and a description of
4 current PJM Interconnection, LLC (“PJM”) market conditions. The report also summarizes
5 key cost drivers for default service supply such as energy prices, PJM capacity prices,
6 ancillary services, transmission charges, and Alternative Energy Portfolio Standards
7 requirements. In addition, the pre-auction report discusses recent procurement results in
8 Pennsylvania and other competitive wholesale markets to provide a market benchmark.

9 The post-auction report is submitted following each auction. It documents that the
10 auction was conducted in accordance with Commission-approved procedures, describes
11 bidder participation and competitiveness, and summarizes the bidding process and price
12 outcomes. The post-auction report includes an assessment by the Independent Evaluator
13 regarding whether the auction results are the product of a fair and competitive process. The
14 report also identifies any issues, unusual bidding behavior, or procedural anomalies, if any,
15 and confirms that no information was disclosed that could compromise bidder
16 confidentiality or future auctions.

17 Together, these reports provide transparency to the Commission, confirm
18 compliance with the approved process, and support Commission review and approval of
19 auction results.

20 **Q. Please describe the process that occurs following the close of a DSP auction.**

21 A. At the close of each default service auction, the Independent Evaluator prepares and
22 submits a post-auction report to the Commission. This report summarizes the conduct of
23 the auction, confirms that it was administered in accordance with Commission-approved

1 rules, and provides the results of the auction, including the identities of the winning bidders,
2 the number of tranches won by each bidder, and the closing prices for each product. The
3 report also includes the Independent Evaluator's assessment of whether the auction was
4 competitive and free of any collusion or misconduct.

5 Immediately following the last round of the auction, each active bidder is able to
6 view its own preliminary results on the secure bidding website, including the number of
7 tranches it has tentatively won and the final prices. These results remain preliminary until
8 reviewed by the Commission.

9 After submission of the post-auction report, the Commission reviews the auction
10 results. Upon Commission approval, each winning bidder executes the Supplier Master
11 Agreement and related transaction confirmations with FE PA. Pre-bid security is then
12 returned to winning bidders once their agreements are executed. Pre-bid security for non-
13 winning bidders is returned within five business days after the close of the auction.
14 However, pre-bid security may be withheld if a bidder has violated any auction rules or
15 certifications.

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

17 A. Yes.

Margarita Patria
Principal

PhD, Economics
Boston College

MA, Economics
Boston College

BBA, Economics
Baruch College, CUNY

Margarita Patria, Ph.D., is a Principal in CRA's Energy Practice and an energy economist specializing in energy procurement, regulatory analysis, and data analytics. She provides policy development and analysis solutions to utilities, regulators, and other electricity market stakeholders. Dr. Patria leads energy auctions and renewable procurements across multiple states, overseeing electricity market analysis, bid valuation, and forecasting. She has advised bidders in high-stakes auctions. She provides economic analysis in support of policy development for ISOs and delivers economic and policy support to hyperscalers and data center developers related to planning and system integration. Her research focuses on empirical and theoretical analysis of energy markets and applied game theory. Dr. Patria received her Ph.D. in Economics from Boston College and is currently an Adjunct Professor at Northeastern University, where she teaches Economics of Energy Markets. She is also the author of several academic papers.

Professional experience

2016–Present	<i>Principal</i> , Charles River Associates, Boston, MA
2011–2016	<i>Associate Principal</i>, Charles River Associates, Boston, MA Managing projects to design and implement auctions, RFPs and other market mechanisms in energy, renewable procurements, and other commodities markets. The work includes providing expert energy market forecasts, developing market, and bidding rules, overseeing stakeholder communications, managing auctions and RFPs in real time. Managing projects to provide bidder strategy support for clients participating in spectrum auctions and other auctions and bidding mechanisms.
2010–2011	<i>Senior Econometrician</i>, Keystone Strategy, Cambridge, MA Supported a major litigation case that involved two leading global Internet organizations. The case relied heavily on econometric analysis as well as on industrial organization and auction theory. Multiple law firms represented the client, and Dr. Patria worked closely with internationally renowned economic experts who testified in support of the case. The investigation is ongoing and is being presented to the European Commission and to the Federal Trade Commission.
2007–2010	<i>Senior Associate</i> —Energy Practice, Charles River Associates, Boston, MA

Worked on a broad variety of projects in the Energy, Auctions, and Competition Practices. CRA's Auctions & Competitive Bidding Practice designs and manages trading platforms for domestic and international clients in telecommunications, energy, and other industries. CRA's Energy Practice provides expert economic and business consulting services to a wide range of electricity industry clients on issues that include litigation support, expansion of private equity firms into the energy sector, investments in transmission and generation assets, electricity industry reform, long-term electricity price forecast, and asset valuation. CRA's Competition Practice provides economic analysis and testimony in numerous competition matters in the United States and abroad.

Select project descriptions

Energy Procurement

- Project Manager for FirstEnergy's Pennsylvania Default Service Auction process. The Default Service Auction process is set up to procure wholesale generation and capacity for full requirements Default Supply generation service for Default Service customers of FirstEnergy's Pennsylvania Utilities — Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company. The project includes expert market forecast reports in the utilities territory.
- Outside Consultant for the All-Source RFP for a utility in the Midwest. Worked closely with the utility evaluation team to develop the process rules and evaluation criteria associated with the RFP, including working to clearly define the resources eligible to participate in the process. Provided an advisory role throughout the bid review process, taking on the primary responsibility for the issuance and evaluation of the RFP. Provided an expert report for the public utilities commission.
- Designed and developed the Duquesne Light Solar RFP process to procure Solar resources in 2021 and 2023, including bid valuation model and expert report.
- Designed and developed multiple utilities processes to procure capacity credits to cover immediate capacity need.
- Supported Consumer's all-source RFP in document review, modeling and bid valuation.
- Project Manager for FirstEnergy Ohio Competitive Bidding Process for SSO Procurement. The CBP process is set up to procure wholesale generation and capacity for full requirements Standard Service Offer generation service for SSO customers of FEOU. The project includes expert market forecast in the utility's territory.
- Project Manager for Duquesne Light Default Service Auction process. The Default Service Auction process is set up to procure wholesale generation and capacity for full requirements Default Supply generation service for Default Service customers of Duquesne Light. The project includes expert market forecast reports in the utility's territory.

- Designed the Percentage of Income Payment Plan (“PIPP”) RFP process for multiple utilities in Ohio. Set up the bidder qualification process, developed the bidding rules and other key documents.
- Designed and managed the overall process and conducted an auction to sell SO₂ and NO_x emission allowances for FirstEnergy Solutions Corp.

Energy Economics

- Lead joint MISO–PJM efforts focused on developing transmission benefit frameworks for interregional transmission planning
- For a hyperscaler, led a project evaluating behind-the-meter configurations, with a focus on energy cost impacts and potential energy hedging options.
- For a gas generation developer in ERCOT, developed a contracting strategy to identify and secure offtake arrangements with data center developers.
- For SPP, leading the team to assist with transmission benefit valuation.
- For MISO, reviewed transmission benefits for Tranches 1 and 2, and provided expert opinion. Led Order 1920 compliance review.
- For an ERCOT market participant, projected data center load growth was evaluated and compared with the ERCOT forecast.
- For a utility engagement to evaluate the resource adequacy gap in their territory, I led the PJM-wide load forecast, assisted with policy analysis, and contributed to the interpretation of the results.
- Expert witness at RoLR hearings in Alberta.
- Lead the team that provides an independent review of current MISO rules for entry and exit from the interconnection queue. Within the review, we evaluate the security deposits required within the MISO Definitive Planning study process, specifically focusing on the M2, M3, and M4 deposit amounts. Advised MISO on how deposit amounts, policies, and the overall study process can be restructured to enhance the efficiency of the interconnection queue.
- Within the rate case for a Midwestern utility, performing a statistical analysis to assess the effects of different Net Metering structures on consumers.
- Assisted a foreign transmission company with identifying suitable US acquisition targets. Worked with the client to understand their principal criteria; designed a robust selection approach; researched and screened companies; and recommended 10 targets to the client.
- Provided legislation support for an equity return hearing for a regulated utility. Oversaw modeling. Evaluated the model and principal assumptions behind the proposed settlement agreement. Augmented the model to evaluate the impact of potential risks. Proposed principal arguments for rebuttal testimony.
- Designed empirical analysis and wrote a report to rebut an expert witness report in which the opposing side’s expert alleged use of market power by the client.

- Designed, developed, and delivered a damages model to support litigation for a breach of contract case involving two high-profile international companies. Managed a team to evaluate opposing side claims and supporting documentation.
- Designed empirical analysis to investigate potential causes of increase in nodal prices at the sites of the client's generating units. Model included a regression analysis to find transmission constraints that caused the price increase. Presented results to client to investigate potential solutions.
- Performed impact analysis of price distribution upon transfer of major electricity market player from MISO to PJM. Actively involved in transmission modeling, standard industry LMP forecasting models. Led the data collection and empirical analysis to identify key flowgates that contribute to price separation between the two ISOs.
- Evaluated financial performance of combined cycle generation in the United States. Performed data collection and analysis. The research led to a presentation at an International Association of Energy Economics (IAEE) conference.

Teaching experience

- 08/2020 – Present *Lecturer*, Northeastern University, Boston, MA
Designed and is teaching a course “Energy Economics and Data Analysis of Energy Markets” to undergraduate and graduate students
- 2006–2010 *Teaching Fellow, Visiting Scholar*, Boston College

Research and academic papers

- “Covid-19 and the Information Content of Electricity Futures”, with Redina Tahaj and Robert Triest, Presented at 38th USAEE/IAEE North American Virtual Conference
- “Retail Choice Impact on Consumer Behavior”, with Derya Eryilmaz, presented at 2021 IAEE Virtual Conference.
- “Auction design could streamline TikTok's US asset sale.” With Brad Miller and Kalin McGowan. *Law 360*, September 11, 2020.
- “Assessment of the COVID-19 pandemic effect t on regional electricity generation mix in NYISO, MISO, and PJM markets. “ with Derya Eryilmaz and Caroline Heilbrun, *The Electricity Journal*, Volume 33, Issue 7, August–September 2020
- “Selling distressed assets online: A guide to designing an auction for structured sales” with Brad Miller, *CRA Insights*, April 2020
- “Online trading platforms in global commodity markets” with Brad Miller, *CRA Insights*, March 2020
- “Time for Bankruptcy Auctions to Go Online.” With Brad Miller. *Law360*, August 2, 2017.
- “Auction-Based Transaction Mechanisms for Commodity-Trading.” With Brad Miller. *Commodities Now*, Vol. 18, Issue 3, Sept/Oct 2014, pp. 64-66.

“Transforming the Global Dairy Industry with an Innovative Trading Platform.” With Brad Miller, Global Agribusiness Forum 2014, GAF Academy, São Paulo, Brazil, May 2014.

“How Does Ranking Affect User Choice in Online Search?” With Mark Glick, Greg Richards, and Paul Seabright. *Review of Industrial Organization*, Vol. 45,(2), 2014, pp 99-119 .

“Historical Performance of Combined Cycle Generation in the US.” With Alex Rudkevich. Presented at the 2008 IEAA Conference in New Orleans.

“Decentralized Matching Markets with Endogenous Salaries.” With Hideo Konishi. *Games and Economic Behavior*, Elsevier, vol. 64(1), pp. 193–218, September 2008.

“Population Aging, Labor Demand and the Structure of Wages.” With Robert K. Triest. Working Paper 07-8, Federal Reserve Bank (FRB) of Boston, July 2008

“A New Approach to Raising Social Security’s Earliest Eligibility Age.” With Robert Triest, Kelly Haverstick, and Natalia Zhivan. *FRB Boston Public Policy Discussion Papers*, paper no. 08-4, August 2008

“Mergers and Government Policy.” *Boston College Working Papers in Economics* 656, March 2007.

Languages

English (fluent), Russian (native)

Exhibit MP-1

Appendix 1-Part 1 Application

Part 1 Application

For Fixed-Price and Hourly-Priced Auctions

To Procure Default Service Products

Under Default Service Program DSP-VI for

FirstEnergy Pennsylvania Electric Company

(“FE PA”)

Appendix 1 to Bidding Rules

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

PART 1 APPLICATION

AUCTIONS TO PROCURE DEFAULT SERVICE PRODUCTS FOR FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY

INSTRUCTIONS

There are two parts to the application process.

- **Part 1 Application:** Applicants submit the Part 1 Application and all documents required therein to become Qualified Bidders for the fixed-price auction ("FP Auction") and/or the hourly-priced auction ("HP Auction") used to procure default service products for FirstEnergy Pennsylvania Electric Company's ("FE PA") Met-Ed, Penelec, Penn Power, and West Penn Rate Districts. A Qualified Bidder for an auction need not submit a new Part 1 Application for subsequent auctions in the same calendar year unless the information in the Qualified Bidder's Part 1 Application has changed. In any case, a Qualified Bidder must submit its most recent financial statements during the Part 1 Application process before each auction.
- **Part 2 Application:** Qualified Bidders for the FP Auction and/or the HP Auction submit the Part 2 Application in which they will: (a) agree to comply with the Bidding Rules, (b) agree to accept the terms of the Supplier Master Agreement ("SMA") should they become a winning supplier, (c) make certifications regarding associations and the handling of Confidential Information, (d) submit Indicative Offers, and (e) post Pre-Bid Security to become Registered Bidders.

This document is the Part 1 Application.

For further information, consult the Information Website.

Unless otherwise defined, capitalized terms in this document have the definitions provided in the SMA. "Communications Protocols" refers to the section "Communications Protocols" and related sections in the Bidding Rules.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

PART 1 APPLICATION SUBMISSION

To become a Qualified Bidder for the FP Auction and/or the HP Auction, Applicants must submit the following to the Independent Evaluator electronically through the Secure Online Application Process by the Part 1 Application Due Date:

- **Electronic Application Form:** Completed Part 1 Application submitted online;
- **PDF Copy Application Form:** A copy of the Part 1 Application document with signatures, and the name of the Applicant on every page of the Application;
- **Supporting Documentation:** A copy of required financial statements and other requested documents supporting the Application as specified in Appendix A; and
- **Changes to Pre-Bid Letter of Credit (Optional):** Any suggested modifications to the template for the Pre-Bid Letter of Credit must be provided to the Independent Evaluator in an electronic, red-lined version.

Proposed modifications to the Pre-Bid Security Letter of Credit and any other inquiries may be directed to the Independent Evaluator by email at fepaauction@crai.com. Inquiries can also be made through the Information Website.

It is in your interest to seek independent legal and financial advice before deciding to participate in the FP Auction and/or the HP Auction.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

The completed Part 1 Application and any proposed modifications to the Pre-Bid Security Letter of Credit MUST be received by the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 1 Application Due Date as posted in the timeline on the Information Website.

CONFIDENTIALITY OF PART 1 APPLICATION SUBMISSIONS

Confidentiality requirements specific to the Part 1 Application are provided below.

CONFIDENTIALITY OF CREDIT INFORMATION

Any information and materials that you submit in this Part 1 Application may be provided on a confidential basis to the Independent Evaluator team and the Pennsylvania Public Utility Commission (“Commission”) and their representatives. Information that you provide in this Part 1 Application, except for information regarding bidding agreements provided in Section 1.11, may be provided on a confidential basis to representatives of the Company for a creditworthiness assessment.

CONFIDENTIALITY OF QUALIFIED BIDDERS

Upon completion of the Part 1 Application process, the names of Qualified Bidders will be provided to other Qualified Bidders on a confidential basis. As part of this Part 1 Application, you are required to certify that you agree to release your name to other Qualified Bidders and that you will keep confidential the list of Qualified Bidders that is provided to you.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

PART 1 APPLICATION

Fixed-Price Auction and Hourly-Priced Auction to Procure Default Service Products

This Part 1 Application is the application form to become a Qualified Bidder in the FP Auction and/or the HP Auction.

Background Information

Before completing this application, please review the Bidding Rules document, the SMA, and other documents posted on the Information Website so that you understand the conditions under which the FP Auction and HP Auction will be conducted.

Confirmation of Receipt

When your Part 1 Application is submitted online through the Secure Online Application Process, an email will be sent to the Authorized Representative and the Delegate of the Applicant to confirm receipt.

Incomplete Applications

If your Part 1 Application is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to your Authorized Representative by email. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 1 Application Due Date, or until 5:00 p.m. prevailing Eastern Time on the Business Day following the Business Day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Application may be rejected and you may be unable to participate in the FP Auction or the HP Auction. All corrections to remedy deficiencies within an Applicant's Part 1 Application must be submitted online. The Authorized Representative needs to sign and date next to the correction(s) to the Part 1 Application and send a copy as an email attachment to the Independent Evaluator at fepaauction@crai.com or through the Secure Online Application Process.

Late Applications

Part 1 Applications received after the Part 1 Application Due Date will NOT be accepted under any circumstances.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Notification to Qualified Bidders

If you become a Qualified Bidder for the FP Auction and/or the HP Auction, the Independent Evaluator will send a Notification of Qualification to your Authorized Representative by email after the Part 1 Application Due Date.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

PART 1 APPLICATION FORMS

1.1. Applicant Basic Information

Name of Applicant (Company Name)

Legal Name of Applicant (if different from above)

Place of Incorporation, if
applicable

Federal Tax ID

D&B DUNS #

Please state whether the
Applicant is a corporation,
partnership, etc.

Years in Business

URL for Applicant's Website

Has the Applicant participated in a
prior FE PA Default Service
solicitation?

If yes, indicate the most
recent auction date
(month, year):

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

1.2. Authorized Representative

The Authorized Representative is authorized to represent the Applicant in the FP Auction and/or the HP Auction. The Authorized Representative will receive all documentation related to the relevant auction(s) if and when the Applicant becomes a Qualified Bidder and subsequently a Registered Bidder, including any auction procedures and Confidential Information required for the submission of bids in any trial auction(s) and in the actual auction(s). The Authorized Representative must ensure that only authorized persons act on behalf of the Applicant in the FP Auction and/or the HP Auction. The Authorized Representative is the only person authorized to distribute auction procedures and Confidential Information and should do so in accordance with the Communications Protocols. The integrity of the FP Auction and the HP Auction depends upon each Authorized Representative safeguarding Confidential Information and passwords used in the auctions.

The person designated below is the Applicant's Authorized Representative.

Last Name	Given Name(s)	Mr/Mrs/Ms/Dr/(other)	
Title			
Street Address 1			
Street Address 2			
City	State	Zip Code	
Telephone No.	Cell Phone No.	Fax No.	Email Address

Communications with the Authorized Representative for purposes of the Part 1 Application are typically done via email.

The Applicant hereby acknowledges that any notification or other communication given by the Independent Evaluator to the Applicant with respect to the Part 1 Application shall be emailed to the email address above.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

This certification must be signed by the Authorized Representative.

I hereby certify that I am authorized by the Applicant to serve as Authorized Representative, to represent the Applicant both (i) in the FP Auction and/or the HP Auction, and (ii) for purposes of this Part 1 Application. I further certify that I will be responsible for all Confidential Information regarding the FP Auction and/or the HP Auction and I will distribute Confidential Information only to other individuals who are authorized to act on behalf of the Applicant according to the Communications Protocols.

Signature of Authorized Representative

Date

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

The person designated in this section by the Applicant is the Delegate. The Delegate serves as a secondary point person for communications with the Independent Evaluator.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Company Name

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

1.3. Designation of the Applicant's Authorized Representative and the Applicant's Delegate for the FP Auction and/or the HP Auction

This certification should be signed by an officer or director of the Applicant. The person making this certification cannot be either the Authorized Representative or the Delegate.

I certify that I am an officer or director of the Applicant, empowered to undertake contracts and bind the Applicant. I have read and accept the Bidding Rules, the provisions contained in the SMA, and the provisions of the Communications Protocols pertaining to bidders in the FP Auction and/or the HP Auction.

All the information contained in this Application is true and correct to the best of my knowledge. If there are material changes to the Applicant's information provided in this Part 1 Application, I agree to notify the Independent Evaluator. I designate _____ to act as the Authorized Representative of the Applicant in the FP Auction and/or the HP Auction and _____ to act as the Delegate for the Authorized Representative. I am not designating myself as Authorized Representative or Delegate.

Signature of Officer or Director of the Applicant

Date

Printed Name

Title

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

1.4. Applicant's Legal Representative in Pennsylvania

Please check here ☐ if the Applicant's Authorized Representative is also the Applicant's Legal Representative.

The Applicant's Legal Representative in Pennsylvania must:

- be a legal counsel or a representative agent;
- have an address in Pennsylvania; and
- be authorized and agree to accept service of process on the Applicant's behalf.

The person designated below is the Applicant's Legal Representative or Representative Agent.

Last Name	Given Name(s)	Mr/Mrs/Ms/Dr/(other)	
Company Name	Title		
Street Address 1			
Street Address 2			
City	State	Zip Code	
Telephone No.	Cell Phone No.	Fax No.	Email Address

This certification must be signed by the Legal Representative.

I agree to serve as Legal Representative of the Applicant. I am authorized and I agree to receive service of process on the Applicant's behalf.

Signature of Legal Representative

Date

Name of Applicant

1.5. Applicant's Credit Representative

The Applicant's Credit Representative is the Applicant's in-house Credit Representative who can answer questions or provide information about the Applicant's credit with respect to the requirements for the FP Auction and/or the HP Auction.

The person designated below is the Applicant's Credit Representative.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

 Name of Applicant

1.6. General Requirements to Participate in the Auctions to Procure Default Service Products

1. If the Applicant already is a Transmission Customer of PJM who has executed the applicable PJM Agreements as that term is defined in the SMA, please check ☐ and please provide a copy of the signature page of the PJM Agreements.

Otherwise, please certify that there exist no known impediments for the Applicant to execute the applicable PJM Agreements prior to the start of the supply period.

 Signature of Authorized Representative

 Date

2. If the Applicant already has PJM E-Accounts necessary to provide Default Service supply, please check ☐ and please provide documentation from PJM that the Applicant has a PJM E-Account.

Otherwise, please certify that there exist no known impediments for the Applicant to establish the PJM E-Accounts necessary to provide Default Service Supply and execute the PJM E-Account contract(s) for the supply period prior to the beginning of the supply period.

 Signature of Authorized Representative

 Date

3. If the Applicant already is a PJM Market Participant and a Load Serving Entity in PJM, please check ☐ and please provide documentation from PJM that the Applicant is a Market Participant.

Otherwise, please certify that there exist no known impediments for the Applicant to become a PJM Market Participant and a Load Serving Entity in PJM by the start of the supply period.

 Signature of Authorized Representative

 Date

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

4. Further, please certify that:

- (a) The Applicant and its corporate officers have no indictments or pending criminal litigation in any federal, state or local jurisdiction relating to the Applicant;
- (b) The Applicant and its corporate officers have no criminal convictions;
- (c) The Applicant has no civil penalties, judgments, sanctions or consent decrees arising out of the violation of any law, rule, regulation or ordinance in connection with its business activities;
- (d) The Applicant has not had any permit or authority to do business in any jurisdiction revoked or suspended; and
- (e) The Applicant has never been barred from public bidding or sanctioned for unauthorized disclosure of Confidential Information.

Signature of Authorized Representative

Date

If you are unable to make these certifications in Section 1.6, subsections (1) to (4), please state which certifications you are unable to make and explain all reasons in the space given below.

Name of Applicant

1.7. Financial and Credit Information for the Applicant

Please provide the following information for the Applicant:

- (a) If the Applicant is not an SEC registrant, provide the most recent Annual Report;
- (b) If the Applicant is an SEC registrant, provide the Form 10-Q or Form 10-K, whichever was filed most recently with the SEC. If unavailable, please provide the most recent audited quarterly or annual financial information (including a balance sheet, income statement, and cash flow statement);
- (c) If the Applicant is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide the most recent annual or quarterly financial data accompanied by an attestation by the Applicant's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition;
- (d) The following financial information along with page references to the relevant financial filings submitted:

	Amount (\$)	Financial Document Page Number	Financial Document Source	Date of Financial Document Source
Goodwill				
Shareholders' Equity				
Net Intangible Assets				

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant

- (e) Applicant's senior unsecured debt ratings from the following three rating agencies if available, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

If senior unsecured debt ratings are unavailable, but corporate issuer ratings are available, please provide the corporate issuer ratings, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

- (f) If the Applicant has not been incorporated or otherwise formed under the laws of the United States, the Applicant is asked to provide in addition to (a)-(f) above:
- i. A legal opinion acceptable to the Company of counsel qualified to practice in the foreign jurisdiction in which the Applicant is incorporated or otherwise formed that the SMA will become the binding obligation of the Applicant in the jurisdiction in which it has been incorporated or otherwise formed.
 - ii. Any additional information that the Applicant wishes to include that could provide comparable credit assurances to those that are provided by other Applicants that have been incorporated or otherwise formed under the laws of the United States.

An Applicant that has not been incorporated or otherwise formed under the laws of the United States and that does not provide this information or any information that could provide comparable assurances of creditworthiness will be required to post the maximum security if they become a winning bidder.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant

Further, if such Applicants become Default Service Suppliers, they will be required to submit additional documents as detailed in Article 6 of the SMA, including:

- A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Default Service Supplier is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Default Service Supplier in the jurisdiction in which it has been incorporated or otherwise formed;
- The sworn certificate of the corporate secretary (or similar officer) of such Default Service Supplier that the person executing the Agreement on behalf of the Default Service Supplier has the authority to execute the Agreement and that the governing board of such Default Service Supplier has approved the execution of the Agreement; and
- The sworn certificate of the corporate secretary (or similar officer) of such Default Service Supplier that the Default Service Supplier has been authorized by its governing board to enter into agreements of the same type as the SMA.

Is the Applicant and/or its parent:

	<u>Applicant</u>		<u>Parent</u>	
	Yes	No	Yes	No
Operating under federal bankruptcy laws or bankruptcy laws in any jurisdiction?	☐	☐	☐	☐
Subject to pending litigation or regulatory proceedings (in state court, or in federal court, or from regulatory agencies, or in any other jurisdiction) which could materially impact the Applicant's and/or parent's financial condition?	☐	☐	☐	☐
Subject to collection lawsuits or outstanding judgments that could impact solvency?	☐	☐	☐	☐

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Please provide a statement disclosing any existing, pending or past adverse rulings, judgments, litigation, contingent liabilities, revocations of authority, administrative, regulatory (state, FERC, SEC or DOJ) investigations and any other matters relating to financial or operational status for the past three years that arise from the sale of electricity or natural gas, or that materially affect current financial or operational status.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

1.8. Guarantor Information

The Guarantor information is required only if the Applicant expects to have a third party act as a Guarantor should the Applicant become a Default Service Supplier.

Please check here ☐ and proceed to the next section if this section does not apply to you because you will not have a third party act as a Guarantor.

Basic Information for the Guarantor

Name of Guarantor

Legal Name of Guarantor (if different from above)

Place of Incorporation, if applicable

Federal Tax ID

D&B DUNS #

Please state whether the Guarantor is a corporation, partnership, etc.

Years in Business

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Guarantor's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Fax No.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

The Guarantor's Credit Representative

The Guarantor's in-house Credit Representative is the individual who can answer questions or provide information about the Guarantor's credit with respect to the requirements for the FP Auction and/or the HP Auction.

The person designated below is the Guarantor's Credit Representative.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant
Please provide the following information for the Guarantor:

- (a) If the Guarantor is not an SEC registrant, provide the most recent Annual Report;
- (b) If the Guarantor is an SEC registrant, provide the Form 10-Q or Form 10-K, whichever was filed most recently with the SEC. If unavailable, please provide the most recent audited quarterly or annual financial information (including a balance sheet, income statement, and cash flow statement);
- (c) If the Guarantor is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide the most recent annual or quarterly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition;
- (d) The following financial information along with page references to the relevant financial filings submitted:

	Amount (\$)	Financial Document Page Number	Financial Document Source	Date of Financial Document Source
Goodwill				
Shareholders' Equity				
Net Intangible Assets				

- (e) Guarantor's senior unsecured debt ratings from the following three rating agencies if available, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Guarantor:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant

If senior unsecured debt ratings are unavailable, but corporate issuer ratings are available, please provide the corporate issuer ratings, and the date of the rating, along with documentation showing the name of the rating agency, the type of rating, and the rating of the Guarantor:

	Rating	Date of the Rating
Moody's		
Standard & Poor's		
Fitch		

- (f) If the Guarantor has not been incorporated or otherwise formed under the laws of the United States, the Guarantor is asked to provide in addition to a)-f) above:
- i. A legal opinion acceptable to the Company of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty will become the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed.
 - ii. Any additional information that the Guarantor wishes to include that could provide comparable credit assurances to those that are provided by other Guarantors that have been incorporated or otherwise formed under the laws of the United States.

An Applicant whose Guarantor has not been incorporated or otherwise formed under the laws of the United States and that does not provide this information or any information that could provide comparable assurances of creditworthiness will be required to post the maximum security if they become a winning bidder.

Further, if an Applicant with such a Guarantor becomes a Default Service Supplier, the Guarantor will be required to submit additional documents as detailed in Article 6 of the SMA, including:

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

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant

- The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty; and
- The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the Guaranty.

Is the Guarantor and/or its parent (if applicable):

	Guarantor		Parent	
	Yes	No	Yes	No
Operating under federal bankruptcy laws or bankruptcy laws in any jurisdiction?	☐	☐	☐	☐
Subject to pending litigation or regulatory proceedings (in state court, or in federal court, or from regulatory agencies, or in any other jurisdiction) which could materially impact the Guarantor's and/or parent's financial condition?	☐	☐	☐	☐
Subject to collection lawsuits or outstanding judgments that could impact solvency?	☐	☐	☐	☐

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Please provide a statement disclosing any existing, pending or past adverse rulings, judgments, litigation, contingent liabilities, revocations of authority, administrative, regulatory (State, FERC, SEC or DOJ) investigations and any other matters relating to financial or operational status for the past three years that arise from the sale of electricity or natural gas, or that materially affect current financial or operational status of the Guarantor.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

1.9. Additional Certifications

The Bidding Rules, the SMA, and the Information Website include important information that an Applicant should understand prior to participating in the FP Auction and/or the HP Auction.

- (a) Please certify that you have read the Bidding Rules for the Auction(s) in which you intend to participate (the FP Auction and/or the HP Auction) and that you will comply with these rules.

Signature of Authorized Representative

Date

- (b) Please certify that you have read the SMA and that you accept its terms. Please also certify that if you become a winning bidder, you will execute the SMA within three (3) Business Days following the date of the Commission's approval of the auction results:

Signature of Authorized Representative

Date

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

- (c) Please certify that if you qualify to participate in the FP Auction and/or the HP Auction, you will not disclose at any time information regarding the list of Qualified Bidders in the FP Auction and/or the HP Auction, including but not limited to the number of Qualified Bidders, the identity of any one of the Qualified Bidders (including yourself), or the fact that an entity has not qualified for participation in the FP Auction and/or the HP Auction. Further, please certify that you will destroy any document distributed by the Independent Evaluator that lists the Qualified Bidders within five (5) days of the close of the bidding, or earlier if so instructed by the Independent Evaluator.

Signature of Authorized Representative

Date

- (d) No Qualified Bidder in the FP Auction and/or the HP Auction shall substitute another party, transfer its rights to another party, or otherwise assign its status as a Qualified Bidder to another party. Any such substitutions, transfers, or assignments shall be null and void and will result in the exclusion of the Qualified Bidder from the FP Auction and/or the HP Auction. Please certify that you agree to the limitation set forth in this paragraph.

Signature of Authorized Representative

Date

The Bidding Rules and Communications Protocols include restrictions on the disclosure of Confidential Information. For purposes of the following certifications, the definition of Confidential Information relative to bidding strategy is defined according to Section 12.2 of the Bidding Rules.

- (e) Please certify that you agree not to disclose any Confidential Information relative to bidding strategy to any party that may have an effect on the participation of another bidder, prospective bidder, or on any of the bids that another bidder would be willing to submit.

Signature of Authorized Representative

Date

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

- (f) Please certify that, to the extent Confidential Information relative to bidding strategy is disclosed within your organization or to a third party, you will ensure that sufficient precautions are taken to ensure that such Confidential Information is not made public or made available to another bidder. Such precautions include, but are not limited to confidentiality agreements, non-disclosure agreements, firewalls, and other contractual or structural protections that would maintain the confidential nature of a bidder's bidding strategy.

Signature of Authorized Representative

Date

If unable to make the certifications requested above please identify the nature of your need to disclose Confidential Information without sufficient precautions to ensure that such Confidential Information is not made public or made available to another bidder.

Name of Applicant

1.10. Alternate Guaranty Form

A prospective Default Service Supplier that wishes to rely on a Guarantor upon becoming a Default Service Supplier can use the standard form of guaranty (Appendix G to the SMA) and be assured that the standard form of guaranty is acceptable to the Company. Alternatively, the Company will consider alternate forms of guaranty if they are submitted with this Part 1 Application. Also, you may submit an alternate form of guaranty that was previously approved by the Company in a prior solicitation.

The Alternate Guaranty Form must be a financial guaranty for unlimited liability. Additional requirements are specified in Appendix B of this Part 1 Application.

Please check here ☐ and proceed to the next section if this section does not apply to you because you are not submitting an alternate form of guaranty. Otherwise please read Appendix B and complete this section.

The Authorized Representative acknowledges by signing below that he/she has read the requirements of Appendix B and that he/she believes that the proposed Alternate Guaranty Form complies with these requirements:

Signature of Authorized Representative

Date

Please check below to show that you are including all required documents.

- ☐ The proposed form of alternate guaranty;
- ☐ Certification that the alternate guaranty has been in general use by the Applicant in its ordinary course of business over the past twelve months;
- ☐ An enforceability opinion with respect to the alternate form of guaranty from counsel; and
- ☐ Previously approved alternate form of guaranty.

Name of Applicant

1.11. Bidding Agreements

**Please note that the Company will not
review information provided in this section.**

Please check here ☐ and proceed to the next section if you will be bidding independently and not as a party to any bidding agreement with another party or through any other arrangement involving joint or coordinated bidding with any other party.

Otherwise, please indicate below whether you are a party to or a part of a bidding agreement, a joint venture, a bidding consortium, or other arrangements for purposes of participating in the FP Auction and/or the HP Auction or pertaining to bidding in the FP Auction and/or the HP Auction. On the next page, please also provide the names of the other parties to the bidding agreement or other arrangement.

Other parties to the arrangement:

☐ Bidding Agreement

☐ Bidding Consortium

☐ Joint Venture

☐ Other (define)

If you are part of a bidding agreement, bidding consortium or joint venture, you must nominate a single party to the bidding agreement, bidding consortium or joint venture to fulfill the creditworthiness requirements. This party may have a Guarantor. Please indicate below which party from the bidding agreement, bidding consortium, or joint venture will be fulfilling the creditworthiness requirements:

Name of the single party fulfilling the creditworthiness requirements:

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

The Authorized Representative of the party named above must sign here to acknowledge the fact that this party has agreed to fulfill the creditworthiness requirements:

Signature of Authorized Representative

Date

1.12. Justification of Omissions

If you are unable to provide all documents or all information requested in this Part 1 Application, please justify fully any omissions in the space provided below.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Appendix A – Enclosures to the Part 1 Application

This is a checklist of documents to be enclosed with this Part 1 Application. Please submit only one copy of required supporting documents to the application unless noted otherwise.

- ☐ A copy of the completed Part 1 Application with original signatures ~~and original notarized signatures~~ of Sections 1.2, 1.3 and 1.4 [Instructions Part 1]

For the Applicant:

- ☐ A copy of the signature page of the applicable PJM Agreements as that term is defined in the SMA [Section 1.6]
- ☐ If the Applicant is not an SEC registrant, provide the most recent Annual Report [Section 1.7]
- ☐ If the Applicant is an SEC registrant, provide the Form 10-Q or Form 10-K, whichever was filed most recently with the SEC. If unavailable, please provide the most recent audited quarterly or annual financial information (including a balance sheet, income statement, and cash flow statement) [Section 1.7]
- ☐ If the Applicant is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide the most recent annual or quarterly financial data accompanied by an attestation by the Applicant's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition [Section 1.7]
- ☐ Senior unsecured debt ratings or, if unavailable, corporate issuer ratings [Section 1.7]
- ☐ If the Applicant has not been incorporated or otherwise formed under the laws of the United States, (i) a legal opinion acceptable to the Company of counsel qualified to practice in the foreign jurisdiction in which the Applicant is incorporated or otherwise formed that the SMA will become the binding obligation of the Applicant in the jurisdiction in which it has been incorporated or otherwise formed, and (ii) any additional information that the Applicant wishes to give that could provide comparable credit assurances to those that are provided by other Applicants that have at least two credit ratings from accepted credit ratings agencies. [Section 1.7]

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

For the Guarantor:

- ☐ If the Guarantor is not an SEC registrant, provide the most recent Annual Report [Section 1.8]
- ☐ If the Guarantor is an SEC registrant, provide the Form 10-Q or Form 10-K, whichever was filed most recently with the SEC. If unavailable, please provide most recent audited quarterly or annual financial information (including a balance sheet, income statement, and cash flow statement) [Section 1.8]
- ☐ If the Guarantor is an SEC registrant and if both the Form 10-K and Form 10-Q most recently filed with the SEC are not available, please provide most recent annual or quarterly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition [Section 1.8]
- ☐ Senior unsecured debt ratings or, if unavailable, corporate issuer ratings [Section 1.8]
- ☐ If the Guarantor has not been incorporated or otherwise formed under the laws of the United States, (i) a legal opinion acceptable to the Company of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty will become the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed, and (ii) any additional information that the Guarantor wishes to give about the Guarantor's financial standing that could provide comparable credit assurances to those that are provided by other Guarantors that have at least two credit ratings from accepted credit rating agencies. [Section 1.8]

If the Applicant is proposing an Alternate Guaranty Form:

- ☐ Proposed form of alternate guaranty [Section 1.10]
- ☐ Certification that the alternate guaranty has been in general use by the Applicant in its ordinary course of business over the past twelve months [Section 1.10]
- ☐ An enforceability opinion with respect to the alternate form of guaranty from counsel [Section 1.10]
- ☐ Proposed form of alternate guaranty [Section 1.10]

Name of Applicant

Appendix B – Alternate Guaranty Form (Optional)

The criteria used to review the alternate form of guaranty are as follows:

1. The alternate guaranty must be a financial guaranty; performance guarantees are not acceptable.
2. The Company will consider alternate forms of guaranty only if the guaranty is for unlimited liability.
3. The alternate guaranty must be an unconditional guaranty of payment of all amounts due by the Default Service Supplier to the Company under the SMA. The SMA must be expressly identified and the satisfaction of obligations through performance may not be authorized.
4. The alternate guaranty may be terminated upon not less than thirty (30) days advance written notice to the Company and termination shall not discharge liabilities and obligations of the Guarantor that have been incurred before the effective date of the termination.
5. The alternate guaranty must not be subject to any monetary limit.
6. The alternate guaranty must be accompanied by a certification that this form of guaranty, subject to changes needed to conform to the specific requirements of the , has been in general use by the submitting party in its ordinary course of business over the past twelve months.
7. The alternate guaranty must be a guaranty of payment and not of collection.
8. Assignment of the alternate guaranty shall not be permitted except with the prior written consent of the Company.
9. The Applicant must provide an enforceability opinion with respect to the alternate form of guaranty from its counsel. The accompanying enforceability opinion must be from a law firm of national (i.e., United States) standing, must not be weaker than would be industry norm and must contain only those qualifications that would be typical. The opinion shall name the Company and explicitly state that the Company is entitled to rely on the opinion.

The alternate forms of guaranty will be reviewed in accordance with the following process:

- Upon receipt of the Part 1 Application, the Independent Evaluator will redact the proposed alternate form of guaranty to remove any information identifying the Applicant. The Independent Evaluator will then forward the redacted version to a credit and legal representative of the Company.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

- The credit and legal representative will determine whether the alternate form of guaranty provides sufficient assurances of payment, taking into account the following considerations:
 - (i) whether the alternate form of guaranty conforms with the specific requirements identified by the Company (listed above);
 - (ii) whether the alternate form of guaranty provides substantially similar credit protections to the credit protections provided to the Company by the standard form of guaranty; and
 - (iii) whether the alternate form of guaranty includes defenses in favor of the Guarantor not found in the standard form of guaranty. The Company's representative may also identify specific changes that would permit the alternate form of guaranty to be acceptable, if such changes are of a limited nature.
- The credit and legal representative shall inform the Independent Evaluator of its decision no later than seven (7) Business Days following the Part 1 Application Due Date.
- Upon receipt of the Company's decision, the Independent Evaluator will notify the Applicant of the Company's decision. The Company's decision will state one of the following:
 - (i) The proposed alternate guaranty is acceptable to the Company in the form in which it was submitted.
 - (ii) The proposed alternate guaranty is not acceptable to the Company in the form in which it was submitted, but would be acceptable subject to specific changes of a minor nature. The correspondence from the Independent Evaluator will set forth the required changes.
 - (iii) The proposed alternate guaranty is not acceptable to the Company.
- If specific changes are required to the proposed alternate guaranty, the Applicant will be required to resubmit the alternate guaranty form with changes identified by the Company on the Business Day following the Business Day during which the Independent Evaluator notified the Applicant of the Company's decision. No later than three (3) Business Days after the Applicant's resubmission, the Independent Evaluator will notify the Applicant of the Company's final decision.

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

A potential bidder that had secured approval for an alternate form of guaranty from any previous Default Service procurement auction held by one or more of the Company's and wishes to use the same alternate form of guaranty can renew this by submitting the following:

1. The alternate form of guaranty from any previous Default Service procurement auction by the Company;
2. The enforceability opinion from any previous Default Service procurement auction by the Company;
3. A certification that the text of the alternate form of guaranty is exactly the same as the alternate form of guaranty that had been previously approved from any previous Default Service procurement auction by the Company;
4. A certification that the text of the enforceability opinion is exactly the same as the enforceability opinion that had been previously approved from any previous Default Service procurement auction by the Company.

If a potential bidder submits the materials as specified above, the alternate form of guaranty will be approved for the FP Auction and/or the HP Auction without further re-evaluation. If a potential bidder had secured approval for an alternate form of guaranty from any previous Default Service procurement auction by the Company but is unable to provide the materials as specified above, the potential bidder must resubmit the alternate form of guaranty and all supporting documentation as specified in the Alternate Form of Guaranty section above and these materials will be re-evaluated according to the criteria set forth in this document.

All proposing parties that become Qualified Bidders under the Part 1 Application process, but whose alternate guaranty is rejected by the Company, are required to submit with their Part 2 Application a supplemental certification that the Applicant unconditionally accepts all terms and conditions of the SMA.

Name of Applicant

Appendix C – Proposing Changes to the Pre-Bid Security Letter of Credit (Optional)

The standard form of the Pre-Bid Security Letter of Credit that is acceptable to the Company will be posted to the Information Website. However, an Applicant has the option to propose changes to the Pre-Bid Security Letter of Credit during the Part 1 Application process by clearly identifying the proposed changes in an electronic, redlined version. This version may be submitted by email to fepaauction@crai.com or as an attachment through the Secure Online Application.

The Company will assess, in their sole and exclusive discretion, whether such modifications are acceptable. The Qualified Bidder, in its Part 2 Application, must provide the required executed Pre-Bid Security Letter of Credit that either uses the standard form or incorporates only those modifications to the standard form accepted by the Company upon review of the Part 1 Application. The draft Pre-Bid Security Letter of Credit will be reviewed in accordance with the following process:

- Upon receipt of the Part 1 Application, the Independent Evaluator will redact the draft Pre-Bid Security Letter of Credit to remove any information identifying the Applicant. The Independent Evaluator will then forward the redacted version to a credit and legal representative of the Company.
- The credit and legal representative will determine whether such modifications are acceptable. The credit and legal representative shall inform the Independent Evaluator of its decision no later than seven (7) Business Days following the Part 1 Application Due Date.
- Upon receipt of the Company's decision, the Independent Evaluator will notify the Applicant of the Company's decision. The Company's decision will either state:
 - (i) The proposed changes to the Pre-Bid Security Letter of Credit are acceptable to the Company in the form in which they were submitted.
 - (ii) The proposed changes to the Pre-Bid Security Letter of Credit are not acceptable to the Company in the form in which they were submitted, but would be acceptable subject to specific changes of a minor nature. The correspondence from the Independent Evaluator will set forth the required changes.
 - (iii) The proposed changes to the Pre-Bid Security Letter of Credit are not acceptable to the Company.
- If specific changes are required pursuant to (ii) above, the Applicant will be required to resubmit the draft Pre-Bid Security Letter of Credit with changes identified by the Company on the Business Day following the Business Day during which the

Part 1 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Independent Evaluator notified the Applicant of the Company's decision. No later than three (3) Business Days after the Applicant's resubmission, the Independent Evaluator will notify the Applicant of the final decision.

End of Part 1 Application

Exhibit MP-2

Appendix 2-Part 2 Application

Part 2 Application
For Fixed-Price and Hourly-Priced Auctions
To Procure Default Service Products
Under Default Service Program DSP-VI for
FirstEnergy Pennsylvania Electric Company
(“FE PA”)

Appendix 2 to Bidding Rules

Name of Applicant

PART 2 APPLICATION

AUCTIONS TO PROCURE DEFAULT SERVICE PRODUCTS FOR FirstEnergy Pennsylvania Electric Company

INSTRUCTIONS

There are two parts to the application process.

- **Part 1 Application:** Applicants submit the Part 1 Application and all documents required therein to become Qualified Bidders for the fixed-price auction (“FP Auction”) and/or the hourly-priced auction (“HP Auction”) used to procure default service products for the Met-Ed, Penelec, Penn Power, and West Penn Rate Districts. A Qualified Bidder for an auction need not submit a new Part 1 Application for subsequent auctions in the same calendar year unless the information in the Qualified Bidder’s Part 1 Application has changed. In any case, a Qualified Bidder must submit its most recent financial statements during the Part 1 Application process before each auction.
- **Part 2 Application:** Qualified Bidders for the FP Auction and/or the HP Auction submit the Part 2 Application in which they will: (a) agree to comply with the Bidding Rules, (b) agree to accept the terms of the Supplier Master Agreement (“SMA”) should they become a winning supplier, (c) make certifications regarding associations and the handling of Confidential Information, (d) submit Indicative Offers, and (e) post Pre-Bid Security to become Registered Bidders.

This document is the Part 2 Application.

For further information, consult the Information Website.

Unless otherwise defined, capitalized terms in this document have the definitions provided in the SMA. “Communications Protocols” refers to the section “Communications Protocols” and related sections in the Bidding Rules.

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

PART 2 APPLICATION SUBMISSION

To become a Registered Bidder for the FP Auction and/or the HP Auction, Applicants must submit the following to the Independent Evaluator electronically through the Secure Online Application Process by the Part 2 Application Due Date:

- **Electronic Application Form:** Completed Part 2 Application submitted online;
- **PDF Copy Application Form:** A copy of the Part 2 Application document with signatures and the name of the Applicant on every page of the Application;

In addition to the completed Part 2 Application Forms, each Qualified Bidder must:

- Submit an Indicative Offer for each auction — either the FP Auction, the HP Auction, or both auctions;
- Submit a Pre-Bid Security Letter of Credit and/or cash to support the Indicative Offers. The Letter of Credit can be submitted either as a hardcopy or electronically; and
- Make required certifications on Applicant Associations and Confidential Information and, if unable to do so, make required information disclosures.

Please note that interest will not be paid by the Company for cash posted as Pre-Bid Security.

It is in your interest to seek independent legal and financial advice before deciding to participate in the FP Auction and/or the HP Auction.

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

The completed Part 2 Application and Pre-Bid Security MUST be received by the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date as posted in the timeline on the Information Website.

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

CONFIDENTIALITY OF PART 2 APPLICATION SUBMISSIONS

Confidentiality requirements specific to the Part 2 Application are provided below.

CONFIDENTIALITY OF CREDIT INFORMATION

Any information and materials that you submit in this Part 2 Application may be provided on a confidential basis to the Independent Evaluator team and the Pennsylvania Public Utility Commission (the "Commission") and their representatives. Representatives from the Company will decide whether the form of Pre-Bid Security submitted is acceptable; Pre-Bid Security documents will be redacted prior to the closing of the bidding process so as not to reveal an Applicant's identity or the amount of the Applicant's Indicative Offer.

CONFIDENTIALITY OF REGISTERED BIDDERS AND INITIAL ELIGIBILITY

Upon completion of the Part 2 Application process, the names of Registered Bidders will be provided to other Registered Bidders on a confidential basis for each auction independently, as well as the total Initial Eligibility aggregated across all Registered Bidders for each auction. As part of this Part 2 Application, you are required to certify that you agree to release your name to other Registered Bidders and that you will keep confidential the list of Registered Bidders and total Initial Eligibility that is provided to you.

Name of Applicant

PART 2 APPLICATION

Fixed-Price Auction and Hourly-Priced Auction to Procure Default Service Products

This Part 2 Application is the application form to become a Registered Bidder in the FP Auction and/or the HP Auction.

Background Information

Before completing this application, please review the Bidding Rules document, the SMA, and other documents posted on the Information Website so that you understand the conditions under which the FP Auction and HP Auction will be conducted.

Confirmation of Receipt

When your Part 2 Application is submitted online through the Secure Online Application Process, an email will be sent to the Authorized Representative and the Delegate of the Applicant to confirm receipt.

Incomplete Applications

If your Part 2 Application is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to your Authorized Representative by email. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date, or until 5:00 p.m. prevailing Eastern Time on the Business Day following the Business Day during which a deficiency notice is sent to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 2 Application may be rejected and you may be unable to participate in the FP Auction or the HP Auction. All corrections to remedy deficiencies within an Applicant's Part 2 Application must be submitted online. The Authorized Representative needs to sign and date next to the correction(s) to the Part 2 Application and send a copy as an email attachment to the Independent Evaluator at fepaauction@crai.com or through the Secure Online Application Process.

Late Applications

Part 2 Applications received after the Part 2 Application Due Date will NOT be accepted under any circumstances.

Changes to Part 1 Application

If changes to the Part 1 Application are warranted in order to fulfill the requirements of the Part 2 Application, those changes to the Part 1 Application must be received by the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time seven (7)

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Business Days prior to the Part 2 Application Due Date. All changes to an Applicant's Part 1 Application must be signed and dated by the Authorized Representative and sent as an email attachment to the Independent Evaluator at fepaauction@crai.com or through the Secure Online Application Process.

Deficient Pre-Bid Security

If your Pre-Bid Security Letter of Credit is not in a form acceptable to the Company your Authorized Representative will be emailed a deficiency notice. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date or 5:00 p.m. prevailing Eastern Time of the second Business Day following the Business Day during which you are notified, whichever comes later, to submit a revised Pre-Bid Security Letter of Credit. If you fail to meet this deadline, your Part 2 Application will be rejected.

If your Pre-Bid Security amount is insufficient for your Indicative Offer, your Authorized Representative will be emailed a deficiency notice. You will have until 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date or 5:00 p.m. prevailing Eastern Time of the second Business Day following the Business Day during which you are notified, whichever comes later, to submit acceptable Pre-Bid Security. If you cannot correct the deficiency, your Part 2 Application may be rejected or your Initial Eligibility may be reduced by the Independent Evaluator so that your Pre-Bid Security is sufficient to cover your Indicative Offer.

Certifications Regarding Associations

You may be required to provide additional information to the Independent Evaluator and to the Commission and its representatives if you are unable to make the certifications in this Part 2 Application.

Notification to Registered Bidders

If you become a Registered Bidder for the FP Auction and/or the HP Auction, the Independent Evaluator will send your Authorized Representative a Notice of Registration by email after the Part 2 Application Due Date. If there are material changes to the Applicant's information provided in this Part 2 Application, you are obligated to notify the Independent Evaluator.

Prior to the auction date, Registered Bidders will receive information on how to participate in the auction(s) using the Independent Evaluator's secure Bidding Website.

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Please select one of the following. This application is for:

The Fixed-Price Auction	☐
The Hourly-Priced Auction	☐
Both Auctions	☐

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant**PART 2 APPLICATION FORMS**

Applicant Information**Name of Applicant (Company Name)****Authorized Representative's Contact Information**

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

Part 2 Application: FE PA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Delegate's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Company Name

Title

Street Address 1

Street Address 2

City

State

Zip Code

Telephone No.

Cell Phone No.

Fax No.

Email Address

NOTE: The contact information for the Authorized Representative and the Delegate in the Part 2 Application should be the same contact information that was provided in the Part 1 Application. Please email fepaauction@crai.com if there are any changes to this information prior to the deadline for making changes as outlined in the section above, "Changes to Part 1 Application."

Name of Applicant

Indicative Offers and Pre-Bid Security

Provide your Indicative Offers in Table 1 and Table 2 below. For each auction that you are applying for, you will provide an Indicative Offer at the Minimum Starting Prices and you will provide an Indicative Offer at the Maximum Starting Prices for the products in the auction. For each auction, your Indicative Offer should be the maximum number of tranches that you would be willing to supply at the applicable starting prices subject to the limitations of any applicable load cap for the auction. In each auction itself, you are not required to bid the number of tranches in your Indicative Offer. However, your Initial Eligibility to bid in each auction will be determined by the total number of tranches across the products in your Indicative Offer at the Maximum Starting Prices for that auction.

For the FP Auction, you are required to submit Pre-Bid Security in the form of cash or a Pre-Bid Security Letter of Credit for an amount equal to \$500,000 multiplied by the total number of tranches in your Indicative Offer at the Maximum Starting Prices for the FP Auction.

For the HP Auction, you are required to submit Pre-Bid Security in the form of cash or a Pre-Bid Security Letter of Credit for an amount equal to \$500,000 multiplied by the total number of tranches in your Indicative Offer at the Maximum Starting Prices for the HP Auction.

If using a Pre-Bid Security Letter of Credit for your Pre-Bid Security, it should be in the form provided on the Information Website or as approved in modified form during the Part 1 Application process.

After completing Tables 1 and 2, complete Table 3 to include the amount of the cash deposit or Pre-Bid Security Letter of Credit that you are providing in support of this Part 2 Application.

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant _____

Table 1. Indicative Offer at Minimum Starting Prices (prices in \$/MWh)

FP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)
Residential X-months								
Commercial X-months								

Enter Your Indicative Offer for the FP Auction at the Minimum Starting Prices:

<-- Does not need to be the sum of the tranches above at the Minimum Starting Prices. This can be less than the sum of the tranches at the Minimum Starting Prices across the products.

HP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)	Min Starting Price	Possible Interest (# tranches)
Industrial X-months								

Enter Your Indicative Offer for the HP Auction at the Minimum Starting Prices:

<-- Does not need to be the sum of the tranches above at the Minimum Starting Prices. This can be less than the sum of the tranches at the Minimum Starting Prices across the products.

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant _____

Table 2. Indicative Offer at Maximum Starting Prices (prices in \$/MWh)

FP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)
Residential X-months								
Commercial X-months								

In Box [A] Enter Your Indicative Offer for the FP Auction at the Maximum Starting Prices:

[A] <-- Does not need to be the sum of the tranches above at the Maximum Starting Prices. This can be less than the sum of the tranches at the Maximum Starting Prices across the products.

HP Auction	Met-Ed		Penelec		Penn Power		West Penn	
Product	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)	Max Starting Price	Possible Interest (# tranches)
Industrial X-months								

In Box [B] Enter Your Indicative Offer for the HP Auction at the Maximum Starting Prices:

[B] <-- Does not need to be the sum of the tranches above at the Maximum Starting Prices. This can be less than the sum of the tranches at the Maximum Starting Prices across the products.

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

In the following table, indicate the amount of cash deposit or the amount of the Pre-Bid Security Letter of Credit that you are using as your Pre-Bid Security. This amount must be equal to \$500,000 multiplied by your Indicative Offer in box [A], plus \$500,000 multiplied by your Indicative Offer in box [B] in Table 2 above.

Table 3. Pre-Bid Security Amount

\$ _____	Cash
\$ _____	Pre-Bid Security Letter of Credit

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

If you are submitting a Pre-Bid Security Letter of Credit, in the space below please provide instructions for returning the Pre-Bid Security Letter of Credit once it can be cancelled.

If you are submitting a cash deposit, you must attach a copy of your W9 (for tax ID) and a copy of your banking information on your company's letterhead, signed and dated. Furthermore, in the space below, please provide wiring instructions for returning your cash deposit.

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Certifications by Authorized Representative

Please consult the list of Qualified Bidders for the FP Auction and/or the list of Qualified Bidders for the HP Auction provided to you upon qualification. The following certifications are those contained in the “Association and Confidential Information Rules” of the Bidding Rules. Please consult the criteria for associations and the definition of Confidential Information in the Bidding Rules.

Please make the following certifications. All Qualified Bidders, including each party to a Bidding Consortium, Bidding Agreement or Joint Venture for the purpose of bidding in the FP Auction and/or the HP Auction, must make these certifications. The following certifications (1) to (8) will apply from the time of qualification until the results of the Default Service Auctions, are finalized. Completion of the following certifications also signifies your acknowledgement that you do not know of or cannot reasonably anticipate, at the time of this Part 2 Application, any events that might cause these certifications to become untrue during the period to which each certification applies. If you cannot make one or more of these certifications, please disclose the necessary information to explain why you cannot make these certifications.

- (1) Please certify that you are not associated with another Qualified Bidder according to the criteria as defined in the Bidding Rules.

Signature of Authorized Representative

Date

If unable to make certification (1) requested above, please identify the Qualified Bidder(s) in the FP Auction and/or the HP Auction, with whom you are associated along with the nature of the association.

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant

- (2) Please certify that, other than parties explicitly named in Section 1.11 of your Part 1 Application as parties with whom you have entered into a Bidding Agreement, Joint Venture, Bidding Consortium, or other arrangement pertaining to bidding in the FP Auction and/or the HP Auction, you have not entered into any agreement with another Qualified Bidder, directly or indirectly, regarding bids in the FP Auction and/or the HP Auction, including, but not limited to, the amount to bid at certain prices, and when or at what prices bids are to be withdrawn.

 Signature of Authorized Representative

 Date

- (3) Please certify that any person who will be advising or assisting you with bidding strategy in the FP Auction and/or the HP Auction, with estimation of the value of tranches, or with the estimation of the risks associated with serving Default Service Load (an **advisor**), will either (i) not provide any similar advice or assistance to any other Qualified Bidder; or (ii) if such person will provide similar advice or assistance to another Qualified Bidder, or if such person will be privy to Confidential Information relative to any other Qualified Bidder's bidding strategy, that appropriate protections have been put into place to ensure that the advisor does not serve as a conduit of information among, or as a coordinator of the bidding strategies of, multiple bidders, and please describe such appropriate protections in the space below.

 Signature of Authorized Representative

 Date

If unable to make certification (3) requested above, please name the advisor(s) and the Qualified Bidder(s) concerned.

 Name of Applicant

- (4) Please certify that you are not a party to any contract for the purchase of power that might be used as a source of supply for Default Service, and that (i) would require the disclosure of any Confidential Information (Confidential Information relative to the bidding strategy or Confidential Information regarding the FP Auction and/or the HP Auction) to the counterparty under such a contract; or (ii) that would require the disclosure of any Confidential Information (Confidential Information relative to the bidding strategy or Confidential Information regarding the FP Auction and/or the HP Auction) to any other party; or (iii) that would provide instructions, direct financial incentives, or other inducements for the Bidder to act in a way determined by the counterparty in the agreement and/or in concert with any other Bidder in the FP Auction and/or the HP Auction. Notwithstanding the above, you may, during negotiations prior to the FP Auction and/or the HP Auction for contractual arrangements for power to serve Default Service Load were you to be a winner at the FP Auction and/or the HP Auction, discuss with the counterparty to such arrangements the nature of the standard products to be purchased, the volume, and the price at which you are willing to buy these products, so long as such arrangements do not result in violation of (i), (ii) or (iii) above.

 Signature of Authorized Representative

 Date

If unable to make certification (4) requested above please disclose the contractual terms that prevent you from making the certification. Please identify the counterparty and if applicable, the party to whom information disclosure must be made under the terms of the contract.

- (5) Please certify that you do not have any knowledge of Confidential Information that is relevant to the bidding strategy of any other Qualified Bidder.

 Signature of Authorized Representative

 Date

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

If unable to make certification (5) requested above please name the other Qualified Bidder(s) and the nature of the Confidential Information

- (6) Please certify that you will not disclose Confidential Information relative to your bidding strategy except to bidders that were explicitly named in your Part 1 Application as parties with whom you have entered into a Bidding Agreement, Joint Venture, or Bidding Consortium, or other arrangement pertaining to bidding in the FP Auction and/or the HP Auction, Bidders with which you are associated as disclosed through certification (1), to your advisors, and to your financial institution.

Signature of Authorized Representative

Date

If unable to make certification (6) requested above, please explain.

- (7) Please certify that, other than entities with which you are affiliated and other than bidders with which you have entered a Bidding Agreement, or Joint Venture, or Bidding Consortium, or other arrangement pertaining to the FP Auction and/or the HP Auction, no party has agreed to defray any of the costs of participating in the FP Auction and/or the HP Auction, including the cost of preparing the bid, the cost of any financial guarantees, the cost to be paid upon winning a tranche, and any other participation cost.

Signature of Authorized Representative

Date

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

 Name of Applicant

If unable to make certification (7) requested above, please explain.

- (8) Please certify your agreement that the submission of any bid in the FP Auction and/or the HP Auction creates a binding and irrevocable offer to provide service under the terms set forth in the SMA and that a binding and enforceable contract to provide service with respect to the number of tranches for which you were a winner in the FP Auction and/or the HP Auction shall arise under the SMA. Please note that failure to execute the SMA within three (3) Business Days following the date of the Commission's approval of the auction results may result in the forfeiture of the Pre-Bid Security Letter of Credit.

 Signature of Authorized Representative

 Date

If unable to make certification (8) requested above, please explain.

The following certifications (9), (10) and (11) will apply from the date on which you make the certifications.

- (9) Please certify that if you are registered to participate in the FP Auction and/or the HP Auction, you will not disclose at any time information regarding the Initial Eligibility in the FP Auction and/or the HP Auction or the list of Registered Bidders, including the number of Registered Bidders, the identity of any one or all entities that have been registered, or the fact that an entity has not been registered for participation in the FP Auction and/or the HP Auction.

 Signature of Authorized Representative

 Date

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

- (10) Please certify that you will not disclose any Confidential Information regarding the FP Auction and/or the HP Auction to any party except your advisors and Bidders with which you are associated as disclosed in certification (1).

Signature of Authorized Representative

Date

If unable to make certification (10) requested above, please explain.

- (11) Please certify that you will continue to abide by your prior confidentiality certifications. You will not disclose any Confidential Information regarding the FP Auction and/or the HP Auction to any party except to your advisor and Bidders with which you are associated. Please certify that you will destroy all documents, written or electronic, provided by the Independent Evaluator that contain Confidential Information regarding the FP Auction and/or the HP Auction within five (5) days of the close of the bidding, or earlier if so instructed by the Independent Evaluator

Signature of Authorized Representative

Date

If unable to make certification (11) requested above, please explain.

Name of Applicant

Ongoing Obligations

Please note that all obligations, terms and conditions set forth in the Bidding Rules and SMA remain in effect and apply to the certifications made herein, including but not limited to the following:

- Section 4.2.3 of the Bidding Rules - Sanctions may be imposed on a Bidder for failing to abide by any of the certifications that it will have made in its Part 1 and Part 2 Applications. Such sanctions can include, but are not limited to, termination of the SMA, loss of all rights to provide supply for the Company to serve any load won by such bidder, forfeiture of financial guarantees and other fees posted or paid, prosecution under applicable state and federal laws, debarment from participation in future solicitations, and other sanctions that may be appropriate.

Justification of Omissions

If you are unable to provide all documents or all information requested in this Part 2 Application, please justify fully any omissions in the space provided below.

Part 2 Application: FEPA Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products

Name of Applicant

Appendix A – Enclosures to the Part 2 Application

This is a checklist of documents to be enclosed with this Part 2 Application.

- ☐ One copy of completed Part 2 Application forms (with original signatures)
- ☐ One copy of W9 Form (for Tax ID) and one copy of banking information on your company's letterhead (signed and dated) (if submitting cash deposit as Pre-Bid Security) [Section 2.2]
- ☐ Pre-Bid Security Letter of Credit (if applicable) [Section 2.2]

End of Part 2 Application

Exhibit MP-3

CRA International-Bidding Rules



Bidding Rules

For Fixed-Price and Hourly-Priced Auctions

To Procure Default Service Products

Under Default Service Program DSP-VII for

FirstEnergy Pennsylvania Electric Company

("FE PA")

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1. INTRODUCTION

These Bidding Rules apply to the auctions to procure Default Service products for FirstEnergy Pennsylvania Electric Company ("FE PA") for all of its retail customers that take retail generation service from the Company.

Default Service products for residential and commercial customers will be procured in a separate auction ("Residential/Commercial Auction" or "Fixed-Price Auction" or "FP Auction") from the auction for industrial customers ("Industrial Auction" or "Hourly-Priced Auction" or "HP Auction"). Unless otherwise noted, these Bidding Rules apply to each auction.

Bidders need to be familiar with the Supplier Master Agreement ("SMA"), the Bidding Rules, and all other documents for the auctions, including the Part 1 Application and the Part 2 Application which apply to both auctions. Bidders should visit the Information Website regularly for up-to-date information, including information specific to each auction. The Information Website contains relevant data, the schedule and key dates for participating in the auction process, frequently asked questions, and other information.

The following documents are appended to, and shall be considered integral parts of, these Bidding Rules:

- Appendix 1 Part 1 Application for Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products
- Appendix 2 Part 2 Application for Fixed-Price and Hourly-Priced Auctions to Procure Default Service Products
- Appendix 3 Sample Pre-Bid Letter of Credit

Unless noted otherwise, "days" refer to business days and times refer to prevailing Eastern Time. Capitalized terms in this document, which are not defined explicitly herein, are defined in the SMA. In accordance with the SMA, "Default Service" and "DS" are equivalent (e.g., "Default Service Load" in these Bidding Rules corresponds to "DS Load" in the SMA).

Examples in these Bidding Rules are illustrative only.

These Bidding Rules may be modified from time to time by the Independent Evaluator in order to: (i) facilitate a more competitive auction process, (ii) make any necessary corrections and/or clarifications, (iii) account for any change in auction products, (iv) conform to any change in state or federal law or rule, and (v) apply any change deemed necessary at the discretion of the Independent Evaluator. All modifications will be posted to the Information Website and carried out in consultation with the Company.

1.1 Independent Evaluator

The Independent Evaluator is CRA International, Inc. d/b/a Charles River Associates ("CRA"). The Independent Evaluator (also referred to as the Auction Manager) can be contacted by sending an email to fepaauction@crai.com. The full contact information for the Independent Evaluator is as follows:

Independent Evaluator
c/o ~~Brad Miller~~Robert Lee, Vice
President
CRA International, Inc.
200 Clarendon Street, T-9
Boston, MA 02116-5092
Phone: 617.425.~~3384~~3365
fepaauction@crai.com

2. THE PRODUCTS BEING PROCURED

This section summarizes the common elements of the products to be procured in the auctions. The Information Website provides details about the products to be procured in a specific auction, including the delivery periods, the number of tranches, and the nominal MW size of the tranches.

2.1 Default Service Load

Default Service Load is the Company's aggregate requirement to serve its Default Service customers. For purposes of these Bidding Rules, a "Default Service Customer" is a retail customer of the Company taking Default Service.

2.2 Full Requirements Service

The auctions are designed to procure full requirements, load-following energy and energy-related services for Default Service Customers of the Company.

Obligations of Default Service Suppliers include the following:

- Assume all responsibilities of a PJM Load Serving Entity ("LSE"), including all PJM administrative expenses and any other services or fees as required by PJM of an LSE.
- Provide for energy.
- Provide for capacity.
- ~~Provide for ancillary services.~~
- Meet the requirements of the Alternative Energy Portfolio Standards Act ("AEPS Act" or "AEPS")
- ~~Provide for transmission service, including Network Integration Transmission Service ("NITS").~~

Obligations of Default Service Suppliers exclude the following:

- Regional Transmission Expansion Plan charges ("RTEP");
- Transmission service, including Network Integration Transmission Service ("NITS");
- PJM Expansion Cost Recovery charges ("ECRC");
- Reliability Must Run / Generation Deactivation charges ("RMR") associated with generating plants for which specific RMR charges begin after the approval of the Company's current Default Service Plans ("DSP-VII") by the Pennsylvania Public Utility Commission ("Commission"). All Suppliers will continue to be responsible for RMR charges associated with generating plants that began before the approval of DSP-III by the Commission, as those charges may change over time;
- Unaccounted for Energy;
- Historical out of market tie line, generation and retail customer meter adjustments; or
- Any Federal Energy Regulatory Commission ("FERC")-approved reallocation of PJM Regional Transmission Expansion Plan charges related to Docket No. EL05-121-009.

Alternative Energy Portfolio Standards Act ("AEPS Act" or "AEPS") credits needed to meet the requirements of the Company's Default Service Load

It is the responsibility of Default Service Suppliers to provide all Alternative Energy Credits ("AECs") necessary to meet the AEPS obligations, except for certain Solar Photovoltaic Alternative Energy Credits ("SPAECs").

- ~~During the first year of DSP VII, Default Service Suppliers in the Met-Ed, Penelec, and Penn Power Rate Districts will be allocated a portion of the SPAECs from the long-term SPAEC contracts that expire on May 31, 2024.~~
- ~~Once the PaPUC approves the long-term solar procurement for DSP VI, FE PA will allocate a portion of the SPAECs from the long-term procurement to Residential Default Service Providers in its Met-Ed, Penelec, Penn Power and West Penn Power Rate Districts.~~
- ~~FE PA will provide in each transaction confirmation a quantity of SPAECs that will be allocated to the supplier, either as a percentage of the supplier's obligation or as a fixed quantity.~~

The requirements of Default Service Suppliers are described more specifically in the SMA.

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2.3 Tranches

Default Service Load will be divided into identical units called tranches, each representing a defined percentage of Default Service Load. For example, if there are 25 tranches for a given customer class, then each tranche equals one divided by twenty-five, or four percent of that class's load. This includes four percent (4%) of the actual hourly energy required for Default Service Load for the applicable delivery period as well as four percent (4%) of the PJM capacity requirement for the applicable delivery period.

The number of tranches intended to be procured in the auction for a product is referred to as the "tranche target" for that product. The Independent Evaluator may reduce the tranche targets if indications of interest in the auction are such that doing so is required to promote more competitive bidding.

3. PRICES PAID TO DEFAULT SERVICE SUPPLIERS

This section summarizes the components of the prices to be paid to Default Service Suppliers. The SMA takes precedent over the summary provided here.

3.1 Prices Paid to Winning Suppliers in the Fixed-Price Auction

In accordance with the SMA, the Default Service Suppliers from the Fixed-Price Auction for residential customer load will be paid a price comprising a fixed-price component and a variable price component while the Default Service Suppliers from the Fixed-Price Auction for commercial customer load will be paid a price comprising a fixed-price component only.

- The residential fixed-price component will be equal to 100 percent (100%) of the delivered supply each hour multiplied by the price established through the Company's competitive procurement process.
- The commercial fixed-price component will be equal to 100 percent (100%) of the delivered supply each hour multiplied by the price established through the Company's competitive procurement process.

3.2 Prices Paid to Winning Suppliers in the Hourly-Priced Auction

In accordance with the SMA, the Default Service Suppliers from the Hourly-Priced Auction will be paid a price comprising a fixed-price component and a variable price component.

- The ~~fixed-price component~~ will be equal to 100 percent (100%) of the delivered supply each hour multiplied by the price established through the Company's competitive procurement process.
- The ~~variable price component~~ will be equal to 100 percent (100%) of the delivered supply each hour multiplied by ~~a "spot price." The "spot price" will be equal to the sum of: the real time hourly total LMP for the Delivery Point, is the real time hourly total LMP established by PJM for the PJM delivery point of the applicable_ Company, plus~~
 - (a) ~~An adder of \$4/MWh. This adder is designed to capture an estimate of costs of other supply components associated with meeting the full requirements obligation, including capacity, ancillary services, NITS, AEPS compliance, and other costs.~~

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4. PRIOR TO THE START OF BIDDING

4.1 Information Provided to Bidders

The Company will make available certain information to suppliers in advance of qualification. This information will be posted on the Information Website.

4.1.1 Data

Load and other data that are posted to the Information Website are described in a data description document on the Information Website.

4.1.2 Minimum and Maximum Starting Prices

The Independent Evaluator will announce a minimum starting price and a maximum starting price for each product in the auction. The minimum and maximum starting prices establish the range for the possible round 1 prices for the auction.

4.1.3 Tranche Size, Tranche Targets

No later than eight (8) days prior to the Part 1 Application Due Date, the Independent Evaluator will announce for each product in the auction:

- The tranche targets or the number of tranches being procured for each product.
- The size (%) and MW-measure of the tranches in the auction.

No later than four (4) days prior to the Part 2 Application Due Date, the Independent Evaluator will announce:

- Any update to the MW-measure of the tranches in the auction.

4.2 Qualification Process

There are two parts to the bidder application and qualification process. In Part 1, prospective bidders apply to become Qualified Bidders. In Part 2, each Qualified Bidder provides certifications and its indicative offer and pre-bid security in order to become a Registered Bidder.

A prospective bidder is required to submit a new Part 1 Application before the first auction in a calendar year in which it would like to participate.

If a prospective bidder submits a successful Part 1 Application for an upcoming auction, in general the Qualified Bidder will not need to submit a new Part 1 Application for any subsequent auction that is held in the same calendar year as the upcoming auction. For example, if the prospective bidder submits a successful Part 1 Application and becomes a Qualified Bidder for an auction held in January, the Qualified Bidder generally would not need to submit a Part 1 Application prior to any other auctions held in the same calendar year. However, the Qualified Bidder will need to submit a new Part 1 Application if the information in the prior successful Part 1 Application has changed. Also, the Qualified Bidder is required to submit its most recent (e.g., quarterly) financial statements before each auction.

A Qualified Bidder is required to submit a new Part 2 Application before each auction it would like to participate in.

4.2.1 Part 1 Application: Certifications and Other Qualified Bidder Requirements

In the Part 1 Application process, prospective bidders will be required to:

- Submit an application from a person with the power to bind the bidder.
- Agree to comply with all rules of the auction.
- Agree that if they become winning bidders, they will execute the applicable SMA with the Company within 3 business days following the date of the Commission's approval of the auction results.
- Show either that they are a PJM Market Participant and Load Serving Entity in PJM, or that there exist no impediments to them becoming a PJM Market Participant and Load Serving Entity in PJM by the start of the applicable delivery period.
- Agree that if they become winning bidders, they will comply with the creditworthiness requirements set forth in the SMA.
- Certify that if they qualify to participate, they will not disclose information regarding the list of Qualified Bidders or confidential information that may be obtained during the bidding process about Qualified Bidders.
- Certify that if they qualify to participate, they will not substitute another entity in their place, transfer their rights to another entity, or otherwise assign their status as Qualified Bidders to another entity.

Bidding Rules to Procure Default Service Products

Part 1 Applications must be submitted to the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 1 Application Due Date. Prospective bidders will be notified by the Independent Evaluator no later than three (3) days after the Part 1 Application Due Date whether they succeeded in becoming Qualified Bidders.

A prospective bidder that has qualified during the Part 1 Application process becomes a Qualified Bidder. The Independent Evaluator will send a list of all Qualified Bidders to relevant parties that have undertaken to maintain the confidentiality of the list of Qualified Bidders. The relevant parties that will receive this list of Qualified Bidders are as follows:

- Each Qualified Bidder.
- Other parties as necessary to oversee the proper conduct of the auction, including representatives from the Company and Commission Staff.

All parties receiving a list of Qualified Bidders will be subject to the confidentiality requirements as specified below and in the section, "Communications Protocols," in these Bidding Rules.

4.2.2 Part 2 Application: Certifications, Indicative Offer, and Pre-Bid Security

For each auction, a Qualified Bidder must successfully complete the Part 2 Application process in order to become a Registered Bidder that can bid in the auction. Only Qualified Bidders may submit a Part 2 Application.

Part 2 Applications must be submitted to the Independent Evaluator no later than 12:00 p.m. noon prevailing Eastern Time on the Part 2 Application Due Date. Qualified Bidders will be notified by the Independent Evaluator whether they succeeded in the Part 2 Application process no later than three (3) days after the Part 2 Application Due Date.

Certifications

In the Part 2 Application, each Qualified Bidder will make a number of certifications to ensure the confidentiality of information regarding the auction, and in regards to associations with other Qualified Bidders, to ensure that they are participating independently of other Qualified Bidders. More details on the certifications can be found in the section, "Confidential Information, Certifications, and Sanctions," later in this document.

The competitiveness of the auction and the ability of the auction to produce competitive prices may be harmed by the coordinated or collusive behavior that associations among bidders may facilitate. As the Independent Evaluator relies on a number of factors to assess and promote competitive bidding, including the number of independent competitors, providing inaccurate information or insufficient disclosure of associations in the Part 2 Application is prohibited. More details on rules and protocols for participation by associated bidders can be found in the section, "Bidder Associations," later in this document.

Indicative Offers

With its Part 2 Application, a Qualified Bidder will be required to submit indicative offers and to post pre-bid security sufficient for their indicative offers. A Qualified Bidder provides two indicative offers for each

Bidding Rules to Procure Default Service Products

auction that the Qualified Bidder is applying to participate in: one indicative offer at the minimum starting prices for the products in the auction, and one indicative offer at the maximum starting prices for the products in the auction. An indicative offer specifies for each product in the auction the number of tranches that the Qualified Bidder is willing to serve for that product. Thus, the indicative offer at the minimum starting prices in the auction specifies the number of tranches that the Qualified Bidder is willing to serve for each product in the auction at the minimum starting price for the product. The indicative offer at the maximum starting prices in the auction specifies the number of tranches that the Qualified Bidder is willing to serve for each product in the auction at the maximum starting price for the product. For each product in the auction, the number of tranches specified in the indicative offer at the minimum starting price cannot exceed the number of tranches specified in the indicative offer at the maximum starting price.

Indicative offers are important in two respects. First, the Independent Evaluator may use the indicative offers to inform the setting of the starting price for each product (i.e., round 1 announced price). Second, the total number of tranches in the Qualified Bidder's indicative offer at the maximum starting prices is used to determine the Qualified Bidder's initial eligibility (i.e., the maximum total number of tranches the Qualified Bidder can bid across all products in round 1 of the auction): the Qualified Bidder's initial eligibility is set to the total number of tranches across all products in the Qualified Bidder's indicative offer at the maximum starting prices. During the auction, bidders are free to switch their tranches among products in response to changes in announced prices (subject to any bidding restrictions). However, a bidder will never be able to bid a total number of tranches across products that exceeds the bidder's initial eligibility. Thus, the number of tranches for each product in the Qualified Bidder's indicative offer at the maximum starting prices does not limit the number of tranches the Qualified Bidder can bid on a particular product, but the total number of tranches across all products in the indicative offer at the maximum starting prices must be equal to the Qualified Bidder's desired initial eligibility across all products in the auction.

Restrictions on the Indicative Offer: Load Cap

Each Qualified Bidder will be subject to a load cap that limits the number of tranches the bidder can bid on and win. Thus, the Qualified Bidder's indicative offer at the maximum starting prices across all products in the auction is not allowed to exceed the load cap. The load cap will be 50 percent for fixed-price products and 75 percent for hourly-price products on an aggregated load basis across all products in each auction such that no bidder may bid on and win more tranches than the load cap. The load cap will be implemented by ensuring that each bidder's initial eligibility does not exceed the load cap in an auction.

Restrictions on the Indicative Offer: Credit-Based Tranche Cap

A Qualified Bidder may have a credit-based tranche cap that limits the Qualified Bidder's initial eligibility. The Qualified Bidder's indicative offer at the maximum starting prices across all products in the auction is not allowed to exceed the Qualified Bidder's credit-based tranche cap. This credit-based tranche cap is based on the credit rating of the Qualified Bidder or its Guarantor. A Qualified Bidder's credit-based tranche cap is determined as shown in Table 1.

Table 1. Credit-Based Tranche Cap

Bidding Rules to Procure Default Service Products

Credit Rating of Qualified Bidder or Guarantor			Credit-Based Tranche Cap
S&P	Moody's	Fitch	
<u>BBB- & up</u>	<u>Baa3 & up</u>	<u>BBB- & up</u>	Unlimited up to auction's tranche target
<u>BB+/BB</u>	<u>Ba1/Ba2</u>	<u>BB+/BB</u>	8 tranches
<u>BB- & below</u>	<u>Ba3 & below</u>	<u>BB- & below</u>	4 tranches
If not rated by any of those rating agencies			4 tranches

Note that the parameters in the table above may vary by auction and over time, at the sole discretion of the Company.

To be assigned a credit-based tranche cap greater than the minimum credit-based tranche cap, the Qualified Bidder or its Guarantor must:

- Be rated by at least one of the following rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or Fitch, Inc. ("Fitch"), and
- Have a senior unsecured debt rating (or, if unavailable, corporate or issuer rating).

If the Qualified Bidder or Guarantor is rated by only one rating agency, that rating will be used. If the Qualified Bidder or Guarantor is rated by only two rating agencies, and the ratings differ, the lowest rating will be used. If the Qualified Bidder or Guarantor is rated by the three rating agencies, and the ratings differ, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used.

If a Qualified Bidder is not rated by any of the rating agencies, the Qualified Bidder's credit-based tranche cap will be the minimum credit-based tranche cap as shown in Table 1.

The credit-based tranche cap is in effect only during the bidding process. After the SMA has been executed by a winning bidder, the credit-based tranche cap no longer will be in effect and the Default Service Supplier will be required to meet the credit terms in accordance with the SMA.

Pre-Bid Security

Each Qualified Bidder must post pre-bid security sufficient for its indicative offer at the maximum starting prices. Each Qualified Bidder must post pre-bid security in an amount specified in the Part 2 Application for all products included in the bidder's indicative offer at the maximum starting prices. Either cash or a pre-bid letter of credit will be accepted as pre-bid security. Letters of Credit can be submitted as a hardcopy or in electronic form. Interest will not be paid on cash posted as pre-bid security. The standard form of the pre-bid letter of credit that is acceptable to the Company will be posted to the Information Website.

Bidding Rules to Procure Default Service Products

If a draft pre-bid letter of credit submitted by the prospective bidder with the Part 1 Application does not conform to the standard form, the prospective bidder shall indicate clearly any and all modifications in electronic, redlined format from the standard form. The Company will assess, in its sole and exclusive discretion, whether such modifications are acceptable. Modifications that are accepted by the Company will be posted on the Website. Subsequently in its Part 2 Application, a Qualified Bidder must provide the required executed pre-bid letter of credit that either is the standard form or is the version that incorporates only those modifications to the standard form accepted by the Company upon review of the bidder's Part 1 Application.

The following is an example calculation of the pre-bid security.

Example 1. Pre-Bid Security

A Qualified Bidder submits an indicative offer of 5 tranches for the Met-Ed 24-month residential product at the minimum starting price and 10 tranches for the Met-Ed 24-month residential product at the maximum starting price, 3 tranches for the Penelec 12-month residential product at the minimum starting price and 6 tranches for the Penelec 12-month residential product at the maximum starting price, and 2 tranches for the Penn Power 12-month commercial product at the minimum starting price and 4 tranches for the Penn Power 24-month commercial product at the maximum starting price. The Qualified Bidder must submit with this indicative offer of 20 tranches at the maximum starting prices cash or a pre-bid letter of credit of \$500,000 per tranche (as specified in the Part 2 Application). The Qualified Bidder thus posts cash or a pre-bid letter of credit of \$10 million (20 tranches X \$500,000 per tranche).

For a Part 2 Application to be accepted, it must be complete and include the Qualified Bidder's indicative offers and pre-bid security (either a pre-bid letter of credit or cash). After its Part 2 Application is accepted, a Qualified Bidder becomes a Registered Bidder. The Independent Evaluator will send each Registered Bidder a summary of its indicative offers, pre-bid security amount, and the Registered Bidder's initial eligibility.

The Independent Evaluator also will send simultaneously to each Registered Bidder, and to those other parties as necessary to oversee the proper conduct of the auction, a list of Registered Bidders, and the total initial eligibility aggregated across all Registered Bidders. The list of Registered Bidders and the total initial eligibility will not be released publicly. Qualified Bidders, in their Part 2 Applications, will have undertaken to maintain the confidentiality of the list of Registered Bidders and the total initial eligibility, and to destroy documents including electronic files with this information provided by the Independent Evaluator within five (5) days following the conclusion of the auction, as explained further in the Part 2 Application.

Bidding Rules to Procure Default Service Products

Pre-bid security will remain in full force, at a minimum, until the fifth calendar day after the conclusion of the auction. Subsequently, a bidder's pre-bid security will be cancelled and returned:

- For non-winning bidders: as soon as practicable after the Commission issues its post-auction Secretarial Letter.
- For winning bidders: after the bidder has signed the SMA and has complied with all creditworthiness requirements of the SMA for the tranches that the bidder has won.

The Company can collect on the pre-bid security of bidders that win tranches but that fail to sign the SMA or fail to comply with the creditworthiness requirements immediately following the close of the auction.

4.2.3 Sanctions for Failing to Comply with the Part 1 and Part 2 Applications

Sanctions can be imposed on a bidder for failing to disclose information relevant to determining associations, for coordinating with another bidder, or for failing to abide by any of the certifications that it will have made in its Part 1 and Part 2 Applications. Such sanctions can include, but are not limited to, termination of the SMA, loss of all rights to provide supply for the Company to serve any load won by such bidder, forfeiture of financial guarantees and other fees posted or paid, prosecution under applicable state and federal laws, debarment from participation in future solicitations, and other sanctions that may be appropriate. For any failure to disclose information or for any violation of the certifications, the Independent Evaluator will make a recommendation on a possible sanction.

4.3 Starting Prices (Round 1 Prices)

No later than three (3) days before bidding starts for an auction, the Independent Evaluator will inform all Registered Bidders of the starting price for each product in the auction, which is the announced price that will be in effect for round 1. For each product, the starting price will be no higher than the maximum starting price and no lower than the minimum starting price for the product. The Independent Evaluator will set the starting prices.

4.4 Extraordinary Events

The Independent Evaluator, in consultation with the Company, may determine that, due to extraordinary events, the minimum starting prices and the maximum starting prices require revision. In this event, the schedule for the auction process also may be revised. If the indicative offers have already been received, the Independent Evaluator will request that the Registered Bidders (or the Qualified Bidders if the Part 2 Application process had not been completed) revise their indicative offers on the basis of the revised minimum starting prices and the revised maximum starting prices.

For such a revision to be necessary, an extraordinary event must occur between the time at which the minimum starting prices and the maximum starting prices are announced and the day on which bidding starts. An extraordinary event must be agreed to by the Company and the Independent Evaluator. Such events could include, but are not limited to, the advent of war, the disruption of a major supply source for potentially extended periods, or other events that could affect significantly the cost of supply.

If an extraordinary event occurs during that time, the Independent Evaluator in consultation with the Company will determine revised minimum starting prices and revised maximum starting prices. New indicative offers based on these prices will be required from bidders. To the extent practicable, the determination of new minimum and maximum starting prices, the submission of new indicative offers, and if necessary the announcement of new starting prices, will be carried out so as to afford bidders sufficient time. If an extraordinary event occurs during that time that causes a possible change in the schedule, the Independent Evaluator in consultation with the Company and Commission Staff, will determine a revised schedule.

5. BIDDING FORMAT

In order to participate in the auction, bidders must have been successful in the Part 1 Application process and the Part 2 Application process. Only Registered Bidders are permitted to participate in the auction. Registered Bidders will bid in the auction by accessing the Independent Evaluator's secure Bidding Website.

5.1 Descending-Price Clock Format

The auction format is a simultaneous, multiple-round, descending-price clock format for "N" rounds. The number of rounds "N" for the auction is not pre-determined. Instead, it is determined by the closing rule for the auction (described below). All products are available to bid on simultaneously in the auction. Bids are submitted during bidding rounds. Prices are announced for the products prior to each bidding round, and during a bidding round, a bidder submits for each product the number of tranches it would supply at the product's announced price. If the total number of tranches bid on a product exceeds the product's tranche target — i.e., the product is over-subscribed — the announced price for the product will be reduced for the next round. Announced prices will tend to decline round by round until the number of tranches bid falls sufficiently so that no product is over-subscribed and the auction closes.

An important rule is that a bidder cannot reduce the number of tranches it bids on a product if the product's announced price does not fall from one round to the next; in this case, the bidder can only maintain or increase the number of tranches it bids on the product (subject to other rules).

5.1.1 Rounds

Each bidding round has a specified start time and a specified end time. These start and end times are enforced by the Bidding Website. Prior to the start of the auction, the initial schedule of rounds will be available on the Bidding Website. As the auction progresses, the Independent Evaluator will keep bidders informed of the start and end times of subsequent rounds through the Bidding Website. The Independent Evaluator retains the option of pausing a round, delaying the start or end of a round, or otherwise adjusting the round times. The Independent Evaluator will inform bidders through the Bidding Website if it exercises this discretion to change the start time or end time of a round.

Bidders submit bids only during a round. When a round ends, the bids submitted during that round are processed and results of that round are reported to all bidders as explained in the section "Reporting Round Results" below. Each bidder then prepares to submit a bid for the next round if the auction remains open.

5.1.2 The Announced Prices and a Bid

Prior to the start of each round, the Independent Evaluator announces the price that will be in effect for each product for the round. The announced prices are specified in dollars per MWh or \$/MWh. The price announced by the Independent Evaluator for a product applies to all of the product's tranches. Each bidder decides how many tranches it is willing and able to supply for each product at the product's announced price. A bid by a bidder is, for each product, the number of tranches that the bidder is willing to supply at that announced price for the product. All bids are irrevocable and binding upon the bidders.

At sufficiently high announced prices there will be excess supply for a product causing it to be over-subscribed; that is, the number of tranches bid on the product will exceed the product's tranche target. Excess supply for a product is measured as the total number of tranches bid across all bidders on the product in the round minus the product's tranche target.

5.1.3 Reservation Prices and Starting Prices

There are reservation prices for the auction. The reservation price for a product is the price above which tranches for the product will not be purchased. If, at the conclusion of the auction, the reservation price for a product has not been met, no tranches for that product will be awarded. At the conclusion of the auction, the Independent Evaluator will inform bidders through the Bidding Website if the reservation price for a product has not been met.

Starting prices for the auction are determined after reservation prices are determined. The starting price for a product will be no lower than the reservation price for the product. The starting price may be the same as or higher than the reservation price for the product. The Independent Evaluator will not announce the reservation prices to bidders in advance of an auction.

5.1.4 Restrictions on What a Bidder Can Bid

The total number of tranches a bidder bids across all products in a round cannot exceed the bidder's eligibility for that round. That is, a bidder's eligibility to bid in a round is the maximum number of tranches it is allowed to bid across all products in that round. A bidder's eligibility for a round simply is the number of tranches the bidder bid across all products in the preceding round. Thus, a bidder cannot increase its eligibility from round to round; its eligibility can only stay the same or decrease from round to round.

A bidder is not allowed to bid more tranches on a product in a round than the product's tranche target.

A bidder is not allowed to bid a number of tranches that would violate any applicable load cap.

If the announced price for a product has been reduced from one round to the next round, the bidder can reduce the number of tranches it bid on that product.

If the announced price for a product has not been reduced from one round to the next round, the bidder cannot reduce the number of tranches it bid on that product.

Subject to the rules above, in each round a bidder is free to bid its tranches of eligibility across products however it would like to. Thus, subject to the rules above, bidders are free to reduce the tranches they bid and/or to switch tranches across products from round to round in response to changes in the announced prices for the products.

As discussed above, a bidder's initial eligibility is its eligibility for round 1 of the auction and is determined by the total number of tranches across products at the maximum starting prices in the bidder's indicative offer. During the course of the auction, the bidder's eligibility will decline or remain unchanged depending on the total number of tranches bid by the bidder across all products in each round of the auction.

If a bidder's eligibility falls to zero tranches, it will not be allowed to bid in any more rounds of the auction.

5.1.5 Multiple Bids by a Bidder

Because a bidder may decide to change a bid it submitted previously within the current open round, a bidder is allowed to make multiple bid submissions in a round as long as the round remains open for bidding, with each new confirmed bid fully replacing any prior bids it submitted in the round. If a bidder submits multiple bids in a round, the only bid considered in the round for that bidder is the last confirmed bid it submitted in the round.

5.1.6 Default Bid

After the end of a round, a default bid is submitted automatically on behalf of a bidder if the bidder:

- Entered the round with positive eligibility, and
- Did not submit a confirmed bid in the round.

If the announced price for a product declined from the prior round, then zero tranches will be the default bid for that product.

If the announced price for a product did not decline from the prior round, then the number of tranches that the bidder bid on the product in the prior round as determined by the end-of-round ("EOR") procedure following the prior round will be the default bid for the product.

Each bidder is solely responsible for ensuring it submits a confirmed bid prior to the end of the round in order to avoid a default bid of being submitted on the bidder's behalf.

5.1.7 The EOR Procedure

At the end of each round, the EOR procedure is used to process the confirmed bids submitted during the round. The EOR procedure includes the following steps.

- (a) The supply for each product is measured by summing up — across the confirmed bids for all bidders — the number of tranches bid for each product.
- (b) The subscription level for each product is measured by comparing the supply for the product to the tranche target for the product. A product is over-subscribed, subscribed, or under-subscribed if supply (i.e., the number of tranches bid) is greater than, equal to, or less than the product's tranche target, respectively.
- (c) If a product has become under-subscribed in a round after being over-subscribed or subscribed in the preceding round, then tranches will be rolled back to the point that the product is subscribed. That is, at least some of the tranches that were bid on the product in the preceding round but that were not bid on the product this round will be deemed to still be bid on the product. The price at which a rolled-back tranche is deemed to have been bid simply is the announced price at which the bidder had bid the tranche. There is a priority for selecting tranches to roll back: tranches that otherwise would no longer be bid on any product in the auction and therefore would be reductions in bidders' eligibilities are rolled back first (referred to as "eligibility reduction tranches"), and then if needed, tranches that were switched from being bid on the product to being bid on another product are selected next for rollbacks (referred to as "switched tranches"). Eligibility reduction tranches are selected for rollback proportionally tranche by tranche, not bidder by bidder. Likewise, switched tranches are selected for rollback proportionally tranche by tranche, not bidder by bidder. More precisely, because integer tranches are needed, the actual selection mechanism uses a random number generator to select rollbacks tranche by tranche (first for eligibility reduction tranches and then for switched tranches), but on average the selection process results in proportional rollbacks (with priority given to rolling back eligibility reduction tranches first and then switched tranches second). All tranches that are rolled back maintain their eligibility for the bidder. Any bidder subjected to a rollback will be notified through the Bidding Website that a rollback has taken place and will be informed about the number of tranches deemed bid on each product and the price at which those tranches have been deemed bid.

For example, suppose a bidder bids five tranches on a product and no tranches on other products in round 8, and the price for that product is reduced for round 9 and the bidder bids only 1 tranche on the product and no tranches on other products for round 9. Absent any EOR rollbacks following round 9, the bidder's eligibility would fall from 5 tranches to 1 tranche. But during the EOR procedure, suppose two of the bidder's 4 "eligibility reduction tranches" are rolled back on the product, so after the EOR procedure the bidder is deemed to have bid 3 tranches on the product — one at the announced price of the round just ended and two at the announced price of the preceding round — and therefore the bidder is deemed to have 3 tranches of eligibility for round 10.

Bidding Rules to Procure Default Service Products

- (d) "Free eligibility tranches" are determined as follows. A product's "bid stack" is a list of the tranches currently deemed bid on the product and the price at which each tranche was bid for the product. Because of rollbacks, a product's bid stack could have tranches bid at two different prices: some tranches bid at the earlier, higher announced price and some tranches bid at the current, lower announced price. Any new tranche bid on such a product necessarily will be bid at the current, lower announced price. This new tranche will displace a tranche in the product's bid stack at the earlier, higher announced price. The displaced tranche becomes a "free eligibility tranche". The free eligibility tranche counts as eligibility for the bidder and the bidder can bid the tranche on any product next round, or the bidder can choose not to bid the tranche at all. But if the bidder does not bid the free eligibility tranche next round, the tranche will be withdrawn from the auction permanently and will reduce the bidder's eligibility by one tranche after the next round.
- (e) In some cases, the Independent Evaluator may reduce the tranche targets. The criteria that could lead to such a reduction will be determined prior to the auction but will not be announced to bidders. Once certain pre-specified criteria related to excess supply and related to the reservation price have been met, the discretion to reduce a product's tranche target because of insufficient supply will be eliminated. Thus, any tranche target reduction would more likely occur in the earlier rounds of the auction. If the Independent Evaluator reduces the tranche target for a product, bidders will be informed of the revised tranche target. Any bidder that otherwise would have eligibility exceeding the new tranche targets will have its eligibility reduced so as not to exceed the new tranche targets.
- (f) The closing rule determines whether the auction has concluded. The closing rules is that the auction concludes if either case (1) or case (2) holds as follows:
 - (1) If no product is over-subscribed and no bidder has free eligibility tranches, then the auction has concluded. Note that it is possible for the auction to continue with no reductions in announced prices: if no product is over-subscribed there will be no reductions in announced prices but if there are free eligibility tranches (which "expire" after one round), the auction will remain open for one more round (subject to case (2) described next), allowing bidders with free eligibility to bid those tranches.
 - (2) If this is the Nth consecutive round in which no product is over-subscribed, and the number of tranches of free eligibility across all bidders as a percentage of the sum of the tranche targets across all products is less than or equal to X percent, then the auction has concluded. The parameter values for N and X will be determined before the auction. The likelihood that this case (2) would occur in a particular auction is expected to be low.
- (g) If the auction has concluded, the winning tranches, winning bidders, and winning prices are determined as described below.
- (h) If the auction has not concluded, then each bidder's eligibility is determined for the next round and the price decrement (if any) is determined for each product for the next round.

5.1.8 Price Decrements

The announced prices will decrease round by round by a price decrement for over-subscribed products. Pre-specified price guidelines are used to determine the price decrements. Generally the price decrement for a product will be larger for the earlier rounds in the auction and when the excess supply for the product is greater. The price decrement is expected to be between 0.5 percent and 5 percent of the announced price for the most recently completed round.

The Independent Evaluator reserves the right to override the price decrement guidelines. The exercise of that right is expected to occur rarely and only if doing so is believed to facilitate timely progression of the bidding process.

5.2 Determination of Winning Tranches, Winning Bidders, and Winning Prices

At the close of the auction, the winning tranches, winning bidders, and winning prices will be determined as follows.

As a result of the EOR procedure as described above, there are two possible scenarios for a product at the close of the auction.

5.2.1 Bid Stack for a Product has All Tranches at the Same Price

In this scenario, there are no rolled-back tranches in the product's bid stack: all tranches in the bid stack were bid at the last announced price, including any tranches bid on the product in the last round of the auction as determined by the EOR procedure. That announced price is the product's clearing price, and all tranches in the product's bid stack are winning tranches if the clearing price satisfies the product's reservation price. Bidders who bid those tranches are winning bidders for those tranches, and all bidders with winning tranches on a product are paid the same price — i.e., the clearing price — for each winning tranche on the product. Note that this scenario includes the case in which a product was over-subscribed at some point in the auction and later became subscribed, as well as the case in which a product was always under-subscribed in the auction (i.e., it was never subscribed or over-subscribed in the auction).

5.2.2 Bid Stack for a Product has Tranches at Two Different Prices

In this scenario, there are rolled-back tranches in the product's bid stack: some tranches in the bid stack were bid at the last announced price (including any tranches bid on the product in the last round of the auction as determined by the EOR procedure), and some tranches in the bid stack were bid at the next most recent announced price. In this case, the product's clearing price is the next most recent announced price — which necessarily is higher than the last announced price for the product. All tranches in the product's bid stack are winning tranches if the clearing price satisfies the product's reservation price. Bidders who bid those tranches are winning bidders for those tranches, and all bidders with winning tranches on a product are paid the same price — i.e., the clearing price — for each winning tranche on the product.

5.3 Example of Round-by-Round Bidding

Appendix A provides an illustrative example of round-by-round bidding.

5.4 Reporting Round Results

During a round, a bidder can see the current status of the auction and the status of the current round including the announced price for each product as well as the bidder's own bidding status. A bidder will not see information about other bidders.

Between rounds the Bidding Website will report the results for the most recently completed round. Results for all prior rounds also will be accessible. The round results for each completed round in the auction will show:

- The announced price for each product and a range of total supply across all bidders and all products (that is, a range that includes the total number of tranches bid). The range of total supply will be defined by two different integers. Actual total supply will not be reported but will be at least as high as the lower of the two integers and no higher than the higher of the two integers. There is an exception to reporting total supply as a range of two integers: if and when total supply has declined below a pre-determined level, total supply will be reported simply as being below that level. The reporting ranges will be made available to bidders in advance of each auction.
- For each bidder, that bidder's bid for the round — i.e., the number of tranches bid on each product — and the bidder's eligibility for the next round. (Each bidder does not see information about other bidders.)
- The announced price for each product for the next round if the auction will continue with the next round.

5.5 Frequency of Rounds

The early rounds of bidding may be longer in duration than later rounds. The duration of a bidding round will be at least five (5) minutes.

The time between early rounds of bidding may be longer in duration than for later rounds. The time between bidding rounds will be at least five (5) minutes.

The schedule of rounds and any changes to the schedule will be made available to bidders through the Bidding Website.

5.6 Auction Pause Declared by Independent Evaluator

At any time during the auction, the Independent Evaluator may decide to pause the auction. This is not expected to happen often if at all. If the Independent Evaluator pauses the auction or changes the round schedule in any way, bidders will be notified.

6. AFTER THE AUCTION CLOSES

6.1 Notification of Results

At the close of the auction, the Independent Evaluator will notify the Company, the Commission, and the bidders as follows.

- The Independent Evaluator will notify the Company and the Commission of the identities of the winning bidders, the number of tranches won by each winning bidder, the prices for the tranches won, and other aggregated information on the bidding process.
- The Independent Evaluator will notify each winning bidder of how many tranches the bidder has won and at what prices. The Independent Evaluator also will notify the unsuccessful bidders that they have not won any tranches.

The names of the winning bidders, the number of tranches won by each bidder, and the winning prices will remain confidential until released publicly by the Commission or as required by law.

The auction results are tentative subject to Commission approval.

After the conclusion of the auction and provision of the auction results to the Commission by the Independent Evaluator, the Commission is expected to make a decision within two business days to approve or reject the auction results.

6.2 Execution of SMA

The winning bidders and the Company will execute the SMA within three (3) business days following the Commission's approval of the auction results. If the supplier has already executed a SMA with the Company they have won tranches for, they will only need to execute the Transaction Confirmation. Each winning bidder must demonstrate compliance with the creditworthiness requirements set forth in the SMA.

6.3 Sanctions for Failure to Execute the SMA

A winning bidder's pre-bid security posted with its Part 2 Application may be forfeited if the winning bidder does not execute the SMA within three (3) business days following the Commission's approval of the auction result, if it fails to demonstrate compliance with the creditworthiness requirements set forth in the SMA, or if it fails to agree to any of the terms of the SMA. In addition, the winning bidder will be liable for damages incurred by the Company, which will be determined in accordance with the terms of the SMA as though the winning bidder were a defaulting party to the SMA.

7. USE OF THE BIDDING WEBSITE

Bidders will bid in the auction by accessing the Independent Evaluator's secure Bidding Website. A bidder will access the Bidding Website using their own Web browser. The URL address for the Bidding Website, as well as usernames and passwords, will be provided to Registered Bidders prior to the start of the auction.

The Bidding Website allows a Registered Bidder to submit and confirm bids, to verify its status, to view results from prior rounds, to view the schedule of rounds, and to view messages from the Independent Evaluator.

7.1 Importance of Confirmed Bids

Submitting a bid on the Bidding Website involves three steps:

- (1) Web page for entry and submission of the bid quantities. The bidder enters its desired bid and then submits the bid in order to proceed to the next step.
- (2) Web page for validation of the bid. The bidder is asked to review the bid it submitted in the first step before proceeding to the confirmation step.
- (3) Web page showing confirmation of the bid. The bidder receives a unique confirmation ID for the bid and the time-stamp at which the bid was recorded by the Bidding Website server.

It is important to note that a bid is not accepted and recorded as an accepted bid until and unless the bidder reaches the third step in which the bid confirmation Web page displays the unique confirmation ID and time-stamp for the bid.

7.2 Requirements for Using the Bidding Website

Access to the Bidding Website requires all of the following:

- Username and password provided by the Independent Evaluator.
- Access to the Internet.
- Use of one of the more recent versions of a standard Web browser.
- Status as a Registered Bidder.

A bidder loses access to the Bidding Website after it no longer is possible for the bidder to win tranches in the auction.

7.3 Messaging

The Bidding Website displays messages from the Independent Evaluator. These messages from the Independent Evaluator are displayed for all bidders with access to the Bidding Website.

8. BACKUP BIDDING PROCEDURES

In case a bidder has technical difficulties, and as a result is not able to submit a bid via the Bidding Website in a round, backup bidding procedures will be provided as described below. Note that the Authorized Representative and the Delegate automatically are designated as authorized bidders. Requests to designate additional authorized bidders must be sent to the Independent Evaluator in writing prior to the start of round 1 of the auction.

- (1) Option 1. Upon encountering a technical difficulty, it is recommended that the bidder call the Independent Evaluator's Help Desk and inform the Help Desk operator that it would like to submit a bid over the phone. The Help Desk operator will verify the identity of the caller, for example by asking for the bidder's company name, and the first and last name of the caller, along with the username and password of the bidder. Then a member of the Independent Evaluator team will attempt to enter the bid on the Bidding Website on behalf of the bidder. Please note that the Independent Evaluator can accept bids over the phone only from callers that have been identified as authorized bidders by the bidder company.
- (2) Option 2. In case the bidder is unable to place a call to the Independent Evaluator's Help Desk, it is recommended that the bidder submit its bid via email to the Independent Evaluator. If possible, the email should be sent using encrypted email. Once the backup bid is received via email, a member of the Independent Evaluator team will attempt to enter the bid on the Bidding Website on behalf of the bidder. Note that prior to the auction, bidders will be provided with one or more forms to use for submitting a bid using this email-based backup bidding procedure.

~~(3) Option 3. In case the bidder is unable to place a call to the Independent Evaluator's Help Desk or to submit a bid via email, the bidder should use the Backup Bidding Fax Number to submit its bid via facsimile. Once the backup bid is received via facsimile, a member of the Independent Evaluator team will attempt to enter the bid on the Bidding Website on behalf of the bidder. Note that prior to the auction, bidders will be provided with the Backup Bidding Fax Number and with one or more forms to use for faxing a bid using the faxed-based backup bidding procedure.~~

Bidders must be aware and understand that there is no guarantee or other assurance that if it submits a bid using a backup bidding procedure that its bid will be submitted and confirmed on its behalf by the Independent Evaluator team consistent with the intentions of the bidder and in time before the round ends.

If a backup bid submitted by a bidder is not accepted and confirmed by the Bidding Website because the round has ended, a default bid will be entered for the bidder as described above in the sections on default bids.

If a backup bid submitted by a bidder is not accepted and confirmed by the Bidding Website for other reasons (e.g., the number of tranches bid is greater than a bidder's eligibility or violates the bidder's credit-based tranche limit or applicable load cap), the Independent Evaluator team will use reasonable efforts to inform the bidder that a new bid must be submitted.

If a backup bid submitted by a bidder is confirmed by the Bidding Website, the Independent Evaluator team will contact the bidder and provide the confirmation of the accepted bid to the bidder.

Bidders use the backup bidding procedures at their own risk. In all cases involving backup bids, the Independent Evaluator team does not accept any responsibility, obligation, or liability for errors, omissions, timeliness, or otherwise, related to whether a backup bid is entered into and confirmed by the Bidding Website on behalf of the bidder or as intended by the bidder.

9. WHO TO CONTACT IN CASE OF PROBLEMS DURING THE AUCTION

A bidder should contact the Help Desk if it has questions or problems. The phone number for the Help Desk will be provided to bidders prior to the start of the auction.

10. CONTINGENCY PLAN

There is a contingency plan to cover three scenarios:

- At least one of the products in an auction is not fully subscribed.
- At least one of the winning suppliers defaults prior to the start of the delivery period or at any time during the delivery period.
- A Capacity Proxy Price is utilized.

10.1 If an Auction is Not Fully Subscribed

In the event that an auction is not fully subscribed, the Company will re-bid the unfilled tranches from that auction provided the start of the delivery period for the tranches is more than 30 calendar days away. If the delivery period is more than 30 calendar days away:

- The unfilled tranches will be re-bid in the next scheduled auction — if there is sufficient calendar time to include the unfilled tranches — where supply is sought with the same delivery start date as the unfilled tranches.
- If there is no such scheduled auction, then the unfilled tranches will be re-bid in a separate solicitation no later than 30 calendar days before the original delivery start date.

For any remaining unfilled tranches, the Company will purchase the necessary physical supply through PJM administered markets and meet any AEPS compliance requirements through purchases at market prices.

10.2 If a Winning Bidder Defaults

If a winning bidder defaults prior to the start of or during the delivery period, the Company will offer the unfilled tranches to the other Registered Bidders who participated in the most recent solicitation. The Company will enter into an agreement with the Registered Bidder or Bidders offering the best terms for the unfilled tranches resulting from the default, provided the prices offered by such bidder or bidders are consistent with the original prices under which the unfilled tranches were procured and changes in market conditions from the time when the original tranches were procured. If the Company is not able to enter into such agreement and a minimum of 30 calendar days exists prior to the start of the delivery period, the Company will seek to bid the defaulted tranches in the next scheduled solicitation for supply with the same start date as the unfilled tranches or in a separate supplemental competitive solicitation. As with other unfilled tranches described above, if insufficient time exists to conduct an additional competitive solicitation, or if the supplemental solicitation is unsuccessful, the Company will supply the tranches using PJM-administered markets. In addition to damages to which the Company may be entitled, costs incurred by the Company in implementing this contingency plan for supply and AEPS requirements will be assessed against the defaulting supplier's credit security, to the extent available.

10.3 If a Capacity Proxy Price ("CPP") is Used

Appendix H of the Master Supplier Agreement describes the process that will be followed in the event that a Capacity Proxy Price is utilized.

~~Each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the aggregate amounts due based on the DS Fixed Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown on the Transaction Confirmation(s) for each hour of the Billing Month, plus the aggregate amounts due based on the DS Variable Price multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Variable Percentage, if applicable, as shown on the Transaction Confirmation(s) for each hour of the Billing Month. For each Billing Month after the Capacity Proxy Price is known, the Company will apply the Capacity Proxy Price true-up across the entire contract term. The calculation of the day weighted average capacity price adjustment for purposes of determining the true-up amount will reflect final unforced capacity (i.e., UCAP) quantity weighting. For example, for a 24-month contract term, the Company will calculate the relevant 24-month average capacity price adjustment by appropriately weighting the amount of capacity (i.e., the final UCAP quantity) purchased by the supplier at each PJM capacity price.~~

11. COMMUNICATIONS PROTOCOLS

The communications protocols described here are intended to promote a fair, open, transparent, objective, and non-discriminatory auction. These protocols also are intended to protect proprietary information of participants and information that, should it be released, would be detrimental to the outcome of the auction process or future solicitations.

11.1 The Company and Affiliates

11.1.1 Internal Communications

The Company will designate individuals to work on the auction process. These individuals directly or indirectly will not have communication with, or exchange information with, any individuals of an affiliate of the Company that may bid in the auction process where such communication or information is related directly or indirectly to this auction process.

11.1.2 Communications with Bidders

The Company will not communicate with bidders prior to the selection of winning bids. When the Independent Evaluator informs the Company about the prices and tranches of the winning bids and the identity of winning bidders in accordance with Section 6.1 of the Bidding Rules, representatives from the Company then will communicate with the winning bidders in order to execute the necessary documents.

If a bidder attempts to contact the Company regarding the auction process by phone call, email, ~~fax~~, or other means, the Company will direct the bidder to the Information Website and/or to the Independent Evaluator.

11.1.3 Part 1 Application Process

For the Part 1 Application process, the Independent Evaluator will need to provide the names of applicants to the Company credit department for purposes of confirming the applicants' credit requirements.

11.1.4 Part 2 Application Process

For the Part 2 Application process, the Independent Evaluator will need to provide the aggregate eligibility and other information from the Part 2 Applications to the Company with the names of applicants redacted.

11.2 General Public and Media

While bidding is in progress, there is to be no communication with the media or the public. After the auction process is completed, results are determined, and bidders have been notified, all media inquiries will be forwarded to the Company.

11.2.1 The Information Website

The central source of information made available publicly and to bidders is the Information Website. The Independent Evaluator will manage the information flow on the Information Website and will be designated on the Website as the contact for any questions or inquiries from parties. Any party will have access to the public sections of the Information Website.

11.2.2 Frequently Asked Questions

Among other information and resources on the Information Website, there will be an FAQ (frequently asked questions) section with posted questions and answers. As inquiries are received, they will be converted into an FAQ and posted on the Information Website without revealing the identity of the party posing the inquiry.

Inquiries to be answered by the Company will be forwarded by the Independent Evaluator to the Company. Inquiries to be answered by the Independent Evaluator will be forwarded to the Company with a draft response. Any inquiry or draft response forwarded by the Independent Evaluator to the Company will not identify the party posing the inquiry. Both the Company and the Independent Evaluator will review any inquiry and response before the FAQ is posted to the Information Website.

11.2.3 Registered Users

If a party wishes to receive notices and updates regarding public information and new postings to the Information Website, then the party can register through the Information Website to become a Registered User.

Any information the Independent Evaluator has concerning the auction process that is relevant and that can be disclosed publicly will be made available equally to all Registered Users in a timely manner. The method of such communication likely will be via the Information Website and/or emails to Registered Users using the BCC email field so identification of Registered Users is not disclosed to other Registered Users.

11.2.4 Press Releases

The Company and/or the Independent Evaluator may issue one or more press releases or may place news items in the trade press with the intent to disseminate information about the auction process in an efficient, fair, and timely manner.

11.2.5 Answering Inquiries from the General Public or Media

Inquiries from the general public or the media to the Independent Evaluator will be directed to the Information Website.

11.3 Bidders

11.3.1 Communications Among Bidders

Bidders are prohibited from communicating with each other in ways that would compromise the integrity and competitiveness of the auction process. Sanctions will be applied if these rules are violated.

11.3.2 Communications between the Independent Evaluator and Bidders

The central source of information made available to bidders is the Information Website. The Website facilitates making information available equally to bidders in a timely manner.

Bidders are encouraged to become Registered Users of the Information Website to receive ongoing information about the auction process. As discussed above, once registered through the Information Website, Registered Users will receive notifications from the Independent Evaluator about updates to the auction process and to the Information Website.

If the Independent Evaluator receives an inquiry from a party and prepares a response that would be relevant for other parties, the Independent Evaluator will ensure the information will be made available equally to all Registered Users in a timely manner and will post the information on the Information Website and/or will email the Registered Users without revealing the identity of parties.

In addition to posting information to the Information Website, the Independent Evaluator may contact bidders directly in order to seek or provide information about the auction process in a way that does not advantage any bidder.

Any communications from the Independent Evaluator to a bidder will not reveal the identity of other bidders.

11.3.3 Bidding Process

During the auction, the Independent Evaluator, the Commission, and Company's personnel may monitor the bidding process.

The Independent Evaluator will ensure the bids submitted by bidders conform to the rules of the auction process.

The Bidding Rules and pre-determined bid selection criteria will be applied to determine which bids, if any, are winning bids.

11.3.4 Limitations on Disclosures by Bidders

Bidders are not allowed to disclose they are participating in the Fixed-Price Auction or the Hourly-Priced Auction, and winning bidders are not allowed to disclose that they have won any tranches in the Fixed-Price Auction or the Hourly-Priced Auction until the Commission publicly reports the results of the auction. Such limitation on public disclosure by bidders is waived if disclosure is required by law.

11.4 The Commission

11.4.1 Communications with the Independent Evaluator

During the bidding process, the identity of bidders, prices, and the number of tranches bid will be kept confidential. This information may be released to the Commission after the auction results are finalized.

11.4.2 Communications with the Company

The Commission may communicate with the Company regarding the auction process. However, the Company will not disclose any proprietary information until after the final round of the auction is completed and bidders are informed of the results of the auction.

11.4.3 Communications with Bidders

The Commission will not communicate with bidders about the auction process prior to the determination of winning bids. If a bidder attempts to contact the Commission by phone call, email, ~~fax~~, or other means, the Commission will direct the bidder to the Information Website and/or to the Independent Evaluator.

11.4.4 Information on Auction Participation

In order to maintain confidential and proprietary information provided by bidders as part of the auction process, the identity of all bidders that submitted Part 1 and/or Part 2 Applications in the auction and the indicative offers will be kept confidential until released publicly by the Commission. The Commission may elect to keep these data confidential at its sole discretion.

11.4.5 Round-by-Round Bids

Round-by-round bids by bidders will be kept confidential pursuant to the confidentiality provisions of the Bidding Rules and the SMA for as long as the Company continue to procure Default Service.

12. CONFIDENTIAL INFORMATION, CERTIFICATIONS, AND SANCTIONS

12.1 Confidential Information

Confidential Information relative to bidding strategy means information relating to a bidder's bid(s) in the auction, whether transmitted in writing or verbally, which if it were to be made public likely would have an effect on any of the bids that another bidder would be willing to submit. Confidential Information relative to bidding strategy includes (but is not limited to): a bidder's strategy; a bidder's indicative offer; the quantities that a bidder wishes to supply; the bidder's estimation of the value of a tranche; the bidder's estimation of the risks associated with serving the load for the auction; and a bidder's contractual arrangements for purchasing power to serve such load were the bidder to win tranches in the auction.

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Confidential Information regarding the auction means information that is not released publicly by the Commission, the Company or the Independent Evaluator and that a bidder acquires as a result of participating in the auction, whether transmitted in writing or verbally, which if it were to be made public could impair the integrity of current or future solicitations, impair the ability of the Company to hold future solicitations, or harm consumers, bidders or applicants. Confidential Information regarding the auction includes (but is not limited to): the list of Qualified Bidders, the list of Registered Bidders, the initial eligibility, the status of a bidder's participation, and all non-public reports of results and announcements made by the Independent Evaluator to any or all bidders in this auction.

Confidential Information may not receive continued confidential or protected treatment should: (a) a bidder publicly disclose Confidential Information relating solely to that bidder; or (b) public disclosure is required or compelled by the Commission, a court or otherwise by law. The Independent Evaluator, the Commission, and the Company shall not be liable for such public disclosures or, so long as reasonable measures have been taken to keep such information confidential, any other public disclosure of Confidential Information. By participating in this auction process, each bidder acknowledges and agrees to the confidentiality provisions set forth herein, as well as any limitations thereto.

In addition, the bidder agrees the bidder's data and information submitted in this auction process will be disclosed if required by any federal, state or local agency (including, without limitation, the Commission) or by a court of competent jurisdiction. However, the Company will endeavor to notify the bidder in advance of such disclosure. In any event, neither the Company nor the Independent Evaluator, nor any of their employees or agents, will be responsible to the bidders or any other party, or liable for any disclosure of such designated materials before, during or subsequent to this auction. Notwithstanding the above, the Company and the Independent Evaluator reserve the right to use and communicate publicly and/or to third parties any and all information/data submitted as part of this auction process in any proceedings before FERC, the Commission, and any other regulatory body and the courts, if necessary, without the prior consent/approval of, or notice to, any such bidder. The bidder expressly agrees that the Company may provide bidder information on a confidential basis to the Commission, the Pennsylvania Office of the Consumer Advocate, and the Office of Small Business Advocate as necessary for compliance with any default service procurement reporting obligations.

12.2 Certifications and Disclosures to Be Made

A prospective bidder will be required in its Part 1 Application to disclose any bidding agreement or any other arrangement in which the prospective bidder may have entered and that is related to its participation in the auction. A prospective bidder that has entered into such an agreement or arrangement must name the entities with which the prospective bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the auction, or a bidding consortium, or any other arrangement pertaining to participating in the auction. A bidding consortium is a group of separate businesses or business people joining together to submit joint bids in the auction.

In addition, a prospective bidder will be required to make the certifications listed in the Part 1 and Part 2 Applications.

The Commission may publicly release the winning prices and the names of the winning bidders from the auction. The Commission may choose to release additional information. After the auction, a winning bidder itself may release information regarding the number of tranches it has won, and a non-winning bidder itself may release information only regarding the fact that it participated in the auction. The winning bidders and the non-winning bidders otherwise continue to be bound by their certifications as described previously. In particular, no winning bidder and no non-winning bidder itself can reveal the winning prices of the auction prior to these being publicly released by the Commission.

12.3 Actions to Be Taken if Certifications Cannot Be Made

If a bidder cannot make all the certifications above, the Independent Evaluator will decide within five (5) days following the deadline to submit the Part 2 Application on a course of action on a case-by-case basis. To decide on this course of action, the Independent Evaluator may make additional inquiries and information requests to understand the reason for the inability of the bidder to make the certification.

If Qualified Bidders do not comply with additional information requests by the Independent Evaluator regarding certifications required in the Part 2 Application, the Independent Evaluator may reject the application.

12.4 Sanctions for Failure to Comply

Sanctions may be imposed on a bidder for failing to properly disclose information relevant to determining associations, for coordinating with another bidder, for failure to abide by any of the certifications made in its Part 1 Application or Part 2 Application, for releasing Confidential Information or disclosing information during the auction (aside from only specific exceptions provided with respect to entities explicitly named in the Part 1 Application as entities that are part of a bidding agreement or other arrangement), and in general for failing to abide by any of the communications protocols in the section, "Communications Protocols," of these Bidding Rules. Such sanctions can include, but are not limited to, any one or more of the following:

- Termination of the SMA.
- The loss of all rights to provide tranches won by such bidder.
- The forfeiture of letters of credit and other fees posted or paid.
- Action (including prosecution) under applicable state and/or federal laws.
- Attorneys' fees and court costs incurred in any litigation that arises out of the bidder's improper disclosure.
- Debarment from participation in future solicitations.
- And/or other sanctions that may be appropriate.

Should such an event occur, the Independent Evaluator will make a recommendation to the Company regarding sanctions. The imposition of such sanctions will be at the discretion of the Company.

13. BIDDER ASSOCIATIONS

A Qualified Bidder is associated with another Qualified Bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other.

The competitiveness of the auction and the ability of the auction to produce competitive prices may be harmed by the coordinated or collusive behavior that associations among bidders may facilitate. As a result, the Independent Evaluator has developed standards that apply when associated parties apply to participate in FP and/or HP auctions. The following sections outline the specific protocols that will be followed when associated entities submit Part 1 and/or Part 2 Applications to participate in an auction for the Company.

13.1 Procedure Followed by the Independent Evaluator

Potential associations among participants may come to the attention of the Independent Evaluator at different points in the bidder qualification application process. In order to improve the process efficiency and minimize the risk of disclosure of potentially confidential information, the Independent Evaluator will approach each case as described below.

13.1.1 Following the Receipt of the Part 1 Applications

Potential associations among applicants may become apparent after the Part 1 Applications are submitted but before Qualified Bidders are required to disclose such associations as part of their Part 2 Applications. The Independent Evaluator will take no action related to potential associations until each party submits their completed Part 1 Application. In cases where there is an apparent relationship among applicants, the Independent Evaluator will initiate a request for additional information regarding the relationship among the potentially associated parties, the structure of their organization, and the independence of the respective bidding teams.

In such cases, the Independent Evaluator will notify representatives of the Company and Commission Staff that there is a potential association among applicants.

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In addition, as outlined in the Part 2 Application, the Independent Evaluator reserves the right to request additional information from each party including, but not necessarily limited to:

- (a) Information on how the entity maintains its independence from the associated party including any available supporting documentation such as a Corporate Separation Agreements, Codes of Conduct, and/or organization charts.
- (b) A list of individuals within the organization who have played or will play a material role in the auction(s).
- (c) Information regarding the nature of any work done in conjunction with or on behalf of the associated party.
- (d) Information describing the organizational structure of the associate(s), identifying common management and oversight among the associated entities as well as the management involved in or responsible for bid approval.
- (e) The internal process or protocol related to determining indicative offers submitted as part of the Part 2 Application.
- (f) Disclosure of whether the entity is bidding on behalf of itself or acting as an agent for other entities.

Any responses to the above will be treated as confidential if labeled as such.

13.1.2 Following the Receipt of the Part 2 Applications

In some cases, the potential relationship among Qualified Bidders will not be known to the Independent Evaluator until the Qualified Bidders submit final certifications along with their Part 2 Applications. In such cases, the Independent Evaluator will initiate the steps outlined above, upon receipt of the completed Part 2 Applications.

After the Independent Evaluator has requested and received additional information from each associated bidder, the Independent Evaluator will work with representatives of the Company and Commission Staff to determine:

- (a) Whether each of the associated bidders will be allowed to participate independently in the auction(s); and
- (b) Any restrictions that may be applied as a result of the participation by associated bidders.

Any restrictions will be based on the information provided by the associated bidders as part of the Part 1 Application, the Part 2 Application, and the additional information that was provided at the request of the Independent Evaluator.

13.2 Remedies and Actions Related to Participation by Associated Bidders

This section summarizes the potential restrictions that will be considered by the Independent Evaluator, the Company, and Commission Staff in relationship to associated participation. Restrictions on participation may include, but may not be limited to, the following:

- (a) Indicative offers may be restricted such that any applicable load cap may apply across the associated bidders;
- (b) Pre-bid security or collateral requirements may be altered for the associated bidders to ensure that associated bidders do not gain a competitive advantage over other bidders; and,
- (c) In some cases, one or more associated bidders may not be allowed to participate in the auction(s).

13.3 Handling of Confidential Information

In order to execute the process of gathering information on associated entities and executing the remedies outlined above, there may be situations that require the Independent Evaluator to share, directly, certain confidential information among the associated parties, the Company, and the Commission and its Staff.

In addition, as part of the remedies outlined in above, an associated party may gain access to or be able to ascertain certain confidential information of the other associated entities. While access to such information otherwise may be counter to certifications in the Part 2 Application, access to such information acquired through the data gathering and remedies related to associated bidders will not be considered a violation of the auction rules.

Confidential information includes but may not be limited to the initial eligibility for each associated bidder based on indicative bids submitted with the Part 2 Application. The Independent Evaluator will make reasonable efforts to minimize the disclosure of any such confidential information.

14. MISCELLANEOUS

14.1 Warranty on Information

The information provided for the auction, including but not limited to information provided on the Information Website, has been prepared to assist bidders in evaluating the auction process. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. Neither the Company nor the Independent Evaluator make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and shall not, either individually or as a corporation, be liable for any representation expressed or implied in the auction process or any omissions from the auction process, or any information provided to a bidder by any other source. A bidder should check the Information Website frequently to ensure it has the latest documentation and information. Neither the Company, nor the Independent Evaluator, nor any of their representatives, shall be liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of information.

14.2 Hold Harmless

Bidder shall hold the Company and the Independent Evaluator harmless of and from all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise in connection with the auction process or the award of a bid pursuant to the auction process.

14.3 Bid Submissions Become the Company's Property

All bids submitted by bidders participating in the auction will become the exclusive property of the Company upon conclusion of the auction process.

14.4 Bidder's Acceptance

Through its participation in the auction process, a bidder acknowledges and accepts all the terms, conditions and requirements of the auction process and the SMA.

14.5 Permits, Licenses, Compliance with the Law and Regulatory Approvals

Bidders shall obtain all licenses, permits and status that may be required by any governmental body, agency or organization necessary to conduct business or to perform hereunder. Bidders' subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.

14.6 Auction Intellectual Property

All title, interests and other intellectual property rights in and to the auction design, the auction format and methodology, the auction software, the source code (including all modifications, enhancements, customization, adaptations and derivative works made by the Independent Evaluator) and associated documentation, including but not limited to these Bidding Rules, and the screen formats and forms designed by the Independent Evaluator (the "Auction Software"), are proprietary to the Independent Evaluator and all rights, title, and interest to the Auction Software remain with the Independent Evaluator. The Independent Evaluator grants Qualified Bidders a non-exclusive, non-transferable, limited license to use the Auction Software, solely for use in connection with the auction, subject to the terms and conditions set forth herein, and not for copying, relicensing, sublicensing, distribution or marketing by the Qualified Bidder. No other interest is conveyed to the Qualified Bidder other than the license expressly granted herein. The foregoing use license shall immediately terminate upon disqualification of the Qualified Bidder or upon termination or completion of the auction process. If at any time it is determined in the Independent Evaluator's sole discretion that the Qualified Bidder is in breach of this Section 13.6, the Independent Evaluator shall be entitled to terminate the Qualified Bidder's access rights to the Auction Software.

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Notwithstanding anything herein to the contrary, and without limiting the Qualified Bidder's other obligations herein, the Qualified Bidder shall not, nor shall it permit any third party to: (i) modify, translate or otherwise create derivative works of the Auction Software; (ii) reverse engineer, decompile, decode, disassemble or translate any Auction Software, or output thereof, or otherwise attempt to reduce to human readable form or derive the source code, protocols or architecture of any Auction Software; (iii) use or study any Auction Software, or output thereof, for the purpose of developing any software that is intended to replace, or that has functions, structure or architecture similar to, such Auction Software, or any part thereof; (iv) publish, or otherwise make available to any third party, any benchmark or other testing information or results concerning the Auction Software; (v) permit any other person who is not authorized to access or use all or any part of the Auction Software or (vi) copy the Auction Software, distribute the Auction Software, remove or obscure any proprietary labeling on or in the Auction Software, create any derivative works based on the Auction Software, or modify the Auction Software, in each case, except to the extent expressly permitted by the Independent Evaluator in writing.

In using the Auction Software, a Qualified Bidder shall take steps to prevent any virus, worm, built-in or use-driven destruction mechanism, algorithm, or any other similar disabling code, mechanism, software, equipment, or component designated to disable, destroy or adversely affect the Auction Software from being introduced into the systems.

APPENDIX A — EXAMPLE OF ROUND-BY-ROUND BIDDING

The illustrative example below shows for two bidders (BidderA and BidderB) and two products (Product-1 and Product-2) the confirmed bids (pre-EOR) and the post-EOR results for each round. In the example, the auction closes after round 4.

Round 1

For round 1, the announced prices are \$75.00 and \$82.00 for Product-1 and Product-2, respectively. At those announced prices, BidderA bids 55 tranches and 85 tranches on Product-1 and Product-2, respectively. BidderB bids 80 tranches and 27 tranches on Product-1 and Product-2, respectively.

When the round closes the EOR procedure is executed. Each product is over-subscribed: 135 tranches were bid on Product-1 which has a tranche target of 100, and 112 tranches were bid on Product-2 which has a tranche target of 100.

The announced price for Product-1 will be reduced from \$75.00 to \$72.50 for round 2. The announced price for Product-2 will be reduced from \$82.00 to \$78.60 for round 2.

BidderA will have eligibility of $55+85 = 140$ tranches for round 2, and BidderB will have eligibility of $80+27 = 107$ tranches for round 2.

Round 2

At the announced prices for round 2, BidderA bids 40 tranches and 85 tranches on Product-1 and Product-2, respectively. Thus, BidderA reduced its tranches bid on Product-1 from 55 to 40 tranches. BidderB bids 50 tranches and 57 tranches on Product-1 and Product-2, respectively. Thus, BidderB switched 30 tranches from Product-1 to Product-2.

When the round closes the EOR procedure is executed. Product-1 is under-subscribed by 10 tranches: only 90 tranches bid against the tranche target of 100 tranches: BidderA's bid represents a reduction in its eligibility by 15 tranches, while BidderB's bid maintained its eligibility. Thus, 10 of the 15 eligibility reduction tranches of BidderA are rolled back on Product-1. Those 10 tranches are priced at the announced price for Product-1 at which they were bid in round 1: \$75.00. The announced price for Product-1 will remain at \$72.50 for round 3.

Product-2 is over-subscribed by 42 tranches. The announced price for Product-2 will be reduced from \$78.60 to \$76.10 for round 3.

BidderA will have eligibility of $50+85 = 135$ tranches for round 3 (including the 10 tranches rolled back on Product-1), and BidderB will have eligibility of $50+57 = 107$ tranches for round 3.

Round 3

At the announced prices for round 3, BidderA bids 99 tranches and 36 tranches on Product-1 and Product-2, respectively. Thus, BidderA is switching 49 of the tranches bid from Product-2 to Product-1. BidderB bids 50 tranches and 35 tranches on Product-1 and Product-2, respectively. Thus, BidderB is reducing its tranches bid on Product-2 from 57 to 35 tranches.

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When the round closes the EOR procedure is executed. Product-1 is over-subscribed by 49 tranches. Product-2 is under-subscribed by 29 tranches: only 71 tranches bid against the tranche target of 100 tranches: BidderA's bid maintained its eligibility while BidderB's bid represents a reduction in its eligibility by 22 tranches. Thus, all 22 of the eligibility reduction tranches of BidderB are rolled back on Product-2. Those 22 tranches are priced at the announced price for Product-2 at which they were bid in round 2: \$78.60. Even after rolling back those 22 eligibility reduction tranches of BidderB, Product-2 still is under-subscribed — by 7 tranches. So 7 tranches that BidderA had switched from Product-2 to Product-1 are rolled back to Product-2. Those 7 tranches are priced at the announced price for Product-2 at which they were bid in round 2: \$78.60.

After rolling back 7 tranches from Product-1 to Product-2 for BidderA, BidderA still has increased the number of tranches it is bidding on Product-1: from 50 tranches bid in round 2 (10 tranches at \$75.00 and 40 tranches at \$72.50) to 92 tranches bid in round 3 (10 tranches at \$75.00 and 82 tranches at \$72.50). Product-1 is over-subscribed as a result, so higher-priced tranches in Product-1's bid stack can be removed. All 10 of BidderA's higher-priced tranches are removed from Product-1's bid stack, and these 10 tranches become BidderA's free eligibility for round 4. In round 4, BidderA can bid any of the 10 tranches on any product, but to the extent those 10 tranches are not bid on a product in round 4, those free eligibility tranches and their associated eligibility for BidderA will be permanently removed from the auction after round 4.

Because Product-1 is over-subscribed, the announced price for Product-1 will be reduced from \$72.50 to \$70.15 for round 4. Because Product-2 is not over-subscribed, the announced price for Product-2 will remain at \$76.10 for round 4.

BidderA will have eligibility of $82+43+10 = 135$ tranches for round 4, and BidderB will have eligibility of $50+57 = 107$ tranches for round 4 (including the 22 tranches rolled back on Product-2).

Round 4

At the announced prices for round 4, BidderA bids 46 tranches and 43 tranches on Product-1 and Product-2, respectively. Thus, BidderA reduced its tranches bid on Product-1 from 82 to 46 tranches. BidderB bids 32 tranches and 57 tranches on Product-1 and Product-2, respectively. Thus, BidderB reduced its tranches bid on Product-1 from 50 to 32 tranches.

When the round closes the EOR procedure is executed. Product-1 is under-subscribed by 22 tranches: only 78 tranches bid against the tranche target of 100 tranches: BidderA's bid represents a reduction in its eligibility by 36 tranches, while BidderB's bid represents a reduction in its eligibility by 18 tranches. Of the 54 fewer tranches bid on Product-1, 36 were eligibility reductions from BidderA and 18 were eligibility reductions from BidderB. Of those 54 fewer tranches bid, $100-78 = 22$ tranches need to be rolled back on Product-1. The selection of which tranches are rolled back is done by assigning random numbers tranche by tranche (not bidder by bidder) to each of the 54 fewer tranches bid on Product-1. On average, the selection of the rolled back tranches will be proportional based on the number of tranches by which each bidder reduced its bid on the product. Thus, if the assignment of random numbers and selection of rolled back tranches were repeated many times, the number of rolled back tranches for BidderA on Product-1 would be expected to be 15 on average or $(82-46)/(132-78)*(100-78) = 36/54*22$, rounded, and the number of rolled back tranches for BidderB on Product-1 would be expected to be 7 on average: $(50-32)/(132-78)*(100-78) = 18/54*22$, rounded.

Auction Close

After the rollback is done for Product-1, it is determined that no product is over-subscribed and no bidder has free eligibility tranches. Thus, the criteria are met for closing the auction.

Product-1's bid stack has tranches bid at \$72.50 and tranches bid at \$70.15. So Product-1's clearing price is the higher of the two, or \$72.50. BidderA wins 61 tranches and BidderB wins 39 tranches for Product-1. All 100 tranches procured for Product-1 are paid the price of \$72.50.

Product-2's bid stack has tranches bid at \$78.60 and tranches bid at \$76.10. So Product-2's clearing price is the higher of the two, or \$78.60. BidderA wins 43 tranches and BidderB wins 57 tranches for Product-2. All 100 tranches procured for Product-2 are paid the price of \$78.60.

Bidding Rules to Procure Default Service Products

Example 2. Round-by-Round Bidding with Pre-EOR and Post-EOR Results

Round	Product-1					Product-2					Next-Round Eligibility	
	Announced Price	Tranche Target	Tranches Bid	@ Price	Excess Supply	Announced Price	Tranche Target	Tranches Bid	@ Price	Excess Supply	Free	Total
1	\$75.00					\$82.00						
Pre-EOR		100	135		35		100	112		12		
BidderA			55	@ \$75.00				85	@ \$82.00		—	140
BidderB			80	@ \$75.00				27	@ \$82.00		—	107
Post-EOR		100	135		35		100	112		12		
BidderA			55	@ \$75.00				85	@ \$82.00		—	140
BidderB			80	@ \$75.00				27	@ \$82.00		—	107
2	\$72.50					\$78.60						
Pre-EOR		100	90		(10)		100	142		42		
BidderA			40	@ \$72.50				85	@ \$78.60		—	125
BidderB			50	@ \$72.50				57	@ \$78.60		—	107
Post-EOR		100	100		0		100	142		42		
BidderA			50	10 @ \$75.00 40 @ \$72.50				85	@ \$78.60		—	135
BidderB			50	@ \$72.50				57	@ \$78.60		—	107

Bidding Rules to Procure Default Service Products

Round	Product-1					Product-2					Next-Round Eligibility	
	Announced Price	Tranche Target	Tranches Bid	@ Price	Excess Supply	Announced Price	Tranche Target	Tranches Bid	@ Price	Excess Supply	Free	Total
3	\$72.50					\$76.10						
Pre-EOR		100	149		49		100	71		(29)		
BidderA			99	10 @ \$75.00 89 @ \$72.50				36	@ \$76.10		—	135
BidderB			50	50 @ \$72.50				35	@ \$76.10		—	85
Post-EOR		100	132		32		100	100		0		
BidderA			82	@ \$72.50				43	7 @ \$78.60 36 @ \$76.10		10	135
BidderB			50	@ \$72.50				57	22 @ \$78.60 35 @ \$76.10		—	107
4	\$70.15					\$76.10						
Pre-EOR		100	78		(22)		100	100		0		
BidderA			46	@ \$70.15				43	7 @ \$78.60 36 @ \$76.10		—	89
BidderB			32	@ \$70.15				57	22 @ \$78.60 35 @ \$76.10		—	89
Post-EOR		100	100		0		100	100		0		
BidderA			61	15 @ \$72.50 46 @ \$70.15				43	7 @ \$78.60 36 @ \$76.10		—	104
BidderB			39	7 @ \$72.50 32 @ \$70.15				57	22 @ \$78.60 35 @ \$76.10		—	96

Bidding Rules to Procure Default Service Products

	Product-1				Product-2				Tranches Won
	Clearing Price	Tranche Target	Tranches Won		Clearing Price	Tranche Target	Tranches Won		
Results	\$72.50	100	100		\$78.60	100	100		200
BidderA			61				43		104
BidderB			39				57		96

Exhibit MP-4
Pre-Bid Security Letter of Credit

Appendix 3 to Bidding Rules

Sample Pre-Bid Letter of Credit

[On Issuing Bank's Letterhead]

IRREVOCABLE STANDBY LETTER OF CREDIT

_____ ("Date of Issuance")

Letter of Credit No. _____

Beneficiary:

FirstEnergy Pennsylvania Electric Company

C/O Independent Evaluator – Robert Lee

CRA International

200 Clarendon Street, T-9

Boston, MA 02116-5092

Applicant:

[Name of Bidder]

[Address]

1. We, _____ (the "Issuing Bank") hereby establish in your favor this irrevocable Letter of Credit (this "Letter of Credit") for the account of _____ (the "Bidder"), in the amount of USD \$_____, effective immediately and available to you at sight upon demand by all of you at our counters at _____ [Location]. This Letter of Credit, unless terminated earlier in accordance with the provisions hereof or otherwise extended, shall remain in full force and effect at least until (i) the PaPUC has accepted the results of the Default Service Residential/Commercial Auction and/or the Default Service Industrial (Hourly Priced) Auction and the Bidder does not hold a winning Bid in the respective auction; or (ii) the PaPUC has accepted the results of the Default Service Residential/Commercial Auction and/or the Default Service Industrial (Hourly Priced) Auction, and the Bidder holds a winning Bid, the Bidder has executed the Default Service Supplier Master Agreement ("Default Service SMA") associated with its winning Bid, and the Bidder has satisfied the creditworthiness standards of such Default Service SMA; or (iii) the PaPUC has rejected the results of the Default Service Residential/Commercial Auction and/or the Default Service Industrial (Hourly Priced) Auction; or (iv) the expiration date of this Letter of Credit, _____ which is at least thirty (30) days following the Bid Date.

2. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate, in the form of Annex 1, stating that the Bidder:
 - a) "has made a material omission or misrepresentation in its Part 1 Application or in its Part 2 Application to participate in the Company's Default Service Residential/Commercial Auction and/or Default Service Industrial (Hourly Priced) Auction"; or
 - b) "has disclosed information relating to its Application or its Bids publicly or to any other party before the PaPUC has rendered a decision on the results of the Default Service Residential/Commercial Auction and/or the Default Service Industrial (Hourly Priced) Auction"; or
 - c) "has won one or more tranches and has failed to execute the Default Service SMA(s) within three (3) business days of the PaPUC's approval of the results of the Default Service Residential/Commercial Auction and/or the Default Service Industrial (Hourly Priced) Auction"; or
 - d) "has won one or more tranches and has failed to meet the creditworthiness requirements of the Default Service SMA(s) at the time of their execution".
3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (prevailing Eastern Time¹) on such Business Day to _____ (Issuing Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of each Company and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of each Company. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.
4. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to your account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 PM (prevailing Eastern Time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 AM (prevailing Eastern Time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first

¹ If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time, all other times in this Letter of Credit, and the definition of a business day should be adjusted accordingly.

Business Day next succeeding the date of such drawing if delivery of the requisite document is made on or after 11:00 AM (prevailing Eastern Time) on any Business Day pursuant to Paragraph 3 hereinabove.

5. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be made prior to expiry in accordance with the terms of this Letter of Credit.
6. This Letter of Credit shall automatically terminate and be cancelled on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.
7. As used herein:

"Authorized Officer" shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

"Bid Date" shall mean the day when the Default Service auctions are conducted.

"Bidder" shall mean a party that submits a Part 1 Application and a Part 2 Application to the Company in response to the Company's Default Service Residential/Commercial Auction and/or the Default Service Industrial (Hourly Priced) Auction.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fedwire system.

"Default Service Supplier Master Agreement" shall mean each of the agreements by which the Company will be contracting for the provision of Default Service Supply.

"Residential/Commercial Auction" shall mean the FirstEnergy Pennsylvania Electric Company Default Service Residential/Commercial Auction.

"Industrial (Hourly Priced Auction)" shall mean the FirstEnergy Pennsylvania Electric Company Default Service Industrial (Hourly Priced) Auction.

"PaPUC" shall mean Pennsylvania Public Utility Commission.

"Rules" shall mean the rules that govern the conduct of the Residential/Commercial Auction and the Industrial (Hourly Priced) Auction as filed and approved by the PaPUC.

8. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the "UCP"). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.
9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.
10. We certify that as of _____ (date) we _____ (Issuing Bank) satisfy the minimum senior unsecured debt rating of at least "A" from Standard & Poor's or Fitch, or "A2" from Moody's.
11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.
12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ and confirmed by telephone to telephone number _____.
13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of

presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

14. This original Letter of Credit has been sent to the Independent Evaluator at 'Independent Evaluator — c/o Robert Lee, CRA International, 200 Clarendon street, T-9, Boston, MA, 02116-5092' (as per Bidder's instructions, the Independent Evaluator holds the Letter of Credit for the benefit of the Company). The aggregate amount paid to the Company during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Company. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Representative of the Independent Evaluator on behalf of Company. An Authorized Representative of the Independent Evaluator means any Vice President or Senior Vice President of the Independent Evaluator.

Very truly yours,

(Issuing Bank)

By: _____
Name:
Title:

By: _____
Name:
Title:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Issuing Bank)

(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit;
2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned are entitled to make a drawing under the Letter of Credit in the amount of \$_____, inasmuch as the Bidder has _____ (state reason from conditions (a) – (d) of Paragraph 2).
3. The amount to be received by FirstEnergy Pennsylvania Electric Company is \$_____
4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 3]

PAY TO: [FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY]

Attn:

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. _____
OF

(Issuing Bank)

(Address)

FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY

By _____

Name:

Title:

Date:

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION

OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Issuing Bank)

(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY

By _____
Name:
Title:
Date:

cc: _____ (Bidder)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF FIRSTENERGY
PENNSYLVANIA ELECTRIC COMPANY
FOR APPROVAL OF ITS DEFAULT
SERVICE PROGRAM FOR THE PERIOD
JUNE 1, 2027 TO MAY 31, 2031**

**:
: DOCKET NO. P-2026-
:
:
:
:
:**

VERIFICATION

I, Margarita Patria, hereby state that the facts set forth in the pre-marked statements and exhibits listed below are true and correct to the best of my knowledge, information, and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

- FE PA Statement No. 5 and FE PA Exhibits MP-1 through 4

Date: February 3, 2026



Margarita Patria