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April 20, 2020

Via Electronic Filing

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Petition of Duquesne Light Company For Approval of Default Service Plan For The Period
June 1, 2021 Through May 31, 2025
Docket No. P-2020-_____**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Duquesne Light Company (“Duquesne Light” or the “Company”), please find the *Petition of Duquesne Light Company For Approval of Default Service Plan For The Period June 1, 2021 Through May 31, 2025* (“Default Service Plan”). To facilitate approval, the Company has filed its direct testimony with the Default Service Plan and respectfully requests that the Pennsylvania Public Utility Commission (“Commission”) assign this matter to the Office of Administrative Law Judge for evidentiary hearings and the issuance of a Recommended Decision.

Please enter the appearances of the following attorneys on behalf of the Company in this proceeding:

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Please send copies of all documents and communications in this proceeding to the counsel listed above.



As indicated on the attached Certificate of Service, Duquesne Light is serving this Petition on the Bureau of Investigation & Enforcements, the Office of Consumer Advocate, the Office of Small Business Advocate, and PJM Interconnection, LLC. Duquesne Light is also serving all active parties in the Company's prior default service proceeding, *Petition of Duquesne Light Company for Approval of Default Service Plan For The Period June 1, 2017 Through May 31, 2021*, at Docket No. P-2016-2543140. Due to the high number of electric generation suppliers ("EGS") licensed in the Company's service territory, EGSs that did not participate in Duquesne Light's last default service proceeding are being served with a copy of this filing letter and the attached Certificate of Service only.

Also as indicated on the attached Certificate of Service, consistent with the Commission's Emergency Order entered March 20, 2020, at Docket No. M-2020-3019262, the Company is effecting service via electronic mail only. A complete copy of the filing will be available on the Company's website at <http://www.customer-choice.com>. In addition, the Company will provide a hard copy of the filing to any entity identified on the Certificate of Service upon request. Requests for a hard copy should be directed to Mr. Kanagy at akanagy@postschell.com.

Should you have any questions, please do not hesitate to contact me.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Michael Zimmerman".

Michael Zimmerman
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Enclosures

Cc: Certificate of Service
Gladys Brown Dutrieuille, Chairman
David W. Sweet, Vice Chairman
John F. Coleman, Commissioner
Ralph V. Yanora, Commissioner

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant) and the Pennsylvania Public Utility Commission's March 20, 2020 Emergency Order at Docket No. M-2020-3019262:

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Date: April 20, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of Duquesne Light Company :
For Approval Of Default Service Plan : **Docket No. P-2020-_____**
For The Period June 1, 2021 Through :
May 31, 2025 :

**PETITION OF DUQUESNE LIGHT COMPANY
FOR APPROVAL OF A DEFAULT SERVICE PLAN**

Pursuant to 66 Pa. C.S. § 2807(e) and the Pennsylvania Public Utility Commission’s (“Commission”) default service regulations at 52 Pa. Code §§ 54.181-54.189, Duquesne Light Company (“Duquesne Light” or the “Company”) hereby petitions the Commission for approval of its default service plan for the period from June 1, 2021 through May 31, 2025 (“DSP IX,” “Default Service Plan,” or “Plan”), as well as approval of the Company’s: 1) Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”), 2) Long-Term Solar Power Purchase Agreement (“Solar PPA”) Plan, 3) Standard Offer Program (“SOP”), 4) Customer Assistance Program (“CAP”) Shopping Program, 5) proposal to recover cash out payments to customer generators and other approvals described herein required for the implementation of the Plan.

A. BACKGROUND

1. Duquesne Light has implemented eight (8) successful default service programs helping to create one of the most competitive shopping environments in the Commonwealth, while providing default service at rates and terms that meet the requirements of the Public Utility Code. With each successive plan, Duquesne Light has tailored its default service offerings to ensure appropriate levels of price stability for customers at market reflective rates, while supporting the competitive retail electricity market. In its DSP IX proposal, Duquesne Light seeks to enhance its current default service program and continue to promote competition for its customers.

2. Chapter 28, Section 2807(e) of the Public Utility Code (Code), 66 Pa. C.S. §

2807(e), provides the statutory requirements for a default service plan. Chapter 28 requires the default service provider to follow a Commission-approved competitive procurement plan that includes auctions, requests for proposals, and/or bilateral agreements, as well as a prudent mix of spot market purchases, short-term contracts, and long-term purchase contracts designed to ensure adequate and reliable service at the least cost to customers over time. 66 Pa. C.S. § 2807(e). Additionally, the Commission's default service regulations at 52 Pa. Code §§ 54.181-54.189 which were modified in a *Final Rulemaking Order* entered on October 4, 2011¹ and the *Default Service End-State Order*² provide guidance regarding the Commission's requirements for default service plans. Additional guidance from the Commission was recently provided in a Secretarial Letter dated January 23, 2020. *Investigation into Default Service and PJM Interconnection, LLC Settlement Reforms*, Docket M-2019-3007101, January 23, 2020 ("January 2020 Secretarial Letter").

3. The Company's proposed Default Service Plan satisfies these statutory and regulatory requirements through the competitive procurement of electric supply tailored to meet the individual characteristics of each customer class, by creating a transparent, competitive market and at the same time ensuring appropriate consumer protections. The Company's Default Service Plan recognizes that each customer class has different characteristics and different levels of experience with the competitive market. The Plan takes these differences into account and proposes procurement methodologies for each of the major customer groups that reflect these considerations. The Company's Plan also continues to support Pennsylvania retail markets with enhancements to its SOP enrollment processes and its CAP customer shopping proposal. In

¹ *Final Rulemaking Order*, Docket No. L-2009-2095604 (Order entered October 4, 2011).

² *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. 1-2011-2237952, Order entered February 15, 2013 ("*Default Service End-State Order*").

developing this Plan, the Company also considered the approaches that have worked in previous default service plans; the current desires and concerns of parties, customers and retail suppliers; and the Commission's rules and policies.

4. The Company's Default Service Plan satisfies the applicable legal requirements by providing for the availability of adequate, reliable, affordable, efficient and environmentally sustainable electric service at the least cost over time and consideration of the impact to the environment. A summary of Duquesne Light's Default Service Plan is set forth below, with additional details provided in the testimony and exhibits accompanying this Petition.

B. PROGRAM TERM

5. The term lengths of Duquesne Light's current DSP VIII program, as well as the current default service programs for all of the other the major electric distribution companies, are for a four year period.

6. Duquesne Light proposes that the term length of the DSP IX Plan also be for a period of four years, from June 1, 2021 through May 31, 2025. The four-year term saves litigation time and cost for Duquesne Light, other parties that participate in DSP proceedings and the Commission, as compared to prior default service plans with two-year term periods.

C. PROPOSED DEFAULT SERVICE PROCUREMENT PLANS AND RATES

7. The DSP IX Plan largely continues the procurement approaches and rate terms that are currently in effect under DSP VIII. The DSP IX Plan includes a portfolio of four (4) separate supply plans tailored to meet the specific needs of major customer groups, which are: 1) Residential and Lighting ("Residential & Lighting"), 2) Small Commercial & Industrial ("Small C&I"), 3) Medium Commercial & Industrial customers under 200 kW ("Medium C&I <200kW"), and 4) Hourly Price Service ("HPS") for Medium C&I customers with monthly metered demand equal to or greater than 200 kW and Large Commercial & Industrial ("Large

C&I”) customers (collectively (“HPS-Eligible”)).

Residential and Lighting Customers

8. Default Service for Residential & Lighting customers will continue to consist of a combination of twelve (12) and twenty-four (24) month fixed-price full requirements (“FPFR”) supply contracts obtained through semi-annual competitive auctions with overlapping, or “laddered,” delivery periods. The full requirements contracts require supplier(s) to provide energy, capacity, ancillary services, and any other services or products necessary to serve a specified percentage of default service load 24 hours a day, for the term of the contract. Because the contract is "load-following," the amount of energy and other services and products a supplier must provide will vary depending upon Duquesne Light’s actual default service load. The supply contracts that Duquesne Light has proposed for Residential & Lighting customers require the suppliers to satisfy this obligation at the prices that they bid in the respective auctions. The procurement methodology is discussed in more detail in the testimony of Mr. Peoples in Duquesne Light St. No. 2.

9. The Company also proposes to continue to change the default service supply rates for these customers every six months as in DSP VIII.

10. The proposed mix of one-year and two-year FPFR products and the semi-annual overlapping of their delivery periods provide Residential & Lighting customers greater price stability than shorter term procurements and rate changes, which is reasonable and appropriate for this customer class. This is discussed in more detail in the testimony of Mr. Fisher in Duquesne Light St. No. 3.

11. Duquesne Light proposes to procure four (4) FPFR supply contracts for the Residential & Lighting class with delivery periods that extend beyond the end of the DSP IX

period, otherwise known as “overhang” contracts. Overhang contracts are appropriate customer protections that help avoid the potential price shock that may occur when 100% of supply must be procured at one time or over a short period of time. The Company’s DSP VI, DSP VII and DSP VIII plans also included overhanging supply contracts for Residential & Lighting and Small C&I customers.³ Exhibit JP-1, which is attached to Duquesne Light Statement No. 2, shows the proposed procurement schedule and delivery period for Residential & Lighting customers.⁴

12. Additionally, Duquesne Light proposes to continue semi-annual reconciliation of Residential & Lighting procurement group default service costs and revenues along with semi-annual rate changes. The Company recognizes that the Commission's regulations provide for quarterly rate changes for Residential customers. See 52 Pa. Code § 54.187. However, Duquesne Light does not believe that quarterly rate changes are necessary for Residential & Lighting customers because the Company is proposing to acquire default service supply for these customers in the form of twelve (12) and twenty-four (24) month fixed-price full requirements contracts.

³ See *Petition of Duquesne Light Company for Approval of Revisions to its Approved Default Service Plan VI*, Docket No. P-2012-2301664 (Order entered September 11, 2014) (permitting Duquesne Light to extend contracts that overlap into DSP VII). See also *Petition of Duquesne Light Company for Approval of Default Service Plan for the Period June 1, 2015 Through May 31, 2017*, Docket No. P-2014-2418242 (Order entered January 15, 2015); *Petition of Duquesne Light Company for Approval of Default Service Plan for the Period June 1, 2017 Through May 31, 2021*, Docket No. P-2016-2543140 (Order entered December 22, 2016) (approving proposed DSPs that provided for supply contracts that would extend into the subsequent DSP).

⁴ On April 8, 2020, the Company filed a Petition at its DSP VIII proceeding, Docket P-2016-2543140, proposing to modify its DSP VIII procurement schedule with regard to the 2022/2023 PJM planning year. *Petition of Duquesne Light Company for Approval to Modify the Procurement Schedule for its Default Service Plan for the Period June 1, 2017, through May 31, 2021*. In the Petition, the Company proposes to modify the duration of certain default service supply contracts to be procured in its September 2020 auction from 24 months to 12 months, which will cover the period of December 2020 through November 2021. As the Petition explains, the purpose of this proposed truncation is to avoid inclusion of the 2022/2023 PJM planning year in the products to be procured in the September 2020 auction, because the PJM capacity price for that planning year may not be established by the time the auction occurs. The Company’s proposal, if approved by the Commission, would cause a portion of load for the overhang period into DSP IX (covering the period from December 1, 2021 through November 30, 2022) not to be procured through the DSP VIII Plan. In such event, the Company would instead procure default service supply for this period as part of its DSP IX auction schedule, when presumably the capacity prices will be known.

Fixed-price full requirements contracts greatly diminish cost over/under-recoveries that are associated with other procurement methods, and therefore do not require more frequent rate resets in order to reconcile costs. The Commission approved semi-annual reconciliation for Duquesne Light's Residential & Lighting customers in the DSP VI proceeding. *DSP VI Order*, p. 210. In DSP VII and DSP VIII, semi-annual reconciliation was approved as part of the Settlement Stipulations. Duquesne Light therefore requests a waiver of Section 54.187 to the extent necessary to implement its proposed plan.

13. Supply for the Lighting customers' default service load will continue to be combined with the default service supply for Residential customers. Wholesale suppliers will bid a single price to supply both Residential and Lighting customers' default service load. Separate rates will be developed by Duquesne Light for Residential and Lighting customers to reflect the lower market cost of supplying the applicable Lighting customer classes. The methodology for developing Lighting rates is generally the same as that approved by the Commission in DSP VII and VIII and is described by Mr. Ogden in Duquesne Light St. No. 4.

14. The auctions for Residential & Lighting customers will be conducted by Duquesne Light, with an independent monitor. The Company proposes to maintain the 50% supplier load cap to serve Residential & Lighting (and Small C&I) customers in a given auction equal to 50% of the number of tranches solicited on that auction date, rounded up to the nearest integer number of tranches.

15. In the *Default Service End-State Order*, the Commission directed the establishment of a working group, in part, to develop an industry standard default service Supply Master Agreement ("SMA") for EDCs in Pennsylvania. The Company is proposing to continue to use the SMA template that was developed by the Procurement Collaboration Working Group, with a few

updates, for its wholesale power procurements under DSP IX. A copy of the Supply Master Agreement is attached to Duquesne Light Statement No. 2, the testimony of Mr. John Peoples, as Exhibit JP-3.

Small C&I Customers

16. Default Service for Small C&I customers, which are customers with monthly metered demands less than 25 kW, will be supplied in the same manner as Residential & Lighting customers, which consists of a combination of twelve (12) and twenty-four (24) month full requirements supply contracts obtained through semi-annual competitive auctions with overlapping, or “laddered,” delivery periods. The procurement schedule and delivery periods for Small C&I customers are also provided in Exhibit JP-1, which is attached to Mr. Peoples’ testimony.

17. Similar to its procurement plan for Residential & Lighting customers, Duquesne Light’s procurement plan for Small C&I customers is designed to provide additional rate stability for customers. In the *Petition of Duquesne Light Company for Approval of a Default Service Program for the Period from June 1, 2015 through May 31, 2017*, Docket No. P-2014-2418242 (Opinion and Order entered January 15, 2015), the Commission stated at p. 25, “... Duquesne’s proposal should be accepted in order that the Small C&I customer class procurement would be similar to the default service procurement for the Residential class in DSP VII. As Duquesne has explained, these classes exhibit similar characteristics and the proposed default service procurement plans for these classes represent a balancing of the importance of rate stability and market responsive rates for these smaller customers.”

18. Rates for Small C&I customers will be reset twice per year, and Duquesne Light

proposes to continue to reconcile costs for these customers on a semi-annual basis. The Commission first approved semi-annual reconciliation for Duquesne Light's Small C&I customers in the DSP VI proceeding. *DSP VI Order*, p. 210.

19. As with Residential & Lighting customers, Duquesne Light recognizes that the Commission's regulations provide for quarterly rate changes for Small C&I customers. 52 Pa. Code § 54.187. However, the Company does not believe that quarterly rate changes will be necessary for Small C&I customers because the Company is proposing to acquire default service supply for these customers in the form of twelve (12) and twenty-four (24) month fixed-price full requirements contracts. As explained above, fixed price full requirements contracts greatly diminish cost over/under- recoveries that are associated with other procurement methods, and therefore do not require more frequent rate resets in order to reconcile costs. Accordingly, there is no need to reset rates quarterly, and Duquesne Light requests a waiver of the regulation to the extent necessary to implement its proposed plan.

20. Small C&I customers include unmetered C&I customers. The load of unmetered accounts will be included in the Small C&I procurements. Default Service rates for unmetered accounts will be the same as the Small C&I Default Service rates.

21. Duquesne Light also will use the SMA template described above and provided as Exhibit JP-3 for its Small C&I procurements.

Medium C&I Default Service Customers Under 200 kW

22. Default Service for Medium C&I customers with monthly metered demands equal to or greater than 25 kW and less than 200 kW will continue to be supplied by full requirements supply contracts for three-month terms from third-party suppliers with no laddering. The Company's procurement proposal for Medium C&I customers under 200 kW is consistent with

the current Commission approved procurement schedule for these customers under DSP VIII. The procurement schedule and methodology is further explained by Mr. Peoples in Duquesne Light St. No. 2.

23. Rates for Medium C&I customers with demands under 200 kW will be reset quarterly, and Duquesne Light proposes to continue to reconcile costs for these customers on a semi-annual basis.

24. The procurement methodology for Medium C&I customers under 200 kW is appropriately market responsive given the sophistication of this customer class.

25. Default service supply for Medium C&I customers under 200 kW will be split into four equal tranches of 25% of the total Medium C&I <200kW default service load in each hour. Accordingly, the default service rates for these customers will continue to change quarterly, on June 1st, September 1st, December 1st, and March 1st.

26. The Company proposes, as initially approved in DSP VII and continued in DSP VIII, to apply no supplier load cap for the Medium C&I <200kW solicitations. With three-month contracts for Medium C&I <200kW customers, the effect of supplier default is lessened, and there is a reduced need for load caps to guard against the exposure resulting from a large supplier defaulting on its obligation.

27. In the *Default Service End-State Order*, the Commission proposed that customers with demands of 100 kW or greater that have interval meters only be offered hourly LMP products. *Default Service End-State Order*, p. 31. However, the Commission further acknowledged that directing an hourly LMP product for Medium C&I customers may raise legal questions about compliance with the Competition Act and that the Commission preferred to pursue legislative amendments that would provide for such authority before mandating an hourly priced product for

Medium C&I customers. *Id.* at 45. To date, such changes have not been adopted by the General Assembly. Therefore, the Company is not proposing hourly LMP default service prices for Medium C&I customers under 200 kW.

28. Duquesne Light also will use the SMA template described above and provided as Exhibit JP-3 for its procurements for Medium C&I customers under 200 kW.

HPS-Eligible Customers

29. For Medium C&I customers with monthly metered demand equal to or greater than 200 kW and Large C&I customers, Duquesne Light will continue to offer default service rates based on hourly day-ahead PJM energy market prices. Customers also will be charged a pass through of PJM capacity and ancillary services costs as well as the administrative costs of providing HPS. The procurement methodology is discussed in more detail in the testimony of Mr. Peoples in Duquesne Light St. No. 2.

30. The Company recently lowered the threshold for HPS eligibility for Medium C&I customers from ≥ 300 kW to ≥ 200 kW, on June 1, 2019. This relatively recent ≥ 200 kW threshold will be preserved in DSP IX.

31. In order to acquire default service supply for HPS customers, the Company will conduct a solicitation in March of each year for HPS full requirements supply to be delivered over a twelve-month period from June 1st through May 31st. Two tranches will be solicited, with each tranche representing 50% of the default service load. The supplier(s) with the lowest fixed price bids will be selected as the winning supplier(s) of the HPS solicitation. In addition to the winning bid price offered by the supplier, each winning supplier will be paid for its share of the associated energy, capacity, and ancillary service charges billed to HPS customers pursuant to Rider No. 9 in Duquesne Light's Retail Tariff. The winning suppliers' fixed price bids will be designed to

compensate suppliers for the associated alternative energy credit costs, the energy balancing costs associated with day-ahead pricing versus final energy costs, and any other third-party supplier administrative costs of providing HPS. There is no change in this process from the process that was approved for the DSP VIII plan.

32. Duquesne Light will also continue to rely on an independent third party to monitor and conduct the competitive solicitations, including qualifying bidders, conducting bidder information sessions, receiving and evaluating all bids, determining winning bidders, and reporting to the Commission.

33. As of March 2020, 94% of HPS Eligible load was being served by EGSs.

Competitive Procurement Guidelines

34. Duquesne Light proposes to maintain the 50% supplier load cap to serve Residential & Lighting and Small C&I customers in a given auction equal to 50% of the number of tranches solicited in that auction date, rounded up to the nearest integer number of tranches, and seeks the Commission's approval for this provision as part of this proceeding. The Commission approved a 50% supplier load cap in both DSP VII and DSP VIII. Additionally, consistent with DSP VII and DSP VIII, the Company is not proposing a supplier load cap for the Medium C&I <200kW and HPS-Eligible solicitations. The Company believes that supplier load caps for these solicitations are not necessary based on the high levels of shopping and short-term contracts for these customer classes.

35. Duquesne Light will continue to engage an independent third party to assist in qualifying bidders, conducting bidder information sessions, and, importantly, to receive all bids, rank qualifying bids, and determine winning bids for all four procurement groups. All winning bids will be submitted to the Commission for approval prior to award.

36. Within fifteen calendar days from the closing of each solicitation, Duquesne Light will post the weighted average winning bid price on its website and publish an estimated default service rate calculation model on its website that shows the build-up of the auction results into retail default service rates. As explained in the testimony of Mr. Ogden, Duquesne Light Statement No. 4, the Price-To-Compare (“PTC”) will be posted 60 days in advance of each change in default service rates, with the exception of the application periods beginning June 1 of each year.⁵

37. If for any reason an auction fails to attract a sufficient volume of bids or the Commission does not approve the submitted bids or an accepted supplier defaults, Duquesne Light acknowledges that it has the obligation to procure supply to provide such portion of the default service. In this circumstance, Duquesne Light proposes to meet this obligation on an interim basis through purchases in the PJM spot market and requests authority to recover all the costs of such purchases and all reasonable administrative costs from the applicable customer classes. Duquesne Light agrees that it will submit to the Commission, within 15 days after any such occurrence, a contingency plan to handle any default service shortfall.

Act 129 Standards

38. The procurement methodologies under the Default Service Plan are based upon the standards set forth by Act 129 that the procurement plan shall be designed to be “the least cost to consumers over time” and shall include a “prudent mix” of contracts. As explained in the testimony of Mr. Fisher, Duquesne Light St. No. 3, Duquesne Light’s proposed competitive solicitations for

⁵ For the application period beginning June 1 of each year, the Company will not know the transmission component of the PTC until May 15. The Company will post the final supply component of the PTC 60 days in advance of June 1 and will post the final PTC including the transmission component by May 15.

full requirements default service supply contracts of various terms for Residential & Lighting, Small C&I, Medium C&I customers with demands less than 200 kW, and HPS-Eligible customers represent a “prudent mix” of procurement contracts and will provide default service customers with access to an adequate and reliable supply of generation at least cost over time.

39. Specifically, Act 129 requires that power “shall be procured through competitive procurement processes” (including auctions, requests for proposals and/or competitively procured bilateral agreements procured at no greater than the cost of obtaining generation under comparable terms in the wholesale market), and such procurement must be a “prudent mix” of spot market purchases, short-term contracts and long-term purchase contracts. *Id.* at § 2807(e)(3.1)-(3.2).

40. Duquesne Light's Default Service Plan relies upon a prudent mix of contracts. The supply contracts are explained in detail by Mr. Peoples, Duquesne Light St. No. 2. A summary of the products for each class is as follows:

- For Residential & Lighting and Small C&I customers, Duquesne Light will procure default service supply through overlapping twelve-month and twenty four-month full requirements contracts.
- For Medium C&I customers with demands less than 200 kW, Duquesne Light will procure default service supply through three-month full requirements contracts.
- For HPS-Eligible customers (Medium C&I customers with demands equal to or greater than 200 kW and Large C&I customers), Duquesne Light will conduct an auction for third-party suppliers to supply HPS customers’ actual hourly usage at the day-ahead hourly energy prices.

41. This mix is a prudent mix of contracts. Duquesne Light has attempted to be mindful of both Act 129, the Default Service Regulations, and Commission Policy in proposing the mixture of contracts for its Default Service Plan, and asserts that this Plan includes a prudent mix of contracts given the current levels of, and experience with, switching for each class of customers, and the competitive market enhancements proposed in the

Petition.

42. This procurement plan also satisfies the requirement that the Plan be designed to be the “least cost to customers over time.” This is discussed in further detail by Mr. Fisher, Duquesne Light St. No. 3.

43. Act 129 also specifies that the Commission shall make a finding that “neither the default service provider nor its affiliated interest has withheld from the market any generation supply in a manner that violates federal law.” 66 Pa. C.S. § 2807(e)(3.7). In his direct testimony, Mr. Peoples’ addresses this requirement with respect to Duquesne Light and its affiliates and demonstrates that the standard will be met under the DSP IX plan.

44. For all of the reasons set forth above, Duquesne Light’s Default Service Plan meets the standards set forth in Act 129, and enables the Commission to make the necessary findings per Section 2807(e)(3.7). Specifically, Duquesne Light requests that the Commission find its Plan includes prudent steps necessary to negotiate favorable generation supply contracts, and to obtain least cost generation supply contracts on a long-term, short-term and spot market basis. Neither Duquesne Light nor its affiliated interest has withheld or will withhold from the market any generation supply in a manner that violates Federal law.

Default Service Procurement Cost Recovery

45. Duquesne Light will continue to fully recover the costs incurred from supply solicitations for Residential & Lighting, Small C&I, Medium C&I customers with demands less than 200 kW, and HPS-Eligible customers, gross receipts taxes, along with the costs of hiring the independent monitor, through fully reconcilable Section 1307(e) cost recovery mechanisms for each class. 66 Pa. C.S. § 1307(e).

46. Additionally, Duquesne Light will continue to recover its administrative costs for

HPS service through a Fixed Retail Administrative Charge (“FRA”). The FRA (expressed in dollars per MWh) included in Rider No. 9 will consist of two components. The first component will be based on the winning bids submitted by third-party suppliers and will compensate the suppliers for their costs associated with alternative energy credits, energy balancing and any other third-party supplier administrative costs of providing HPS. The second component will include the Company’s administrative costs, costs of conducting auctions, and other unbundled costs of preparing the Company’s default service plan filing and working capital costs associated with default service supply.

D. EV-TOU PILOT

47. In the *January 2020 Secretarial Letter*, the Commission noted that EV usage in the future will increase and that TOU rates in the context of EV expansion need to be further explored. The Commission further stated: “Accordingly, we urge all parties participating in the upcoming DSP proceedings to consider how EV specific TOU rate offerings could be made available to consumers.” *January 2020 Secretarial Letter*, pp. 6 – 7.

48. In response to the *January 2020 Secretarial Letter*, Duquesne Light is proposing an EV-TOU Pilot Program.

49. The EV-TOU Pilot Program will be offered to Residential, Small C&I and Medium C&I customers with demands less than 200 kW who own or lease an EV or who operate EV charging infrastructure at the service location. HPS-Eligible, CAP, virtual meter aggregation and budget billing customers will not be eligible for the reasons explained in the testimony of Ms. Scholl in Duquesne Light Statement No. 5.

50. Customers that elect the EV-TOU Pilot Program will be charged different supply rates for Peak, Shoulder and Off-Peak time periods. These time periods are as follows:

Schedule	Time Period
Peak	1 p.m. – 9 p.m.
Shoulder	6 a.m. – 1 p.m. 9 p.m. – 11 p.m.
Off-Peak	11 p.m. – 6 a.m.

51. In order to determine EV-TOU supply rates for each time period, the Company will adjust the adjusted wholesale price for each class using rate class factors that are based in part upon hourly locational marginal prices for energy from 2016 through 2019. The development of the EV-TOU rate factors is discussed in more detail in the testimony of Mr. Ogden in Duquesne Light Statement No. 4 and in Exhibit DBO-4.

52. The Company will obtain default service supply for EV-TOU customers through the same FPCR products that provide default service supply for the respective customer classes. The FPCR wholesale suppliers will be paid the same price per megawatt-hour of supply regardless of how much of its supply is for EV-TOU customers. Any mismatches between revenues from EV-TOU supply rates and supply costs paid to FPCR product suppliers will be recovered/refunded within the existing Rider No. 8 – DSS 1307(e) customer class reconciliation. This approach will avoid cost shifting across customer classes during the EV-TOU Pilot Program and is simple to administer within the existing reconciliation process.

53. Additional details regarding the Company’s EV-TOU Pilot are provided in the testimony of Ms. Scholl in Duquesne Light Statement No. 5.

E. SOLAR PPA

54. During the DSP IX program term, Duquesne Light intends to enter into a long-term Solar PPA (i.e., more than four years and less than twenty years) to support a utility-scale solar project (up to a total of 7 MW) in Pennsylvania, preferably in Duquesne Light’s service area.

55. The Company seeks to support utility-scale solar alternative energy generating facilities in Pennsylvania for several reasons. First, Duquesne Light believes that a long-term Solar PPA is consistent with Act 129’s requirements for default service providers to consider long-term contracts in meeting the prudent mix standard. Second, the Company believes that a long-term solar contract may provide greater opportunity for cost-effective financing for the developer of a utility-scale solar project.

56. Duquesne Light proposes to use the alternative energy credits (“AECs”) from the Solar PPA to offset the solar requirements for default service customers. Duquesne Light also intends to acquire the energy from the solar facility under the PPA, sell it into the real-time PJM market and credit the revenues back to default service customers. Duquesne Light also intends to assess the potential of purchasing the associated capacity and ancillary services from the facility.

57. Duquesne Light intends to conduct a competitive solicitation for the Solar PPA. The Company will report the results of the competitive solicitation to the Commission pursuant to the same the process used for the Company’s other default service supply auctions. Further, the Commission will be able to review the results and approve or reject the competitive solicitation outcome.

58. Further details regarding the Solar PPA are provided in the testimony of Mr. Davis in Duquesne Light Statement No. 1.

F. RETAIL MARKET ENHANCEMENTS

59. Duquesne Light has supported expansion of competitive retail market opportunities for customers through its eight prior default service plans, and has already implemented a number of innovative market enhancements in order to facilitate the development of the retail market. The Company’s customer switching level is among the highest in the Commonwealth, with 67% of the total load in its service area receiving service from an EGS as of March 2020. This also puts

Duquesne Light among the top electric service areas in the country in terms of percentage of total load switched. *See* Duquesne Light Statement No. 3. Duquesne Light's proposed Default Service Plan contains several important features designed to support retail competition.

Standard Offer Customer Referral Program ("SOP")

60. Duquesne Light currently offers a SOP to Residential and Small C&I customers who are not served by an EGS and who contact the Company to: 1) initiate or move service; 2) discuss choice questions; 3) resolve high bill concerns; or 4) inquire about the SOP. After the customer's specific inquiry is resolved, a Duquesne Light customer service representative provides the customer with information about the SOP utilizing an established script. If the customer indicates that he/she is interested in participating in the SOP, the customer is transferred to a participating EGS for program details and potential enrollment. The SOP provides a fixed price of 7% below the Company's then-effective PTC for a period of 12 months.

61. In the *January 2020 Secretarial Letter*, the Commission encouraged EDCs to include an analysis of their SOPs in their default service filings and to further evaluate their current scripting and any proposed scripting that that informs customers about SOPs while maintaining customer safeguards and protections. Duquesne Light addresses these issues in the testimony of Ms. Scholl, Duquesne Light Statement No. 5.

62. As a result of its analysis of the SOP, Duquesne Light is proposing to enhance its SOP administration process in DSP IX by relying on a third-party vendor to market and enroll SOP customers instead of Duquesne Light customer service representatives making the referrals to EGSs. As explained by Duquesne Light Witness Ms. Scholl in Duquesne Light St. No. 5, Duquesne Light's SOP referral rate is lower than other EDCs that use third-party vendors to market and enroll SOP customers.

63. Duquesne Light proposes to initially contract with AllConnect as its third-party SOP vendor. Duquesne Light has an existing business relationship with AllConnect, which will allow for a low-cost and quick transition. In addition, AllConnect has extensive experience with SOP programs in Pennsylvania working with other EDCs and has administered 700,000 SOP referrals to date.

64. Duquesne Light will utilize scripts for referring customers to AllConnect that are similar to those used by the FirstEnergy EDCs to refer customers to their SOP vendor.

65. AllConnect will charge Duquesne Light \$30 per enrollment. In order to recover these costs, Duquesne Light will pass these costs through to participating EGSs at the same rate.

66. Duquesne Light believes that these enhancements to the SOP program are in the public interest because they will align marketing and enrollment processes with the Company's neighboring EDCs and should increase SOP enrollment levels.

Purchase of Receivables ("POR")

67. Duquesne Light proposes to continue its current POR program for Residential, Small C&I, and Medium C&I customers. Under this Plan, Duquesne Light purchases the account receivables, without recourse, associated with EGS sales of retail electric commodity service to Residential, Small C&I, and Medium C&I customers. Duquesne Light purchases the account receivables at a small discount and then reimburses EGSs for their customer billings regardless of whether it receives payment from customers.

Customer Assistance Program ("CAP") Customer Shopping

68. In the *January 2020 Secretarial Letter*, the Commission encouraged EDCs to evaluate CAP customer shopping issues, including how these issues were addressed in the

FirstEnergy EDCs' DSP IV proceedings and the Commission's proposed CAP shopping policy statement. *January 2020 Secretarial Letter*, p. 9.

69. The Commission-described CAP shopping guidelines include: (1) a CAP shopping product rate at or below the EDC's PTC for the duration of the contract; (2) a prohibition in EGS-CAP customer contracts against fees unrelated to the provision of electric generation service, including early termination and cancellation fees; and (3) the following options for CAP customers upon expiration of the current contract period: enter into another contract with their existing EGS with the same CAP protections, switch to another supplier offering a contract with the same CAP protections, or return to default service. *Proposed Policy Statement Order*, entered on February 28, 2019, at Docket No. M-2018-3006578.

70. Duquesne Light proposes to allow CAP customers to take supply service from EGSs subject to the protections set forth by the Commission. In order for an EGS to qualify to serve CAP customers, the EGS must agree to certain conditions, including but not limited to: (1) agreeing to provide service subject to the conditions set forth in the Proposed Policy Statement, (2) using "rate ready" consolidated EDC billing, and (3) filing an annual affidavit affirming that the EGS intends to enroll CAP customers and that the EGS will comply with all aspects of the Company's CAP customer shopping program.

71. Ms. Scholl explains that the Company will incur approximately \$160,000 in costs to implement CAP customer shopping. In light of these costs and the concern that EGSs may not be willing to meet the terms of the CAP shopping program, the Company will only begin the process of implementing the Program upon receipt of executed CAP Notice affidavits from at least five EGSs.

72. Additional details regarding the Company's CAP customer shopping program are

provided in the testimony of Ms. Scholl in Duquesne Light Statement No. 5.

G. RECOVERY OF NET METERING COMPENSATION PAID TO CUSTOMER-GENERATORS

73. Under the Commission's net-metering regulations, Duquesne Light, as the default service provider, is required to compensate customer-generators at the end of each year for any remaining excess kilowatt hours generated by the customer-generator that were not previously credited against the customer-generator's usage in prior billing periods at the Company's PTC. 52 Pa. Code § 75.13(e).

74. To date, these payments have been relatively small, and Duquesne Light has not recovered them from customers.

75. Beginning with DSP IX, the Company proposes to recover these payments for generation as an expense in the respective default service class over/under collection calculation within the Company's Rider No. 8 – DSS and Appendix A – Transmission Service Charge 1307(e) reconciliations.

76. Duquesne Light believes that it is appropriate to recover payments for excess generation to customer-generators from default service customers because this excess generation reduces the costs that Duquesne Light must pay wholesale suppliers for default service supply.

H. RESPONSES TO JANUARY 2020 SECRETARIAL LETTER

77. In the *January 2020 Secretarial Letter*, the Commission set forth 6 requests for EDCs to address in their next default service plan. Duquesne Light has addressed all of these requests in its testimony in this proceeding. Duquesne Light witness Mr. Davis provides a table in Duquesne Light Statement No. 1 listing each request and providing references to the testimony and page numbers where each request is addressed.

I. REQUESTS FOR WAIVERS

78. As explained above, Duquesne Light is proposing to continue to change rates every six months for Residential & Lighting and Small C&I customers. Duquesne Light notes that the Commission's regulation at 52 Pa. Code § 54.187 requiring quarterly rate changes was adopted prior to the passage of Act 129. Act 129 provides that default service providers shall offer residential and small business customers a default service rate that changes no more frequently than quarterly. 66 Pa. C.S. § 2807(e)(7). Therefore, Duquesne Light believes that its proposal for changes in rates on a semi-annual basis for Residential & Lighting and Small C&I customers complies with Act 129. However, Duquesne Light requests a waiver of 52 Pa. Code § 54.187 to allow semi-annual rate changes for Residential & Lighting customers and Small C&I customers to the extent deemed necessary by the Commission.

79. Section 69.1804 of the Commission's DSP Policy Statement, 52 Pa. Code § 69.1804, provides that default service plans should be for two years, unless otherwise directed by the Commission. As explained previously, Duquesne Light proposes that the term of DSP VIII Program be for four years. As a Policy Statement, 52 Pa. Code § 69.1804 does not have the force of law, and no waiver is required. Nonetheless, for reasons explained above, the Company requests that the Commission approve a four year period for DSP VIII.

80. Duquesne Light also requests additional waivers, if necessary, of the Commission's Orders or Regulations to allow Duquesne Light to implement its Default Service Plan as described herein and in the Testimony and Exhibits that accompany this filing.

J. CUSTOMER NOTIFICATION

81. As indicated by the enclosed certificate of service, Duquesne Light has served a copy of this Petition upon all of the parties to Duquesne Light's most recent default service proceeding at Docket No. P-2016-2543140 and PJM. Duquesne Light is also providing notice of

the filing and a web link to the filing to all licensed EGSs in the Duquesne Light service area. In addition, the Company will provide a hard copy of the filing to any party upon request. Duquesne Light intends to notify its customers of new rates once approved by bill message or as otherwise directed by the Commission.

K. CONCLUSION

Duquesne Light's Default Service Plan is based on a proven, successful and evolving model that will provide reliable, reasonably priced default service supply to its customers, while supporting retail competition. The Plan meets and is consistent with Act 129, and should be approved.

WHEREFORE, for all of the foregoing reasons, Duquesne Light Company respectfully requests that the Pennsylvania Public Utility Commission approve the Default Service Plan as proposed in this Petition as soon as possible, approve the proposed tariff sheets set forth in the form of pro forma retail and EGS Coordination tariff supplements provided herein, grant the approvals for Duquesne Light Company to procure power as set forth herein, including, if needed, credit support from its parent, approve the Supply Master Agreement and related attachments for procuring power for default service customers and grant such other relief just and reasonable under the circumstances.

Respectfully submitted,



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Counsel for Duquesne Light Company

Date: April 20, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of Duquesne Light Company :
For Approval Of Default Service Plan : **Docket No. P-2020-_____**
For The Period June 1, 2021 Through :
May 31, 2025 :

VERIFICATION

I, C. James Davis, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief, and I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).



C. James Davis
Director – Rates, Energy Procurement,
and Federal/RTO Affairs

Dated: April 20, 2020

DUQUESNE LIGHT STATEMENT NO. 1

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of Duquesne Light Company :
For Approval Of Default Service Plan : **Docket No. P-2020-_____**
For The Period June 1, 2021 Through :
May 31, 2025 :

**DIRECT TESTIMONY OF
C. JAMES DAVIS**

Dated: April 20, 2020

1 **I. INTRODUCTION**

2 **Q. Please state your full name, business affiliation and address.**

3 A. My name is C. James Davis. I am the Director – Rates, Energy Procurement, and
4 Federal/RTO Affairs for Duquesne Light Company (“Duquesne Light” or the
5 “Company”). My business address is 411 Seventh Avenue, Pittsburgh, PA 15219.

6

7 **Q. Please describe your professional and educational background.**

8 A. I graduated from St. Vincent College with a Bachelor of Arts degree in Computer Science
9 in 1989 and Duquesne University with a Master of Business Administration in 1995. Prior
10 to joining Duquesne Light, I had more than 24 years of diversified experience in the utility
11 industry working for Allegheny Energy and FirstEnergy. I have held positions in Risk
12 Management, Finance, Portfolio Management, Generation Dispatch, and Commodity
13 Operations.

14

15 **Q. Please describe your current responsibilities as the Director of Rates, Energy
16 Procurement and Federal/RTO Affairs.**

17 A. I am responsible for the oversight and direction of the Company’s Rates & Tariff Services
18 Department, Supply Procurement and RTO Settlement activities, as well as Federal and
19 RTO affairs. In this role, I am responsible for the planning, development and direction of
20 Duquesne Light’s filing in this Default Service proceeding.

21

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

23 A. First, I introduce the Company’s witnesses who provide more detail about specific aspects
24 of Duquesne Light’s plan for default service for the period from June 1, 2021 through May

1 31, 2025 (“Default Service Plan,” “DSP IX,” or “Plan”). Second, I describe Duquesne
2 Light’s default service obligations, and I explain how the Company currently satisfies those
3 obligations under its eighth default service plan (“DSP VIII”). Third, I provide an
4 overview of Duquesne Light’s proposed DSP IX Plan for default service. Finally, I discuss
5 Duquesne Light’s plans to evaluate the benefits of entering into a long-term Power
6 Purchase Agreement (“PPA”) to support a utility-scale solar project (up to 7 MW) in
7 Pennsylvania at some point during the DSP IX supply period.

8
9 **Q. Please introduce the testimony of Duquesne Light’s other DSP IX witnesses.**

10 A. In addition to my direct testimony, Duquesne Light is submitting the testimony of four
11 other witnesses.

12 • In Duquesne Light Statement No. 2, John Peoples, Duquesne Light’s Manager of
13 Energy Supply, discusses the power procurement methods and products to be used
14 to supply default service for each customer class, including the Supplier Master
15 Agreement and the Supplier Service Tariff to be used in these procurements. He
16 also evaluates the consistency of the Plan’s procurement methods with certain
17 requirements of Act 129.

18 • In Duquesne Light Statement No. 3, Scott G. Fisher, Partner at The NorthBridge
19 Group, reviews the performance of the basic default service model used by
20 Duquesne Light, and explains how the Company’s proposed Plan satisfies the
21 requirements of Act 129 by incorporating a prudent mix of contracts designed to
22 ensure least cost to customers over time, taking into account the benefits of price

1 stability, and by including prudent steps necessary to obtain least cost generation
2 supply.

3 • In Duquesne Light Statement No. 4, David B. Ogden, Duquesne Light’s Manager
4 of Rates and Tariff Services, describes the proposed default service rates and
5 changes to the associated Retail and EGS Coordination Tariffs. Mr. Ogden also
6 describes the Company’s proposed Electric Vehicle Time-of-Use (“EV-TOU”)
7 rates.

8 • In Duquesne Light Statement No. 5, Katherine M. Scholl, Duquesne Light’s
9 Director, Customer Experience, explains how the Company will implement the
10 Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”)
11 and other retail market initiatives, including the Standard Offer Customer Referral
12 Program (“SOP”) and Customer Assistance Program (“CAP”) Customer Shopping.

13
14 **II. OVERVIEW OF DUQUESNE LIGHT’S DEFAULT SERVICE OBLIGATIONS**
15 **AND CURRENT DSP VIII PLAN**

16 **Q. Please describe Duquesne Light’s default service obligations.**

17 A. Duquesne Light is obligated to provide electric supply service to all customers within its
18 service territory who do not select an electric generation supplier (“EGS”) or who return
19 to default service after being served by an EGS that becomes unable or unwilling to serve.
20 By law, Duquesne Light is required to file a plan with the Pennsylvania Public Utility
21 Commission (the “Commission”) which sets forth how the Company will meet its default
22 service obligations, including a strategy for procuring generation supply, a schedule for
23 implementation, and a rate design to recover the Company’s reasonable costs.

24

1 **Q. How does Duquesne Light currently meet its default service obligations?**

2 A. On May 2, 2016, Duquesne Light filed a petition with the Commission for approval of a
3 default service program for the period from June 1, 2017 through May 31, 2021. On
4 September 20, 2016, Duquesne Light entered into a Non-Unanimous Settlement with
5 various parties, expressing agreement on the petition, while leaving one issue for litigation.
6 On December 22, 2016, the Commission entered an order approving the default service
7 plan, as proposed by Duquesne Light and as modified by the Non-Unanimous Settlement
8 and resolving the contested issue. The resultant approved plan, which currently is in effect,
9 is referred to as “DSP VIII.”

10 Pursuant to Public Utility Code, 66 Pa. C.S. §§ 2807(3.1)-(3.4), under DSP VIII,
11 Duquesne Light procures a “prudent mix” of contracts designed to obtain electric supply
12 at the “least cost over time.” Under DSP VIII, Duquesne Light procures default service
13 supply separately for four different customer classes. The principal procurement features
14 of DSP VIII include the use of fixed-price full requirements supply contracts for smaller
15 customers, and procurement of supply for larger customers based on PJM Interconnection,
16 LLC (“PJM”) hourly spot market prices. DSP VIII also includes tailored contract lengths
17 for each customer class. Solicitations for the full-requirements contracts occur within three
18 months before the commencement of their delivery periods.

19
20 **Q. Does Duquesne Light have other obligations under DSP VIII?**

21 A. Yes. Consistent with its procurement obligations and its approved plan, Duquesne Light
22 uses standardized documents and procedures approved by the Commission when
23 conducting its default service supply procurements. In addition, in accordance with the

1 Commission's direction in its Retail Markets Investigation,¹ Duquesne Light has
2 undertaken a wide range of initiatives to support retail competition.

3
4 **Q. Has Duquesne Light satisfied its obligations?**

5 A. Yes. Duquesne Light has satisfied all of its obligations to date under DSP VIII, including
6 its fundamental obligation, as default service provider, to provide adequate and reliable
7 default service to default service customers at least cost over time. In addition, Duquesne
8 Light continues to provide its "Standard Offer" customer referral program in which default
9 service residential customers contacting Duquesne Light's customer service center are
10 given the option to select among a group of EGSs who have voluntarily chosen to offer
11 customers a 12-month contract priced at 7% below Duquesne Light's default service rate
12 at the time of the offer.

13
14 **III. OVERVIEW OF DUQUESNE LIGHT'S PROPOSED DSP IX PLAN**

15 **Q. What were Duquesne Light's primary policy considerations when developing its
16 proposed Default Service Plan?**

17 A. Duquesne Light developed its Plan to satisfy Act 129, which amended Section 2807(e)(3)
18 of the Public Utility Code, 66 Pa. C.S. § 2807(e)(3), with respect to, among other things,
19 power procurement for default service providers. In developing its Plan to satisfy Act 129,
20 the Company was guided by the Second Default Service Rulemaking Order, which the
21 Commission entered to provide guidance with respect to the interpretation of Act 129's

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

1 requirements.² Duquesne Light also considered the guidance provided in the Default
2 Service End-State Order in the Investigation of Pennsylvania’s Retail Electricity Market.³
3 The Company also considered the Commission’s guidance in the *January 2020 Secretarial*
4 *Letter* in the Investigation into Default Service and PJM Interconnection, LLC. Settlement
5 Reforms.⁴ The following table identifies the requests made by the Commission in the
6 *January 2020 Secretarial Letter*, and the Duquesne Light witnesses who address each of
7 them:

² *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered October 4, 2011) (“Second Default Service Rulemaking Order”).

³ *Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952, Order entered February 15, 2013.

⁴ *Investigation into Default Service and PJM Interconnection, LLC. Settlement Reforms*, Docket No. M-2019-3007101, Secretarial Letter issued January 23, 2020 (“January 2020 Secretarial Letter”).

<i>January 2020 Secretarial Letter Request</i> ⁵	Duquesne Light Witness	Duquesne Light DSP IX Statement Reference
1. We request that the large EDCs, in their next DSP filings, provide information and analysis on their NSPL/PLC cost allocation calculations and why they use such cost allocation for consideration by the Commission. This analysis should also include a discussion on why any large EDC may still be using monthly summary usage data instead of actual customer usage data to determine PLCs/NSPLs, and what steps and timelines, would be needed to implement a change to their current practice, as well as any associated costs.	John Peoples	St. No. 2, pp. 15-17
2. We urge all parties participating in the upcoming DSP proceedings to consider how EV specific TOU rate offerings could be made available to consumers.	John Peoples Scott G. Fisher David B. Ogden Katherine M. Scholl	St. No. 2, pp. 20-21 St. No. 3, pp. 29-30 St. No. 4, pp. 13-20 St. No. 5, pp. 19-28
3. We request that the EDCs include in their filings evidence showing how their DSP proposals comply with the prudent mix requirements of the Public Utility Code and case law.	C. James Davis John Peoples Scott G. Fisher	St. No. 1, pp. 4, 14 St. No. 2, pp. 6-7, 17-18 St. No. 3, pp. 4, 17-25
4. We request that the large EDCs include in their upcoming DSP filings a 10-year history of their PTC changes and assess the benefits of a 6-month PTC change compared to a 3-month PTC change. EDCs are also free to propose other PTC change intervals that change no more frequently than on a quarterly basis.	Scott G. Fisher	St. No. 3, pp. 13-16 Exhibit SGF-1
5. We suggest that all the EDCs with CAP programs, as well as interested stakeholders, consider the issues and concerns raised by the Commission in the above-noted prior proceedings when developing their CAP shopping proposals in the upcoming DSP filings.	Katherine M. Scholl	St. No. 5, pp. 11-19
6. We ask that EDCs review the Commission's actions in the above-noted FirstEnergy proceeding concerning SOP scripting and include in their filings analyses of their SOPs, the current scripting, and any proposed scripting that adequately informs customers about the SOPs while maintaining important safeguards and protections.	Katherine M. Scholl	St. No. 5, pp. 5-8

1

2

3

4

In summary, in their testimony, Duquesne Light's witnesses describe the Company's proposed DSP IX Plan and how it is aligned with legislative and regulatory requirements and associated policy considerations.

⁵ *January 2020 Secretarial Letter*, pp. 10-11.

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Q. Please provide an overview of Duquesne Light’s DSP IX Plan.

A. The Default Service Plan is a comprehensive program under which Duquesne Light will provide default service to its customers from June 1, 2021 through May 31, 2025. Duquesne Light has grouped its default service customers into four primary customer classes, which are the same customer class groupings used in its currently effective default service plan: Residential & Lighting,⁶ Small Commercial & Industrial (“Small C&I”),⁷ Medium Commercial & Industrial <200kW (“Medium C&I <200kW”),⁸ and HPS-Eligible.⁹ The Plan includes default service offerings tailored to the needs of each customer class, it complies with the requirements of Act 129, and it includes concrete steps to support retail competition. The Default Service Plan also builds upon the foundation established in previous Commission-approved plans, which have facilitated and supported the competitive retail market over a sustained period of time, while offering stable and reasonable rates for small customers who do not elect to receive service from an EGS.

Q. Please provide an overview of the proposed default service supply product portfolios, and the general methodology to set supply rates, for each of Duquesne Light’s customer classes under DSP IX.

⁶ Residential customers are those served under rate schedules RS, RH and RA. Lighting customers are those served under rate schedules AL, SE, SM, SH, and PAL.

⁷ Small C&I customers are those with average monthly metered demands less than 25 kW served under rate schedules GS/GM, GMH and UMS.

⁸ Medium C&I <200kW customers are those served under rate schedules GS/GM and GMH with average monthly metered demands that are at least 25 kW but less than 200kW.

⁹ HPS-Eligible customers are those who are eligible for Rider No. 9 – Day-Ahead HPS. They include Medium C&I ≥200kW customers (customers served under rate schedules GS/GM and GMH with average monthly metered demands that are at least 200 kW) and Large C&I customers (customers served under rate schedules GL, GLH, L, and HVPS).

1 A. In his direct testimony, Mr. Peoples provides a detailed description of the proposed mix of
2 supply products, the procurement approach, and the schedule for implementation.
3 Furthermore, Mr. Ogden’s direct testimony outlines the methodology to establish default
4 service supply rates for each customer class. An overview of these aspects of the Plan is
5 as follows:

6 • The HPS-Eligible customer class, consisting of Large C&I customers and Medium
7 C&I ≥ 200 kW customers, will continue to be offered default service supply rates
8 that are based on hourly spot market energy prices. Customers also will continue
9 to be charged a pass through of PJM capacity and ancillary services costs as well
10 as the administrative costs of providing hourly price service (“HPS”). The
11 Company proposes to continue to procure the supply for this service through a
12 competitive auction process.

13 • Medium C&I < 200 kW customers will continue to be offered default service supply
14 rates that adjust quarterly based on fixed-price full requirements contracts with
15 three-month, non-overlapping delivery periods. The contracts will be procured
16 within three months before the commencement of their delivery periods. Default
17 service supply for the Medium C&I < 200 kW customers will be obtained through
18 competitive auctions, with winning bidders selected on the basis of lowest price.

19 • Small C&I customers will continue to be offered default service supply rates that
20 adjust every six months based on fixed-price full requirements contracts with
21 twelve-month and twenty-four-month, overlapping delivery periods. The contracts
22 will be procured within three months before the commencement of their delivery
23 periods. Default service supply for the Small C&I customers will be obtained

1 through competitive auctions, with winning bidders selected on the basis of lowest
2 price.

- 3 • Residential & Lighting customers will continue to be offered default service supply
4 rates that adjust every six months based on fixed-price full requirements contracts
5 with twelve-month and twenty-four-month, overlapping delivery periods. The
6 contracts will be procured within three months before the commencement of their
7 delivery periods. Default service supply for the Residential & Lighting customers
8 will be obtained through competitive auctions, with winning bidders selected on
9 the basis of lowest price.

10
11 **Q. What changes is Duquesne Light proposing in DSP IX for each customer class as**
12 **compared to the Company’s existing plan in effect for DSP VIII?**

13 A. The major changes are summarized below:

- 14 • **Solar Project Plan** – As I describe later in my direct testimony, Duquesne Light is
15 proposing to enter into a long-term contract to support a utility-scale solar project
16 (up to 7 MW). The alternative energy credits associated with this project would be
17 used to help satisfy the solar requirements of serving all default service customers
18 at some point during the DSP IX period and beyond.
- 19 • **EV-TOU Pilot Program** – Duquesne Light is proposing to offer an EV-TOU
20 supply rate for Residential, Small C&I and Medium C&I <200kW customers,¹⁰ on

¹⁰ EV-TOU service under the Pilot Program will be offered to Residential, Small C&I, and Medium C&I <200kW customers eligible for Rider No. 8 who own or lease a plug-in battery electric vehicle or a plug-in hybrid electric vehicle (collectively “EV”) or offer charging infrastructure to employees or visitors. Customers eligible for Rider No. 9 – HPS will not be eligible for the EV-TOU Pilot Program. Unmetered accounts on Rider No. 8 also are not eligible for EV-TOU Pilot Program.

1 a pilot basis, to encourage electric vehicle adoption and to assist customers with
2 EVs in reducing their electric bills. Ms. Scholl in her direct testimony discusses
3 this program in greater detail, and Mr. Ogden describes in his direct testimony the
4 process for determining the EV-TOU supply rates.

- 5 • **Standard Offer Product** – As Ms. Scholl describes in her direct testimony,
6 Duquesne Light is proposing to enter into a contract with a third-party vendor to
7 administer the Company’s SOP.
- 8 • **Customer Assistance Program Customer Shopping** – Ms. Scholl also describes
9 in her direct testimony Duquesne Light’s proposal to allow CAP customers to shop
10 for an electric supplier with certain conditions and protections.

11
12 **Q. Does Duquesne Light’s proposed DSP IX include products with delivery periods that**
13 **extend beyond May 31, 2025 (the end of the DSP IX period)?**

14 A. Yes, some of the supply products for the Residential & Lighting and Small C&I customer
15 classes extend beyond the DSP IX period. As explained by Mr. Fisher in his direct
16 testimony, this preserves the option for a fairly seamless continuation of the laddered
17 procurement cycle as Duquesne Light transitions from DSP IX to DSP X. Mr. Fisher also
18 explains that these contracts also avoid subjecting Residential & Lighting and Small C&I
19 customers to a “hard stop” with regard to their supply products at the end of the DSP IX
20 period, which could expose customers to magnified risks and rate instability. Furthermore,
21 having contracts that extend beyond the default service period is consistent with the
22 approach approved by the Commission in DSP VI, DSP VII, and DSP VIII. It should be
23 noted that the solicitations for these products are not scheduled until September 2023, so

1 there is a significant amount of time before new supply commitments extending beyond
2 the DSP IX period are made should legislative or regulatory developments require changes
3 to the supply product mix.
4

5 **Q. Is Duquesne Light proposing to use the same default service SMA for DSP IX that it**
6 **is using for DSP VIII?**

7 A. As explained by Mr. Peoples in his direct testimony, the Company will continue to use the
8 SMA template that was developed by the Procurement Collaboration Working Group, with
9 minor revisions summarized by Mr. Peoples. The proposed Supply Master Agreement is
10 attached to the direct testimony of Mr. Peoples.
11

12 **Q. Does Duquesne Light's DSP IX proposal include a contingency plan in case a supply**
13 **solicitation fails to attract a sufficient number of qualified bids, the Commission does**
14 **not approve the submitted bids, or a winning bidder defaults on its obligations?**

15 A. Yes. Mr. Peoples describes the Company's contingency plan in his direct testimony.
16

17 **Q. How will Duquesne Light recover its default service supply costs?**

18 A. In his direct testimony, Mr. Ogden explains how all costs associated with default service
19 supply procurement will be recovered.
20

21 **Q. What programs is Duquesne Light proposing to support retail market competition in**
22 **DSP IX?**

23 A. Duquesne Light is proposing several programs to support retail market competition:

- 1 • **Standard Offer Customer Referral Program.** As Ms. Scholl explains in her
2 direct testimony, Duquesne Light will contract with a third party to advise certain
3 default service customers that contact the Company that they can receive their
4 supply from participating EGSs at rates that will be 7% below the current Price to
5 Compare (“PTC”).

- 6 • **CAP Shopping.** As Ms. Scholl explains in her direct testimony, Duquesne Light
7 proposes to allow CAP customers to shop for electric supply, subject to limitations
8 on the EGS products for which CAP customers may be eligible.

- 9 • **Purchase of Receivables Plan.** Duquesne Light will continue its Purchase of
10 Receivables (“POR”) plan, with similar rules and conditions to those in the current
11 plan. Under this Plan, Duquesne Light purchases the accounts receivables, without
12 recourse, associated with EGS sales of retail electric commodity service to
13 Residential, Small C&I, and Medium C&I <200kW customers at a small discount
14 and then reimburses EGSs for their customer billings regardless of whether
15 payment is received by Duquesne Light from customers.

- 16 • **Bill Ready.** Duquesne Light will continue a Bill Ready program. The Bill Ready
17 program will facilitate the EGS development of tailored products for customers.

18 In addition, as discussed by Mr. Fisher in his direct testimony, Duquesne Light’s Plan will
19 support the competitive retail market in other ways, including by its use of competitive
20 solicitations for fixed-price full requirements products. As Mr. Fisher explains, fixed-price
21 full requirements default service supply products help to provide a more transparent price-
22 to-compare benchmark against which customers can compare competing retail offers.
23 Furthermore, the competitive solicitations for the fixed-price full requirements supply
24 products ensure that EGSs will compete against market-based default service rates.

25

26 **V. SOLAR PROJECT PLAN**

27 **Q. Please describe the Company’s plan to support solar projects in Pennsylvania.**

28 **A.** The Company is evaluating the benefits of entering into a long-term Purchase Power
29 Agreement (i.e., more than four years and less than twenty years) to support a utility-scale
30 solar project (up to a total of 7 MW) in Pennsylvania, preferably in Duquesne Light’s

1 service area.¹¹ The alternative energy credits (“AECs”) associated with this project (or
2 projects up to the 7 MW cap) would be used to help satisfy the solar requirements of serving
3 all default service customers.

4 The Company seeks to support utility-scale solar alternative energy generating
5 facilities in Pennsylvania in an effort to achieve least-cost environmental compliance with
6 the requirements of Act 129. The development of solar facilities is consistent with Act
7 129’s objectives, as it addresses the Alternative Energy Portfolio Standards (“AEPS”)
8 “prudent mix” and “least cost” requirements. The Company believes that a long-term solar
9 contract may provide greater opportunity for cost-effective financing for the developer of
10 a utility-scale solar project.

11
12 **Q. What process will the Company follow to obtain a long-term solar PPA?**

13 A. The Company will follow the requirements to acquire supply in Act 129, which allows the
14 Company to rely on an auction, request for proposal (“RFP”), or bilateral agreement with
15 certain conditions.¹² Duquesne Light would conduct a competitive solicitation for the PPA.
16 The results of the competitive solicitation would be reported to the Commission consistent
17 with the process used for the Company’s other default service supply auctions. The
18 Commission would have the opportunity to review the results and approve or reject the
19 competitive solicitation outcome.

20

¹¹ Other major Pennsylvania Electric Distribution Utilities have already signed 10-year power purchase agreements for solar alternative energy credits.

¹² 66 Pa.C.S. § 2807(e)(3.1).

1 **Q. Does the Company plan to purchase the associated energy provided by the solar**
2 **facility?**

3 A. Yes, the Company plans to purchase the associated energy. The Company wants to
4 provide greater opportunity for cost-effective financing for developers of utility-scale solar
5 projects and believes that a PPA that includes energy may be the best means to do so.
6

7 **Q. What does Duquesne Light intend to do with the energy that is produced by the**
8 **utility-scale solar project?**

9 A. The Company proposes to sell the energy into the PJM market on a real-time basis in order
10 to monetize the energy of the solar PPA. The Company would accrue these revenues and
11 would reconcile them back to its default service customers at the same weighting as each
12 customer class's solar AEC obligation share. The necessary language to credit these solar
13 PPA revenues already exists as a placeholder within Duquesne Light's current Retail
14 Tariff.
15

16 **Q. Does the Company plan to purchase the associated capacity and ancillary services**
17 **provided by the solar facility?**

18 A. The Company plans to assess the potential of purchasing the associated capacity and
19 ancillary services as part of the competitive solicitation process. In particular, the
20 Company plans to evaluate the costs and benefits for default service customers of whether
21 to include capacity and ancillary services in the PPA as well as consider the impact on cost-
22 effective financing for developers.
23

1 **Q. How does the SMA accommodate the solar PPA?**

2 A. As part of DSP VIII, the Company amended the SMA to include language that permits the
3 Company to allocate AECs to third-party wholesale suppliers. If and when Duquesne Light
4 enters into a long-term PPA for AECs, Duquesne Light will continue to require each
5 wholesale supplier to transfer AECs to Duquesne Light corresponding to the AEPS
6 obligations associated with the amount of default service load served by that supplier. Any
7 AECs allocated to a wholesale supplier will be credited to that supplier's AEPS
8 obligation.¹³

9

10 **Q. Did the Company propose a solar program in DSP VIII?**

11 A. Yes. The Company proposed a similar process by which the Company could, subject to
12 Commission approval, enter into a PPA with a solar developer in the Company's service
13 territory to serve a portion of the Company's default service load. The Commission
14 approved that proposal as part of the Company's DSP VIII, and the Company conducted a
15 solicitation for prospective solar developers; however, the Company ultimately did not
16 enter into a PPA under that program. A preliminary market survey indicated that there were
17 significant challenges for a solar developer to match the Company's desire to procure only
18 the AECs with another entity willing to enter into a contract for the remaining attributes
19 for the same contract term.

20

¹³ During each default service solicitation, at a time prior to the bid due date, Duquesne Light will inform bidders of the number of AECs, if any, to be allocated per tranche for all customer classes. The perceived value of any allocated AECs should reduce the bid prices of default service suppliers. Furthermore, Duquesne Light does not intend to require default service suppliers to take unknown quantities of solar generation at uncertain times of the day from any solar project, and once a default service contract is signed, it will not be altered even if Duquesne Light subsequently enters into a long-term solar contract.

1 **Q. How does the Company's proposal in DSP IX differ from the one approved in DSP**
2 **VIII?**

3 A. As I described earlier in my testimony, the Company's proposal in DSP IX would include
4 the energy and AEC, and potentially all other attributes, of the solar facility. This would
5 address the difficulty of matching a AEC offtake agreement with another offtake agreement
6 for the energy attribute. In addition, it would potentially mitigate any risk premium the
7 developer would have to price into a contract due to tenor or credit risk of the second entity.

8

9 **VI. CONCLUSION**

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

11 A. Yes.

DUQUESNE LIGHT STATEMENT NO. 2

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of Duquesne Light :
Company For Approval Of : **Docket No. P-2020-_____**
Default Service Plan For The :
Period June 1, 2021 Through May
31, 2025

**DIRECT TESTIMONY OF
JOHN PEOPLES**

Dated: April 20, 2020

1 **I. INTRODUCTION**

2

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

4 A. John Peoples, 411 Seventh Avenue, Pittsburgh, Pennsylvania 15219.

5

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

8 A. I am employed by Duquesne Light as the Manager of Energy Procurements and
9 Settlements.

10

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

12 A. I have worked at Duquesne Light for over six years, having joined the Company in
13 January 2014.

14

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

16 A. I am responsible for conducting competitive solicitations to procure power to serve
17 Duquesne Light’s default service load. I represent Duquesne Light’s voting
18 interests and daily communications with PJM market related activities. I also act
19 as the Company’s representative with default service wholesale suppliers. In
20 addition, I manage the daily sales forecasts for the Company’s control area, which
21 includes all electrical customers in our load zone – whether served by Duquesne
22 Light default service or by a competitive electric generation supplier (“EGS”). I

1 have responsibility for verifying the settlement process with PJM and FERC
2 submissions.

3

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

5 A. I have worked in the energy industry for over 25 years. I have a liberal arts degree
6 from Washington and Jefferson College. I have a Masters of Business
7 Administration from Duquesne University.

8 Upon graduation, I took a position at Consolidated Natural Gas (CNG)
9 where I was an energy analyst. I was promoted to a role whereby I managed the
10 CNG default customer portfolio for their various utilities. I have worked for Detroit
11 Edison, Green Mountain Energy, Strategic Energy, and Direct Energy Business.
12 While at these companies I had responsibilities for managing a portfolio of energy
13 customers on a physical and financial basis.

14 I have been responsible for managing Duquesne Light's default service
15 power portfolio since April 2015, which was a year into the Company's seventh
16 default service plan ("DSP VII"). I provided testimony and managed the
17 Company's eighth default service plan ("DSP VIII"). I have organized the
18 competitive solicitations for default procurement and have performed subsequent
19 tasks related to the execution of the default service supply contracts with the
20 winning suppliers.

21

22 **Q. Have you previously provided testimony to the Pennsylvania Commission on**
23 **a Duquesne Light Default Service Plan?**

1 A. Yes. I testified in Docket No. P-2016-2543140, Petition of Duquesne Light
2 Company for Approval of Default Service Plan for the Period June 1, 2017 through
3 May 31, 2021.¹

4
5 **Q. What is the purpose of your direct testimony?**

6 A. The purpose of my testimony is to provide support for the Company’s default
7 service plan for delivery of supply over the June 1, 2021 through May 31, 2025
8 period (the “Plan” or “DSP IX”), particularly with respect to the power procurement
9 methods and supply products to be utilized. I will provide an overview of the Plan
10 as it relates to power procurement. I also will evaluate the consistency of the Plan
11 with certain aspects of Act 129. In addition, I will discuss changes to the Supplier
12 Master Agreement (“SMA”) template that was developed through the Procurement
13 Collaboration Working Group.

14
15 **Q. Are you sponsoring any exhibits as part of your direct testimony?**

16 A. Yes, I am sponsoring four exhibits.

17 **Exhibit JP-1** Overview of Supply Products and Auction Schedule by
18 Procurement Class

19 **Exhibit JP-2** Number of Load Tranches and Supplier Load Caps

20 **Exhibit JP-3** Supplier Master Agreement

21

22 **Q. Please explain how these exhibits were prepared.**

¹ See *Petition of Duquesne Light Company for Approval of Default Service Plan for the Period June 1, 2017 through May 31, 2021*, Docket No. P-2016-2543140 (Order entered December 22, 2016).

1 A. All of the above referenced exhibits were prepared by me or under my supervision.

2

3 **Q. How is your testimony organized?**

4 A. Section I is an introduction. Section II provides an overview of the Plan with regard
5 to its power procurement methods and supply product portfolios. Section III
6 includes a review of how the Plan satisfies certain provisions of Act 129. Section
7 IV discusses the Supplier Master Agreement, and Section V discusses the Electric
8 Vehicle Time-of-Use Pilot Program. Section VI addresses possible modifications
9 to satisfy the Company’s Alternative Energy Credit (“AECs”) obligations during
10 the DSP VIII period.

11

12 **II. OVERVIEW OF DUQUESNE LIGHT’S DSP IX PROCUREMENT PLAN**

13

14 **Q. Please summarize Duquesne Light’s proposed supply procurement plan for**
15 **default service customers.**

16 A. The DSP IX procurement plan provides for 100% of default service power supply
17 needs during the 48-month period from June 1, 2021, through May 31, 2025. As
18 in DSP VIII, portfolios of supply products will be separately procured for each of
19 four different customer classes: Residential & Lighting,² Small Commercial &
20 Industrial (“Small C&I”),³ Medium Commercial & Industrial <200kW (“Medium

² Residential customers are those served under rate schedules RS, RH and RA. Lighting customers are those served under rate schedules AL, SE, SM, SH, and PAL.

³ Small C&I customers are those with average monthly metered demands less than 25 kW served under rate schedules GS/GM, GMH and UMS.

1 C&I <200kW”),⁴ and hourly price service eligible (“HPS-Eligible”).⁵ Default
2 service supply for each of the customer classes will be procured through
3 competitive solicitations for full requirements, load-following products. For the
4 Residential & Lighting, Small C&I, and Medium C&I <200kW classes, the pricing
5 of the products will be fixed on a dollars per megawatt-hour basis. The pricing of
6 the products for the HPS-Eligible class will be based on day-ahead hourly market
7 prices. A depiction of the procurement products and the timeline for procurement
8 is shown in Exhibit JP-1, and Figure 1 below summarizes the different classes’
9 supply product portfolios.

⁴ Medium C&I <200kW customers are those served under rate schedules GS/GM and GMH with average monthly metered demands that are at least 25 kW but less than 200kW.

⁵ HPS-Eligible customers are those who are eligible for Rider No. 9 – Day-Ahead HPS. They include Medium C&I \geq 200kW customers (customers served under rate schedules GS/GM and GMH with average monthly metered demands that are at least 200 kW) and Large C&I customers (customers served under rate schedules GL, GLH, L, and HVPS).

Figure 1: Overview of Supply Portfolios by Customer Class

Residential & Lighting	Small C&I (< 25 kW)	Medium C&I <200kW (≥ 25 kW and < 200 kW)⁶	HPS-Eligible (≥ 200 kW)⁷
<ul style="list-style-type: none"> • Six-month fixed default service supply rates • Continue procurement of 50% of supply from one-year and 50% of supply from two-year full requirements supply products with overlapping delivery periods • Products are procured every six months within three months of start of delivery 	<ul style="list-style-type: none"> • Six-month fixed default service supply rates • Continue procurement of 50% of supply from one-year and 50% of supply from two-year full requirements supply products with overlapping delivery periods • Products are procured every six months within three months of start of delivery 	<ul style="list-style-type: none"> • Three-month fixed default service supply rates • Continue procurement of 100% of supply from three-month full requirements supply products with delivery periods that do not overlap • Products are procured every three months within three months of start of delivery 	<ul style="list-style-type: none"> • Hourly price default service supply rates • Continue to procure supply through an auction every twelve months within three months of start of delivery • Winning suppliers are paid their fixed bid price plus their share of the associated (day-ahead hourly) energy, capacity, and ancillary service charges billed pursuant to Rider No. 9.
<ul style="list-style-type: none"> • Approximately 34% of total system load 	<ul style="list-style-type: none"> • Approximately 7% of total system load 	<ul style="list-style-type: none"> • Approximately 13% of total system load 	<ul style="list-style-type: none"> • Approximately 46% of total system load

2

3 **Q. Why does the DSP IX Plan include different default service supply portfolios**
4 **for different customer classes?**

5 A. Different customer classes should have customized procurement strategies that
6 each focus on the specific needs of the respective customer class. Residential &
7 Lighting and Small C&I customers on default service will benefit from having
8 greater assurances of price stability, while the Medium C&I <200kW and HPS-

⁶ Duquesne Light lowered the threshold for customers who are not offered default service rates based on day-ahead hourly market prices from < 300 kW to < 200 kW on June 1, 2019.

⁷ Duquesne Light lowered the threshold for customers who are offered default service rates based on day-ahead hourly market prices from ≥ 300 kW to ≥ 200 kW on June 1, 2019.

1 Eligible customers generally are better able to manage the volatility of shorter-
2 term default service prices. In Duquesne Light Statement No. 3, Duquesne Light
3 witness Fisher presents analysis that supports the conclusion that the benefits of
4 price stability for smaller customers, who are more likely to rely on default
5 service to provide these benefits, will be achieved under DSP IX. Having tailored
6 and separate default service supply portfolios for each class also is consistent with
7 Commission guidance. Specifically, in its Second Default Service Rulemaking
8 Order, in its discussion of the “prudent mix” standard under Act 129, the
9 Commission stated:

10 The Commission notes there was substantial unanimity on this point
11 and agrees with the parties that the “prudent mix” standard should
12 be interpreted to allow for a class-specific product mix that best
13 matches the needs of each DSP customer class.⁸

14 By including tailored and separate supply portfolios for each of the various
15 customer classes, the Plan reflects the different needs and propensities of the
16 various customer classes, and helps in properly assigning costs and risks. The
17 supply product portfolios for the different customer classes take into account each
18 class’ need for price stability, the different shopping propensity and market
19 sophistication of each customer class, and the Company’s desire to develop the
20 competitive retail market in Duquesne Light’s service area.

21

⁸ *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered October 4, 2011) (“*Second Default Service Rulemaking Order*”), p. 69.

1 **Residential & Lighting and Small C&I**

2 **Q. Please describe Duquesne Light’s proposed default supply procurement plan**
3 **for Residential & Lighting and Small C&I customers.**

4 A. DSP IX will continue the basic procurement strategy for the Residential &
5 Lighting and Small C&I classes that was established in DSP VIII. Specifically,
6 the supply portfolios for these customer classes will consist of a combination of
7 twelve-month and twenty-four-month products, with delivery periods overlapping
8 on a semiannual basis. Accordingly, the default service rates for these classes
9 will change twice annually, once on June 1st and once on December 1st.
10 Residential & Lighting default service supply will be split into 48 equal tranches,
11 each representing approximately 2.08333% of the total Residential & Lighting
12 class default service load in each hour. The Small C&I default service supply will
13 be split into eight tranches consisting of twelve-month and twenty-four-month
14 products, each representing 12.5% of the total Small C&I default service load in
15 each hour. These products’ delivery periods will also overlap on a semiannual
16 basis.

17

18 **Q. Are there supply portfolio changes that Duquesne Light is proposing for**
19 **Residential & Lighting and Small C&I customers in DSP IX as compared to**
20 **its existing DSP VIII Plan?**

21 A. No.

22

23 **Q. Why is the proposed procurement plan for Small C&I customers the same as**

1 **for Residential & Lighting customers?**

2 A. As in DSP VIII, the Company’s proposed procurement plan for Small C&I
3 customers is the same for Residential & Lighting customers because both classes
4 have somewhat similar levels of customer switching and market sophistication.
5 Therefore, it is reasonable to implement the same procurement approach for both
6 classes. However, the supply product portfolios for these two classes are kept
7 separate to safeguard against unnecessary cost shifting between customers. To
8 increase bidder participation in the solicitations, the supply solicitations for these
9 customer classes will be conducted simultaneously. This also allows for costs to
10 be efficiently managed.

11

12 **Q. Mr. Peoples, Duquesne Light’s Commission-approved DSP VIII Plan includes**
13 **supply products for Residential & Lighting and Small C&I customers with**
14 **delivery periods that extend into the DSP IX period (sometimes referred to as**
15 **“overhang” products). In its DSP IX Plan, is the Company proposing any**
16 **overhang products with delivery periods that extend beyond the DSP IX**
17 **period?**

18 A. Yes. Like the previous three Commission-approved default service plans, DSP IX
19 includes products that will continue or overhang into the next default service period
20 for Residential & Lighting and Small C&I customers that will provide price
21 stability benefits to these small customers. These products will avoid subjecting
22 these customers to a “hard stop” with regard to their supply products at the end of
23 the DSP IX period. By so doing, the Company will avoid the need to replace all of

1 the default service supply for these customer classes in a short period of time at the
2 end of the DSP IX period, a situation which could expose customers to magnified
3 risks and rate instability. Furthermore, the Company's Plan to include some
4 overhang products involves considerable procurement flexibility, as the first
5 solicitation for any overhang products is not scheduled until September 2023, so
6 there is a significant amount of time before new supply commitments extending
7 beyond the DSP IX period are made, should changes need to be made to the supply
8 product mix due to legislative or regulatory mandates. In the meantime, these
9 solicitations remain scheduled because they allow for the option for a fairly
10 seamless continuation of the laddered procurement cycle as Duquesne Light
11 transitions from DSP IX to DSP X.

12

13 **Q. On April 8, 2020, the Company filed a Petition at its DSP VIII proceeding,**
14 **Docket P-2016-2543140, proposing to modify its DSP VIII procurement**
15 **schedule with regard to the 2022/2023 PJM planning year.⁹ How does the**
16 **Company's DSP IX proposal account for its requested modification to DSP**
17 **VIII?**

18 A. By the referenced Petition, the Company has proposed to modify the duration of
19 certain default supply contracts to be procured in its September 2020 auction from
20 24 months to 12 months, which will cover the period of December 2020 through
21 November 2021. As the Petition explains, the purpose of this proposed truncation
22 is to avoid inclusion of the 2022/2023 PJM planning year in the products to be

⁹ Docket No. P-2016-2543140, *Petition of Duquesne Light Company for Approval to Modify the Procurement Schedule for its Default Service Plan for the Period June 1, 2017, through May 31, 2021.*

1 procured in the September 2020 auction, because the PJM capacity price for that
2 planning year will likely still not be established by the time the auction occurs. If
3 the Company's proposal is approved by the Commission, a portion of the default
4 service load during the period from December 1, 2021 through November 30, 2022
5 will no longer be supplied through the Company's DSP VIII. In such event, the
6 Company will instead procure supply for that portion of the load for that period as
7 part of its DSP IX auction schedule. Specifically, as shown in Exhibit JP-1, 12.5%
8 of the default service supply for the Residential & Lighting and Small C&I classes
9 for delivery during the 12-month period covering December 1, 2021 through
10 November 30, 2022 will not be purchased in DSP VIII and instead will be
11 purchased as part of the September 2021 auction in DSP IX. This will increase the
12 total 12-month supply to be procured for those classes in the September 2021
13 auction to 37.5%. This represents the standard 25% procurement for 12 months
14 and the additional 12.5% procurement that is carried over from the September 2020
15 (DSP VIII) auction.

16
17 **Q. Does the Company's procurement plan include supplier load caps for**
18 **Residential & Lighting and Small C&I default service supply?**

19 A. Yes, the Company proposes to maintain a supplier load cap approved by the
20 Commission for DSP VIII. Specifically, a given supplier in a given auction cannot
21 be awarded more than 50% of the Residential & Lighting and Small C&I supply
22 tranches solicited on that auction date, rounded up to the nearest integer number of
23 tranches. See Exhibit JP-2.

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Medium C&I <200kW

Q. Please describe Duquesne Light’s proposed default supply procurement plan for Medium C&I <200kW customers.

A. The Medium C&I <200kW customer class includes non-residential customers with average monthly metered demands greater than or equal to 25 kW but less than 200 kW. The supply portfolio for this class will continue to be comprised entirely of three-month products, with 100% of the supply replaced every three months. The Medium C&I <200kW default service supply will continue to be split into four equal tranches of 25% of the total Medium C&I <200kW default service load in each hour. Accordingly, the Medium C&I <200kW default service rates will continue to change quarterly, on June 1st, September 1st, December 1st, and March 1st.

Q. Does the Company’s procurement plan include supplier load caps for Medium C&I <200kW default service supply?

A. No. The Company will continue the practice approved by the Commission for DSP VIII of not imposing a supplier load cap for the Medium C&I <200kW tranches. Since the delivery periods of the default service supply products for Medium C&I <200kW customers are only three months, the potential impact of a supplier default is reduced, so there is a reduced need for load caps to guard against the exposure resulting from a large supplier defaulting on its obligation.

1 **Q. Is Duquesne Light proposing any changes for Medium C&I <200kW**
2 **customers in DSP IX as compared to its existing DSP VIII Plan?**

3 A. There are no proposed changes to the supply portfolio or overall procurement
4 approach for Medium C&I <200kW customers. The Company recently lowered
5 the threshold for HPS eligibility for the Medium C&I class from ≥ 300 kW to ≥ 200
6 kW, on June 1, 2019. This relatively recent ≥ 200 kW threshold will be preserved
7 in DSP IX.

8

9 **HPS-Eligible**

10 **Q. Please describe the Company's proposed default service supply procurement**
11 **plan for HPS-Eligible customers.**

12 A. The HPS-Eligible customer class includes non-residential customers with average
13 monthly metered demands greater than or equal to 200 kW. HPS-Eligible
14 customers will continue to be offered default service rates based on day-ahead
15 hourly PJM energy market prices. Customers also will continue to be charged a
16 pass through of PJM capacity and ancillary services costs as well as the
17 administrative costs of providing hourly price service.

18

19 **Q. Is Duquesne Light proposing any changes with respect to its HPS-Eligible**
20 **customer default service plan?**

21 A. No. This plan will maintain the DSP VIII plan for the HPS-Eligible default
22 service product.

23

1 **Q. Does the Company’s procurement plan include supplier load caps for HPS-**
2 **Eligible default service supply?**

3 A. No. The Company will continue the practice approved by the Commission for DSP
4 VIII of not imposing a supplier load cap for the HPS-Eligible tranches. Since the
5 default service supply products for HPS-Eligible customers are based on day-ahead
6 hourly market prices, the potential impact of a supplier default is reduced, so there
7 is a reduced need for load caps to guard against the exposure resulting from a large
8 supplier defaulting on its obligation.

9

10 **Solicitations**

11 **Q. Is Duquesne Light proposing to engage a third-party to assist in the auction**
12 **processes to obtain supply for the HPS-Eligible, Medium C&I <200kW, Small**
13 **C&I, and Residential & Lighting customer classes?**

14 A. Yes. Consistent with past practices, Duquesne Light proposes to engage an
15 independent third party to monitor and conduct the competitive solicitations,
16 including qualifying bidders, conducting bidder information sessions, receiving and
17 evaluating all bids, determining winning bidders, and reporting to the Commission.
18 This will help ensure the bid process is fair and independently monitored, and that
19 all information is provided to bidders in a non-discriminatory fashion. In DSP IX,
20 the independent evaluator will continue to assist in the auction process for all
21 customer classes.

22

1 **Q. Does Duquesne Light have a contingency plan to obtain supply for the HPS-**
2 **Eligible, Medium C&I <200kW, Small C&I, and Residential & Lighting**
3 **customer classes?**

4 A. Yes. In the event the Company receives bids for less than all tranches, the
5 Commission does not approve the results for all tranches, or a supplier defaults,
6 the Company will provide the balance of the default supply through purchases in
7 the PJM spot markets until such time that a different contingency plan is approved
8 by the Commission. The Company will submit to the Commission within fifteen
9 (15) days after any such occurrence an emergency plan to handle any default
10 service shortfall. All costs associated with implementing the contingency plan
11 will be included as part of the DSS described in the section below, “Calculation of
12 Rate.”

13
14 **Q. In response to the Commission’s request in the *January 2020 Secretarial***
15 ***Letter*,¹⁰ please explain how Duquesne Light manages the Peak Load**
16 **Contributions (“PLC”) and Network Service Peak Load (“NSPL”) values for**
17 **the HPS-Eligible, Medium C&I <200kW, Small C&I, and Residential &**
18 **Lighting customer classes.**

19 A. The Company calculates PLC and NSPL values based on the most precise
20 consumption data available. Duquesne Light has substantially completed
21 installing Advanced Metering Infrastructure (“AMI”), including interval meter

¹⁰ *Investigation into Default Service and PJM Interconnection, LLC. Settlement Reforms*, Docket No. M-2019-3007101, Secretarial Letter issued January 23, 2020 (“January 2020 Secretarial Letter”).

1 functionality, across its service territory. This makes customers' interval, hourly
2 data available to the Company, which the Company uses to determine the
3 customer's PLC/NSPL value in the great majority of instances. Where an interval
4 read is not available for the specific PLC/NSPL hour(s), the Company uses daily
5 customer usage combined with a rate class/temperature profile to determine the
6 hourly estimate of the customer's peak load. If neither interval nor daily usage is
7 available, then the Company uses monthly billed usage to estimate the customer's
8 daily usage. In this case, the Company uses the previously mentioned profiling
9 methodology to determine the estimated peak usage. Finally, if all of these
10 methods are unavailable, then the average peak load of the customer's rate class is
11 used to determine the PLC/NSPL values. This method is most commonly used for
12 customers at a new premise with no existing load. For customers that get an
13 estimated PLC/NSPL through a daily or monthly profile, the Company has
14 implemented an annual review process to manually check the reasonability of the
15 estimate. This review is implemented by the Company to protect customers and
16 suppliers from significant capacity charges.

17

18 **Q. Why does Duquesne Light use a Zonal one coincidental peak hour to**
19 **determine the Network Service Peak Load ("NSPL") for its customers?**

20 A. The Duquesne Light system is planned for the highest peak hour of energy demand
21 for the year. This has historically provided an accurate representation of
22 transmission usage by the Company's customers during peak energy consumption

1 for the system. This is then reflected in the NSPL value assigned to customers,
2 which allocates transmission costs of the Company.

3

4 **III. THE DEFAULT SERVICE PLAN SATISFIES ACT 129 REQUIREMENTS**

5

6 **Q. Mr. Peoples, have you reviewed Act 129’s provisions regarding default service
7 procurement?**

8 A. Yes, I have. The Act amended Section 2807(e)(3) of the Public Utility Code (66
9 Pa. C.S. §2807(e)(3)) by adding requirements to be applied to default service
10 procurement. These provisions include the use of “competitive procurement
11 processes” to obtain a “prudent mix” of contracts that is designed to ensure
12 “adequate and reliable service” at the “least cost to customers over time.” In
13 approving a default service provider’s plan, the Commission is required to make
14 specific findings that “the default service provider’s plan includes prudent steps
15 necessary to negotiate favorable generation supply contracts . . . [and] includes
16 prudent steps necessary to obtain least cost generation supply contracts on a long-
17 term, short-term and spot market basis.” The Act also specifies that the
18 Commission shall make a finding that “neither the default service provider nor its
19 affiliated interest has withheld from the market any generation supply in a manner
20 that violates federal law.” The Act also gives the default service provider the right
21 to recover on a full and current basis all reasonable costs incurred under a
22 Commission-approved competitive procurement plan.

23

1 **Q. Do you believe that Duquesne Light’s proposed DSP IX incorporates a**
2 **prudent mix of contracts, and includes prudent steps necessary to obtain least**
3 **cost generation supply contracts, as required by Section 2807(e)(3.4) and**
4 **Section 2807(e)(3.7) of the Act?**

5 A. Yes, in his direct testimony, Duquesne Light witness Mr. Fisher explains that DSP
6 IX satisfies these requirements.

7
8 **Q. Are there any other findings regarding Act 129 that the Company is requesting**
9 **the Commission to make as part of this proceeding?**

10 A. Yes. The Act specifies that the Commission shall make a finding that “neither the
11 default service provider nor its affiliated interest has withheld from the market any
12 generation supply in a manner that violates federal law.” Duquesne Light owns no
13 generation resources, and has not withheld from the market any generation supply
14 in a manner that violates federal law. Duquesne Light does not discuss generation
15 market-related issues with its affiliates or outside entities. However, Duquesne
16 Light can affirmatively state that there has been no determination by a court or
17 regulatory agency of competent jurisdiction that any of its affiliates have withheld
18 from the wholesale energy market any generation supply in a manner that violates
19 federal law. Consequently, the Company requests that the Commission make a
20 finding that neither the default service provider nor its affiliated interest has
21 withheld from the market any generation supply in a manner that violates federal
22 law.

23

1 **IV. SUPPLIER MASTER AGREEMENT**

2
3 **Q. Is Duquesne Light proposing to use the same default service SMA for DSP**
4 **IX that it is using for DSP VIII?**

5 A. The Company will continue to use the SMA template that was developed by the
6 Procurement Collaboration Working Group.¹¹ However, the Company will make
7 a few modifications to the SMA approved in DSP VIII for DSP IX in order to (a)
8 capture nomenclature changes that have been implemented at PJM in the past four
9 years, (b) expand the assignment provisions, and (c) make various other
10 housekeeping revisions for purposes of clarity. One such proposed revision is to
11 remove a form “PJM Declaration of Authority” as an exhibit to the SMA, because
12 PJM now administers Declarations of Authority directly with parties via electronic
13 communications, and Duquesne Light will utilize the latest version provided by
14 PJM.¹² A redlined SMA highlighting these changes is presented in Exhibit JP-3.

15
16 **Q. Why is Duquesne Light proposing to make these modifications?**

17 A. These changes are necessary to further enhance and improve the auction process,
18 and/or to remain current with modifications that PJM or the PUC have made in the
19 past four years.

¹¹ In the Commission’s Default Service End State Order in the Investigation of Pennsylvania’s Retail Electricity Market, the Commission directed the Office of Competitive Markets Oversight to create a Procurement Collaboration Working Group. This working group was tasked with developing a uniform default service SMA for the EDCs in Pennsylvania. Duquesne Light actively participated in the Procurement Collaboration Working Group, including the development of the SMA. (*Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952 (Order entered February 15, 2013), p. 42.

¹² See <https://www.pjm.com/about-pjm/member-services.aspx> (providing a link to a “non-executable sample” Declaration of Authority).

1

2 **Q. How is the SMA structured?**

3 A. The main body of the SMA consists of a uniform template. Individual EDCs, such
4 as Duquesne Light, specify unique requirements associated with their default
5 service supply in appendices to the SMA. Such requirements relate to supply
6 product term length and size, credit ratings and unsecured credit thresholds, mark-
7 to-market calculations, delivery points, responsibility for various PJM line item
8 charges, and AEPS compliance.

9

10 **Q. Will wholesale suppliers be allowed to propose modifications to the SMA once**
11 **it is approved?**

12 A. No, they will not. Each supplier will have the same rights and obligations when
13 supplying default service load. Using an identical SMA across all suppliers allows
14 for a competitive bidding process in which winning suppliers are determined solely
15 based on lowest price.

16

17 **V. ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM**

18

19 **Q. Please briefly describe the Company’s proposed Electric Vehicle Time-of-Use**
20 **(“EV-TOU”) Pilot Program.**

21 A. The Company is proposing to offer, to Residential, Small C&I, and Medium C&I
22 <200kW customers eligible for Rider No. 8 who own or lease a plug-in battery
23 electric vehicle or a plug-in hybrid electric vehicle (collectively “EV”) or offer

1 charging infrastructure to employees or visitors, the opportunity to receive their
2 electric supply on a time-of-use (“TOU”) basis.¹³ Duquesne Light witnesses Ogden
3 and Scholl describe this program in detail. Customers enrolled in the EV-TOU
4 Pilot Program will be supplied by the default service suppliers, and rates for this
5 service will be developed as explained in witness Mr. Ogden’s testimony.

6

7 **VI. ALTERNATIVE ENERGY CREDIT PROCUREMENT**

8 **Q. How does the Company currently meet its Alternative Energy Credits**
9 **(“AECs”) obligations under the Pennsylvania Alternative Energy Portfolio**
10 **Standard?**

11 A. The Company is responsible for the AEC obligations only associated with default
12 service load.¹⁴ The Company enters into SMAs with the winning full
13 requirements default service suppliers serving Residential & Lighting, Small C&I,
14 and Medium C&I <200kW, and HPS customers. Each winning supplier is
15 responsible for its percentage share of the AEC obligations based on the number
16 of tranches won for each customer class. These suppliers, in aggregate, are
17 responsible for meeting 100% of the Company’s AEC obligations associated with
18 these customer classes.

19

20 **Q. Is the Company proposing any changes to its AEC procurement**
21 **methodology?**

¹³ Customers eligible for Rider No. 9 – HPS will not be eligible for the EV-TOU Pilot Program. Unmetered accounts on Rider No. 8 also are not eligible for EV-TOU rates.

¹⁴ EGSs are responsible for meeting the AEC obligations associated with the customers they serve.

1 A. Yes. While the Company anticipates that the majority of its AEC procurements
2 will follow the same process as in DSP VIII as outlined above, the Company is
3 also proposing to conduct a competitive solicitation for prospective solar
4 developers, with the potential to enter into a power purchase agreement (“PPA”)
5 for a portion of the solar facility’s output. The solar AECs procured through such
6 PPA, if any, would offset the solar AECs the Company would otherwise procure
7 from wholesale default service suppliers. Company witness C. James Davis
8 discusses the Company’s solar proposal in DLC Statement No. 1.

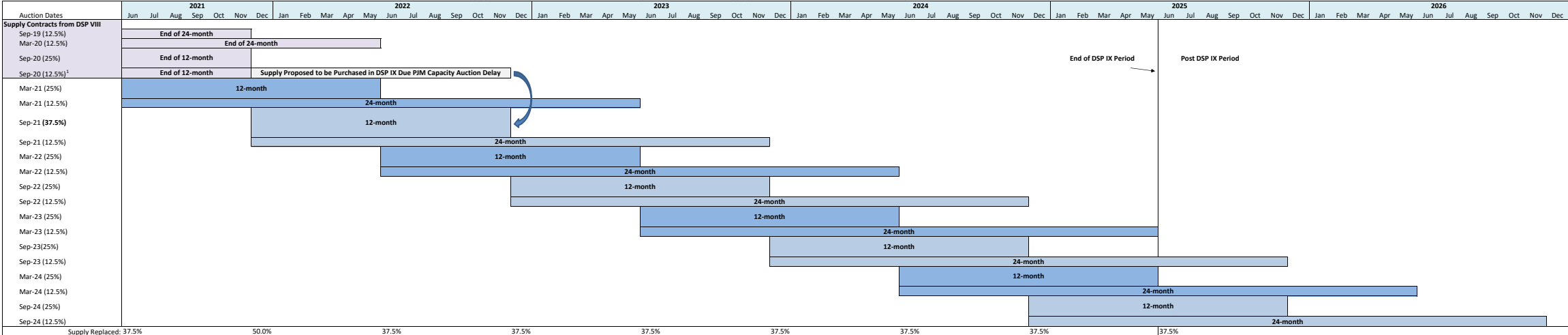
9

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

11 A. Yes, it does.

DSP IX Plan for the Residential & Lighting Class

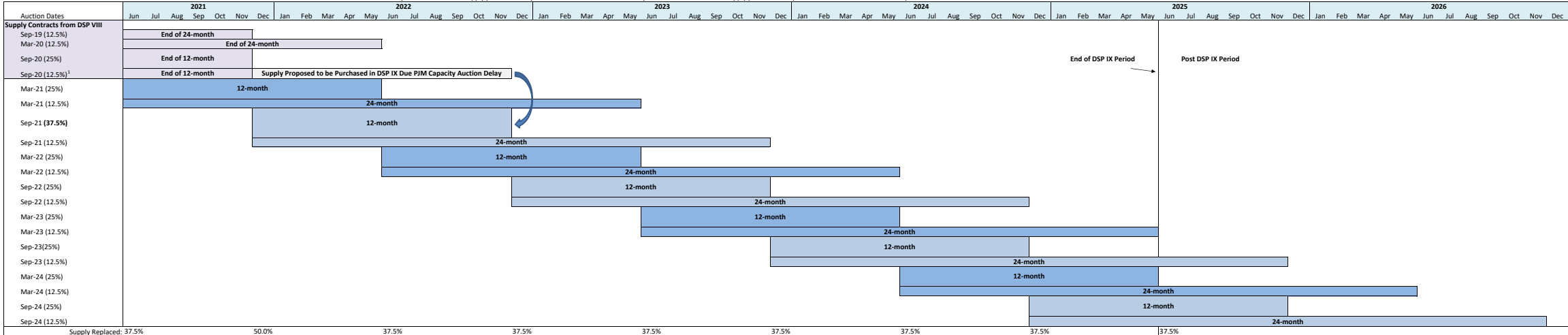
Steady State = 25% of the supply procured every 6 months in the form of 12-month products and 12.5% of the supply procured every 6 months in the form of 24-month products.



Supply rates adjust every six months.
 If the PaPUC at any time decides that DLC no longer will be the default service provider after the DSP IX period, then DLC will file a petition to amend the DSP IX plan so that no yet-to-be solicited products extend beyond the date in which DLC terminates its role as the default service provider. Existing contracts previously signed with a supplier will not be altered.

DSP IX Plan for the Small C&I Class

Steady State = 25% of the supply procured every 6 months in the form of 12-month products and 12.5% of the supply procured every 6 months in the form of 24-month products.



Supply rates adjust every six months.
 If the PaPUC at any time decides that DLC no longer will be the default service provider after the DSP IX period, then DLC will file a petition to amend the DSP IX plan so that no yet-to-be solicited products extend beyond the date in which DLC terminates its role as the default service provider. Existing contracts previously signed with a supplier will not be altered.

DSP IX Plan for the Medium C&I <200kW Class

Solicit 100% 3-Month Products

Auction Dates	2021				2022								2023								2024								2025										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May			
Mar-21 (100%)	3-month																																						
Jun-21 (100%)			3-month																																				
Sep-21 (100%)				3-month																																			
Dec-21 (100%)					3-month																																		
Mar-22 (100%)						3-month																																	
Jun-22 (100%)							3-month																																
Sep-22 (100%)								3-month																															
Dec-22 (100%)									3-month																														
Mar-23 (100%)										3-month																													
Jun-23 (100%)											3-month																												
Sep-23 (100%)												3-month																											
Dec-23 (100%)													3-month																										
Mar-24 (100%)														3-month																									
Jun-24 (100%)															3-month																								
Sep-24 (100%)																3-month																							
Dec-24 (100%)																	3-month																						

Supply rates adjust every three months.

DSP IX Plan for the HPS-Eligible Class

Solicit 100% 12-Month Hourly-Priced Products

Auction Dates	2021						2022						2023						2024						2025																							
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May												
Mar-21 (100%)	12-month																																															
Mar-22 (100%)													12-month																																			
Mar-23 (100%)																									12-month																							
Mar-24 (100%)																																					12-month											

Supply rates adjust hourly.

DSP IX Auction Schedule

Auction Date	Class	Tranches	Amount	Term	Delivery Period
Mar-21	Residential	12	25.0%	12 Months	June 2021 – May 2022
		6	12.5%	24 Months	June 2021 – May 2023
	Small C&I	2	25.0%	12 Months	June 2021 – May 2022
		1	12.5%	24 Months	June 2021 – May 2023
	Medium C&I <200 HPS	4	100%	3 Months	June 2021 – August 2021
		2	100%	12 Months	June 2021 – May 2022
Jun-21	Medium C&I <200	4	100%	3 Months	September 2021 - November 2021
Sep-21	Residential	18	37.5%	12 Months	December 2021 – November 2022
		6	12.5%	24 Months	December 2021 – November 2023
	Small C&I	3	37.5%	12 Months	December 2021 – November 2022
		1	12.5%	24 Months	December 2021 – November 2023
Medium C&I <200	4	100%	3 Months	December 2021 – February 2022	
Dec-21	Medium C&I <200	4	100%	3 Months	March 2022 - May 2022
Mar-22	Residential	12	25.0%	12 Months	June 2022 – May 2023
		6	12.5%	24 Months	June 2022 – May 2024
	Small C&I	2	25.0%	12 Months	June 2022 – May 2023
		1	12.5%	24 Months	June 2022 – May 2024
	Medium C&I <200	4	100%	3 Months	June 2022 – August 2022
HPS	2	100%	12 Months	June 2022 – May 2023	
Jun-22	Medium C&I <200	4	100%	3 Months	September 2022 - November 2022
Sep-22	Residential	12	25.0%	12 Months	December 2022 – November 2023
		6	12.5%	24 Months	December 2022 – November 2024
	Small C&I	2	25.0%	12 Months	December 2022 – November 2023
		1	12.5%	24 Months	December 2022 – November 2024
Medium C&I <200	4	100%	3 Months	December 2022 – February 2023	
Dec-22	Medium C&I <200	4	100%	3 Months	March 2023 - May 2023
Mar-23	Residential	12	25.0%	12 Months	June 2023 – May 2024
		6	12.5%	24 Months	June 2023 – May 2025
	Small C&I	2	25.0%	12 Months	June 2023 – May 2024
		1	12.5%	24 Months	June 2023 – May 2025
	Medium C&I <200	4	100%	3 Months	June 2023 – August 2023
HPS	2	100%	12 Months	June 2023 – May 2024	
Jun-23	Medium C&I <200	4	100%	3 Months	September 2023 - November 2023
Sep-23	Residential	12	25.0%	12 Months	December 2023 – November 2024
		6	12.5%	24 Months	December 2023 – November 2025
	Small C&I	2	25.0%	12 Months	December 2023 – November 2024
		1	12.5%	24 Months	December 2023 – November 2025
Medium C&I <200	4	100%	3 Months	December 2023 – February 2024	
Dec-23	Medium C&I <200	4	100%	3 Months	March 2024 - May 2024
Mar-24	Residential	12	25.0%	12 Months	June 2024 – May 2025
		6	12.5%	24 Months	June 2024 – May 2026
	Small C&I	2	25.0%	12 Months	June 2024 – May 2025
		1	12.5%	24 Months	June 2024 – May 2026
	Medium C&I <200	4	100%	3 Months	June 2024 – August 2024
HPS	2	100%	12 Months	June 2024 – May 2025	
Jun-24	Medium C&I <200	4	100%	3 Months	September 2024 - November 2024
Sep-24	Residential	12	25.0%	12 Months	December 2024 – November 2025
		6	12.5%	24 Months	December 2024 – November 2026
	Small C&I	2	25.0%	12 Months	December 2024 – November 2025
		1	12.5%	24 Months	December 2024 – November 2026
Medium C&I <200	4	100%	3 Months	December 2024 – February 2025	
Dec-24	Medium C&I <200	4	100%	3 Months	March 2025 - May 2025

DSP IX Tranches and Supplier Load Caps

Total Number of Tranches Solicited					
Auction Date	Residential	Small C&I	Medium C&I <200 kW	HPS	Total
March 2021	18	3	4	2	27
June 2021			4		4
September 2021	24	4	4		32
December 2021			4		4
March 2022	18	3	4	2	27
June 2022			4		4
September 2022	18	3	4		25
December 2022			4		4
March 2023	18	3	4	2	27
June 2023			4		4
September 2023	18	3	4		25
December 2023			4		4
March 2024	18	3	4	2	27
June 2024			4		4
September 2024	18	3	4		25
December 2024			4		4

Supplier Load Cap (Number of Tranches)					
Auction Date	Residential	Small C&I	Medium C&I <200 kW	HPS	Total
March 2021	9	2	4	2	17
June 2021			4		4
September 2021	12	2	4		18
December 2021			4		4
March 2022	9	2	4	2	17
June 2022			4		4
September 2022	9	2	4		15
December 2022			4		4
March 2023	9	2	4	2	17
June 2023			4		4
September 2023	9	2	4		15
December 2023			4		4
March 2024	9	2	4	2	17
June 2024			4		4
September 2024	9	2	4		15
December 2024			4		4

The supplier load cap to serve Residential and Small C&I customers in a given auction will be maintained equal to 50% of the number of tranches solicited on that auction date, rounded up to the nearest integer number of tranches. The Company will continue the practice of removing the supplier load cap for the Medium C&I <200 kW and HPS solicitations, which are based on short-term market price products.

**PENNSYLVANIA UNIVERSAL
DEFAULT SUPPLIER MASTER AGREEMENT**

by and between

Duquesne Light Company

and

[INSERT]

Dated [Month, Day, Year]

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PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this ____ day of [Month, Day, Year] (the “Agreement”) by and between Duquesne Light Company (the “Company” and “Buyer”), a ~~corporation~~ limited liability company and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania and [INSERT] (“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.

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

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.

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. §§ 2804, 2812-14, 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, ARRs 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 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).

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

Company – Duquesne Light Company.

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 and/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 into 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, 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—a product or service (e.g., Energy) to serve DS Load, even if such other agreement does not require delivery of additional products or services (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, as set forth in Appendix C.

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

DS Fixed Price Adder For Hourly Price Service – The fixed price adder for Hourly Price Service in dollars per MWh, as set forth in Appendix C hereto, as determined pursuant to the DS Solicitation.

DS Load – Means the total sales at the retail meter, plus any losses and Unaccounted For Energy (as defined by PJM), as reflected in PJM settlement volumes (including adjustments required by PJM for PJM’s derating in conjunction with implementation of marginal losses as appropriate per PJM Agreements), expressed in MWh of retail customers in a particular class of DS Customers being served by Company pursuant to the PUC Orders, as such sales vary from hour to hour, in Company’s Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to the service territory that exists on the Effective Date. The DS Load is net of any reduction in load as a result of energy efficiency and demand side response programs offered by Company, PJM, curtailment service providers, or other third parties, or any retail market programs. For avoidance of doubt, DS Load shall not include (i) the amount of load that would otherwise have been served in the absence of such energy efficiency or demand side response programs or retail market programs; or (ii) sales resulting from changes in the Company’s Pennsylvania service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in

Pennsylvania or a result of a significant franchise territory swap with another entity which has a franchised service territory in Pennsylvania.

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 Tariffs – 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, as they may be amended from time to time.

DS Variable Payments – The variable supplier payments in dollars based on the Company’s Hourly Price Service formula rate, as set forth in Appendix C hereto, associated with serving the DS Supplier Responsibility Share of the DS Supply.

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.

Effective Date – The date designated on the cover page of this Agreement upon which the terms of this Agreement were agreed to by the Parties.

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 (iii) 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.

Fixed Price Transaction – A Transaction Confirmation that is not an Hourly Price Transaction.

Force Majeure – Means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, epidemic, terrorist attack, and 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)

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.

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.

Hourly Price Service – service provided to ~~Large Commercial and Industrial~~ Hourly Price Service (“HPS”)-Eligible Class pursuant to the Company's DS Tariffs, Retail Tariff, Rider No. 9.

Hourly Price Transaction – A Transaction Confirmation for Hourly Price Service, as shown on such confirmation.

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.

~~Large Commercial and Industrial Class – Group of Rate Schedules itemized in Appendix C that are eligible for Hourly Price Service DS Supply.~~

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. The DS Supplier, for purposes of this Agreement, is not a Load Serving Entity and nothing contained herein shall be deemed to cause the DS Supplier to be a Load Serving Entity.

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 6.4.

Mark-to-Market (“MtM”) Exposure Amount – Shall have the meaning ascribed to it in Section 6.3 of this Agreement.

Market Price Hub – refers to AEP Dayton Hub, a liquid pricing point located within PJM’s geographic footprint, at pnode #34497127.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable credit limit cap as specified in Section 6.4 of this Agreement.

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

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 Corporation 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 Non-Defaulting 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.

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

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 – A payment resulting from an Early Termination that is calculated in accordance with Article 5.4.

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 for the Customer Group as indicated in any given Transaction Confirmation, as specified in Appendix C.

Transaction – Means a particular 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) To 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 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;
- (vi) To accept assignment of and to fulfill all obligations of a LSE that are assigned to it by this Agreement;
- (vii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and
- (viii) 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) To 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 ~~PowerMeter~~^{MTR} account, or successor system or process;
- (iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company;
- (v) To accept the delivery of DS Supply necessary to meet the DS Load;
- (vi) To be responsible (as between the Company and the DS Supplier) for the provision of the Allocated AECs to satisfy AEPS requirements; and
- (vii) To be the Load Serving Entity for supply purchased under this Agreement.

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 ~~via a Task Letter Attachment~~ in writing to DS Supplier the 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 this Agreement is in effect, both the Company and DS Supplier shall have executed the PJM Declaration of Authority, and shall remain in effect during the Term of this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by the DS Supplier, DS Supplier agrees to execute a revised Declaration of Authority in accordance with PJM requirements.

2.5 PJM Agreement Modifications

(a) If the PJM Agreements are amended or modified so that any schedule or section reference herein to such agreements is changed, such schedule or section reference 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. DS Supplier bears the risk and responsibility of all charges resulting from any changes in PJM products and pricing during the term of this Agreement with the exception of (i) future PJM charges related solely to the Company providing network transmission service, and (ii) those charges identified as EDC responsibility in Appendix D, including for transition costs related to the elimination of through-and-out transmission rates.

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.

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 and the Commonwealth of Pennsylvania;

(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; and

(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. Company, may, in its sole discretion, treat any such materially incorrect or misleading representation or warranty as an Event of Default hereunder.

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 or expiration 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, including, without limitation, Article 4 (Commencement and Termination of Agreement), Article 5 (Breach and Default), Article 11 (Dispute Resolution), Article 13 (Limitation of Remedies, Liability and Damages), Article 14 (Indemnification), and Article 16 (Miscellaneous Provisions).

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 in the case of the DS Supplier;
- (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 6.5 or post any

Margin due under Section 6.5 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) Fails 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~~DS Supply (or any constituent thereof such as Energy 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) Fails 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 Non-Defaulting 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 or modification of this Agreement by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement.

(xvii) With respect to the DS Supplier’s Guarantor, if any:

1. 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 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 and/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 Properly Tendered by DS Supplier: Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply properly 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 properly 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 liable for any Damages if this Agreement is terminated, or modified so as to frustrate or effectively preclude Company's acceptance of the DS Supply, 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 its Obligations Associated with the 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 (including Alternative Compliance Payments), 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. DS Supplier has a specific obligation to provide the AECs conforming to PaPUC requirements and not money damages in substitution. Therefore, any such attempt to supply money damages instead of AECs may be treated as an event of default in the sole discretion of Company.

(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

Non-Defaulting 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, add the following subsection 5.4(a)(i) by checking this box. If DS Supplier does not check this box, subsection 5.4(a)(i) 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 Non-Defaulting 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 Articles 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 Auction Revenue Rights (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 6.4 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-practicable~~ 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 non-discriminatory manner. DS Supplier shall provide the Company and its agent's unrestricted access to ~~current~~most recent audited financial statements; provided that if current 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 Mark-to-Market Credit Exposure Methodology

To calculate the daily exposure for each DS Supplier, 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, it 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 1.1 times 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.

6.4 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 6.7 (b) of this Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 of this Agreement;

(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 Exhibit 5) will be determined based on the credit matrix table for Guarantors in 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 6.5 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 6.7(b) of this Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 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, the DS Supplier or Guarantory shall meet all requirements of Sections 6.4(i) and (ii) of this Agreement and 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;
- 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 6.7 (b) below for the entire Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 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 up 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 6.7(b) of this Agreement (see standard format in Exhibit 4), 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 6.5, 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 6.5(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's credit limit (rounded up 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.

6.6 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~~electronic mail transmission (with the original transmitted by any of the other aforementioned delivery methods, unless agreed to otherwise by the parties) addressed as follows:

If to a DS Supplier to:

Copy to:

If to the Company to: James H. Milligan, ~~Assistant~~ Treasurer

Duquesne Light Company

Mail Drop 7-3

411 Seventh Avenue, Pittsburgh, PA 15219

jmilligan@duqlight.com

Copy to: ~~Joan Jenkins, Procurement Analyst~~ Energy Procurement

Mail Drop 15-1

Duquesne Light Company

411 Seventh Avenue, Pittsburgh, PA 15219

energysupply@duqlight.com

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by ~~facsimile~~ electronic mail transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically, ~~or~~ in writing, or by responding in the same electronic mail conversation chain.

6.7 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 domestic bank (or a domestic branch of an international bank) or other domestic financial institution (or a domestic branch of an international financial institution) with a minimum "A-" senior unsecured debt rating (or, if unavailable, equivalent corporate issuer rating ~~discounted one notch~~) from S&P or Fitch and "A3" from Moody's (see standard format in Exhibit 4). 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.

6.8 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 6.4 of this

Agreement. The additional security must be in a form acceptable to the Company in its sole discretion, as specified in Article 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6.9 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.

6.10 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.

6.11 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.

6.12 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 in Appendix A of this Agreement; provided, however, that if another agreement has a more stringent credit threshold, then the more stringent credit threshold shall apply. 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 de-rating 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.

- For Fixed Price Transactions, 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 in Appendix C for each hour of the Billing Month.
- For Hourly Price Transactions, this Statement will show the aggregate amounts due based on the DS Fixed Price Adder For Hourly Price Service multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown in Appendix C for each hour of the Billing Month, plus the DS Variable Payments used to determine the PMEA 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 the 19th day of each calendar month.

(d) 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.

(e) 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.

(f) 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.

(g) The Company shall make payments of funds payable to the DS Supplier by electronic transfer to a bank designated by the DS Supplier.

(h) 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.

(i) 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.

(j) If Seller does enter more than one transaction with Buyer, Buyer may provide a single invoice listing the relevant information detailed.

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 non-disputing 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 minimize any curtailment, interruption or reduction in service to DS Customers to the extent reasonably practicable under the circumstances.

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 the Allegheny County Court of Common Pleas or with the Western District of Pennsylvania Federal Court. The Party’s agreement hereunder is without prejudice to any Party’s right to contest the jurisdiction of the agency or court ~~listed above~~ 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 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”).

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-2011-2237952), 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 at the point of delivery identified in Appendix C 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, and shall appoint counsel at DS Supplier's expense, subject to the approval of Company, to defend any such claims 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 Effect of Regulatory or Legislative Actions

- (a) The Parties agree that the Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving the Company's full and current recovery of said costs, the Company may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.
- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfers the Company's obligation to procure or supply DS Supply to a third party(ies), this Agreement may be transferred to such

third party(ies) in accordance with the provisions of Section 16.4 below.

The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.

- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 16.3 above, the Parties agree that the Company shall not be liable for any costs or damages incurred or otherwise associated with (i) the transfer of the Company's obligation to obtain or provide DS Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide DS Supply from DS Supplier.

16.4 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. 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 16.4 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, or to a third party in accordance with Section 16.3(b), 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.

16.5 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.

16.6 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.

16.7 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.

16.8 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.

16.9 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.

16.10 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.

16.11 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 Payment) and 9.1(i) (Interest on Unpaid Balances) of this Agreement.

16.12 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.

16.13 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 PaPUC 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.

16.14 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; and
- 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.

16.15 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.

16.16 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, 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. 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 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”).

16.17 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

16.18 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:

DUQUESNE LIGHT COMPANY

Title: ~~Manager, Procurement & Settlement~~ _____

By: _____
Name: ~~C. James Davis, Jr.~~ _____

Title: _____
~~Director, Rates and Energy Procurement & Federal/RTO Affairs~~

ATTEST:

[INSERT]

Title: _____

By: _____
Name: _____
Title: _____

APPENDIX A- MAXIMUM UNSECURED CREDIT

Credit Rating Matrix Tables for EDC's

EDC: Duquesne Light Company

Credit Rating of the DS Supplier			Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap
A- and above	A3 and above	A- and above	16%	\$60,000,000
BBB +	Baa1	BBB +	10%	\$40,000,000
BBB	Baa2	BBB	7%	\$30,000,000
BBB-	Baa3	BBB-	3%	\$20,000,000
Below BBB-BB+	Below Baa3Ba1	Below BBB-BB+	0%	\$0
BB	Ba2	BB	0%	\$0
BB-	Ba3	BB-	0%	\$0
Below BB-	Below Ba3	Below BB-	0%	\$0

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 all three accepted rating agencies (S&P, Moody's and Fitch), and the ratings are split, the lowest rating will be used. **Minimum Rating** – The lowest credit rating for a DS Supplier, as set forth in this Appendix A, that can obtain unsecured credit.

APPENDIX B – METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Parameters

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

1. On-Peak Initial Mark Price
2. Off-Peak Initial Mark Price
3. MW-Measure
4. On-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
5. Off-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
6. Number of awarded ~~Bid Blocks~~ Tranches

In calculating the MtM Exposure for each Transaction, the following parameters are set each Business Day subsequent to the Transaction Date:

- 1) On-Peak Forward Price
- 2) Off-Peak Forward Price
- 3) Current Capacity PLC Per Bid Block
- 4) On-Peak Estimated Energy Quantity
- 5) Off-Peak Estimated Energy Quantity

Determination of On-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub On-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly On-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes.

Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that On-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the On-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the On-Peak Forward Price for the given month may be updated based on the changes in On-Peak Forward Price quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Determination of Off-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub Off-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly Off-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from the average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes. Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that Off-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the Off-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the Off-Peak Forward Price for the given month may be updated based on the changes in Off-Peak Forward Price

quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Example of Disaggregating Aggregate Quotes

The following is an example of the process to be used for disaggregating Aggregate Quotes:

- a. Aggregate Quote only available for January – March: \$60/MWh.
- b. Immediate Prior Calendar year quotes for January, February, and March as follows:

January: \$42/MWh

February: \$45/MWh

March: \$40/MWh

- c. Calculations as follows:

1. Calculate Average price in (b) = \$42.33/MWh

2. Calculate monthly deviation from Average:

January: 99.2% ($\$42/\42.33)

February: 106.3% ($\$45/\42.33)

March: 94.5% ($\$40/\42.33)

3. Disaggregate the Aggregate Quote by applying percentages from c.(2) to the available aggregate quote:

January: \$59.53 ($\$60 \times 99.2\%$)

February: \$63.78 ($\$60 \times 106.3\%$)

March: \$56.69 ($\$60 \times 94.5\%$)

Mark-To-Market Example

Necessary Information from a Transaction Confirmation:		
Delivery Period:	June 1, 2011 - May 31, 2012	
Bid Blocks:	3	(j)
Estimated Energy Quantity Per MW-Measure:		
	On-Peak MWh (k)	Off-Peak MWh (l)
Jan	11800	8300
Feb	13000	9100
Mar	9100	6400
Apr	7200	5000
May	8800	6200
Jun	12900	9000
Jul	15200	10600
Aug	16000	11200
Sep	9500	6700
Oct	8300	5800
Nov	9800	6900
Dec	10900	7600

Business Day on which MtM is Calculated:	June 24, 2011
MW-Measure:	50.0 MW (m)
Current Capacity PLC Per Bid Block:	40.0 MW (n)
Percent of On-Peak Hours Remaining in Current Month:	18.2% (o)
Percent of Off-Peak Hours Remaining in Current Month:	21.7% (p)

MtM Exposure Calculation									
	a	b	c	d	e=c-a	f=d-b	g=k*n/m*j*o	h=l*n/m*j*p	i=(e*g)+(f*h)
	On-Peak Initial Mark Price \$/MWh	Off-Peak Initial Mark Price \$/MWh	On-Peak Forward Price \$/MWh	Off-Peak Forward Price \$/MWh	Change In On-Peak Price \$/MWh	Change In Off-Peak Price \$/MWh	Estimated On-Peak Energy Quantity MWh	Estimated Off-Peak Energy Quantity MWh	MtM Exposure
Jun-11	57.04	27.95	58.48	28.65	1.44	0.70	5,629	4,696	\$ 11,393
Jul-11	72.81	31.31	75.26	32.36	2.45	1.05	36,480	25,440	\$ 116,088
Aug-11	72.81	34.23	74.28	34.91	1.47	0.68	38,400	26,880	\$ 74,726
Sep-11	45.56	24.15	47.31	25.08	1.75	0.93	22,800	16,080	\$ 54,854
Oct-11	43.23	23.34	46.09	24.89	2.86	1.55	19,920	13,920	\$ 78,547
Nov-11	43.23	25.50	46.40	27.38	3.17	1.88	23,520	16,560	\$ 105,691
Dec-11	43.23	26.36	44.86	27.36	1.63	1.00	26,160	18,240	\$ 60,881
Jan-12	50.73	38.55	54.45	41.39	3.72	2.84	28,320	19,920	\$ 161,923
Feb-12	50.73	39.06	53.61	41.29	2.88	2.23	31,200	21,840	\$ 138,559
Mar-12	45.23	30.75	47.64	32.39	2.41	1.64	21,840	15,360	\$ 77,825
Apr-12	45.23	25.78	48.01	27.36	2.78	1.58	17,280	12,000	\$ 66,998
May-12	47.06	24.94	49.06	26.00	2.00	1.06	21,120	14,880	\$ 58,013
									\$ 1,005,499

CALCULATION OF MTM EXPOSURE FOR HOURLY PRICE TRANSACTIONS

The MtM Exposure for an Hourly Price Transaction shall be calculated as follows. During the first month of the term of a Transaction, the MtM Exposure shall be equal to Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche. Thereafter, the MtM Exposure shall be calculated on the first Business Day of each month during the term of a Transaction and shall be deemed equal to the product of: (i) Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche; (ii) the ratio of the Current Capacity PLC Per Tranche to the MW-Measure; (iii) the number of Tranches awarded to the DS Supplier per the Transaction Confirmation; and (iv) the ratio of the calendar days remaining in the Delivery Period to the total calendar days in the Delivery Period. The following definitions shall apply for the purposes of this calculation:

“Capacity Peak Load Contribution” or “Capacity PLC” means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer’s retail load settlement process, and used by PJM in determining the DS Supplier’s capacity obligation for each Transaction.

“Current Capacity PLC Per Tranche” is the Capacity PLC of a Tranche as of the Business Day the MtM Exposure is calculated for the Transaction.

“MW-Measure” means the Current Capacity PLC Per Tranche as of the Transaction Date.

APPENDIX C - DS SUPPLY SPECIFICATIONS

~~a. With respect to a Transaction, DS Supplier shall provide DS Supply on a firm and continuous basis. The terms of the Transaction shall be set forth in a Transaction Confirmation to this SMA, in a form as set forth in Exhibit 1. As used herein and in the Transaction Confirmation, The following DS Supply specifications will be specified in Transaction Confirmations to this Supplier Master Agreement (SMA).~~

~~1)~~

~~2) **Product:**~~

~~3) Full Requirements Service shall mean, meaning all of the following necessary services or products that are required to supply the DS Responsibility Share for the DS Customers associated with the Transaction Confirmation, including:~~

~~1) Energy, Capacity, transmission (except for Network Integration Transmission Service), Ancillary Services, Alternative Energy Credits for compliance with the AEPS Act, transmission and distribution system losses, congestion management costs, and such other products and services that are required except for distribution service.~~

~~2) The Transaction Confirmation shall, *inter alia*, specify the following terms with respect to a Transaction: (i) the Product (typically, Full Requirements Service); (ii) the DS Customer group associated with the applicable DS Load; (iii) the Delivery Point at which the DS Supplier shall deliver the DS Supply; (iv) the Delivery Period during which the DS Supplier shall deliver the DS Supply; (v) the number of Tranches; (vi) the DS Supplier Responsibility Share; (vii) for Fixed Price Transactions, the total number of AECs associated with each Tranche; and (viii) the DS Fixed Price or Fixed Price Adder, as applicable, for each Tranche.~~

4) The Company and DS Supplier shall be responsible for their respective PJM Billing Statement Line Item Credits and Charges associated with a Transaction as described in Appendix D, Responsibilities for PJM Billing Line Items as Defined in Applicable PJM Agreement or Manual. Company and DS Supplier agree to communicate with PJM as may be necessary to ensure that PJM transfers all PJM Billing Statement Line Item Credits and Charges to the appropriate party.

5) _____

~~3) Appendix D describes Company and DS Supplier Responsibilities for PJM Billing Statement Line Item Credits and Charges associated with the Product.~~

4) The DS Supplier shall comply with all applicable requirements described in Appendix E, DS Suppliers' Obligations For AEPS Compliance. associated with the AEPS Act as described in this Supplier Master Agreement and in Appendix E.

5) Except as provided in Paragraph 1 above, DS Supplier bears the risk of any other changes in PJM products and pricing during the term of all Transactions under this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Paragraph 1 above or other new PJM charges and costs, charged to network transmission customers, that DS Supplier believes the Company should recover through retail rates because they are directly related to the Company's obligations, then Company may file with the PaPUC a request for approval to recover such new costs. DS Supplier is required to intervene in any such proceeding before the PaPUC. Such new costs can only be charged to the Company to the extent that the PaPUC approves the Company's recovery of those costs. DS Supplier agrees to be bound by the decision of the PaPUC (subject to the normal rules for appeal of the

decision of the PaPUC) and waives all claims concerning this issue before the FERC.

Notwithstanding the foregoing, nothing in the Agreement shall preclude DS Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

~~6) — The Transaction Confirmation shall, *inter alia*, specify the following terms with respect to a Transaction: (i) the Product; (ii) the DS Customer group associated with the applicable DS Load; (iii) the Delivery Point at which the DS Supplier shall deliver the DS Supply; (iv) the Delivery Period during which the DS Supplier shall deliver the DS Supply; (v) the number of Tranches; (vi) the DS Supplier Responsibility Share; (vii) the total number of AECs associated with the Transaction~~

~~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, or their successors, as defined in the DS Tariff:

<u>Customer Group</u>	<u>Rate Schedule</u>	<u>Description</u>
<u>Residential & Lighting</u>	<u>RS</u>	<u>Residential Service</u>
	<u>RH</u>	<u>Residential Service Heating</u>
	<u>RA</u>	<u>Residential Service Add-On Heat Pump</u>
	<u>AL</u>	<u>Architectural Lighting Service</u>
	<u>SE</u>	<u>Street Lighting Energy</u>
	<u>SM</u>	<u>Street Lighting Municipal</u>
	<u>SH</u>	<u>Street Lighting Highway</u>
	<u>PAL</u>	<u>Private Area Lighting</u>
<u>Small Commercial & Industrial</u>	<u>GS</u>	<u>General Service Small</u>
	<u>GM < 25kW</u>	<u>General Service Medium – Demand less than 25kW</u>
	<u>GMH < 25kW</u>	<u>General Service Medium Heating – Demand less than 25kW</u>
	<u>UMS</u>	<u>Unmetered Service</u>
<u>Medium Commercial & Industrial</u>	<u>GM ≥ 25kW and < 200kW</u>	<u>General Service Medium – Demand equal to or greater than 25kW and less than 200kW</u>
	<u>GMH ≥ 25kW and < 200kW</u>	<u>General Service Medium Heating – Demand equal to or greater than 25kW and less than 200kW</u>
<u>Large Commercial & Industrial HPS-Eligible</u>	<u>GM ≥ 200kW</u>	<u>General Service Medium – Demand equal to or greater than 200kW</u>
	<u>GMH ≥ 200kW</u>	<u>General Service Medium – Demand equal to or greater than 200kW</u>
	<u>GL</u>	<u>General Service Large</u>
	<u>GLH</u>	<u>General Service Heating</u>
	<u>L</u>	<u>Large Power Service</u>
	<u>HVPS</u>	<u>High Voltage Power Service</u>

Residential & Lighting;

Small Commercial and Industrial (annual peak demands less than 25kW);

~~Medium Commercial and Industrial (annual peak demands greater than or equal to 25kW and less than 2300kW);~~

~~Large Commercial and Industrial (annual peak demands greater than or equal to 2300kW)~~

~~**Service Type:**~~

~~Residential & Lighting : RA, RS, RH, AL, SE, SM, SH, PAL~~

~~Small Commercial and Industrial : GS, GM < 25 kW, GMH < 25 kW, MTS/UMS, UMS~~

~~Medium Commercial and Industrial : GM > 25 kW, GMH > 25 kW~~

~~Large Commercial and Industrial : GL, GLH, L, HVPS~~

~~**Delivery Point:**~~

~~Duquesne Residual Aggregate Zone in PJM Pnode 116472943~~

~~**Delivery Period:**~~

~~Will be specified in Transaction Confirmations to this SMA.~~

~~**Number of Tranches and Percentage for Each Tranche:**~~

~~Will be specified in Transaction Confirmations to this SMA.~~

~~**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. Will be specified in Transaction Confirmations to this SMA.~~

~~**Seasonal Billing Factor:**~~

~~None used.~~

APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL

ID #	PJM Billing Statement Line Items	Responsible Party	
		EDC	DS Supplier
ID#	CHARGES		
1000	Amount Due for Interest on Past Charges		DS Supplier
1100	Network Integration Transmission Service	EDC	
1101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
1102	Network Integration Transmission Service (exempt)	EDC	
<u>1103</u>	<u>Underground Transmission Service</u>	<u>EDC</u>	
1104	Network Integration Transmission Service Offset	EDC	
1108	Transmission Enhancement	EDC	
1109	MTEP Project Cost Recovery		DS Supplier
1110	Direct Assignment Facilities		DS Supplier
<u>1115</u>	<u>Transmission Enhancement Settlement (EL05-121-009)</u>	<u>EDC</u>	
1120	Other Supporting Facilities		DS Supplier
1130	Firm Point-to-Point Transmission Service		DS Supplier
1133	Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier

1136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
1138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
1140	Non-Firm Point-to-Point Transmission Service		DS Supplier
1143	Non-Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
1147	Neptune Unscheduled Usage Billing Allocation		DS Supplier
1155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
1157	Linden Unscheduled Usage Billing Allocation		DS Supplier
1165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
1167	Hudson Unscheduled Usage Billing Allocation		DS Supplier
1200	Day-ahead Spot Market Energy		DS Supplier
1205	Balancing Spot Market Energy		DS Supplier
1210	Day-ahead Transmission Congestion		DS Supplier
1215	Balancing Transmission Congestion		DS Supplier
<u>1216</u>	<u>Pseudo-Tie Balancing Congestion Refund</u>		<u>DS Supplier</u>
1218	Planning Period Congestion Uplift		DS Supplier
1220	Day-ahead Transmission Losses		DS Supplier
1225	Balancing Transmission Losses		DS Supplier
1230	Inadvertent Interchange		DS Supplier
1240	Day-ahead Economic Load Response		DS Supplier

1241	Real-time Economic Load Response		DS Supplier
1242	Day-ahead Load Response Charge Allocation		DS Supplier
1243	Real-time Load Response Charge Allocation		DS Supplier
1245	Emergency Load Response		DS Supplier
1250	Meter Error Correction		DS Supplier
1260	Emergency Energy		DS Supplier
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		DS Supplier
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		DS Supplier
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		DS Supplier
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		DS Supplier
1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		DS Supplier
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		DS Supplier
1307	PJM Scheduling, System Control and Dispatch Service – Market Support Offset		DS Supplier
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		DS Supplier
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		DS Supplier
1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		DS Supplier
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		DS Supplier
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		DS Supplier
1313	PJM Settlement, Inc.		DS Supplier

1314	Market Monitoring Unit (MMU) Funding		DS Supplier
1315	FERC Annual Charge Recovery		DS Supplier
1316	Organization of PJM States, Inc. (OPSI) Funding		DS Supplier
1317	North American Electric Reliability Corporation (NERC)		DS Supplier
1318	Reliability First Corporation (RFC)		DS Supplier
1320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
1340	Regulation and Frequency Response Service		DS Supplier
1350	Energy Imbalance Service		DS Supplier
1360	Synchronized Reserve		DS Supplier
1362	Non-Synchronized Reserve		DS Supplier
1365	Day-ahead Scheduling Reserve		DS Supplier
1370	Day-ahead Operating Reserve		DS Supplier
1371	Day-ahead Operating Reserve for Load Response		DS Supplier
1375	Balancing Operating Reserve		DS Supplier
1376	Balancing Operating Reserve for Load Response		DS Supplier
1377	Synchronous Condensing		DS Supplier
1378	Reactive Services		DS Supplier
1380	Black Start Service		DS Supplier
<u>1390</u>	<u>Fuel Cost Policy Penalty</u>		<u>DS Supplier</u>
1400	Load Reconciliation for Spot Market Energy		DS Supplier
1410	Load Reconciliation for Transmission Congestion		DS Supplier
1420	Load Reconciliation for Transmission Losses		DS Supplier

1430	Load Reconciliation for Inadvertent Interchange		DS Supplier
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		DS Supplier
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		DS Supplier
1442	Load Reconciliation for Schedule 9-6 – Advanced Second Control Center		DS Supplier
1444	Load Reconciliation for Market Monitoring Unit Funding		DS Supplier
1445	Load Reconciliation for FERC Annual Charge Recovery		DS Supplier
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		DS Supplier
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		DS Supplier
1448	Load Reconciliation for Reliability First Corporation (RFC)		DS Supplier
<u>1449</u>	<u>Load Reconciliation for Consumer Advocates of PJM States, Inc. (CAPS) Funding</u>		<u>DS Supplier</u>
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1460	Load Reconciliation for Regulation and Frequency Response Service		DS Supplier
1470	Load Reconciliation for Synchronized Reserve		DS Supplier
1472	Load Reconciliation for Non-Synchronized Reserve		DS Supplier
1475	DASR Load Reconciliation		DS Supplier
1478	Load Reconciliation for Operating Reserve		DS Supplier
1480	Load Reconciliation for Synchronous Condensing		DS Supplier
1490	Load Reconciliation for Reactive Services		DS Supplier
1500	Financial Transmission Rights Auction		DS Supplier
1600	RPM Auction		DS Supplier
1610	Locational Reliability		DS Supplier

1611	CP Transitional Locational Reliability		DS Supplier
1650	Non-Unit Specific Capacity Transaction		DS Supplier
1660	Demand Resource and ILR Compliance Penalty		DS Supplier
1661	Capacity Resource Deficiency		DS Supplier
1662	Generation Resource Rating Test Failure		DS Supplier
1663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1664	Peak Season Maintenance Compliance Penalty		DS Supplier
1665	Peak-Hour Period Availability		DS Supplier
1666	Load Management Test Failure		DS Supplier
1670	FRR LSE Reliability		DS Supplier
1680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
1681	FRR LSE Capacity Resource Deficiency		DS Supplier
1682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
1683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
1685	FRR LSE Peak-Hour Period Availability		DS Supplier
1686	FRR LSE Load Management Test Failure		DS Supplier
1687	FRR LSE Schedule 9-5		DS Supplier
1688	FRR LSE Schedule 9-6		DS Supplier
1710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
1712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
1720	RTO Start-up Cost Recovery		DS Supplier
1730	Expansion Cost Recovery	EDC	

1900	Unscheduled Transmission Service		DS Supplier
1910	Ramapo Phase Angle Regulators		DS Supplier
1911	Michigan – Ontario Interface Phase Angle Regulators		DS Supplier
1920	Station Power		DS Supplier
1930	Generation Deactivation	EDC	
1932	Generation Deactivation Refund	EDC	
1950	Virginia Retail Administrative Fee		DS Supplier
1952	Deferred Tax Adjustment	EDC	
1955	Deferral Recovery		DS Supplier
1980	Miscellaneous Bilateral		DS Supplier
1995	PJM Annual Membership Fee		DS Supplier
1999	PJM Customer Payment Default		DS Supplier
ID#	CREDITS		
2100	Network Integration Transmission Service	EDC	
2101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
2102	Network Integration Transmission Service (exempt)	EDC	
<u>2103</u>	<u>Underground Transmission Service</u>	<u>EDC</u>	
2104	Network Integration Transmission Service Offset	EDC	
2106	Non-Zone Network Integration Transmission Service	EDC	
2108	Transmission Enhancement	EDC	
2109	MTEP Project Cost Recovery		DS Supplier
2110	Direct Assignment Facilities		DS Supplier
2120	Other Supporting Facilities		DS Supplier

2130	Firm Point-to-Point Transmission Service		DS Supplier
2132	Internal Firm Point-to-Point Transmission Service		DS Supplier
2133	Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier
2136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
2138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
2140	Non-Firm Point-to-Point Transmission Service		DS Supplier
2142	Internal Non-Firm Point-to-Point Transmission Service		DS Supplier
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
2155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
2165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
2210	Transmission Congestion		DS Supplier
<u>2211</u>	<u>Day-ahead Transmission Congestion</u>		<u>DS Supplier</u>
<u>2215</u>	<u>Balancing Transmission Congestion</u>		<u>DS Supplier</u>
2217	Planning Period Excess Congestion		DS Supplier
2218	Planning Period Congestion Uplift		DS Supplier
2220	Transmission Losses		DS Supplier
2240	Day-ahead Economic Load Response		DS Supplier
2241	Real-time Economic Load Response		DS Supplier

2245	Emergency Load Response		DS Supplier
2260	Emergency Energy		DS Supplier
2320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
2340	Regulation and Frequency Response Service		DS Supplier
2350	Energy Imbalance Service		DS Supplier
2360	Synchronized Reserve		DS Supplier
2362	Non-Synchronized Reserve		DS Supplier
2365	Day-ahead Scheduling Reserve		DS Supplier
2370	Day-ahead Operating Reserve		DS Supplier
2371	Day-ahead Operating Reserve for Load Response		DS Supplier
2375	Balancing Operating Reserve		DS Supplier
2376	Balancing Operating Reserve for Load Response		DS Supplier
2377	Synchronous Condensing		DS Supplier
2378	Reactive Services		DS Supplier
2380	Black Start Service		DS Supplier
<u>2415</u>	<u>Balancing Transmission Congestion Load Reconciliation</u>		<u>DS Supplier</u>
2420	Load Reconciliation for Transmission Losses		DS Supplier
2500	Financial Transmission Rights Auction		DS Supplier
2510	Auction Revenue Rights		DS Supplier
2600	RPM Auction		DS Supplier
2620	Interruptible Load for Reliability		DS Supplier
2630	Capacity Transfer Rights		DS Supplier

2640	Incremental Capacity Transfer Rights		DS Supplier
2650	Non-Unit Specific Capacity Transaction		DS Supplier
2660	Demand Resource and ILR Compliance Penalty		DS Supplier
2661	Capacity Deficiency Resource		DS Supplier
2662	Generation Resource Rating Test Failure		DS Supplier
2663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2664	Peak Season Maintenance Compliance Penalty		DS Supplier
2665	Peak-Hour Period Availability		DS Supplier
2666	Load Management Test Failure		DS Supplier
2670	FRR LSE Reliability Credit		DS Supplier
2680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
2681	FRR LSE Capacity Resource Deficiency		DS Supplier
2682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
2683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
2685	FRR LSE Peak-Hour Period Availability		DS Supplier
2686	FRR LSE Load Management Test Failure		DS Supplier
2687	FRR LSE Schedule 9-5		DS Supplier
2688	FRR LSE Schedule 9-6		DS Supplier
2710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
2712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
2720	RTO Start-up Cost Recovery		DS Supplier
2730	Expansion Cost Recovery	EDC	

2910	Ramapo Phase Angle Regulators		DS Supplier
2912	CT Lost Opportunity Cost Allocation		DS Supplier
2930	Generation Deactivation	EDC	
2932	Generation Deactivation Refund	EDC	
2950	Virginia Retail Administrative Fee		DS Supplier
2952	Deferred Tax Adjustment	EDC	
2955	Deferral Recovery		DS Supplier
2980	Miscellaneous Bilateral		DS Supplier
2996	Annual PJM Cell Tower		DS Supplier
2997	Annual PJM Building Rent		DS Supplier

APPENDIX E – DS SUPPLIER’S OBLIGATIONS FOR AEPS COMPLIANCE

~~To satisfy AEPS w~~With respect to the DS Supplier’s Responsibility Share, DS Supplier shall ~~fulfill the following obligations:~~

~~(1) Providing~~Provide sufficient AECs for each ~~Tranche~~, in accordance with the schedule provided below ~~awarded via the DS Solicitation. It is DS Supplier’s obligation to supply actual AECs. Failure to do so may in the discretion of Company constitute an Event of Default under this Agreement.~~

~~(2) Provide actual AECs that conform to all applicable PaPUC or other legal requirements in effect as of the date that the AECs are provided to the Company. If such requirements change by law or any other reason, DS Supplier shall be responsible for any incremental costs associated with ensuring that the AECs it provides to the Company conform to such requirements then in effect.~~

Provide

~~(1)~~(3) AECs ~~shall be provided~~ on a six (6) month basis or at the end of any Delivery Period, if the Delivery Period is less than six (6) months, and shall be transferred to the Company within 30 days from the final day of any such six month period or Delivery Period; provided; however, that if the term of any Delivery Period includes two different AEPS reporting years, then DS Supplier shall provide the AECs required for the first AEPS reporting year by June 30th of each year.

~~(2)~~(4) ~~Paying~~ any ~~AEPS~~ penalties, costs, charges, ~~ete.~~ damages, or other fees assessed against the DS Supplier and/or the Company associated with the DS Supplier’s non-performance with this Agreement or any other applicable requirements related to AEPS requirements.

~~(3)(5)~~ Submitting to the Company proof of ~~AEPS~~ compliance under this Agreement in such form and manner as may be required by the Company.

~~(4)(6)~~ Providee to the Company all information the Company may require to comply with the AEPS Act and its implementing regulations and other ~~r~~Requirements of ~~l~~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 agreed to on [Month, Day, Year] ("Bid Proposal Due Date").

With respect to Transactions for Full Requirements Service, the DS Supplier shall deliver AECs conforming to all applicable requirements ~~Alternative Energy Portfolio Standards Obligations~~ for the period beginning [Month, Day, Year] based on a percentage of the total MWh supplied by DS Supplier, in accordance with the following schedule:

<u>Compliance Period</u>	<u>Tier 1</u>	<u>PV</u>	<u>Tier 2</u>
6/1/2017 – 5/31/2018	6.5%	0.3400%	8.2%
6/1/2018 – 5/31/2019	7.0%	0.3900%	8.2%
6/1/2019 – 5/31/2020	7.5%	0.4433%	8.2%
6/1/2020₁ – 5/31/2022₁	8.07.5%	0.05000%	—
—10.0%			

The percentages set forth above are those applicable for the first ~~DS RFP auction in DSP IX~~ and may be revised for future ~~RFPs-DS Auctions~~ to reflect changes in law or other applicable ~~regulatory~~ requirements. Unless the PaPUC or other authority with jurisdiction implements ~~re~~ ~~are~~ changes related to ~~to PA-AEPS~~, compliance obligations for periods beyond 6/1/2021 to 5/31/2022, obligations will remain at the 6/1/2021 to 5/31/2022 percentages. These are subject to revision if there are changes from the Pennsylvania AEPS Administrator.

For each compliance period during the Delivery Period, the number of AECs that a DS Supplier is obligated to provide may be reduced by a pre-determined number of AECs allocated to the

DS Supplier (“Allocated AECs”). The number of Allocated AECs will be defined prior to the Transaction Date. Any Allocated AECs will not be transferred to the DS Supplier; but instead, the DS Supplier’s AEPSC obligations will be reduced by a pro rata share of the Allocated AECs, will be credited to that DS Supplier’s AEPSC obligation and the Allocated AECs will remain the property of the Company.

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~~ final reconciled settlement data from PJM.

~~DS Supplier shall be responsible to deliver AECs that conform to all applicable PaPUC or other legal requirements in effect as of the date that the AECs are provided to the Company. If Alternative Energy Portfolio Requirements such requirements change by law or any other reason, DS Supplier shall be responsible for any incremental costs associated with ensuring that the AECs it provides to the Company conform to such requirements then in effect providing the credits at its expense in order to comply with its obligations under Full Requirements Service.~~

EXHIBIT 1

TRANSACTION CONFIRMATION FOR FIXED PRICE TRANSACTIONS

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated [Month, Day, Year] (**Date of the Contract/RFP/DS Auction**) between Duquesne Light Company (“Company”) and [INSERT] (“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 [Month, Day, Year] (**Date of the current RFP-DS Auction for the tranches the won and will be serving**) (“Transaction Date”).

Product: Full Requirements Service

DS Customer Group: [INSERT CUSTOMER CLASS]

Delivery Point: Duquesne Residual Aggregate Zone in PJM Pnode 116472943

Delivery Period: [Month, Day, Year] through [Month, Day, Year]

Number of Tranches: [INSERT]

DS Fixed Percentage: [INSERT] % of DEFAULT SERVICE Load (for applicable customer class)

DS Fixed Price: [INSERT AVERAGE PRICE] per MWh

Tranche 1 at [INSERT] per MWh

Tranche 2 at [INSERT] per MWh

Tranche 3 at [INSERT] per MWh

:

:

Tranche [X] at [INSERT] per MWh

Alternative Energy Credit (AEC) Allocation (if any):

Alternative Energy Portfolio Standards - Reporting Period	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)
2017-2018		
2018-2019		
2019-20		
2020-21		

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 by email to the Company at ~~jjenkins@duqlight.com~~energysupply@duqlight.com. The signatories to this Transaction must have the authority to enter into this Transaction.

Duquesne Light Company _____ [INSERT]

By: _____ By: _____

Name: _____ ~~C. James Davis, Jr.~~ _____ Name: _____

Title: _____ ~~Director, Rates and Energy Procurement~~ _____ Title: _____

| *& Federal/RTO Affairs*

TRANSACTION CONFIRMATION FOR HOURLY PRICE TRANSACTIONS

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated [Month, Day, Year] (**Date of the Contract/RFP/DS Auction**) between Duquesne Light Company (“Company”) and [INSERT] (“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 [Month, Day, Year] (**Date of the current RFP-DS Auction for the tranches the won and will be serving**) (“Transaction Date”).

Product: Full Requirements Service
 DS Customer Group: ~~Large Commercial and Industrial~~HPS-Eligible Class
 Delivery Point: Duquesne Residual Aggregate Zone in PJM Pnode 116472943
 Delivery Period: [Month, Day, Year] through [Month, Day, Year]
 Number of Tranches: [INSERT]
 DS Fixed Percentage: [INSERT] % of DEFAULT SERVICE Load (for applicable customer class)
 DS Fixed Price Adder
 For Hourly Price Service: [INSERT AVERAGE PRICE] per MWh
 Tranche 1 at [INSERT] per MWH
 Tranche 2 at [INSERT] per MWH

In addition to the DS Fixed Price Adder For Hourly Price Service above, the Statement prepared in accordance with Section 9.1(a) also will include DS Variable Payments based on the Company’s billed Hourly Price Service formula rate designed to recover the costs of energy, capacity, ancillary services, and PJM administrative costs found in Rider No. 9 of the DS Tariff. The DS Variable Payments associated with serving the DS Supplier Responsibility Share of the DS Supply for ~~Large Commercial and Industrial~~HPS-Eligible Class are based on a) hourly energy charges provided at the day-ahead PJM locational marginal prices based on the customer’s real time metered hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, and b) capacity charges equal to the full PJM Reliability Pricing Model capacity price for the Duquesne Zone, and shall recover the charges associated with the customer’s share of the Company’s capacity obligation assigned by PJM, plus the charges for capacity based ancillary services. The PMEA/FMEA Adjustment Amount calculated in accordance with Section 9.1 (d) will include: any adjustments to account for changes in the hourly energy or capacity volumes used to calculate the energy, ancillary services, capacity and other charges. The DS Variable Payments to Hourly Price Service suppliers will not include Pennsylvania gross receipts taxes or the fixed retail administrative charge (other than the DS Fixed Price Adder For Hourly Price Service) included in the DS Tariff.

<u>Alternative Energy Portfolio Standards - Reporting Period</u>	<u>AEC Allocation per Tranche, (AECs)</u>	<u>Total AEC Allocation (AECs)</u>
<u>2021-22</u>		
<u>2022-23</u>		

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 by email to the Company at energysupplyjenkins@duqlight.com. The signatories to this Transaction must have the authority to enter into this Transaction.

Duquesne Light Company [INSERT]
 By: _____ By: _____

Name: _____ ~~C. James Davis, Jr.~~ _____

Name: _____

Title: _____ ~~Director, Rates and Energy Procurement~~

Title:

_____ ~~& Federal/RTO Affairs~~

|

EXHIBIT 2
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

Buyer: Duquesne Light Company
DS Supplier: [INSERT]

All Notices:

Street: 411 Seventh Ave.
City/State/Zip: Pittsburgh, PA 15219
Attn: Chief Financial Officer
Facsimile: (412) 393-1190
Duns: 007915606
Federal Tax ID Number: 25-0451600

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: Supply Procurement – ~~Joan Jenkins~~ John Peoples
Phone: (412) 393-~~1077~~6385
~~Facsimile: (412) 393-5659~~ Email: jpeoples@duqlight.com

Facsimile:

Invoices:

Attn:

Phone:

Scheduling:

Attn: Scheduling – John Peoples
Phone: (412) 393-6385
Email: jpeoples@duqlight.com ~~Facsimile: (412) 393-5659~~

Facsimile:

Scheduling:

Attn:

Phone:

Payments:

Attn: Accounting – Jaime Bachota
Phone: (412) 393-1122
Email: jbachota@duqlight.com ~~Facsimile: (412) 393-6760~~

Facsimile:

Payments:

Attn:

Phone:

Wire Transfer:

BNK: ~~Mellon Bank, N.A.~~
ABA: ~~043000261~~
ACCT: ~~0008061~~

Wire Transfer

BNK:

ABA:

ACCT:

Credit and Collections:

Attn: ~~Assistant~~ Treasurer – James Milligan
Phone: (412) 393-1216
Email: jmilligan@duqlight.com ~~Facsimile: (412) 393-6760~~

Facsimile:

Credit and Collections:

Attn:
Phone:

With additional Notices of an

Event of Default to:

Attn: Legal Department – Tishekia Williams
Phone: (412) 393-1541
Email: twilliams@duqlight.com ~~Facsimile: (412) 393-5757~~

Facsimile:

With Additional Notices of an

Event of Default to:

Attn:
Phone: _____

EXHIBIT 3
PJM DECLARATION OF AUTHORITY

~~_____~~ This Declaration of Authority (“Declaration”) is made this ~~_____~~ day of ~~_____~~ Month, ~~_____~~ Year by the following:

~~PARTY A: DUQUESNE LIGHT COMPANY (“Party A”)~~

~~PARTY B: _____ (“Party B”).~~

RECITALS

~~_____~~ WHEREAS, PJM is a Regional Transmission Organization (“RTO”) subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”);

~~_____~~ WHEREAS, PJM Settlement, Inc. (“PJM Settlement”) is a Pennsylvania Non-Profit Corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM. References to “PJM” in this Declaration are intended to apply to PJM and/or PJM Settlement, as appropriate, with regard to their respective functions.

~~_____~~ WHEREAS, PJM and PJM Settlement administer centralized markets that clear various electric energy and energy related products among multiple buyers and sellers;

~~_____~~ WHEREAS, PJM additionally exercises operational control over its members’ transmission facilities whereby PJM provides open access transmission service and control area functions, including economic dispatch and emergency response to ensure reliability;

~~_____~~ WHEREAS, Party A is a PJM Member and seeks to obtain, or is obtaining, services provided or administered by PJM, seeks to participate, or is participating in, markets administered by PJM, or seeks to engage in, or is engaging in, operations that use or affect the integrated transmission system operated by PJM;

~~_____~~ WHEREAS, such activities or contemplated activities by Party A and Party B are governed by rights and obligations established by or under the PJM Open Access Transmission Tariff (“Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), the Reliability Assurance Agreement Among Load-serving Entities in the MAAC Control Zone (“RAA”), and other agreements, manuals, and practices of PJM (the Tariff, the Operating Agreement, the RAA, and such other agreements manuals, and practices of PJM, the “PJM Agreements”); and

~~WHEREAS, Party A and Party B desire to declare to PJM their respective authorities concerning such rights and obligations, intend that PJM rely upon such declaration, and acknowledge that PJM may rely upon such declaration to its detriment.~~

~~DECLARATION~~

~~NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy and completeness of the declarations made below, Party A and Party B, as identified below, make the following declarations:~~

~~1. Exclusivity of Party B's Authority.~~

~~Pursuant to a binding, legally enforceable agreement, Party A has authorized Party B to act for Party A with respect to certain rights and responsibilities as specified in Section 2 of this Declaration ("the Authorized Rights and Responsibilities"). With respect to the Authorized Rights and Responsibilities, Party B is authorized to communicate and transact with PJM as Party A's sole and exclusive Party B, and PJM is authorized to communicate and transact directly and exclusively with Party B as Party A's Party B. With respect to Authorized Rights and Responsibilities, Party A will abide by any direction issued by PJM to Party B.~~

~~2. Specification of Authorized Rights and Responsibilities.~~

~~In the following parts (a) through (h), Party A and Party B specify the rights and responsibilities with respect to which Party B is authorized to act for Party A. Specification shall be effective only if both Party A and Party B have placed the initials of their authorized representatives in the space provided for each applicable right or responsibility from among the options provided below:~~

~~(a) Load Server Responsibilities.~~

~~Party B is authorized to satisfy Party A's obligations as a Load Serving Entity under the RAA, including, without limitation, its obligations to provide Unforced Capacity, submit capacity plans, provide or arrange for Capacity Resources, satisfy Accounted for Obligations and Peak Season Maintenance Obligations, comply with any capacity audits, make payment of all deficiency, data submission, and emergency procedure charges incurred, coordinate planning and operation of Capacity Resources with other parties; and develop and submit planned outage schedules.~~

~~Party B is authorized to satisfy Party A's obligations under the Tariff, RAA and to provide or arrange for transmission service to its loads; provide or arrange for sufficient reactive capability, voltage control facilities, and black start capability for service to its loads; submit firm transmission service schedules, and designate Network Resources and other points of receipt and delivery for transmission service. Party B is authorized to~~

~~request changes to the transmission service required for service to Party A's loads, and to enter into, on Party A's behalf, any feasibility, system impact, facilities study, or other agreements required to process such request for a change in service.~~

~~Party B is authorized to satisfy Party A's rights and obligations under the Tariff and Operating Agreement to submit bids on, obtain, administer, and receive payments or credits for Financial Transmission Rights and Auction Revenue Rights with respect to service to Party A's loads.~~

~~Party B is authorized to provide data required by PJM with respect to service to Party A's loads, including, but not limited to, data required for coordination of operations, accounting for all interchange transactions, preparation of required reports and maintenance schedules, and analysis of system disturbances.~~

~~Party B is authorized to provide the facilities and personnel required to coordinate operations with PJM and other PJM Members.~~

~~(b) Electric Distributor Responsibilities:~~

~~Party B is authorized to satisfy Party A's rights and obligations as an Electric Distributor under the Operating Agreement, including, but not limited to, assuring the continued compatibility of its local energy management, monitoring, and telecommunications systems with PJM's technical requirements; providing or arranging for the services of a 24-hour local control center to coordinate with PJM; providing to PJM all system, accounting, customer tracking, load forecasting, and other data necessary or appropriate to implement or administer the Operating Agreement, RAA; shedding connected load, initiating active load management programs, and taking such other coordination actions as may be necessary in accordance with PJM's directions in Emergencies; maintaining or arranging for a portion of its connected load to be subject to control by automatic underfrequency, under voltage, or other load shedding devices; and complying with the underfrequency relay obligations and charges specified in the Operating Agreement.~~

~~(c) Generator Responsibilities:~~

~~Party B is authorized to operate the Party A's generation resources in all events, including, but not limited to, in the event of Emergencies, and shall operate such resources in a manner that is consistent with the standards, requirements or directions of PJM and that will permit PJM to perform its obligations under the Operating Agreement, Tariff, RAA, and other applicable agreements, manuals, and practices.~~

~~_____ Party B is authorized to ensure that the required portion of Party A's Capacity Resources have the ability to go from a shutdown condition to an operating condition and start delivering power without assistance from the power system.~~

~~_____ Or _____~~

~~_____ Party B is authorized to direct the operation of Party A's generation resources by relaying PJM's instructions to the resource in all events, including, but not limited to, in the event of Emergencies, and shall direct such resources in a manner that is consistent with the standards, requirements or directions of PJM and that will permit PJM to perform its obligations under the Operating Agreement, Tariff, RAA, and other applicable agreements, manuals, and practices.~~

~~_____ Party B is authorized to communicate with PJM in all matters concerning the provision of capacity, energy, or ancillary services from Party A's generation resources, including, without limitation, information required in connection with Capacity Resources, dispatch of any unit, provision of reactive power, regulation, synchronous condensing, spinning or other reserves, establishment or maintenance of a unit as a Black Start Unit, satisfaction of must run obligations, and costs or revenue requirements for any product or service offered by any such unit.~~

~~_____ Party B is authorized to provide information on outages of Party A's generation facilities, whether planned, forced, or for maintenance, and to coordinate such outages with PJM~~

~~_____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Feasibility Study, System Impact Study, or Facilities Study Agreements.~~

~~_____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Construction Service Agreements.~~

~~_____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Interconnection Service Agreements.~~

~~_____ Party B is authorized to receive from PJM historic and real time data collected by PJM from, or provided to PJM by, Party A with respect to Party A's generation resources.~~

~~_____ Party B is authorized to act on behalf of Party A for the following specific unit(s) in Party A primary and subaccounts:~~

Resource Name: _____ Resource ID: _____

~~(d) Market Buyer/Market Seller Responsibilities.~~

~~Party B is authorized to satisfy Party A's rights and obligations as a Market Buyer or Market Seller under the Operating Agreement, including, but not limited to, arranging for a Market Operations Center capable of real time communication with PJM during normal and Emergency conditions; reporting to PJM sources of energy available for operation; providing to PJM scheduling and other information, including, but not limited to, maintenance and other anticipated outages of generation or transmission facilities, scheduling and related information on bilateral transactions and self-scheduled resources, and implementation of active load management, interruption of load, and other load reduction measures; obtaining Spot Market Backup for bilateral transactions; submitting to PJM binding offers to purchase or sell energy and ancillary services in compliance with all applicable Offer Data specifications; responding to PJM's directives to start, shut down or change output levels of generation units, or change scheduled voltages or reactive output levels; responding to PJM's directives to schedule delivery or change delivery schedules for external resources; and following PJM's directions to take actions to prevent, manage, alleviate or end an Emergency.~~

~~(e) Billing and Payment Responsibilities.~~

~~In connection with all rights and responsibilities specified by Party A and Party B in any of subparts (a) through (d) of this Section, Party B shall be billed for, and shall make payment to PJM for, all charges, penalties, costs and fees. (If this option is not specified, PJM will issue billings to, and collect amounts due from, Party A.)~~

~~In connection with all rights and responsibilities specified by Party A and Party B above, Party B is entitled to receive from PJM in Party B's account all credits, revenues, distributions, and disbursements. (If this option is not specified, PJM will pay such amounts to Party A.)~~

~~(f) General Membership Responsibilities.~~

~~Party B is authorized to participate and vote in all PJM committees, working groups, and other stakeholder bodies on Party A's behalf.~~

~~Party B is authorized to participate on Party A's behalf in the regional transmission expansion planning process.~~

~~Party B is authorized to provide information or otherwise cooperate on Party A's behalf in connection with any investigation or request for information~~

~~by PJM or the PJM Market Monitoring Unit in accordance with the Operating Agreement and Attachment M to the Tariff. (If this option is specified, PJM and the PJM Market Monitoring Unit shall have the right to request and obtain such information from Party B and/or Party A.)~~

~~Party B shall be billed for, and shall make payment of, Party A's costs of membership in PJM, including payment of the Membership fee, and payment of any other general assessments on the PJM members, including, but not limited to, amounts assessed as a consequence of defaults by other Members.~~

~~(g) Additional Responsibilities.~~

~~Party B has been Authorized other rights and responsibilities of Party A as specified on Attachment "A" to this Declaration.~~

~~(h) Limitation on Responsibilities.~~

~~The rights and responsibilities specified in parts (a) through (f) above apply to a limited portion of Party A's facilities or loads located in the PJM Region, as specified on Attachment "B" to this Declaration, and to no other facilities or loads of Party A.~~

~~**3. Continuing Responsibilities and Liabilities of Party A.**~~

~~3.1 The Authorized Rights and Responsibilities are the only rights and responsibilities under the PJM Agreements for which Party B is authorized to act for Party A, and Party A retains all rights and responsibilities under the PJM Agreements not specified by Party A and Party B in Section 2.~~

~~3.2 With respect to the Authorized Rights and Responsibilities, and notwithstanding any other provision of this Agreement, Party A shall remain liable to PJM for all amounts due or to become due to PJM under the PJM Agreements, and Party B's authorization to make payment of any such amounts hereunder (if specified in Section 2) shall not release Party A from liability for any financial obligations to PJM not satisfied by Party B.~~

~~**4. Reliance and Indemnity, Duty to Inform, Liability Waiver, and Rules of Construction.**~~

~~4.1 Party A and Party B each recognizes, accepts and intends that PJM will rely, upon on the truth, accuracy and completeness of the declarations herein in matters including but not limited to creditworthiness and in assuring compliance with the PJM Agreements. Party A and Party B each recognizes and accepts that PJM or its members may suffer losses and damages if any~~

~~declaration is or becomes untrue, inaccurate or incomplete, and each agrees to indemnify PJM for any such losses and damages.~~

~~4.2 Party A and Party B each has a continuing duty to notify PJM if and when any declaration herein ceases to be truthful, accurate or complete. Until such time as PJM receives written notification of any change to any declaration, in accordance with the terms contained herein, PJM shall be entitled to rely perpetually on this Declaration as governing its relationship with Party A and Party B as to the subject matter of this Declaration. Written notice of changes to the declarations contained herein must be provided by Party A (PJM Member) to PJM at least thirty days in advance of their effectiveness. If Party B is also a PJM Member, then both parties will be required to provide thirty days prior written notification in order for such changes to be effective. Such notification is required for changes to the declarations and responsibilities contained herein and/or termination of this Declaration. Upon such termination, all rights, responsibilities and accounts will revert back to the original status quo prevailing before the Declaration became effective. Should less than thirty days notice be provided, PJM shall use its best efforts to accommodate and process the declarations herein, but all attempts should be made to provide such notice.~~

~~4.3 Nothing in this Declaration shall be construed to create or give rise to any liability on the part of PJM and Party A and Party B expressly waive any claims that may arise against PJM under this Declaration. This Declaration shall not be construed to modify any of the PJM Agreements and in the event of conflict between this Declaration and a PJM Agreement, the applicable PJM Agreement shall control.~~

~~4.4 Capitalized terms used herein that are not defined herein have the meanings given in the PJM Agreements, as applicable.~~

~~4.5 The Recitals are hereby incorporated into the body of this Declaration.~~

~~IN WITNESS WHEREOF, Party A and Party B execute this Declaration to be effective as of the date written above or upon receipt of a fully executed original by PJM, whichever date is later.~~

~~**PARTY A:** _____ **PARTY B:**~~

~~Signature: _____ Signature: _____~~

~~Name: C. James Davis, Jr. _____ Name: _____~~

~~Title: Director, Rates and Energy _____ Title: _____
Procurement & Federal/RTO Affairs _____~~

~~Company: Duquesne Light Company _____ Company: _____~~

DECLARATION OF AUTHORITY

Attachment A – Addendum

PRINCIPAL: Duquesne Light Company

AGENT: [INSERT]

Effective Starting Date: [INSERT]

Note: Principal and Agent are required to provide PJM Settlement thirty days written notice prior to the date of expiration. Upon expiration all accounts will revert back to their original status.

PJM Billing Line Items – Transfer

Principal and Agent agree that PJM settlement shall transfer all of the following charges directly related to the Principal's share of serving the retail load obligations from the Principal's account(s) to the Agent's account beginning the effective date specified above:

<u>Billing Line Item Number</u>	<u>Billing Line Item</u>
1330 (Charge)	Reactive Supply and Voltage Control from Generation and Other Sources Service
1380 (Charge)	Black Start Service
1611 (Charge)	CP Transitional Locational Reliability
1980 (Charge)	Miscellaneous Bilateral
2140 (Credit)	Non-Firm Point-to-Point Transmission Service
2510 (Credit)	Auction Revenue Rights
2640 (Credit)	Incremental Capacity Transfer Rights

PJM Accounts/Subaccounts

<u>Role</u>	<u>Account Long Name</u>	<u>Account Short Name</u>	<u>PJM Org ID</u>
Principal			
Agent			

EXHIBIT 34

PERFORMANCE ASSURANCE LETTER OF CREDIT

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY
USD

AMOUNT
*****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO:
_____ FOR THE ACCOUNT OF _____ ("APPLICANT") FOR AN
AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS
_____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE
BANK OF _____ ("ISSUER") _____ {ADDRESS},
EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS AT
_____ ON OR BEFORE _____ OR ANY
AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF
CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT
SET FORTH HEREIN.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND
DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF
CREDIT WILL BE HONORED UPON PRESENTATION TO ISSUER OF THE FOLLOWING
STATEMENT:

"I HEREBY CERTIFY THAT BENEFICIARY, DUQUESNE LIGHT COMPANY,
IS ENTITLED TO DRAW THE AMOUNT OF THE ACCOMPANYING DRAFT
UNDER LETTER OF CREDIT NO. _____, ISSUED BY
_____ {ISSUER'S NAME} AND THAT SUCH DRAFT
REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM
_____ {APPLICANT'S NAME} FOR PERFORMANCE
ASSURANCE RELATED TO THE DEFAULT SUPPLY MASTER
AGREEMENT(S) DATED _____ BETWEEN BENEFICIARY
AND APPLICANT."

THE AMOUNT WHICH MAY BE DRAWN BY BENEFICIARY UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY DRAWINGS PAID THROUGH ISSUER REFERENCING THIS LETTER OF CREDIT NO. _____.

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

THIS LETTER OF CREDIT MAY BE TERMINATED UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM BENEFICIARY RELEASING ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL ALWAYS REMAIN LIABLE TO BENEFICIARY FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS TO BENEFICIARY AS SET FORTH HEREIN NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY APPLICANT.
2. THIS LETTER OF CREDIT MAY BE TRANSFERRED OR ASSIGNED.
3. THIS LETTER OF CREDIT IS IRREVOCABLE.
4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") OR SUCH LATER REVISIONS(S) OF THE ISP AS MAY BE HEREAFTER ADOPTED. AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH

ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF BENEFICIARY AND ISSUER.

5. BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS BENEFICIARY OR AN AUTHORIZED AGENT OF BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

EXHIBIT 54FORM OF GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty”) is made and entered into as of this day of _____, by _____ (“Guarantor”), with an address at _____, in favor of Duquesne Light Company (“Creditor”), with an address at 411 Seventh Avenue, Pittsburgh, PA 15219, in consideration of the Default Supply Master Agreement(s) (the “DSMA(s)”) between Creditor and _____ (“Seller”) dated _____, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

WHEREAS, Guarantor is an _____ of Seller, and will therefore benefit by Seller entering into the DSMA with Creditor and Guarantor desires Creditor to enter into the DSMA with Seller and to extend credit to Seller thereunder.

WHEREAS, without this Guaranty, Creditor would not execute and deliver the DSMA or consummate the transactions contemplated thereby. Therefore, in consideration of the execution and delivery by Creditor of the DSMA and consummation of the transactions contemplated thereby, Guarantor has agreed to execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty of Obligations.

(a) Guarantor hereby irrevocably and unconditionally guarantees, as primary obligor and not a surety with effect from date hereof, the prompt and complete payment when due of all of Seller’s payment obligations under the DSMA, whether on scheduled payment dates, when due upon demand, upon declaration of termination or otherwise, in accordance with the terms of the DSMA and giving effect to any applicable grace period, and all reasonable out-of-pocket costs and expenses incurred by Creditor in the enforcement of Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”).

(b) The limitations on liabilities of Seller set forth in Article 13 of the DSMA shall also apply to the liabilities of Guarantor hereunder.

2. Nature of Guaranty; Waivers.

(a) This is a guaranty of payment and not of collection and Creditor shall not be required, as a condition of Guarantor’s liability, to pursue any rights which may be available to it with respect to any other person who may be liable for the payment of the Obligations. This is not a performance guaranty and Guarantor is not obligated to provide power under the DSMA or this Guaranty.

(b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, or until the DSMA has been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by Creditor of any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of Creditor to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations (other than any irregularity, unenforceability or invalidity of any of the obligations under the DSMA resulting from the conduct of Creditor) or any part thereof.

(c) Except as to any claims, defenses, rights of set-off or to reductions of Seller in respect of its obligations under the DSMA (all of which are expressly reserved under this Guaranty), Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim Guarantor may have against Seller or Creditor, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the DSMA; or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the DSMA (other than any law or regulation that eliminates or nullifies the obligations under the DSMA).

(d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Seller or their assets or any other guarantor or person; provided, however, that any failure of Creditor to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. Guarantor waives all defenses based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims or defenses of Seller in respect of its obligations under the DSMA.

(e) Creditor at any time and from time to time, without notice to or the consent of Guarantor, and without impairing or releasing, discharging or modifying Guarantor's liabilities hereunder, may (i) to the extent permitted by the DSMA, change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the DSMA, renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as Creditor deems appropriate at its sole discretion; (iv) substitute, exchange or release any guaranty; or (v) take such actions and exercise such remedies hereunder as Creditor deems appropriate.

3. Representations and Warranties. Guarantor hereby represents and warrants that:

(a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on Guarantor or this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or of Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Guarantor, threatened by or against Guarantor that would have a material adverse effect on this Guaranty.

4. Repayments or Recovery from Creditor. If any demand is made at any time upon Creditor for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy, insolvency, dissolution or reorganization of Seller and if Creditor repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, Guarantor (subject to Sections 2 (c) and (d) of this Guaranty) will be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by Creditor. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to Creditor's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable.

5. Enforceability of Obligations. No modification, limitation or discharge of the Obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief

of debtors under federal or state law will affect, modify, limit or discharge Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.

6. Postponement of Subrogation. Only to the extent that, at the relevant time, there are Obligations, or other amounts hereunder, that are then due and payable but unpaid, Guarantor postpones and subordinates in favor of Creditor any and all rights which Guarantor may have to (a) assert any claim against Seller based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of Seller, including participation in any marshalling of Seller's assets. Upon payment of such due and unpaid Obligations, Creditor agrees that Guarantor shall be subrogated to the rights of Creditor against Seller to the extent of Guarantor's payment to Creditor.

7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by ~~facsimile~~-email transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for Creditor and Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Creditor shall be directed to:

Attn:

Phone:

~~Fax:~~ Email:

With a copy to:

Phone:

~~Fax:~~ Email:

or such other address as Creditor shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

Attn:

Phone:

~~Fax:~~ Email:

or such other address as Guarantor shall from time to time specify to Creditor.

8. Preservation of Rights. Except as provided by any applicable statute of limitations, no delay or omission on Creditor's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Creditor's action or inaction impair any such right or power. Creditor's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Creditor may have under other agreements with Guarantor, at law or in equity.

9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, will be effective unless made in a writing signed by Creditor, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case will entitle Guarantor to any other or further notice or demand in the same, similar or other circumstance.

11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between Guarantor and Creditor with respect to the subject matter hereof.

12. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of Guarantor and Creditor and their respective successors and permitted assigns. Neither party may assign this Guaranty in whole or in part without the other's prior written consent, which consent will not be unreasonably withheld or delayed, except that Creditor may at any time assign this Guaranty without Guarantor's consent, in the same manner, on the same terms and to the same persons as Creditor assigns the DSMA in accordance with Section 163 of the DSMA, and except that this Section 12 shall not limit Guarantor's right to assign this Guaranty, along with substantially all of Guarantor's assets and business to a successor entity or Affiliate that assumes all obligations thereunder and (i) where the successor Guarantor's Lowest Credit Rating is equal to or greater than Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BBB₋, as rated by S&P or Fitch, or Baa₃₂, as rated by Moody's, and (ii) Seller is in compliance the DSMA. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings determined by Moody's Investor Services, Inc. (or its successor) ("Moody's"), the Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., (or its successor) ("S&P"), or Fitch Investor Service, Inc. (or its successor) ("Fitch") immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.

13. Interpretation. In this Guaranty, unless Creditor and Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or

exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

14. Governing Law.

(a) This Guaranty has been delivered to and accepted by the Creditor. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF CREDITOR AND GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES.

(b) Guarantor hereby irrevocably consents to the jurisdiction of the federal district court for the Western District of Pennsylvania or to the county court jurisdiction of the Allegheny County Court of Common Pleas; provided that nothing contained in this Guaranty will prevent Creditor from bringing any action, enforcing any award or judgment or exercising any rights against Guarantor individually, against any security or against any property of Guarantor within any other county, state or other foreign or domestic jurisdiction. Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both Creditor and Guarantor. Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

15. WAIVER OF JURY TRIAL. GUARANTOR AND CREDITOR IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. GUARANTOR AND CREDITOR ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

16. Term. This Guaranty shall survive termination of the DSMA and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid or performed in full.

17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the DSMA is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the DSMA shall nonetheless be payable by Guarantor hereunder on written demand by Creditor.

Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

ATTEST:

[Guarantor]

By: _____

Name: _____

Title: _____

**PENNSYLVANIA UNIVERSAL
DEFAULT SUPPLIER MASTER AGREEMENT**

by and between

Duquesne Light Company

and

[INSERT]

Dated [Month, Day, Year]

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PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this ____ day of [Month, Day, Year] (the “Agreement”) by and between Duquesne Light Company (the “Company” and “Buyer”), a limited liability company and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania and [INSERT] (“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.

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

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.

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 composed 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. §§ 2804, 2812-14, 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, ARRs 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 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).

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

Company – Duquesne Light Company.

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 and/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 into 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, 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 a product or service (e.g., Energy) to serve DS Load, even if such other agreement does not require delivery of additional products or services (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, as set forth in Appendix C.

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

DS Fixed Price Adder For Hourly Price Service – The fixed price adder for Hourly Price Service in dollars per MWh, as set forth in Appendix C hereto, as determined pursuant to the DS Solicitation.

DS Load – Means the total sales at the retail meter, plus any losses and Unaccounted For Energy (as defined by PJM), as reflected in PJM settlement volumes (including adjustments required by PJM for PJM’s derating in conjunction with implementation of marginal losses as appropriate per PJM Agreements), expressed in MWh of retail customers in a particular class of DS Customers being served by Company pursuant to the PUC Orders, as such sales vary from hour to hour, in Company’s Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to de minimis geographic border changes to the service territory that exists on the Effective Date. The DS Load is net of any reduction in load as a result of energy efficiency and demand side response programs offered by Company, PJM, curtailment service providers, or other third parties, or any retail market programs. For avoidance of doubt, DS Load shall not include (i) the amount of load that would otherwise have been served in the absence of such energy efficiency or demand side response programs or retail market programs; or (ii) sales resulting from changes in the Company’s Pennsylvania service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in

Pennsylvania or a result of a significant franchise territory swap with another entity which has a franchised service territory in Pennsylvania.

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 Tariffs – 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, as they may be amended from time to time.

DS Variable Payments – The variable supplier payments in dollars based on the Company’s Hourly Price Service formula rate, as set forth in Appendix C hereto, associated with serving the DS Supplier Responsibility Share of the DS Supply.

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.

Effective Date – The date designated on the cover page of this Agreement upon which the terms of this Agreement were agreed to by the Parties.

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 (iii) 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.

Fixed Price Transaction – A Transaction Confirmation that is not an Hourly Price Transaction.

Force Majeure – Means an event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, epidemic, terrorist attack, and 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)

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.

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.

Hourly Price Service – service provided to Hourly Price Service (“HPS”)-Eligible Class pursuant to the Company's DS Tariffs, Retail Tariff, Rider No. 9.

Hourly Price Transaction – A Transaction Confirmation for Hourly Price Service, as shown on such confirmation.

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. The DS Supplier, for

purposes of this Agreement, is not a Load Serving Entity and nothing contained herein shall be deemed to cause the DS Supplier to be a Load Serving Entity.

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 6.4.

Mark-to-Market (“MtM”) Exposure Amount – Shall have the meaning ascribed to it in Section 6.3 of this Agreement.

Market Price Hub – refers to AEP Dayton Hub, a liquid pricing point located within PJM’s geographic footprint, at pnode #34497127.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable credit limit cap as specified in Section 6.4 of this Agreement.

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

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 Corporation 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 Non-Defaulting 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.

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

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.

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 – A payment resulting from an Early Termination that is calculated in accordance with Article 5.4.

Tier I AEC – Shall mean an AEC 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 for the Customer Group as indicated in any given Transaction Confirmation, as specified in Appendix C.

Transaction – Means a particular 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) To 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 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;
- (vi) To accept assignment of and to fulfill all obligations of a LSE that are assigned to it by this Agreement;
- (vii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and
- (viii) 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) To 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 PowerMeter account, or successor system or process;
- (iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company;
- (v) To accept the delivery of DS Supply necessary to meet the DS Load;
- (vi) To be responsible (as between the Company and the DS Supplier) for the provision of the Allocated AECs to satisfy AEPS requirements; and
- (vii) To be the Load Serving Entity for supply purchased under this Agreement.

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 in writing to DS Supplier the 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 this Agreement is in effect, both the Company and DS Supplier shall have executed the PJM Declaration of Authority, and shall remain in effect during the Term of this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by the DS Supplier, DS Supplier agrees to execute a revised Declaration of Authority in accordance with PJM requirements.

2.5 PJM Agreement Modifications

(a) If the PJM Agreements are amended or modified so that any schedule or section reference herein to such agreements is changed, such schedule or section reference 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. DS Supplier bears the risk and responsibility of all charges resulting from any changes in PJM products and pricing during the term of this Agreement with the exception of (i) future PJM charges related solely to the Company providing network transmission service, and (ii) those charges identified as EDC responsibility in Appendix D, including for transition costs related to the elimination of through-and-out transmission rates.

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.

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.

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 and the Commonwealth of Pennsylvania;

(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; and

(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 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. Company, may, in its sole discretion, treat any such materially incorrect or misleading representation or warranty as an Event of Default hereunder.

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 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 or expiration 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, including, without limitation, Article 4 (Commencement and Termination of Agreement), Article 5 (Breach and Default), Article 11 (Dispute Resolution), Article 13 (Limitation of Remedies, Liability and Damages), Article 14 (Indemnification), and Article 16 (Miscellaneous Provisions).

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 in the case of the DS Supplier;
- (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 6.5 or post any Margin due under Section 6.5 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) Fails 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 DS Supply (or any constituent thereof such as Energy 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) Fails 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 Non-Defaulting 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 or modification of this Agreement by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement.

(xvii) With respect to the DS Supplier's Guarantor, if any:

1. 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 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 and/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 Properly Tendered by DS Supplier: Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply properly 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 properly 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 liable for any Damages if this Agreement is terminated, or modified so as to frustrate or effectively preclude Company's acceptance of the DS Supply, 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 its Obligations Associated with the AEPS: 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 (including Alternative Compliance Payments), 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. DS Supplier has a specific obligation to provide the AECs conforming to PaPUC requirements and not money damages in substitution. Therefore, any such attempt to supply money damages instead of AECs may be treated as an event of default in the sole discretion of Company.

(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 Non-Defaulting 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, add the following subsection 5.4(a)(i) by checking this box. If DS Supplier does not check this box, subsection 5.4(a)(i) 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 Non-Defaulting 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 Articles 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 Auction Revenue Rights (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 6.4 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 practicable 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 non-discriminatory manner. DS Supplier shall provide the Company and its agents unrestricted access to most recent audited financial statements; provided that if current 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 Mark-to-Market Credit Exposure Methodology

To calculate the daily exposure for each DS Supplier, 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, it 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 1.1 times 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.

6.4 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 6.7 (b) of this Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 of this Agreement;

(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 Exhibit 5) will be determined based on the credit matrix table for Guarantors in 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 6.5 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 6.7(b) of this

Agreement (see standard format in Exhibit 4) for the Margin due the Company as set forth in Section 6.5 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, the DS Supplier or Guarantor shall meet all requirements of Sections 6.4(i) and (ii) of this Agreement and 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;
- 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 6.7 (b) below for the entire Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 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 up 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 6.7(b) of this Agreement (see standard format in Exhibit 4), 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 6.5, 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 6.5(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's credit limit (rounded up 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.

6.6 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 electronic mail transmission (with the original transmitted by any of the other aforementioned delivery methods, unless agreed to otherwise by the parties) addressed as follows:

If to a DS Supplier to:

Copy to:

If to the Company to: James H. Milligan, Treasurer

Duquesne Light Company

Mail Drop 7-3

411 Seventh Avenue, Pittsburgh, PA 15219

jmilligan@duqlight.com

Copy to: Energy Procurement

Mail Drop 15-1

Duquesne Light Company

411 Seventh Avenue, Pittsburgh, PA 15219

energysupply@duqlight.com

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by electronic mail transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically, in writing, or by responding in the same electronic mail conversation chain.

6.7 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 domestic bank (or a domestic branch of an international bank) or other domestic financial institution (or a domestic branch of an international financial institution) with a minimum "A-" senior unsecured debt rating (or, if unavailable, equivalent corporate issuer rating) from S&P or Fitch and "A3" from Moody's (see standard format in Exhibit 4). 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.

6.8 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 6.4 of this Agreement. The additional security must be in a form acceptable to the Company in its sole discretion, as specified in Article 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6.9 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.

6.10 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.

6.11 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.

6.12 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 in Appendix A of this Agreement; provided, however, that if another agreement has a more stringent credit threshold, then the more stringent credit threshold shall apply. 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 de-ration 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.

- For Fixed Price Transactions, 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 in Appendix C for each hour of the Billing Month.
- For Hourly Price Transactions, this Statement will show the aggregate amounts due based on the DS Fixed Price Adder For Hourly Price Service multiplied by the hourly Energy requirements of DS Supply used to determine the PMEA multiplied by the DS Fixed Percentage as shown in Appendix C for each hour of the Billing Month, plus the DS Variable Payments used to determine the PMEA 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 the 19th day of each calendar month.

(d) 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.

(e) 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.

(f) 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.

(g) The Company shall make payments of funds payable to the DS Supplier by electronic transfer to a bank designated by the DS Supplier.

(h) 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.

(i) 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.

(j) If Seller does enter more than one transaction with Buyer, Buyer may provide a single invoice listing the relevant information detailed.

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 non-disputing 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 minimize any curtailment, interruption or reduction in service to DS Customers to the extent reasonably practicable under the circumstances.

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 the Allegheny County Court of Common Pleas or with the Western

District of Pennsylvania Federal Court. 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 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").

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-2011-2237952), 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 at the point of delivery identified in Appendix C 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, and shall appoint counsel at DS Supplier's expense, subject to the approval of Company, to defend any such claims 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 Effect of Regulatory or Legislative Actions

- (a) The Parties agree that the Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving the Company's full and current recovery of said costs, the Company may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.
- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfer the Company's obligation to procure or supply DS Supply to a third party(ies), this Agreement may be transferred to such third party(ies) in accordance with the provisions of Section 16.4 below. The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.
- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 16.3 above, the Parties agree that the Company shall not be liable for any costs or damages incurred

or otherwise associated with (i) the transfer of the Company's obligation to obtain or provide DS Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide DS Supply from DS Supplier.

16.4 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. 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 16.4 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, or to a third party in accordance with Section 16.3(b), 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.

16.5 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.

16.6 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.

16.7 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.

16.8 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.

16.9 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.

16.10 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.

16.11 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 Payment) and 9.1(i) (Interest on Unpaid Balances) of this Agreement.

16.12 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.

16.13 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 PaPUC 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.

16.14 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; and
- 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.

16.15 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.

16.16 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, 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. 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 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”).

16.17 Counterparts

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

16.18 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:

DUQUESNE LIGHT COMPANY

By: _____

Title: _____

Name: _____

Title: _____

ATTEST:

[INSERT]

By: _____

Title: _____

Name: _____

Title: _____

APPENDIX A- MAXIMUM UNSECURED CREDIT

Credit Rating Matrix Tables for EDC's

EDC: Duquesne Light Company

Credit Rating of the DS Supplier			Maximum Credit Limit (calculated as the lesser of the percentage of TNW or the Credit Limit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap
A- and above	A3 and above	A- and above	16%	\$60,000,000
BBB +	Baa1	BBB +	10%	\$40,000,000
BBB	Baa2	BBB	7%	\$30,000,000
BBB-	Baa3	BBB-	3%	\$20,000,000
Below BBB-	Below Baa3	Below BBB-	0%	\$0

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 all three accepted rating agencies (S&P, Moody's and Fitch), and the ratings are split, the lowest rating will be used. **Minimum Rating** – The lowest credit rating for a DS Supplier, as set forth in this Appendix A, that can obtain unsecured credit.

APPENDIX B – METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE

Parameters

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

1. On-Peak Initial Mark Price
2. Off-Peak Initial Mark Price
3. MW-Measure
4. On-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
5. Off-Peak Estimated Energy Quantity Per MW-Measure for each of the twelve calendar months
6. Number of awarded Tranches

In calculating the MtM Exposure for each Transaction, the following parameters are set each Business Day subsequent to the Transaction Date:

- 1) On-Peak Forward Price
- 2) Off-Peak Forward Price
- 3) Current Capacity PLC Per Bid Block
- 4) On-Peak Estimated Energy Quantity
- 5) Off-Peak Estimated Energy Quantity

Determination of On-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub On-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly On-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes.

Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that On-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the On-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the On-Peak Forward Price for the given month may be updated based on the changes in On-Peak Forward Price quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Determination of Off-Peak Forward Prices

On each Business Day subsequent to the Transaction date, Buyer or Broker will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for AEP Dayton Hub Off-Peak Hours for each month of the Delivery Period. For Buyer to include a monthly Off-Peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), Buyer shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from the average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are inconsistent with each other, Buyer will use the one that is most consistent with other available quotes. Quotes from the Reference Market-Makers will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Reference Market-Makers will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

To the extent that Off-Peak Forward Price quotes are not available for a given month on a given Business Day, either as single month price quotes or as an Aggregate Quote, Buyer shall establish the Off-Peak Forward Price for that month using a methodology that utilizes the best information available to Buyer at that time. For example, the Off-Peak Forward Price for the given month may be updated based on the changes in Off-Peak Forward Price

quotes for different months provided by Reference Market-Makers between the prior Business Day and the current Business Day.

Example of Disaggregating Aggregate Quotes

The following is an example of the process to be used for disaggregating Aggregate Quotes:

- a. Aggregate Quote only available for January – March: \$60/MWh.
- b. Immediate Prior Calendar year quotes for January, February, and March as follows:

January: \$42/MWh

February: \$45/MWh

March: \$40/MWh

- c. Calculations as follows:

1. Calculate Average price in (b) = \$42.33/MWh

2. Calculate monthly deviation from Average:

January: 99.2% ($\$42/\42.33)

February: 106.3% ($\$45/\42.33)

March: 94.5% ($\$40/\42.33)

3. Disaggregate the Aggregate Quote by applying percentages from c.(2) to the available aggregate quote:

January: \$59.53 ($\$60 \times 99.2\%$)

February: \$63.78 ($\$60 \times 106.3\%$)

March: \$56.69 ($\$60 \times 94.5\%$)

Mark-To-Market Example

Necessary Information from a Transaction Confirmation:		
Delivery Period:	June 1, 2011 - May 31, 2012	
Bid Blocks:	3	(j)
Estimated Energy Quantity Per MW-Measure:		
	On-Peak MWh (k)	Off-Peak MWh (l)
Jan	11800	8300
Feb	13000	9100
Mar	9100	6400
Apr	7200	5000
May	8800	6200
Jun	12900	9000
Jul	15200	10600
Aug	16000	11200
Sep	9500	6700
Oct	8300	5800
Nov	9800	6900
Dec	10900	7600

Business Day on which MtM is Calculated:	June 24, 2011
MW-Measure:	50.0 MW (m)
Current Capacity PLC Per Bid Block:	40.0 MW (n)
Percent of On-Peak Hours Remaining in Current Month:	18.2% (o)
Percent of Off-Peak Hours Remaining in Current Month:	21.7% (p)

MtM Exposure Calculation									
	a	b	c	d	e=c-a	f=d-b	g=k*n/m*j*o	h=l*n/m*j*p	i=(e*g)+(f*h)
	On-Peak Initial Mark Price \$/MWh	Off-Peak Initial Mark Price \$/MWh	On-Peak Forward Price \$/MWh	Off-Peak Forward Price \$/MWh	Change In On-Peak Price \$/MWh	Change In Off-Peak Price \$/MWh	Estimated On-Peak Energy Quantity MWh	Estimated Off-Peak Energy Quantity MWh	MtM Exposure
Jun-11	57.04	27.95	58.48	28.65	1.44	0.70	5,629	4,696	\$ 11,393
Jul-11	72.81	31.31	75.26	32.36	2.45	1.05	36,480	25,440	\$ 116,088
Aug-11	72.81	34.23	74.28	34.91	1.47	0.68	38,400	26,880	\$ 74,726
Sep-11	45.56	24.15	47.31	25.08	1.75	0.93	22,800	16,080	\$ 54,854
Oct-11	43.23	23.34	46.09	24.89	2.86	1.55	19,920	13,920	\$ 78,547
Nov-11	43.23	25.50	46.40	27.38	3.17	1.88	23,520	16,560	\$ 105,691
Dec-11	43.23	26.36	44.86	27.36	1.63	1.00	26,160	18,240	\$ 60,881
Jan-12	50.73	38.55	54.45	41.39	3.72	2.84	28,320	19,920	\$ 161,923
Feb-12	50.73	39.06	53.61	41.29	2.88	2.23	31,200	21,840	\$ 138,559
Mar-12	45.23	30.75	47.64	32.39	2.41	1.64	21,840	15,360	\$ 77,825
Apr-12	45.23	25.78	48.01	27.36	2.78	1.58	17,280	12,000	\$ 66,998
May-12	47.06	24.94	49.06	26.00	2.00	1.06	21,120	14,880	\$ 58,013
									\$ 1,005,499

CALCULATION OF MTM EXPOSURE FOR HOURLY PRICE TRANSACTIONS

The MtM Exposure for an Hourly Price Transaction shall be calculated as follows. During the first month of the term of a Transaction, the MtM Exposure shall be equal to Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche. Thereafter, the MtM Exposure shall be calculated on the first Business Day of each month during the term of a Transaction and shall be deemed equal to the product of: (i) Two Hundred Fifty Thousand Dollars (US\$250,000.00) per Tranche; (ii) the ratio of the Current Capacity PLC Per Tranche to the MW-Measure; (iii) the number of Tranches awarded to the DS Supplier per the Transaction Confirmation; and (iv) the ratio of the calendar days remaining in the Delivery Period to the total calendar days in the Delivery Period. The following definitions shall apply for the purposes of this calculation:

“Capacity Peak Load Contribution” or “Capacity PLC” means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer’s retail load settlement process, and used by PJM in determining the DS Supplier’s capacity obligation for each Transaction.

“Current Capacity PLC Per Tranche” is the Capacity PLC of a Tranche as of the Business Day the MtM Exposure is calculated for the Transaction.

“MW-Measure” means the Current Capacity PLC Per Tranche as of the Transaction Date.

APPENDIX C - DS SUPPLY SPECIFICATIONS

1) With respect to a Transaction, DS Supplier shall provide DS Supply on a firm and continuous basis. The terms of the Transaction shall be set forth in a Transaction Confirmation to this SMA, in a form as set forth in Exhibit 1. As used herein and in the Transaction Confirmation, Full Requirements Service shall mean all of the following necessary services or products that are required to supply the DS Responsibility Share for the DS Customers associated with the Transaction Confirmation, including: Energy, Capacity, transmission (except for Network Integration Transmission Service), Ancillary Services, Alternative Energy Credits for compliance with the AEPS Act, transmission and distribution system losses, congestion management costs, and such other products and services that are required except for distribution service.

2) The Transaction Confirmation shall, *inter alia*, specify the following terms with respect to a Transaction: (i) the Product (typically, Full Requirements Service); (ii) the DS Customer group associated with the applicable DS Load; (iii) the Delivery Point at which the DS Supplier shall deliver the DS Supply; (iv) the Delivery Period during which the DS Supplier shall deliver the DS Supply; (v) the number of Tranches; (vi) the DS Supplier Responsibility Share; (vii) for Fixed Price Transactions, the total number of AECs associated with each Tranche; and (viii) the DS Fixed Price or Fixed Price Adder, as applicable, for each Tranche.

3) The Company and DS Supplier shall be responsible for their respective PJM Billing Statement Line Item Credits and Charges associated with a Transaction as described in Appendix D, *Responsibilities for PJM Billing Line Items as Defined in Applicable PJM Agreement or Manual*. Company and DS Supplier agree to communicate

with PJM as may be necessary to ensure that PJM transfers all PJM Billing Statement Line Item Credits and Charges to the appropriate party.

4) The DS Supplier shall comply with all applicable requirements described in Appendix E, *DS Suppliers' Obligations For AEPS Compliance*.

5) Except as provided in Paragraph 1 above, DS Supplier bears the risk of any other changes in PJM products and pricing during the term of all Transactions under this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Paragraph 1 above or other new PJM charges and costs, charged to network transmission customers, that DS Supplier believes the Company should recover through retail rates because they are directly related to the Company's obligations, then Company may file with the PaPUC a request for approval to recover such new costs. DS Supplier is required to intervene in any such proceeding before the PaPUC. Such new costs can only be charged to the Company to the extent that the PaPUC approves the Company's recovery of those costs. DS Supplier agrees to be bound by the decision of the PaPUC (subject to the normal rules for appeal of the decision of the PaPUC) and waives all claims concerning this issue before the FERC. Notwithstanding the foregoing, nothing in the Agreement shall preclude DS Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

DS Customer Group:

Each Transaction Confirmation shall be associated with DS Supply to one of the following

DS Customer categories, or their successors, as defined in the DS Tariff:

Customer Group	Rate Schedule	Description
Residential & Lighting	RS	Residential Service
	RH	Residential Service Heating
	RA	Residential Service Add-On Heat Pump
	AL	Architectural Lighting Service
	SE	Street Lighting Energy
	SM	Street Lighting Municipal
	SH	Street Lighting Highway
	PAL	Private Area Lighting
Small Commercial & Industrial	GS	General Service Small
	GM < 25kW	General Service Medium – Demand less than 25kW
	GMH < 25kW	General Service Medium Heating – Demand less than 25kW
	UMS	Unmetered Service
Medium Commercial & Industrial	GM ≥ 25kW and < 200kW	General Service Medium – Demand equal to or greater than 25kW and less than 200kW
	GMH ≥ 25kW and < 200kW	General Service Medium Heating – Demand equal to or greater than 25kW and less than 200kW
HPS-Eligible	GM ≥ 200kW	General Service Medium – Demand equal to or greater than 200kW
	GMH ≥ 200kW	General Service Medium – Demand equal to or greater than 200kW
	GL	General Service Large
	GLH	General Service Heating
	L	Large Power Service
	HVPS	High Voltage Power Service

APPENDIX D – RESPONSIBILITIES FOR PJM BILLING LINE ITEMS AS DEFINED IN APPLICABLE PJM AGREEMENT OR MANUAL

ID #	PJM Billing Statement Line Items	Responsible Party	
		EDC	DS Supplier
ID#	CHARGES		
1000	Amount Due for Interest on Past Charges		DS Supplier
1100	Network Integration Transmission Service	EDC	
1101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
1102	Network Integration Transmission Service (exempt)	EDC	
1103	Underground Transmission Service	EDC	
1104	Network Integration Transmission Service Offset	EDC	
1108	Transmission Enhancement	EDC	
1109	MTEP Project Cost Recovery		DS Supplier
1110	Direct Assignment Facilities		DS Supplier
1115	Transmission Enhancement Settlement (EL05-121-009)	EDC	
1120	Other Supporting Facilities		DS Supplier
1130	Firm Point-to-Point Transmission Service		DS Supplier
1133	Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier
1136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
1138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
1140	Non-Firm Point-to-Point Transmission Service		DS Supplier

1143	Non-Firm Point-to-Point Transmission Service Resale Charge		DS Supplier
1145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
1147	Neptune Unscheduled Usage Billing Allocation		DS Supplier
1155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
1157	Linden Unscheduled Usage Billing Allocation		DS Supplier
1165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
1166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
1167	Hudson Unscheduled Usage Billing Allocation		DS Supplier
1200	Day-ahead Spot Market Energy		DS Supplier
1205	Balancing Spot Market Energy		DS Supplier
1210	Day-ahead Transmission Congestion		DS Supplier
1215	Balancing Transmission Congestion		DS Supplier
1216	Pseudo-Tie Balancing Congestion Refund		DS Supplier
1218	Planning Period Congestion Uplift		DS Supplier
1220	Day-ahead Transmission Losses		DS Supplier
1225	Balancing Transmission Losses		DS Supplier
1230	Inadvertent Interchange		DS Supplier
1240	Day-ahead Economic Load Response		DS Supplier
1241	Real-time Economic Load Response		DS Supplier
1242	Day-ahead Load Response Charge Allocation		DS Supplier
1243	Real-time Load Response Charge Allocation		DS Supplier

1245	Emergency Load Response		DS Supplier
1250	Meter Error Correction		DS Supplier
1260	Emergency Energy		DS Supplier
1301	PJM Scheduling, System Control and Dispatch Service – Control Area Administration		DS Supplier
1302	PJM Scheduling, System Control and Dispatch Service – FTR Administration		DS Supplier
1303	PJM Scheduling, System Control and Dispatch Service –Market Support		DS Supplier
1304	PJM Scheduling, System Control and Dispatch Service – Regulation Market Administration		DS Supplier
1305	PJM Scheduling, System Control and Dispatch Service – Capacity Resource/Obligation Mgmt.		DS Supplier
1306	PJM Scheduling, System Control and Dispatch Service – Advanced Second Control Center		DS Supplier
1307	PJM Scheduling, System Control and Dispatch Service – Market Support Offset		DS Supplier
1308	PJM Scheduling, System Control and Dispatch Service Refund – Control Area Administration		DS Supplier
1309	PJM Scheduling, System Control and Dispatch Service Refund – FTR Administration		DS Supplier
1310	PJM Scheduling, System Control and Dispatch Service Refund – Market Support		DS Supplier
1311	PJM Scheduling, System Control and Dispatch Service Refund –Regulation Market Administration		DS Supplier
1312	PJM Scheduling, System Control and Dispatch Service Refund – Capacity Resource/Obligation Mgmt.		DS Supplier
1313	PJM Settlement, Inc.		DS Supplier
1314	Market Monitoring Unit (MMU) Funding		DS Supplier
1315	FERC Annual Charge Recovery		DS Supplier
1316	Organization of PJM States, Inc. (OPSI) Funding		DS Supplier

1317	North American Electric Reliability Corporation (NERC)		DS Supplier
1318	Reliability First Corporation (RFC)		DS Supplier
1320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
1340	Regulation and Frequency Response Service		DS Supplier
1350	Energy Imbalance Service		DS Supplier
1360	Synchronized Reserve		DS Supplier
1362	Non-Synchronized Reserve		DS Supplier
1365	Day-ahead Scheduling Reserve		DS Supplier
1370	Day-ahead Operating Reserve		DS Supplier
1371	Day-ahead Operating Reserve for Load Response		DS Supplier
1375	Balancing Operating Reserve		DS Supplier
1376	Balancing Operating Reserve for Load Response		DS Supplier
1377	Synchronous Condensing		DS Supplier
1378	Reactive Services		DS Supplier
1380	Black Start Service		DS Supplier
1390	Fuel Cost Policy Penalty		DS Supplier
1400	Load Reconciliation for Spot Market Energy		DS Supplier
1410	Load Reconciliation for Transmission Congestion		DS Supplier
1420	Load Reconciliation for Transmission Losses		DS Supplier
1430	Load Reconciliation for Inadvertent Interchange		DS Supplier
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service		DS Supplier

1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund		DS Supplier
1442	Load Reconciliation for Schedule 9-6 – Advanced Second Control Center		DS Supplier
1444	Load Reconciliation for Market Monitoring Unit Funding		DS Supplier
1445	Load Reconciliation for FERC Annual Charge Recovery		DS Supplier
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding		DS Supplier
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)		DS Supplier
1448	Load Reconciliation for Reliability First Corporation (RFC)		DS Supplier
1449	Load Reconciliation for Consumer Advocates of PJM States, Inc. (CAPS) Funding		DS Supplier
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
1460	Load Reconciliation for Regulation and Frequency Response Service		DS Supplier
1470	Load Reconciliation for Synchronized Reserve		DS Supplier
1472	Load Reconciliation for Non-Synchronized Reserve		DS Supplier
1475	DASR Load Reconciliation		DS Supplier
1478	Load Reconciliation for Operating Reserve		DS Supplier
1480	Load Reconciliation for Synchronous Condensing		DS Supplier
1490	Load Reconciliation for Reactive Services		DS Supplier
1500	Financial Transmission Rights Auction		DS Supplier
1600	RPM Auction		DS Supplier
1610	Locational Reliability		DS Supplier
1611	CP Transitional Locational Reliability		DS Supplier
1650	Non-Unit Specific Capacity Transaction		DS Supplier

1660	Demand Resource and ILR Compliance Penalty		DS Supplier
1661	Capacity Resource Deficiency		DS Supplier
1662	Generation Resource Rating Test Failure		DS Supplier
1663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1664	Peak Season Maintenance Compliance Penalty		DS Supplier
1665	Peak-Hour Period Availability		DS Supplier
1666	Load Management Test Failure		DS Supplier
1670	FRR LSE Reliability		DS Supplier
1680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
1681	FRR LSE Capacity Resource Deficiency		DS Supplier
1682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
1683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
1684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
1685	FRR LSE Peak-Hour Period Availability		DS Supplier
1686	FRR LSE Load Management Test Failure		DS Supplier
1687	FRR LSE Schedule 9-5		DS Supplier
1688	FRR LSE Schedule 9-6		DS Supplier
1710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
1712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
1720	RTO Start-up Cost Recovery		DS Supplier
1730	Expansion Cost Recovery	EDC	
1900	Unscheduled Transmission Service		DS Supplier
1910	Ramapo Phase Angle Regulators		DS Supplier

1911	Michigan – Ontario Interface Phase Angle Regulators		DS Supplier
1920	Station Power		DS Supplier
1930	Generation Deactivation	EDC	
1932	Generation Deactivation Refund	EDC	
1950	Virginia Retail Administrative Fee		DS Supplier
1952	Deferred Tax Adjustment	EDC	
1955	Deferral Recovery		DS Supplier
1980	Miscellaneous Bilateral		DS Supplier
1995	PJM Annual Membership Fee		DS Supplier
1999	PJM Customer Payment Default		DS Supplier
ID#	CREDITS		
2100	Network Integration Transmission Service	EDC	
2101	Network Integration Transmission Service (ATSI Low Voltage)	EDC	
2102	Network Integration Transmission Service (exempt)	EDC	
2103	Underground Transmission Service	EDC	
2104	Network Integration Transmission Service Offset	EDC	
2106	Non-Zone Network Integration Transmission Service	EDC	
2108	Transmission Enhancement	EDC	
2109	MTEP Project Cost Recovery		DS Supplier
2110	Direct Assignment Facilities		DS Supplier
2120	Other Supporting Facilities		DS Supplier
2130	Firm Point-to-Point Transmission Service		DS Supplier
2132	Internal Firm Point-to-Point Transmission Service		DS Supplier

2133	Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2135	Neptune Voluntary Released Transmission Service (Firm)		DS Supplier
2136	Hudson Voluntary Released Transmission Service (Firm)		DS Supplier
2138	Linden Voluntary Released Transmission Service (Firm)		DS Supplier
2140	Non-Firm Point-to-Point Transmission Service		DS Supplier
2142	Internal Non-Firm Point-to-Point Transmission Service		DS Supplier
2143	Non-Firm Point-to-Point Transmission Service Resale Credit		DS Supplier
2145	Neptune Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2146	Neptune Default Released Transmission Service (Non-Firm)		DS Supplier
2155	Linden Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2156	Linden Default Released Transmission Service (Non-Firm)		DS Supplier
2165	Hudson Voluntary Released Transmission Service (Non-Firm)		DS Supplier
2166	Hudson Default Released Transmission Service (Non-Firm)		DS Supplier
2210	Transmission Congestion		DS Supplier
2211	Day-ahead Transmission Congestion		DS Supplier
2215	Balancing Transmission Congestion		DS Supplier
2217	Planning Period Excess Congestion		DS Supplier
2218	Planning Period Congestion Uplift		DS Supplier
2220	Transmission Losses		DS Supplier
2240	Day-ahead Economic Load Response		DS Supplier
2241	Real-time Economic Load Response		DS Supplier
2245	Emergency Load Response		DS Supplier
2260	Emergency Energy		DS Supplier

2320	Transmission Owner Scheduling, System Control and Dispatch Service		DS Supplier
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service		DS Supplier
2340	Regulation and Frequency Response Service		DS Supplier
2350	Energy Imbalance Service		DS Supplier
2360	Synchronized Reserve		DS Supplier
2362	Non-Synchronized Reserve		DS Supplier
2365	Day-ahead Scheduling Reserve		DS Supplier
2370	Day-ahead Operating Reserve		DS Supplier
2371	Day-ahead Operating Reserve for Load Response		DS Supplier
2375	Balancing Operating Reserve		DS Supplier
2376	Balancing Operating Reserve for Load Response		DS Supplier
2377	Synchronous Condensing		DS Supplier
2378	Reactive Services		DS Supplier
2380	Black Start Service		DS Supplier
2415	Balancing Transmission Congestion Load Reconciliation		DS Supplier
2420	Load Reconciliation for Transmission Losses		DS Supplier
2500	Financial Transmission Rights Auction		DS Supplier
2510	Auction Revenue Rights		DS Supplier
2600	RPM Auction		DS Supplier
2620	Interruptible Load for Reliability		DS Supplier
2630	Capacity Transfer Rights		DS Supplier
2640	Incremental Capacity Transfer Rights		DS Supplier
2650	Non-Unit Specific Capacity Transaction		DS Supplier

2660	Demand Resource and ILR Compliance Penalty		DS Supplier
2661	Capacity Deficiency Resource		DS Supplier
2662	Generation Resource Rating Test Failure		DS Supplier
2663	Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2664	Peak Season Maintenance Compliance Penalty		DS Supplier
2665	Peak-Hour Period Availability		DS Supplier
2666	Load Management Test Failure		DS Supplier
2670	FRR LSE Reliability Credit		DS Supplier
2680	FRR LSE Demand Resource And Ilr Compliance Penalty		DS Supplier
2681	FRR LSE Capacity Resource Deficiency		DS Supplier
2682	FRR LSE Generation Resource Rating Test Failure		DS Supplier
2683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty		DS Supplier
2684	FRR LSE Peak Season Maintenance Compliance Penalty		DS Supplier
2685	FRR LSE Peak-Hour Period Availability		DS Supplier
2686	FRR LSE Load Management Test Failure		DS Supplier
2687	FRR LSE Schedule 9-5		DS Supplier
2688	FRR LSE Schedule 9-6		DS Supplier
2710	PJM/MISO Seams Elimination Cost Assignment		DS Supplier
2712	Intra-PJM Seams Elimination Cost Assignment		DS Supplier
2720	RTO Start-up Cost Recovery		DS Supplier
2730	Expansion Cost Recovery	EDC	
2910	Ramapo Phase Angle Regulators		DS Supplier
2912	CT Lost Opportunity Cost Allocation		DS Supplier

2930	Generation Deactivation	EDC	
2932	Generation Deactivation Refund	EDC	
2950	Virginia Retail Administrative Fee		DS Supplier
2952	Deferred Tax Adjustment	EDC	
2955	Deferral Recovery		DS Supplier
2980	Miscellaneous Bilateral		DS Supplier
2996	Annual PJM Cell Tower		DS Supplier
2997	Annual PJM Building Rent		DS Supplier

APPENDIX E – DS SUPPLIER’S OBLIGATIONS FOR AEPS COMPLIANCE

With respect to the DS Supplier Responsibility Share, DS Supplier shall:

- (1) Provide sufficient AECs for each Tranche, in accordance with the schedule provided below.
- (2) Provide actual AECs that conform to all applicable PaPUC or other legal requirements in effect as of the date that the AECs are provided to the Company. DS Supplier shall be responsible for any incremental costs associated with ensuring that the AECs it provides to the Company conform to such requirements then in effect.
- (3) Provide AECs on a six (6) month basis or at the end of any Delivery Period, if the Delivery Period is less than six (6) months, and shall be transferred to the Company within 30 days from the final day of any such six month period or Delivery Period; provided; however, that if the term of any Delivery Period includes two different AEPS reporting years, then DS Supplier shall provide the AECs required for the first AEPS reporting year by June 30th of each year.
- (4) Pay any penalties, costs, charges, damages, or other fees assessed against the DS Supplier and/or the Company associated with the DS Supplier’s non-performance with this Agreement or any other applicable requirements related to AEPS.
- (5) Submit to the Company proof of compliance under this Agreement in such form and manner as may be required by the Company.
- (6) 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 agreed to on [Month, Day, Year] ("Bid Proposal Due Date").

With respect to Transactions for Full Requirements Service, the DS Supplier shall deliver AECs conforming to all applicable requirements for the period beginning [Month, Day, Year] based on a percentage of the total MWh supplied by DS Supplier, in accordance with the following schedule:

<u>Compliance Period</u>	<u>Tier 1</u>	<u>PV</u>	<u>Tier 2</u>
6/1/2021 – 5/31/2022	7.5%	0.50%	10.0%

The percentages set forth above are those applicable for the first DS auction in DSP IX and may be revised for future DS Auctions to reflect changes in law or other applicable requirements. Unless the PaPUC or other authority with jurisdiction implements changes related to AEPS, compliance obligations for periods beyond 6/1/2021 to 5/31/2022 will remain at the 6/1/2021 to 5/31/2022 percentages. These are subject to revision if there are changes from the Pennsylvania AEPS Administrator.

For each compliance period during the Delivery Period, the number of AECs that a DS Supplier is obligated to provide may be reduced by a pre-determined number of AECs allocated to the DS Supplier ("Allocated AECs"). The number of Allocated AECs will be defined prior to the Transaction Date. Any Allocated AECs will not be transferred to the DS Supplier; but instead, the DS Supplier's AEC obligations will be reduced by a pro rata share of the Allocated AECs, and the Allocated AECs will remain the property of the Company.

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 final reconciled settlement data from PJM.

EXHIBIT 1

TRANSACTION CONFIRMATION FOR FIXED PRICE TRANSACTIONS

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Agreement dated [Month, Day, Year] (**Date of the Contract/DS Auction**) between Duquesne Light Company (“Company”) and [INSERT] (“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 [Month, Day, Year] (**Date of the current DS Auction for the tranches the won and will be serving**) (“Transaction Date”).

Product: Full Requirements Service

DS Customer Group: [INSERT CUSTOMER CLASS]

Delivery Point: Duquesne Residual Aggregate Zone in PJM Pnode 116472943

Delivery Period: [Month, Day, Year] through [Month, Day, Year]

Number of Tranches: [INSERT]

DS Fixed Percentage: [INSERT] % of DEFAULT SERVICE Load (for applicable customer class)

DS Fixed Price: [INSERT AVERAGE PRICE] per MWh

Tranche 1 at [INSERT] per MWH

Tranche 2 at [INSERT] per MWH

Tranche 3 at [INSERT] per MWH

⋮

Tranche [X] at [INSERT] per MWH

Alternative Energy Credit (AEC) Allocation (if any):

Alternative Energy Portfolio Standards - Reporting Period	AEC Allocation per Tranche, (AECs)	Total AEC Allocation (AECs)
2021-22		

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 by email to the Company at energysupply@duqlight.com. The signatories to this Transaction must have the authority to enter into this Transaction.

Duquesne Light Company_

By: _____

Name: _____

Title: _____

[INSERT]

By: _____

Name: _____

Title: _____

EXHIBIT 2
FORM OF NOTICE

Any notices required under this Agreement shall be made as follows:

Buyer:

Duquesne Light Company

DS Supplier:

[INSERT]

All Notices:

Street: 411 Seventh Ave.
City/State/Zip: Pittsburgh, PA 15219
Attn: Chief Financial Officer
Facsimile: (412) 393-1190
Duns: 007915606
Federal Tax ID Number: 25-0451600

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:

Invoices:

Attn: Supply Procurement – John Peoples
Phone: (412) 393-6385
Email: jpeoples@duqlight.com

Invoices:

Attn:
Phone:
Facsimile:

Scheduling:

Attn: Scheduling – John Peoples
Phone: (412) 393-6385
Email: jpeoples@duqlight.com

Scheduling:

Attn:
Phone:
Facsimile:

Payments:

Attn: Accounting – Jaime Bachota
Phone: (412) 393-1122
Email: jbachota@duqlight.com

Payments:

Attn:
Phone:
Facsimile:

Wire Transfer:

BNK:
ABA:
ACCT:

Wire Transfer

BNK:
ABA:
ACCT:

Credit and Collections:

Attn: Treasurer – James Milligan
Phone: (412) 393-1216
Email: jmilligan@duqlight.com

With additional Notices of an

Event of Default to:

Attn: Legal Department – Tishekia Williams
Phone: (412) 393-1541
Email: twilliams@duqlight.com

Credit and Collections:

Attn:
Phone:
Facsimile:

With Additional Notices of an

Event of Default to:

Attn:
Phone:
Facsimile:

EXHIBIT 3

PERFORMANCE ASSURANCE LETTER OF CREDIT

{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY
USD

AMOUNT
*****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO:
_____ FOR THE ACCOUNT OF _____ ("APPLICANT") FOR AN
AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS
_____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE
BANK OF _____ ("ISSUER") _____ {ADDRESS},
EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS AT
_____ ON OR BEFORE _____ OR ANY
AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF
CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT
SET FORTH HEREIN.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND
DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF
CREDIT WILL BE HONORED UPON PRESENTATION TO ISSUER OF THE FOLLOWING
STATEMENT:

"I HEREBY CERTIFY THAT BENEFICIARY, DUQUESNE LIGHT COMPANY,
IS ENTITLED TO DRAW THE AMOUNT OF THE ACCOMPANYING DRAFT
UNDER LETTER OF CREDIT NO. _____, ISSUED BY
_____ {ISSUER'S NAME} AND THAT SUCH DRAFT
REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM
_____ {APPLICANT'S NAME} FOR PERFORMANCE
ASSURANCE RELATED TO THE DEFAULT SUPPLY MASTER
AGREEMENT(S) DATED _____ BETWEEN BENEFICIARY
AND APPLICANT."

THE AMOUNT WHICH MAY BE DRAWN BY BENEFICIARY UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY DRAWINGS PAID THROUGH ISSUER REFERENCING THIS LETTER OF CREDIT NO. _____.

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

THIS LETTER OF CREDIT MAY BE TERMINATED UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM BENEFICIARY RELEASING ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL ALWAYS REMAIN LIABLE TO BENEFICIARY FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS TO BENEFICIARY AS SET FORTH HEREIN NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY APPLICANT.
2. THIS LETTER OF CREDIT MAY BE TRANSFERRED OR ASSIGNED.
3. THIS LETTER OF CREDIT IS IRREVOCABLE.
4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") OR SUCH LATER REVISIONS(S) OF THE ISP AS MAY BE HEREAFTER ADOPTED. AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH

ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF BENEFICIARY AND ISSUER.

5. BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS BENEFICIARY OR AN AUTHORIZED AGENT OF BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

EXHIBIT 4FORM OF GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty”) is made and entered into as of this day of _____, by _____ (“Guarantor”), with an address at _____, in favor of Duquesne Light Company (“Creditor”), with an address at 411 Seventh Avenue, Pittsburgh, PA 15219, in consideration of the Default Supply Master Agreement(s) (the “DSMA(s)”) between Creditor and _____ (“Seller”) dated _____, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

WHEREAS, Guarantor is an _____ of Seller, and will therefore benefit by Seller entering into the DSMA with Creditor and Guarantor desires Creditor to enter into the DSMA with Seller and to extend credit to Seller thereunder.

WHEREAS, without this Guaranty, Creditor would not execute and deliver the DSMA or consummate the transactions contemplated thereby. Therefore, in consideration of the execution and delivery by Creditor of the DSMA and consummation of the transactions contemplated thereby, Guarantor has agreed to execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Guaranty of Obligations.

(a) Guarantor hereby irrevocably and unconditionally guarantees, as primary obligor and not a surety with effect from date hereof, the prompt and complete payment when due of all of Seller’s payment obligations under the DSMA, whether on scheduled payment dates, when due upon demand, upon declaration of termination or otherwise, in accordance with the terms of the DSMA and giving effect to any applicable grace period, and all reasonable out-of-pocket costs and expenses incurred by Creditor in the enforcement of Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”).

(b) The limitations on liabilities of Seller set forth in Article 13 of the DSMA shall also apply to the liabilities of Guarantor hereunder.

2. Nature of Guaranty; Waivers.

(a) This is a guaranty of payment and not of collection and Creditor shall not be required, as a condition of Guarantor’s liability, to pursue any rights which may be available to it with respect to any other person who may be liable for the payment of the Obligations. This is not a performance guaranty and Guarantor is not obligated to provide power under the DSMA or this Guaranty.

(b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, or until the DSMA has been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by Creditor of any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of Creditor to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations (other than any irregularity, unenforceability or invalidity of any of the obligations under the DSMA resulting from the conduct of Creditor) or any part thereof.

(c) Except as to any claims, defenses, rights of set-off or to reductions of Seller in respect of its obligations under the DSMA (all of which are expressly reserved under this Guaranty), Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim Guarantor may have against Seller or Creditor, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the DSMA; or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the DSMA (other than any law or regulation that eliminates or nullifies the obligations under the DSMA).

(d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Seller or their assets or any other guarantor or person; provided, however, that any failure of Creditor to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. Guarantor waives all defenses based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims or defenses of Seller in respect of its obligations under the DSMA.

(e) Creditor at any time and from time to time, without notice to or the consent of Guarantor, and without impairing or releasing, discharging or modifying Guarantor's liabilities hereunder, may (i) to the extent permitted by the DSMA, change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the DSMA, renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as Creditor deems appropriate at its sole discretion; (iv) substitute, exchange or release any guaranty; or (v) take such actions and exercise such remedies hereunder as Creditor deems appropriate.

3. Representations and Warranties. Guarantor hereby represents and warrants that:

(a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on Guarantor or this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or of Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Guarantor, threatened by or against Guarantor that would have a material adverse effect on this Guaranty.

4. Repayments or Recovery from Creditor. If any demand is made at any time upon Creditor for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy, insolvency, dissolution or reorganization of Seller and if Creditor repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, Guarantor (subject to Sections 2 (c) and (d) of this Guaranty) will be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by Creditor. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to Creditor's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable.

5. Enforceability of Obligations. No modification, limitation or discharge of the Obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief

of debtors under federal or state law will affect, modify, limit or discharge Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.

6. Postponement of Subrogation. Only to the extent that, at the relevant time, there are Obligations, or other amounts hereunder, that are then due and payable but unpaid, Guarantor postpones and subordinates in favor of Creditor any and all rights which Guarantor may have to (a) assert any claim against Seller based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of Seller, including participation in any marshalling of Seller's assets. Upon payment of such due and unpaid Obligations, Creditor agrees that Guarantor shall be subrogated to the rights of Creditor against Seller to the extent of Guarantor's payment to Creditor.

7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by email transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for Creditor and Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Creditor shall be directed to:

Attn:

Phone:

Email:

With a copy to:

Phone:

Email:

or such other address as Creditor shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

Attn:

Phone:

Email:

or such other address as Guarantor shall from time to time specify to Creditor.

8. Preservation of Rights. Except as provided by any applicable statute of limitations, no delay or omission on Creditor's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will Creditor's action or inaction impair any such right or power. Creditor's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which Creditor may have under other agreements with Guarantor, at law or in equity.

9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom, will be effective unless made in a writing signed by Creditor, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case will entitle Guarantor to any other or further notice or demand in the same, similar or other circumstance.

11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between Guarantor and Creditor with respect to the subject matter hereof.

12. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of Guarantor and Creditor and their respective successors and permitted assigns. Neither party may assign this Guaranty in whole or in part without the other's prior written consent, which consent will not be unreasonably withheld or delayed, except that Creditor may at any time assign this Guaranty without Guarantor's consent, in the same manner, on the same terms and to the same persons as Creditor assigns the DSMA in accordance with Section 163 of the DSMA, and except that this Section 12 shall not limit Guarantor's right to assign this Guaranty, along with substantially all of Guarantor's assets and business to a successor entity or Affiliate that assumes all obligations thereunder and (i) where the successor Guarantor's Lowest Credit Rating is equal to or greater than Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BBB-, as rated by S&P or Fitch, or Baa3, as rated by Moody's, and (ii) Seller is in compliance the DSMA. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings determined by Moody's Investor Services, Inc. (or its successor) ("Moody's"), the Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., (or its successor) ("S&P"), or Fitch Investor Service, Inc. (or its successor) ("Fitch") immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.

13. Interpretation. In this Guaranty, unless Creditor and Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or

exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

14. Governing Law.

(a) This Guaranty has been delivered to and accepted by the Creditor. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF CREDITOR AND GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES.

(b) Guarantor hereby irrevocably consents to the jurisdiction of the federal district court for the Western District of Pennsylvania or to the county court jurisdiction of the Allegheny County Court of Common Pleas; provided that nothing contained in this Guaranty will prevent Creditor from bringing any action, enforcing any award or judgment or exercising any rights against Guarantor individually, against any security or against any property of Guarantor within any other county, state or other foreign or domestic jurisdiction. Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both Creditor and Guarantor. Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

15. WAIVER OF JURY TRIAL. GUARANTOR AND CREDITOR IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. GUARANTOR AND CREDITOR ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

16. Term. This Guaranty shall survive termination of the DSMA and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid or performed in full.

17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the DSMA is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the DSMA shall nonetheless be payable by Guarantor hereunder on written demand by Creditor.

Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

ATTEST:

[Guarantor]

By: _____

Name: _____

Title: _____

DUQUESNE LIGHT STATEMENT NO. 3

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition Of Duquesne Light Company
For Approval Of Default Service Plan
For The Period June 1, 2021 Through
May 31, 2025**

**:
:
:
:**

Docket No. P-2020-_____

**DIRECT TESTIMONY OF
SCOTT G. FISHER**

Dated: April 20, 2020

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Scott G. Fisher. My business address is 30 Monument Square, Suite 105,
4 Concord, Massachusetts, 01742.

5

6 **Q. What is your current position?**

7 A. I am a Partner with The NorthBridge Group, Inc. (“NorthBridge”), an economic and
8 strategic consulting firm serving the electric and natural gas industries. NorthBridge has
9 advised Duquesne Light Company (“Duquesne Light” or the “Company”) on matters
10 relevant to its default service plans (“DSP” or “default service” or “POLR”) for many
11 years. In these efforts, I have advised Duquesne Light on matters pertaining to both default
12 service supply product portfolio and rate design.

13

14 **Q. Please summarize your professional and academic background.**

15 A. Since joining NorthBridge in 1998, I have advised companies in the electric industry on
16 decisions related to risk management, asset valuation and portfolio management, product
17 pricing, contract negotiations, regulatory affairs, supply procurement, rate design,
18 emerging technologies, public policy formulation and negotiations, and overall corporate
19 strategy. I also have served as an expert witness on several of these topics, particularly
20 with respect to default service supply procurement and ratemaking, in state public utility
21 commission proceedings. Before joining NorthBridge, I was a consultant at Strategic
22 Decisions Group, a management consulting firm serving a variety of industries. I received

1 an A.B. from Dartmouth College and a B.E. from the Thayer School of Engineering at
2 Dartmouth College, with high honors. In addition, I received an M.S. in Engineering-
3 Economic Systems from Stanford University and an M.B.A. from the Tuck School of
4 Business at Dartmouth College, with high honors. I presently serve as a guest lecturer at
5 the Tuck School of Business on energy industry matters.

6
7 **Q. Have you testified previously before the Pennsylvania Public Utility Commission**
8 **(“Commission”)?**

9 A. Yes, I testified in Docket No. P-2012-2301664, Petition of Duquesne Light Company for
10 Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013
11 through May 31, 2015.¹ I also testified in Docket No. P-2008-2062739, Petition of PECO
12 Energy Company for Approval of its Default Service Program and Rate Mitigation Plan,²
13 Docket No. P-2012-2283641, Petition of PECO Energy Company for Approval of its
14 Default Service Program,³ Docket No. P-2014-2409362, Petition of PECO Energy
15 Company for Approval of its Default Service Program for the Period from June 1, 2015
16 through May 31, 2017,⁴ and Docket No. P-2016-2534980, Petition of PECO Energy

¹ See *Petition of Duquesne Light Company for Approval of Default Service Plan For the Period June 1, 2013 Through May 31, 2015*, Docket No. P-2012-2301664 (Order entered January 25, 2013).

² See *Petition of PECO Energy Company for Approval of Its Default Service Program and Rate Mitigation Plan*, Docket No. P-2008-2062739 (Order entered June 2, 2009).

³ See *Petition of PECO Energy Company for Approval of Its Default Service Program*, Docket No. P-2012-2283641 (Order entered October 12, 2012).

⁴ See *Petition of PECO Energy Company for Approval of Its Default Service Program for the Period from June 1, 2015 through May 31, 2017*, Docket No. P-2014-2409362 (Order entered December 4, 2014).

1 Company for Approval of its Default Service Program for the Period from June 1, 2017
2 through May 31, 2021.⁵

3
4 **Q. What is the purpose of your direct testimony?**

5 A. The purpose of my testimony is to evaluate Duquesne Light's proposed default service plan
6 (the "Default Service Plan" or "Plan" or "DSP IX") to procure supply for default service
7 customers for the period beginning June 1, 2021, and ending May 31, 2025. My direct
8 testimony is divided into two parts. First, I briefly provide some background information
9 and observations pertaining to Duquesne Light's current default service plan. Second, I
10 support Duquesne Light's overall design for DSP IX, especially in light of Act 129's (the
11 "Act") requirement that the plan include a "prudent mix" of contracts designed to ensure
12 the least cost to customers over time.⁶

13
14 **Q. Please summarize your conclusions.**

15 A. I have two main conclusions.

- 16 1. The basic default service model used by Duquesne Light has been appropriately
17 tailored to provide price stability benefits to customers while supporting the
18 competitive retail electricity market.

⁵ See *Petition of PECO Energy Company for Approval of Its Default Service Program for the Period from June 1, 2017 through May 31, 2021*, Docket No. P-2016-2534980 (Order entered December 8, 2016) ("DSP IV Order").

⁶ 66 Pa. C.S. § 2807(e)(3.4).

1 2. DSP IX satisfies the requirements of Act 129 by incorporating a prudent mix of
2 contracts designed to ensure least cost to customers over time, taking into account
3 the benefits of price stability, and by including prudent steps necessary to obtain
4 least cost generation supply.

5 Each of these conclusions is described in more detail below.

6

7 **II. The Basic Default Service Model Used by Duquesne Light Has Been Appropriately**
8 **Tailored to Provide Price Stability Benefits to Customers While Supporting the**
9 **Competitive Retail Electricity Market**

10 **Q. Please provide a high-level overview of Duquesne Light’s default service approach.**

11 A. Duquesne Light has adopted tailored supply portfolios for different customer classes that
12 are designed to ensure the least cost to customers over time, taking into account benefits
13 of price stability. Duquesne Light’s largest customers are offered default service rates
14 based on day-ahead hourly market prices, while the supply approaches for smaller
15 customers provide them with more stable default service rates. A greater degree of default
16 service rate stability is appropriate for smaller customers, as they are less likely to have the
17 time, incentive, knowledge, sophistication, or resources to elect an alternative electric
18 generation supplier (“EGS” or “competitive retail supplier”) offering that provides the
19 price stability at reasonable levels that they seek. I am advised by counsel that Act 129 is
20 consistent with this position, as it requires that a default service plan include a “prudent
21 mix” of contracts that considers any benefits of price stability.⁷

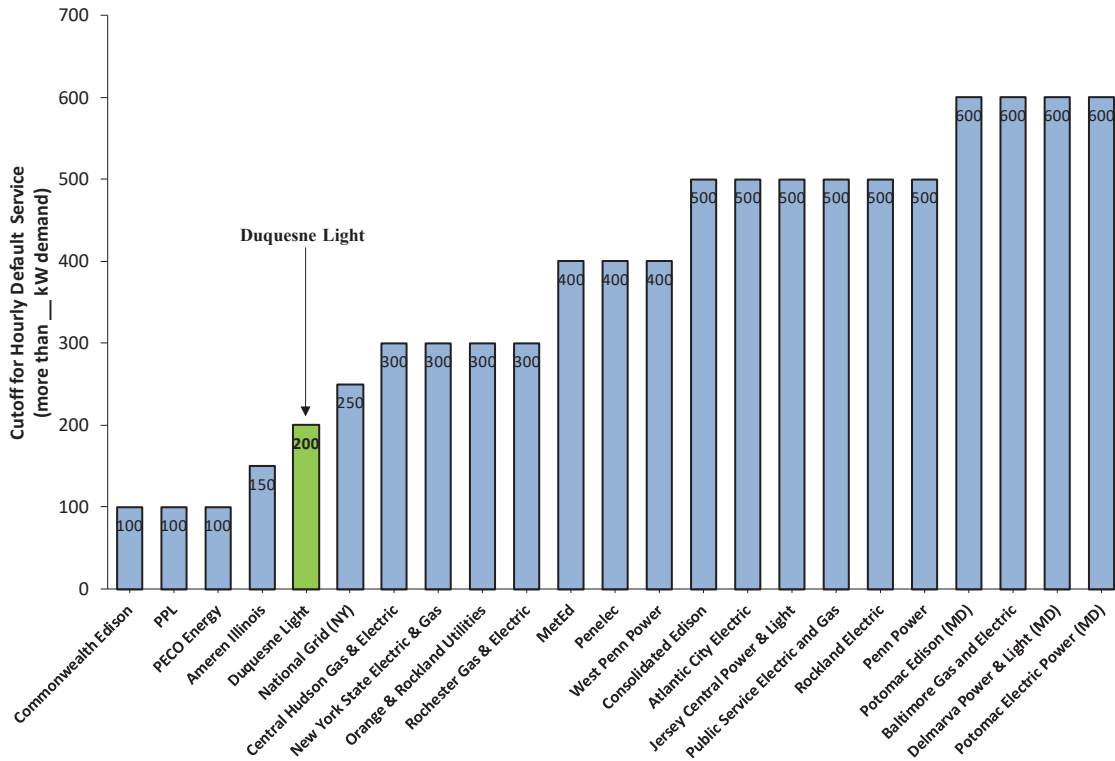
⁷ 66 Pa. C.S. § 2807(e)(3.4), and Act 129 of 2008 (Preamble).

1

2 **Q. Please characterize Duquesne Light's delineation of customers who are offered**
3 **default service rates based on day-ahead hourly market prices versus those who are**
4 **offered more stable default service rates.**

5 A. Duquesne Light was one of the first utilities in the nation to offer hourly-priced default
6 service to all customers with metered demands greater than or equal to 300 kW.
7 Furthermore, as shown in the following figure, with its recent lowering of the kilowatt
8 demand threshold to 200 kW, Duquesne Light continues to be among the utilities with the
9 lowest demand thresholds for hourly-priced default service in the United States.

1 **Figure 1 Duquesne Light Has One of the Lower kW Thresholds for Hourly Price**
 2 **Default Service for Commercial and Industrial Customers in the United**
 3 **States**



4
 5 Duquesne Light currently offers the following customers default service rates based on
 6 day-ahead hourly market prices:⁸

- 7
- Medium C&I ≥200kW – Customers served under rate schedules GS/GM and GMH
 - 8 with average monthly metered demands that are at least 200 kW.
 - 9 • Large C&I – Customers served under rate schedules GL, GLH, L, and HVPS.

⁸ For the purposes of my testimony, I refer to these customers as “HPS-Eligible,” as they are eligible for Rider No. 9 – Day-Ahead HPS.

1 As a result, the default service rates offered to about half of Duquesne Light's total system
2 load are based on day-ahead hourly market prices. As of March 2020, 94% of this load is
3 receiving supply from an EGS.

4
5 **Q. How does Duquesne Light provide more stable default service rates to its customers**
6 **who are not offered default service rates based on day-ahead hourly market prices?**

7 A. Duquesne Light relies on open solicitations for fixed-price full requirements ("FPFR")
8 default service supply products for its customers who are not offered default service rates
9 based on day-ahead hourly market prices (i.e., Residential & Lighting, Small C&I, and
10 Medium C&I <200kW customer classes),⁹ and it passes through the costs of those products
11 to customers. Furthermore, Duquesne Light tailors the specific mix of products to the
12 needs of each customer class.

13
14 **Q. Mr. Fisher, please describe the characteristics of the FPFR supply products that**
15 **Duquesne Light procures through open solicitations for its Residential & Lighting,**
16 **Small C&I, and Medium C&I <200kW default service customers.**

17 A. A FPFR default service supply product obligates the seller of the product to satisfy a
18 specified percentage of all of the default service customers' supply requirements in every
19 hour of the delivery period, regardless of the default service customers' instantaneous

⁹ Residential customers are those served under rate schedules RS, RH and RA. Lighting customers are those served under rate schedules AL, SE, SM, SH, and PAL. Small C&I customers are those with average monthly metered demands less than 25 kW served under rate schedules GS/GM, GMH and UMS. Medium C&I <200kW customers are those served under rate schedules GS/GM and GMH with average monthly metered demands that are at least 25 kW but less than 200kW.

1 changes in energy consumption, regardless of how frequently customers switch to or from
2 default service, and regardless of how the seller's cost to satisfy its supply obligation may
3 change. The seller is paid a predetermined price per megawatt-hour for this service. The
4 FPCR products that Duquesne Light procures include the generation components required
5 to supply Duquesne Light's default service customers, including energy, capacity, and
6 ancillary services, as well as alternative energy credits required for compliance with
7 Pennsylvania's Alternative Energy Portfolio Standards ("AEPS") Act. In Duquesne
8 Light's solicitations for FPCR products, qualified bidders compete with one another by
9 submitting the prices at which they are willing to provide the full requirements default
10 service supply, and the suppliers with the lowest prices are selected upon approval of the
11 procurement by the Commission. Furthermore, additional price stability benefits can be
12 achieved for certain customer classes if the FPCR products are procured at different times
13 and with overlapping delivery periods. This approach limits the percentage of supply that
14 must be solicited or replaced at any given time or in any given short period of time, thereby
15 reducing the likelihood of significant rate changes due to adverse circumstances or market
16 conditions at any given time.

17
18 **Q. In its January 2020 Secretarial Letter,¹⁰ the Commission requested that "...the large**
19 **EDCs include in their upcoming DSP filings a 10 year history of their PTC**

¹⁰ Secretarial Letter, *Investigation into Default Service and PJM Interconnection, LLC. Settlement Reforms*, Docket M-2019-3007101, January 23, 2020 ("*January 2020 Secretarial Letter*").

1 **changes...”¹¹ Please provide a statistical summary of Duquesne Light’s Price-to-**
2 **Compare (“PTC”) changes over the past ten years.**

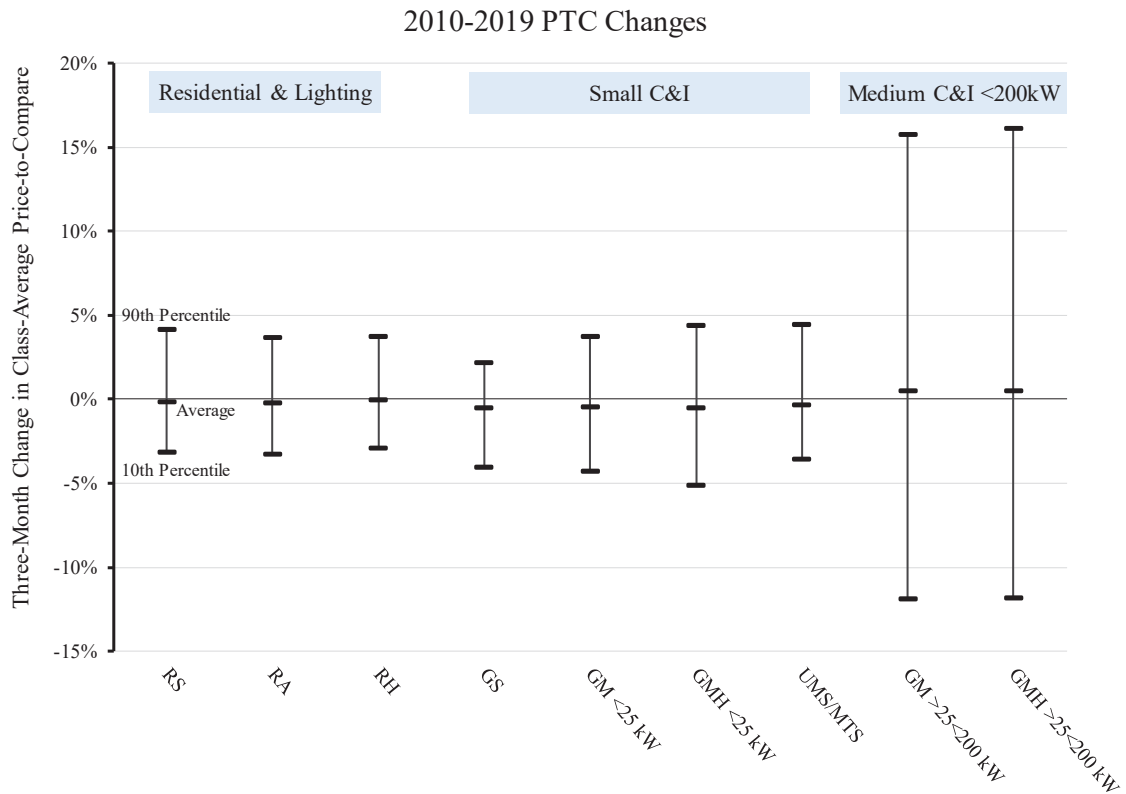
3 A. Figure 2 provides a statistical summary of Duquesne Light’s class-average PTC changes
4 during the 2010-2019 period for the major rate schedules that are currently offered default
5 service rates based on FPCR supply products.¹² Throughout this time period, percentage
6 changes in the PTC from one date to the date three months later were measured. Figure 2
7 illustrates the PTC volatility for each rate schedule by providing the 10th and 90th
8 percentiles of the percentage changes.

¹¹ *January 2020 Secretarial Letter*, p. 11.

¹² Exhibit SGF-1 contains the underlying data used to develop Figure 2, and it shows the class-average PTC changes over ten years.

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Figure 2 Three-Month Changes in Duquesne Light's Prices-to-Compare during 2010-2019



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As shown in Figure 2, Duquesne Light's historical default service plans have been effective in providing the Residential & Lighting and Small C&I customer classes with greater default service price stability than that provided to the Medium C&I <200kW customer class. This is appropriate, given smaller customers' lower likelihoods of having the time, incentive, knowledge, sophistication, or resources to elect an EGS offering that provides the price stability at reasonable levels that they seek.

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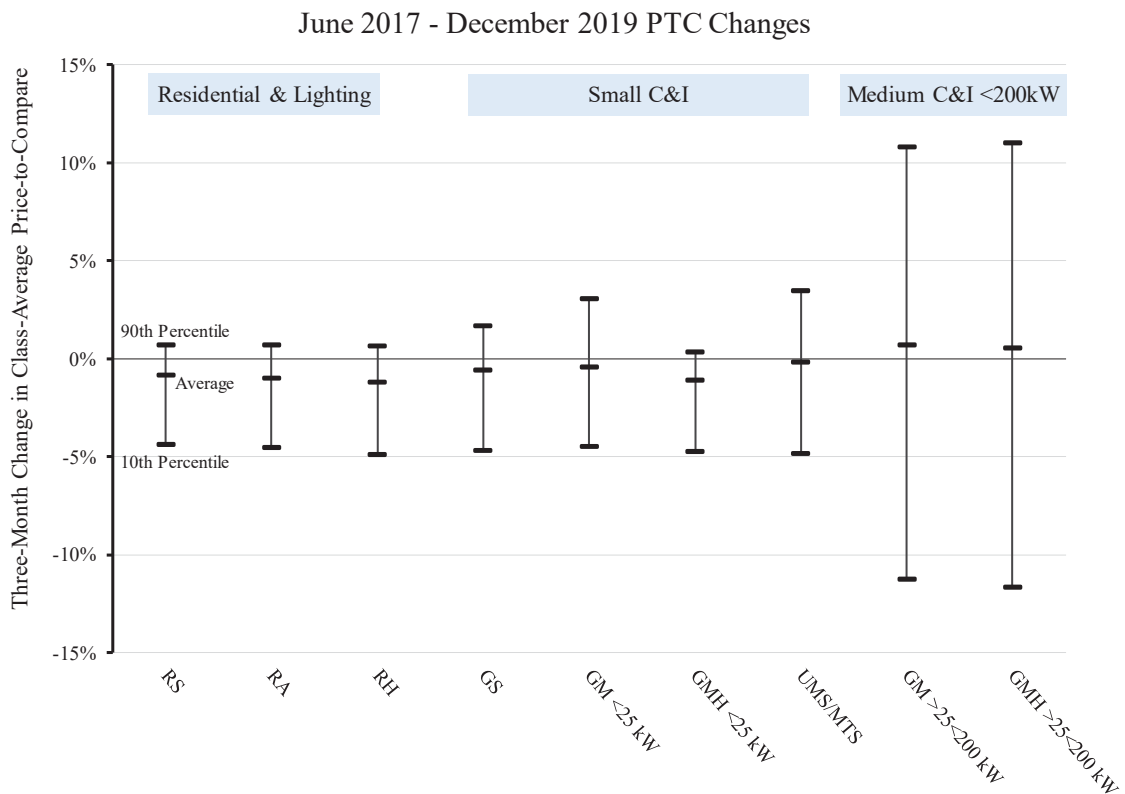
While Figure 2 provides a statistical summary of Duquesne Light's class-average PTC changes during the 2010-2019 period, the product mixes and rate change frequencies changed over this time period. Additional information that is relevant to DSP IX can be

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1 provided by studying the PTC changes during the DSP VIII period (the period starting June
 2 2017), as Duquesne is proposing to continue the basic procurement strategy that was
 3 established in DSP VIII. Accordingly, Figure 3 provides a statistical summary of
 4 Duquesne Light's class-average PTC changes during the DSP VIII period.

5 **Figure 3 Three-Month Changes in Duquesne Light's Prices-to-Compare during**
 6 **the DSP VIII Period**



7
 8 The results depicted in Figure 3 are similar to the results depicted in Figure 2.
 9 Specifically, Duquesne Light's DSP VIII has been effective in providing the Residential &
 10 Lighting and Small C&I customer classes with greater default service price stability than
 11 that provided to the Medium C&I <200kW customer class. Since DSP IX will continue
 12 the basic procurement strategy that was established in DSP VIII, Figure 3 supports the

1 conclusion that the benefits of price stability for smaller customers, who are more likely to
2 rely on default service to provide these benefits, will be achieved under DSP IX.

3
4 **Q. How does Duquesne Light’s default service approach provide the benefits of price
5 stability to default service customers in the Residential & Lighting and Small C&I
6 customer classes?**

7 A. The mix of one-year and two-year FPCR products in Duquesne Light’s Residential &
8 Lighting and Small C&I default service supply portfolios, and the semi-annual overlapping
9 of their delivery periods, provides these customers with additional assurances of price
10 stability. This is true for several reasons. First, the mix of fixed-price one-year and two-
11 year products smooths out rate fluctuations over time. Second, 37.5% of the Residential
12 & Lighting and Small C&I default service supply is replaced every six months,¹³ thereby
13 mitigating the impacts of adverse circumstances or market conditions at any given time,
14 while updating prices over time. Third, Duquesne Light’s reliance on supply purchased on
15 four different solicitation dates to determine the default service supply rate at any given
16 point in time, versus a plan in which the default service supply rate at any given point in
17 time is based on supply procured on fewer solicitation dates, provides Residential &
18 Lighting and Small C&I default service customers with greater rate stability. Finally,
19 Duquesne Light’s approach does not require that 100% of the supply be replaced at the end

¹³ Duquesne Light conducts solicitations every six months, but in each solicitation 25% of the supply requirement is procured in the form of one-year products and 12.5% of the supply requirement is procured in the form of two-year products.

1 of the DSP period (a “hard stop”), which would expose Residential & Lighting and Small
2 C&I customers to unnecessary rate instability and risks.

3
4 **Q. In its January 2020 Secretarial Letter, the Commission stated that “...PTC change**
5 **intervals should also be reviewed in the upcoming round of DSP proceedings,”¹⁴ and**
6 **it specifically requested that “...the large EDCs include in their upcoming DSP filings**
7 **a 10 year history of their PTC changes and assess the benefits of a 6-month PTC**
8 **change compared to a 3-month PTC change.”¹⁵ Have you conducted an analysis to**
9 **assess the benefits of a 6-month PTC change compared to a 3-month PTC change?**

10 A. Yes. Using data from 2010-2019, a ten-year historical period consistent with the
11 Commission’s request, I simulated and compared the default service supply rate stability
12 of the following default service approaches: (a) Duquesne Light’s proposed default service
13 supply portfolios (for Residential & Lighting and Small C&I) of 50% overlapping one-
14 year products and 50% overlapping two-year products with six-month PTC changes, (b)
15 non-overlapping six-month supply products with six-month PTC changes, and (c) non-
16 overlapping three-month supply products with three-month PTC changes. To simulate the
17 different default service supply product portfolios, I applied forward energy prices and
18 capacity prices during 2010-2019. For a given default service supply product portfolio,
19 the forward energy prices and capacity prices associated with the portfolio’s supply product
20 procurement dates and delivery periods were applied.¹⁶ In all cases, I assumed that supply

¹⁴ *January 2020 Secretarial Letter*, p. 8.

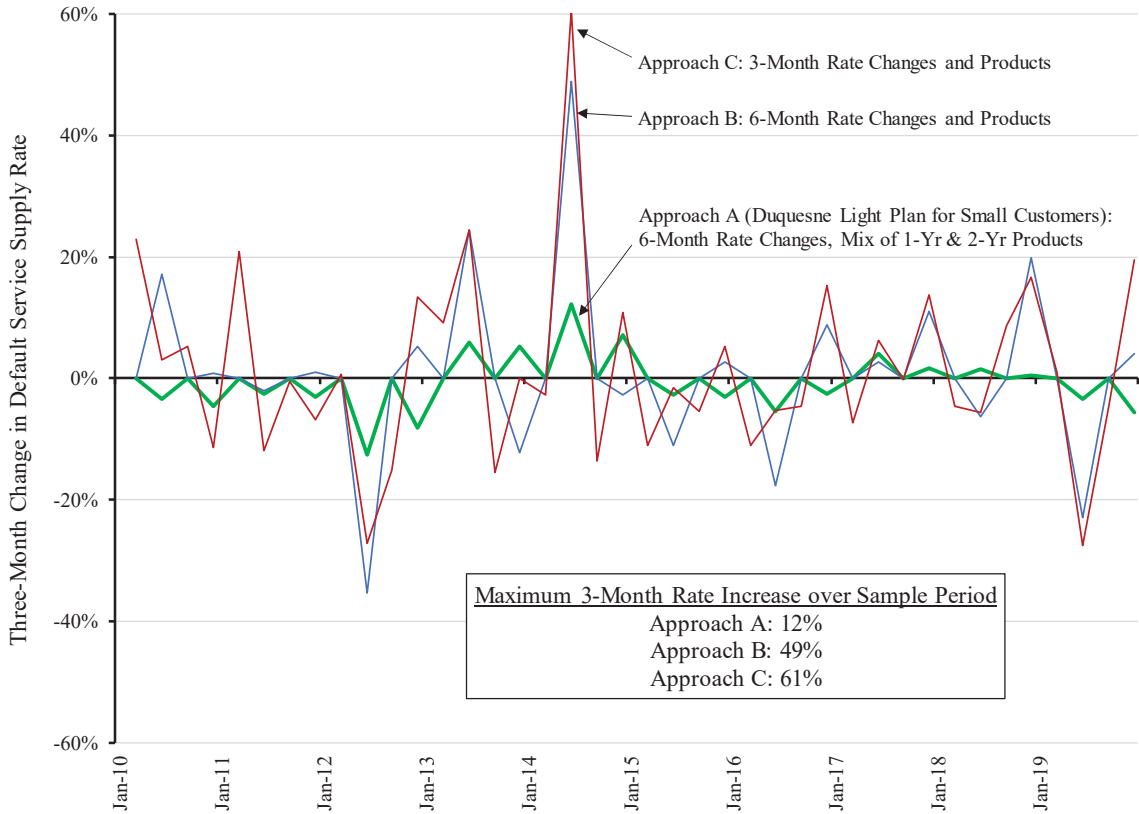
¹⁵ *January 2020 Secretarial Letter*, p. 11.

¹⁶ I relied on forward block energy prices for PJM Western Hub as reported by the New York Mercantile Exchange (“NYMEX”). NYMEX prices were provided by ABB Velocity Suite. A historical basis adjustment to the Duquesne

1 products are procured approximately 2.5 months before the start of delivery. Over the ten-
2 year period, I calculated the percentage changes in the PTC from one date to the date three
3 months later for each of the three default service supply portfolios. Figure 4 depicts the
4 results of this analysis.

Light Zone was applied. I then added a load shaping adjustment to reflect the fact that market prices are generally higher during hours in which customer loads are higher. The load shaping adjustments are based on actual historical percentage differences between load-weighted hourly energy prices and straight-average hourly energy prices. For capacity, I applied PJM-published Zonal Net Load Prices to megawatt quantities of required capacity. For the purposes of this analysis, the other, smaller contributions to default service supply rates (e.g., ancillary services and other PJM line items allocated to the FPCR product suppliers, Alternative Energy Credits, residual compensation required by FPCR product suppliers to assume various costs and risks, any approved adders that are required to cover administrative costs, distribution line losses, Pennsylvania Gross Receipts Tax, etc.) were assumed to have a negligible impact on the percentage change in the PTC from period to period. For illustrative purposes, I assumed that collections from customers match underlying costs, so reconciliations are minimal.

1 **Figure 4 Duquesne Light’s DSP IX Plan Offers Residential & Lighting and Small**
 2 **C&I Customers Greater Assurances of Price Stability than Plans with**
 3 **Six-Month or Three-Month Rates and Matching Six-Month or Three-**
 4 **Month Supply Products**



5
 6 As indicated by Figure 4, Duquesne Light’s default service approach provides
 7 significant price stability benefits to Residential & Lighting and Small C&I default service
 8 customers, relative to the approaches involving three-month or six-month rates and
 9 matching three-month or six-month supply products. The greater price stability achieved
 10 by Duquesne Light’s default service approach is primarily due to the inclusion of
 11 overlapping, longer-term FPCR products, procured at different times, without any “hard
 12 stops” in supply.

1 **Q. Do you have any other comments to add about the results of your analyses?**

2 A. Yes. It is important to recognize that actual future rate volatility could be even greater than
3 what I show in my analyses based on actual market prices experienced in recent years.
4 Indeed, the single path of energy and capacity prices during the historical period is unlikely
5 to reflect the universe of potential market outcomes that could occur in the future.
6 Furthermore, my simulation does not include all drivers of rate uncertainty. These facts
7 underscore the importance of adopting a default service approach that is designed to
8 provide significant price stability benefits to Residential & Lighting and Small C&I default
9 service customers.

10

11 **Q. Have Duquesne Light's solicitations for FPFR supply products been successful?**

12 A. Yes. Multiple suppliers have participated in each of the FPFR product solicitations, and
13 the Commission has approved the bid results for all of the FPFR default service supply
14 product tranches that have been solicited.¹⁷ These facts indicate that suppliers understand
15 the products being solicited and are willing to compete to provide those products. This is
16 beneficial for customers and helps to ensure that the winning prices are the lowest possible
17 for the products being solicited. When bidders are faced with a high likelihood that other
18 bidders are also competing on the basis of price for the same product, they have the
19 incentive to submit their lowest possible price in order to avoid being underpriced by
20 another bidder.

¹⁷ The period observed in making this statement is the period since 2017, when Duquesne Light first started using the specific auction process that it currently employs.

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Q. Have Duquesne Light’s default service plans supported the competitive retail electricity market?

A. Yes, Duquesne Light’s default service plans have facilitated and supported the competitive retail market over a sustained period. For years, Duquesne Light has consistently been among the top utilities in the United States in terms of percentage of total load switched to a competitive supplier. It remains among the top twenty utilities in the United States in terms of percentage of total load switched. As of March 2020, 67% of the load in Duquesne Light’s service area is receiving supply from an EGS. These results have been achieved without imposing undue price volatility on default service customers or without the use of opt-out customer assignment programs. The foundation for these results has been the tailored supply portfolios that take into account benefits of price stability, as well as other initiatives that Duquesne Light has implemented to promote competition while balancing the interests of its customers and shareholders.¹⁸

III. DSP IX Satisfies the Requirements of Act 129 by Incorporating a Prudent Mix of Contracts Designed to Ensure Least Cost to Customers Over Time, Taking into

¹⁸ For example, Duquesne Light’s management proposed a market determination of stranded costs through the voluntary divestiture of its generation assets. This provided enormous benefits to customers in the form of accelerated recovery of stranded costs, significant rate reductions, and a faster transition from capped default service rates to default service rates that are better designed to reflect market price levels, against which EGSs may compete. Duquesne Light was the first utility in Pennsylvania to develop an hourly pricing program for large commercial and industrial customers. In DSP IV, Duquesne Light negotiated with EGSs, customer groups, and other parties one of the first Pennsylvania purchase of receivables (“POR”) pilot programs, whereby Duquesne Light offered to purchase the receivables of EGSs serving Residential and Small C&I customers. In DSP V, Duquesne Light expanded the POR program to include Medium C&I customers.

1 **Account the Benefits of Price Stability, and by Including Prudent Steps Necessary to**
2 **Obtain Least Cost Generation Supply**

3 **Q. Please summarize Duquesne Light’s proposed plan for DSP IX.**

4 A. DSP IX will continue the basic procurement strategy that was established in DSP VIII,
5 which includes procurement of a prudent mix of products from competitive wholesale
6 suppliers and has supported retail market competition. The following chart provides a
7 summary of the DSP IX portfolio for each customer class:

Figure 5 Duquesne Light Tailors its Supply Portfolios by Customer Class

Residential & Lighting	Small C&I (< 25 kW)	Medium C&I < 200 kW (≥ 25 kW and < 200 kW)¹⁹	HPS-Eligible (≥ 200 kW)²⁰
<ul style="list-style-type: none"> • Six-month fixed default service supply rates • Continue procurement of 50% of supply from one-year and 50% of supply from two-year full requirements supply products with overlapping delivery periods²¹ • Products are procured every six months within three months of start of delivery 	<ul style="list-style-type: none"> • Six-month fixed default service supply rates • Continue procurement of 50% of supply from one-year and 50% of supply from two-year full requirements supply products with overlapping delivery periods²² • Products are procured every six months within three months of start of delivery 	<ul style="list-style-type: none"> • Three-month fixed default service supply rates • Continue procurement of 100% of supply from three-month full requirements supply products with delivery periods that do not overlap • Products are procured every three months within three months of start of delivery 	<ul style="list-style-type: none"> • Hourly price default service supply rates • Continue to procure supply through an auction every twelve months within three months of start of delivery • Winning suppliers are paid their fixed bid price plus their share of the associated (day-ahead hourly) energy, capacity, and ancillary service charges billed pursuant to Rider No. 9.
<ul style="list-style-type: none"> • Approximately 34% of total system load 	<ul style="list-style-type: none"> • Approximately 7% of total system load 	<ul style="list-style-type: none"> • Approximately 13% of total system load 	<ul style="list-style-type: none"> • Approximately 46% of total system load

¹⁹ Duquesne Light lowered the threshold for customers who are not offered default service rates based on day-ahead hourly market prices from < 300 kW to < 200 kW on June 1, 2019.

²⁰ Duquesne Light lowered the threshold for customers who are offered default service rates based on day-ahead hourly market prices from ≥ 300 kW to ≥ 200 kW on June 1, 2019.

²¹ As explained by Duquesne Light witness John Peoples in Duquesne Light Statement No. 2, Duquesne Light also has proposed that 12.5% of the Residential & Lighting default service supply that spans December 2021 through November 2022, and that is currently scheduled to be procured via DSP VIII procurements, instead be procured in the September 2021 DSP IX auction in the form of 12-month FPF products.

²² As explained by Duquesne Light witness John Peoples in Duquesne Light Statement No. 2, Duquesne Light also has proposed that 12.5% of the Small C&I default service supply that spans December 2021 through November 2022, and that is currently scheduled to be procured via DSP VIII procurements, instead be procured in the September 2021 DSP IX auction in the form of 12-month FPF products.

1 HPS-Eligible customers, which comprise approximately 46% of the total load in
2 Duquesne Light's service area, will be offered default service rates based on day-ahead
3 hourly market prices.

4 Medium C&I <200kW customers, which comprise approximately 13% of the total
5 load in Duquesne Light's service area, will be offered three-month fixed-price default
6 service rates that are based on quarterly procurements of three-month products that do not
7 overlap.

8 Small C&I customers, which comprise approximately 7% of the total load in
9 Duquesne Light's service area, will be offered default service supply rates that adjust every
10 six months, and these rates will be based on a combination of overlapping one-year
11 contracts and overlapping two-year contracts procured every six months.

12 Residential & Lighting customers, which represent about 34% of the total load in
13 Duquesne Light's service area, also will be offered default service supply rates that adjust
14 every six months, and these rates will be based on a combination of overlapping one-year
15 contracts and overlapping two-year contracts procured every six months.

16 In Duquesne Light Statement No. 2, Duquesne Light witness John Peoples
17 describes the procurement processes for the different customer classes in more detail. The
18 Company is also evaluating the benefits of entering into a long-term Power Purchase
19 Agreement ("PPA") to support a utility-scale solar project in Pennsylvania at some point
20 during the DSP IX supply period. The alternative energy credits associated with this
21 project would be used toward compliance with the requirements of the AEPS Act with
22 respect to default service load. In Duquesne Light Statement No. 1, Duquesne Light
23 witness C. James Davis discusses this proposal.

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Q. The January 2020 Secretarial Letter requests that EDCs include in their DSP filings evidence showing how their DSP proposals comply with the prudent mix requirements of the Public Utility Code and case law.²³ Does DSP IX satisfy Section 2807(e)(3.1) of the Act, which requires that supply be acquired through competitive procurement processes?

A. Yes, DSP IX satisfies this requirement. Section 2807(e)(3.1) provides that the default service provider shall acquire electric power through competitive procurement processes including one or more of the following: auctions, RFPs, and/or bilateral agreements entered into at the sole discretion of the default service provider. DSP IX satisfies Section 2807(e)(3.1) by relying on open and competitive solicitation processes utilizing auctions for full requirements supply contracts to obtain default service supply for all of its customers.

Q. Act 129 requires a default service plan to procure a prudent mix of contracts and to include prudent steps necessary to obtain least cost generation supply contracts on a long-term, short-term and spot market basis.²⁴ What guidance has the Commission provided in interpreting that standard?

A. On October 4, 2011, the Commission entered its Second Default Service Rulemaking Order, and in this Order, it provided guidance based on input received from stakeholders.

²³ *January 2020 Secretarial Letter*, p. 11.
²⁴ 66 Pa. C.S. § 2807(e)(3.4), and 66 Pa. C.S. § 2807(e)(3.7).

1 Some of the Commission’s guidance regarding the interpretation of “least cost” and
2 “prudent mix” is as follows:

3 [T]he [“least cost”] standard must give the DSP sufficient latitude to select
4 contracts that constitute a “prudent mix” which includes a sufficient
5 variety of products that adequately take into consideration price volatility,
6 changes in generation supply, customer usage characteristics and the need
7 to assure safe and reliable service.²⁵

8 In implementing default service standards, the Commission must be
9 concerned about rate stability as well as other considerations such as
10 ensuring a “prudent mix” of supply and ensuring safe and reliable service.
11 In our view, a default service plan that meets the “least cost over time”
12 standard should not have, as its singular focus, the achievement of the
13 absolute lowest cost over the default service plan time frame but rather a
14 cost for power that is both relatively stable and also economical relative to
15 other options.²⁶

16 Price stability benefits are very important to some customer groups, so an
17 interpretation of “least cost” that mandates subjecting all default service
18 customers to significant price volatility through general reliance on short
19 term pricing is inconsistent with Act 129’s objectives.²⁷

20 We agree with the majority of parties that the “prudent mix” of contracts
21 be interpreted in a flexible fashion which allows the DSPs to design their
22 own combination of products that meets the various obligations to achieve
23 “least cost to customers over time,” ensure price stability, and maintain
24 adequate and reliable service.²⁸

25 We do reject the positions of those parties that “prudent mix” be defined
26 to always require a specific mix or percentage of types of contract

²⁵ *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered October 4, 2011) (“*Second Default Service Rulemaking Order*”), p. 38.

²⁶ *Second Default Service Rulemaking Order*, p. 40.

²⁷ *Second Default Service Rulemaking Order*, p. 41.

²⁸ *Second Default Service Rulemaking Order*, p. 60.

1 components in each default service plan or a minimum of two types of
2 products.²⁹

3
4 **Q. Do you believe that DSP IX incorporates a prudent mix of contracts, and includes**
5 **prudent steps necessary to obtain least cost generation supply contracts, as required**
6 **by Section 2807(e)(3.4) and Section 2807(e)(3.7) of Act 129?**

7 A. Yes, I do. There are several reasons for this conclusion:

8 1. The procurement process is designed to ensure the least cost to customers by
9 requiring qualified bidders in the supply product solicitations to compete and be
10 selected based on the lowest price. Furthermore, when FPFR products are solicited,
11 default service customers are provided the benefits of competition on all aspects of
12 the full requirements supply obligation, including the portfolio management
13 function.³⁰ It is reasonable to assume that bidders in the FPFR product solicitations
14 will consider the costs and risks associated with all forms of supply available to
15 them to satisfy their fixed-price full requirements obligation, and will reflect in their
16 bid prices the benefits of any opportunity that they believe is the least cost supply
17 opportunity.

18 2. DSP IX relies on FPFR default service supply products, which are well-tested in
19 the marketplace. These products have been successfully procured by Duquesne

²⁹ *Second Default Service Rulemaking Order*, p. 60.

³⁰ FPFR product suppliers have the responsibility for continuously satisfying the uncertain and constantly changing supply requirements at the agreed-upon price, and therefore must manage the associated costs and risks through their supply portfolio decisions.

1 Light and are frequently procured by utilities in Pennsylvania and in other
2 jurisdictions.³¹

- 3 3. The Commission has recognized the benefits of reliance on full requirements
4 products in a default service portfolio, as it stated in its Second Default Service
5 Rulemaking Order:

6 The [full requirements] process insulates default supply customers
7 from the volatility associated with wholesale market conditions
8 with the supplier bearing the risks of factors such as customer
9 migration, weather, load variation and economic activity.³²

10 We do express a preference for continued reliance by DSPs on the
11 [full requirements] approach to the extent this method best suits the
12 DSP's particular procurement needs.³³

13 The seller of a FPFR product is responsible for assuming, managing, and covering
14 the financial costs and risks associated with electricity supply, while customers are
15 protected against adverse market and/or generation cost outcomes. Sellers of FPFR
16 products must satisfy their obligation, regardless of how much market prices or
17 generation costs may increase during the delivery period and regardless of the
18 default service load level. Yet if market prices decrease after these types of supply
19 contracts are signed, customers may elect service from a lower cost competitive
20 retail supplier.

³¹ Examples of specific jurisdictions in which full requirements supply products are procured include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Ohio, Pennsylvania, and Washington D.C.

³² *Second Default Service Rulemaking Order*, p. 54.

³³ *Second Default Service Rulemaking Order*, p. 56.

1 4. DSP IX continues the use of a standard supply contract (referred to as a supply
2 master agreement or “SMA”), which lets bidders know the terms and requirements
3 of the default service supply obligation well in advance of the bid due date, and
4 therefore allows qualified bidders to submit firm bid prices knowing that these
5 contract terms and conditions will not change. The use of a standard contract also
6 assures qualified bidders that the selection of the winning bidders will be an
7 objective process. Consequently, the use of a standard contract encourages
8 participation in the solicitations from many potential suppliers.

9 5. DSP IX is also prudent because it includes tailored supply portfolios for different
10 customer classes that take into account the benefits of price stability, the different
11 shopping propensity of each customer class, and the desire to support the
12 competitive retail market in Duquesne Light’s service area.

13
14 **Q. Has the Commission supported the use of a tailored supply portfolio for each**
15 **customer class?**

16 A. Yes. Specifically, in its Second Default Service Rulemaking Order, in its discussion of
17 the “prudent mix” requirement under Act 129, the Commission stated:

18 The Commission notes there was substantial unanimity on this point and
19 agrees with the parties that the “prudent mix” standard should be
20 interpreted to allow for a class-specific product mix that best matches the
21 needs of each DSP customer class.³⁴

³⁴ *Second Default Service Rulemaking Order*, p. 69.

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Q. Do you believe that DSP IX is designed to ensure adequate and reliable service, as required by Section 2807(e)(3.4) of the Act?

A. Yes. First, the supply contracts contain protections to provide reliability with respect to the sellers’ ability to satisfy the terms and conditions of the contracts. Under DSP IX, suppliers must satisfy certain requirements (including being a member in good standing of PJM) that help ensure that they are able to perform their obligations.

In addition, since all of the load served under the contracts will be supplied through PJM, regardless of whether the winning default service supply bidders own or control generation, reliable and adequate service is further ensured. PJM is a FERC-approved regional transmission organization with a central responsibility to ensure the reliability of its regional electricity grid of which Duquesne Light is a part, and PJM has numerous mechanisms in place to meet this responsibility. Furthermore, if a default service supplier defaults on its contract, Duquesne Light can procure from PJM the physical supply necessary to ensure adequate and reliable service to satisfy its default service obligations.

Q. Mr. Fisher, does DSP IX include a reasonable degree of flexibility to accommodate the possibility of future changes in the default service supply approach?

A. Yes. DSP IX incorporates this flexibility in several ways. First, the default service supply product portfolios for the HPS-Eligible and Medium C&I <200kW procurement classes do not include any supply products with delivery periods that extend beyond May 31, 2025, the end of the DSP IX period. As a result, the Commission can easily adopt a similar plan

1 or a very different plan for the period starting June 1, 2025, without facing situations
2 involving pre-existing default service supply products for these customer classes with
3 deliveries that extend beyond the DSP IX period.

4 Second, the first solicitation for Residential & Lighting and Small C&I supply
5 products with delivery periods that extend beyond May 31, 2025 (the end of the DSP IX
6 period) does not occur until September 2023.³⁵ As a result, there is a significant amount of
7 time before commitments to new supply products extending beyond the DSP IX period are
8 made, should changes need to be made due to legislative or regulatory mandates. In the
9 meantime, these solicitations remain scheduled because they allow for the option for a
10 fairly seamless continuation of the laddered procurement cycle as Duquesne Light
11 transitions from DSP IX to DSP X,³⁶ and they avoid subjecting Residential & Lighting and
12 Small C&I customers to a “hard stop” with regard to their supply products at the end of the
13 DSP IX period. This helps to avoid the need to replace a large portion of default service
14 supply in a short period of time at the end of the DSP IX period. Customers could be
15 exposed to magnified risks and rate instability if a default service plan were to require that
16 a large portion of the customers’ default service supply be procured in a short period of
17 time.

18 Finally, DSP IX provides flexibility because it relies on full requirements supply
19 products. Full requirements products provide just enough supply to satisfy the actual load

³⁵ Furthermore, the supply product obtained in the September 2023 solicitation that extends beyond May 31, 2025 represents only 12.5% of the respective customer class’s default service load.

³⁶ In its *Second Default Service Rulemaking Order*, the Commission recognized the importance of “laddering” contracts in procuring default service supply. Specifically, the Commission stated, “We agree with those parties that utilizing such practices as laddering contracts, with varying procurement periods and contract durations over multiple procurements provide definite benefits in terms of minimizing the impacts of market volatility and decreasing customer risk.” (*Second Default Service Rulemaking Order*, pp. 62-63.)

1 obligations, thereby mitigating the risk of being saddled with commitments to purchase
2 supply that is not needed. This is especially valuable given ongoing uncertainty about
3 future customer migration.
4

5 **Q. Is DSP IX designed to support the competitive retail electricity market?**

6 A. Yes. EGSs will compete against market-based default service rates, as the default service
7 rates will be based on the prices for supply products obtained through competitive
8 solicitations in which multiple bidders compete to sell the products solely on the basis of
9 price. In addition, the use of FPFR supply products for the Residential & Lighting, Small
10 C&I, and Medium C&I <200kW classes will allow those classes' default service rates to
11 closely match the market-based supply costs, reducing the likelihood of significant over-
12 and under-collections from retail customers and enhancing rate transparency for retail
13 supply decisions.³⁷ Furthermore, the FPFR supply products and their procurement timing
14 under DSP IX will result in a relatively stable and transparent residential price-to-compare
15 benchmark against which residential customers can compare competing retail offers.
16 Finally, as discussed by Duquesne Light witness Davis in Duquesne Light Statement No.
17 1, Duquesne Light will continue its pre-established retail market initiatives, such as its
18 Standard Offer Program, through May 31, 2025.

³⁷ Over- and under-collections are related to the degree to which actual costs during a given period may vary from the retail rates that were set for that period. If there is significant uncertainty about the all-in dollar-per-megawatt-hour default service supply cost for an upcoming rate period when the default service retail supply rate for that period is set, then the likelihood of significant over- and under-collections is increased. FPFR products generally entail very little uncertainty about the default service supply costs on a dollars-per-megawatt-hour basis for any given upcoming rate period at the time that the default service retail rate for that period is set, effectively reducing the potential for significant over- or under-collections. It should be noted that over- and under-collections also can occur due to billing cycle lag.

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Q. Do you believe that FPFR suppliers’ bid prices will be noticeably higher due to Duquesne Light’s proposal to include, in the FPFR products, the supply for customers enrolled in Duquesne Light’s proposed Electric Vehicle Time-of-Use (“EV-TOU”) Pilot Program?³⁸

A. No. Both the fixed-rate default service and the EV-TOU Pilot Program will be supplied via the same FPFR products, so customer switching between the fixed-rate default service and the EV-TOU Pilot Program will not cause load uncertainty issues which the suppliers otherwise may be expected to price into their bids.³⁹ Furthermore, since suppliers will be paid the same price for a megawatt-hour of supply regardless of what proportion of the supply is for EV-TOU Pilot Program customers, suppliers will not bear any revenue risk associated with whether a given megawatt-hour of supply is needed by a customer on the fixed-rate default service or a customer enrolled in the EV-TOU Pilot Program. In addition, to the extent that customers elect the EV-TOU Pilot Program and shift their usage to lower-priced periods or reduce their usage during higher-priced periods, the underlying market-based cost to supply the customers could be reduced, resulting in lower FPFR supplier bid prices over time. Finally, I expect the number of customers who elect the EV-TOU Pilot Program in the near term to be relatively small relative to the overall customer base. If the EV-TOU Pilot Program is expected to represent a small percentage of a given

³⁸ Duquesne Light witness Katherine M. Scholl in Duquesne Light Statement No. 5 describes the EV-TOU Pilot Program and the customer enrollment process. In Duquesne Light Statement No. 4, Duquesne Light witness David B. Ogden describes the supply rates for the EV-TOU Pilot Program.

³⁹ In contrast, if the supply for the EV-TOU Pilot Program were solicited separately, default service suppliers would bear additional risks related to customer switching to and from the EV-TOU Pilot Program. Duquesne Light’s proposal eliminates these risks and is relatively easy to administer.

1 FPFER product's supply, then any effects of the EV-TOU Pilot Program on the FPFER
2 product supplier's bid price should be small.

3

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

5 A. Yes, it does.

Duquesne Light Company
 Historical Changes in Class-Average Prices-to-Compare

Exhibit SGF-1

	Price-to-Compare (cents/kWh)										Change in Price-to-Compare (cents/kWh)								
	Residential			Small C&I				Medium C&I			Residential			Small C&I				Medium C&I	
	RS	RA	RH	GS	GM	GMH	UMS/MTS	GM	GMH		RS	RA	RH	GS	GM	GMH	UMS/MTS	GM	GMH
				<25kW	<25kW		>=25kW.<200kW	>=25kW.<200kW						<25kW	<25kW		>=25kW.<200kW	>=25kW.<200kW	
1/1/10	8.54	8.51	7.57	8.23	8.29	7.95	7.50	7.19	6.92										
6/1/10	8.17	8.07	7.60	8.39	8.25	7.85	7.31	7.15	6.79	(0.37)	(0.44)	0.03	0.16	(0.04)	(0.10)	(0.19)	(0.04)	(0.13)	
7/1/10	8.17	8.07	7.60	8.39	8.25	7.85	7.31	7.57	7.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.42
1/1/11	8.89	8.79	8.58	6.98	6.84	6.44	7.67	7.17	6.81	0.72	0.72	0.98	(1.41)	(1.41)	(1.41)	0.36	(0.40)	(0.40)	
1/21/11	8.89	8.78	8.57	6.98	6.84	6.44	7.67	7.17	6.81	0.00	(0.01)	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6/1/11	9.33	9.26	8.96	7.05	7.09	6.68	8.00	7.06	6.76	0.44	0.48	0.39	0.07	0.25	0.24	0.33	(0.11)	(0.05)	
12/1/11	9.33	9.26	8.96	7.05	7.09	6.68	8.00	6.88	6.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.18)	(0.18)	
1/1/12	9.32	9.24	8.94	7.04	7.08	6.67	7.99	6.87	6.57	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
6/1/12	9.89	9.79	9.25	5.76	5.93	5.89	8.18	6.07	5.99	0.57	0.55	0.31	(1.28)	(1.15)	(0.78)	0.19	(0.80)	(0.58)	
12/1/12	9.89	9.79	9.25	5.76	5.93	5.89	8.18	5.67	5.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.40)	(0.40)	
6/1/13	6.60	6.59	5.80	6.05	6.28	6.29	5.94	6.06	5.82	(3.29)	(3.20)	(3.45)	0.29	0.35	0.40	(2.24)	0.39	0.23	
12/1/13	6.59	6.58	5.79	5.93	6.16	6.17	5.82	5.62	5.38	(0.01)	(0.01)	(0.01)	(0.12)	(0.12)	(0.12)	(0.12)	(0.44)	(0.44)	
6/1/14	8.08	7.97	7.44	6.67	6.86	6.85	6.27	8.14	7.77	1.49	1.39	1.65	0.74	0.70	0.68	0.45	2.52	2.39	
12/1/14	8.09	7.98	7.45	7.27	7.46	7.45	6.87	8.24	7.87	0.01	0.01	0.01	0.60	0.60	0.60	0.60	0.10	0.10	
6/1/15	7.98	7.75	7.33	6.98	7.11	7.08	6.82	6.96	6.80	(0.11)	(0.23)	(0.12)	(0.29)	(0.35)	(0.37)	(0.05)	(1.28)	(1.07)	
9/1/15	7.98	7.75	7.33	6.98	7.11	7.08	6.82	6.50	6.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.46)	(0.46)	
12/1/15	7.77	7.54	7.12	6.75	6.88	6.85	6.59	7.48	7.32	(0.21)	(0.21)	(0.21)	(0.23)	(0.23)	(0.23)	(0.23)	0.98	0.98	
3/1/16	7.77	7.54	7.12	6.75	6.88	6.85	6.59	6.29	6.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.19)	(1.19)	
6/1/16	8.07	7.78	7.04	6.78	6.85	6.44	6.27	5.62	5.55	0.30	0.24	(0.08)	0.03	(0.03)	(0.41)	(0.32)	(0.67)	(0.58)	
9/1/16	8.07	7.78	7.04	6.78	6.85	6.44	6.27	5.37	5.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.25)	(0.25)	
12/1/16	7.83	7.54	6.80	6.60	6.67	6.26	6.09	6.35	6.28	(0.24)	(0.24)	(0.24)	(0.18)	(0.18)	(0.18)	(0.18)	0.98	0.98	
3/1/17	7.83	7.54	6.80	6.60	6.67	6.26	6.09	5.46	5.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.89)	(0.89)	
6/1/17	7.79	7.65	7.16	6.69	6.81	6.85	6.15	6.61	6.52	(0.04)	0.11	0.36	0.09	0.14	0.59	0.06	1.15	1.13	
9/1/17	7.79	7.65	7.16	6.69	6.81	6.85	6.15	6.48	6.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.13)	(0.13)	
12/1/17	7.83	7.69	7.20	6.89	7.01	7.05	6.35	7.12	7.03	0.04	0.04	0.04	0.20	0.20	0.20	0.20	0.64	0.64	
3/1/18	7.83	7.69	7.20	6.89	7.01	7.05	6.35	6.67	6.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.45)	(0.45)	
6/1/18	7.96	7.55	7.04	6.99	7.27	7.01	6.66	7.09	6.85	0.13	(0.14)	(0.16)	0.10	0.26	(0.04)	0.31	0.42	0.27	
9/1/18	7.96	7.55	7.04	6.99	7.27	7.01	6.66	6.97	6.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.12)	(0.12)	
10/1/18	7.51	7.10	6.59	6.53	6.82	6.56	6.20	6.52	6.28	(0.45)	(0.45)	(0.45)	(0.46)	(0.45)	(0.45)	(0.46)	(0.45)	(0.45)	
12/1/18	7.45	7.04	6.53	6.49	6.78	6.52	6.16	7.61	7.37	(0.06)	(0.06)	(0.06)	(0.04)	(0.04)	(0.04)	(0.04)	1.09	1.09	
3/1/19	7.45	7.04	6.53	6.49	6.78	6.52	6.16	7.36	7.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.25)	(0.25)	
6/1/19	7.41	7.17	6.61	6.53	6.76	6.37	6.28	6.39	6.17	(0.04)	0.13	0.08	0.04	(0.02)	(0.15)	0.12	(0.97)	(0.95)	
9/1/19	7.41	7.17	6.61	6.53	6.76	6.37	6.28	5.68	5.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.71)	(0.71)	
12/1/19	7.10	6.86	6.30	6.24	6.47	6.08	5.99	6.75	6.53	(0.31)	(0.31)	(0.31)	(0.29)	(0.29)	(0.29)	(0.29)	1.07	1.07	

DUQUESNE LIGHT STATEMENT NO. 4

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition Of Duquesne Light Company :
For Approval Of Default Service Plan : **Docket No. P-2020_____**
For The Period June 1, 2021 Through :
May 31, 2025 :

**DIRECT TESTIMONY OF
DAVID B. OGDEN**

Dated: April 20, 2020

1 **I. INTRODUCTION**

2 **Q. Please state your full name, business affiliation and address.**

3 A. My name is David B. Ogden. I am the Manager of Rates and Tariff Services for Duquesne
4 Light Company (“Duquesne Light” or “Company”). My business address is 411 7th
5 Avenue, Pittsburgh, PA, 15219.

6

7 **Q. Please describe your professional and educational background.**

8 A. I received a Bachelor of Science in Business Administration Degree with a major in
9 Accounting from Clarion University of Pennsylvania in 2001. I am a Certified Public
10 Accountant. I began my career at the Company in 2008 as the Supervisor of Derivative
11 Accounting and Special Projects. Over the last twelve years, I have held supervisory and
12 managerial positions within Accounting, Financial Planning and Analysis and currently the
13 Rates Department. Prior to joining Duquesne Light, I was a senior audit associate in the
14 Pittsburgh office of PricewaterhouseCoopers LLP, a public accounting firm, where I
15 performed attestation, advisory and compliance services for clients throughout the United
16 States. Prior to joining PricewaterhouseCoopers, I held audit positions within the
17 Allegheny County Controllers Office.

18

19 **Q. Please describe your current responsibilities.**

20 A. In my current role as Manager of Rates and Tariff Services, I am responsible for overseeing
21 the Company’s retail rates and wholesale transmission rates. In addition, it is my
22 responsibility to ensure the rates are properly distributed to Customer Billing.

23

24

1 **Q. Have you previously testified before the Pennsylvania Public Utility Commission?**

2 A. Yes. I have testified in the Company's Default Service Plan ("DSP VIII") at Docket No.
3 P-2016-2543140, the Company's Distribution System Improvement Charge ("DSIC")
4 proceeding at Docket No. P-2016-2540046, and the Company's 2018 base rate proceeding
5 at Docket R-2018-3000124.

6

7 **Q. What is the purpose of your Direct Testimony?**

8 A. The purpose of my testimony is to address the following items regarding the Company's
9 proposed ninth default service plan ("DSP IX"):

- 10 1. Describe the proposed default service supply rates for Residential and Lighting, Small
11 Commercial and Industrial ("C&I"), Medium C&I, and Large C&I customers
12 obtained through competitive auctions.
- 13 2. Describe the default service supply rates for the Company's proposed Electric Vehicle
14 Time-of-Use ("EV-TOU") Pilot Program.
- 15 3. Describe the Company's default service costs and cost recovery.
- 16 4. Describe the Company's plan to recover retail competition costs.
- 17 5. Describe the reconciliation process for Rider No. 8 - Default Service Supply ("DSS")
18 rates and Rider No. 9 – Day-Ahead Hourly Price Service ("HPS") rates.
- 19 6. Describe the Company's proposed recovery of its Rider No. 21 – Net Metering Service
20 ("Net Metering") banked kWh cash payout for default service customers.
- 21 7. Describe the Company's reconciliation periods and when it posts the Price to Compare
22 ("PTC").

1 8. Describe the proposed changes to the Company’s Retail Tariff necessary to implement
2 DSP IX.

3 9. Describe the proposed changes to the Company’s Electric Generation Supplier
4 (“EGS”) Coordination Tariff necessary to implement DSP IX.

5

6 **Q. Are you sponsoring any exhibits as part of your Direct Testimony?**

7 A. Yes. I am sponsoring the following exhibits:

8 • Exhibit DBO-1 Illustrative Example to Calculate DSS Rates for Residential and
9 Lighting Customers

10 • Exhibit DBO-2 Derivation of DSS Rate Factors for Residential and Lighting
11 Customers

12 • Exhibit DBO-3 Illustrative Example to Calculate EV-TOU DSS Rates

13 • Exhibit DBO-4 Derivation of EV-TOU DSS Rate Factors

14 • Exhibit DBO-5 Estimated Default Service Plan Related Costs

15 • Exhibit DBO-6 Illustrative Example of a 1307e Reconciliation for Residential and
16 Lighting Customers

17 • Exhibit DBO-7 Proposed Retail Tariff Supplement (clean version)

18 • Exhibit DBO-8 Proposed Retail Tariff Supplement (red-line version)

19 • Exhibit DBO-9 Proposed EGS Tariff Supplement (clean version)

20 • Exhibit DBO-10 Proposed EGS Tariff Supplement (red-line version)

21

22 **Q. Were these exhibits prepared by you or under your supervision?**

23 A. Yes. These exhibits were prepared either by me or under my supervision. They were
24 prepared, to the best of my knowledge, in accordance with the Pennsylvania Public Utility
25 Commission (“Commission”) requirements and practice.

1 **Q. How is your testimony organized?**

2 A. I first discuss the proposed DSS rates for the various customer classes. I then describe the
3 rate design for the Company’s proposed EV-TOU Pilot Program. Next, I describe the
4 proposed method to recover the costs associated with implementing the DSP IX plan and
5 of administering certain retail competition programs and initiatives. Next, I describe the
6 proposed method to recover the cash payout associated with Net Metering. I then describe
7 the DSS reconciliation and PTC posting processes. Finally, I describe the proposed
8 changes to the Company’s Retail and EGS Coordination Tariffs necessary to implement
9 the proposed default service plan.

10

11 **II. RIDER NO. 8 – DEFAULT SERVICE SUPPLY (“DSS”) RATES FOR**
12 **RESIDENTIAL AND LIGHTING CUSTOMERS**

13

14 **Q. What rate schedules apply to Residential and Lighting customers?**

15 A. Residential customers are served under rate schedules RS, RH and RA. Lighting customers
16 are served under rate schedules AL, SE, SM, SH, and PAL.

17

18 **Q. Please describe the current DSS rates applicable to Residential and Lighting**
19 **customers.**

20 A. The current DSS rates for these rate schedules are designed to recover the costs of electric
21 supply that are procured through a competitive auctions solicitation process approved in
22 the Company’s DSP VIII proceeding at Docket No. P-2016-2543140 and described in
23 Rider No. 8 – DSS of the Company’s current retail Tariff No. 25. The competitive auctions
24 are for full requirements service that includes both the Residential and Lighting load. Full

1 requirements service includes the cost of energy, capacity, congestion and congestion
2 management charges, alternative energy requirements, ancillary services, and PJM grid
3 management charges. DSS rates for Residential and Lighting rate schedules AL and SE
4 are a reconcilable, flat supply charge per kilowatt-hour (“kWh”). DSS rates for Lighting
5 rate schedules SM, SH and PAL are a fixed rate per fixture based on the monthly kWh
6 consumption of the fixture and are also reconcilable.

7
8 **Q. Is the Company proposing any changes to the basic process of determining DSS rates**
9 **for Residential and Lighting customers in DSP IX?**

10 A. No. As discussed by Duquesne Light witness Mr. Peoples, the Company is proposing to
11 continue to obtain DSS through multiple competitive auctions, and the Company will use
12 the same basic process to calculate the new supply rates. Under the current and proposed
13 plan, new supply rates will continue to be effective every June 1 and December 1 for the
14 period June 1, 2021 through May 31, 2025.¹

15
16 **Q. In DSP IX, please describe how the Residential and Lighting DSS rates will be**
17 **determined.**

18 A. Winning bids will be determined through the competitive auction process as described by
19 Duquesne Light witness Mr. Peoples. In general, a single weighted-average price will be

¹ In response to the Commission’s January 23, 2020 Secretarial Letter, Duquesne Light witness Fisher provides a statistical summary of Duquesne Light’s PTC changes over the past ten years and assesses the benefits of a 6-month PTC change compared to a 3-month PTC change.

1 calculated from the winning bids necessary to fill the applicable tranches in accordance
2 with the guidelines of the competitive auction process.

3 The Company will then adjust the weighted-average winning bid price to recover
4 the cost of line losses, initial and ongoing administrative costs to provide default service,
5 the cost of solar contracts (if any) obtained by the Company on behalf of Residential and
6 Lighting default service customers,² and prior period over/under collections³ with interest.
7 Once the gross weighted average of the winning bid price is determined, the Company will
8 adjust the price using class rate factors to derive Residential and Lighting class rates based
9 on their respective energy consumption patterns and capacity requirements. Next, the
10 Company will adjust the individual class rates for any costs that are directly related to either
11 the Residential or Lighting class. The final step will adjust the price to recover
12 Pennsylvania gross receipts tax (“GRT”). This process is generally the same as that used
13 by the Company in DSP VIII.

14
15 **Q. Have you prepared an exhibit that shows the derivation of DSS rates for Residential**
16 **and Lighting customers?**

17 A. Yes. Exhibit DBO-1 is an illustrative example showing the derivation of the Residential
18 and Lighting DSS rates for the DSP IX period.

² Initially, the same basic process that exists today will be used to develop Residential and Lighting DSS rates. The rates will be adjusted for those costs associated with the Company’s long-term solar contracts, if any, during the DSP IX period that are approved by the Pennsylvania Public Utility Commission. Duquesne Light witness Mr. Davis discusses the Company’s plan to evaluate entering into long-term solar contracts during the DSP IX period.

³ Including the proposed recovery of net metering compensation as described in Section VI.

1 **Q. Have you updated the rate factors used to derive the DSS rates for Residential and**
2 **Lighting customers?**

3 A. Yes. Exhibit DBO-2 shows the derivation of the rate factors that the Company proposes
4 to use for the 2021-2022 effective rate period. As shown in Exhibit DBO-2, capacity prices
5 per MWh were determined based on the results of the 2021-2022 PJM capacity auction,
6 and on historical customer class capacity obligations and loads.⁴ Hourly load-weighted
7 locational marginal prices (“LMPs”) for energy were calculated based on hourly market
8 price and load data from 2016 through 2019. The load-weighted average LMPs for
9 Lighting customers reflect the off-peak nature of these customers’ load. Rate factors were
10 derived by adding capacity prices and LMPs per MWh, and expressing these values relative
11 to the load-weighted average sum of capacity prices and LMPs per MWh for the
12 Residential and Lighting customer load combined.

13
14 **III. RIDER NO. 8 – DEFAULT SERVICE SUPPLY (“DSS”) RATES FOR SMALL**
15 **C&I CUSTOMERS**

16
17 **Q. What rate schedules apply to Small C&I customers?**

18 A. Small C&I customers are those customers with monthly metered demand less than 25 kW
19 served under rate schedules GS/GM and GMH and unmetered customers served under rate
20 schedule Unmetered Service (“UMS”).⁵

21

⁴ Due to ongoing changes in PJM capacity rules and delays in the capacity auction process, capacity auction prices have not yet been established for the 2022-2023 capacity planning period and beyond. The Company proposes to update the rate factors using the same basic methodology shown in Exhibit DBO-1 and DBO-2 as future base capacity auction prices are published.

⁵ Municipal traffic signals are an example of UMS customers.

1 **Q. Please describe how the current DSS rates for Small C&I customers were developed.**

2 A. DSS is procured through a competitive auction solicitation process approved in the
3 Company's DSP VIII proceeding and described in Rider No. 8 – DSS of the Company's
4 current retail Tariff No. 25. The competitive auction is for full requirements service. Small
5 C&I DSS rates are reconcilable, flat supply charges per kWh.

6

7 **Q. Is Duquesne Light proposing any changes to the basic process of determining DSS**
8 **rates for Small C&I customers in DSP IX?**

9 A. No. The process for determining DSS rates for Small C&I customers is generally the same
10 as in DSP VIII. As discussed by Duquesne Light witness Mr. Peoples, the Company is
11 proposing to continue to obtain DSS through multiple competitive auctions, and the
12 Company will use the same basic process to calculate the retail rate. Under the current and
13 proposed plan, new DSS rates will continue to be effective every June 1 and December 1
14 for the period June 1, 2021 through May 31, 2025.

15

16 **Q. Please describe how the DSS rates will be determined for rate schedules GS/GM,**
17 **GMH and UMS.**

18 A. A single weighted-average price will be calculated from the winning bids necessary to fill
19 the applicable tranches in accordance with the guidelines of the competitive auction
20 process. Similar to the derivation of the Residential and Lighting DSS rates shown in
21 Exhibit DBO-1, the Company proposes to adjust the weighted-average winning bid price
22 to recover the cost of line losses, initial and ongoing administrative costs to provide default
23 service, the cost of solar contracts (if any) obtained by the Company on behalf of Small

1 C&I default service customers, and prior period over/under collections with interest.⁶ Once
2 the gross weighted-average of the winning bid price is determined, the Company will adjust
3 the rate for any costs that are directly related to the Small C&I class. The final step will
4 adjust the price to recover Pennsylvania gross receipts tax (“GRT”). This process is
5 generally the same as that used by the Company in DSP VIII.

6
7 **IV. RIDER NO. 8 – DEFAULT SERVICE SUPPLY (“DSS”) RATES FOR MEDIUM**
8 **C&I CUSTOMERS**

9
10 **Q. What rate schedules apply to Medium C&I customers?**

11 A. Medium C&I customers are those customers served under rate schedules GS/GM and
12 GMH with monthly metered demand that is at least 25 kW. For purposes of Rider No. 8 –
13 DSS, medium customers are those customers with a monthly metered demand that is at
14 least 25 kW and less than 200kW, on average, in a twelve (12) month period.⁷

15
16 **Q. How are C&I customers assigned to Rider No. 8 – DSS or Rider No. 9 – HPS?**

17 A. For purposes of assigning customers not being served by an EGS to the applicable supply
18 rate, the Company evaluates the customer’s twelve (12) most recent months of monthly
19 billing demand available in October of the preceding year. If the customer’s average
20 monthly billing demand is greater than or equal to 25 kW but less than 200 kW in the
21 twelve (12) month period, then that customer is assigned to the Rider No. 8 – DSS rate for

⁶ Including the proposed recovery of net metering compensation as described in Section VI.

⁷ For purposes of assigning customers to the applicable supply rate, each October, Duquesne Light shall evaluate the customer’s average monthly usage and billing demand for the past twelve (12) most recent months.

1 Medium C&I customers effective with the customer's June billing.⁸ If the customer's
2 average monthly billing demand is greater than or equal to 200 kW, the customer will be
3 assigned to Rider No. 9 – HPS effective June 1st. Customers served on Rider No. 9 are
4 described further in Section V.

5
6 **Q. Please describe how the current Rider No. 8 - DSS rates for Medium C&I customers**
7 **were developed.**

8 A. DSS is procured through a competitive auction solicitation process approved in the
9 Company's DSP VIII proceeding and described in Rider No. 8 – DSS of the Company's
10 current retail Tariff No. 25. The competitive auction is for full requirements service.
11 Medium C&I DSS rates are reconcilable, flat supply charges per kWh.

12
13 **Q. Is Duquesne Light proposing any changes to the basic process of determining DSS**
14 **rates for Medium C&I customers in DSP IX?**

15 A. No. As discussed by Duquesne Light witness Mr. Peoples, the Company is proposing to
16 continue to obtain DSS through multiple competitive auctions for full requirements supply
17 products, and the Company will use the same basic process to calculate the DSS rate.
18 Under the proposed plan, through May 31, 2025, new DSS rates will continue to become
19 effective every June 1, September 1, December 1, and March 1 for Medium C&I customers
20 served under Rider No. 8.

21

⁸ Duquesne Light lowered the upper threshold for the Medium C&I class from < 300 kW to < 200 kW on June 1, 2019.

1 **Q. Please describe how the Rider No. 8 - DSS rates will be determined for rate schedules**
2 **GS/GM and GMH.**

3 A. The Company proposes to continue the same basic process used to derive DSS rates. A
4 single weighted-average price will be calculated from the winning bids necessary to fill the
5 applicable tranches in accordance with the guidelines of the competitive auction process.
6 Similar to the derivation of the Residential and Lighting rates shown in Exhibit DBO-1,
7 the Company proposes to adjust the weighted-average winning bid price to recover the cost
8 of line losses, initial and ongoing administrative costs to provide default service, the cost
9 of solar contracts (if any) obtained by the Company on behalf of Medium C&I default
10 service customers, and prior period over/under collections with interest.⁹ Once the gross
11 weighted average of the winning bid price is determined, the Company will adjust the rate
12 for any costs that are directly related to the Medium C&I class. The final step will adjust
13 the price to recover Pennsylvania gross receipts tax (“GRT”). This process is generally the
14 same as that used by the Company in DSP VIII.

15

16 **V. RIDER NO. 9 – DAY-AHEAD HPS SUPPLY RATES FOR MEDIUM AND LARGE**
17 **C&I CUSTOMERS**

18

19 **Q. What rate schedules are eligible for Rider No. 9 – Day-Ahead HPS?**

20 A. HPS default service applies to customers served under rate schedules GS/GM and GMH
21 with monthly metered demand that is greater than or equal to 200 kW on average, in a
22 twelve (12) month period, as well as Large C&I customers served under rate schedules GL,
23 GLH, L, and HVPS.

⁹ Including the proposed recovery of net metering compensation as described in Section VI.

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Q. Please describe how HPS rates are developed in DSP VIII.

A. The formula used to calculate HPS rates is provided in Rider No. 9 – Day-Ahead HPS. The Company procures full requirements supply for HPS through a competitive auction solicitation process. As described by Duquesne Light witness Mr. Peoples, the Company issues a single solicitation each year, wherein the Company requests competitive offers from suppliers to provide default service supply. The suppliers (or supplier) with the lowest fixed price bids are selected as the winners of the HPS solicitation. In addition to being paid its winning bid price, each winning supplier is paid for its share of the associated energy (at the day-ahead hourly energy market prices), capacity, and ancillary service charges billed to HPS customers, as described in Rider No. 9 – Day-Ahead HPS. The winning suppliers’ fixed price bids are designed to recover the alternative energy credit costs, the energy balancing costs associated with day-ahead pricing versus final energy costs, and any other third-party supplier administrative costs of providing HPS. The annual solicitation is conducted in March of each year.

Q. Is Duquesne Light proposing any changes to the basic process of determining HPS rates in DSP IX?

A. No. The Company is proposing to continue to issue annual competitive auctions and charge each HPS customer based on the winning bid prices and its actual hourly usage at the day-ahead hourly energy prices. This will continue to allow customers to manage their electricity usage and supply costs by providing customers with day-ahead notice of hourly

1 energy prices. The methodology used to calculate the other bill components of the HPS
2 rate will remain the same.

3
4 **Q. Is the Company proposing any changes to the methodology used to determine the**
5 **Fixed Retail Administrative Charge (“FRA”) in Rider No. 9?**

6 A. No. The Company is proposing to continue to include only the implementation and
7 ongoing annual costs in the price billed to customers in the same manner as previously
8 described for DSS rates in Rider No. 8. Specifically, in the derivation of the rates effective
9 June 1 of each year, the Company will include for recovery through the FRA the annual
10 ongoing costs to provide Rider No. 9 as well as the costs to conduct the competitive auction
11 for Rider No. 9. The Company will continue to adjust the FRA to include the initial and
12 ongoing administrative costs to provide default service, the cost of solar contracts (if any)
13 obtained by the Company on behalf of HPS default service customers, as well as a true-up
14 for the prior period over/under collection of Company costs recovered with interest.¹⁰
15 Consistent with DSP VIII, only the Company expenses to be recovered through the FRA
16 will be included in the Company’s Rider No. 9 – Day-Ahead HPS 1307e reconciliation.

17
18 **VI. ELECTRIC VEHICLE TIME-OF-USE DEFAULT SERVICE SUPPLY RATE**

19
20 **Q. Does the Company currently have in effect any TOU supply rate offering?**

21 A. No. The Company had a TOU-1 and TOU-2 pilot program, but that offering ended
22 September 30, 2012. The Company then proposed a new TOU program in DSP VII, which

¹⁰ Including the proposed recovery of net metering compensation as described in Section VI.

1 became effective June 1, 2016. In this program, an EGS supplied TOU rates and service
2 and customers on TOU service became retail customers of the EGS TOU supplier. This
3 TOU program ended May 31, 2017.

4
5 **Q. In Duquesne Light’s service area, are EGSs currently permitted to offer TOU supply**
6 **rates?**

7 A. Yes. The Company currently permits EGSs to offer a TOU product using the Duquesne
8 Light bill-ready billing option. The Company will continue to facilitate the offering of
9 EGS TOU rates in DSP IX.

10
11 **Q. Is the Company proposing any changes related TOU service in this proceeding?**

12 A. Yes, in DSP IX, the Company is proposing a new Electric Vehicle Time-of-Use (“EV-
13 TOU”) Pilot Program. Duquesne Light witness Ms. Scholl describes the EV-TOU Pilot
14 Program in more detail.

15
16 **Q. Which customers will be eligible to participate in the EV-TOU Pilot Program?**

17 A. As described by Duquesne Light witness Ms. Scholl, EV-TOU service under the Pilot
18 Program will be offered to Residential, Small C&I, and Medium C&I customers eligible
19 for Rider No. 8 who own or lease a plug-in battery electric vehicle or a plug-in hybrid
20 electric vehicle (collectively “EV”) or offer charging infrastructure to employees or
21 visitors. Customers eligible for Rider No. 9 – Day-Ahead HPS will not be eligible for the
22 EV-TOU Pilot Program, and they will not bear any of the costs associated with the

1 program.¹¹ The EV-TOU Pilot Program eligibility requirements are described further by
2 Duquesne Light witness Ms. Scholl.

3
4 **Q. Are customers that participate in the EV-TOU Pilot Program also eligible for net
5 metering?**

6 A. Yes. Customers who are eligible for Rider No. 8 – DSS EV-TOU supply rates are also
7 eligible for net metering in accordance with the terms and conditions in Rider No. 21 – Net
8 Metering Service. As described in section XI, the Company is proposing to add billing
9 provisions for EV-TOU customer-generators to describe the billing and cash-out process
10 for EV-TOU customer-generators. The EV-TOU customer-generator will receive a credit
11 for each kilowatt-hour received by the Company up to the total amount of electricity
12 delivered to the Customer during the billing period at the full retail rate consistent with
13 Commission regulations. If an EV-TOU customer-generator supplies more electricity to
14 the Company than the Company delivers to the customer-generator in a given billing
15 period, the Company will maintain an active record of the excess kilowatt hours produced
16 at the customer-generators premise in a “bank”. This bank can be used to credit a future
17 offset in kilowatt hours. If an EV-TOU customer-generator supplies more electricity to
18 the Company than the Company delivers to the customer-generator in a given billing
19 period, the excess kilowatt hours shall be carried forward and credited against the EV-TOU
20 customer generator’s usage in a subsequent billing period at the full retail rate. If, in a
21 subsequent billing period, a customer consumes more electricity than produced, kilowatt-
22 hours will be pulled from the customer’s bank on a first in first out basis. Any excess

¹¹ Unmetered accounts on Rider No. 8 also are not eligible for EV-TOU supply rates.

1 kilowatt hours shall continue to accumulate and credit against usage for the 12 month
2 period ending May 31st. On an annual basis, the Company will compensate the customer-
3 generator for kilowatt-hours remaining in the bank on May 31st, at the applicable PTC at
4 the time the excess kilowatt-hours were banked. The customer-generator is responsible
5 for the customer charge, demand charge and other applicable charges under the applicable
6 Rate Schedule.

7
8 **Q. How will electricity for the EV-TOU Pilot Program be supplied?**

9 A. The EV-TOU service for a given customer class will be supplied via the same fixed price,
10 full requirements (“FPFR”) products that provide default service supply for that customer
11 class. Suppliers will be paid the same price for a megawatt-hour of supply regardless of
12 how much of its supply is for EV-TOU customers.

13
14 **Q. By what time periods will EV-TOU supply rates be differentiated?**

15 A. EV-TOU supply rates will be distinguished by three time periods throughout the year. The
16 Off-Peak Period will consist of all hours every day from 11:00 PM through 6:00 AM. The
17 On-Peak Period will consist of all hours every day from 1:00 PM through 9:00 PM. All
18 other hours will be included in the Shoulder Period. The same On-Peak, Off-Peak, and
19 Shoulder Periods will be applicable to all eligible EV-TOU customers.

20
21 **Q. Would the EV-TOU supply rates apply to all load behind the customer meter or just**
22 **the EV load?**

1 A. During the pilot program, the EV-TOU rates would apply to all load associated with the
2 applicable meter, not just the EV load. This would avoid the need to purchase and install
3 a separate meter.

4
5 **Q. Please explain the rationale for the three EV-TOU time periods (Off-Peak, On-Peak,
6 and Shoulder).**

7 A. The EV-TOU supply rates are designed primarily to help promote the adoption of electric
8 vehicles in the Duquesne Light service area by making it cheaper to charge EVs overnight.
9 The EV-TOU supply rate will promote charging of EVs overnight (i.e., incent customers
10 to add incremental load at lower rates) when demand is relatively low on the system and
11 discourage EV charging during On-Peak Periods when the underlying market costs of
12 electricity are higher. A discounted Off-Peak Period supply rate (from 11:00 PM through
13 6:00 AM) that applies every day of the week also will be simple for customers to
14 understand.

15
16 **Q. How will the EV-TOU supply rates be determined for the Off-Peak Period, On-Peak
17 Period, and the Shoulder Period?**

18 A. For each applicable procurement class, the process will begin with the weighted-average
19 winning bid price for the applicable class's default service supply. The Company will then
20 adjust the weighted-average winning bid price to recover the cost of line losses, initial and
21 ongoing administrative costs to provide default service, the cost of solar contracts (if any)
22 obtained by the Company on behalf of default service customers, and prior period
23 over/under collections with interest. Once the gross weighted average of the winning bid

1 price is determined, the Company will adjust the price using the applicable class rate factors
2 to derive the Off-Peak Period, On-Peak Period, and Shoulder Period rates for that customer
3 class based on its respective energy consumption patterns and capacity requirements.¹²
4 Next, the Company will adjust the individual class rates for other costs related to the
5 applicable customer classes. The final step will adjust the price to recover Pennsylvania
6 gross receipts tax (“GRT”). This process is generally the same as that proposed by the
7 Company for DSP IX and used by the Company in earlier DSPs to establish Residential
8 and Lighting DSS rates based on competitive auction results.

9
10 **Q. Have you prepared an exhibit that shows the derivation of the EV-TOU supply rates?**

11 A. Yes. Exhibit DBO-3 is an illustrative example showing the derivation of the EV-TOU
12 supply rates for the DSP IX period.

13
14 **Q. How did you derive the EV-TOU supply rate factors for the Off-Peak Period, On-
15 Peak Period, and Shoulder Period for each customer class?**

16 A. Exhibit DBO-4 shows the derivation of the EV-TOU supply rate factors that the Company
17 proposes to use for the 2021-2022 effective rate period, for each applicable customer class.
18 As shown in Exhibit DBO-4, capacity prices per MWh were determined based on the
19 results of the 2021-2022 PJM capacity auction, and on historical customer class capacity
20 obligations and loads.¹³ Hourly load-weighted locational marginal prices (“LMPs”) for

¹² Residential and Lighting class rate factors will also be applied at this point, as applicable.

¹³ Due to ongoing changes in PJM capacity rules and delays in the capacity auction process, capacity auction prices have not yet been established for the 2022-2023 capacity planning period and beyond. The Company proposes to update the rate class factors using the same basic methodology shown in Exhibit DBO-3 and DBO-4 as future base capacity auction prices are published.

1 energy were calculated based on hourly market price and load data from 2016 through
2 2019. Rate factors were derived by adding capacity prices and LMPs per MWh for each
3 given time period, and expressing these values relative to the load-weighted average sum
4 of capacity prices and LMPs per MWh across all hours. This process is very similar to the
5 process used to develop the Residential and Lighting supply rate factors that I described
6 earlier in my testimony.

7
8 **Q. Will the new EV-TOU supply rates be reflected in the Company's Retail Tariff?**

9 A. Yes. The Company will reflect the EV-TOU supply rates for each applicable customer
10 class within Rider No. 8 – DSS, as shown in Exhibits DBO-7 and DBO-8 that contain the
11 necessary changes to Rider No. 8 – DSS (both redline and clean versions).

12
13 **Q. Under the Company's plan to have default service providers supply customers under
14 the EV-TOU Pilot Program, will the Company perform any reconciliation of revenues
15 collected from EV-TOU customers with the associated supply costs?**

16 A. Yes. The FPFR suppliers will be paid the same price per megawatt-hour of supply
17 regardless of how much of its supply is for EV-TOU customers. The Company will charge
18 customers who enroll in the EV-TOU Pilot Program Off-Peak, On-Peak, and Shoulder
19 Period supply rates included in Duquesne Light's Retail Tariff.¹⁴ Any mismatches between
20 revenues from EV-TOU supply rates and supply costs paid to FPFR product suppliers will
21 be recovered/refunded within the existing Rider No. 8 – DSS 1307e customer class

¹⁴ The EV-TOU supply rates are designed to be revenue neutral based on each customer class' overall load profile.

1 reconciliation. This approach will avoid cost shifting across customer classes during the
2 Pilot Program and is simple to administer within the existing reconciliation process.

3
4 **Q. How will the Company's costs to implement the EV-TOU Pilot Program be
5 recovered?**

6 A. The Company proposes to recover any incremental costs incurred by the Company to
7 implement and retain the EV-TOU Pilot Program from default service customers. These
8 costs are described by Duquesne Light witness Ms. Scholl and are reflected on Exhibit
9 DBO-5. EV-TOU program costs readily attributable to a specific customer class (e.g.,
10 Residential customers) will be directly assigned to the default service class for which such
11 costs are incurred, and will be recovered in Rider No. 8. All other costs, which cannot be
12 directly assigned, will be allocated to all of the default service classes eligible to participate
13 in the program in proportion to each class' default service load.

14
15 **VII. DEFAULT SERVICE COSTS AND COST RECOVERY**

16
17 **Q. What types of administrative costs does the Company incur to provide default
18 service?**

19 A. Consistent with previous default service plans, in addition to the supply costs necessary to
20 provide default service, the Company incurs costs in two primary areas. First, initial start-
21 up costs are incurred to develop and obtain approval of the proposed default service plan.
22 Second, ongoing costs are incurred throughout the duration of the default service plan to
23 implement the plan (e.g., the costs related to the process of conducting the competitive

1 auctions and evaluating the results of these solicitations, the incremental administrative
2 costs to provide HPS, etc.).

3
4 **Q. Has the Company previously unbundled default service costs from base distribution
5 rates?**

6 A. Yes. In compliance with the terms of the non-unanimous settlement within the Petition of
7 Duquesne Light Company for Approval of a Default Service Plan for the Period June 1,
8 2017 to May 31, 2021 (DSP VIII), the Company agreed to unbundle the costs set forth in
9 Exhibit DBO-5, effective June 1, 2017.¹⁵

10
11 **Q. How does the Company currently recover administrative costs to prepare and obtain
12 approval of the proposed default service plan?**

13 A. The Company currently recovers the costs for external legal and consulting services to
14 prepare and obtain approval of the default service plan through both DSS and HPS rates.

15
16 **Q. How does the Company currently recover the ongoing administrative costs to provide
17 default service?**

18 A. The ongoing administrative costs are primarily associated with managing the competitive
19 auction process. A third-party independent evaluator conducts the recurring competitive
20 auctions to obtain DSS and HPS from wholesale suppliers, monitors the results, and
21 prepares reports to the Commission. These costs for the independent evaluator to conduct
22 the competitive auctions are easily identifiable and are recovered through an adder in the

¹⁵ DSP VIII Recommended Decision, page 7 that was approved in the DSP VIII Order entered December 22, 2016 at Docket No. P-2016-2543140.

1 applicable procurement class default service rates. These costs are included in the build-
2 up of the DSS rates in Rider No. 8 and the FRA in Rider No. 9. Cost and revenue recovery
3 associated with these administrative costs for specific activities are tracked separately for
4 each procurement group to ensure no cross-subsidy occurs. The costs for the independent
5 evaluator to conduct multiple solicitations on a given date are allocated to each
6 procurement group for recovery based on the number of solicitations for each procurement
7 class.

8
9 **Q. Did the Company update the default service costs that are recovered in default service**
10 **rates as part of its most recent 2018 base distribution rate case?**

11 A. Yes. As part of the 2018 Distribution Rate Case, the Company committed to update the
12 unbundled costs that are currently recovered in default service rates that were previously
13 approved by the Commission as part of the Petition of Duquesne Light Company for
14 Approval of a Default Service Plan for the Period June 1, 2017, to May 31, 2021 at Docket
15 No. P-2016-2543140.¹⁶

16
17 **Q. Did you prepare an estimate of the default service costs in dollars that are applicable**
18 **to the DSS and HPS rates?**

19 A. Yes. I have estimated these costs based on the information that is available at this time.
20 These costs are summarized in the table shown in Exhibit DBO-5. These are preliminary

¹⁶ Updated unbundling costs are to be fixed and reconciled only for differences between projected and actual consumption. 2018 Distribution Rate Case Order entered December 20, 2018 at Docket No. R-2018-3000124, page 17.

1 cost estimates that are subject to change based on final plan design and implementation
2 costs.

3
4 **Q. How did you estimate the costs to prepare and obtain approval of the DSP IX plan?**

5 A. The cost estimates in Exhibit DBO-5 are the consulting and legal fees to prepare and obtain
6 approval of the DSP IX plan. Similar to DSP VIII, the Company would update these
7 default service costs with actual external legal and consulting service costs to prepare and
8 obtain approval for the DSP IX plan in a future base rate proceeding filed by the Company.

9
10 **Q. How did you estimate the cash working capital costs associated with DSS and HPS
11 rates?**

12 A. The cash working capital cost shown in Exhibit DBO-5 is based on the supply-related cash
13 working capital costs that were excluded from the distribution rate base in the Company's
14 2018 base rate proceeding at Docket No. R-2018-3000124. The annual revenue
15 requirement for working capital costs shown equals the Company's pre-tax overall return
16 applied to those costs.

17
18 **Q. When does the Company propose to begin to recover these costs through DSS and
19 HPS rates?**

20 A. The Company proposes to update and recover the estimated DSP IX filing and other
21 identified costs through DSS & HPS rates beginning June 1, 2021.

22

1 **Q. Please explain how the Company proposes to assign the default service costs to each**
2 **customer class.**

3 A. Default service costs are directly assigned to the default service class for which such costs
4 are incurred. All other costs, which cannot be directly assigned, are allocated to all of the
5 default service classes in proportion to each class' forecasted default service load.
6

7 **Q. Once the total estimated costs are allocated to a customer class, how does the**
8 **Company propose to recover those costs?**

9 A. Consistent with DSP VIII, the Company proposes to divide the default service costs by the
10 approved number of years of the DSP IX Plan and develop a monthly fixed expense amount
11 for each of the three Rider No. 8 customer classes (i.e., Residential/Lighting, Small C&I,
12 Medium C&I), as well as for the Rider No. 9 customers. Consistent with DSP VIII, as
13 shown in Exhibit DBO-1, the Company will include the monthly expense amounts in the
14 derivation of the rates for each rate effective period based on the number of months in the
15 rate effective period. For example, the DSS rates effective June 1, 2021 through November
16 30, 2021 will include six months of default service expenses.
17

18 **Q. Regarding the default service costs, is the Company proposing any changes in the**
19 **reconciliation process currently in use for default service rates?**

20 A. No. The Company proposes to continue to use the four-year revenue requirement for these
21 costs as the expense to recover. The 1307e reconciliation statement for each applicable
22 customer class will include a line item for the monthly expense. The reconciliation for the
23 monthly expense will capture only changes in default service kWh sales (e.g., the

1 difference between the forecasted kWh at the outset when setting rates and actual default
2 service kWh sales). The difference in recovery of the unbundled expense (over or under
3 collection) created by variations in kWh sales will be recovered through the e-factor
4 component of the DSS and HPS rates for the applicable customer class.

5
6 **VIII. RETAIL COMPETITION COSTS AND COST RECOVERY**

7
8 **Q. What types of activities is the Company engaged in to support retail competition?**

9 A. The Company currently engages in several activities to support retail competition,
10 including:

- 11 • Administering a Purchase of Receivables (“POR”) program, whereby
12 Duquesne Light agrees to purchase the accounts receivable, without recourse,
13 associated with EGS sales of retail electric commodity services to Residential,
14 Small C&I, and Medium C&I customers within Duquesne Light’s service
15 territory.
- 16 • Administering a Standard Offer Program (“SOP”), which is designed to
17 encourage customers to shop with an EGS at a prescribed discount to the PTC
18 at the time of the offer.
- 19 • Administering other Commission-mandated activities, programs, projects,
20 services, etc. to enhance the competitive energy market in Pennsylvania.

21
22 **Q. How does the Company currently recover the costs of these retail competition**
23 **initiatives?**

1 A. The Company has several mechanisms in place to recover the costs of these retail
2 competition initiatives.

3 • For the POR program, defined in Rule 12.1.7 of the EGS Coordination Tariff,
4 Duquesne Light purchases the EGSs' electric commodity (which is composed of
5 generation and transmission service) receivables at a fixed discount currently set at
6 0.10% for incremental, ongoing operating and administrative expenses associated
7 with the POR Program related to these customers.

8 • For the SOP program, defined on pages 42B of the current EGS Coordination
9 Tariff, the Company charges participating EGSs a fee of \$10.28 for every customer
10 that is enrolled.

11 • The Company has the ability to recover the expenses associated with implementing
12 Commission-mandated activities, programs, projects, services, etc. to enhance the
13 competitive energy market in Pennsylvania through a non-bypassable Retail
14 Market Enhancement Surcharge ("RMES")¹⁷ defined in Rider No. 1 of the
15 Company's Retail Tariff.

16
17 **Q. Is the Company proposing to change the way it recovers these costs to support retail**
18 **competition in this proceeding?**

19
20 A. Yes. As explained by Duquesne Light witness Ms. Scholl, the Company is proposing to
21 alter its current SOP program to outsource administration of the SOP to a third-party

¹⁷ The RMES was approved in the Company's DSP VII plan effective June 1, 2015 (Docket No. P-2014-2418242).

1 vendor. The Company also proposes to modify the cost recovery of the SOP as a direct
2 pass through between the third-party vendor and the participating supplier.

3
4 **Q. Is the Company proposing to recover the cost for any new retail competition
5 programs in this processing?**

6 A. Yes. As explained by Duquesne Light witness Ms. Scholl, the Company is proposing a
7 Customer Assistance Program (“CAP”) shopping program, which would require
8 participating EGSs to charge CAP customers a rate at or below the applicable residential
9 PTC throughout the duration of the contract. Based on the projected programming and
10 administrative costs that are described in greater detail by witness Ms. Scholl, the Company
11 would propose to recover any incremental O&M costs to implement the program through
12 the Company’s Rider No. 5 - Universal Service Charge (“USC”). The Company proposes
13 to modify the USC to incorporate this cost recovery of the CAP shopping program in a
14 future compliance filing upon Commission approval of the Program. The Company
15 further proposes to recover any associated capital expense in a future base rate case.

16
17 **IX. RECOVERY OF NET METERING COMPENSATION PAID TO CUSTOMER-**
18 **GENERATORS**

19
20 **Q. Is the Company proposing any changes to the DSS rate reconciliation process related
21 to net metering compensation paid to customer-generators?**

22 A. Yes. Effective with DSP IX, the Company is proposing to recover the cash out payment
23 for net metering customers. In accordance with Rider No. 21 – Net Metering Service of
24 the Company’s current retail Tariff No. 25, the Billing Provisions state:

1 The customer-generator will receive a credit for each kilowatt-hour received by the
2 Company up to the total amount of electricity delivered to the Customer during the
3 billing period at the full retail rate consistent with Commission regulations. If a
4 customer-generator supplies more electricity to the Company than the Company
5 delivers to the customer-generator in a given billing period, the excess kilowatt hours
6 shall be carried forward and credited against the customer-generator's usage in
7 subsequent billing periods at the full retail rate. Any excess kilowatt hours shall
8 continue to accumulate for the 12 month period ending May 31. On an annual basis,
9 the Company will compensate the customer-generator for kilowatt-hours received from
10 the customer-generator in excess of the kilowatt hours delivered by the Company to
11 the customer-generator during the preceding year at the Company's Price To Compare
12 consistent with Commission regulations.
13

14 The Company proposes to recoup the customer class compensation (i.e., excess kilowatt
15 hours multiplied by the Company's PTC on May 31) as an expense in the respective default
16 service class over/under collection calculation within the Company's Rider No. 8 - DSS
17 1307e reconciliation.
18

19 **Q. Is the Company also proposing to recover the compensation paid for net metering**
20 **customers who switch to an EGS during the 12-month period ending May 31?**

21 A. Yes. In accordance with Rider No. 21 – Net Metering Service of the Company's current
22 retail Tariff No. 25, the Net Metering Provisions for Shopping Customers state:

23 If a customer-generator switches electricity suppliers, the Company shall treat the end
24 of the service period as if it were the end of the year (i.e. May 31).
25

26 The Company proposes to recoup the customer class cash out payments that are generated
27 throughout the year (i.e., excess kilowatt hours multiplied by the Company's PTC on the
28 date of the customer switch) as a cost in the respective default service class over/under
29 collection calculation within the Company's Rider No. 8 - DSS 1307e reconciliation.
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Q. Have you prepared an illustrative exhibit that shows the inclusion of the net metering cost recovery in the Company’s Rider No. 8 - DSS 1307e reconciliation?

A. Yes. Exhibit DBO-6 is an illustrative example showing the inclusion of the net metering cost recovery within the Rider No. 8 - Residential and Lighting class 1307e Statement – Reconciliation of Revenues and Expense and Appendix A – Transmission Service Charge 1307e Statement – Reconciliation of Revenues and Expense.

X. RECONCILIATION PERIODS AND PRICE TO COMPARE POSTING

Q. What reconciliation period does the Company currently use for DSS rates?

A. DSS rates are currently reconciled on a six-month basis. In general, the current reconciliation period is the six-month period ending 120 days prior to the effective date of the new rates. New rates effective on June 1st include reconciliation of actual revenue and actual expense for the six months ending January 31st. New rates effective on December 1st include reconciliation of actual revenue and actual expense for the six months ending July 31st. For the statements necessary for 1307e filing requirements which are on a twelve-month basis, the Company combines two six-month reconciliation periods and submits a twelve-month reconciliation filing for the twelve months ending January 31st in accordance with 66 Pa C.S. § 1307e. The reconciliation periods are defined in Rider No. 8 – DSS of the Company’s current retail Tariff No. 25.

1 **Q. What reconciliation period does the Company currently use for HPS rates?**

2 A. The Company portion of the FRA is currently reconciled on a twelve-month basis. The
3 current reconciliation period is the twelve-month period ending 120 days prior to the
4 effective date of the new rates. New rates effective June 1st include reconciliation of actual
5 revenue and actual expense associated with the Company portion of the FRA for the twelve
6 months ending January 31st. The reconciliation period is defined in Rider No. 9 – Day-
7 Ahead HPS of the Company’s current retail Tariff No. 25. All other cost components of
8 Rider No. 9 are the responsibility of the wholesale supplier(s).

9

10 **Q. Is the Company proposing any changes to the reconciliation periods in this**
11 **proceeding?**

12 A. No. The reconciliation periods were approved in DSP VIII to provide sufficient time for
13 EGSs to evaluate the impact to the PTC. The Company is proposing to continue the same
14 reconciliation schedule in DSP IX.

15

16 **Q. Please explain the current process of how the Company posts the PTC.**

17 A. The Company has implemented the following steps in its procurement process to post the
18 PTC:

- 19 • Post an estimated PTC and default service rate model within 60 days of
20 the PTC becoming effective.
- 21 • Once the Company receives the secretarial letter approving the
22 Company’s default service rates, the Company posts the final PTC and

1 default service rate model showing the derivation of the final default
2 service rates.

3
4 **Q. How is the Company proposing to post the PTC in this proceeding?**

5 A. The Company proposes to continue its current practices and will post the PTC 60 days in
6 advance of each application period except for the June 1 application period. For the June
7 1 application period, the Company will post the supply component in the default service
8 rate model 60 days in advance and will post the final PTC, including the transmission
9 component, 15 days in advance because the transmission component of the PTC will not
10 be known until May 15 of each year.

11
12 **XI. RETAIL AND EGS TARIFF CHANGES**

13
14 **Q. Have you prepared a Retail Tariff supplement that contains changes necessary to
15 implement the Company's proposed default service plan?**

16 A. Yes. Exhibit DBO-7 contains the necessary changes to the applicable riders to implement
17 the proposed default service plan. Exhibit DBO-8 is a red-line version of the current Retail
18 Tariff reflecting the proposed changes in Exhibit DBO-7.

19
20 **Q. In general, what changes is the Company proposing to make to the Retail Tariff?**

21 A. The proposed changes are necessary to implement the proposed default service plan in this
22 proceeding and recover the associated costs. The Company proposes to make the following
23 modifications to reflect the default service plan described above:

- 1 • Rider No. 8 – Default Service Supply: expanded to include the new EV-TOU
2 Pilot Program, including the new rates, a description of the new EV-TOU rate
3 calculation, and a modification to the reconciliation provisions to clarify that
4 EV-TOU and standard default service rate over/under collections will be
5 calculated in total for each procurement class.
- 6 • Rider No. 21 – Net Metering Service: Added billing provisions for EV-TOU
7 customer-generators to describe the billing and cash-out process for EV-TOU
8 customer-generators.

9
10 **Q. Have you prepared a form of Electric Generation Supplier Coordination Tariff**
11 **Supplement that contains changes necessary to implement the Company’s proposed**
12 **default service plan?**

13 A. Yes. Exhibit DBO-9 contains the necessary changes to the language and applicable riders
14 to implement the proposed default service plan. Exhibit DBO-10 is a red-line version of
15 the current EGS Tariff reflecting the proposed changes in Exhibit DBO-9.

16
17 **Q. In general, what are the changes that the Company is proposing to the EGS Tariff?**

18 A. The proposed changes are necessary to implement the proposed default service plan in this
19 proceeding and recover the associated costs. The Company proposes to make the following
20 modifications to reflect the default service plan described above:

- 21 • As explained by Duquesne Light witness Scholl, the Company is proposing to
22 increase the SOP charge for participating EGSs to \$30.00 for every customer
23 that is enrolled.

- 1 • All other proposed revisions to the EGS Coordination Tariff consist of
2 housekeeping updates administrative in nature and/or updates to language to
3 reflect current business practice.

4

5 **XII. CONCLUSION**

6

7 **Q. Does this conclude your Direct Testimony at this time?**

8 A. Yes.

Duquesne Light Company

Exhibit DBO-1

Default Service Supply Plan - June 1, 2021 through May 31, 2025

Illustrative Example - Derivation of Residential and Lighting Default Service Supply Bi-Annual Rate Adjustment

		Residential Classes (RS, RH, RA)	Lighting Classes (AL, SE, SM, SH, PAL)	
1	Competitive Auction Average Wholesale Price (\$/MWh)	\$50.00 /MWh	\$50.00 /MWh	Weighted bid price (Note1)
2	Line Losses - T & D	6.9%		Transmission (0.8%); distribution (6.1%)
3	Price Adjustment for Losses (\$/MWh)	\$3.45 /MWh	\$3.45 /MWh	Line 1 * Line 2
4	Adjusted Wholesale Price for Losses (\$/MWh)	\$53.45 /MWh	\$53.45 /MWh	Line 1 + Line 3
5	Solar Contract Cost	\$0.00 /MWh	\$0.00 /MWh	Estimated expenses for solar contract costs per order at Docket No. XXX.
6	Forecast POLR Sales (MWh)	1,361,000		Forecast Residential & Lighting default service sales (MWh)(Note 3)
7	Outside Services Fees	\$64,615		Outside services to conduct Competitive Auctions (Note 3)
8	Default Service Costs	\$576,179		Amortization of 6 months of default service costs per order at Docket No. XXX. (Note 3)
9	Administrative Adder (\$/MWh)	\$0.47 /MWh	\$0.47 /MWh	(Line 7 + Line 8) / Line 6
10	Reconciliation Adjustment	(\$50,000)		(Over)/under collection including interest (Note 1)
11	Forecast POLR Sales (MWh)	1,361,000		Line 6
12	E Factor Rate (\$/MWh)	(\$0.04) /MWh	(\$0.04) /MWh	Line 10 / Line 11
13	Adjusted Wholesale Price (\$/MWh)	\$53.88 /MWh	\$53.88 /MWh	Line 4 + Line 5 + Line 9 + Line 12
14	Residential/Lighting Rate Factor	1.0059	0.5708	Exhibit DBO-2
15	Adjusted Wholesale Price for Rate Factor (\$/MWh)	\$54.20 /MWh	\$30.75 /MWh	Line 13 * Line 14
16	TOU Program Expenses	\$44,667		Note 1
17	Forecast POLR Sales (MWh)	1,000,000		Forecast Residential default service sales (MWh)(Note 1)
18	TOU Adder (\$/MWh)	\$0.04 /MWh	\$0.00 /MWh	Line 16 / Line 17
19	Total Adjusted Wholesale Price (\$/MWh)	\$54.24 /MWh	\$30.75 /MWh	Line 15 + Line 18
20	PA GRT @ 5.9%	\$3.40 /MWh	\$1.93 /MWh	Line 19 * (.059/(1-.059))
21	Total Retail Rate (\$/MWh)	\$57.64 /MWh	\$32.68 /MWh	Line 19 + Line 20
22	Default Service Supply Rate	5.7642 ¢/kWh	3.2685 ¢/kWh	Line 21 / 10 (Note 2)

1/ For illustrative purposes only.

2/ Lighting class supply rate will be applied to monthly kWh consumption of each fixture in rate classes SM, SH and PAL to derive monthly fixed default service supply charge per fixture.

3/ Annual illustrative estimates shown in DBO-5.

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 to May 31, 2025
Derivation of DSS Rate Factors for Residential and Lighting Customers

Exhibit DBO-2

Capacity

		<u>Residential</u>	<u>Lighting</u>	<u>Total</u>
1	Capacity Obligation (MW-day)			
2	2016	482,205	703	482,908
3	2017	486,145	0	486,145
4	2018	509,044	661	509,705
5	2019	528,864	466	529,330
5	2021/2022 Capacity Price (\$/MW-day) (1)	\$140.45	\$140.45	\$140.45
6	Load (MWH)			
7	2016	4,480,771	59,896	4,540,667
8	2017	4,152,456	59,440	4,211,896
9	2018	4,540,359	60,084	4,600,442
10	2019	4,349,013	60,012	4,409,025
10	2021/2022 Capacity Price (\$/MWH)			
11	2016	\$15.12	\$1.65	\$14.94
12	2017	\$16.44	\$0.00	\$16.21
13	2018	\$15.75	\$1.54	\$15.56
13	2019	\$17.08	\$1.09	\$16.86

Energy

		<u>Residential</u>	<u>Lighting</u>	<u>Total</u>
14	Load-Weighted LMP (\$/MWH)			
15	2016	\$30.00	\$24.21	\$29.92
16	2017	\$31.44	\$26.33	\$31.37
17	2018	\$41.36	\$32.50	\$41.24
17	2019	\$28.42	\$23.96	\$28.36

Capacity + Energy

		<u>Residential</u>	<u>Lighting</u>	<u>Total</u>
18	\$/MWH			
19	2016	\$45.12	\$25.86	\$44.86
20	2017	\$47.89	\$26.33	\$47.58
21	2018	\$57.10	\$34.05	\$56.80
21	2019	\$45.50	\$25.05	\$45.22

Rate Factor

		<u>Residential</u>	<u>Lighting</u>
22	2021/2022 Rate Factor		
23	2016	1.0057	0.5763
24	2017	1.0064	0.5534
25	2018	1.0053	0.5994
26	2019	1.0062	0.5539
26	Average	1.0059	0.5708

1/ As of First Incremental Auction for 2021/2022.

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 through May 31, 2025
Illustrative Example - Derivation of Residential EV TOU Default Service Supply Bi-Annual Rate Adjustment

Exhibit DBO-3

		Residential Classes (RS, RH, RA)	On Peak Residential Classes (RS, RH, RA)	Shoulder Residential Classes (RS, RH, RA)	Off Peak Residential Classes (RS, RH, RA)	
1	Competitive Auction Average Wholesale Price (\$/MWh)	\$50.00 /MWh	\$50.00 /MWh	\$50.00 /MWh	\$50.00 /MWh	Weighted bid price (Note1)
2	Line Losses - T & D	6.9%				Transmission (0.8%); distribution (6.1%)
3	Price Adjustment for Losses (\$/MWh)	\$3.45 /MWh	\$3.45 /MWh	\$3.45 /MWh	\$3.45 /MWh	Line 1 * Line 2
4	Adjusted Wholesale Price for Losses (\$/MWh)	\$53.45 /MWh	\$53.45 /MWh	\$53.45 /MWh	\$53.45 /MWh	Line 1 + Line 3
5	Solar Contract Cost	\$0.00 /MWh	\$0.00 /MWh	\$0.00 /MWh	\$0.00 /MWh	Estimated expenses for solar contract costs per order at Docket No. XXX.
6	Forecast POLR Sales (MWh)	1,361,000				Forecast Residential & Lighting default service sales (MWh)(Note 3)
7	Outside Services Fees	\$64,615				Outside services to conduct Competitive Auctions (Note 3)
8	Default Service Costs	\$576,179				Amortization of 6 months of default service costs per order at Docket No. XXX. (Note 3)
9	Administrative Adder (\$/MWh)	\$0.47 /MWh	\$0.47 /MWh	\$0.47 /MWh	\$0.47 /MWh	(Line 7 + Line 8) / Line 6
10	Reconciliation Adjustment	(\$50,000)				(Over)/under collection including interest (Note 1)
11	Forecast POLR Sales (MWh)	1,361,000				Line 6
12	E Factor Rate (\$/MWh)	(\$0.04) /MWh	(\$0.04) /MWh	(\$0.04) /MWh	(\$0.04) /MWh	Line 10 / Line 11
13	Adjusted Wholesale Price (\$/MWh)	\$53.88 /MWh	\$53.88 /MWh	\$53.88 /MWh	\$53.88 /MWh	Line 4 + Line 5 + Line 9 + Line 12
14	Residential/Lighting Rate Factor	1.0059	1.0059	1.0059	1.0059	Exhibit DBO-2
15	EV TOU Rate Factor		1.65	0.65	0.47	Exhibit DBO-4
16	Adjusted Wholesale Price for Rate Factor (\$/MWh)	\$54.20 /MWh	\$89.43 /MWh	\$35.23 /MWh	\$25.47 /MWh	Line 13 * Line 14 * Line 15
17	TOU Program Expenses	\$44,667				Note 1
18	Forecast POLR Sales (MWh)	1,000,000				Forecast Residential default service sales (MWh)(Note 1)
19	TOU Adder (\$/MWh)	\$0.04 /MWh	\$0.04 /MWh	\$0.04 /MWh	\$0.04 /MWh	Line 17 / Line 18
20	Total Adjusted Wholesale Price (\$/MWh)	\$54.24 /MWh	\$89.47 /MWh	\$35.27 /MWh	\$25.52 /MWh	Line 16 + Line 19
21	PA GRT @ 5.9%	\$3.40 /MWh	\$5.61 /MWh	\$2.21 /MWh	\$1.60 /MWh	Line 20 * (.059/(1-.059))
22	Total Retail Rate (\$/MWh)	\$57.64 /MWh	\$95.08 /MWh	\$37.48 /MWh	\$27.12 /MWh	Line 20 + Line 21
23	Default Service Supply Rate	5.7642 ¢/kWh	9.5081 ¢/kWh	3.7483 ¢/kWh	2.7118 ¢/kWh	Line 22 / 10 (Note 2)

1/ For illustrative purposes only.

2/ Lighting class supply rate will be applied to monthly kWh consumption of each fixture in rate classes SM, SH and PAL to derive monthly fixed default service supply charge per fixture.

3/ Annual illustrative estimates shown in DBO-5.

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 to May 31, 2025
Derivation of EV-TOU Supply Rate Factors: Residential and Lighting

Exhibit DBO-4

Capacity

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
1	Capacity Obligation (MW-day)				
2	2016	482,908	0	0	482,908
3	2017	486,145	0	0	486,145
4	2018	509,705	0	0	509,705
5	2019	529,330	0	0	529,330
5	2021/2022 Capacity Price (\$/MW-day) (1)	\$140.45	\$140.45	\$140.45	\$140.45
6	Load (MWH)				
7	2016	1,799,054	1,655,579	1,086,034	4,540,667
8	2017	1,655,668	1,538,216	1,018,012	4,211,896
9	2018	1,813,747	1,664,685	1,122,010	4,600,442
10	2019	1,739,120	1,598,905	1,071,000	4,409,025
10	2021/2022 Capacity Price (\$/MWH)				
11	2016	\$37.70	\$0.00	\$0.00	\$14.94
12	2017	\$41.24	\$0.00	\$0.00	\$16.21
13	2018	\$39.47	\$0.00	\$0.00	\$15.56
13	2019	\$42.75	\$0.00	\$0.00	\$16.86

Energy

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
14	Load-Weighted LMP (\$/MWH)				
15	2016	\$36.85	\$28.74	\$20.25	\$29.92
16	2017	\$37.62	\$30.29	\$22.83	\$31.37
17	2018	\$50.62	\$40.27	\$27.53	\$41.24
17	2019	\$33.94	\$27.38	\$20.73	\$28.36

Capacity + Energy

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
18	\$/MWH				
19	2016	\$74.55	\$28.74	\$20.25	\$44.86
20	2017	\$78.87	\$30.29	\$22.83	\$47.58
21	2018	\$90.09	\$40.27	\$27.53	\$56.80
21	2019	\$76.69	\$27.38	\$20.73	\$45.22

Rate Factor

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>
22	2021/2022 Rate Factor			
23	2016	1.66	0.64	0.45
24	2017	1.66	0.64	0.48
25	2018	1.59	0.71	0.48
26	2019	1.70	0.61	0.46
26	Average	1.65	0.65	0.47

1/ As of First Incremental Auction for 2021/2022.

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 to May 31, 2025
Derivation of EV-TOU Supply Rate Factors: Small Commercial and Industrial

Exhibit DBO-4

Capacity

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
1	Capacity Obligation (MW-day)				
2	2016	63,939	0	0	63,939
3	2017	61,869	0	0	61,869
4	2018	66,970	0	0	66,970
5	2019	79,692	0	0	79,692
5	2021/2022 Capacity Price (\$/MW-day) (1)	\$140.45	\$140.45	\$140.45	\$140.45
6	Load (MWH)				
7	2016	288,076	288,300	154,812	731,188
8	2017	266,691	269,117	144,516	680,324
9	2018	297,433	302,067	169,558	769,058
10	2019	337,023	343,637	206,776	887,436
10	2021/2022 Capacity Price (\$/MWH)				
11	2016	\$31.17	\$0.00	\$0.00	\$12.28
12	2017	\$32.58	\$0.00	\$0.00	\$12.77
13	2018	\$31.62	\$0.00	\$0.00	\$12.23
13	2019	\$33.21	\$0.00	\$0.00	\$12.61

Energy

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
14	Load-Weighted LMP (\$/MWH)				
15	2016	\$35.73	\$29.03	\$20.11	\$29.78
16	2017	\$36.51	\$30.42	\$22.61	\$31.15
17	2018	\$48.89	\$39.84	\$26.90	\$40.49
17	2019	\$33.11	\$27.46	\$20.55	\$28.00

Capacity + Energy

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
18	\$/MWH				
19	2016	\$66.91	\$29.03	\$20.11	\$42.07
20	2017	\$69.10	\$30.42	\$22.61	\$43.92
21	2018	\$80.52	\$39.84	\$26.90	\$52.72
21	2019	\$66.32	\$27.46	\$20.55	\$40.61

Rate Factor

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>
22	2021/2022 Rate Factor			
23	2016	1.59	0.69	0.48
24	2017	1.57	0.69	0.51
25	2018	1.53	0.76	0.51
26	2019	1.63	0.68	0.51
26	Average	1.58	0.70	0.50

1/ As of First Incremental Auction for 2021/2022.

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 to May 31, 2025
Derivation of EV-TOU Supply Rate Factors: Medium Commercial and Industrial

Exhibit DBO-4

Capacity

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
1	Capacity Obligation (MW-day)				
2	2016	220,376	0	0	220,376
3	2017	224,631	0	0	224,631
4	2018	219,660	0	0	219,660
5	2019	205,735	0	0	205,735
5	2021/2022 Capacity Price (\$/MW-day) (1)	\$140.45	\$140.45	\$140.45	\$140.45
6	Load (MWH)				
7	2016	1,001,696	1,076,681	623,894	2,702,271
8	2017	994,889	1,078,109	620,596	2,693,593
9	2018	998,778	1,080,512	623,816	2,703,106
10	2019	762,437	815,715	467,805	2,045,958
10	2021/2022 Capacity Price (\$/MWH)				
11	2016	\$30.90	\$0.00	\$0.00	\$11.45
12	2017	\$31.71	\$0.00	\$0.00	\$11.71
13	2018	\$30.89	\$0.00	\$0.00	\$11.41
13	2019	\$37.90	\$0.00	\$0.00	\$14.12

Energy

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
14	Load-Weighted LMP (\$/MWH)				
15	2016	\$35.61	\$28.94	\$20.00	\$29.35
16	2017	\$36.54	\$30.29	\$22.42	\$30.78
17	2018	\$48.98	\$40.08	\$26.93	\$40.33
17	2019	\$32.32	\$27.83	\$20.93	\$27.93

Capacity + Energy

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>	<u>Total</u>
18	\$/MWH				
19	2016	\$66.51	\$28.94	\$20.00	\$40.80
20	2017	\$68.25	\$30.29	\$22.42	\$42.50
21	2018	\$79.87	\$40.08	\$26.93	\$51.75
21	2019	\$70.22	\$27.83	\$20.93	\$42.05

Rate Factor

		<u>On Peak</u>	<u>Shoulder</u>	<u>Off Peak</u>
22	2021/2022 Rate Factor			
23	2016	1.63	0.71	0.49
24	2017	1.61	0.71	0.53
25	2018	1.54	0.77	0.52
26	2019	1.67	0.66	0.50
26	Average	1.61	0.71	0.51

1/ As of First Incremental Auction for 2021/2022.

Duquesne Light Company
Default Service Plan June 1, 2021 to May 31, 2025
Estimated Default Service Preparation and Implementation Costs [1]

Exhibit DBO-5

					A = (B * 4)	B = (C+D+E+F)	C	D	E	F	
					Total Estimated	Annualized Estimated	Forecasted Annual Default Service Costs by Customer Class				
		Current Recovery	Proposed Recovery								
Line	Item	Mechanism	Mechanism	Description	Costs	Costs	Residential & Lighting Fixed Product	Small C&I Fixed Product	Medium C&I Fixed Product	Medium & Large C&I HPS Product	
1	Competitive Auction Process and Evaluation [2]	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Consulting services for independent evaluator to conduct competitive auctions (reoccurring)	\$1,680,000	\$420,000	\$129,231	\$129,231	\$129,231	\$32,308	
2	EV TOU Program [3]	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Implement and maintain TOU rates supplied by EGSS	\$227,900	\$92,600	\$89,333	\$1,333	\$1,333	\$0	
3	Net Metering Payout [4]	Default Service Supply Rates	Default Service Supply Rates & Transmission Service Charge (Direct Assignment)	Payouts for Net Metering Customers	\$308,000	\$77,000	\$58,000	\$3,000	\$16,000	\$0	
4	Forecasted POLR Sales (MWh) - 6.1.2021 - 5.31.2022							2,722,000	480,600	542,600	303,500
5	Default Service Costs										
6	Filing Preparation and Approval Process	Distribution Base Rates	Default Service Supply Rates (Allocated on forecasted POLR MWhs)	Consulting services and outside counsel to help prepare filing and throughout regulatory process	\$792,828	\$198,207	\$133,257	\$23,528	\$26,563	\$14,858	
7	Working Capital for Default Service Supply [5]	Distribution Base Rates	Default Service Supply Rates (Allocated on forecasted POLR MWhs)	Costs associated with lag in time between the utility's out-of-pocket payment expenses and the collection of revenues for default service	\$6,063,235	\$1,515,809	\$1,019,100	\$179,934	\$203,146	\$113,629	
8	Administration of Hourly Price Default Service	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Administrative adder for HPS customers on default service.	\$600,000	\$150,000	\$0	\$0	\$0	\$150,000	
9	Solar Contract Costs	Default Service Supply Rates	Default Service Supply Rates (Direct Assignment)	Consulting services for independent evaluator to conduct Solar Competitive Auctions.	\$75,000	[6]					
10	Total (Line 1 + Line 4 + Line 5 + Line 6)					\$9,746,963	\$2,453,616	\$1,428,921	\$337,026	\$376,274	\$310,794

1/ All costs subject to change depending on final order and implementation costs.

2/ The estimated Independent Market Monitor costs have remained flat.

3/ The total four year estimated costs are from Statement No. 5, Exhibit KS-X. The annualized estimates represent the first year of the plan.

4/ Estimated Net Metering payouts based on payouts at May 31, 2019.

5/ Assuming the Company's pre-tax weighted cost of capital of ~10.49%, the revenue requirement (annual expense) associated with DSS working capital is \$1,515,809 [\$14,451,988 multiplied by ~10.49% return]. The cash working capital cost of \$14,451,988 is based on the supply related working capital costs excluded from distribution base rates in the Company's base rate proceeding at Docket No. R-2018-3000124 on Exhibit 6-1, page 2 of 6, line 66.

6/ Dependent on length of contract.

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 through May 31, 2025
Illustrative Example - 1307(e) Statement - Residential Default Service Supply Reconciliation of Revenue and Expense

Exhibit DB0-6

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Total 6 Mos. Ended 7/31/2021	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Total 6 Mos. Ended 1/31/2022	Total 2/1/2021 to 1/31/2022
Revenue															
1 Calendar Month Retail Revenue	\$13,000,000	\$14,000,000	\$11,000,000	\$11,000,000	\$13,000,000	\$21,000,000	\$83,000,000	\$17,000,000	\$15,000,000	\$11,000,000	\$13,000,000	\$14,000,000	\$13,000,000	\$83,000,000	\$166,000,000
2 Less E Factor Rate Revenue	(\$400,000)	(\$400,000)	(\$300,000)	(\$300,000)	(\$200,000)	(\$300,000)	(\$1,900,000)	(\$200,000)	(\$200,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$800,000)	(\$2,700,000)
3 Net Calendar Month Revenue	\$13,400,000	\$14,400,000	\$11,300,000	\$11,300,000	\$13,200,000	\$21,300,000	\$84,900,000	\$17,200,000	\$15,200,000	\$11,100,000	\$13,100,000	\$14,100,000	\$13,100,000	\$83,800,000	\$168,700,000
4 Less PA Gross Receipts Tax (GRT) at 5.9%	\$790,600	\$849,600	\$666,700	\$666,700	\$778,800	\$1,256,700	\$5,009,100	\$1,014,800	\$996,800	\$654,900	\$772,900	\$831,900	\$772,900	\$4,944,200	\$9,953,300
5 Net Calendar Month Revenue less GRT	\$12,609,400	\$13,550,400	\$10,633,300	\$10,633,300	\$12,421,200	\$20,043,300	\$79,890,900	\$16,185,200	\$14,903,200	\$10,445,100	\$12,327,100	\$13,268,100	\$12,327,100	\$78,855,800	\$158,746,700
Expense															
6 Supply Invoice Amount	\$13,000,000	\$13,000,000	\$9,000,000	\$11,000,000	\$13,000,000	\$19,000,000	\$78,000,000	\$16,000,000	\$14,000,000	\$11,000,000	\$12,000,000	\$13,000,000	\$13,000,000	\$79,000,000	\$157,000,000
7 Administrative Expense (2)	\$625	\$625	\$65,000	\$625	\$625	\$625	\$68,125	\$625	\$625	\$65,000	\$625	\$625	\$625	\$68,125	\$136,250
8 Net Metering Expense (3)					\$45,742	\$0	\$45,742	\$321	\$0	\$0	\$940	\$270	\$236	\$1,768	\$47,510
9 Filing Preparation and Approval Process Expense (4)	\$11,376	\$11,376	\$11,376	\$11,376	\$11,376	\$11,376	\$68,258	\$11,376	\$11,376	\$11,376	\$11,376	\$11,376	\$11,376	\$68,258	\$136,516
10 Working Capital for Default Service Supply Expense (4)	\$87,002	\$87,002	\$87,002	\$87,002	\$87,002	\$87,002	\$522,012	\$87,002	\$87,002	\$87,002	\$87,002	\$87,002	\$87,002	\$522,012	\$1,044,024
11 Total Expense	\$13,099,003	\$13,099,003	\$9,163,378	\$11,099,003	\$13,144,746	\$19,099,003	\$78,704,137	\$16,099,325	\$14,099,003	\$11,163,378	\$12,099,944	\$13,099,273	\$13,099,239	\$79,660,163	\$158,364,300
12 (Over)/Under Collection	\$489,603	(\$451,397)	(\$1,469,922)	\$465,703	\$723,546	(\$944,297)	(\$1,186,763)	(\$85,875)	(\$204,197)	\$718,278	(\$227,156)	(\$168,827)	\$772,139	\$804,363	(\$382,400)
13 Interest Rate (5)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		
14 Interest Weight	13/12	12/12	11/12	10/12	9/12	8/12		13/12	12/12	11/12	10/12	9/12	8/12		
15 Interest	\$26,520	(\$22,570)	(\$67,371)	\$19,404	\$27,133	(\$31,477)	(\$48,360)	(\$4,652)	(\$10,210)	\$32,921	(\$9,465)	(\$6,331)	\$25,738	\$28,002	(\$20,359)
16 Total (Over)/Under Collection	\$516,124	(\$473,966)	(\$1,537,293)	\$485,108	\$750,678	(\$975,773)	(\$1,235,123)	(\$90,527)	(\$214,406)	\$751,199	(\$236,621)	(\$175,158)	\$797,877	\$832,365	(\$402,759)

- (1) Reconciliation periods aligned with the Company's default service supply plan effective June 1, 2021. Reconciliation periods defined in Company tariff Rider No. 8, Default Service Supply.
- (2) Administrative fees to conduct the competitive auctions.
- (3) Reflects the supply component of the net metering compensation paid to customer-generators
- (4) Reflects the unbundling provisions of the Joint Petition for Approval of Non-Unanimous Settlement that was adopted as part of the Commission order entered December 22, 2016 at Docket No. P-2016-2543140. The unbundled expenses will be fixed and reconciled only for differences between projected and actual consumption. Appendix C of the Joint Petition for Approval of Non-Unanimous Settlement reflects, by customer class, the allocated fixed dollar amounts for filing preparation and working capital for default service supply. This has been updated as part of the Commission rate case order entered on December 20, 2018 at Docket No. R-2018-3000124 per page 19, paragraph 44.
- (5) Interest rate per Section 54 Pa. Code 54.190(c).

Duquesne Light Company
Default Service Supply Plan - June 1, 2021 through May 31, 2025
Illustrative Example - 1307(e) Statement - Transmission Reconciliation of Revenue and Expense

Exhibit DBO-6

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Total
Revenue													
1 Total POLR Transmission Revenue	\$4,773,698	\$3,937,087	\$4,909,922	\$5,647,219	\$7,916,473	\$6,901,418	\$5,881,696	\$4,331,044	\$2,991,419	\$3,869,124	\$4,123,879	\$3,429,622	\$58,712,602
2 Less E-Factor Revenue	(\$128,212)	(\$114,201)	(\$174,750)	(\$117,565)	(\$160,076)	(\$140,450)	(\$120,293)	(\$1,483,675)	(\$1,495,783)	(\$1,673,894)	(\$1,791,042)	(\$1,513,737)	(\$8,913,678)
3 POLR Transmission Revenue	\$4,901,911	\$4,051,288	\$5,084,672	\$5,764,784	\$8,076,549	\$7,041,868	\$6,001,990	\$5,814,719	\$4,487,202	\$5,543,018	\$5,914,921	\$4,943,359	\$67,626,281
4 POLR Transmission Retail Revenue	\$4,901,911	\$4,051,288	\$5,084,672	\$5,764,784	\$8,076,549	\$7,041,868	\$6,001,990	\$5,814,719	\$4,487,202	\$5,543,018	\$5,914,921	\$4,943,359	\$67,626,281
5 Less PA Gross Receipts Tax (GRT)	\$289,213	\$239,026	\$299,996	\$340,122	\$476,516	\$415,470	\$354,117	\$343,068	\$264,745	\$327,038	\$348,980	\$291,658	\$3,989,951
6 Net POLR Transmission Revenue	\$4,612,698	\$3,812,262	\$4,784,677	\$5,424,662	\$7,600,033	\$6,626,398	\$5,647,872	\$5,471,651	\$4,222,457	\$5,215,979	\$5,565,941	\$4,651,701	\$63,636,331
Expenses													
7 Network Integration Transmission Service Expense	\$4,171,588	\$4,038,476	\$4,177,230	\$4,375,148	\$4,525,517	\$4,534,470	\$4,409,253	\$4,561,884	\$4,430,119	\$4,603,348	\$4,812,262	\$4,359,262	\$52,998,557
8 Reliability Must Run (RMR)	\$2,619	\$2,904	\$2,811	\$2,027	\$2,808	\$2,811	\$2,910	\$2,829	\$2,927	\$2,843	\$2,954	\$2,604	\$33,048
9 Deferred Tax Adjustment Charge	\$77,834	\$77,863	\$77,940	\$77,757	\$77,835	\$77,989	\$78,363	\$78,461	\$78,734	\$79,174	\$79,429	\$79,661	\$941,040
10 Ancillary Service Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 PJM Administrative Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12 Other PJM Expense	\$378,547	\$301,380	\$359,698	\$467,190	\$340,522	\$341,195	\$342,833	\$395,825	\$352,627	\$349,568	\$315,101	\$316,093	\$4,260,580
13 Net Metering Expense (1)				\$10,973	\$0	\$93	\$0	\$0	\$372	\$61	\$54	\$23	\$11,575
14 Total Transmission Expenses	\$4,630,589	\$4,420,623	\$4,617,680	\$4,933,094	\$4,946,681	\$4,956,558	\$4,833,359	\$5,039,000	\$4,864,780	\$5,034,993	\$5,209,800	\$4,757,643	\$58,244,800
Over/ (Under) Collection													
15 Net (Over)/Under Collection	\$17,890	\$608,360	(\$166,997)	(\$491,567)	(\$2,653,351)	(\$1,669,840)	(\$814,514)	(\$432,651)	\$642,323	(\$180,986)	(\$356,141)	\$105,943	(\$5,391,531)
16 Interest	\$1,434	\$48,162	(\$12,560)	(\$36,874)	(\$187,946)	(\$111,329)	(\$51,246)	(\$26,500)	\$36,511	(\$9,680)	(\$17,958)	\$4,855	(\$363,131)
17 Total (Over)/Under Collection	\$19,324	\$656,522	(\$179,557)	(\$528,441)	(\$2,841,297)	(\$1,781,169)	(\$865,760)	(\$459,151)	\$678,834	(\$190,666)	(\$374,099)	\$110,797	(\$5,754,662)

(1) Reflects the transmission component of the net metering compensation paid to customer generators

EXHIBIT NO. DBO-7

SUPPLEMENT NO. X
TO ELECTRIC – PA. P.U.C. NO. 25



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

ISSUED: Xxxxxxxx XX, XXXX

EFFECTIVE: Xxxx XX, XXXX

Issued in compliance with
Commission Order dated Xxxxxxxx XX, XXXX at Docket No. P-2020-XXXXXXX.

NOTICE

**THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS, ADDS PAGES AND
MODIFIES AN EXISTING RULE AND EXISTING RIDERS**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES****List of Modifications Made By This Tariff****Page No. 2A through Page No. 2E**

Page No. 2A through Page No. 2E have been added to Tariff No. 25 to accommodate the List of Modifications.

Page No. 98A has been added to Rider No. 8 – Default Service Supply and therefore to Tariff No. 25

Page No. 104A has been added to Rider No. 8 – Default Service Supply and therefore to Tariff No. 25.

Page No. 136A has been added to Rider No 21 – Net Metering Service and therefore to Tariff No. 25.

Table of Contents**Second Revised Page No. 3
Cancelling First Revised Page No. 3**

Page No. 136A has been added to Rider No. 21 – Net Metering Service and to the Table of Contents in Tariff No. 25.

Rule No. 18.1 Electric Vehicle Charging**First Revised Page No. 26
Cancelling Original Page No. 26**

Language has been added to provide clarity for purposes of defining electric vehicles as described in Rule No. 18.1.

Rider No. 8 – Default Service Supply**First Revised Page No. 98
Cancelling Original Page No. 98**

Language has been updated to remove “a request for proposal” and replace it with “competitive auctions” to reflect current business practice.

Rider No. 8 – Default Service Supply**First Revised Page No. 98
Cancelling Original Page No. 98**

Eligibility language has been added regarding the Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply**First Revised Page No. 98
Cancelling Original Page No. 98**

The Residential (Rate Schedules RS, RH and RA) Table has been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES****Rider No. 8 – Default Service Supply****First Revised Page No. 98
Cancelling Original Page No. 98**

The Residential (Rate Schedules RS, RH and RA) Table has been modified to include an “Electric Vehicle Time-of-Use Pilot Program” section.

A footnote has been added to describe the proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply**First Revised Page No. 98
Cancelling Original Page No. 98**

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been moved from Original Page No. 98 to Original Page No. 98A to accommodate the addition of the eligibility language regarding the Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply**Original Page No. 98A**

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been moved to Original Page No. 98A from Original Page No. 98 to accommodate the addition of the eligibility language regarding the Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply**Original Page No. 98A**

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply**Original Page No. 98A**

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been modified to include an “Electric Vehicle Time-of-Use Pilot Program” section applicable to Rate Schedules GS/GM and GMH.

Footnotes have been added to describe the proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply**Second Revised Page No. 99
Cancelling First Revised Page No. 99**

The Medium C&I with monthly metered demand equal to or greater than 25 kW (Rates Schedules GS/GM and GMH) and Lighting (Rate Schedules AL and SE) Tables have been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

LIST OF MODIFICATIONS MADE BY THIS TARIFF
CHANGES**Rider No. 8 – Default Service Supply****Second Revised Page No. 99
Cancelling First Revised Page No. 99**

The Medium C&I with monthly metered demand equal to or greater than 25 kW (Rates Schedules GS/GM and GMH) Table has been modified to include an “Electric Vehicle Time-of-Use Pilot Program” section.

A footnote has been added to describe the proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply**First Revised Page No. 100
Cancelling Original Page No. 100****Rider No. 8 – Default Service Supply****First Revised Page No. 101
Cancelling Original Page No. 101**

The Lighting (Rate Schedules SM, SH and PAL) Tables have been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply**First Revised Page No. 102
Cancelling Original Page No. 102**

Language has been updated to remove “Request for Proposal” and “RFP” and replace it with “competitive auction” to reflect current business practice.

Rider No. 8 – Default Service Supply**First Revised Page No. 102
Cancelling Original Page No. 102**

Language has been updated to remove “up to 27 MW” and replace it with “for a portion” to reflect the proposed default service plan.

Rider No. 8 – Default Service Supply**First Revised Page No. 103
Cancelling Original Page No. 103**

Symbols in the formula and the correlating formula detail have been modified to reflect current business practice. “CA” (Competitive Auction) has replaced “RFP” (Request for Proposal).

Rider No. 8 – Default Service Supply**First Revised Page No. 103
Cancelling Original Page No. 103**

DSS_b/S has been added to the formula to denote the breakout of these costs which were previously recovered in DSS_a.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES****Rider No. 8 – Default Service Supply****First Revised Page No. 103
Cancelling Original Page No. 103**

Language previously in the formula detail for DSS_a has been moved to its own symbol, DSS_b, and now resides on First Revised Page No. 104.

Rider No. 8 – Default Service Supply**First Revised Page No. 104
Cancelling Original Page No. 104**

Language previously in the formula detail for DSS_a on Original Page No. 103 has been moved to its own symbol, DSS_b, and now resides on First Revised Page No. 104.

Rider No. 8 – Default Service Supply**First Revised Page No. 104
Cancelling Original Page No. 104**

In the formula detail for “F,” language has been updated to remove “RFP” and replace it with “competitive auction” to reflect current business practice.

Rider No. 8 – Default Service Supply**First Revised Page No. 104
Cancelling Original Page No. 104**

The Rate Factor Application Period and Adjustment Table has been modified to reflect the proposed default service period.

Rider No. 8 – Default Service Supply**Original Page No. 104A**

Original Page No. 104A has been added to Rider No. 8 – Default Service Supply to accommodate the Calculation of Rate – Electric Vehicle Time-of-Use Pilot Program section as well as the formula for the calculation, the formula detail and the Rate Factors Table.

Rider No. 8 – Default Service Supply**First Revised Page No. 105
Cancelling Original Page No. 105**

Language has been added under the “Annual Reconciliation” section denoting how over/under collections will be calculated in regard to the proposed EV-TOU Pilot Program.

Rider No. 8 – Default Service Supply**First Revised Page No. 105
Cancelling Original Page No. 105**

Language has been removed under the “Miscellaneous” section pertaining to a TOU pilot program that has concluded.

LIST OF MODIFICATIONS MADE BY THIS TARIFF
CHANGES**Rider No. 9 – Day-Ahead Hourly Price Service****First Revised Page No. 106
Cancelling Original Page No. 106**

Language has been updated to remove “request for proposal” and “RFP” and replace it with “competitive auction” to reflect current business practice.

Rider No. 9 – Day-Ahead Hourly Price Service**First Revised Page No. 108
Cancelling Original Page No. 108**

A “Fixed Retail Administrative Charge” (“FRA”) Table has been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

Rider No. 9 – Day-Ahead Hourly Price Service**First Revised Page No. 109
Cancelling Original Page No. 109**

Language in the Procurement Process section has been updated to remove “request for proposal (“RFP”)” and replace it with “auction” to reflect current business practice.

Rider No. 21 – Net Metering Service**First Revised Page No. 135
Cancelling Original Page No. 135****First Revised Page No. 136
Cancelling Original Page No. 136**

Language has been added to Rider No. 21 – Net Metering Service to provide the Billing Provisions for Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”) Customer Generators.

Rider No. 21 – Net Metering Service**First Revised Page No. 135
Cancelling Original Page No. 135****First Revised Page No. 136
Cancelling Original Page No. 136**

Language in Rider No. 21 – Net Metering Service providing the Net Metering Provisions for Shopping Customers that was previously on Original Page No. 135 has been moved to the middle of First Revised Page No. 136 to accommodate the addition of language for Billing Provisions for Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”) Customer Generators.

Rider No. 21 – Net Metering Service**Original Page No. 136A**

Original Page No. 136A has been added to Rider No. 21 – Net Metering Service to provide for the addition and movement of language.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 21 – Net Metering Service

Original Page No. 136A

The Net Metering Provisions for Shopping Customers, Application, Minimum Charge and Riders sections of Rider No. 21 – Net Metering Service that were previously on Original Page No. 136 have been moved to Original Page No. 136A.

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(C) – Indicates Change

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

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

18. REDISTRIBUTION All electric energy shall be consumed by the customer to whom the Company supplies and delivers such energy, except that (1) the customer owning and operating a separate office building, and (2) any other customer who, upon showing that special circumstances exist, obtains the written consent of the Company may redistribute electric energy to tenants of such customer, but only if such tenants are not required to make a specific payment for such energy.

This Rule shall not affect any practice undertaken prior to June 1, 1965. See Rule No. 41 for special requirements for residential dwelling units in a building.

18.1 ELECTRIC VEHICLE CHARGING Electricity sales by a person, corporation or other entity, not a public utility, owning and operating an electric vehicle charging facility for the sole purpose of recharging an electric vehicle battery for compensation are not construed to be sales to residential consumers and therefore do not fall under the pricing requirements of 66 Pa.C.S. § 1313. Further, for purposes of third party-owned electric vehicle charging stations, charging the electric vehicle shall not be considered redistribution as defined in Rule No. 18 - Redistribution. For the purposes of this Rule No. 18.1, electric vehicles are defined as any vehicle licensed to operate on public roadways that are propelled in whole or in part by electrical energy stored on-board for the purpose of propulsion. Types of electric vehicles include, but are not limited to, plug-in hybrid electric vehicles and battery electric vehicles. Electric vehicle charging stations shall be made in accordance with the Company's "Electric Service Installation Rules," a copy of which may be found at www.duquesnelight.com. The station must be designed to protect for back flow of electricity to the Company's electrical distribution circuit as required by Company rules. The Company shall not be liable for any damages associated with operation of the charging station. For stations dedicated solely for the purpose of charging electric vehicles wherein a third party owns the charger and allows an electric vehicle owner to use their facility to charge an electric vehicle, the owner of the charging facility shall notify the Company at least one hundred twenty (120) days in advance of the planned installation date and may be required to install metering for the station as determined by the Company. The third party owner of the station shall be responsible for all applicable Tariff rates, fees and charges. For such installations, the electric vehicle owner shall be responsible for all fees imposed by the owner of the station for charging the electric vehicle.

(C)

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

Default Service Supply (“DSS”) provides residential, commercial, industrial and lighting customers on the applicable rate schedules with a default service supply rate that is determined based on competitive auctions to acquire the energy to serve the load of customers taking service under the provisions of this Rider. Small and medium commercial and industrial customers are defined in Rate Schedules GS/GM and GMH. For purposes of this rider, medium customers are those customers with a monthly metered demand that is at least 25 kW and less than 200 kW, on average, in a twelve (12) month period. For purposes of assigning customers not being served by an Electric Generation Supplier (“EGS”) to the applicable supply rate, Duquesne Light shall evaluate the customer’s twelve (12) most recent months of monthly billing demand for that customer available in October of the preceding year. If the customer’s average monthly billing demand is less than 25 kW in the twelve (12) months, then that customer shall be assigned to the supply rate for small commercial and industrial customers effective with their January billing. If the customer’s average monthly demand is greater than or equal to 25 kW but less than 200 kW in the twelve (12) month period, then that customer shall be assigned to the supply rate for medium commercial and industrial customers effective with their January billing.

(C)

Eligible customers may elect to enroll in the Company’s Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”). The Electric Vehicle Time-of-Use Pilot Program is available to customers that (i) are served under Rate Schedules RS, RH, RA, GS/GM, or GMH; (ii) own or lease a highway-capable plug-in battery electric vehicle or plug-in hybrid electric vehicle, or operate electric vehicle charging facilities at the service location; (iii) are not enrolled in the Company’s Customer Assistance Program, budget billing, or virtual meter aggregation; (iv) have not de-enrolled from the Electric Vehicle Time-of-Use Pilot Program, for any reason, within the last twelve (12) months; and (v) comply with any other applicable Electric Vehicle Time-of-Use Pilot Program rules established at Docket No. P-2020-XXXXXXX or subsequent proceeding. Customers enrolled in the Electric Vehicle Time-of-Use Pilot Program will be moved to the applicable Electric Vehicle Time-of-Use Pilot Program supply rate.

(C)

DEFAULT SERVICE SUPPLY RATE

Residential

(Rate Schedules RS, RH and RA)

Application Period	Supply Charge - ¢/kWh	Electric Vehicle Time-of Use Pilot Program⁽¹⁾		
		Supply Charge - ¢/kWh		
		On-Peak	Shoulder	Off-Peak
June 1, 2021 through November 30, 2021	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2021 through May 31, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2022 through November 30, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2022 through May 31, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2023 through November 30, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2023 through May 31, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2024 through November 30, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2024 through May 31, 2025	X.XXXX	X.XXXX	X.XXXX	X.XXXX

(C)

⁽¹⁾ The Electric Vehicle Time-of-Use Pilot Program is year-round, seven (7) days per week, including holidays. On-Peak Hours are 1:00 PM to 9:00 PM. Shoulder Hours are 6:00 AM to 1:00 PM and 9:00 PM to 11:00 PM. Off-Peak Hours are 11:00 PM to 6:00 AM.

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY - (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE - (Continued)

Small Commercial and Industrial customers with monthly metered demand less than 25 kW.

(Rate Schedules GS/GM and GMH and Rate Schedule UMS⁽¹⁾)

(C)

<u>Application Period</u>	<u>Supply Charge - ¢/kWh</u>	<u>Rate Schedules GS/GM and GMH Electric Vehicle Time-of Use Pilot Program⁽²⁾</u>		
		<u>Supply Charge - ¢/kWh</u>		
		<u>On-Peak</u>	<u>Shoulder</u>	<u>Off-Peak</u>
June 1, 2021 through November 30, 2021	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2021 through May 31, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2022 through November 30, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2022 through May 31, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2023 through November 30, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2023 through May 31, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2024 through November 30, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2024 through May 31, 2025	X.XXXX	X.XXXX	X.XXXX	X.XXXX

(C)

⁽¹⁾ Rate Schedule UMS is not eligible for the Electric Vehicle Time-of-Use Pilot Program.

⁽²⁾ The Electric Vehicle Time-of-Use Pilot Program is year-round, seven (7) days per week, including holidays. On-Peak Hours are 1:00 PM to 9:00 PM. Shoulder Hours are 6:00 AM to 1:00 PM and 9:00 PM to 11:00 PM. Off-Peak Hours are 11:00 PM to 6:00 AM.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Medium Commercial and Industrial customers with monthly metered demand equal to or greater than 25 kW and less than 200 kW.

(Rate Schedules GS/GM and GMH)

<u>Application Period</u>	<u>Supply Charge - ¢/kWh</u>	<u>Electric Vehicle Time-of Use Pilot Program⁽¹⁾</u>		
		<u>Supply Charge - ¢/kWh</u>		
		<u>On-Peak</u>	<u>Shoulder</u>	<u>Off-Peak</u>
June 1, 2021 through August 31, 2021	X.XXXX	X.XXXX	X.XXXX	X.XXXX
September 1, 2021 through November 30, 2021	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2021 through February 28, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
March 1, 2022 through May 31, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2022 through August 31, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
September 1, 2022 through November 30, 2022	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2022 through February 28, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
March 1, 2023 through May 31, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2023 through August 31, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
September 1, 2023 through November 30, 2023	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2023 through February 29, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
March 1, 2024 through May 31, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
June 1, 2024 through August 31, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
September 1, 2024 through November 30, 2024	X.XXXX	X.XXXX	X.XXXX	X.XXXX
December 1, 2024 through February 28, 2025	X.XXXX	X.XXXX	X.XXXX	X.XXXX
March 1, 2025 through May 31, 2025	X.XXXX	X.XXXX	X.XXXX	X.XXXX

(C)

⁽¹⁾ The Electric Vehicle Time-of-Use Pilot Program is year-round, seven (7) days per week, including holidays. On-Peak Hours are 1:00 PM to 9:00 PM. Shoulder Hours are 6:00 AM to 1:00 PM and 9:00 PM to 11:00 PM. Off-Peak Hours are 11:00 PM to 6:00 AM.

Lighting

(Rate Schedules AL and SE)

<u>Application Period</u>	<u>Supply Charge - ¢/kWh</u>
June 1, 2021 through November 30, 2021	X.XXXX
December 1, 2021 through May 31, 2022	X.XXXX
June 1, 2022 through November 30, 2022	X.XXXX
December 1, 2022 through May 31, 2023	X.XXXX
June 1, 2023 through November 30, 2023	X.XXXX
December 1, 2023 through May 31, 2024	X.XXXX
June 1, 2024 through November 30, 2024	X.XXXX
December 1, 2024 through May 31, 2025	X.XXXX

(C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

Wattage	Nominal kWh Energy Usage per Unit per Month	Application Period					
		06/01/2021 through 11/30/2021	12/01/2021 through 05/31/2022	06/01/2022 through 11/30/2022	12/01/2022 through 05/31/2023	06/01/2023 through 11/30/2023	12/01/2023 through 05/31/2023
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX	X.XXXX	X.XXXX
Fixture Charge — \$ per Month							
Mercury Vapor							
100	44	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
175	74	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
250	102	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
400	161	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
1000	386	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
High Pressure Sodium							
70	29	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
100	50	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
150	71	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
200	95	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
250	110	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
400	170	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
1000	387	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Flood Lighting - Unmetered							
70	29	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
100	46	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
150	67	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
250	100	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
400	155	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Cobra Head							
45	16	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
60	21	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
95	34	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
139	49	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
219	77	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
275	97	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Colonial							
48	17	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
83	29	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Contemporary							
47	17	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
62	22	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX

(C)

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting — (Continued)

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

Wattage	Nominal kWh Energy Usage per Unit per Month	Application Period			
		06/01/2023 through 11/30/2023	12/01/2023 through 05/31/2024	06/01/2024 through 11/30/2024	12/01/2024 through 05/31/2025
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX
		Fixture Charge — \$ per Month			
Mercury Vapor					
100	44	X.XX	X.XX	X.XX	X.XX
175	74	X.XX	X.XX	X.XX	X.XX
250	102	X.XX	X.XX	X.XX	X.XX
400	161	X.XX	X.XX	X.XX	X.XX
1000	386	X.XX	X.XX	X.XX	X.XX
High Pressure Sodium					
70	29	X.XX	X.XX	X.XX	X.XX
100	50	X.XX	X.XX	X.XX	X.XX
150	71	X.XX	X.XX	X.XX	X.XX
200	95	X.XX	X.XX	X.XX	X.XX
250	110	X.XX	X.XX	X.XX	X.XX
400	170	X.XX	X.XX	X.XX	X.XX
1000	387	X.XX	X.XX	X.XX	X.XX
Flood Lighting - Unmetered					
70	29	X.XX	X.XX	X.XX	X.XX
100	46	X.XX	X.XX	X.XX	X.XX
150	67	X.XX	X.XX	X.XX	X.XX
250	100	X.XX	X.XX	X.XX	X.XX
400	155	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Cobra Head					
45	16	X.XX	X.XX	X.XX	X.XX
60	21	X.XX	X.XX	X.XX	X.XX
95	34	X.XX	X.XX	X.XX	X.XX
139	49	X.XX	X.XX	X.XX	X.XX
219	77	X.XX	X.XX	X.XX	X.XX
275	97	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Colonial					
48	17	X.XX	X.XX	X.XX	X.XX
83	29	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Contemporary					
47	17	X.XX	X.XX	X.XX	X.XX
62	22	X.XX	X.XX	X.XX	X.XX

(C)

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)****(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)****DEFAULT SERVICE SUPPLY RATE – (Continued)**

The Company will provide default service supply under this Rider by obtaining the requirements from suppliers through competitive procurements using a competitive auction process. The charges for DSS calculated based on the results of the competitive auction process for service under this Rider will be effective as defined above. (C)
(C)

DSS obtained through the competitive auction process includes energy, capacity, transmission and distribution line losses, congestion and congestion management costs, all or some of the Alternative Energy Credits (“AECs”), ancillary services, PJM grid management charges and other such services or products that are required to provide default service to the Company’s customers including Auction Revenue Rights and Financial Transmission Rights (“ARRs/FTRs”). The Company may purchase and provide for a portion of its AEC solar requirements associated with the default service load. The AECs provided by the Company for the applicable procurement group(s) will reduce the obligation of the suppliers in the competitive auction. DSS shall not include transmission service within Duquesne’s zone. Duquesne will be responsible for and continue to provide network integration transmission service. The applicable charges for transmission service are defined in Appendix A of this Tariff. (C)
(C)

Service under this Rider No. 8 – Default Service Supply shall commence in accordance with the switching protocols in Rule No. 45.1.

PROCUREMENT PROCESS

The Company will conduct separate competitive auction solicitations for DSS for each customer procurement group under this Rider. The customer procurement groups for the competitive auction solicitations are defined as residential and lighting, small commercial and industrial and medium commercial and industrial. The small commercial and industrial group includes those customers with monthly metered demand less than 25 kW. The medium commercial and industrial group includes those customers with monthly metered demand equal to or greater than 25 kW and less than 200 kW. The competitive auction process will be bid separately to ensure that there is no cross subsidization. (C)
(C)

The Company will update the rates for the DSS according to the schedule in the above tables. The Company will issue competitive auctions prior to the beginning of each Application Period to update the default service supply rates. The updated rates will be based on the new price(s) available from the winning suppliers through the competitive auction process and the cost for Company solar contracts, if any, for the applicable procurement group(s). The rates will include a reconciliation adjustment as described in the “Calculation of Rate” section of this Rider. In the month prior to the beginning of each Application Period, the Company will file new DSS charges with the Pennsylvania Public Utility Commission (“Commission”) for the subsequent Application Period, and, upon Commission approval, these charges shall become effective on the first day of the following month. (C)
(C)

The load of the customer procurement group for the competitive auction will be divided into Tranches. Winning suppliers will provide DSS for the percentage of DSS load corresponding to the number of Tranches won in the competitive auction. Duquesne seeks to procure all Tranches in the competitive auction process pursuant to the competitive auction schedule approved by the Commission. (C)
(C)
(C)

The selection of bids will be submitted to the Commission for its approval or rejection within one business day after submittal. If the bids are not acted on by the Commission within one business day, the Company may proceed on the basis that they are approved and award the bids pursuant to 52 Pa. Code § 54.188(d).

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CONTINGENCY PLAN

In the event Duquesne receives bids for less than all Tranches or the Commission does not approve all or some of the submitted bids or in the event of supplier default, then Duquesne will provide the balance of the default supply for commercial and industrial customers through purchases in the PJM spot markets until such time that a different contingency plan is approved by the Commission. Duquesne will submit to the Commission within fifteen (15) days after any such occurrence an emergency plan to handle any default service shortfall. All costs associated with implementing the contingency plan will be included as part of the DSS described in the section below, "Calculation of Rate."

CALCULATION OF RATE

DSS rates shall be determined based on the formula described in this section. The DSS shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed for default service provided during the billing month:

$$DSS = [(CA + SLR + (DSS_a + E)/S) * F + (DSS_b/S)] * [1/(1 - T)] \tag{C}$$

Where:

- DSS** = Default Service Supply rate, converted to cents per kilowatt-hour, to be applied to each kilowatt-hour supplied to customers taking default service from the Company under this Rider.
- CA** = The weighted average of the winning bids received in a competitive auction for each customer class identified above and described in the "Default Service Supply Rate" section and adjusted for customer class transmission and distribution line losses. The competitive auction shall be conducted as described in "Procurement Process." (C)
(C)
(C)
- DSS_a** = The total estimated direct and indirect costs incurred by the Company to acquire DSS from any source on behalf of customers described above in the "Procurement Process." The Application Period shall be for each period over which the DSS, as computed, will apply. Projections of the Company's costs to acquire default supply for the Application Period shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated default service supply-related procurement and administration costs. Default service supply-related costs shall include the cost of preparing the company's default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission's order at Docket No. R-2018-3000124. (C)
(C)
(C)

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CALCULATION OF RATE – (Continued)

DSS_b = Company costs may also include the expenses to support time-of-use (“TOU”) programs offered by the Company. Time-of-use expenses will be assigned to the applicable customer class for recovery through this Rider. (C)

SLR = The costs associated with any Commission-approved solar contracts and its administration will be recovered from the customers in the applicable procurement group(s) that have received an allocation of the AECs associated with the solar contracts. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs.

E = Experienced net over or under collection for each customer procurement group based on the revenue and expense for the six (6) month period ending one-hundred twenty (120) days prior to the end of Application Period. The DSS rate effective June 1 shall include reconciliation of revenue and expense for the six (6) month period October through March. The DSS rate effective December 1 shall include reconciliation of revenue and expense for the six (6) month period April through July. Interest shall be computed monthly at the rate provided for in Title 52 Pa. Code §54.190(c), from the month the over collection or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped.

S = The Company’s default service retail kWh sales to customers in the applicable Customer Class, projected for the Application Period.

F = Rate Factor only for the residential and lighting customer groups. The Rate Factor shall be 1.0 for all other customer groups. DSS for residential and lighting customer groups will be obtained in the same competitive auction. The Rate Factor adjustment reflects the load shape of the residential and lighting classes. The Rate Factor will be as follows for each Application Period. (C)

Application Period	Residential	Lighting
June 1, 2021 through May 31, 2022	X.XXXX	X.XXXX
June 1, 2022 through May 31, 2023	X.XXXX	X.XXXX
June 1, 2023 through May 31, 2024	X.XXXX	X.XXXX
June 1, 2024 through May 31, 2025	X.XXXX	X.XXXX

(C)
(C)
(C)
(C)

T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

The rate shall become effective for default supply service rendered on and after the beginning of the Application Period unless otherwise ordered by the Commission, and shall remain in effect for the effective periods defined above, unless revised on an interim basis subject to the approval of the Commission. Pursuant to 52 Pa. Code §69.1809(c), upon determination that the DSS, if left unchanged, would result in a material over or undercollection of supply-related costs incurred or expected to be incurred during the effective period, the Company may file with the Commission for an interim revision of the DSS to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CALCULATION OF RATE – (Continued)

CALCULATION OF RATE – ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM

(C)

DSS Electric Vehicle Time-of-Use Pilot Program (“DSS EV-TOU”) rates shall be supplied via the same fixed price, full requirements (“FPFR”) products that provide default service supply for the applicable customer class. The DSS EV-TOU rates will be distinguished by three time periods throughout the year. The Off-Peak Period will consist of all hours every day from 11:00 PM through 6:00 AM. The On-Peak Period will consist of all hours every day from 1:00 PM through 9:00 PM. All other hours will be included in the Shoulder Period. The same On-Peak, Off-Peak, and Shoulder Periods will be applicable to all eligible DSS EV-TOU service customers.

(C)

The DSS EV-TOU rates shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS EV-TOU shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour and shall be applied to all kilowatt-hours billed for DSS EV-TOU rates provided during the billing month.

(C)

During the pilot program, the DSS EV-TOU rates will apply to all load associated with the applicable meter.

(C)

$$DSS = [(CA + SLR + (DSS_a + E)/S) * F * \underline{TOU F} + (DSS_b/S)] * [1/(1 - T)]$$

(C)

Where:

(C)

DSS = Default Service Supply rate as defined above, with the addition of the EV-TOU Rate Factors.

(C)

TOU F = EV-TOU Rate Factors (as defined below) will be utilized to derive the On-Peak, Shoulder, and Off-Peak rates for the customer class based on its respective energy consumption patterns and capacity requirements, as approved in the Company’s most recent DSP proceeding at Docket No. P-2020-XXXXXXX.

(C)

Electric Vehicle Time-of-Use Rate Factors									
Application Period	Residential RS, RH, RA			Small C&I ⁽¹⁾ GS, GM<25, GMH<25			Medium C&I GM & GMH ≥ 25kW < 200 kW		
	ON ⁽²⁾	SH ⁽³⁾	OFF ⁽⁴⁾	ON ⁽²⁾	SH ⁽³⁾	OFF ⁽⁴⁾	ON ⁽²⁾	SH ⁽³⁾	OFF ⁽⁴⁾
June 1, 2021 through May 31, 2022	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
June 1, 2022 through May 31, 2023	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
June 1, 2023 through May 31, 2024	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
June 1, 2024 through May 31, 2025	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX

(C)

⁽¹⁾Rate Schedule UMS is not eligible for the Electric Vehicle Time-of-Use Pilot Program.

⁽²⁾Denotes On-Peak

⁽³⁾Denotes Shoulder

⁽⁴⁾Denotes Off-Peak

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

ANNUAL RECONCILIATION

The Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following year, in accordance with 66 Pa. C.S. § 1307(e), by March 1 for each service class. An annual reconciliation statement shall be prepared separately for the Residential, Small Commercial & Industrial and Medium Commercial & Industrial customer classes.

The standard DSS rate and DSS EV-TOU over/under collections will be calculated in total for each procurement class. (C)

MISCELLANEOUS

Minimum bills shall not be reduced by reason of the DSS. DSS charges shall not be a part of the monthly rate schedule minimum nor be subject to any credits or discounts.

Application of the DSS shall be subject to continuous review and audit by the Commission at intervals it shall determine.

(C)

(C)

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE

(Applicable to Rates GS/GM, GMH, GL, GLH, L and HVPS and Generating Station Service)

Day-ahead hourly price service provides medium (≥ 200 kW) and large commercial and industrial customers with the ability to purchase their electric supply requirements on a day-ahead hourly basis. Duquesne Light shall evaluate the customer's twelve (12) most recent months of monthly billing demand for that customer available in October of the preceding year. If the customer's average monthly billing demand is greater than or equal to 200 kW, the customer will be assigned to Rider No. 9 effective with their June billing. The Company will supply electricity under this rider by obtaining the requirements based on a competitive auction. This rider is also available for the supply of electricity to generating stations that are not otherwise self-supplying and where the generating station is not otherwise receiving service from an EGS. Metering equipment must be installed at the generating station at the expense of the customer.

(C)

MONTHLY CHARGES

Energy charges are hourly and provided at the day-ahead PJM locational marginal prices ("LMP") based on the customer's real time metered hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, plus a fixed retail administrative charge. PJM posts the day-ahead locational marginal price on their web site at 4:00 PM EPT. Capacity charges are equal to the full PJM Reliability Pricing Model ("RPM") capacity price for the Duquesne Zone, and shall recover the charges associated with the customer's share of the Company's capacity obligation assigned by PJM, plus the charges for capacity based ancillary services. Energy and capacity charges will be calculated using the following formula and adjusted for the Pennsylvania Gross Receipts Tax (GRT) in effect.

End Hour

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} L_{RTt} * (1 + ADJ_t) * (LMP_{DA_t} + OR_{DA_t}) +$$

*t=Start Hour**End Hour*

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [(L_{RTt} * (1 + ADJ_t)) * (SR_{RTt} + REG_{RTt} + SCN_{RTt} + S1A) + L_{RTt} * (PJM_S + FRA)] +$$

*t=Start Hour**End Day*

$$\sum_{D=\text{Start Day}}^{\text{End Day}} [(CO_D * CChg_D) + NPLC_D * (R_D + B_D)]$$

*D=Start Day***(C) – Indicates Change**

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GS/GM, GMH, GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

PJM Ancillary Service Charges and Other PJM Charges – (Continued)

- PJM_S**= PJM Surcharge is a pass-through of the charges incurred by the Company for grid management and administrative costs associated with membership and operation in PJM. These are the charges incurred by the Company under PJM Schedules 9 and 10 to provide hourly price service.
- R_D** = Reactive supply service charge in \$/MW-day to serve the customer’s load as calculated under the PJM Tariff Schedule 2.
- B_D** = Blackstart service charge in \$/MW-day to serve the customer’s load as calculated under the PJM Tariff Schedule 6A.

Fixed Retail Administrative Charge

FRA = The Fixed Retail Administrative Charge in \$ per MWH. The Fixed Retail Administrative Charge consists of the sum of administrative charges for the suppliers providing hourly price service (as determined by a competitive solicitation process) and for the Company to obtain supply and administer this service. Default service supply-related costs shall include the cost of preparing the company’s default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission’s order at Docket No.R-2018-3000124.

The supplier charges shall be based on the winning bids in the Company’s most recent solicitation for supply of hourly price default service.

The Company’s administrative charges shall be based on an amortization of the costs incurred by the Company to acquire generation supply from any source for the Medium (≥ 200 kW) Customer Class and Large C&I Customer Class during the most recent twelve-month (12-month) period ended May 31st (as determined by amortizing such costs over a 12-month period) plus the amortization of the cost of administering the hourly price service over the duration of the default service plan, including any unbundled costs of preparing the Company’s default service plan filing and working capital costs associated with default service supply.

This charge shall also include the Company’s costs associated with any Commission approved solar contracts and its administration, if applicable, in \$ per MWh. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs.

Application Period	FRA \$/MWH
June 1, 2021 through May 31, 2022	\$X.XX
June 1, 2022 through May 31, 2023	\$X.XX
June 1, 2023 through May 31, 2024	\$X.XX
June 1, 2024 through May 31, 2025	\$X.XX

(C)

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)****(Applicable to Rates GS/GM, GMH, GL, GLH, L and HVPS and Generating Station Service)****MONTHLY CHARGES – (Continued)****Customer's Capacity Obligation and Network Service Peak Load**

CO_D = Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation.

NPLC_D = The customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

Capacity Charges

CChg_D= The demand charge in \$/MW-day, which is equal to the full PJM RPM Final Zonal Capacity Price for the Duquesne Zone.

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

PROCUREMENT PROCESS

The Company will conduct a competitive auction to obtain day-ahead hourly price service under this rider. The winning bidder(s) will be responsible for providing default service supply at PJM day-ahead energy prices, capacity, ancillary services, and other PJM management charges as defined above. The winning supplier(s) will be the supplier(s) who bids the lowest price(s) in this solicitation in \$/MWH to cover the costs of renewable energy supply, energy balancing, and supplier administrative costs.

(C)**CONTINGENCY PLAN**

In the event Duquesne does not receive bids, the Commission does not approve the submitted bid(s) or a supplier defaults, Duquesne will provide default supply for commercial and industrial customers through purchases in accordance with the above formula and process. The Company will pass-through the costs it incurs to provide the renewable energy requirements, energy balancing and any administrative costs in addition to those costs otherwise recovered through the Fixed Retail Administrative Charge described in the "Monthly Charges" section of this rider. All revenue and expense associated with the contingency plan will be reconciled as described in the "Annual Reconciliation" section of this rider.

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 21 – NET METERING SERVICE – (Continued)****(Applicable to Rates RS, RH, RA, GS/GM, GMH and GL)****BILLING PROVISIONS - (Continued)**

2. If the Company supplies more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
3. For customer-generators involved in virtual meter aggregation programs, a credit shall be applied first to the meter through which the generating facility supplies electricity to the distribution system, then through the remaining meters for the customer-generator's account equally at each meter's designated rate. Virtual meter aggregation is the combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a customer-generator by means of the Company's billing process, rather than through physical rewiring of the customer-generator's property for a physical, single point of contact. The customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

BILLING PROVISIONS FOR (C)
ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM ("EV-TOU") CUSTOMER GENERATORS

(Applicable to Rates RS, RH, RA, GS/GM and GMH) (C)

The following billing provisions apply to customer-generators that take service on Rider No 8 – Default Service Supply and are on EV-TOU rates. (C)

1. The EV-TOU customer-generator will receive a credit for each kilowatt-hour received by the Company up to the total amount of electricity delivered to the Customer during the billing period at the full retail rate consistent with Commission regulations. If an EV-TOU customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the Company will maintain an active record of the excess kilowatt hours produced at the customer-generators premise in a "bank". If an EV-TOU customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the EV-TOU customer generator's usage in a subsequent billing period at the full retail rate. If, in a subsequent billing period, a customer consumes more electricity than produced, kilowatt-hours will be pulled from the customer's bank on a first in first out basis. Any excess kilowatt hours shall continue to accumulate and credit against usage for the 12 month period ending May 31st. On an annual basis, the Company will compensate the customer-generator for kilowatt-hours remaining in the bank on May 31st, at the applicable Price To Compare at the time the excess kilowatt-hours were banked. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule. (C)

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 21 – NET METERING SERVICE – (Continued)****(Applicable to Rates RS, RH, RA, GS/GM, GMH and GL)****BILLING PROVISIONS FOR
ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM (“EV-TOU”) CUSTOMER GENERATORS****(C)****(Applicable to Rates RS, RH, RA, GS/GM and GMH)****(C)****- (Continued)****(C)**

2. If the Company supplies more kilowatt-hours of electricity than the customer-generator supplies during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule. **(C)**
3. If an eligible customer-generator wishes to no longer be enrolled in the EV-TOU Pilot Program and switches to the standard default service supply product, any excess kilowatt hours banked and remaining from the EV-TOU period will be used, as applicable, for the remaining portion of the 12 month period ending May 31 and the Company shall compensate for any excess kilowatt hours that are banked at the Price To Compare in effect at the time. **(C)**

NET METERING PROVISIONS FOR SHOPPING CUSTOMERS**(C)**

1. Customer-generators may take net metering services from EGSs that offer such services.
2. If a net-metering customer takes service from an EGS, the Company will credit the customer for distribution charges for each kilowatt hour produced by the customer-generator, up to the total amount of kilowatt-hours delivered to the customer by the Company during the billing period. If a customer-generator supplies more electricity to the electric distribution system than the Company delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator’s usage in subsequent billing periods at the Company’s distribution rates. Any excess kilowatt hours shall continue to accumulate for the 12 month period ending May 31. Any excess kilowatt hours at the end of the 12 month period will not carry over to the next year for distribution charge purposes. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
3. If the Company delivers more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company’s system during the billing period, all charges of the applicable rate schedule shall be applied to the net kilowatt-hours of electricity that the Company delivered. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)**(C)****RIDER NO. 21 – NET METERING SERVICE – (Continued)****(Applicable to Rates RS, RH, RA, GS/GM, GMH and GL)****NET METERING PROVISIONS FOR SHOPPING CUSTOMERS – (Continued)**

4. Pursuant to Commission regulations, the credit or compensation terms for excess electricity produced by customer-generators who are customers of EGSs shall be stated in the service agreement between the customer-generator and the EGS. The Company will provide the customer-generator with a statement of monthly kilowatt hour usage for the 12 month period ending May 31 for the purpose of the customer-generator seeking credit or compensation from the EGS.
5. If a customer-generator switches electricity suppliers, the Company shall treat the end of the service period as if it were the end of the year.

APPLICATION

Customer-generators seeking to receive service under the provisions of this Rider must submit a written application to the Company demonstrating compliance with the Net Metering Rider provisions and quantifying the total rated generating capacity of the customer-generator facility.

MINIMUM CHARGE

The Minimum Charges under Rate Schedule RS, RH, RA, GS/GM, GMH and GL apply for installations under this Rider.

RIDERS

Bills rendered by the Company under this Rider shall be subject to charges stated in any other applicable Rider.

EXHIBIT NO. DBO-8

SUPPLEMENT NO. X
TO ELECTRIC – PA. P.U.C. NO. 25



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

ISSUED: Xxxxxxxx XX, XXXX

EFFECTIVE: Xxxx XX, XXXX

Issued in compliance with
Commission Order dated Xxxxxxxx XX, XXXX at Docket No. P-2020-XXXXXXX.

NOTICE

THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS, ADDS PAGES AND
MODIFIES AN EXISTING RULE AND EXISTING RIDERS

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

List of Modifications Made By This Tariff Page No. 2A through Page No. 2E

Page No. 2A through Page No. 2E have been added to Tariff No. 25 to accommodate the List of Modifications.

Page No. 98A has been added to Rider No. 8 – Default Service Supply and therefore to Tariff No. 25

Page No. 104A has been added to Rider No. 8 – Default Service Supply and therefore to Tariff No. 25.

Page No. 136A has been added to Rider No 21 – Net Metering Service and therefore to Tariff No. 25.

Table of Contents Second Revised Page No. 3
Cancelling First Revised Page No. 3

Page No. 136A has been added to Rider No. 21 – Net Metering Service and to the Table of Contents in Tariff No. 25.

Rule No. 18.1 Electric Vehicle Charging First Revised Page No. 26
Cancelling Original Page No. 26

Language has been added to provide clarity for purposes of defining electric vehicles as described in Rule No. 18.1.

Rider No. 8 – Default Service Supply First Revised Page No. 98
Cancelling Original Page No. 98

Language has been updated to remove “a request for proposal” and replace it with “competitive auctions” to reflect current business practice.

Rider No. 8 – Default Service Supply First Revised Page No. 98
Cancelling Original Page No. 98

Eligibility language has been added regarding the Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply First Revised Page No. 98
Cancelling Original Page No. 98

The Residential (Rate Schedules RS, RH and RA) Table has been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 8 – Default Service Supply

First Revised Page No. 98
Cancelling Original Page No. 98

The Residential (Rate Schedules RS, RH and RA) Table has been modified to include an “Electric Vehicle Time-of-Use Pilot Program” section.

A footnote has been added to describe the proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply

First Revised Page No. 98
Cancelling Original Page No. 98

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been moved from Original Page No. 98 to Original Page No. 98A to accommodate the addition of the eligibility language regarding the Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply

Original Page No. 98A

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been moved to Original Page No. 98A from Original Page No. 98 to accommodate the addition of the eligibility language regarding the Company’s proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply

Original Page No. 98A

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply

Original Page No. 98A

The Small C&I with monthly metered demand less than 25 kW (Rate Schedules GS/GM, GMH and UMS) Table has been modified to include an “Electric Vehicle Time-of-Use Pilot Program” section applicable to Rate Schedules GS/GM and GMH.

Footnotes have been added to describe the proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply

Second Revised Page No. 99
Cancelling First Revised Page No. 99

The Medium C&I with monthly metered demand equal to or greater than 25 kW (Rates Schedules GS/GM and GMH) and Lighting (Rate Schedules AL and SE) Tables have been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 8 – Default Service Supply **Second Revised Page No. 99**
Cancelling First Revised Page No. 99

The Medium C&I with monthly metered demand equal to or greater than 25 kW (Rates Schedules GS/GM and GMH) Table has been modified to include an “Electric Vehicle Time-of-Use Pilot Program” section.

A footnote has been added to describe the proposed Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”).

Rider No. 8 – Default Service Supply **First Revised Page No. 100**
Cancelling Original Page No. 100

Rider No. 8 – Default Service Supply **First Revised Page No. 101**
Cancelling Original Page No. 101

The Lighting (Rate Schedules SM, SH and PAL) Tables have been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

Rider No. 8 – Default Service Supply **First Revised Page No. 102**
Cancelling Original Page No. 102

Language has been updated to remove “Request for Proposal” and “RFP” and replace it with “competitive auction” to reflect current business practice.

Rider No. 8 – Default Service Supply **First Revised Page No. 102**
Cancelling Original Page No. 102

Language has been updated to remove “up to 27 MW” and replace it with “for a portion” to reflect the proposed default service plan.

Rider No. 8 – Default Service Supply **First Revised Page No. 103**
Cancelling Original Page No. 103

Symbols in the formula and the correlating formula detail have been modified to reflect current business practice. “CA” (Competitive Auction) has replaced “RFP” (Request for Proposal).

Rider No. 8 – Default Service Supply **First Revised Page No. 103**
Cancelling Original Page No. 103

DSS_b/S has been added to the formula to denote the breakout of these costs which were previously recovered in DSS_a.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 8 – Default Service Supply **First Revised Page No. 103**
Cancelling Original Page No. 103

Language previously in the formula detail for DSS_a has been moved to its own symbol, DSS_b, and now resides on First Revised Page No. 104.

Rider No. 8 – Default Service Supply **First Revised Page No. 104**
Cancelling Original Page No. 104

Language previously in the formula detail for DSS_a on Original Page No. 103 has been moved to its own symbol, DSS_b, and now resides on First Revised Page No. 104.

Rider No. 8 – Default Service Supply **First Revised Page No. 104**
Cancelling Original Page No. 104

In the formula detail for “F,” language has been updated to remove “RFP” and replace it with “competitive auction” to reflect current business practice.

Rider No. 8 – Default Service Supply **First Revised Page No. 104**
Cancelling Original Page No. 104

The Rate Factor Application Period and Adjustment Table has been modified to reflect the proposed default service period.

Rider No. 8 – Default Service Supply **Original Page No. 104A**

Original Page No. 104A has been added to Rider No. 8 – Default Service Supply to accommodate the Calculation of Rate – Electric Vehicle Time-of-Use Pilot Program section as well as the formula for the calculation, the formula detail and the Rate Factors Table.

Rider No. 8 – Default Service Supply **First Revised Page No. 105**
Cancelling Original Page No. 105

Language has been added under the “Annual Reconciliation” section denoting how over/under collections will be calculated in regard to the proposed EV-TOU Pilot Program.

Rider No. 8 – Default Service Supply **First Revised Page No. 105**
Cancelling Original Page No. 105

Language has been removed under the “Miscellaneous” section pertaining to a TOU pilot program that has concluded.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 9 – Day-Ahead Hourly Price Service First Revised Page No. 106
Cancelling Original Page No. 106

Language has been updated to remove “request for proposal” and “RFP” and replace it with “competitive auction” to reflect current business practice.

Rider No. 9 – Day-Ahead Hourly Price Service First Revised Page No. 108
Cancelling Original Page No. 108

A “Fixed Retail Administrative Charge” (“FRA”) Table has been modified to update the application periods (June 1, 2021, through May 31, 2025) under the proposed four-year default service plan.

Rider No. 9 – Day-Ahead Hourly Price Service First Revised Page No. 109
Cancelling Original Page No. 109

Language in the Procurement Process section has been updated to remove “request for proposal (“RFP”)” and replace it with “auction” to reflect current business practice.

Rider No. 21 – Net Metering Service First Revised Page No. 135
Cancelling Original Page No. 135

First Revised Page No. 136
Cancelling Original Page No. 136

Language has been added to Rider No. 21 – Net Metering Service to provide the Billing Provisions for Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”) Customer Generators.

Rider No. 21 – Net Metering Service First Revised Page No. 135
Cancelling Original Page No. 135

First Revised Page No. 136
Cancelling Original Page No. 136

Language in Rider No. 21 – Net Metering Service providing the Net Metering Provisions for Shopping Customers that was previously on Original Page No. 135 has been moved to the middle of First Revised Page No. 136 to accommodate the addition of language for Billing Provisions for Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”) Customer Generators.

Rider No. 21 – Net Metering Service Original Page No. 136A

Original Page No. 136A has been added to Rider No. 21 – Net Metering Service to provide for the addition and movement of language.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 21 – Net Metering Service

Original Page No. 136A

The Net Metering Provisions for Shopping Customers, Application, Minimum Charge and Riders sections of Rider No. 21 – Net Metering Service that were previously on Original Page No. 136 have been moved to Original Page No. 136A.

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(C)

(C)

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

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

18. REDISTRIBUTION All electric energy shall be consumed by the customer to whom the Company supplies and delivers such energy, except that (1) the customer owning and operating a separate office building, and (2) any other customer who, upon showing that special circumstances exist, obtains the written consent of the Company may redistribute electric energy to tenants of such customer, but only if such tenants are not required to make a specific payment for such energy.

This Rule shall not affect any practice undertaken prior to June 1, 1965. See Rule No. 41 for special requirements for residential dwelling units in a building.

18.1 ELECTRIC VEHICLE CHARGING Electricity sales by a person, corporation or other entity, not a public utility, owning and operating an electric vehicle charging facility for the sole purpose of recharging an electric vehicle battery for compensation are not construed to be sales to residential consumers and therefore do not fall under the pricing requirements of 66 Pa.C.S. § 1313. Further, for purposes of third party-owned electric vehicle charging stations, charging the electric vehicle shall not be considered redistribution as defined in Rule No. 18 - Redistribution. For the purposes of this Rule No. 18.1, ~~E~~electric vehicles are defined as any vehicle licensed to operate on public roadways that are propelled in whole or in part by electrical energy stored on-board for the purpose of propulsion. Types of electric vehicles include, but are not limited to, plug-in hybrid electric vehicles and battery electric vehicles. Electric vehicle charging stations shall be made in accordance with the Company's "Electric Service Installation Rules," a copy of which may be found at www.duquesnelight.com. The station must be designed to protect for back flow of electricity to the Company's electrical distribution circuit as required by Company rules. The Company shall not be liable for any damages associated with operation of the charging station. For stations dedicated solely for the purpose of charging electric vehicles wherein a third party owns the charger and allows an electric vehicle owner to use their facility to charge an electric vehicle, the owner of the charging facility shall notify the Company at least one hundred twenty (120) days in advance of the planned installation date and may be required to install metering for the station as determined by the Company. The third party owner of the station shall be responsible for all applicable Tariff rates, fees and charges. For such installations, the electric vehicle owner shall be responsible for all fees imposed by the owner of the station for charging the electric vehicle.

(C)

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

Default Service Supply (“DSS”) provides residential, commercial, industrial and lighting customers on the applicable rate schedules with a default service supply rate that is determined based on ~~a request for proposal competitive auctions~~ to acquire the energy to serve the load of customers taking service under the provisions of this Rider. Small and medium commercial and industrial customers are defined in Rate Schedules GS/GM and GMH. For purposes of this rider, medium customers are those customers with a monthly metered demand that is at least 25 kW and less than 200 kW, on average, in a twelve (12) month period. For purposes of assigning customers not being served by an Electric Generation Supplier (“EGS”) to the applicable supply rate, Duquesne Light shall evaluate the customer’s twelve (12) most recent months of monthly billing demand for that customer available in October of the preceding year. If the customer’s average monthly billing demand is less than 25 kW in the twelve (12) months, then that customer shall be assigned to the supply rate for small commercial and industrial customers effective with their January billing. If the customer’s average monthly demand is greater than or equal to 25 kW but less than 200 kW in the twelve (12) month period, then that customer shall be assigned to the supply rate for medium commercial and industrial customers effective with their January billing.

(C)

Eligible customers may elect to enroll in the Company’s Electric Vehicle Time-of-Use Pilot Program (“EV-TOU”). The Electric Vehicle Time-of-Use Pilot Program is available to customers that (i) are served under Rate Schedules RS, RH, RA, GS/GM, or GMH; (ii) own or lease a highway-capable plug-in battery electric vehicle or plug-in hybrid electric vehicle, or operate electric vehicle charging facilities at the service location; (iii) are not enrolled in the Company’s Customer Assistance Program, budget billing, or virtual meter aggregation; (iv) have not de-enrolled from the Electric Vehicle Time-of-Use Pilot Program, for any reason, within the last twelve (12) months; and (v) comply with any other applicable Electric Vehicle Time-of-Use Pilot Program rules established at Docket No. P-2020-XXXXXXX or subsequent proceeding. Customers enrolled in the Electric Vehicle Time-of-Use Pilot Program will be moved to the applicable Electric Vehicle Time-of-Use Pilot Program supply rate.

(C)

DEFAULT SERVICE SUPPLY RATE

Residential

(Rate Schedules RS, RH and RA)

Application Period	Supply Charge - ¢/kWh	Electric Vehicle Time-of Use Pilot Program⁽¹⁾		
		Supply Charge - ¢/kWh		
		On-Peak	Shoulder	Off-Peak
<u>June 1, 2021 through November 30, 2021</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2021 through May 31, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2022 through November 30, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2022 through May 31, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2023 through November 30, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2023 through May 31, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2024 through November 30, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2024 through May 31, 2025</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>

(C)

⁽¹⁾ The Electric Vehicle Time-of-Use Pilot Program is year-round, seven (7) days per week, including holidays. On-Peak Hours are 1:00 PM to 9:00 PM. Shoulder Hours are 6:00 AM to 1:00 PM and 9:00 PM to 11:00 PM. Off-Peak Hours are 11:00 PM to 6:00 AM.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY - (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE - (Continued)

Small Commercial and Industrial customers with monthly metered demand less than 25 kW.

(Rate Schedules GS/GM and GMH and Rate Schedule UMS⁽¹⁾)

(C)

<u>Application Period</u>	<u>Supply Charge - ¢/kWh</u>	<u>Rate Schedules GS/GM and GMH Electric Vehicle Time-of Use Pilot Program⁽²⁾</u>		
		<u>Supply Charge - ¢/kWh</u>		
		<u>On-Peak</u>	<u>Shoulder</u>	<u>Off-Peak</u>
<u>June 1, 2021 through November 30, 2021</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2021 through May 31, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2022 through November 30, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2022 through May 31, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2023 through November 30, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2023 through May 31, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2024 through November 30, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2024 through May 31, 2025</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>

(C)

⁽¹⁾ Rate Schedule UMS is not eligible for the Electric Vehicle Time-of-Use Pilot Program.

⁽²⁾ The Electric Vehicle Time-of-Use Pilot Program is year-round, seven (7) days per week, including holidays. On-Peak Hours are 1:00 PM to 9:00 PM. Shoulder Hours are 6:00 AM to 1:00 PM and 9:00 PM to 11:00 PM. Off-Peak Hours are 11:00 PM to 6:00 AM.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Medium Commercial and Industrial customers with monthly metered demand
 equal to or greater than 25 kW and less than 200 kW.

(Rate Schedules GS/GM and GMH)

<u>Application Period</u>	<u>Supply Charge - ¢/kWh</u>	<u>Electric Vehicle Time-of Use Pilot Program⁽¹⁾</u>		
		<u>Supply Charge - ¢/kWh</u>		
		<u>On-Peak</u>	<u>Shoulder</u>	<u>Off-Peak</u>
<u>June 1, 2021 through August 31, 2021</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>September 1, 2021 through November 30, 2021</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2021 through February 28, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>March 1, 2022 through May 31, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2022 through August 31, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>September 1, 2022 through November 30, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2022 through February 28, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>March 1, 2023 through May 31, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2023 through August 31, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>September 1, 2023 through November 30, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2023 through February 29, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>March 1, 2024 through May 31, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2024 through August 31, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>September 1, 2024 through November 30, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>December 1, 2024 through February 28, 2025</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>March 1, 2025 through May 31, 2025</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>

(C)

⁽¹⁾The Electric Vehicle Time-of-Use Pilot Program is year-round, seven (7) days per week, including holidays. On-Peak Hours are 1:00 PM to 9:00 PM. Shoulder Hours are 6:00 AM to 1:00 PM and 9:00 PM to 11:00 PM. Off-Peak Hours are 11:00 PM to 6:00 AM.

Lighting

(Rate Schedules AL and SE)

<u>Application Period</u>	<u>Supply Charge - ¢/kWh</u>
<u>June 1, 2021 through November 30, 2021</u>	<u>X.XXXX</u>
<u>December 1, 2021 through May 31, 2022</u>	<u>X.XXXX</u>
<u>June 1, 2022 through November 30, 2022</u>	<u>X.XXXX</u>
<u>December 1, 2022 through May 31, 2023</u>	<u>X.XXXX</u>
<u>June 1, 2023 through November 30, 2023</u>	<u>X.XXXX</u>
<u>December 1, 2023 through May 31, 2024</u>	<u>X.XXXX</u>
<u>June 1, 2024 through November 30, 2024</u>	<u>X.XXXX</u>
<u>December 1, 2024 through May 31, 2025</u>	<u>X.XXXX</u>

(C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

Wattage	Nominal kWh Energy Usage per Unit per Month	Application Period					
		<u>06/01/2021 through 11/30/2021</u>	<u>12/01/2021 through 05/31/2022</u>	<u>06/01/2022 through 11/30/2022</u>	<u>12/01/2022 through 05/31/2023</u>	<u>06/01/2023 through 11/30/2023</u>	<u>12/01/2023 through 05/31/2023</u>
Supply Charge ¢ per kWh		X.XXXX	X.XXXX	X.XXXX	X.XXXX	X.XXXX	X.XXXX
Fixture Charge — \$ per Month							
Mercury Vapor							
100	44	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
175	74	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
250	102	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
400	161	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
1000	386	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
High Pressure Sodium							
70	29	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
100	50	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
150	71	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
200	95	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
250	110	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
400	170	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
1000	387	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Flood Lighting - Unmetered							
70	29	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
100	46	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
150	67	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
250	100	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
400	155	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Cobra Head							
45	16	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
60	21	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
95	34	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
139	49	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
219	77	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
275	97	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Colonial							
48	17	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
83	29	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
Light-Emitting Diode (LED) — Contemporary							
47	17	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
62	22	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX

(C)

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting — (Continued)

(Rate Schedules SM, SH and PAL)

Lamp wattage as available on applicable rate schedule.

Wattage	Nominal kWh Energy Usage per Unit per Month	Application Period			
		<u>06/01/2023 through 11/30/2023</u>	<u>12/01/2023 through 05/31/2024</u>	<u>06/01/2024 through 11/30/2024</u>	<u>12/01/2024 through 05/31/2025</u>
Supply Charge ¢ per kWh		<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
Fixture Charge — \$ per Month					
Mercury Vapor					
100	44	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
175	74	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
250	102	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
400	161	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
1000	386	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
High Pressure Sodium					
70	29	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
100	50	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
150	71	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
200	95	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
250	110	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
400	170	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
1000	387	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
Flood Lighting - Unmetered					
70	29	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
100	46	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
150	67	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
250	100	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
400	155	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
Light-Emitting Diode (LED) — Cobra Head					
45	16	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
60	21	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
95	34	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
139	49	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
219	77	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
275	97	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
Light-Emitting Diode (LED) — Colonial					
48	17	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
83	29	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
Light-Emitting Diode (LED) — Contemporary					
47	17	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>
62	22	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>	<u>X.XX</u>

(C)

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

DEFAULT SERVICE SUPPLY RATE – (Continued)

The Company will provide default service supply under this Rider by obtaining the requirements from suppliers through competitive procurements using a ~~Request for Proposal (“RFP”)~~ competitive auction process. The charges for DSS calculated based on the results of the ~~RFP~~ competitive auction process for service under this Rider will be effective as defined above. (C)
(C)

DSS obtained through the ~~RFP~~ competitive auction process includes energy, capacity, transmission and distribution line losses, congestion and congestion management costs, all or some of the Alternative Energy Credits (“AECs”), ancillary services, PJM grid management charges and other such services or products that are required to provide default service to the Company’s customers including Auction Revenue Rights and Financial Transmission Rights (“ARRs/FTRs”). The Company may purchase and provide ~~up to 27 MW for a portion~~ of its AEC solar requirements associated with the default service load. The AECs provided by the Company for the applicable procurement group(s) will reduce the obligation of the suppliers in the ~~RFP~~ competitive auction. DSS shall not include transmission service within Duquesne’s zone. Duquesne will be responsible for and continue to provide network integration transmission service. The applicable charges for transmission service are defined in Appendix A of this Tariff. (C)
(C)
(C)

Service under this Rider No. 8 – Default Service Supply shall commence in accordance with the switching protocols in Rule No. 45.1.

PROCUREMENT PROCESS

The Company will conduct separate ~~RFP~~ competitive auction solicitations for DSS for each customer procurement group under this Rider. The customer procurement groups for the ~~RFP~~ competitive auction solicitations are defined as residential and lighting, small commercial and industrial and medium commercial and industrial. The small commercial and industrial group includes those customers with monthly metered demand less than 25 kW. The medium commercial and industrial group includes those customers with monthly metered demand equal to or greater than 25 kW and less than 200 kW. The ~~RFP~~ competitive auction process will be bid separately to ensure that there is no cross subsidization. (C)
(C)
(C)

The Company will update the rates for the DSS according to the schedule in the above tables. The Company will issue ~~RFPs~~ competitive auctions prior to the beginning of each Application Period to update the default service supply rates. The updated rates will be based on the new price(s) available from the winning suppliers through the ~~RFP~~ competitive auction process and the cost for Company solar contracts, if any, for the applicable procurement group(s). The rates will include a reconciliation adjustment as described in the “Calculation of Rate” section of this Rider. In the month prior to the beginning of each Application Period, the Company will file new DSS charges with the Pennsylvania Public Utility Commission (“Commission”) for the subsequent Application Period, and, upon Commission approval, these charges shall become effective on the first day of the following month. (C)
(C)

The load of the customer procurement group for the ~~RFP~~ competitive auction will be divided into Tranches. Winning suppliers will provide DSS for the percentage of DSS load corresponding to the number of Tranches won in the ~~RFP~~ competitive auction. Duquesne seeks to procure all Tranches in the ~~RFP~~ competitive auction process pursuant to the ~~RFP~~ competitive auction schedule approved by the Commission. (C)
(C)
(C)

The selection of bids will be submitted to the Commission for its approval or rejection within one business day after submittal. If the bids are not acted on by the Commission within one business day, the Company may proceed on the basis that they are approved and award the bids pursuant to 52 Pa. Code § 54.188(d).

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CONTINGENCY PLAN

In the event Duquesne receives bids for less than all Tranches or the Commission does not approve all or some of the submitted bids or in the event of supplier default, then Duquesne will provide the balance of the default supply for commercial and industrial customers through purchases in the PJM spot markets until such time that a different contingency plan is approved by the Commission. Duquesne will submit to the Commission within fifteen (15) days after any such occurrence an emergency plan to handle any default service shortfall. All costs associated with implementing the contingency plan will be included as part of the DSS described in the section below, "Calculation of Rate."

CALCULATION OF RATE

DSS rates shall be determined based on the formula described in this section. The DSS shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed for default service provided during the billing month:

$$DSS = [(CA + SLR + (DSS_a + E)/S) * F + (DSS_b/S)] * [1/(1 - T)] \quad (C)$$

Where:

- DSS** = Default Service Supply rate, converted to cents per kilowatt-hour, to be applied to each kilowatt-hour supplied to customers taking default service from the Company under this Rider.
- CA** = The weighted average of the winning bids received in a competitive ~~request for proposal auction~~ for each customer class identified above and described in the "Default Service Supply Rate" section and adjusted for customer class transmission and distribution line losses. The ~~request for proposal competitive auction~~ shall be conducted as described in "Procurement Process." (C) (C) (C)
- DSS_a** = The total estimated direct and indirect costs incurred by the Company to acquire DSS from any source on behalf of customers described above in the "Procurement Process." The Application Period shall be for each period over which the DSS, as computed, will apply. Projections of the Company's costs to acquire default supply for the Application Period shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated default service supply-related procurement and administration costs. ~~Company costs may also include the expenses to support time-of-use ("TOU") programs offered by EGSs. Time-of-use expenses will be assigned to the applicable customer class for recovery through this Rider.~~ (C) (C) (C)
 Default service supply-related costs shall include the cost of preparing the company's default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission's order at Docket No. R-2018-3000124.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CALCULATION OF RATE – (Continued)

DSS_b = Company costs may also include the expenses to support time-of-use (“TOU”) programs offered by the Company. Time-of-use expenses will be assigned to the applicable customer class for recovery through this Rider. **(C)**

SLR = The costs associated with any Commission-approved solar contracts and its administration will be recovered from the customers in the applicable procurement group(s) that have received an allocation of the AECs associated with the solar contracts. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs.

E = Experienced net over or under collection for each customer procurement group based on the revenue and expense for the six (6) month period ending one-hundred twenty (120) days prior to the end of Application Period. The DSS rate effective June 1 shall include reconciliation of revenue and expense for the six (6) month period October through March. The DSS rate effective December 1 shall include reconciliation of revenue and expense for the six (6) month period April through July. Interest shall be computed monthly at the rate provided for in Title 52 Pa. Code §54.190(c), from the month the over collection or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped.

S = The Company’s default service retail kWh sales to customers in the applicable Customer Class, projected for the Application Period.

F = Rate Factor only for the residential and lighting customer groups. The Rate Factor shall be 1.0 for all other customer groups. DSS for residential and lighting customer groups will be obtained in the same RFP-competitive auction. The Rate Factor adjustment reflects the load shape of the residential and lighting classes. The Rate Factor will be as follows for each Application Period. **(C)**

Application Period	Residential	Lighting
<u>June 1, 2021 through May 31, 2022</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2022 through May 31, 2023</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2023 through May 31, 2024</u>	<u>X.XXXX</u>	<u>X.XXXX</u>
<u>June 1, 2024 through May 31, 2025</u>	<u>X.XXXX</u>	<u>X.XXXX</u>

(C)
(C)
(C)
(C)

T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

The rate shall become effective for default supply service rendered on and after the beginning of the Application Period unless otherwise ordered by the Commission, and shall remain in effect for the effective periods defined above, unless revised on an interim basis subject to the approval of the Commission. Pursuant to 52 Pa. Code §69.1809(c), upon determination that the DSS, if left unchanged, would result in a material over or undercollection of supply-related costs incurred or expected to be incurred during the effective period, the Company may file with the Commission for an interim revision of the DSS to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

CALCULATION OF RATE – (Continued)

CALCULATION OF RATE – ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM

(C)

DSS Electric Vehicle Time-of-Use Pilot Program (“DSS EV-TOU”) rates shall be supplied via the same fixed price, full requirements (“FPFR”) products that provide default service supply for the applicable customer class. The DSS EV-TOU rates will be distinguished by three time periods throughout the year. The Off-Peak Period will consist of all hours every day from 11:00 PM through 6:00 AM. The On-Peak Period will consist of all hours every day from 1:00 PM through 9:00 PM. All other hours will be included in the Shoulder Period. The same On-Peak, Off-Peak, and Shoulder Periods will be applicable to all eligible DSS EV-TOU service customers.

(C)

The DSS EV-TOU rates shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS EV-TOU shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour and shall be applied to all kilowatt-hours billed for DSS EV-TOU rates provided during the billing month.

(C)

During the pilot program, the DSS EV-TOU rates will apply to all load associated with the applicable meter.

(C)

$$\text{DSS} = [(\text{CA} + \text{SLR} + (\text{DSS}_a + \text{E})/\text{S}) * \text{F} * \text{TOU F} + (\text{DSS}_b/\text{S})] * [1/(1 - \text{T})]$$

(C)

Where:

(C)

DSS = Default Service Supply rate as defined above, with the addition of the EV--TOU Rate Factors.

(C)

TOU F = EV-TOU Rate Factors (as defined below) will be utilized to derive the On-Peak, Shoulder, and Off-Peak rates for the customer class based on its respective energy consumption patterns and capacity requirements, as approved in the Company’s most recent DSP proceeding at Docket No.P-2020- XXXXXXX.

(C)

<u>Electric Vehicle Time-of-Use Rate Factors</u>									
<u>Application Period</u>	<u>Residential RS, RH, RA</u>			<u>Small C&I⁽¹⁾ GS, GM<25, GMH<25</u>			<u>Medium C&I GM & GMH ≥ 25kW < 200 kW</u>		
	<u>ON⁽²⁾</u>	<u>SH⁽³⁾</u>	<u>OFF⁽⁴⁾</u>	<u>ON⁽²⁾</u>	<u>SH⁽³⁾</u>	<u>OFF⁽⁴⁾</u>	<u>ON⁽²⁾</u>	<u>SH⁽³⁾</u>	<u>OFF⁽⁴⁾</u>
<u>June 1, 2021 through May 31, 2022</u>	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
<u>June 1, 2022 through May 31, 2023</u>	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
<u>June 1, 2023 through May 31, 2024</u>	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX
<u>June 1, 2024 through May 31, 2025</u>	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX	X.XX

(C)

⁽¹⁾Rate Schedule UMS is not eligible for the Electric Vehicle Time-of-Use Pilot Program.

⁽²⁾Denotes On-Peak

⁽³⁾Denotes Shoulder

⁽⁴⁾Denotes Off-Peak

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

ANNUAL RECONCILIATION

The Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following year, in accordance with 66 Pa. C.S. § 1307(e), by March 1 for each service class. An annual reconciliation statement shall be prepared separately for the Residential, Small Commercial & Industrial and Medium Commercial & Industrial customer classes.

The standard DSS rate and DSS EV-TOU over/under collections will be calculated in total for each procurement class. (C)

MISCELLANEOUS

Minimum bills shall not be reduced by reason of the DSS. DSS charges shall not be a part of the monthly rate schedule minimum nor be subject to any credits or discounts.

Application of the DSS shall be subject to continuous review and audit by the Commission at intervals it shall determine.

~~In compliance with Commission Order entered January 15, 2015, at Docket No. P-2014-2418242, Commission Order entered July 30, 2015, at Docket No. P-2015-2484590 and Commission Order entered January 28, 2016, at Docket No. P-2015-2506002, the Company is implementing a Time-of-Use (“TOU”) service program.~~ (C)

~~The costs incurred by the Company to implement the TOU program, whether it's an EGS provided program or a DSS program, shall be included in the determination of the DSS rate for the Residential customer class as approved by Commission Order entered January 28, 2016, at Docket No. P-2015-2506002.~~ (C)

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE

(Applicable to Rates GS/GM, GMH, GL, GLH, L and HVPS and Generating Station Service)

Day-ahead hourly price service provides medium (≥ 200 kW) and large commercial and industrial customers with the ability to purchase their electric supply requirements on a day-ahead hourly basis. Duquesne Light shall evaluate the customer's twelve (12) most recent months of monthly billing demand for that customer available in October of the preceding year. If the customer's average monthly billing demand is greater than or equal to 200 kW, the customer will be assigned to Rider No. 9 effective with their June billing. The Company will supply electricity under this rider by obtaining the requirements based on a ~~request for proposal ("RFP")~~ competitive auction. This rider is also available for the supply of electricity to generating stations that are not otherwise self-supplying and where the generating station is not otherwise receiving service from an EGS. Metering equipment must be installed at the generating station at the expense of the customer.

(C)

MONTHLY CHARGES

Energy charges are hourly and provided at the day-ahead PJM locational marginal prices ("LMP") based on the customer's real time metered hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, plus a fixed retail administrative charge. PJM posts the day-ahead locational marginal price on their web site at 4:00 PM EPT. Capacity charges are equal to the full PJM Reliability Pricing Model ("RPM") capacity price for the Duquesne Zone, and shall recover the charges associated with the customer's share of the Company's capacity obligation assigned by PJM, plus the charges for capacity based ancillary services. Energy and capacity charges will be calculated using the following formula and adjusted for the Pennsylvania Gross Receipts Tax (GRT) in effect.

End Hour

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} L_{RTt} * (1 + ADJ_t) * (LMP_{DA_t} + OR_{DA_t}) +$$

t=Start Hour

End Hour

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [(L_{RTt} * (1 + ADJ_t)) * (SR_{RTt} + REG_{RTt} + SCN_{RTt} + S1A) + L_{RTt} * (PJM_S + FRA)] +$$

t=Start Hour

End Day

$$\sum_{D=\text{Start Day}}^{\text{End Day}} [(CO_D * CChg_D) + NPLC_D * (R_D + B_D)]$$

D=Start Day

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GS/GM, GMH, GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

PJM Ancillary Service Charges and Other PJM Charges – (Continued)

- PJM_S**= PJM Surcharge is a pass-through of the charges incurred by the Company for grid management and administrative costs associated with membership and operation in PJM. These are the charges incurred by the Company under PJM Schedules 9 and 10 to provide hourly price service.
- R_D** = Reactive supply service charge in \$/MW-day to serve the customer’s load as calculated under the PJM Tariff Schedule 2.
- B_D** = Blackstart service charge in \$/MW-day to serve the customer’s load as calculated under the PJM Tariff Schedule 6A.

Fixed Retail Administrative Charge

FRA = The Fixed Retail Administrative Charge in \$ per MWH. The Fixed Retail Administrative Charge consists of the sum of administrative charges for the suppliers providing hourly price service (as determined by a competitive solicitation process) and for the Company to obtain supply and administer this service. Default service supply-related costs shall include the cost of preparing the company’s default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission’s order at Docket No.R-2018-3000124.

The supplier charges shall be based on the winning bids in the Company’s most recent solicitation for supply of hourly price default service.

The Company’s administrative charges shall be based on an amortization of the costs incurred by the Company to acquire generation supply from any source for the Medium (≥ 200 kW) Customer Class and Large C&I Customer Class during the most recent twelve-month (12-month) period ended May 31st (as determined by amortizing such costs over a 12-month period) plus the amortization of the cost of administering the hourly price service over the duration of the default service plan, including any unbundled costs of preparing the Company’s default service plan filing and working capital costs associated with default service supply.

This charge shall also include the Company’s costs associated with any Commission approved solar contracts and its administration, if applicable, in \$ per MWh. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs.

Application Period	FRA \$/MWH
<u>June 1, 2021 through May 31, 2022</u>	<u>\$X.XX</u>
<u>June 1, 2022 through May 31, 2023</u>	<u>\$X.XX</u>
<u>June 1, 2023 through May 31, 2024</u>	<u>\$X.XX</u>
<u>June 1, 2024 through May 31, 2025</u>	<u>\$X.XX</u>

(C)

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GS/GM, GMH, GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

Customer's Capacity Obligation and Network Service Peak Load

CO_D = Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation.

NPLC_D = The customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

Capacity Charges

CChg_D= The demand charge in \$/MW-day, which is equal to the full PJM RPM Final Zonal Capacity Price for the Duquesne Zone.

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

PROCUREMENT PROCESS

The Company will conduct a competitive ~~request for proposal ("RFP")-auction~~ to obtain day-ahead hourly price service under this rider. The winning bidder(s) will be responsible for providing default service supply at PJM day-ahead energy prices, capacity, ancillary services, and other PJM management charges as defined above. The winning supplier(s) will be the supplier(s) who bids the lowest price(s) in this solicitation in \$/MWH to cover the costs of renewable energy supply, energy balancing, and supplier administrative costs. (C)

CONTINGENCY PLAN

In the event Duquesne does not receive bids, the Commission does not approve the submitted bid(s) or a supplier defaults, Duquesne will provide default supply for commercial and industrial customers through purchases in accordance with the above formula and process. The Company will pass-through the costs it incurs to provide the renewable energy requirements, energy balancing and any administrative costs in addition to those costs otherwise recovered through the Fixed Retail Administrative Charge described in the "Monthly Charges" section of this rider. All revenue and expense associated with the contingency plan will be reconciled as described in the "Annual Reconciliation" section of this rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 – NET METERING SERVICE – (Continued)

(Applicable to Rates RS, RH, RA, GS/GM, GMH and GL)

BILLING PROVISIONS - (Continued)

2. If the Company supplies more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

3. For customer-generators involved in virtual meter aggregation programs, a credit shall be applied first to the meter through which the generating facility supplies electricity to the distribution system, then through the remaining meters for the customer-generator's account equally at each meter's designated rate. Virtual meter aggregation is the combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a customer-generator by means of the Company's billing process, rather than through physical rewiring of the customer-generator's property for a physical, single point of contact. The customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

BILLING PROVISIONS FOR **(C)**
ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM ("EV-TOU") CUSTOMER GENERATORS

(Applicable to Rates RS, RH, RA, GS/GM and GMH) **(C)**

The following billing provisions apply to customer-generators that take service on Rider No 8 – Default Service Supply and are on EV-TOU rates. **(C)**

1. The EV-TOU customer-generator will receive a credit for each kilowatt-hour received by the Company up to the total amount of electricity delivered to the Customer during the billing period at the full retail rate consistent with Commission regulations. If an EV-TOU customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the Company will maintain an active record of the excess kilowatt hours produced at the customer-generators premise in a "bank". If an EV-TOU customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the EV-TOU customer generator's usage in a subsequent billing period at the full retail rate. If, in a subsequent billing period, a customer consumes more electricity than produced, kilowatt-hours will be pulled from the customer's bank on a first in first out basis. Any excess kilowatt hours shall continue to accumulate and credit against usage for the 12 month period ending May 31st. On an annual basis, the Company will compensate the customer-generator for kilowatt-hours remaining in the bank on May 31st, at the applicable Price To Compare at the time the excess kilowatt-hours were banked. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule. **(C)**

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXX XX, XXXX

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 21 – NET METERING SERVICE – (Continued)

(Applicable to Rates RS, RH, RA, GS/GM, GMH and GL)

BILLING PROVISIONS FOR ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM (“EV-TOU”) CUSTOMER GENERATORS

(C)

(Applicable to Rates RS, RH, RA, GS/GM and GMH)

(C)

- (Continued)

(C)

- 2. If the Company supplies more kilowatt-hours of electricity than the customer-generator supplies during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
- 3. If an eligible customer-generator wishes to no longer be enrolled in the EV-TOU Pilot Program and switches to the standard default service supply product, any excess kilowatt hours banked and remaining from the EV-TOU period will be used, as applicable, for the remaining portion of the 12 month period ending May 31 and the Company shall compensate for any excess kilowatt hours that are banked at the Price To Compare in effect at the time.

(C)

(C)

NET METERING PROVISIONS FOR SHOPPING CUSTOMERS

(C)

- 1. Customer-generators may take net metering services from EGSs that offer such services.
- 2. If a net-metering customer takes service from an EGS, the Company will credit the customer for distribution charges for each kilowatt hour produced by the customer-generator, up to the total amount of kilowatt-hours delivered to the customer by the Company during the billing period. If a customer-generator supplies more electricity to the electric distribution system than the Company delivers to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator’s usage in subsequent billing periods at the Company’s distribution rates. Any excess kilowatt hours shall continue to accumulate for the 12 month period ending May 31. Any excess kilowatt hours at the end of the 12 month period will not carry over to the next year for distribution charge purposes. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
- 3. If the Company delivers more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company’s system during the billing period, all charges of the applicable rate schedule shall be applied to the net kilowatt-hours of electricity that the Company delivered. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 21 – NET METERING SERVICE – (Continued)

(Applicable to Rates RS, RH, RA, GS/GM, GMH and GL)

NET METERING PROVISIONS FOR SHOPPING CUSTOMERS – (Continued)

4. Pursuant to Commission regulations, the credit or compensation terms for excess electricity produced by customer-generators who are customers of EGSs shall be stated in the service agreement between the customer-generator and the EGS. The Company will provide the customer-generator with a statement of monthly kilowatt hour usage for the 12 month period ending May 31 for the purpose of the customer-generator seeking credit or compensation from the EGS.
5. If a customer-generator switches electricity suppliers, the Company shall treat the end of the service period as if it were the end of the year.

APPLICATION

Customer-generators seeking to receive service under the provisions of this Rider must submit a written application to the Company demonstrating compliance with the Net Metering Rider provisions and quantifying the total rated generating capacity of the customer-generator facility.

MINIMUM CHARGE

The Minimum Charges under Rate Schedule RS, RH, RA, GS/GM, GMH and GL apply for installations under this Rider.

RIDERS

Bills rendered by the Company under this Rider shall be subject to charges stated in any other applicable Rider.

Exhibit DBO-10

SUPPLEMENT NO. ~~26XX~~
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

Issued: Xxxxxxxxx xx, XXXX

Effective: Xxxxxxxxx xx, XXXX

Issued pursuant to the Commission's Order
entered Xxxxxxxxx XX, XXXX, at Docket No. P-2020-XXXXXXX.

NOTICE

**THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS,
ADDS AND REMOVES PAGES FROM TARIFF NO. 3S AND UPDATES LANGUAGE
IN EXISTING RULES AND EXISTING RIDERS**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Table of Contents Twelfth Revised Page No. 3
Cancelling Eleventh Revised Page No. 3

Page numbers 2A – 2F have been added to Tariff No. 3S.

The List of Modifications page numbers have been revised in the Table of Contents to reflect the addition of page numbers 2A through 2F.

Explanation of Terms and Explanation of Abbreviations Fourth Revised Page No. 5
Cancelling Third Revised Page No. 5

Creditworthy
Customer(s)
Dual Billing

First Revised Page No. 5A
Cancelling Original Page No. 5A

EGS Tariff
Electric Distribution Company (“EDC”)
Electric Generation Supplier (“EGS”)

Fifth Revised Page No. 6
Cancelling Fourth Revised Page No. 6

PowerMeter
InSchedules

Fifth Revised Page No. 6A
Cancelling Fourth Revised Page No. 6A

Scheduling Coordinator

Second Revised Page No. 6B
Cancelling First Revised Page No. 6B

Wholesale Supplier

Definitions have been updated to reflect housekeeping/administerial revisions as well as current business practice.

Rules and Regulations Second Revised Page No. 7
Cancelling First Revised Page No. 7

1. The Tariff
1.1 Filing and Posting

Language has been revised to remove “duquesnelight” and insert “customer-choice.”

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **First Revised Page No. 9**
3. Commencement of EDC/EGS Coordination **Cancelling Original Page No. 9**
3.1 Registration for Coordination Services

Language has been revised to remove "consisting of" and replace it with "including."

Language has been revised and/or added to Item C through Item G to reflect current business practice.

Rules and Regulations **Second Revised Page No.10**
3. Commencement of EDC/EGS Coordination **Cancelling First Revised Page No. 10**
3.9 Identification Numbers

Language has been added to reflect current business practice.

Rules and Regulations **Third Revised Page No.12**
4. Coordination Obligations **Cancelling Second Revised Page No. 12**
and First Revised Page Nos. 13A and 13B

4.11.2 Electronic Mail

Language has been added to correct a typographical error.

Rules and Regulations **Third Revised Page No.12**
4. Coordination Obligations **Cancelling Second Revised Page No. 12**
and First Revised Page Nos. 13A and 13B

4.12 Payment Obligation

Language has been revised to add the word "EGS." Administerial revision, capitalizing the "T" in tariff.

This Page Intentionally Left Blank **First Revised Page No. 13A**
Cancelling Original Page No. 13A

This Page Intentionally Left Blank **First Revised Page No. 13B**
Cancelling Original Page No. 13B

First Revised Page No. 13A and First Revised Page No.13B have been removed from Tariff No. 3S as they are no longer necessary. Both pages are cancelling out with Third Revised Page No. 12.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations Third Revised Page No. 14
5. Direct Access Procedures Cancelling Second Revised Page No. 14
5.1.2 B. - No. 1) Network Transmission Service Peak Load Contribution (1 CP)

Rules and Regulations Fifth Revised Page No. 15
5. Direct Access Procedures Cancelling Fourth Revised Page No. 15 and Second Revised Page No. 15A
5.1.2 B. - No. 2) Peak Load Contribution (5 CP)

Language has been added to reflect current business practice.

This Page Intentionally Left Blank Second Revised Page No. 15A
Cancelling First Revised Page No. 15A

Second Revised Page No. 15A has been removed from Tariff No. 3S as it is no longer necessary.

Rules and Regulations Sixth Revised Page No. 17
5. Direct Access Procedures Cancelling Fifth Revised Page No. 17
5.2 Switching Among EGSs and The Company
5.2.1
5.2.3
5.2.5

Rules and Regulations Sixth Revised Page No. 18
5. Direct Access Procedures Cancelling Fifth Revised Page No. 18
5.2 Switching Among EGSs and The Company
5.2.5 – (Continued)

Rules and Regulations Sixth Revised Page No. 19
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19
5.2 Switching Among EGSs and The Company
5.2.8

Rules and Regulations Fifth Revised Page No. 19A
5. Direct Access Procedures Cancelling Fourth Revised Page No. 19A
5.2 Switching Among EGSs and The Company
5.2.9

Language has been revised for clarity and to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 19B
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19B
5.2 Switching Among EGSs and The Company
5.2.11

Rule No. 5.2.11 has been reorganized and renumbered to Rule 5.4.4 for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Fourth Revised Page No. 20**
5. Direct Access Procedures **Cancelling Third Revised Page No. 20**
5.4 Provisions Relating To An EGS's Customers
5.4.4

Rule No. 5.4.4 has been renumbered from Rule 5.2.11.

Rules and Regulations **Second Revised Page No. 21**
6. Load Forecasting **Cancelling First Revised Page No. 21**
6.2.1 Forecasts for Monthly or Daily Metered and Unmetered – (Such As Streetlights) Customers
6.2.3 Historical Load Profile Data

Rules and Regulations **Second Revised Page No. 22**
6. Load Forecasting **Cancelling First Revised Page No. 22**
6.4 Forecasting Process
6.4.1 Daily Forecasts

Language has been revised and/or added for clarity.

Rules and Regulations **Third Revised Page No. 24**
7. Day After Load Estimates and Supply Schedules **Cancelling Second Revised Page No. 24**
7.1 Total Day After Load Estimates

7.2 Daily Load Scheduling Process (Day After Load Obligations)
7.2.1 Uploading Schedules
7.2.2 Load Schedule Changes

Language has been added and/or revised to reflect current business practice.

Rules and Regulations **Third Revised Page No. 25**
8. Reconciliation **Cancelling Second Revised Page No. 25**
8.1 General Description

The word "at" has been removed and replaced with the word "of."

Rules and Regulations **First Revised Page No. 29**
11. Confidentiality of Information **Cancelling Original Page No. 29**
11. Generally

Language has been added and/or removed for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Seventh Revised Page No. 30**
12. Payment and Billing **Cancelling Sixth Revised Page No. 30**
12.1 Customer Billing By The Company
12.1.5 Company Reimbursement to EGS for Customer Payments

Rules and Regulations **Fifth Revised Page No. 30A**
12. Payment and Billing **Cancelling Fourth Revised Page No. 30A**
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.1 Eligibility Requirements
12.1.7.2 Purchase Price Discount

Rules and Regulations **Sixth Revised Page No. 30B**
12. Payment and Billing **Cancelling Fifth Revised Page No. 30B**
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.2.2 Purchase Price Discount Adjustment for Individual EGS
12.1.7.4 Other Payment Provisions

Rules and Regulations **Fourth Revised Page No. 30C**
12. Payment and Billing **Cancelling Third Revised Page No. 30C**
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.5 Transfer of Collection Responsibilities and Rights

Rules and Regulations **First Revised Page No. 31**
12. Payment and Billing **Cancelling Original Page No. 31**
12.2.2 Billing Corrections and Estimated Billings
12.2.5.1 EGS Offset

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to reflect current business practice.

Rules and Regulations **Fifth Revised Page No. 30A**
12. Payment and Billing **Cancelling Fourth Revised Page No. 30A**
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

The dates of the Purchase of Receivables Program ("POR") have been updated to reflect the term of DSP IX.

Rules and Regulations **First Revised Page No. 31**
12. Payment and Billing **Cancelling Original Page No. 31**
12.2.2 Billing Corrections and Estimated Billings

Language has been revised to align the period during which bills are subject to correction with the time period applicable to previously unbilled utility service, 52 Pa. Code § 56.14.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations First Revised Page No. 33
13. Withdrawal By EGS From Retail Service Cancelling Original Page No. 33
13.2 Notice to Customers

Language has been added to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 34
14. Discontinuance of EGS Service to Particular Customers Cancelling Fifth Revised Page No. 34
14.4.1 Customer Must Initiate The Switch to Default Service

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to implement, in part, the Company's proposed Customer Assistance Shopping Program.

Rules and Regulations First Revised Page No. 36
15. Liability Cancelling Original Page No. 36
15.4 Tax Indemnification

Language has been updated for housekeeping/administerial revisions.

Rules and Regulations Fourth Revised Page No. 42A
Load Data Supply Charge Cancelling Third Revised Page No. 42A
-Method of Payment

Language has been revised in the "Method of Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Method of Payment" section.

The Company's banking information has been removed from the bottom of the "Method of Payment" section.

Rules and Regulations Fourth Revised Page No. 42B
Standard Offer Program Cost Recovery Cancelling Third Revised Page No. 42B
-Background
-Supplier Charges

Language has been revised to reflect DSP IX.

Rules and Regulations Fourth Revised Page No. 42B
Standard Offer Program Cost Recovery Cancelling Third Revised Page No. 42B
-Customer Acquisition Fee

The Customer Acquisition fee has increased from \$10.28 to \$30.00 in DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Fourth Revised Page No. 42B**
Standard Offer Program Cost Recovery **Cancelling Third Revised Page No. 42B**
-Billing and Payment

Language has been revised in the "Billing and Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Billing and Payment" section.

The Company's banking information has been removed from the bottom of the "Billing and Payment" section.

Table 1 **Third Revised Page No. 49**
Real Power Distribution Losses **Cancelling Second Revised Page No. 49**

Table 1 was modified to remove the < 138 kV language from Rate L – Large Power Service and to remove the line item for Rate L – Large Power Service ≥ 138 kV to make the loss provisions consistent with rate design changes approved and reflected in the Company's retail electric tariff as per the Company's 2018 base rate case at Docket No. R-2018-3000124, Order Entered December 20, 2018.

The MTS – Municipal Traffic Signals line item has been revised to UMS – Unmetered Service, consistent with the current designation of that customer class in the Company's retail electric tariff.

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Coordination Services Charges - All charges stated in the charges section of this tariff, that are billed by the Company for Coordination Services performed hereunder.

Coordinated Supplier - An Electric Generation Supplier that has appointed a Scheduling Coordinator as its designated agent for the purpose of submitting energy schedules to the PJM OI.

Creditworthy - A creditworthy EGS pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this tariff ~~or~~and the Pennsylvania Public Utility Commission. To determine whether an EGS is creditworthy, the Company will evaluate the EGS's record of paying Company charges, and may also take into consideration the EGS's credit history. (C)

Customer(s) - ~~Any person, partnership, association, corporation, municipality, government agency, or other legal entity receiving, or eligible to receive, Competitive Generation Service from an EGS in accordance with the Competition Act. Any person, municipality, partnership, association, or corporation receiving Competitive Energy Supply from an Electric Generation Supplier in accordance with the Competition Act.~~ (C)

Customer Choice Internet Site - A Company Internet site with a Uniform Resource Locator (URL) of <http://www.customer-choice.com>.

Default Service - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of the Company's retail tariff.

Deliver - To "deliver" a document or other item under this tariff shall mean to tender by certified mail, hand delivery, or overnight express package delivery service.

Delivery - The actual delivery of energy with respect to an energy schedule.

Demand Response - The process for arranging to have firm load become interruptible in accordance with criteria established by the PJM OI.

Direct Access - "Direct Access" shall have the meaning set forth in the Competition Act.

DLCO Zone - The PJM defined area encompassing the franchised service territories of the Duquesne Light Company.

DLCO Residual Zone - The PJM defined area encompassing the aggregate of all load buses within the franchised service territories of the Duquesne Light Company minus all load that has been designated to be priced at a specific nodal location.

Dual Billing - ~~A billing service option where the Company and the EGS separately send their bills directly to the Customer.~~ (C)

EDC Tariff - The Company's currently Pennsylvania Public Utility Commission approved Electric Service Tariff.

EGS Representative - Any officer, director, employee, consultant, contractor, or other agent or representative of an EGS in connection with the EGS's activity ~~solely~~ as an EGS. To the extent an EGS is a division or group of a company, the term EGS Representative does not include any person in that company who is not part of the EGS division.

EGS Tariff - ~~This Electric Generation Supplier Coordination Tariff, Electric-Pa. P.U.C. No. 3S.~~ (C)

Electric Distribution Company (EDC) - A public utility providing facilities for the distribution of electricity to retail Customers~~that owns electric distribution facilities. At times, this term is used to refer to the role of the Company as a deliverer of Competitive Energy Supply in a direct access environment as contemplated in the Competition Act.~~

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electric Generation Supplier (EGS) - A supplier of electric generation that has been certified or licensed by the Pennsylvania Public Utility Commission to sell electricity to retail customers within the Commonwealth of Pennsylvania in accordance with the Competition Act. Duquesne Light Company does not constitute an EGS for the purposes of this tariff.

(C)

Electronic Data Exchange Working Group (EDEWG) - The Pennsylvania Public Utility Commission authorized working group established under the Proposed Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015.

Electronic Data Interchange (EDI) - The computer application to computer application exchange of business information in a standard format, as more fully described in Pennsylvania Public Utility Commission Docket No. M-00960890F.0015.

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electronic Exchange - Approved methods of data exchange (either through a VAN mailbox or a method to be defined by the EDEWG and approved by the Pennsylvania Public Utility Commission).

Electricity Provider - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

eMtr PowerMeter System - Software program administered by the PJM OI that retrieves revenue meter data for PJM transmission and generation interconnection points and calculates Electric Distribution Companies' and Generation Owners' metered interchange energy amounts used for real-time energy market settlements. (C)

IneSchedules - Software program administered by the PJM OI through which energy schedules may be submitted. (C)

FERC - The Federal Energy Regulatory Commission.

Final Forecast - The day ahead hourly forecast for energy to be supplied the next day.

Individual Coordination Agreement (ICA) - The agreement between the Company and the EGS to conduct business in the DLCO Zone. The ICA is attached as a Rider to this tariff.

Interest Index - An annual interest rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year.

Interval Metering Data - Data from electrical metering equipment that supplies hourly or sub-hourly readings of customer consumption.

Kilowatt or kW - Unit of measurement of useful power equivalent to 1000 watts.

Meter Read Date - The date on which the Company reads a meter for purposes of switching for an off-cycle switch or producing a customer bill in accordance with the regularly scheduled billing cycles of the Company.

Month - A month, as defined under 52 PA Code § 56.2.

Load Bus - As used in this tariff, shall have the same meaning ascribed to the term in the PJM Tariff.

Load Serving Entity (LSE) - An entity that has been granted the authority or has an obligation pursuant to State or local law, regulation or franchise to sell electric energy to end-users located within the PJM Control Area as that term is defined by the PJM Tariff.

Locational Marginal Price (LMP) - The hourly-integrated marginal price to serve load at individual locations throughout PJM, calculated by the PJM OI as specified in the PJM Tariff.

Megawatt or MW - One thousand kilowatts.

NERC - The North American Electric Reliability Corporation. The agency given the authority by FERC to enforce reliability standards in the United States.

Network Integration Transmission Service Reservation - A reservation under the PJM Tariff of Network Integration Transmission Service, which allows a transmission customer to integrate and economically dispatch generation resources located at one or more points in the PJM Control Area to serve its Network load as that term is defined by the PJM Tariff.

(C) - Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Peak Load Contributions (PLCs) - A customer's contribution to the DLCO Zone's normalized summer peak load as calculated by the zone's Electric Distribution Company and used in determining a Load Serving Entity's Peak Load obligation.

Pennsylvania Public Utility Commission or Commission - The Pennsylvania Public Utility Commission.

PJM - PJM Interconnection, L.L.C.

PJM Control Area - The area encompassing electric systems recognized by the North American Electric Reliability Council as the "PJM Control Area."

PJM Miscellaneous Charges - PJM miscellaneous energy related allocations or charges or credits billed to the EDC and not to the LSE.

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

PJM Tariff or OATT - The PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Preliminary Forecast - The forecast per hour per LSE posted on the customer choice website based on business day-ahead.

Rate Ready – A form of consolidated billing where Duquesne Light calculates the charge to be presented on the supplier portion of the bill based upon the rates previously supplied by the electric generation supplier ("EGS").

Retail Load Responsibility (RLR) - For non-metered and monthly metered load, the sum total of the estimated hourly load plus transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers. For hourly metered customers, the sum total of the hourly consumed load of all of an EGS' s customers, adjusted for transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC , for which the EGS must provide energy to its customers.

Scheduling Coordinator - Entity that performs, and had been duly certified or licensed by the Pennsylvania Public Utility Commission to perform, one or more of an EGS's Coordination Obligations, including the submission of energy schedules to the PJM OI, and that either is (1) a member of the PJM Interconnection, L.L.C. or (2) is the agent, for scheduling purposes, of one or more Electric Generation Suppliers that are members of the PJM Interconnection, L.L.C.

(C)

Tariff - This Electric Generation Supplier Coordination Tariff.

Transmission Losses - Real Power Transmission Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Transmission Loss factor is defined in Rule No. 4.7.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Unaccounted for Energy (UFE) - Is the difference between the actual DLCO Zone's total hourly system load and the total hourly consumed power grossed up for transmission and distribution losses plus any PJM miscellaneous energy or energy related allocations to the EDC.

Value Added Network (VAN) - A method of data transfer that allows information to be sent and received electronically using an electronic mailbox. This method meets minimum criteria in the following areas:

- 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; and
- Recoverability and archiving of data.

Wholesale Load Responsibility (WLR) – For non-metered and monthly metered load, the sum total of the estimated hourly load for all of the Company's default service customers plus transmission losses, distribution losses, and the wholesale supplier's pro rata share of UFE, within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff. For hourly metered customers, the sum total of the hourly consumed load of all the Company's default service customers plus transmission losses, distribution losses and the wholesale supplier's pro rata share of UFE within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff.

Wholesale Supplier – The Company's supplier of ~~all~~ generation resources necessary to meet the Company's default service obligations.

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RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING A copy of this tariff, comprising of the Definitions, Rules and Regulations, Charges and Riders, under which the Company will provide Coordination Services to Electric Generation Suppliers, is filed with the Pennsylvania Public Utility Commission ("PaPUC"). A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed at www.duquesnelightcustomer-choice.com and is posted and open to inspection at the offices of the Company where payments are made by customers. (C)

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

1.3 APPLICATION The tariff provisions apply to all EGSs providing Competitive Energy Supply to customers located in the Company's service territory, including an affiliate or division of the Company that provides Competitive Energy Supply, and with whom the Company has executed an Individual Coordination Agreement as required herein. In addition, the charges herein shall apply to anyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.4 RULES AND REGULATIONS The Rules and Regulations, filed as part of this tariff, are a part of every Individual Coordination Agreement entered into by the Company pursuant to this tariff and govern all Coordination Activities, unless specifically modified by a charge or rider provision. The obligations imposed on EGSs in the Rules and Regulations apply as well to everyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.5 USE OF RIDERS The terms governing the supply of Coordination Services under this tariff or a charge therein may be modified or amended only by the application of those standard riders, filed as part of this tariff.

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

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION

3.1 REGISTRATION FOR COORDINATION SERVICES An EGS seeking to obtain Coordination Services hereunder must deliver to the Company a completed registration, ~~consisting of~~including the following: (C)

A. An Individual Coordination Agreement, as contained in a rider hereto, fully executed in triplicate by a duly authorized representative of the EGS;

B. A copy of the EGS's operating license or Pennsylvania Public Utility Commission order licensing the EGS to operate;

C. The EGS's completed IRS Form W-9; (C)

D. The EGS's completed EGS Onboarding Form, including: (C)

(i) The Dun & Bradstreet number(s) assigned to the EGS;

(ii) The EGS's banking information (account number, routing number, etc.), provided on EGS letterhead and signed by two authorized EGS representatives;

E. The EGS's Pennsylvania sales tax identification number; and (C)

F. EGS proof of PJM membership; and (C)

G. Any other completed documents as necessary to comply with PaPUC or PJM requirements.- (C)

3.2 INCOMPLETE REGISTRATIONS In the event the EGS submits an incomplete registration, the Company shall provide written notice to the EGS of the registration's deficiencies within ten (10) business days after the date of service, as determined under 52 Pa. Code § 1.56. The Company will not process an incomplete registration until the EGS corrects the deficiencies and the EGS delivers the registration to the Company.

3.3 CREDIT CHECK A registration for Coordination Services shall constitute authorization to the Company to conduct a background credit check on the EGS.

3.4 PROCESSING OF REGISTRATIONS The Company shall complete the processing of each registration for Coordination Services within ten (10) business days after the date of service of the registration, as determined under 52 Pa. Code § 1.56. The Company shall approve all completed registrations unless grounds for rejecting the registration, as defined below, exist.

3.5 GROUNDS FOR REJECTING REGISTRATION The Company may reject any registration for Coordination Services on any of the following grounds:

A. The EGS has undisputed outstanding debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff;

B. The EGS has failed to comply with credit requirements specified in Rule No. 12 of this tariff;

C. The EDC has provided written notice to the EGS that a registration is deficient, pursuant to 52 Pa. Code § 1.56, and the EGS has failed to submit a completed registration within thirty (30) calendar days after the date of service of the registration.

The Company may also petition the Pennsylvania Public Utility Commission to reject the registration of an EGS with bad credit. The Company need not provide Coordination Services to the EGS pending the Pennsylvania Public Utility Commission's review of said petition unless the EGS has provided security to the Company as provided for in Rule No. 12.4.

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RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION - (Continued)

3.6 OFFER OF CONDITIONAL ACCEPTANCE OF REGISTRATION Where grounds for rejection of a registration exist due to an EGS's outstanding and undisputed debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff, the Company may offer the affected EGS a conditional acceptance if the EGS pays such debts before it receives Coordination Services. If the EGS rejects the Company's offer of conditional acceptance under this Rule, then its registration for Coordination Services will be deemed rejected.

3.7 REJECTION OF REGISTRATION Upon rejection of any registration, the Company shall provide the affected EGS with written notice of rejection within the time periods set forth in Section 3.4, and shall state the basis for its rejection.

3.8 APPROVAL OF REGISTRATION Upon its approval of a registration for Coordination Services, or pursuant to an Order of the Commission approving a registration, the Company shall execute the Individual Coordination Agreement tendered by the registrant, and shall provide one to the EGS by delivering such within the period set forth in Section 3.4 and shall maintain a copy for its own records.

3.9 IDENTIFICATION NUMBERS Upon its approval of a registration for Coordination Services, the Company will use the Dun & Bradstreet number assigned to each EGS to be used in subsequent electronic information exchange between the EGS and the Company. In addition, the Company may also assign to the EGS identification numbers that may be required by PJM in connection with the submission and/or confirmation of load schedules for serving load in the Company's service territory.

(C)

3.10 COMMENCEMENT OF COORDINATION SERVICES Coordination Services shall commence within fifteen (15) days after the Company's acceptance of an EGS's registration for Coordination Services provided that all of the information necessary for the Company to provide Coordination Services has been provided to the Company and any conditions required under Rule No. 3.6 have been satisfied by the EGS.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

4. COORDINATION OBLIGATIONS - (Continued)

4.10 SUPPLY OF DATA An EGS and the Company shall supply to the other all data, materials or other information specified in this tariff, or otherwise reasonably required by the EGS or Company in connection with the provision of Coordination Services, in a thorough and timely manner.

4.11 COMMUNICATION REQUIREMENTS An EGS shall implement a VAN and a single Internet file transfer protocol, as determined by the EDEWG and Pennsylvania Public Utility Commission Docket No. M-00960890.F0015. Both data transfer methods must meet the minimum criteria of, and be endorsed by, the EDEWG.

4.11.1 CUSTOMER CHOICE INTERNET ACCESS An EGS shall have appropriate software for access to the Customer Choice Internet Site and file uploads and downloads.

4.11.2 ELECTRONIC MAIL An EGS shall have appropriate software to communicate regularly by electronic mail (e-mail), including the capability to receive ASCII file attachments. (C)

4.12 PAYMENT OBLIGATION The Company's provision of Coordination Services to an EGS is contingent upon the EGS's payment of all charges provided for in this EGS†Tariff. (C)

4.13 RECORD RETENTION An EGS and the Company shall comply with all applicable laws and Pennsylvania Public Utility Commission rules and regulations for record retention, including but not limited to those Rules of Chapter 56 of the Pennsylvania Public Utility Commission's regulations.

4.14 DATA EXCHANGE

- A. Subject to Rule 4.14(B), below, the Company shall make available to an EGS, on a daily basis, customer, billing and financial transaction information regarding that EGS's customers in electronic files available via electronic exchange. These files will be consistent with standards developed by the EDEWG.
- B. An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule 4.14(A). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company account number and rate class.
- C. The Company will maintain on the Customer Choice Internet Site copies of the standard file formats it will provide to EGSs containing the data listed in this Rule of this tariff. The Company will not change the file formats without first providing at least seven days notice of any such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.
- D. Nothing in this Rule 4.14 shall prohibit the Company from making available to EGSs other electronic data, in formats chosen by the Company consistent with the recommendations of the EDEWG. The Company will not change the file formats of the electronic data made available under this Rule 4.14(D) without first providing at least seven days notice of such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES

5.0 GENERALLY The procedures for the selection of customers' EGS selection, switching among EGSs and other direct access procedures for obtaining Competitive Energy Supply shall occur in accordance with the direct access procedures set forth in the Enrollment Procedures Applicable to EDCs and EGSs, Docket No. M-00960890F.0014, Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015, Standards for Changing a Customer's Electric Supplier, Docket No. L-00970121 and the Commission's *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383, and applicable Commission regulations, as set forth in this tariff.

5.1 DATA REQUIREMENTS

5.1.1 ENROLLMENT EGSs are encouraged to permit customers to enroll by telephone or by e-mail, but must send customer enrollments to the Company via properly formatted electronic files (customer name, customer address, Duquesne Light supplier agreement identification number, and authorization to release telephone number and authorization to release historical usage information) via EDI. EGSs shall forward the electronic files on a daily basis to the Company. The Company will acknowledge receipt of the enrollment file via electronic confirmation. The Company shall provide confirmation within one (1) business day of all electronic files received. Such confirmation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such confirmation shall also include information an EGS can use to identify rejected records.

5.1.2 A. ELIGIBLE CUSTOMER LIST In addition to the EDEWG Standard Eligibility List, the Company agrees to provide to EGSs, for all customers who have authorized the release of their information, the most recent available twelve (12) individual months of historical monthly electric usage and billed demand and Network Transmission Service Peak Load Contribution and Peak Load Contribution, per customer account. This information will be provided on the Company's web site in a downloadable format compatible for use with spreadsheet and database applications and will be updated monthly.

B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions Beginning January 1, 2005, until instructed otherwise by PJM, the Company will calculate the Peak Load Contributions and the Network Transmission Service Peak Load Contribution as follows:

1) Network Transmission Service Peak Load Contribution (1 CP)

To determine the customer's share of the Network Transmission Service Peak Load, the Company will first calculate the customer's transmission peak load contribution. The transmission peak load contribution is based on the customer's load coincident with Duquesne's transmission system zonal load during the one peak hour of the previous year. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Network Transmission Service Peak Load Contribution. Second, the customer's load, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy (as provided by Rule No. 8 of this tariff), will be the customer's Network Transmission Service Peak Load Contribution.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.1 DATA REQUIREMENTS - (Continued)

5.1.2 B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions – (Continued)

2) Peak Load Contribution (5 CP)

The Company's capacity obligation will be calculated by PJM based on the Company's peak load contribution and will be the basis for the capacity obligation for the following calendar year.

In determining the customer's share of the capacity obligation, the Company will first calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with PJM's system load during the peak hour of the five peak days for the appropriate PJM Region as provided for in the PJM Manuals/Tariffs. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Peak Load Contribution. The customer's load in each of these five (5) hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy in the applicable hours (as provided by Rule No. 8 of this Tariff), will be averaged and the customer's percentage (%) share of the average DLCO system load will then be calculated. The PJM approved forecasted peak for the year will then be multiplied by the customer's percentage (%) share of the average DLCO system load to derive the customer's peak load contribution. When appropriate, zonal loads and customer peak load obligations will be adjusted to account for Demand Response and significant loss of load events.

(C)

This information will be sent to PJM who will calculate each EGS's capacity obligation.

5.1.3 Data Exchange

- A.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain information about customers that have consented to the release of customer information in a format to be consistent with that determined by the EDEWG.
- B.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain the following information about customers that have not consented to the release of customer information in a format to be consistent with that determined by the EDEWG:
 - (i) Duquesne Light Company supplier agreement identification number,
 - (ii) Rate class,
 - (iii) Customer's name, and
 - (iv) Customer's service address.

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RULES AND REGULATIONS - (Continued)

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RULES AND REGULATIONS - (Continued)

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5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY Rule No. 5.2 delineates the process of customer selection for Competitive Energy Supply or Default Service.

5.2.1 An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule No. 4.14 (a). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company supplier agreement identification number, Duquesne Light meter number, and rate class.

(C)

5.2.2 If an enrolled customer or person authorized to act on the customer's behalf contacts the Company to inform the Company that it wishes to obtain Competitive Energy Supply from a particular EGS, the Company will inform the customer of the need to contact the EGS to select the EGS as supplier. The EGS will verify its desire to serve the customer and follow the process outlined in Rule No. 5.2.1.

5.2.3 The EGS will obtain appropriate authorization from the customer, or from the person authorized to act on the customer's behalf, indicating the customer's choice of EGS. The authorization shall include the customer's acknowledgment that the customer has received the notice required by Rule No. 5.2.1. It is the EGS's responsibility to maintain records of the customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The EGS shall provide such authorization upon request by the Company.

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5.2.4 The EGS shall provide an electronic file to the Company via electronic exchange file format designated by the Company that complies with the Commission's electronic requirements. The required electronic files shall include, at a minimum, EGS ID, Duquesne Light Company supplier agreement identification number, rate code, billing option, price plan (if single bill option is selected), transaction date and transaction time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via electronic exchange. Within one (1) business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such validation shall also include information an EGS can use to identify rejected records.

5.2.5 On a pending switch to an EGS, the Company will send the customer a confirmation letter within one (1) business day notifying the customer of the pending switch. The selection will be effective three (3) business days of-after receipt of the request and billing with the selected EGS will begin on the fourth business day. The subsequent EGS will become the EGS of record for delivery further provided that: (1.) all customer information provided to the Company is accurate and complete and (2.) the customer has not contacted the Company to dispute the EGS. In such circumstances, the Company will send the new EGS an electronic file, via electronic exchange, containing information for the new customers of record for that particular EGS, in accordance with Rule 4.14(a). The Company will process any EDI transactions for a switch from an EGS and will assume any rescission period with the EGS has ended.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY - (Continued)

5.2.5 - (Continued)

If, during the pending switch request, the customer elects to reject its new EGS selection, the customer will notify the rejected EGS and ~~the EGS shall notify the Company.~~ ^(C) Upon notice from the EGS, the Company will process a drop for that EGS. In the event the customer rejects its EGS selection after the three day (3) day switching period, the customer will be referred to the EGS per Rule No. 5.2.6.

Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS.

5.2.6 If a customer contacts the Company to request a change of EGS, the Company will direct the customer to contact that EGS and will provide the telephone number of the EGS to the customer, if requested.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY

5.2.7 In accordance with the Secretarial Letter issued August 20, 2010, at Docket No. M-2009-2082042, when requested by an EGS, the Company will provide confidential customer-specific information about a customer with whom the EGS is discussing the possibility of providing Competitive Energy Supply without receiving written authorization from the customer or from the EGS. It is the EGS's responsibility to convey to the customer via its authorization process that the Company will release the confidential customer-specific information only to the EGS to whom authorization was given and that the EGS will not release the information to others, unless the EGS is a licensed broker who is obtaining the confidential customer-specific information for purposes of sharing it with other licensed EGSs and makes that intent clear in communications with the customer. It is the EGS's responsibility to retain the records of the requisite authorization for a minimum of two (2) years to produce for a Commission or Company audit. If an EGS fails an audit conducted either by the Commission or the Company, the Company is then permitted to require that EGS to provide signed documentation indicating that a customer has authorized the release of customer-specific information before it may have access to the restricted customer data.

5.2.8 Subject to Rule No. 14.4 and Rule No. 14.5, if a customer contacts the Company to request a change from an EGS to ~~the Company's tariffed Energy and Capacity Charges for~~ default service under the EDC Retail Tariff, the Company will process the request as follows. The Company will send the customer a confirmation letter within one (1) business day after the customer contacts the Company. The Company will process the selection within three (3) business days of receipt of the request and billing with the Company for default service will begin on the fourth business day. If the customer does not contact the Company to rescind the switch during the pending switch, then the Company will process the request. Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS. When an EGS discontinues a customer's service ~~or~~ and no other EGS has ~~agreed-contracted with the customer~~ to provide such service, then that customer will be provided with Default Service.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.9 Shopping customers may retain their current EGS when moving from one location to a new location within the Company's service territory subject to meeting the eligibility requirements and conditions set forth in Rule No. 45.3 of the Company's retail tariff. Eligible customers include all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the retail Tariff.

~~The EDC shall notify the EGS via an electronic data interchange (EDI) 814 Move transaction. A new EDI transaction must be created to facilitate the move the customer's service from the current location to the new location. The new EDI transaction is to be reviewed and approved by the Electronic Data Exchange Working Group (EDEWG) consistent with its current procedures. This EDI transaction will include all the pertinent customer information that an EGS needs, such as customer contact information; new address; name; rate class and load profile; bill option; rate code; tax exemption percentage; billing and meter read cycles; and meter information.~~ (C)

The EGS must submit a drop request via ~~electronic data interchange (EDI)~~ if it does not wish to continue service to the customer at the new service location. The EGS will maintain supply service to this customer until a three-business day switch can occur at the new address. (C)

An EDI transaction will also be sent for other reasons related to the transaction. Customers requesting to change the start date of their new service would require an EDI 814 Change request to be sent to the existing EGS detailing the new start date, and an EDI 814 Drop request would be sent if the customer decided to cancel the new move.

In the move transaction, the Company will send the EGS information that is similar to what is currently provided in a reinstate-request transaction, including the customer name, service address and rate class. The Company will also provide the EGS with: (i) the current supply agreement identification number; (ii) the new supply agreement identification number; and (iii) the service start date. Once the move transaction has been sent to the EGS, the EGS will serve the new account as of the service start date.

If a shopping customer contacts the Company to discontinue electric service at the customer's then-current location, and initiates a request for service at a new location in the Company's service territory and wishes to return to default service, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's ~~prior-then-current~~ location. Final bill(s) will be issued to the date of discontinuance of service. (C)

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.10 Customers starting new service with the Company will be permitted to begin supply service with an EGS on their start date subject to meeting the eligibility requirements in Rule No. 45.4 of the retail tariff.

The Company will accept inbound enrollment requests on accounts that are not yet active. However, the EGS is still responsible for submitting the enrollment request. The final component of this transaction will be to establish an estimated start date. The Company will establish the estimated start date for new service in its communication via the enrollment response sent back to the EGS.

The EGS must submit a drop request via EDI if it does not wish to supply service to the customer. However, the supplier must maintain supply service to this customer until a three-business day switch can occur under the Company's switching rules.

~~**5.2.11** If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.~~

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5.3 PROVISIONS FOR CONTRACTING WITH AN EGS TO PROVIDE TOU SERVICE

5.3.1 The Company may contract with an EGS to provide Time-of-Use ("TOU") service, with on-peak and off-peak rates in effect from June through September. The contracted EGS must submit an EDI transaction to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

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, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

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, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

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 If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.

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RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING

6.1 CUSTOMER LOAD FORECASTING The EGS is responsible for forecasting its Customer Load Obligations. The Company will provide a forecast respective to each LSE as support information. The company forecasts will be provided in accordance with the following load forecasting procedures.

6.2 FORECASTING METHODOLOGY Most EDC customers utilize monthly (or daily) metering equipment. However, any EDC customer may choose to have the EDC install equipment or otherwise provide for (at the customer's expense at Pennsylvania Public Utility Commission approved rates) interval (hourly or sub-hourly) metering. The forecasting methodology for customers utilizing hourly metering data is slightly different than the methodology for customers utilizing monthly or daily metering equipment.

6.2.1 FORECASTS FOR MONTHLY OR DAILY METERED AND UNMETERED – (SUCH AS STREETLIGHTS) CUSTOMERS For each EGS, ~~the~~ EDC will provide hourly load forecasts for the aggregate of customers who have chosen ~~the~~ EGS. The EDC has developed and will maintain, based on load survey data, historical load profiles corresponding to the EDC's current rate classes identified in the EDC Tariff. These base profiles will be adjusted for day type (e.g., weekday, weekend, or holiday) and temperature. The EDC will use these rate class load profiles, adjusted for differences between the historical load profile day and the forecast day. The adjusted profiles will be applied to the summation by rate class of the EGS's customer's historical consumption to arrive at the aggregate hourly load forecasts.

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6.2.2 FORECASTS FOR CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA The EDC will provide hourly load forecasts for each EGS customer that has elected to utilize hourly metering data. The EDC will use each customer's same day hourly loads from a previous week and adjust those hourly loads by the temperature factor for that EGS customer's rate class to determine that customer's hourly load forecast. The summation of these forecasts will establish the hourly supply obligation schedule of the EGS for serving these customers.

6.2.3 HISTORICAL LOAD PROFILE DATA The EDC will make available to EGSs the aggregated historical load profiles (including historical temperature data) and any related data which the EDC uses to calculate the hourly forecasts. This information will be available for download from the Customer Choice Internet Site.

(C)

6.2.3.1 UPDATES TO HISTORICAL LOAD PROFILE DATA The EDC shall review from time to time its historical load profile data by rate class and any related data and shall update the data as appropriate.

6.3 ADJUSTMENT FOR LOSSES The forecast/supply obligation will be adjusted to cover transmission and distribution losses.

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RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING - (Continued)

6.4 FORECASTING PROCESS

6.4.1 DAILY FORECASTS ~~Each day-t~~The EDC shall prepare a forecast for each day: (C)

- (1) A Final hourly Forecast for the next day, which will be used to establish the EDC operational forecast
- (2) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit above the temperature used in the Final hourly Forecast. (C)
- (3) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit below the temperature used in the Final hourly Forecast. (C)

6.4.2 PROCEDURE FOR FORECASTING The following procedure will be followed each day to determine the Final Forecast.

6.4.2.1 BUSINESS DAYS AND SCHEDULING WINDOW The daily forecasting process shall be performed on each business day. A business day is a weekday excepting PJM holidays. The daily forecasting process shall be performed on each business day for a scheduling window consisting of all following days through the next business day.

For example, the daily forecasting process shall be performed Monday through Thursday (except holidays) for a scheduling window that covers the following day (midnight to midnight). If the following day is a holiday, then the scheduling window shall include the holiday and be extended to include the first business day following the holiday. Similarly, the daily forecasting process shall be performed on Friday for a scheduling window consisting of the following Saturday, Sunday, and Monday. If the Monday is a holiday, then the scheduling window shall include the holiday and extend through the first business day following the holiday.

In addition to the forecasts required of EGSs hereunder, the EGS may provide advance-hourly forecasts for each of its Customers with Hourly or Sub-Hourly Metering Equipment. Forecasts are not final until the business day before those forecasts are to apply.

Step 1 EDC Determines Hourly Load Forecast By EGS By Rate Class

(A) For Monthly or Daily Metered and Unmetered Customers:

For each rate class, sum each EGS's customer's loads for that rate class, apply the appropriate rate class load profile for the day, and adjust the hourly loads by the temperature factor for the rate class.

Load forecasts will be adjusted for losses as appropriate.

For each EGS, combine all of the rate class hourly load forecasts into a total hourly load forecast.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

7. DAY AFTER LOAD ESTIMATES AND SUPPLY SCHEDULES

7.1 TOTAL DAY AFTER LOAD ESTIMATES The total load estimate for an EGS is expected to be equal to the aggregate hourly load estimates for all of the monthly, hourly, and sub-hourly metered and unmetered customer-s' usage plus load estimates for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. Load estimates, including distribution losses, transmission losses, and UFE are utilized for the day after IneSchedules. (C)

7.2 DAILY LOAD SCHEDULING PROCESS (DAY AFTER LOAD OBLIGATIONS)

7.2.1 UPLOADING SCHEDULES The Company will submit load estimates into IneSchedules in the form of RLR (or WLR contracts) with view only privileges for the EGS (or municipalities or wholesale suppliers, as appropriate). The RLR (or WLR) contracts submitted by the Company in IneSchedules will be auto-confirmed by the EGS (or municipalities or wholesale suppliers, as appropriate). The Company will upload the load estimates on each business day using the PJM IneSchedules System according to PJM requirements. In accordance with the PJM IneSchedules manual (m09), the PJM IneSchedules application will accept scheduling and delivery of energy for up to three decimal places or one-thousandth (0.001) MWh. The schedule uploaded by the Company shall be binding on that EGS. The Company will provide these same load estimates on the Website by 10:00 AM Eastern Prevailing Time to assist the EGS. (C)

7.2.2 LOAD SCHEDULE CHANGES If the EGS has a dispute, they may notify the Company by telephone. The Company will make reasonable efforts to review and, if the reason for the changes are determined by the Company to be operationally valid, confirm the load schedule changes using the PJM IneSchedules System, prior to the PJM designated deadline. In the absence of confirmation by the Company, the prior supply schedule value will remain in effect. In light of deadlines imposed by the PJM OI for the submission of load schedule changes, an EGS should initiate any necessary changes and notify the Company well before the cut-off time to increase the likelihood that the changes will be accepted. (C)

7.2.3 SUPPLY SCHEDULES The EGS is responsible for supplying generation to meet its load estimates uploaded by the Company in accordance with Rule No. 7.2.1.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

8. RECONCILIATION

8.1 GENERAL DESCRIPTION Reconciliation service accounts for mismatches between an EGS's load estimate as determined in Rule No. 7 for serving its Customers and the energy that was actually used by those Customers. This service differs from Energy Imbalance Service – a related service performed exclusively by the PJM OI under the PJM Tariff – because the latter accounts for differences between an EGS's actual load and the quantity of energy actually delivered by the EGS. Because ~~of~~ the absence of universal real-time metering, the calculation of reconciliation quantities typically must occur after the monthly reading of Customer's meters. (C)

8.1.1 THE COMPANY'S ROLE The Company will assist PJM in accounting for Reconciliation quantities by (1) collecting all Customer usage data; (2) determining hourly reconciliation quantities for each EGS or Scheduling Coordinator; (3) calculating monthly reconciliation quantities for each EGS or Scheduling Coordinator; and (4) submitting the reconciliation quantities to the PJM OI.

8.2 METER DATA COLLECTION Meter data collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's customers for a particular reconciliation period.

8.2.1 MONTHLY OR DAILY METERED AND UNMETERED CUSTOMERS The EDC collects daily customer reads for the majority of its customer base. The rate class profile is used to convert the actual daily consumption to equivalent hourly consumption.

If a customer does not have daily reads available, the EDC collects monthly meter data, in subsets corresponding to customer billing cycles, which close on different days of the month. The EDC converts customer's actual monthly consumption to equivalent hourly consumption using the rate class load profiles.

8.2.2 CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA Data from customers utilizing hourly or sub-hourly metering data is collected by the EDC on a daily or monthly basis.

8.3 HOURLY CONSUMPTION Hourly consumption for the customers of each EGS is determined by summing the consumption as described in Rules No. 8.2.1 and 8.2.2.

8.4 CONSUMPTION AND LOSSES Transmission and distribution losses are calculated based upon customer consumption consistent with Rule No. 8.4.1. These losses are added to the hourly energy consumed by customers and are included in the Consumption calculation.

8.4.1 CONSUMPTION CALCULATION The Company will calculate default service load in the same manner in which EGS load is calculated. After meters are read, load profiles will be applied to all customers, including those on default service. When interval meter reading data for a specific customer is available for use, the Company shall use this information in determining load obligation.

8.4.2 UNACCOUNTED FOR ENERGY To determine the proper allocation of losses, average losses by class will be applied to both EGS and default service loads, and unaccounted for energy) will be allocated pro rata among all suppliers, including the default service suppliers.

8.5 BILLING The Company and the EGS will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit EGSs and the Company for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. PJM Miscellaneous Charges will be allocated pro rata among all suppliers, including the default service suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

11. CONFIDENTIALITY OF INFORMATION

11 GENERALLY All confidential or proprietary Company information made available by the Company to an EGS in connection with the provision of Coordination Services, including but not limited to load data, and information regarding the business processes of the Company and the computer and communication systems owned or leased by the Company, shall be used only for purposes of receiving Coordination Services and/or providing Competitive Generation Service to Customers in the Company's service territory. Other than disclosures to EGS representatives for the purpose of enabling an EGS to fulfill its obligations under the EGS Tariff or provide Competitive Generation Service to Customers in the Company's service territory, an EGS may not disclose confidential or proprietary Company information without the Company's prior authorization or consent. All Company information made available to an EGS in connection with the provision of Coordination Services, including but not limited to load curve data, and information regarding the Company, computer and communication systems shall not be disclosed to third parties without appropriate authorization and/or consent.

(C)

11.1 CUSTOMER INFORMATION The EGS shall keep all customer-specific information supplied by the Company confidential unless the EGS has the customer's authorization to do otherwise.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING

12.1 CUSTOMER BILLING BY THE COMPANY All EGS charges to customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 COMPANY BILLING FOR EGS The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default service. Nothing in this rule shall require the Company to manually bill customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's customers based on the customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the Pennsylvania Public Utility Commission. However in no case shall the Company require the EGS to provide separate customer lists or perform unique scheduling and reconciliation services for customers billed directly by the Company.

12.1.2 BILLING FILES Where the EGS has requested the Company to act as the EGS's billing agent, the Company shall electronically transmit files of billing detail daily to the EGS. Such files shall include the Company supplier agreement identification number, rate codes, usage information, demand and energy charges, sales tax, and other EGS charges. Billing files transmitted shall have control totals to assure all data was received by the EGS. Control totals include the number of records on the file and significant totals (e.g. total kWh billed, total amount billed, total tax). All billing files will be in a format consistent with standards developed by the EDEWG.

12.1.3 BUDGET BILLING The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges for rate ready billing only.

12.1.4 EGS TAX RESPONSIBILITY The Company is not responsible for paying or remitting on behalf of an EGS taxes including, but not limited to, Pennsylvania Gross Receipts Tax, Pennsylvania Public Utility Realty Tax, Pennsylvania Capital Stock Tax and Pennsylvania Corporate Net Income Tax.

12.1.4.1 SALES TAX EXEMPTION With respect to customers receiving one bill from the Company, the EGS for whom the Company is billing must provide to the Company the applicable sales tax exemption percentage for each customer. The Company will use the sales tax exemption percentage provided by the EGS for billing the EGS's charges. The EGS is responsible for holding appropriate exemption certificates and is liable for the collection and remittance of sales tax on the EGS's charges. The Company will use a zero exemption percentage if no percentage is provided by an EGS.

12.1.5 COMPANY REIMBURSEMENT TO EGS FOR CUSTOMER PAYMENTS For EGSs electing consolidated billing and serving residential and small and medium C&I customers, defined as those ~~on Rate Schedules RS, RH, RA, GS/GM and GM~~ eligible for Rider No. 8 – Default Service Supply of the Company's Retail Tariff, the Company shall forward payment in accordance with the provisions of Rule No. 12.1.7 below. For receivables associated with EGS sales to all other customers, the Company shall reimburse the EGS within 14 days of receipt of payment for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS from the customer consistent with Section 2807 (c) (3) of the Competition Act. For eligible Day-Ahead Hourly Price Service customers defined in Rule No. 5.2.8 that have an off-cycle switch, the Company will allocate any customer underpayment with respect to supply charges attributable to multiple Electricity Providers based on the percentage owed to each.

12.1.6 EGS BILLING DATA The EGS shall provide all necessary data in its possession for the timely computation of bills. A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, composed of generation and transmission services, to residential customers and commercial and industrial (“C&I”) customers with monthly metered demand less than 300 kW within Duquesne’s service territory. Eligible customers are those customers taking delivery service under the Company’s retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. Commercial and industrial customers will be separated into two categories for purposes of the Purchase Price Discount discussed in Section 12.1.7.2. Small C&I customers will be those customers with monthly metered demand less than 25 kW and Medium C&I customers will be those customers with monthly metered demand equal to or greater than 25 kW. The classification of customers as less than or equal to or greater than 25 kW is discussed in detail in the Company’s retail tariff Rate GS/GM and Rate GMH. Under the POR program, Duquesne will reimburse EGSs for their customer billings regardless of whether Duquesne receives payment from the customer, subject to the limitations set forth below. Duquesne will seek to recover the EGS receivables from EGS customers consistent with Duquesne’s existing collection procedures for recovery of billings to default service customers, and incur any uncollectible costs related to billings for EGSs. The term of the POR program defined herein will become effective June 1, 20~~17~~~~21~~, and will remain in effect as described and will terminate on May 31, 202~~4~~~~5~~. (C)

12.1.7.1 ELIGIBILITY REQUIREMENTS EGSs that choose Duquesne’s consolidated billing option for all or a portion of their eligible customer accounts will be required to sell their accounts receivable to Duquesne for those customers for whom Duquesne issues a consolidated bill. (EGSs may continue to issue their own bills through ~~{d}ual~~ ~~b}Billing~~ for commodity service, for all or a portion of their customers, but will not be eligible to participate in the POR program for those customers that receive ~~d}ual~~ ~~b}Billing~~.) EGSs may choose to participate in the POR program with consolidated billing at any time during the term of the POR program as long as the EGS does not remove customer accounts from consolidated billing. A customer whose service is terminated or who voluntarily switches from the EGS’ service to another generation provider is not considered to have been removed by the EGS from consolidated billing and the POR program. (C)
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(C)

EGSs participating in this POR program will agree not to reject for enrollment a new customer covered by the program based on credit-related issues. Any customer who wishes to be served by an EGS participating in the POR program will be accepted by the EGS if that EGS is actively serving the rate class to which that customer belongs.

12.1.7.2 PURCHASE PRICE DISCOUNT Participating EGSs’ applicable electric commodity receivables will be purchased at a discount. The discount rate will be 0.10% for incremental, ongoing operating and administrative expenses associated with the POR Program related to these customers. (C)

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in **Unusual Business Behaviora practice** that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

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12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; thirty-five (35) days after consolidated bills are issued, and will continue throughout the billing cycle. If the thirty-fifth (35th) day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on consolidated rate ready billing or consolidated rate ready billing and Duquesne's budget payment plan, Duquesne shall purchase the actual amount owed each month by the customer and payments to EGSs shall be made based on the actual amount owed. If the EGS customer is on consolidated bill ready billing ~~or consolidated bill ready billing and Duquesne's budget payment plan~~, Duquesne shall purchase the amount sent in the bill ready 810 **EDI transaction** and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

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12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables. Any such termination of service shall be in accordance with the

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program may be reconnected to service upon the payment of the arrears that were subject to the termination. The required payment may include both delivery and EGS commodity charges.

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service or a payment arrangement at the Company's sole discretion or as required by applicable law. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record.

12.1.7.6 DISPUTE RESOLUTION To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING - (Continued)

12.2 EGS PAYMENT OF OBLIGATIONS TO THE COMPANY An EGS shall pay all Coordination Services Charges or any other charge it incurs hereunder in accordance with the following provisions:

12.2.1 BILLING PROCEDURE Each month, the Company shall submit an invoice to the EGS for all Coordination Services Charges provided under this tariff. The invoice may be transmitted to the EGS by any reasonable method requested by the EGS. An EGS shall make payment for charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2.2 BILLING CORRECTIONS AND ESTIMATED BILLINGS Notwithstanding anything stated herein: (1) bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for ~~six-four~~ **(64)** ~~months~~**years** from the date of such original monthly billing and (2) the Company shall be entitled to submit estimated bills (subject to correction) in the event the EGS fails to supply necessary information in a timely fashion or other circumstances limit the timely availability of necessary data. (C)

12.2.3 MANNER OF PAYMENT The EGS may make payments of funds payable to the Company by wire transfer to a bank designated by the Company. The Company may require that an EGS that is not creditworthy tender payment by means of a certified or cashier's check, or by wire transfer, or other immediately available funds. If disputes arise regarding an EGS bill, the EGS must pay the undisputed portion of disputed bills under investigation. All payments shall be in United States dollars.

12.2.4 LATE FEE FOR UNPAID BALANCES If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 1.5% per month on the unpaid balance.

12.2.5 EGS DEFAULT In the event the EGS fails to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, the EGS shall be deemed to be delinquent. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

12.2.5.1 EGS OFFSET In the event an EGS is deemed to be delinquent under 12.2.5, the Company₇ may₂ at its sole discretion, reduce the reimbursement to the EGS for amounts collected by the Company by the amount owed to the Company. (C)

12.3 BILLING FOR SUPPLIER OBLIGATIONS TO OTHER PARTIES The Company will assume no responsibility for billing between an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 NOTICE OF WITHDRAWAL TO THE COMPANY An EGS shall provide electronic notice to the Company of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013, and any subsequent applicable Pennsylvania Public Utility Commission rulings.

13.2 NOTICE TO CUSTOMERS An EGS shall provide notice to its customers of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The EGS shall provide a copy of the form of such notice to the Company.

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13.3 COSTS FOR NONCOMPLIANCE An EGS that withdraws from retail service and fails to provide at least ninety (90) days written notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- A. Mailings by the Company to the EGS's customers to inform them of the withdrawal and their options;
- B. Non-standard/manual bill calculation and production performed by the Company;
- C. EGS data transfer responsibilities that must be performed by the Company; and
- D. Charges or penalties imposed on the Company by third parties resulting from EGS non-performance.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

14. DISCONTINUANCE OF EGS SERVICE TO PARTICULAR CUSTOMERS

14.1 NOTICE OF DISCONTINUANCE TO THE COMPANY An EGS shall provide electronic notice to the Company of all intended discontinuances of service to customers in accordance with applicable Pennsylvania Public Utility Commission rules.

14.2 NOTICE TO CUSTOMERS An EGS shall provide a minimum of ninety (90) days advance notice to any customer it intends to stop serving of such intended discontinuance in a manner consistent with the Pennsylvania Public Utility Commission's rulings in Docket Nos. L-00970126 and M-00960890 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The application of this Rule No. 14.2 will, however, be limited to the classes of customers to which the referenced Pennsylvania Public Utility Commission rulings will apply. With respect to all other classes of customers, it will be the EGS's responsibility to provide notice to a customer of its intention to discontinue service in accordance with the EGS's contractual obligations with the customer.

14.3 INTENTIONALLY LEFT BLANK

14.4 CUSTOMERS RETURNING TO DEFAULT SERVICE An EGS shall give the customer and Duquesne at least (ninety) 90 days notice prior to the meter read date on which the EGS has a reasonable expectation that it will no longer be serving the customer, whether due to termination of a contract or pursuant to the terms of its contract. EGSs shall not utilize the flexibility afforded by these rules to propose price changes that are designed to economically force customers to return to default service during the Summer period. If an EGS has a reasonable expectation that it will no longer be serving a customer as of a meter read date, the EGS shall issue the notice required by the previous sentence within five (5) business days of determination, and such customers shall have a minimum of sixty (60) days in which to make the choices outlined in Section 45.2 of Duquesne's retail tariff, as appropriate. For Duquesne's purposes, this ninety (90) day notice to Duquesne is for informational and planning purposes only.

14.4.1 CUSTOMER MUST INITIATE THE SWITCH TO DEFAULT SERVICE The Company will accommodate requests by customers to switch EGSs in accordance with 52 Pa. Code Chapter 57, Subchapter M "Standards for Changing a Customer's Electricity Generation Supplier." Customers who elect to return to default service from an EGS will return at the charges of the applicable tariff rate schedule and a customer may return to default service in accordance with the switching protocols contained in the Retail Tariff by requesting the same from the Company. Switching by customers shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this tariff and the Company's retail tariff. No customer will be returned to default service for any reason without authorization by that customer, except as follows: the Company will permit a customer to return to default service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the complete abandonment of service in the Company's service territory by the customer's EGS; (2) to remedy a case of ~~inadvertent~~ slamming of the customer; ~~and~~ (3) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around default service rates by returning the customer to default service when wholesale energy prices have increased and EGS service to the customer has become uneconomic; or (4) as required under the Company's shopping program, if any, for customers participating in the Company's Customer Assistance Program.

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RULES AND REGULATIONS - (Continued)

15. LIABILITY

15.1 GENERAL LIMITATION ON LIABILITY The Company shall have no duty or liability with respect to electric energy before it is delivered by an EGS to a point of delivery on the Company's distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

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

15.3 ADDITIONAL LIMITATIONS ON LIABILITY IN CONNECTION WITH DIRECT ACCESS Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to an EGS providing Competitive Energy Supply arising out of or related to a contract or other relationship between an EGS and a customer of the EGS.

The Company shall implement customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to an EGS providing Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch a customer.

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

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LOAD DATA SUPPLY CHARGE

AVAILABILITY/APPLICABILITY

The Company will fulfill a customer's or its authorized representative's request for customer load information available on its information system. The Company will provide customer load information, with customer consent, only to EGSs or other customer-authorized representatives, for up to five (5) requests for the same account in a calendar year at no charge after which subsequent requests will be charged according to the Table of Charges. The Company will provide customer load information on a 15 or 60-minute interval basis as specified by the customer, EGS or other customer-authorized representative.

TABLE OF CHARGES

An EGS or other customer-authorized representative must pay the charges stated below:

If the Company has already provided load data to a customer or its authorized representative five (5) times for the same account in a calendar year, the customer will be charged for subsequent requests in that year at \$60 per request.

CONDITIONS

No customer-specific information will be supplied to an EGS or other representative of the customer before the Company's receipt of a customer's written authorization to release such data to such EGS or other representative. EGSs who qualify as creditworthy as those terms are defined in this tariff will be billed for each request pursuant to the procedure identified in Rule No. 12.2.1 of this tariff. Payment by an EGS who does not qualify as creditworthy or has bad credit as those terms are defined in this tariff must be made before release of information.

METHOD OF PAYMENT

There are two (2) methods of payment:

A check made payable to Duquesne Light Company and sent to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
~~14th Floor, MD 14-1(MD: 6-1)~~
Pittsburgh, PA 15219

or through a wire/ACH transfer ~~to per Company instructions.:~~

~~Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company~~

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STANDARD OFFER PROGRAM COST RECOVERY

BACKGROUND

~~In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company's implemented a Standard Offer Program ("SOP") is implemented pursuant to Commission Order dated XXXXXXXX XX, XXXX, at Docket No. P-2020-XXXXXXX.~~ Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. ~~Complete SOP rules and documentation may be found at <http://supplier.customer-choice.com>.~~

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SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. ~~P-2020-XXXXXXX~~~~P-2012-2301664~~, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

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CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted will be ~~\$~~40.2830.00.

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BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue ~~(MD: 15-1)~~
14th Floor, MD 14-1
Pittsburgh, PA 15219

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(C)

or through a wire/ACH transfer ~~to:~~

~~Bank Name: Mellon Bank, Pittsburgh~~
~~ABA: 043000264~~
~~Account No: 000-8064~~
~~Acct Name: Duquesne Light Company~~ per Company instructions.

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If an SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable ("POR") payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

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TABLE 1
 Real Power Distribution Losses

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.1%
GL - General Service Large	2.9%
GLH - General Service Large Heating	2.9%
GMH - General Service Medium Heating	5.3%
GS/GM - General Service Small and Medium	5.3%
HVPS - High Voltage Power Service	0
L - Large Power Service < 138 Kv	2.9%
L - Large Power Service ≥ 138 Kv	0
RA - Residential Service Add On Heat Pump	6.1%
RH - Residential Service Heating	6.1%
RS - Residential Service	6.1%
SE - Street Lighting Energy	6.1%
SH - Street Lighting Highway	6.1%
SM - Street Light Municipal	6.1%
UMS - Unmetered Service MTS - Municipal Traffic Signals	5.3% 6.1%
PAL - Private Area Lighting	6.1%

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Exhibit DBO-9

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

Issued: Xxxxxxxx xx, XXXX

Effective: Xxxx xx, XXXX

Issued pursuant to the Commission's Order
entered Xxxxxxxx XX, XXXX, at Docket No. P-2020-XXXXXXX.

NOTICE

**THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS,
ADDS AND REMOVES PAGES FROM TARIFF NO. 3S AND UPDATES LANGUAGE
IN EXISTING RULES AND EXISTING RIDERS**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Table of Contents

**Twelfth Revised Page No. 3
Cancelling Eleventh Revised Page No. 3**

Page numbers 2A – 2F have been added to Tariff No. 3S.

The List of Modifications page numbers have been revised in the Table of Contents to reflect the addition of page numbers 2A through 2F.

Explanation of Terms and Explanation of Abbreviations

**Fourth Revised Page No. 5
Cancelling Third Revised Page No. 5**

Creditworthy
Customer(s)
Dual Billing

**First Revised Page No. 5A
Cancelling Original Page No. 5A**

EGS Tariff
Electric Distribution Company (“EDC”)
Electric Generation Supplier (“EGS”)

**Fifth Revised Page No. 6
Cancelling Fourth Revised Page No. 6**

PowerMeter
InSchedules

**Fifth Revised Page No. 6A
Cancelling Fourth Revised Page No. 6A**

Scheduling Coordinator

**Second Revised Page No. 6B
Cancelling First Revised Page No. 6B**

Wholesale Supplier

Definitions have been updated to reflect housekeeping/administerial revisions as well as current business practice.

Rules and Regulations

**Second Revised Page No. 7
Cancelling First Revised Page No. 7**

1. The Tariff

1.1 Filing and Posting

Language has been revised to remove “duquesnelight” and insert “customer-choice.”

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations

3. Commencement of EDC/EGS Coordination

3.1 Registration for Coordination Services

**First Revised Page No. 9
Cancelling Original Page No. 9**

Language has been revised to remove "consisting of" and replace it with "including."

Language has been revised and/or added to Item C through Item G to reflect current business practice.

Rules and Regulations

3. Commencement of EDC/EGS Coordination

3.9 Identification Numbers

**Second Revised Page No.10
Cancelling First Revised Page No. 10**

Language has been added to reflect current business practice.

Rules and Regulations

4. Coordination Obligations

4.11.2 Electronic Mail

**Third Revised Page No.12
Cancelling Second Revised Page No. 12
and First Revised Page Nos. 13A and 13B**

Language has been added to correct a typographical error.

Rules and Regulations

4. Coordination Obligations

4.12 Payment Obligation

**Third Revised Page No.12
Cancelling Second Revised Page No. 12
and First Revised Page Nos. 13A and 13B**

Language has been revised to add the word "EGS." Administerial revision, capitalizing the "T" in tariff.

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**First Revised Page No. 13A
Cancelling Original Page No. 13A**

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**First Revised Page No. 13B
Cancelling Original Page No. 13B**

First Revised Page No. 13A and First Revised Page No.13B have been removed from Tariff No. 3S as they are no longer necessary. Both pages are being cancelled out via Third Revised Page No. 12.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations Third Revised Page No. 14
5. Direct Access Procedures Cancelling Second Revised Page No. 14
5.1.2 B. - No. 1) Network Transmission Service Peak Load Contribution (1 CP)

Rules and Regulations Fifth Revised Page No. 15
5. Direct Access Procedures Cancelling Fourth Revised Page No. 15 and Second Revised Page No. 15A
5.1.2 B. - No. 2) Peak Load Contribution (5 CP)

Language has been added to reflect current business practice.

This Page Intentionally Left Blank Second Revised Page No. 15A
Cancelling First Revised Page No. 15A

Second Revised Page No. 15A has been removed from Tariff No. 3S as it is no longer necessary. The page is being cancelled out via Fifth Revised Page No. 15.

Rules and Regulations Sixth Revised Page No. 17
5. Direct Access Procedures Cancelling Fifth Revised Page No. 17
5.2 Switching Among EGSs and The Company
5.2.1
5.2.3
5.2.5

Rules and Regulations Sixth Revised Page No. 18
5. Direct Access Procedures Cancelling Fifth Revised Page No. 18
5.2 Switching Among EGSs and The Company
5.2.5 – (Continued)

Rules and Regulations Sixth Revised Page No. 19
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19
5.2 Switching Among EGSs and The Company
5.2.8

Rules and Regulations Fifth Revised Page No. 19A
5. Direct Access Procedures Cancelling Fourth Revised Page No. 19A
5.2 Switching Among EGSs and The Company
5.2.9

Language has been revised for clarity and to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 19B
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19B
5.2 Switching Among EGSs and The Company
5.2.11

Rule No. 5.2.11 has been reorganized and renumbered to Rule 5.4.4 for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations

- 5. Direct Access Procedures**
- 5.4 Provisions Relating To An EGS's Customers**
- 5.4.4**

**Fourth Revised Page No. 20
Cancelling Third Revised Page No. 20**

Rule No. 5.4.4 has been renumbered from Rule 5.2.11.

Rules and Regulations

- 6. Load Forecasting**
- 6.2.1 Forecasts for Monthly or Daily Metered and Unmetered – (Such As Streetlights) Customers**
- 6.2.3 Historical Load Profile Data**

**Second Revised Page No. 21
Cancelling First Revised Page No. 21**

Rules and Regulations

- 6. Load Forecasting**
- 6.4 Forecasting Process**
- 6.4.1 Daily Forecasts**

**Second Revised Page No. 22
Cancelling First Revised Page No. 22**

Language has been revised and/or added for clarity.

Rules and Regulations

- 7. Day After Load Estimates and Supply Schedules**
- 7.1 Total Day After Load Estimates**

**Third Revised Page No. 24
Cancelling Second Revised Page No. 24**

7.2 Daily Load Scheduling Process (Day After Load Obligations)

- 7.2.1 Uploading Schedules**
- 7.2.2 Load Schedule Changes**

Language has been added and/or revised to reflect current business practice.

Rules and Regulations

- 8. Reconciliation**
- 8.1 General Description**

**Third Revised Page No. 25
Cancelling Second Revised Page No. 25**

The word "at" has been removed and replaced with the word "of."

Rules and Regulations

- 11. Confidentiality of Information**
- 11. Generally**

**First Revised Page No. 29
Cancelling Original Page No. 29**

Language has been added and/or removed for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.5 Company Reimbursement to EGS for Customer Payments

Seventh Revised Page No. 30
Cancelling Sixth Revised Page No. 30

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.1 Eligibility Requirements
12.1.7.2 Purchase Price Discount

Fifth Revised Page No. 30A
Cancelling Fourth Revised Page No. 30A

Rules and Regulations
12. Payment and Billing
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.2.2 Purchase Price Discount Adjustment for Individual EGS
12.1.7.4 Other Payment Provisions

Sixth Revised Page No. 30B
Cancelling Fifth Revised Page No. 30B

Rules and Regulations
12. Payment and Billing
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.5 Transfer of Collection Responsibilities and Rights

Fourth Revised Page No. 30C
Cancelling Third Revised Page No. 30C

Rules and Regulations
12. Payment and Billing
12.2.2 Billing Corrections and Estimated Billings
12.2.5.1 EGS Offset

First Revised Page No. 31
Cancelling Original Page No. 31

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to reflect current business practice.

Rules and Regulations
12. Payment and Billing
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

Fifth Revised Page No. 30A
Cancelling Fourth Revised Page No. 30A

The dates of the Purchase of Receivables Program ("POR") have been updated to reflect the term of DSP IX.

Rules and Regulations
12. Payment and Billing
12.2.2 Billing Corrections and Estimated Billings

First Revised Page No. 31
Cancelling Original Page No. 31

Language has been revised to align the period during which bills are subject to correction with the time period applicable to previously unbilled utility service, 52 Pa. Code § 56.14.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations

13. Withdrawal By EGS From Retail Service

13.2 Notice to Customers

**First Revised Page No. 33
Cancelling Original Page No. 33**

Language has been added to reflect current business practice.

Rules and Regulations

14. Discontinuance of EGS Service to Particular Customers

14.4.1 Customer Must Initiate The Switch to Default Service

**Sixth Revised Page No. 34
Cancelling Fifth Revised Page No. 34**

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to implement, in part, the Company's proposed Customer Assistance Shopping Program.

Rules and Regulations

15. Liability

15.4 Tax Indemnification

**First Revised Page No. 36
Cancelling Original Page No. 36**

Language has been updated for housekeeping/administerial revisions.

Rules and Regulations

Load Data Supply Charge

-Method of Payment

**Fourth Revised Page No. 42A
Cancelling Third Revised Page No. 42A**

Language has been revised in the "Method of Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Method of Payment" section.

The Company's banking information has been removed from the bottom of the "Method of Payment" section.

Rules and Regulations

Standard Offer Program Cost Recovery

-Background

-Supplier Charges

**Fourth Revised Page No. 42B
Cancelling Third Revised Page No. 42B**

Language has been revised to reflect DSP IX.

Rules and Regulations

Standard Offer Program Cost Recovery

-Customer Acquisition Fee

**Fourth Revised Page No. 42B
Cancelling Third Revised Page No. 42B**

The Customer Acquisition fee has increased from \$10.28 to \$30.00 in DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

**Rules and Regulations
Standard Offer Program Cost Recovery
-Billing and Payment**

**Fourth Revised Page No. 42B
Cancelling Third Revised Page No. 42B**

Language has been revised in the "Billing and Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Billing and Payment" section.

The Company's banking information has been removed from the bottom of the "Billing and Payment" section.

**Table 1
Real Power Distribution Losses**

**Third Revised Page No. 49
Cancelling Second Revised Page No. 49**

Table 1 was modified to remove the < 138 kV language from Rate L – Large Power Service and to remove the line item for Rate L – Large Power Service \geq 138 kV to make the loss provisions consistent with rate design changes approved and reflected in the Company's retail electric tariff as per the Company's 2018 base rate case at Docket No. R-2018-3000124, Order Entered December 20, 2018.

The MTS – Municipal Traffic Signals line item has been revised to UMS – Unmetered Service, consistent with the current designation of that customer class in the Company's retail electric tariff.

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(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Coordination Services Charges - All charges stated in the charges section of this tariff, that are billed by the Company for Coordination Services performed hereunder.

Coordinated Supplier - An Electric Generation Supplier that has appointed a Scheduling Coordinator as its designated agent for the purpose of submitting energy schedules to the PJM OI.

Creditworthy - A creditworthy EGS pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this tariff and the Pennsylvania Public Utility Commission. To determine whether an EGS is creditworthy, the Company will evaluate the EGS's record of paying Company charges, and may also take into consideration the EGS's credit history. (C)

Customer(s) - Any person, partnership, association, corporation, municipality, government agency, or other legal entity receiving, or eligible to receive, Competitive Generation Service from an EGS in accordance with the Competition Act. (C)

Customer Choice Internet Site - A Company Internet site with a Uniform Resource Locator (URL) of <http://www.customer-choice.com>.

Default Service - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of the Company's retail tariff.

Deliver - To "deliver" a document or other item under this tariff shall mean to tender by certified mail, hand delivery, or overnight express package delivery service.

Delivery - The actual delivery of energy with respect to an energy schedule.

Demand Response - The process for arranging to have firm load become interruptible in accordance with criteria established by the PJM OI.

Direct Access - "Direct Access" shall have the meaning set forth in the Competition Act.

DLCO Zone - The PJM defined area encompassing the franchised service territories of the Duquesne Light Company.

DLCO Residual Zone - The PJM defined area encompassing the aggregate of all load buses within the franchised service territories of the Duquesne Light Company minus all load that has been designated to be priced at a specific nodal location.

Dual Billing - A billing service option where the Company and the EGS separately send their bills directly to the Customer. (C)

EDC Tariff - The Company's current Pennsylvania Public Utility Commission approved Electric Service Tariff.

EGS Representative - Any officer, director, employee, consultant, contractor, or other agent or representative of an EGS in connection with the EGS's activity as an EGS. To the extent an EGS is a division or group of a company, the term EGS Representative does not include any person in that company who is not part of the EGS division. (C)

(C) - Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

EGS Tariff – This Electric Generation Supplier Coordination Tariff, Electric-Pa. P.U.C. No. 3S.

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Electric Distribution Company (EDC) - A public utility providing facilities for the distribution of electricity to retail Customers.

(C)

Electric Generation Supplier (EGS) - A supplier of electric generation that has been certified or licensed by the Pennsylvania Public Utility Commission to sell electricity to retail customers within the Commonwealth of Pennsylvania in accordance with the Competition Act. Duquesne Light Company does not constitute an EGS for the purposes of this tariff.

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Electronic Data Exchange Working Group (EDEWG) - The Pennsylvania Public Utility Commission authorized working group established under the Proposed Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015.

Electronic Data Interchange (EDI) - The computer application to computer application exchange of business information in a standard format, as more fully described in Pennsylvania Public Utility Commission Docket No. M-00960890F.0015.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electronic Exchange - Approved methods of data exchange (either through a VAN mailbox or a method to be defined by the EDEWG and approved by the Pennsylvania Public Utility Commission).

Electricity Provider - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

PowerMeter System - Software program administered by the PJM OI that retrieves revenue meter data for PJM transmission and generation interconnection points and calculates Electric Distribution Companies' and Generation Owners' metered interchange energy amounts used for real-time energy market settlements.

(C)

InSchedules – Software program administered by the PJM OI through which energy schedules may be submitted.

(C)

FERC - The Federal Energy Regulatory Commission.

Final Forecast – The day ahead hourly forecast for energy to be supplied the next day.

Individual Coordination Agreement (ICA) – The agreement between the Company and the EGS to conduct business in the DLCO Zone. The ICA is attached as a Rider to this tariff.

Interest Index - An annual interest rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year.

Interval Metering Data - Data from electrical metering equipment that supplies hourly or sub-hourly readings of customer consumption.

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

Meter Read Date - The date on which the Company reads a meter for purposes of switching for an off-cycle switch or producing a customer bill in accordance with the regularly scheduled billing cycles of the Company.

Month - A month, as defined under 52 PA Code § 56.2.

Load Bus – As used in this tariff, shall have the same meaning ascribed to the term in the PJM Tariff.

Load Serving Entity (LSE) – An entity that has been granted the authority or has an obligation pursuant to State or local law, regulation or franchise to sell electric energy to end-users located within the PJM Control Area as that term is defined by the PJM Tariff.

Locational Marginal Price (LMP) – The hourly-integrated marginal price to serve load at individual locations throughout PJM, calculated by the PJM OI as specified in the PJM Tariff.

Megawatt or MW – One thousand kilowatts.

NERC - The North American Electric Reliability Corporation. The agency given the authority by FERC to enforce reliability standards in the United States.

Network Integration Transmission Service Reservation – A reservation under the PJM Tariff of Network Integration Transmission Service, which allows a transmission customer to integrate and economically dispatch generation resources located at one or more points in the PJM Control Area to serve its Network load as that term is defined by the PJM Tariff.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Peak Load Contributions (PLCs) - A customer's contribution to the DLCO Zone's normalized summer peak load as calculated by the zone's Electric Distribution Company and used in determining a Load Serving Entity's Peak Load obligation.

Pennsylvania Public Utility Commission or Commission - The Pennsylvania Public Utility Commission.

PJM - PJM Interconnection, L.L.C.

PJM Control Area - The area encompassing electric systems recognized by the North American Electric Reliability Council as the "PJM Control Area."

PJM Miscellaneous Charges - PJM miscellaneous energy related allocations or charges or credits billed to the EDC and not to the LSE.

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

PJM Tariff or OATT - The PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Preliminary Forecast - The forecast per hour per LSE posted on the customer choice website based on business day-ahead.

Rate Ready – A form of consolidated billing where Duquesne Light calculates the charge to be presented on the supplier portion of the bill based upon the rates previously supplied by the electric generation supplier ("EGS").

Retail Load Responsibility (RLR) - For non-metered and monthly metered load, the sum total of the estimated hourly load plus transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers. For hourly metered customers, the sum total of the hourly consumed load of all of an EGS' s customers, adjusted for transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC , for which the EGS must provide energy to its customers.

Scheduling Coordinator - Entity that performs, and had been duly certified or licensed by the Pennsylvania Public Utility Commission to perform, one or more of an EGS's Coordination Obligations, including the submission of energy schedules to the PJM OI, and that either is (1) a member of the PJM Interconnection, L.L.C. or (2) is the agent, for scheduling purposes, of one or more Electric Generation Suppliers that are members of the PJM Interconnection, L.L.C.

Tariff - This Electric Generation Supplier Coordination Tariff.

Transmission Losses - Real Power Transmission Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Transmission Loss factor is defined in Rule No. 4.7.

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Unaccounted for Energy (UFE) - Is the difference between the actual DLCO Zone's total hourly system load and the total hourly consumed power grossed up for transmission and distribution losses plus any PJM miscellaneous energy or energy related allocations to the EDC.

Value Added Network (VAN) - A method of data transfer that allows information to be sent and received electronically using an electronic mailbox. This method meets minimum criteria in the following areas:

- 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; and
- Recoverability and archiving of data.

Wholesale Load Responsibility (WLR) – For non-metered and monthly metered load, the sum total of the estimated hourly load for all of the Company's default service customers plus transmission losses, distribution losses, and the wholesale supplier's pro rata share of UFE, within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff. For hourly metered customers, the sum total of the hourly consumed load of all the Company's default service customers plus transmission losses, distribution losses and the wholesale supplier's pro rata share of UFE within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff.

Wholesale Supplier – The Company's supplier of generation resources necessary to meet the Company's default service obligations.

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(C) – Indicates Change

RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING A copy of this tariff, comprising of the Definitions, Rules and Regulations, Charges and Riders, under which the Company will provide Coordination Services to Electric Generation Suppliers, is filed with the Pennsylvania Public Utility Commission ("PaPUC"). A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed at www.customer-choice.com and is posted and open to inspection at the offices of the Company where payments are made by customers.

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

1.3 APPLICATION The tariff provisions apply to all EGSs providing Competitive Energy Supply to customers located in the Company's service territory, including an affiliate or division of the Company that provides Competitive Energy Supply, and with whom the Company has executed an Individual Coordination Agreement as required herein. In addition, the charges herein shall apply to anyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.4 RULES AND REGULATIONS The Rules and Regulations, filed as part of this tariff, are a part of every Individual Coordination Agreement entered into by the Company pursuant to this tariff and govern all Coordination Activities, unless specifically modified by a charge or rider provision. The obligations imposed on EGSs in the Rules and Regulations apply as well to everyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.5 USE OF RIDERS The terms governing the supply of Coordination Services under this tariff or a charge therein may be modified or amended only by the application of those standard riders, filed as part of this tariff.

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

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RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION

3.1 REGISTRATION FOR COORDINATION SERVICES An EGS seeking to obtain Coordination Services hereunder must deliver to the Company a completed registration, including the following:

- A. An Individual Coordination Agreement, as contained in a rider hereto, fully executed in triplicate by a duly authorized representative of the EGS;
- B. A copy of the EGS's operating license or Pennsylvania Public Utility Commission order licensing the EGS to operate;
- C. The EGS's completed IRS Form W-9;
- D. The EGS's completed EGS Onboarding Form, including:
 - (i) The Dun & Bradstreet number(s) assigned to the EGS;
 - (ii) The EGS's banking information (account number, routing number, etc.), provided on EGS letterhead and signed by two authorized EGS representatives;
- E. The EGS's Pennsylvania sales tax identification number;
- F. EGS proof of PJM membership; and
- G. Any other completed documents as necessary to comply with PaPUC or PJM requirements.

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3.2 INCOMPLETE REGISTRATIONS In the event the EGS submits an incomplete registration, the Company shall provide written notice to the EGS of the registration's deficiencies within ten (10) business days after the date of service, as determined under 52 Pa. Code § 1.56. The Company will not process an incomplete registration until the EGS corrects the deficiencies and the EGS delivers the registration to the Company.

3.3 CREDIT CHECK A registration for Coordination Services shall constitute authorization to the Company to conduct a background credit check on the EGS.

3.4 PROCESSING OF REGISTRATIONS The Company shall complete the processing of each registration for Coordination Services within ten (10) business days after the date of service of the registration, as determined under 52 Pa. Code § 1.56. The Company shall approve all completed registrations unless grounds for rejecting the registration, as defined below, exist.

3.5 GROUNDS FOR REJECTING REGISTRATION The Company may reject any registration for Coordination Services on any of the following grounds:

- A. The EGS has undisputed outstanding debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff;
- B. The EGS has failed to comply with credit requirements specified in Rule No. 12 of this tariff;
- C. The EDC has provided written notice to the EGS that a registration is deficient, pursuant to 52 Pa. Code § 1.56, and the EGS has failed to submit a completed registration within thirty (30) calendar days after the date of service of the registration.

The Company may also petition the Pennsylvania Public Utility Commission to reject the registration of an EGS with bad credit. The Company need not provide Coordination Services to the EGS pending the Pennsylvania Public Utility Commission's review of said petition unless the EGS has provided security to the Company as provided for in Rule No. 12.4.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION - (Continued)

3.6 OFFER OF CONDITIONAL ACCEPTANCE OF REGISTRATION Where grounds for rejection of a registration exist due to an EGS's outstanding and undisputed debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff, the Company may offer the affected EGS a conditional acceptance if the EGS pays such debts before it receives Coordination Services. If the EGS rejects the Company's offer of conditional acceptance under this Rule, then its registration for Coordination Services will be deemed rejected.

3.7 REJECTION OF REGISTRATION Upon rejection of any registration, the Company shall provide the affected EGS with written notice of rejection within the time periods set forth in Section 3.4, and shall state the basis for its rejection.

3.8 APPROVAL OF REGISTRATION Upon its approval of a registration for Coordination Services, or pursuant to an Order of the Commission approving a registration, the Company shall execute the Individual Coordination Agreement tendered by the registrant, and shall provide one to the EGS by delivering such within the period set forth in Section 3.4 and shall maintain a copy for its own records.

3.9 IDENTIFICATION NUMBERS Upon its approval of a registration for Coordination Services, the Company will use the Dun & Bradstreet number assigned to each EGS to be used in subsequent electronic information exchange between the EGS and the Company. In addition, the Company may also assign to the EGS identification numbers that may be required by PJM in connection with the submission and/or confirmation of load schedules for serving load in the Company's service territory.

3.10 COMMENCEMENT OF COORDINATION SERVICES Coordination Services shall commence within fifteen (15) days after the Company's acceptance of an EGS's registration for Coordination Services provided that all of the information necessary for the Company to provide Coordination Services has been provided to the Company and any conditions required under Rule No. 3.6 have been satisfied by the EGS.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

4. COORDINATION OBLIGATIONS - (Continued)

4.10 SUPPLY OF DATA An EGS and the Company shall supply to the other all data, materials or other information specified in this tariff, or otherwise reasonably required by the EGS or Company in connection with the provision of Coordination Services, in a thorough and timely manner.

4.11 COMMUNICATION REQUIREMENTS An EGS shall implement a VAN and a single Internet file transfer protocol, as determined by the EDEWG and Pennsylvania Public Utility Commission Docket No. M-00960890.F0015. Both data transfer methods must meet the minimum criteria of, and be endorsed by, the EDEWG.

4.11.1 CUSTOMER CHOICE INTERNET ACCESS An EGS shall have appropriate software for access to the Customer Choice Internet Site and file uploads and downloads.

4.11.2 ELECTRONIC MAIL An EGS shall have appropriate software to communicate regularly by electronic mail (e-mail), including the capability to receive ASCII file attachments. (C)

4.12 PAYMENT OBLIGATION The Company's provision of Coordination Services to an EGS is contingent upon the EGS's payment of all charges provided for in this EGS Tariff. (C)

4.13 RECORD RETENTION An EGS and the Company shall comply with all applicable laws and Pennsylvania Public Utility Commission rules and regulations for record retention, including but not limited to those Rules of Chapter 56 of the Pennsylvania Public Utility Commission's regulations.

4.14 DATA EXCHANGE

- A. Subject to Rule 4.14(B), below, the Company shall make available to an EGS, on a daily basis, customer, billing and financial transaction information regarding that EGS's customers in electronic files available via electronic exchange. These files will be consistent with standards developed by the EDEWG.
- B. An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule 4.14(A). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company account number and rate class.
- C. The Company will maintain on the Customer Choice Internet Site copies of the standard file formats it will provide to EGSs containing the data listed in this Rule of this tariff. The Company will not change the file formats without first providing at least seven days notice of any such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.
- D. Nothing in this Rule 4.14 shall prohibit the Company from making available to EGSs other electronic data, in formats chosen by the Company consistent with the recommendations of the EDEWG. The Company will not change the file formats of the electronic data made available under this Rule 4.14(D) without first providing at least seven days notice of such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES

5.0 GENERALLY The procedures for the selection of customers' EGS selection, switching among EGSs and other direct access procedures for obtaining Competitive Energy Supply shall occur in accordance with the direct access procedures set forth in the Enrollment Procedures Applicable to EDCs and EGSs, Docket No. M-00960890F.0014, Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015, Standards for Changing a Customer's Electric Supplier, Docket No. L-00970121 and the Commission's *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383, and applicable Commission regulations, as set forth in this tariff.

5.1 DATA REQUIREMENTS

5.1.1 ENROLLMENT EGSs are encouraged to permit customers to enroll by telephone or by e-mail, but must send customer enrollments to the Company via properly formatted electronic files (customer name, customer address, Duquesne Light supplier agreement identification number, and authorization to release telephone number and authorization to release historical usage information) via EDI. EGSs shall forward the electronic files on a daily basis to the Company. The Company will acknowledge receipt of the enrollment file via electronic confirmation. The Company shall provide confirmation within one (1) business day of all electronic files received. Such confirmation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such confirmation shall also include information an EGS can use to identify rejected records.

5.1.2 A. ELIGIBLE CUSTOMER LIST In addition to the EDEWG Standard Eligibility List, the Company agrees to provide to EGSs, for all customers who have authorized the release of their information, the most recent available twelve (12) individual months of historical monthly electric usage and billed demand and Network Transmission Service Peak Load Contribution and Peak Load Contribution, per customer account. This information will be provided on the Company's web site in a downloadable format compatible for use with spreadsheet and database applications and will be updated monthly.

B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions Beginning January 1, 2005, until instructed otherwise by PJM, the Company will calculate the Peak Load Contributions and the Network Transmission Service Peak Load Contribution as follows:

1) Network Transmission Service Peak Load Contribution (1 CP)

To determine the customer's share of the Network Transmission Service Peak Load, the Company will first calculate the customer's transmission peak load contribution. The transmission peak load contribution is based on the customer's load coincident with Duquesne's transmission system zonal load during the one peak hour of the previous year. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Network Transmission Service Peak Load Contribution. Second, the customer's load, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy (as provided by Rule No. 8 of this tariff), will be the customer's Network Transmission Service Peak Load Contribution.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.1 DATA REQUIREMENTS - (Continued)

5.1.2 B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions – (Continued)

2) Peak Load Contribution (5 CP)

The Company's capacity obligation will be calculated by PJM based on the Company's peak load contribution and will be the basis for the capacity obligation for the following calendar year.

In determining the customer's share of the capacity obligation, the Company will first calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with PJM's system load during the peak hour of the five peak days for the appropriate PJM Region as provided for in the PJM Manuals/Tariffs. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Peak Load Contribution. The customer's load in each of these five (5) hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy in the applicable hours (as provided by Rule No. 8 of this Tariff), will be averaged and the customer's percentage (%) share of the average DLCO system load will then be calculated. The PJM approved forecasted peak for the year will then be multiplied by the customer's percentage (%) share of the average DLCO system load to derive the customer's peak load contribution. When appropriate, zonal loads and customer peak load obligations will be adjusted to account for Demand Response and significant loss of load events.

(C)

This information will be sent to PJM who will calculate each EGS's capacity obligation.

5.1.3 Data Exchange

- A.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain information about customers that have consented to the release of customer information in a format to be consistent with that determined by the EDEWG.
- B.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain the following information about customers that have not consented to the release of customer information in a format to be consistent with that determined by the EDEWG:
 - (i) Duquesne Light Company supplier agreement identification number,
 - (ii) Rate class,
 - (iii) Customer's name, and
 - (iv) Customer's service address.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY Rule No. 5.2 delineates the process of customer selection for Competitive Energy Supply or Default Service.

5.2.1 An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule No. 4.14 (a). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company supplier agreement identification number, Duquesne Light meter number, and rate class.

(C)

5.2.2 If an enrolled customer or person authorized to act on the customer's behalf contacts the Company to inform the Company that it wishes to obtain Competitive Energy Supply from a particular EGS, the Company will inform the customer of the need to contact the EGS to select the EGS as supplier. The EGS will verify its desire to serve the customer and follow the process outlined in Rule No. 5.2.1.

5.2.3 The EGS will obtain appropriate authorization from the customer, or from the person authorized to act on the customer's behalf, indicating the customer's choice of EGS. The authorization shall include the customer's acknowledgment that the customer has received the notice required by Rule No. 5.2.1. It is the EGS's responsibility to maintain records of the customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The EGS shall provide such authorization upon request by the Company.

(C)

5.2.4 The EGS shall provide an electronic file to the Company via electronic exchange file format designated by the Company that complies with the Commission's electronic requirements. The required electronic files shall include, at a minimum, EGS ID, Duquesne Light Company supplier agreement identification number, rate code, billing option, price plan (if single bill option is selected), transaction date and transaction time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via electronic exchange. Within one (1) business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such validation shall also include information an EGS can use to identify rejected records.

5.2.5 On a pending switch to an EGS, the Company will send the customer a confirmation letter within one (1) business day notifying the customer of the pending switch. The selection will be effective three (3) business days after receipt of the request and billing with the selected EGS will begin on the fourth business day. The subsequent EGS will become the EGS of record for delivery further provided that: (1.) all customer information provided to the Company is accurate and complete and (2.) the customer has not contacted the Company to dispute the EGS. In such circumstances, the Company will send the new EGS an electronic file, via electronic exchange, containing information for the new customers of record for that particular EGS, in accordance with Rule 4.14(a). The Company will process any EDI transactions for a switch from an EGS and will assume any rescission period with the EGS has ended.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY - (Continued)

5.2.5 - (Continued)

If, during the pending switch request, the customer elects to reject its new EGS selection, the customer will notify the rejected EGS and the EGS shall notify the Company. Upon notice from the EGS, the Company will process a drop for that EGS. In the event the customer rejects its EGS selection after the three day (3) day switching period, the customer will be referred to the EGS per Rule No. 5.2.6.

Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS.

5.2.6 If a customer contacts the Company to request a change of EGS, the Company will direct the customer to contact that EGS and will provide the telephone number of the EGS to the customer, if requested.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY

5.2.7 In accordance with the Secretarial Letter issued August 20, 2010, at Docket No. M-2009-2082042, when requested by an EGS, the Company will provide confidential customer-specific information about a customer with whom the EGS is discussing the possibility of providing Competitive Energy Supply without receiving written authorization from the customer or from the EGS. It is the EGS's responsibility to convey to the customer via its authorization process that the Company will release the confidential customer-specific information only to the EGS to whom authorization was given and that the EGS will not release the information to others, unless the EGS is a licensed broker who is obtaining the confidential customer-specific information for purposes of sharing it with other licensed EGSs and makes that intent clear in communications with the customer. It is the EGS's responsibility to retain the records of the requisite authorization for a minimum of two (2) years to produce for a Commission or Company audit. If an EGS fails an audit conducted either by the Commission or the Company, the Company is then permitted to require that EGS to provide signed documentation indicating that a customer has authorized the release of customer-specific information before it may have access to the restricted customer data.

5.2.8 Subject to Rule No. 14.4 and Rule No. 14.5, if a customer contacts the Company to request a change from an EGS to default service under the EDC Retail Tariff, the Company will process the request as follows. The Company will send the customer a confirmation letter within one (1) business day after the customer contacts the Company. The Company will process the selection within three (3) business days of receipt of the request and billing with the Company for default service will begin on the fourth business day. If the customer does not contact the Company to rescind the switch during the pending switch, then the Company will process the request. Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS. When an EGS discontinues a customer's service and no other EGS has contracted with the customer to provide such service, then that customer will be provided with Default Service.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.9 Shopping customers may retain their current EGS when moving from one location to a new location within the Company's service territory subject to meeting the eligibility requirements and conditions set forth in Rule No. 45.3 of the Company's retail tariff. Eligible customers include all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the retail Tariff.

The EDC shall notify the EGS via an electronic data interchange (EDI) 814 Move transaction to move the customer's service from the current location to the new location. (C)

The EGS must submit a drop request via EDI if it does not wish to continue service to the customer at the new service location. The EGS will maintain supply service to this customer until a three-business day switch can occur at the new address. (C)

An EDI transaction will also be sent for other reasons related to the transaction. Customers requesting to change the start date of their new service would require an EDI 814 Change request to be sent to the existing EGS detailing the new start date, and an EDI 814 Drop request would be sent if the customer decided to cancel the new move.

In the move transaction, the Company will send the EGS information that is similar to what is currently provided in a reinstate-request transaction, including the customer name, service address and rate class. The Company will also provide the EGS with: (i) the current supply agreement identification number; (ii) the new supply agreement identification number; and (iii) the service start date. Once the move transaction has been sent to the EGS, the EGS will serve the new account as of the service start date.

If a shopping customer contacts the Company to discontinue electric service at the customer's then-current location, and initiates a request for service at a new location in the Company's service territory and wishes to return to default service, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's then-current location. Final bill(s) will be issued to the date of discontinuance of service. (C)

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.10 Customers starting new service with the Company will be permitted to begin supply service with an EGS on their start date subject to meeting the eligibility requirements in Rule No. 45.4 of the retail tariff.

The Company will accept inbound enrollment requests on accounts that are not yet active. However, the EGS is still responsible for submitting the enrollment request. The final component of this transaction will be to establish an estimated start date. The Company will establish the estimated start date for new service in its communication via the enrollment response sent back to the EGS.

The EGS must submit a drop request via EDI if it does not wish to supply service to the customer. However, the supplier must maintain supply service to this customer until a three-business day switch can occur under the Company's switching rules.

5.3 PROVISIONS FOR CONTRACTING WITH AN EGS TO PROVIDE TOU SERVICE

5.3.1 The Company may contract with an EGS to provide Time-of-Use ("TOU") service, with on-peak and off-peak rates in effect from June through September. The contracted EGS must submit an EDI transaction to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

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, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

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, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

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 If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING

6.1 CUSTOMER LOAD FORECASTING The EGS is responsible for forecasting its Customer Load Obligations. The Company will provide a forecast respective to each LSE as support information. The company forecasts will be provided in accordance with the following load forecasting procedures.

6.2 FORECASTING METHODOLOGY Most EDC customers utilize monthly (or daily) metering equipment. However, any EDC customer may choose to have the EDC install equipment or otherwise provide for (at the customer's expense at Pennsylvania Public Utility Commission approved rates) interval (hourly or sub-hourly) metering. The forecasting methodology for customers utilizing hourly metering data is slightly different than the methodology for customers utilizing monthly or daily metering equipment.

6.2.1 FORECASTS FOR MONTHLY OR DAILY METERED AND UNMETERED – (SUCH AS STREETLIGHTS) CUSTOMERS For each EGS, the EDC will provide hourly load forecasts for the aggregate of customers who have chosen the EGS. The EDC has developed and will maintain, based on load survey data, historical load profiles corresponding to the EDC's current rate classes identified in the EDC Tariff. These base profiles will be adjusted for day type (e.g., weekday, weekend, or holiday) and temperature. The EDC will use these rate class load profiles, adjusted for differences between the historical load profile day and the forecast day. The adjusted profiles will be applied to the summation by rate class of the EGS's customer's historical consumption to arrive at the aggregate hourly load forecasts.

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6.2.2 FORECASTS FOR CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA The EDC will provide hourly load forecasts for each EGS customer that has elected to utilize hourly metering data. The EDC will use each customer's same day hourly loads from a previous week and adjust those hourly loads by the temperature factor for that EGS customer's rate class to determine that customer's hourly load forecast. The summation of these forecasts will establish the hourly supply obligation schedule of the EGS for serving these customers.

6.2.3 HISTORICAL LOAD PROFILE DATA The EDC will make available to EGSs the aggregated historical load profiles (including historical temperature data) and any related data which the EDC uses to calculate the hourly forecasts. This information will be available for download from the Customer Choice Internet Site.

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6.2.3.1 UPDATES TO HISTORICAL LOAD PROFILE DATA The EDC shall review from time to time its historical load profile data by rate class and any related data and shall update the data as appropriate.

6.3 ADJUSTMENT FOR LOSSES The forecast/supply obligation will be adjusted to cover transmission and distribution losses.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING - (Continued)

6.4 FORECASTING PROCESS

6.4.1 DAILY FORECASTS The EDC shall prepare a forecast for each day:

- (1) A Final hourly Forecast for the next day, which will be used to establish the EDC operational forecast
- (2) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit above the temperature used in the Final hourly Forecast.
- (3) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit below the temperature used in the Final hourly Forecast.

6.4.2 PROCEDURE FOR FORECASTING The following procedure will be followed each day to determine the Final Forecast.

6.4.2.1 BUSINESS DAYS AND SCHEDULING WINDOW The daily forecasting process shall be performed on each business day. A business day is a weekday excepting PJM holidays. The daily forecasting process shall be performed on each business day for a scheduling window consisting of all following days through the next business day.

For example, the daily forecasting process shall be performed Monday through Thursday (except holidays) for a scheduling window that covers the following day (midnight to midnight). If the following day is a holiday, then the scheduling window shall include the holiday and be extended to include the first business day following the holiday. Similarly, the daily forecasting process shall be performed on Friday for a scheduling window consisting of the following Saturday, Sunday, and Monday. If the Monday is a holiday, then the scheduling window shall include the holiday and extend through the first business day following the holiday.

In addition to the forecasts required of EGSs hereunder, the EGS may provide advance-hourly forecasts for each of its Customers with Hourly or Sub-Hourly Metering Equipment. Forecasts are not final until the business day before those forecasts are to apply.

Step 1 EDC Determines Hourly Load Forecast By EGS By Rate Class

(A) For Monthly or Daily Metered and Unmetered Customers:

For each rate class, sum each EGS's customer's loads for that rate class, apply the appropriate rate class load profile for the day, and adjust the hourly loads by the temperature factor for the rate class.

Load forecasts will be adjusted for losses as appropriate.

For each EGS, combine all of the rate class hourly load forecasts into a total hourly load forecast.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

7. DAY AFTER LOAD ESTIMATES AND SUPPLY SCHEDULES

7.1 TOTAL DAY AFTER LOAD ESTIMATES The total load estimate for an EGS is expected to be equal to the aggregate hourly load estimates for all of the monthly, hourly, and sub-hourly metered and unmetered customers' usage plus load estimates for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. Load estimates, including distribution losses, transmission losses, and UFE are utilized for the day after InSchedules. (C)

7.2 DAILY LOAD SCHEDULING PROCESS (DAY AFTER LOAD OBLIGATIONS)

7.2.1 UPLOADING SCHEDULES The Company will submit load estimates into InSchedules in the form of RLR (or WLR contracts) with view only privileges for the EGS (or municipalities or wholesale suppliers, as appropriate). The RLR (or WLR) contracts submitted by the Company in InSchedules will be auto-confirmed by the EGS (or municipalities or wholesale suppliers, as appropriate). The Company will upload the load estimates on each business day using the PJM InSchedules System according to PJM requirements. In accordance with the PJM InSchedules manual (m09), the PJM InSchedules application will accept scheduling and delivery of energy for up to three decimal places or one-thousandth (0.001) MWh. The schedule uploaded by the Company shall be binding on that EGS. The Company will provide these same load estimates on the Website by 10:00 AM Eastern Prevailing Time to assist the EGS. (C)

7.2.2 LOAD SCHEDULE CHANGES If the EGS has a dispute, they may notify the Company by telephone. The Company will make reasonable efforts to review and, if the reason for the changes are determined by the Company to be operationally valid, confirm the load schedule changes using the PJM InSchedules System, prior to the PJM designated deadline. In the absence of confirmation by the Company, the prior supply schedule value will remain in effect. In light of deadlines imposed by the PJM OI for the submission of load schedule changes, an EGS should initiate any necessary changes and notify the Company well before the cut-off time to increase the likelihood that the changes will be accepted. (C)

7.2.3 SUPPLY SCHEDULES The EGS is responsible for supplying generation to meet its load estimates uploaded by the Company in accordance with Rule No. 7.2.1.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

8. RECONCILIATION

8.1 GENERAL DESCRIPTION Reconciliation service accounts for mismatches between an EGS's load estimate as determined in Rule No. 7 for serving its Customers and the energy that was actually used by those Customers. This service differs from Energy Imbalance Service – a related service performed exclusively by the PJM OI under the PJM Tariff – because the latter accounts for differences between an EGS's actual load and the quantity of energy actually delivered by the EGS. Because of the absence of universal real-time metering, the calculation of reconciliation quantities typically must occur after the monthly reading of Customer's meters. (C)

8.1.1 THE COMPANY'S ROLE The Company will assist PJM in accounting for Reconciliation quantities by (1) collecting all Customer usage data; (2) determining hourly reconciliation quantities for each EGS or Scheduling Coordinator; (3) calculating monthly reconciliation quantities for each EGS or Scheduling Coordinator; and (4) submitting the reconciliation quantities to the PJM OI.

8.2 METER DATA COLLECTION Meter data collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's customers for a particular reconciliation period.

8.2.1 MONTHLY OR DAILY METERED AND UNMETERED CUSTOMERS The EDC collects daily customer reads for the majority of its customer base. The rate class profile is used to convert the actual daily consumption to equivalent hourly consumption.

If a customer does not have daily reads available, the EDC collects monthly meter data, in subsets corresponding to customer billing cycles, which close on different days of the month. The EDC converts customer's actual monthly consumption to equivalent hourly consumption using the rate class load profiles.

8.2.2 CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA Data from customers utilizing hourly or sub-hourly metering data is collected by the EDC on a daily or monthly basis.

8.3 HOURLY CONSUMPTION Hourly consumption for the customers of each EGS is determined by summing the consumption as described in Rules No. 8.2.1 and 8.2.2.

8.4 CONSUMPTION AND LOSSES Transmission and distribution losses are calculated based upon customer consumption consistent with Rule No. 8.4.1. These losses are added to the hourly energy consumed by customers and are included in the Consumption calculation.

8.4.1 CONSUMPTION CALCULATION The Company will calculate default service load in the same manner in which EGS load is calculated. After meters are read, load profiles will be applied to all customers, including those on default service. When interval meter reading data for a specific customer is available for use, the Company shall use this information in determining load obligation.

8.4.2 UNACCOUNTED FOR ENERGY To determine the proper allocation of losses, average losses by class will be applied to both EGS and default service loads, and unaccounted for energy) will be allocated pro rata among all suppliers, including the default service suppliers.

8.5 BILLING The Company and the EGS will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit EGSs and the Company for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. PJM Miscellaneous Charges will be allocated pro rata among all suppliers, including the default service suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

11. CONFIDENTIALITY OF INFORMATION

11 GENERALLY All confidential or proprietary Company information made available by the Company to an EGS in connection with the provision of Coordination Services, including but not limited to load data, and information regarding the business processes of the Company and the computer and communication systems owned or leased by the Company, shall be used only for purposes of receiving Coordination Services and/or providing Competitive Generation Service to Customers in the Company's service territory. Other than disclosures to EGS representatives for the purpose of enabling an EGS to fulfill its obligations under the EGS Tariff or provide Competitive Generation Service to Customers in the Company's service territory, an EGS may not disclose confidential or proprietary Company information without the Company's prior authorization or consent.

11.1 CUSTOMER INFORMATION The EGS shall keep all customer-specific information supplied by the Company confidential unless the EGS has the customer's authorization to do otherwise.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING

12.1 CUSTOMER BILLING BY THE COMPANY All EGS charges to customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 COMPANY BILLING FOR EGS The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default service. Nothing in this rule shall require the Company to manually bill customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's customers based on the customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the Pennsylvania Public Utility Commission. However in no case shall the Company require the EGS to provide separate customer lists or perform unique scheduling and reconciliation services for customers billed directly by the Company.

12.1.2 BILLING FILES Where the EGS has requested the Company to act as the EGS's billing agent, the Company shall electronically transmit files of billing detail daily to the EGS. Such files shall include the Company supplier agreement identification number, rate codes, usage information, demand and energy charges, sales tax, and other EGS charges. Billing files transmitted shall have control totals to assure all data was received by the EGS. Control totals include the number of records on the file and significant totals (e.g. total kWh billed, total amount billed, total tax). All billing files will be in a format consistent with standards developed by the EDEWG.

12.1.3 BUDGET BILLING The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges for rate ready billing only.

12.1.4 EGS TAX RESPONSIBILITY The Company is not responsible for paying or remitting on behalf of an EGS taxes including, but not limited to, Pennsylvania Gross Receipts Tax, Pennsylvania Public Utility Realty Tax, Pennsylvania Capital Stock Tax and Pennsylvania Corporate Net Income Tax.

12.1.4.1 SALES TAX EXEMPTION With respect to customers receiving one bill from the Company, the EGS for whom the Company is billing must provide to the Company the applicable sales tax exemption percentage for each customer. The Company will use the sales tax exemption percentage provided by the EGS for billing the EGS's charges. The EGS is responsible for holding appropriate exemption certificates and is liable for the collection and remittance of sales tax on the EGS's charges. The Company will use a zero exemption percentage if no percentage is provided by an EGS.

12.1.5 COMPANY REIMBURSEMENT TO EGS FOR CUSTOMER PAYMENTS For EGSs electing consolidated billing and serving residential and small and medium C&I customers, defined as those eligible for Rider No. 8 – Default Service Supply of the Company's Retail Tariff, the Company shall forward payment in accordance with the provisions of Rule No. 12.1.7 below. For receivables associated with EGS sales to all other customers, the Company shall reimburse the EGS within 14 days of receipt of payment for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS from the customer consistent with Section 2807 (c) (3) of the Competition Act. For eligible Day-Ahead Hourly Price Service customers defined in Rule No. 5.2.8 that have an off-cycle switch, the Company will allocate any customer underpayment with respect to supply charges attributable to multiple Electricity Providers based on the percentage owed to each.

12.1.6 EGS BILLING DATA The EGS shall provide all necessary data in its possession for the timely computation of bills. A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, composed of generation and transmission services, to residential customers and commercial and industrial (“C&I”) customers with monthly metered demand less than 300 kW within Duquesne’s service territory. Eligible customers are those customers taking delivery service under the Company’s retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. Commercial and industrial customers will be separated into two categories for purposes of the Purchase Price Discount discussed in Section 12.1.7.2. Small C&I customers will be those customers with monthly metered demand less than 25 kW and Medium C&I customers will be those customers with monthly metered demand equal to or greater than 25 kW. The classification of customers as less than or equal to or greater than 25 kW is discussed in detail in the Company’s retail tariff Rate GS/GM and Rate GMH. Under the POR program, Duquesne will reimburse EGSs for their customer billings regardless of whether Duquesne receives payment from the customer, subject to the limitations set forth below. Duquesne will seek to recover the EGS receivables from EGS customers consistent with Duquesne’s existing collection procedures for recovery of billings to default service customers, and incur any uncollectible costs related to billings for EGSs. The term of the POR program defined herein will become effective June 1, 2021, and will remain in effect as described and will terminate on May 31, 2025.

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12.1.7.1 ELIGIBILITY REQUIREMENTS EGSs that choose Duquesne’s consolidated billing option for all or a portion of their eligible customer accounts will be required to sell their accounts receivable to Duquesne for those customers for whom Duquesne issues a consolidated bill. (EGSs may continue to issue their own bills through Dual Billing for commodity service, for all or a portion of their customers, but will not be eligible to participate in the POR program for those customers that receive Dual Billing.) EGSs may choose to participate in the POR program with consolidated billing at any time during the term of the POR program as long as the EGS does not remove customer accounts from consolidated billing. A customer whose service is terminated or who voluntarily switches from the EGS’ service to another generation provider is not considered to have been removed by the EGS from consolidated billing and the POR program.

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EGSs participating in this POR program will agree not to reject for enrollment a new customer covered by the program based on credit-related issues. Any customer who wishes to be served by an EGS participating in the POR program will be accepted by the EGS if that EGS is actively serving the rate class to which that customer belongs.

12.1.7.2 PURCHASE PRICE DISCOUNT Participating EGSs’ applicable electric commodity receivables will be purchased at a discount. The discount rate will be 0.10% for incremental, ongoing operating and administrative expenses associated with the POR Program related to these customers.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in a practice that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

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12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; thirty-five (35) days after consolidated bills are issued, and will continue throughout the billing cycle. If the thirty-fifth (35th) day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on consolidated rate ready billing or consolidated rate ready billing and Duquesne's budget payment plan, Duquesne shall purchase the actual amount owed each month by the customer and payments to EGSs shall be made based on the actual amount owed. If the EGS customer is on consolidated bill ready billing, Duquesne shall purchase the amount sent in the bill ready 810 EDI transaction and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

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12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables. Any such termination of service shall be in accordance with the

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program may be reconnected to service upon the payment of the arrears that were subject to the termination. The required payment may include both delivery and EGS commodity charges.

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service or a payment arrangement at the Company's sole discretion or as required by applicable law. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record.

12.1.7.6 DISPUTE RESOLUTION To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING - (Continued)

12.2 EGS PAYMENT OF OBLIGATIONS TO THE COMPANY An EGS shall pay all Coordination Services Charges or any other charge it incurs hereunder in accordance with the following provisions:

12.2.1 BILLING PROCEDURE Each month, the Company shall submit an invoice to the EGS for all Coordination Services Charges provided under this tariff. The invoice may be transmitted to the EGS by any reasonable method requested by the EGS. An EGS shall make payment for charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2.2 BILLING CORRECTIONS AND ESTIMATED BILLINGS Notwithstanding anything stated herein: (1) bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for four (4) years from the date of such original monthly billing and (2) the Company shall be entitled to submit estimated bills (subject to correction) in the event the EGS fails to supply necessary information in a timely fashion or other circumstances limit the timely availability of necessary data.

(C)

12.2.3 MANNER OF PAYMENT The EGS may make payments of funds payable to the Company by wire transfer to a bank designated by the Company. The Company may require that an EGS that is not creditworthy tender payment by means of a certified or cashier's check, or by wire transfer, or other immediately available funds. If disputes arise regarding an EGS bill, the EGS must pay the undisputed portion of disputed bills under investigation. All payments shall be in United States dollars.

12.2.4 LATE FEE FOR UNPAID BALANCES If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 1.5% per month on the unpaid balance.

12.2.5 EGS DEFAULT In the event the EGS fails to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, the EGS shall be deemed to be delinquent. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

12.2.5.1 EGS OFFSET In the event an EGS is deemed to be delinquent under 12.2.5, the Company may, at its sole discretion, reduce the reimbursement to the EGS for amounts collected by the Company by the amount owed to the Company.

(C)

12.3 BILLING FOR SUPPLIER OBLIGATIONS TO OTHER PARTIES The Company will assume no responsibility for billing between an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 NOTICE OF WITHDRAWAL TO THE COMPANY An EGS shall provide electronic notice to the Company of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013, and any subsequent applicable Pennsylvania Public Utility Commission rulings.

13.2 NOTICE TO CUSTOMERS An EGS shall provide notice to its customers of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The EGS shall provide a copy of the form of such notice to the Company.

(C)

13.3 COSTS FOR NONCOMPLIANCE An EGS that withdraws from retail service and fails to provide at least ninety (90) days written notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- A. Mailings by the Company to the EGS's customers to inform them of the withdrawal and their options;
- B. Non-standard/manual bill calculation and production performed by the Company;
- C. EGS data transfer responsibilities that must be performed by the Company; and
- D. Charges or penalties imposed on the Company by third parties resulting from EGS non-performance.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

14. DISCONTINUANCE OF EGS SERVICE TO PARTICULAR CUSTOMERS

14.1 NOTICE OF DISCONTINUANCE TO THE COMPANY An EGS shall provide electronic notice to the Company of all intended discontinuances of service to customers in accordance with applicable Pennsylvania Public Utility Commission rules.

14.2 NOTICE TO CUSTOMERS An EGS shall provide a minimum of ninety (90) days advance notice to any customer it intends to stop serving of such intended discontinuance in a manner consistent with the Pennsylvania Public Utility Commission's rulings in Docket Nos. L-00970126 and M-00960890 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The application of this Rule No. 14.2 will, however, be limited to the classes of customers to which the referenced Pennsylvania Public Utility Commission rulings will apply. With respect to all other classes of customers, it will be the EGS's responsibility to provide notice to a customer of its intention to discontinue service in accordance with the EGS's contractual obligations with the customer.

14.3 INTENTIONALLY LEFT BLANK

14.4 CUSTOMERS RETURNING TO DEFAULT SERVICE An EGS shall give the customer and Duquesne at least (ninety) 90 days notice prior to the meter read date on which the EGS has a reasonable expectation that it will no longer be serving the customer, whether due to termination of a contract or pursuant to the terms of its contract. EGSs shall not utilize the flexibility afforded by these rules to propose price changes that are designed to economically force customers to return to default service during the Summer period. If an EGS has a reasonable expectation that it will no longer be serving a customer as of a meter read date, the EGS shall issue the notice required by the previous sentence within five (5) business days of determination, and such customers shall have a minimum of sixty (60) days in which to make the choices outlined in Section 45.2 of Duquesne's retail tariff, as appropriate. For Duquesne's purposes, this ninety (90) day notice to Duquesne is for informational and planning purposes only.

14.4.1 CUSTOMER MUST INITIATE THE SWITCH TO DEFAULT SERVICE The Company will accommodate requests by customers to switch EGSs in accordance with 52 Pa. Code Chapter 57, Subchapter M "Standards for Changing a Customer's Electricity Generation Supplier." Customers who elect to return to default service from an EGS will return at the charges of the applicable tariff rate schedule and a customer may return to default service in accordance with the switching protocols contained in the Retail Tariff by requesting the same from the Company. Switching by customers shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this tariff and the Company's retail tariff. No customer will be returned to default service for any reason without authorization by that customer, except as follows: the Company will permit a customer to return to default service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the complete abandonment of service in the Company's service territory by the customer's EGS;(2) to remedy a case of slamming of the customer; (3) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around default service rates by returning the customer to default service when wholesale energy prices have increased and EGS service to the customer has become uneconomic; or (4) as required under the Company's shopping program, if any, for customers participating in the Company's Customer Assistance Program.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

15. LIABILITY

15.1 GENERAL LIMITATION ON LIABILITY The Company shall have no duty or liability with respect to electric energy before it is delivered by an EGS to a point of delivery on the Company's distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

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

15.3 ADDITIONAL LIMITATIONS ON LIABILITY IN CONNECTION WITH DIRECT ACCESS Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to an EGS providing Competitive Energy Supply arising out of or related to a contract or other relationship between an EGS and a customer of the EGS.

The Company shall implement customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to an EGS providing Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch a customer.

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

(C)

(C) – Indicates Change

LOAD DATA SUPPLY CHARGE

AVAILABILITY/APPLICABILITY

The Company will fulfill a customer's or its authorized representative's request for customer load information available on its information system. The Company will provide customer load information, with customer consent, only to EGSs or other customer-authorized representatives, for up to five (5) requests for the same account in a calendar year at no charge after which subsequent requests will be charged according to the Table of Charges. The Company will provide customer load information on a 15 or 60-minute interval basis as specified by the customer, EGS or other customer-authorized representative.

TABLE OF CHARGES

An EGS or other customer-authorized representative must pay the charges stated below:

If the Company has already provided load data to a customer or its authorized representative five (5) times for the same account in a calendar year, the customer will be charged for subsequent requests in that year at \$60 per request.

CONDITIONS

No customer-specific information will be supplied to an EGS or other representative of the customer before the Company's receipt of a customer's written authorization to release such data to such EGS or other representative. EGSs who qualify as creditworthy as those terms are defined in this tariff will be billed for each request pursuant to the procedure identified in Rule No. 12.2.1 of this tariff. Payment by an EGS who does not qualify as creditworthy or has bad credit as those terms are defined in this tariff must be made before release of information.

METHOD OF PAYMENT

There are two (2) methods of payment:

A check made payable to Duquesne Light Company and sent to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
14th Floor, MD 14-1
Pittsburgh, PA 15219

or through a wire/ACH transfer per Company instructions.

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(C) – Indicates Change

STANDARD OFFER PROGRAM COST RECOVERY

BACKGROUND

The Company's Standard Offer Program ("SOP") is implemented pursuant to Commission Order dated XXXXXXXX XX, XXXX, at Docket No. P-2020-XXXXXXX. Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period.

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SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. P-2020-XXXXXXX, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

(C)

CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted will be \$30.00.

(C)

BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
14th Floor, MD 14-1
Pittsburgh, PA 15219

(C)
(C)

or through a wire/ACH transfer per Company instructions.

(C)
(C)

If an SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable ("POR") payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

(C) – Indicates Change

TABLE 1
Real Power Distribution Losses

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.1%
GL - General Service Large	2.9%
GLH - General Service Large Heating	2.9%
GMH - General Service Medium Heating	5.3%
GS/GM - General Service Small and Medium	5.3%
HVPS - High Voltage Power Service	0
L - Large Power Service	2.9%
RA - Residential Service Add On Heat Pump	6.1%
RH - Residential Service Heating	6.1%
RS - Residential Service	6.1%
SE - Street Lighting Energy	6.1%
SH - Street Lighting Highway	6.1%
SM - Street Light Municipal	6.1%
UMS – Unmetered Service	5.3%
PAL - Private Area Lighting	6.1%

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(C) – Indicates Change

Exhibit DBO-10

SUPPLEMENT NO. ~~26XX~~
TO ELECTRIC – PA. P.U.C. NO. 3S

DUQUESNE LIGHT COMPANY

ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Steven E. Malnight
President and Chief Executive Officer

Issued: Xxxxxxxxx xx, XXXX

Effective: Xxxxxxxxx xx, XXXX

Issued pursuant to the Commission's Order
entered Xxxxxxxx XX, XXXX, at Docket No. P-2020-XXXXXXX.

NOTICE

**THIS TARIFF SUPPLEMENT UPDATES THE TABLE OF CONTENTS,
ADDS AND REMOVES PAGES FROM TARIFF NO. 3S AND UPDATES LANGUAGE
IN EXISTING RULES AND EXISTING RIDERS**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Table of Contents Twelfth Revised Page No. 3
Cancelling Eleventh Revised Page No. 3

Page numbers 2A – 2F have been added to Tariff No. 3S.

The List of Modifications page numbers have been revised in the Table of Contents to reflect the addition of page numbers 2A through 2F.

Explanation of Terms and Explanation of Abbreviations Fourth Revised Page No. 5
Cancelling Third Revised Page No. 5

Creditworthy
Customer(s)
Dual Billing

First Revised Page No. 5A
Cancelling Original Page No. 5A

EGS Tariff
Electric Distribution Company (“EDC”)
Electric Generation Supplier (“EGS”)

Fifth Revised Page No. 6
Cancelling Fourth Revised Page No. 6

PowerMeter
InSchedules

Fifth Revised Page No. 6A
Cancelling Fourth Revised Page No. 6A

Scheduling Coordinator

Second Revised Page No. 6B
Cancelling First Revised Page No. 6B

Wholesale Supplier

Definitions have been updated to reflect housekeeping/administerial revisions as well as current business practice.

Rules and Regulations Second Revised Page No. 7
Cancelling First Revised Page No. 7

1. The Tariff
1.1 Filing and Posting

Language has been revised to remove “duquesnelight” and insert “customer-choice.”

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **First Revised Page No. 9**
3. Commencement of EDC/EGS Coordination **Cancelling Original Page No. 9**
3.1 Registration for Coordination Services

Language has been revised to remove "consisting of" and replace it with "including."

Language has been revised and/or added to Item C through Item G to reflect current business practice.

Rules and Regulations **Second Revised Page No.10**
3. Commencement of EDC/EGS Coordination **Cancelling First Revised Page No. 10**
3.9 Identification Numbers

Language has been added to reflect current business practice.

Rules and Regulations **Third Revised Page No.12**
4. Coordination Obligations **Cancelling Second Revised Page No. 12**
and First Revised Page Nos. 13A and 13B

4.11.2 Electronic Mail

Language has been added to correct a typographical error.

Rules and Regulations **Third Revised Page No.12**
4. Coordination Obligations **Cancelling Second Revised Page No. 12**
and First Revised Page Nos. 13A and 13B

4.12 Payment Obligation

Language has been revised to add the word "EGS." Administerial revision, capitalizing the "T" in tariff.

This Page Intentionally Left Blank **First Revised Page No. 13A**
Cancelling Original Page No. 13A

This Page Intentionally Left Blank **First Revised Page No. 13B**
Cancelling Original Page No. 13B

First Revised Page No. 13A and First Revised Page No.13B have been removed from Tariff No. 3S as they are no longer necessary. Both pages are cancelling out with Third Revised Page No. 12.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations Third Revised Page No. 14
5. Direct Access Procedures Cancelling Second Revised Page No. 14
5.1.2 B. - No. 1) Network Transmission Service Peak Load Contribution (1 CP)

Rules and Regulations Fifth Revised Page No. 15
5. Direct Access Procedures Cancelling Fourth Revised Page No. 15 and Second Revised Page No. 15A
5.1.2 B. - No. 2) Peak Load Contribution (5 CP)

Language has been added to reflect current business practice.

This Page Intentionally Left Blank Second Revised Page No. 15A
Cancelling First Revised Page No. 15A

Second Revised Page No. 15A has been removed from Tariff No. 3S as it is no longer necessary.

Rules and Regulations Sixth Revised Page No. 17
5. Direct Access Procedures Cancelling Fifth Revised Page No. 17
5.2 Switching Among EGSs and The Company
5.2.1
5.2.3
5.2.5

Rules and Regulations Sixth Revised Page No. 18
5. Direct Access Procedures Cancelling Fifth Revised Page No. 18
5.2 Switching Among EGSs and The Company
5.2.5 – (Continued)

Rules and Regulations Sixth Revised Page No. 19
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19
5.2 Switching Among EGSs and The Company
5.2.8

Rules and Regulations Fifth Revised Page No. 19A
5. Direct Access Procedures Cancelling Fourth Revised Page No. 19A
5.2 Switching Among EGSs and The Company
5.2.9

Language has been revised for clarity and to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 19B
5. Direct Access Procedures Cancelling Fifth Revised Page No. 19B
5.2 Switching Among EGSs and The Company
5.2.11

Rule No. 5.2.11 has been reorganized and renumbered to Rule 5.4.4 for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Fourth Revised Page No. 20**
5. Direct Access Procedures **Cancelling Third Revised Page No. 20**
5.4 Provisions Relating To An EGS's Customers
5.4.4

Rule No. 5.4.4 has been renumbered from Rule 5.2.11.

Rules and Regulations **Second Revised Page No. 21**
6. Load Forecasting **Cancelling First Revised Page No. 21**
6.2.1 Forecasts for Monthly or Daily Metered and Unmetered – (Such As Streetlights) Customers
6.2.3 Historical Load Profile Data

Rules and Regulations **Second Revised Page No. 22**
6. Load Forecasting **Cancelling First Revised Page No. 22**
6.4 Forecasting Process
6.4.1 Daily Forecasts

Language has been revised and/or added for clarity.

Rules and Regulations **Third Revised Page No. 24**
7. Day After Load Estimates and Supply Schedules **Cancelling Second Revised Page No. 24**
7.1 Total Day After Load Estimates

7.2 Daily Load Scheduling Process (Day After Load Obligations)
7.2.1 Uploading Schedules
7.2.2 Load Schedule Changes

Language has been added and/or revised to reflect current business practice.

Rules and Regulations **Third Revised Page No. 25**
8. Reconciliation **Cancelling Second Revised Page No. 25**
8.1 General Description

The word "at" has been removed and replaced with the word "of."

Rules and Regulations **First Revised Page No. 29**
11. Confidentiality of Information **Cancelling Original Page No. 29**
11. Generally

Language has been added and/or removed for clarity.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Seventh Revised Page No. 30**
12. Payment and Billing **Cancelling Sixth Revised Page No. 30**
12.1 Customer Billing By The Company
12.1.5 Company Reimbursement to EGS for Customer Payments

Rules and Regulations **Fifth Revised Page No. 30A**
12. Payment and Billing **Cancelling Fourth Revised Page No. 30A**
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.1 Eligibility Requirements
12.1.7.2 Purchase Price Discount

Rules and Regulations **Sixth Revised Page No. 30B**
12. Payment and Billing **Cancelling Fifth Revised Page No. 30B**
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.2.2 Purchase Price Discount Adjustment for Individual EGS
12.1.7.4 Other Payment Provisions

Rules and Regulations **Fourth Revised Page No. 30C**
12. Payment and Billing **Cancelling Third Revised Page No. 30C**
12.1.7 Purchase of EGS Receivables (POR) Program
12.1.7.5 Transfer of Collection Responsibilities and Rights

Rules and Regulations **First Revised Page No. 31**
12. Payment and Billing **Cancelling Original Page No. 31**
12.2.2 Billing Corrections and Estimated Billings
12.2.5.1 EGS Offset

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to reflect current business practice.

Rules and Regulations **Fifth Revised Page No. 30A**
12. Payment and Billing **Cancelling Fourth Revised Page No. 30A**
12.1 Customer Billing By The Company
12.1.7 Purchase of EGS Receivables (POR) Program

The dates of the Purchase of Receivables Program ("POR") have been updated to reflect the term of DSP IX.

Rules and Regulations **First Revised Page No. 31**
12. Payment and Billing **Cancelling Original Page No. 31**
12.2.2 Billing Corrections and Estimated Billings

Language has been revised to align the period during which bills are subject to correction with the time period applicable to previously unbilled utility service, 52 Pa. Code § 56.14.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations First Revised Page No. 33
13. Withdrawal By EGS From Retail Service Cancelling Original Page No. 33
13.2 Notice to Customers

Language has been added to reflect current business practice.

Rules and Regulations Sixth Revised Page No. 34
14. Discontinuance of EGS Service to Particular Customers Cancelling Fifth Revised Page No. 34
14.4.1 Customer Must Initiate The Switch to Default Service

Language has been updated for housekeeping/administerial revisions as well as added and/or removed to implement, in part, the Company's proposed Customer Assistance Shopping Program.

Rules and Regulations First Revised Page No. 36
15. Liability Cancelling Original Page No. 36
15.4 Tax Indemnification

Language has been updated for housekeeping/administerial revisions.

Rules and Regulations Fourth Revised Page No. 42A
Load Data Supply Charge Cancelling Third Revised Page No. 42A
-Method of Payment

Language has been revised in the "Method of Payment" section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the "Method of Payment" section.

The Company's banking information has been removed from the bottom of the "Method of Payment" section.

Rules and Regulations Fourth Revised Page No. 42B
Standard Offer Program Cost Recovery Cancelling Third Revised Page No. 42B
-Background
-Supplier Charges

Language has been revised to reflect DSP IX.

Rules and Regulations Fourth Revised Page No. 42B
Standard Offer Program Cost Recovery Cancelling Third Revised Page No. 42B
-Customer Acquisition Fee

The Customer Acquisition fee has increased from \$10.28 to \$30.00 in DSP IX.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rules and Regulations **Fourth Revised Page No. 42B**
Standard Offer Program Cost Recovery **Cancelling Third Revised Page No. 42B**
-Billing and Payment

Language has been revised in the “Billing and Payment” section to update the mailing address.

Language has been revised in regard to payment through a wire/ACH transfer in the “Billing and Payment” section.

The Company’s banking information has been removed from the bottom of the “Billing and Payment” section.

Table 1 **Third Revised Page No. 49**
Real Power Distribution Losses **Cancelling Second Revised Page No. 49**

Table 1 was modified to remove the < 138 kV language from Rate L – Large Power Service and to remove the line item for Rate L – Large Power Service ≥ 138 kV to make the loss provisions consistent with rate design changes approved and reflected in the Company’s retail electric tariff as per the Company’s 2018 base rate case at Docket No. R-2018-3000124, Order Entered December 20, 2018.

The MTS – Municipal Traffic Signals line item has been revised to UMS – Unmetered Service, consistent with the current designation of that customer class in the Company’s retail electric tariff.

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(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Coordination Services Charges - All charges stated in the charges section of this tariff, that are billed by the Company for Coordination Services performed hereunder.

Coordinated Supplier - An Electric Generation Supplier that has appointed a Scheduling Coordinator as its designated agent for the purpose of submitting energy schedules to the PJM OI.

Creditworthy - A creditworthy EGS pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this tariff ~~or~~and the Pennsylvania Public Utility Commission. To determine whether an EGS is creditworthy, the Company will evaluate the EGS's record of paying Company charges, and may also take into consideration the EGS's credit history. (C)

Customer(s) - ~~Any person, partnership, association, corporation, municipality, government agency, or other legal entity receiving, or eligible to receive, Competitive Generation Service from an EGS in accordance with the Competition Act. Any person, municipality, partnership, association, or corporation receiving Competitive Energy Supply from an Electric Generation Supplier in accordance with the Competition Act.~~ (C)

Customer Choice Internet Site - A Company Internet site with a Uniform Resource Locator (URL) of <http://www.customer-choice.com>.

Default Service - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of the Company's retail tariff.

Deliver - To "deliver" a document or other item under this tariff shall mean to tender by certified mail, hand delivery, or overnight express package delivery service.

Delivery - The actual delivery of energy with respect to an energy schedule.

Demand Response - The process for arranging to have firm load become interruptible in accordance with criteria established by the PJM OI.

Direct Access - "Direct Access" shall have the meaning set forth in the Competition Act.

DLCO Zone - The PJM defined area encompassing the franchised service territories of the Duquesne Light Company.

DLCO Residual Zone - The PJM defined area encompassing the aggregate of all load buses within the franchised service territories of the Duquesne Light Company minus all load that has been designated to be priced at a specific nodal location.

Dual Billing - ~~A billing service option where the Company and the EGS separately send their bills directly to the Customer.~~ (C)

EDC Tariff - The Company's currently Pennsylvania Public Utility Commission approved Electric Service Tariff.

EGS Representative - Any officer, director, employee, consultant, contractor, or other agent or representative of an EGS in connection with the EGS's activity ~~solely~~ as an EGS. To the extent an EGS is a division or group of a company, the term EGS Representative does not include any person in that company who is not part of the EGS division.

EGS Tariff - ~~This Electric Generation Supplier Coordination Tariff, Electric-Pa. P.U.C. No. 3S.~~ (C)

Electric Distribution Company (EDC) - A public utility providing facilities for the distribution of electricity to retail Customers~~that owns electric distribution facilities.~~ At times, this term is used to refer to the role of the Company as a deliverer of Competitive Energy Supply in a direct access environment as contemplated in the Competition Act.

(C) – Indicates Change

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electric Generation Supplier (EGS) - A supplier of electric generation that has been certified or licensed by the Pennsylvania Public Utility Commission to sell electricity to retail customers within the Commonwealth of Pennsylvania in accordance with the Competition Act. Duquesne Light Company does not constitute an EGS for the purposes of this tariff.

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Electronic Data Exchange Working Group (EDEWG) - The Pennsylvania Public Utility Commission authorized working group established under the Proposed Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015.

Electronic Data Interchange (EDI) - The computer application to computer application exchange of business information in a standard format, as more fully described in Pennsylvania Public Utility Commission Docket No. M-00960890F.0015.

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Electronic Exchange - Approved methods of data exchange (either through a VAN mailbox or a method to be defined by the EDEWG and approved by the Pennsylvania Public Utility Commission).

Electricity Provider - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.

eMtr PowerMeter System - Software program administered by the PJM OI that retrieves revenue meter data for PJM transmission and generation interconnection points and calculates Electric Distribution Companies' and Generation Owners' metered interchange energy amounts used for real-time energy market settlements. (C)

IneSchedules - Software program administered by the PJM OI through which energy schedules may be submitted. (C)

FERC - The Federal Energy Regulatory Commission.

Final Forecast - The day ahead hourly forecast for energy to be supplied the next day.

Individual Coordination Agreement (ICA) - The agreement between the Company and the EGS to conduct business in the DLCO Zone. The ICA is attached as a Rider to this tariff.

Interest Index - An annual interest rate determined by the average of 1-Year Treasury Bills for September, October and November of the previous year.

Interval Metering Data - Data from electrical metering equipment that supplies hourly or sub-hourly readings of customer consumption.

Kilowatt or kW - Unit of measurement of useful power equivalent to 1000 watts.

Meter Read Date - The date on which the Company reads a meter for purposes of switching for an off-cycle switch or producing a customer bill in accordance with the regularly scheduled billing cycles of the Company.

Month - A month, as defined under 52 PA Code § 56.2.

Load Bus - As used in this tariff, shall have the same meaning ascribed to the term in the PJM Tariff.

Load Serving Entity (LSE) - An entity that has been granted the authority or has an obligation pursuant to State or local law, regulation or franchise to sell electric energy to end-users located within the PJM Control Area as that term is defined by the PJM Tariff.

Locational Marginal Price (LMP) - The hourly-integrated marginal price to serve load at individual locations throughout PJM, calculated by the PJM OI as specified in the PJM Tariff.

Megawatt or MW - One thousand kilowatts.

NERC - The North American Electric Reliability Corporation. The agency given the authority by FERC to enforce reliability standards in the United States.

Network Integration Transmission Service Reservation - A reservation under the PJM Tariff of Network Integration Transmission Service, which allows a transmission customer to integrate and economically dispatch generation resources located at one or more points in the PJM Control Area to serve its Network load as that term is defined by the PJM Tariff.

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Peak Load Contributions (PLCs) - A customer's contribution to the DLCO Zone's normalized summer peak load as calculated by the zone's Electric Distribution Company and used in determining a Load Serving Entity's Peak Load obligation.

Pennsylvania Public Utility Commission or Commission - The Pennsylvania Public Utility Commission.

PJM - PJM Interconnection, L.L.C.

PJM Control Area - The area encompassing electric systems recognized by the North American Electric Reliability Council as the "PJM Control Area."

PJM Miscellaneous Charges - PJM miscellaneous energy related allocations or charges or credits billed to the EDC and not to the LSE.

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

PJM Tariff or OATT - The PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Preliminary Forecast - The forecast per hour per LSE posted on the customer choice website based on business day-ahead.

Rate Ready – A form of consolidated billing where Duquesne Light calculates the charge to be presented on the supplier portion of the bill based upon the rates previously supplied by the electric generation supplier ("EGS").

Retail Load Responsibility (RLR) - For non-metered and monthly metered load, the sum total of the estimated hourly load plus transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers. For hourly metered customers, the sum total of the hourly consumed load of all of an EGS' s customers, adjusted for transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC , for which the EGS must provide energy to its customers.

Scheduling Coordinator - Entity that performs, and had been duly certified or licensed by the Pennsylvania Public Utility Commission to perform, one or more of an EGS's Coordination Obligations, including the submission of energy schedules to the PJM OI, and that either is (1) a member of the PJM Interconnection, L.L.C. or (2) is the agent, for scheduling purposes, of one or more Electric Generation Suppliers that are members of the PJM Interconnection, L.L.C.

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Tariff - This Electric Generation Supplier Coordination Tariff.

Transmission Losses - Real Power Transmission Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Transmission Loss factor is defined in Rule No. 4.7.

(C) – Indicates Change

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Unaccounted for Energy (UFE) - Is the difference between the actual DLCO Zone's total hourly system load and the total hourly consumed power grossed up for transmission and distribution losses plus any PJM miscellaneous energy or energy related allocations to the EDC.

Value Added Network (VAN) - A method of data transfer that allows information to be sent and received electronically using an electronic mailbox. This method meets minimum criteria in the following areas:

- 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; and
- Recoverability and archiving of data.

Wholesale Load Responsibility (WLR) – For non-metered and monthly metered load, the sum total of the estimated hourly load for all of the Company's default service customers plus transmission losses, distribution losses, and the wholesale supplier's pro rata share of UFE, within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff. For hourly metered customers, the sum total of the hourly consumed load of all the Company's default service customers plus transmission losses, distribution losses and the wholesale supplier's pro rata share of UFE within the service territory of the EDC, for which the Company's wholesale suppliers must provide energy to its default service under the EDC Retail Tariff.

Wholesale Supplier – The Company's supplier of ~~all~~ generation resources necessary to meet the Company's default service obligations.

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RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING A copy of this tariff, comprising of the Definitions, Rules and Regulations, Charges and Riders, under which the Company will provide Coordination Services to Electric Generation Suppliers, is filed with the Pennsylvania Public Utility Commission ("PaPUC"). A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed at www.duquesnelightcustomer-choice.com and is posted and open to inspection at the offices of the Company where payments are made by customers. (C)

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

1.3 APPLICATION The tariff provisions apply to all EGSs providing Competitive Energy Supply to customers located in the Company's service territory, including an affiliate or division of the Company that provides Competitive Energy Supply, and with whom the Company has executed an Individual Coordination Agreement as required herein. In addition, the charges herein shall apply to anyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.4 RULES AND REGULATIONS The Rules and Regulations, filed as part of this tariff, are a part of every Individual Coordination Agreement entered into by the Company pursuant to this tariff and govern all Coordination Activities, unless specifically modified by a charge or rider provision. The obligations imposed on EGSs in the Rules and Regulations apply as well to everyone receiving service unlawfully or to any unauthorized or fraudulent receipt of Coordination Services.

1.5 USE OF RIDERS The terms governing the supply of Coordination Services under this tariff or a charge therein may be modified or amended only by the application of those standard riders, filed as part of this tariff.

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

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RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION

3.1 REGISTRATION FOR COORDINATION SERVICES An EGS seeking to obtain Coordination Services hereunder must deliver to the Company a completed registration, ~~consisting of~~including the following:

A. An Individual Coordination Agreement, as contained in a rider hereto, fully executed in triplicate by a duly authorized representative of the EGS;

B. A copy of the EGS's operating license or Pennsylvania Public Utility Commission order licensing the EGS to operate;

C. The EGS's completed IRS Form W-9;

D. The EGS's completed EGS Onboarding Form, including:

(i) The Dun & Bradstreet number(s) assigned to the EGS;

(ii) The EGS's banking information (account number, routing number, etc.), provided on EGS letterhead and signed by two authorized EGS representatives;

E. The EGS's Pennsylvania sales tax identification number; and

F. EGS proof of PJM membership; and

G. Any other completed documents as necessary to comply with PaPUC or PJM requirements.-

3.2 INCOMPLETE REGISTRATIONS In the event the EGS submits an incomplete registration, the Company shall provide written notice to the EGS of the registration's deficiencies within ten (10) business days after the date of service, as determined under 52 Pa. Code § 1.56. The Company will not process an incomplete registration until the EGS corrects the deficiencies and the EGS delivers the registration to the Company.

3.3 CREDIT CHECK A registration for Coordination Services shall constitute authorization to the Company to conduct a background credit check on the EGS.

3.4 PROCESSING OF REGISTRATIONS The Company shall complete the processing of each registration for Coordination Services within ten (10) business days after the date of service of the registration, as determined under 52 Pa. Code § 1.56. The Company shall approve all completed registrations unless grounds for rejecting the registration, as defined below, exist.

3.5 GROUNDS FOR REJECTING REGISTRATION The Company may reject any registration for Coordination Services on any of the following grounds:

A. The EGS has undisputed outstanding debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff;

B. The EGS has failed to comply with credit requirements specified in Rule No. 12 of this tariff;

C. The EDC has provided written notice to the EGS that a registration is deficient, pursuant to 52 Pa. Code § 1.56, and the EGS has failed to submit a completed registration within thirty (30) calendar days after the date of service of the registration.

The Company may also petition the Pennsylvania Public Utility Commission to reject the registration of an EGS with bad credit. The Company need not provide Coordination Services to the EGS pending the Pennsylvania Public Utility Commission's review of said petition unless the EGS has provided security to the Company as provided for in Rule No. 12.4.

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RULES AND REGULATIONS - (Continued)

3. COMMENCEMENT OF EDC/EGS COORDINATION - (Continued)

3.6 OFFER OF CONDITIONAL ACCEPTANCE OF REGISTRATION Where grounds for rejection of a registration exist due to an EGS's outstanding and undisputed debts to the Company arising from its previous receipt of Coordination Services from the Company under this tariff, the Company may offer the affected EGS a conditional acceptance if the EGS pays such debts before it receives Coordination Services. If the EGS rejects the Company's offer of conditional acceptance under this Rule, then its registration for Coordination Services will be deemed rejected.

3.7 REJECTION OF REGISTRATION Upon rejection of any registration, the Company shall provide the affected EGS with written notice of rejection within the time periods set forth in Section 3.4, and shall state the basis for its rejection.

3.8 APPROVAL OF REGISTRATION Upon its approval of a registration for Coordination Services, or pursuant to an Order of the Commission approving a registration, the Company shall execute the Individual Coordination Agreement tendered by the registrant, and shall provide one to the EGS by delivering such within the period set forth in Section 3.4 and shall maintain a copy for its own records.

3.9 IDENTIFICATION NUMBERS Upon its approval of a registration for Coordination Services, the Company will use the Dun & Bradstreet number assigned to each EGS to be used in subsequent electronic information exchange between the EGS and the Company. In addition, the Company may also assign to the EGS identification numbers that may be required by PJM in connection with the submission and/or confirmation of load schedules for serving load in the Company's service territory.

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3.10 COMMENCEMENT OF COORDINATION SERVICES Coordination Services shall commence within fifteen (15) days after the Company's acceptance of an EGS's registration for Coordination Services provided that all of the information necessary for the Company to provide Coordination Services has been provided to the Company and any conditions required under Rule No. 3.6 have been satisfied by the EGS.

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RULES AND REGULATIONS - (Continued)

4. COORDINATION OBLIGATIONS - (Continued)

4.10 SUPPLY OF DATA An EGS and the Company shall supply to the other all data, materials or other information specified in this tariff, or otherwise reasonably required by the EGS or Company in connection with the provision of Coordination Services, in a thorough and timely manner.

4.11 COMMUNICATION REQUIREMENTS An EGS shall implement a VAN and a single Internet file transfer protocol, as determined by the EDEWG and Pennsylvania Public Utility Commission Docket No. M-00960890.F0015. Both data transfer methods must meet the minimum criteria of, and be endorsed by, the EDEWG.

4.11.1 CUSTOMER CHOICE INTERNET ACCESS An EGS shall have appropriate software for access to the Customer Choice Internet Site and file uploads and downloads.

4.11.2 ELECTRONIC MAIL An EGS shall have appropriate software to communicate regularly by electronic mail (e-mail), including the capability to receive ASCII file attachments. (C)

4.12 PAYMENT OBLIGATION The Company's provision of Coordination Services to an EGS is contingent upon the EGS's payment of all charges provided for in this EGS†Tariff. (C)

4.13 RECORD RETENTION An EGS and the Company shall comply with all applicable laws and Pennsylvania Public Utility Commission rules and regulations for record retention, including but not limited to those Rules of Chapter 56 of the Pennsylvania Public Utility Commission's regulations.

4.14 DATA EXCHANGE

- A. Subject to Rule 4.14(B), below, the Company shall make available to an EGS, on a daily basis, customer, billing and financial transaction information regarding that EGS's customers in electronic files available via electronic exchange. These files will be consistent with standards developed by the EDEWG.
- B. An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule 4.14(A). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company account number and rate class.
- C. The Company will maintain on the Customer Choice Internet Site copies of the standard file formats it will provide to EGSs containing the data listed in this Rule of this tariff. The Company will not change the file formats without first providing at least seven days notice of any such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.
- D. Nothing in this Rule 4.14 shall prohibit the Company from making available to EGSs other electronic data, in formats chosen by the Company consistent with the recommendations of the EDEWG. The Company will not change the file formats of the electronic data made available under this Rule 4.14(D) without first providing at least seven days notice of such change via electronic exchange and posting on the Customer Choice Internet Site. The Company will make a good faith effort to provide a greater period of notice when warranted.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES

5.0 GENERALLY The procedures for the selection of customers' EGS selection, switching among EGSs and other direct access procedures for obtaining Competitive Energy Supply shall occur in accordance with the direct access procedures set forth in the Enrollment Procedures Applicable to EDCs and EGSs, Docket No. M-00960890F.0014, Standards for Electronic Data Transfer and Exchange Between EDCs and EGSs, Docket No. M-00960890F.0015, Standards for Changing a Customer's Electric Supplier, Docket No. L-00970121 and the Commission's *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier*, Docket No. L-2014-2409383, and applicable Commission regulations, as set forth in this tariff.

5.1 DATA REQUIREMENTS

5.1.1 ENROLLMENT EGSs are encouraged to permit customers to enroll by telephone or by e-mail, but must send customer enrollments to the Company via properly formatted electronic files (customer name, customer address, Duquesne Light supplier agreement identification number, and authorization to release telephone number and authorization to release historical usage information) via EDI. EGSs shall forward the electronic files on a daily basis to the Company. The Company will acknowledge receipt of the enrollment file via electronic confirmation. The Company shall provide confirmation within one (1) business day of all electronic files received. Such confirmation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such confirmation shall also include information an EGS can use to identify rejected records.

5.1.2 A. ELIGIBLE CUSTOMER LIST In addition to the EDEWG Standard Eligibility List, the Company agrees to provide to EGSs, for all customers who have authorized the release of their information, the most recent available twelve (12) individual months of historical monthly electric usage and billed demand and Network Transmission Service Peak Load Contribution and Peak Load Contribution, per customer account. This information will be provided on the Company's web site in a downloadable format compatible for use with spreadsheet and database applications and will be updated monthly.

B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions Beginning January 1, 2005, until instructed otherwise by PJM, the Company will calculate the Peak Load Contributions and the Network Transmission Service Peak Load Contribution as follows:

1) Network Transmission Service Peak Load Contribution (1 CP)

To determine the customer's share of the Network Transmission Service Peak Load, the Company will first calculate the customer's transmission peak load contribution. The transmission peak load contribution is based on the customer's load coincident with Duquesne's transmission system zonal load during the one peak hour of the previous year. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Network Transmission Service Peak Load Contribution. Second, the customer's load, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy (as provided by Rule No. 8 of this tariff), will be the customer's Network Transmission Service Peak Load Contribution.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.1 DATA REQUIREMENTS - (Continued)

5.1.2 B. Methodology for Calculating Peak Load Contributions Used in Determination of Capacity Obligations and Network Transmission Service Peak Load Contributions – (Continued)

2) Peak Load Contribution (5 CP)

The Company's capacity obligation will be calculated by PJM based on the Company's peak load contribution and will be the basis for the capacity obligation for the following calendar year.

In determining the customer's share of the capacity obligation, the Company will first calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with PJM's system load during the peak hour of the five peak days for the appropriate PJM Region as provided for in the PJM Manuals/Tariffs. For customers that lack sufficient historical load data (e.g., new customers), the Company shall determine the customer's load for purposes of calculating its Peak Load Contribution. The customer's load in each of these five (5) hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy in the applicable hours (as provided by Rule No. 8 of this Tariff), will be averaged and the customer's percentage (%) share of the average DLCO system load will then be calculated. The PJM approved forecasted peak for the year will then be multiplied by the customer's percentage (%) share of the average DLCO system load to derive the customer's peak load contribution. When appropriate, zonal loads and customer peak load obligations will be adjusted to account for Demand Response and significant loss of load events.

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This information will be sent to PJM who will calculate each EGS's capacity obligation.

5.1.3 Data Exchange

- A.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain information about customers that have consented to the release of customer information in a format to be consistent with that determined by the EDEWG.
- B.** The list of enrolled customers that the Company provides to all EGSs pursuant to Rule No. 5.1.2 A shall contain the following information about customers that have not consented to the release of customer information in a format to be consistent with that determined by the EDEWG:
 - (i) Duquesne Light Company supplier agreement identification number,
 - (ii) Rate class,
 - (iii) Customer's name, and
 - (iv) Customer's service address.

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RULES AND REGULATIONS - (Continued)

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RULES AND REGULATIONS - (Continued)

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5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY Rule No. 5.2 delineates the process of customer selection for Competitive Energy Supply or Default Service.

5.2.1 An EGS must notify its customers that by signing up for Competitive Energy Supply with the EGS, the customer is consenting to the disclosure by the Company to the EGS of certain basic information about the customer, as listed in Rule No. 4.14 (a). At minimum, the notice shall inform the customer that the following information will be disclosed: the customer's name, address, Duquesne Light Company supplier agreement identification number, Duquesne Light meter number, and rate class.

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5.2.2 If an enrolled customer or person authorized to act on the customer's behalf contacts the Company to inform the Company that it wishes to obtain Competitive Energy Supply from a particular EGS, the Company will inform the customer of the need to contact the EGS to select the EGS as supplier. The EGS will verify its desire to serve the customer and follow the process outlined in Rule No. 5.2.1.

5.2.3 The EGS will obtain appropriate authorization from the customer, or from the person authorized to act on the customer's behalf, indicating the customer's choice of EGS. The authorization shall include the customer's acknowledgment that the customer has received the notice required by Rule No. 5.2.1. It is the EGS's responsibility to maintain records of the customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the Commission. The EGS shall provide such authorization upon request by the Company.

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5.2.4 The EGS shall provide an electronic file to the Company via electronic exchange file format designated by the Company that complies with the Commission's electronic requirements. The required electronic files shall include, at a minimum, EGS ID, Duquesne Light Company supplier agreement identification number, rate code, billing option, price plan (if single bill option is selected), transaction date and transaction time. Upon receipt of the electronic file from the EGS, the Company will automatically confirm receipt of the file via electronic exchange. Within one (1) business day of receipt of the electronic file, the Company will validate the records contained in the file, and will provide an electronic validation, including the number of records received and the reason for any rejections. Such validation shall include appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid supplier agreement identification number). Such validation shall also include information an EGS can use to identify rejected records.

5.2.5 On a pending switch to an EGS, the Company will send the customer a confirmation letter within one (1) business day notifying the customer of the pending switch. The selection will be effective three (3) business days of-after receipt of the request and billing with the selected EGS will begin on the fourth business day. The subsequent EGS will become the EGS of record for delivery further provided that: (1.) all customer information provided to the Company is accurate and complete and (2.) the customer has not contacted the Company to dispute the EGS. In such circumstances, the Company will send the new EGS an electronic file, via electronic exchange, containing information for the new customers of record for that particular EGS, in accordance with Rule 4.14(a). The Company will process any EDI transactions for a switch from an EGS and will assume any rescission period with the EGS has ended.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY - (Continued)

5.2.5 - (Continued)

If, during the pending switch request, the customer elects to reject its new EGS selection, the customer will notify the rejected EGS and ~~the EGS shall notify the Company.~~ ^(C) Upon notice from the EGS, the Company will process a drop for that EGS. In the event the customer rejects its EGS selection after the three day (3) day switching period, the customer will be referred to the EGS per Rule No. 5.2.6.

Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS.

5.2.6 If a customer contacts the Company to request a change of EGS, the Company will direct the customer to contact that EGS and will provide the telephone number of the EGS to the customer, if requested.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY

5.2.7 In accordance with the Secretarial Letter issued August 20, 2010, at Docket No. M-2009-2082042, when requested by an EGS, the Company will provide confidential customer-specific information about a customer with whom the EGS is discussing the possibility of providing Competitive Energy Supply without receiving written authorization from the customer or from the EGS. It is the EGS's responsibility to convey to the customer via its authorization process that the Company will release the confidential customer-specific information only to the EGS to whom authorization was given and that the EGS will not release the information to others, unless the EGS is a licensed broker who is obtaining the confidential customer-specific information for purposes of sharing it with other licensed EGSs and makes that intent clear in communications with the customer. It is the EGS's responsibility to retain the records of the requisite authorization for a minimum of two (2) years to produce for a Commission or Company audit. If an EGS fails an audit conducted either by the Commission or the Company, the Company is then permitted to require that EGS to provide signed documentation indicating that a customer has authorized the release of customer-specific information before it may have access to the restricted customer data.

5.2.8 Subject to Rule No. 14.4 and Rule No. 14.5, if a customer contacts the Company to request a change from an EGS to ~~the Company's tariffed Energy and Capacity Charges for~~ default service under the EDC Retail Tariff, the Company will process the request as follows. The Company will send the customer a confirmation letter within one (1) business day after the customer contacts the Company. The Company will process the selection within three (3) business days of receipt of the request and billing with the Company for default service will begin on the fourth business day. If the customer does not contact the Company to rescind the switch during the pending switch, then the Company will process the request. Once the switch request is received, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS. When an EGS discontinues a customer's service ~~or~~ and no other EGS has ~~agreed~~ contracted with the customer to provide such service, then that customer will be provided with Default Service.

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.9 Shopping customers may retain their current EGS when moving from one location to a new location within the Company's service territory subject to meeting the eligibility requirements and conditions set forth in Rule No. 45.3 of the Company's retail tariff. Eligible customers include all residential customers as well as commercial and industrial customers that use less than 300 kW of demand as defined in the retail Tariff.

~~The EDC shall notify the EGS via an electronic data interchange (EDI) 814 Move transaction. A new EDI transaction must be created to facilitate the move the customer's service from the current location to the new location. The new EDI transaction is to be reviewed and approved by the Electronic Data Exchange Working Group (EDEWG) consistent with its current procedures. This EDI transaction will include all the pertinent customer information that an EGS needs, such as customer contact information; new address; name; rate class and load profile; bill option; rate code; tax exemption percentage; billing and meter read cycles; and meter information.~~ (C)

The EGS must submit a drop request via ~~electronic data interchange (EDI)~~ if it does not wish to continue service to the customer at the new service location. The EGS will maintain supply service to this customer until a three-business day switch can occur at the new address. (C)

An EDI transaction will also be sent for other reasons related to the transaction. Customers requesting to change the start date of their new service would require an EDI 814 Change request to be sent to the existing EGS detailing the new start date, and an EDI 814 Drop request would be sent if the customer decided to cancel the new move.

In the move transaction, the Company will send the EGS information that is similar to what is currently provided in a reinstate-request transaction, including the customer name, service address and rate class. The Company will also provide the EGS with: (i) the current supply agreement identification number; (ii) the new supply agreement identification number; and (iii) the service start date. Once the move transaction has been sent to the EGS, the EGS will serve the new account as of the service start date.

If a shopping customer contacts the Company to discontinue electric service at the customer's then-current location, and initiates a request for service at a new location in the Company's service territory and wishes to return to default service, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's ~~prior-then-current~~ location. Final bill(s) will be issued to the date of discontinuance of service. (C)

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RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

5.2 SWITCHING AMONG EGSs AND THE COMPANY – (Continued)

5.2.10 Customers starting new service with the Company will be permitted to begin supply service with an EGS on their start date subject to meeting the eligibility requirements in Rule No. 45.4 of the retail tariff.

The Company will accept inbound enrollment requests on accounts that are not yet active. However, the EGS is still responsible for submitting the enrollment request. The final component of this transaction will be to establish an estimated start date. The Company will establish the estimated start date for new service in its communication via the enrollment response sent back to the EGS.

The EGS must submit a drop request via EDI if it does not wish to supply service to the customer. However, the supplier must maintain supply service to this customer until a three-business day switch can occur under the Company's switching rules.

~~**5.2.11** If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.~~

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5.3 PROVISIONS FOR CONTRACTING WITH AN EGS TO PROVIDE TOU SERVICE

5.3.1 The Company may contract with an EGS to provide Time-of-Use ("TOU") service, with on-peak and off-peak rates in effect from June through September. The contracted EGS must submit an EDI transaction to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

5. DIRECT ACCESS PROCEDURES - (Continued)

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, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

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, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

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 If the Company elects to change the supplier agreement identification number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in supplier agreement identification number at the same customer location, via electronic exchange.

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RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING

6.1 CUSTOMER LOAD FORECASTING The EGS is responsible for forecasting its Customer Load Obligations. The Company will provide a forecast respective to each LSE as support information. The company forecasts will be provided in accordance with the following load forecasting procedures.

6.2 FORECASTING METHODOLOGY Most EDC customers utilize monthly (or daily) metering equipment. However, any EDC customer may choose to have the EDC install equipment or otherwise provide for (at the customer's expense at Pennsylvania Public Utility Commission approved rates) interval (hourly or sub-hourly) metering. The forecasting methodology for customers utilizing hourly metering data is slightly different than the methodology for customers utilizing monthly or daily metering equipment.

6.2.1 FORECASTS FOR MONTHLY OR DAILY METERED AND UNMETERED – (SUCH AS STREETLIGHTS) CUSTOMERS For each EGS, ~~the~~ EDC will provide hourly load forecasts for the aggregate of customers who have chosen ~~the~~ EGS. The EDC has developed and will maintain, based on load survey data, historical load profiles corresponding to the EDC's current rate classes identified in the EDC Tariff. These base profiles will be adjusted for day type (e.g., weekday, weekend, or holiday) and temperature. The EDC will use these rate class load profiles, adjusted for differences between the historical load profile day and the forecast day. The adjusted profiles will be applied to the summation by rate class of the EGS's customer's historical consumption to arrive at the aggregate hourly load forecasts.

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6.2.2 FORECASTS FOR CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA The EDC will provide hourly load forecasts for each EGS customer that has elected to utilize hourly metering data. The EDC will use each customer's same day hourly loads from a previous week and adjust those hourly loads by the temperature factor for that EGS customer's rate class to determine that customer's hourly load forecast. The summation of these forecasts will establish the hourly supply obligation schedule of the EGS for serving these customers.

6.2.3 HISTORICAL LOAD PROFILE DATA The EDC will make available to EGSs the aggregated historical load profiles (including historical temperature data) and any related data which the EDC uses to calculate the hourly forecasts. This information will be available for download from the Customer Choice Internet Site.

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6.2.3.1 UPDATES TO HISTORICAL LOAD PROFILE DATA The EDC shall review from time to time its historical load profile data by rate class and any related data and shall update the data as appropriate.

6.3 ADJUSTMENT FOR LOSSES The forecast/supply obligation will be adjusted to cover transmission and distribution losses.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

6. LOAD FORECASTING - (Continued)

6.4 FORECASTING PROCESS

6.4.1 DAILY FORECASTS ~~Each day-t~~The EDC shall prepare a forecast for each day:

- (1) A Final hourly Forecast for the next day, which will be used to establish the EDC operational forecast
- (2) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit above the temperature used in the Final hourly Forecast.
- (3) A Final Forecast for the next day that is calculated for a temperature that is three (3) degrees Fahrenheit below the temperature used in the Final hourly Forecast.

6.4.2 PROCEDURE FOR FORECASTING The following procedure will be followed each day to determine the Final Forecast.

6.4.2.1 BUSINESS DAYS AND SCHEDULING WINDOW The daily forecasting process shall be performed on each business day. A business day is a weekday excepting PJM holidays. The daily forecasting process shall be performed on each business day for a scheduling window consisting of all following days through the next business day.

For example, the daily forecasting process shall be performed Monday through Thursday (except holidays) for a scheduling window that covers the following day (midnight to midnight). If the following day is a holiday, then the scheduling window shall include the holiday and be extended to include the first business day following the holiday. Similarly, the daily forecasting process shall be performed on Friday for a scheduling window consisting of the following Saturday, Sunday, and Monday. If the Monday is a holiday, then the scheduling window shall include the holiday and extend through the first business day following the holiday.

In addition to the forecasts required of EGSs hereunder, the EGS may provide advance-hourly forecasts for each of its Customers with Hourly or Sub-Hourly Metering Equipment. Forecasts are not final until the business day before those forecasts are to apply.

Step 1 EDC Determines Hourly Load Forecast By EGS By Rate Class

(A) For Monthly or Daily Metered and Unmetered Customers:

For each rate class, sum each EGS's customer's loads for that rate class, apply the appropriate rate class load profile for the day, and adjust the hourly loads by the temperature factor for the rate class.

Load forecasts will be adjusted for losses as appropriate.

For each EGS, combine all of the rate class hourly load forecasts into a total hourly load forecast.

(C) – Indicates Change

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RULES AND REGULATIONS - (Continued)

7. DAY AFTER LOAD ESTIMATES AND SUPPLY SCHEDULES

7.1 TOTAL DAY AFTER LOAD ESTIMATES The total load estimate for an EGS is expected to be equal to the aggregate hourly load estimates for all of the monthly, hourly, and sub-hourly metered and unmetered customer-s' usage plus load estimates for any Coordinated Suppliers that have designated that EGS as their Scheduling Coordinator. Load estimates, including distribution losses, transmission losses, and UFE are utilized for the day after IneSchedules. (C)

7.2 DAILY LOAD SCHEDULING PROCESS (DAY AFTER LOAD OBLIGATIONS)

7.2.1 UPLOADING SCHEDULES The Company will submit load estimates into IneSchedules in the form of RLR (or WLR contracts) with view only privileges for the EGS (or municipalities or wholesale suppliers, as appropriate). The RLR (or WLR) contracts submitted by the Company in IneSchedules will be auto-confirmed by the EGS (or municipalities or wholesale suppliers, as appropriate). The Company will upload the load estimates on each business day using the PJM IneSchedules System according to PJM requirements. In accordance with the PJM IneSchedules manual (m09), the PJM IneSchedules application will accept scheduling and delivery of energy for up to three decimal places or one-thousandth (0.001) MWh. The schedule uploaded by the Company shall be binding on that EGS. The Company will provide these same load estimates on the Website by 10:00 AM Eastern Prevailing Time to assist the EGS. (C)

7.2.2 LOAD SCHEDULE CHANGES If the EGS has a dispute, they may notify the Company by telephone. The Company will make reasonable efforts to review and, if the reason for the changes are determined by the Company to be operationally valid, confirm the load schedule changes using the PJM IneSchedules System, prior to the PJM designated deadline. In the absence of confirmation by the Company, the prior supply schedule value will remain in effect. In light of deadlines imposed by the PJM OI for the submission of load schedule changes, an EGS should initiate any necessary changes and notify the Company well before the cut-off time to increase the likelihood that the changes will be accepted. (C)

7.2.3 SUPPLY SCHEDULES The EGS is responsible for supplying generation to meet its load estimates uploaded by the Company in accordance with Rule No. 7.2.1.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

8. RECONCILIATION

8.1 GENERAL DESCRIPTION Reconciliation service accounts for mismatches between an EGS's load estimate as determined in Rule No. 7 for serving its Customers and the energy that was actually used by those Customers. This service differs from Energy Imbalance Service – a related service performed exclusively by the PJM OI under the PJM Tariff – because the latter accounts for differences between an EGS's actual load and the quantity of energy actually delivered by the EGS. Because ~~of~~ the absence of universal real-time metering, the calculation of reconciliation quantities typically must occur after the monthly reading of Customer's meters. (C)

8.1.1 THE COMPANY'S ROLE The Company will assist PJM in accounting for Reconciliation quantities by (1) collecting all Customer usage data; (2) determining hourly reconciliation quantities for each EGS or Scheduling Coordinator; (3) calculating monthly reconciliation quantities for each EGS or Scheduling Coordinator; and (4) submitting the reconciliation quantities to the PJM OI.

8.2 METER DATA COLLECTION Meter data collected by the Company shall be utilized to calculate the quantity of energy actually consumed by an EGS's customers for a particular reconciliation period.

8.2.1 MONTHLY OR DAILY METERED AND UNMETERED CUSTOMERS The EDC collects daily customer reads for the majority of its customer base. The rate class profile is used to convert the actual daily consumption to equivalent hourly consumption.

If a customer does not have daily reads available, the EDC collects monthly meter data, in subsets corresponding to customer billing cycles, which close on different days of the month. The EDC converts customer's actual monthly consumption to equivalent hourly consumption using the rate class load profiles.

8.2.2 CUSTOMERS UTILIZING HOURLY OR SUB-HOURLY METERING DATA Data from customers utilizing hourly or sub-hourly metering data is collected by the EDC on a daily or monthly basis.

8.3 HOURLY CONSUMPTION Hourly consumption for the customers of each EGS is determined by summing the consumption as described in Rules No. 8.2.1 and 8.2.2.

8.4 CONSUMPTION AND LOSSES Transmission and distribution losses are calculated based upon customer consumption consistent with Rule No. 8.4.1. These losses are added to the hourly energy consumed by customers and are included in the Consumption calculation.

8.4.1 CONSUMPTION CALCULATION The Company will calculate default service load in the same manner in which EGS load is calculated. After meters are read, load profiles will be applied to all customers, including those on default service. When interval meter reading data for a specific customer is available for use, the Company shall use this information in determining load obligation.

8.4.2 UNACCOUNTED FOR ENERGY To determine the proper allocation of losses, average losses by class will be applied to both EGS and default service loads, and unaccounted for energy) will be allocated pro rata among all suppliers, including the default service suppliers.

8.5 BILLING The Company and the EGS will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit EGSs and the Company for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. PJM Miscellaneous Charges will be allocated pro rata among all suppliers, including the default service suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

11. CONFIDENTIALITY OF INFORMATION

11 GENERALLY All confidential or proprietary Company information made available by the Company to an EGS in connection with the provision of Coordination Services, including but not limited to load data, and information regarding the business processes of the Company and the computer and communication systems owned or leased by the Company, shall be used only for purposes of receiving Coordination Services and/or providing Competitive Generation Service to Customers in the Company's service territory. Other than disclosures to EGS representatives for the purpose of enabling an EGS to fulfill its obligations under the EGS Tariff or provide Competitive Generation Service to Customers in the Company's service territory, an EGS may not disclose confidential or proprietary Company information without the Company's prior authorization or consent. All Company information made available to an EGS in connection with the provision of Coordination Services, including but not limited to load curve data, and information regarding the Company, computer and communication systems shall not be disclosed to third parties without appropriate authorization and/or consent.

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11.1 CUSTOMER INFORMATION The EGS shall keep all customer-specific information supplied by the Company confidential unless the EGS has the customer's authorization to do otherwise.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING

12.1 CUSTOMER BILLING BY THE COMPANY All EGS charges to customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 COMPANY BILLING FOR EGS The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default service. Nothing in this rule shall require the Company to manually bill customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's customers based on the customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the Pennsylvania Public Utility Commission. However in no case shall the Company require the EGS to provide separate customer lists or perform unique scheduling and reconciliation services for customers billed directly by the Company.

12.1.2 BILLING FILES Where the EGS has requested the Company to act as the EGS's billing agent, the Company shall electronically transmit files of billing detail daily to the EGS. Such files shall include the Company supplier agreement identification number, rate codes, usage information, demand and energy charges, sales tax, and other EGS charges. Billing files transmitted shall have control totals to assure all data was received by the EGS. Control totals include the number of records on the file and significant totals (e.g. total kWh billed, total amount billed, total tax). All billing files will be in a format consistent with standards developed by the EDEWG.

12.1.3 BUDGET BILLING The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges for rate ready billing only.

12.1.4 EGS TAX RESPONSIBILITY The Company is not responsible for paying or remitting on behalf of an EGS taxes including, but not limited to, Pennsylvania Gross Receipts Tax, Pennsylvania Public Utility Realty Tax, Pennsylvania Capital Stock Tax and Pennsylvania Corporate Net Income Tax.

12.1.4.1 SALES TAX EXEMPTION With respect to customers receiving one bill from the Company, the EGS for whom the Company is billing must provide to the Company the applicable sales tax exemption percentage for each customer. The Company will use the sales tax exemption percentage provided by the EGS for billing the EGS's charges. The EGS is responsible for holding appropriate exemption certificates and is liable for the collection and remittance of sales tax on the EGS's charges. The Company will use a zero exemption percentage if no percentage is provided by an EGS.

12.1.5 COMPANY REIMBURSEMENT TO EGS FOR CUSTOMER PAYMENTS For EGSs electing consolidated billing and serving residential and small and medium C&I customers, defined as those ~~on Rate Schedules RS, RH, RA, GS/GM and GM~~ eligible for Rider No. 8 – Default Service Supply of the Company's Retail Tariff, the Company shall forward payment in accordance with the provisions of Rule No. 12.1.7 below. For receivables associated with EGS sales to all other customers, the Company shall reimburse the EGS within 14 days of receipt of payment for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS from the customer consistent with Section 2807 (c) (3) of the Competition Act. For eligible Day-Ahead Hourly Price Service customers defined in Rule No. 5.2.8 that have an off-cycle switch, the Company will allocate any customer underpayment with respect to supply charges attributable to multiple Electricity Providers based on the percentage owed to each.

12.1.6 EGS BILLING DATA The EGS shall provide all necessary data in its possession for the timely computation of bills. A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertains. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

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RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts sixty (60) days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in Unusual Business Behavior practice that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and two percent (2%). For purposes of this calculation, Duquesne shall rely on the most recent twelve (12) month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on default service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of two percent (2%) or below over a twelve (12) month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

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12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; thirty-five (35) days after consolidated bills are issued, and will continue throughout the billing cycle. If the thirty-fifth (35th) day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on consolidated rate ready billing or consolidated rate ready billing and Duquesne's budget payment plan, Duquesne shall purchase the actual amount owed each month by the customer and payments to EGSs shall be made based on the actual amount owed. If the EGS customer is on consolidated bill ready billing ~~or consolidated bill ready billing and Duquesne's budget payment plan~~, Duquesne shall purchase the amount sent in the bill ready 810 EDI transaction and payments to EGSs shall be made based on the amount in the bill ready 810. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, estimated readings, cancel and re-bills, or any applicable billing adjustment. Notwithstanding the foregoing, Duquesne shall only be obligated to purchase the monthly budget amount and remit to the EGS any adjusted budget billing amount until Duquesne implements any necessary changes to its billing system to allow for the payment of the actual amount owed by the customer.

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12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables. Any such termination of service shall be in accordance with the

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM – (Continued)

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program may be reconnected to service upon the payment of the arrears that were subject to the termination. The required payment may include both delivery and EGS commodity charges.

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service or a payment arrangement at the Company's sole discretion or as required by applicable law. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record.

12.1.7.6 DISPUTE RESOLUTION To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

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(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING - (Continued)

12.2 EGS PAYMENT OF OBLIGATIONS TO THE COMPANY An EGS shall pay all Coordination Services Charges or any other charge it incurs hereunder in accordance with the following provisions:

12.2.1 BILLING PROCEDURE Each month, the Company shall submit an invoice to the EGS for all Coordination Services Charges provided under this tariff. The invoice may be transmitted to the EGS by any reasonable method requested by the EGS. An EGS shall make payment for charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2.2 BILLING CORRECTIONS AND ESTIMATED BILLINGS Notwithstanding anything stated herein: (1) bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for ~~six-four (64) months~~^{(64) months}~~years~~ from the date of such original monthly billing and (2) the Company shall be entitled to submit estimated bills (subject to correction) in the event the EGS fails to supply necessary information in a timely fashion or other circumstances limit the timely availability of necessary data. (C)

12.2.3 MANNER OF PAYMENT The EGS may make payments of funds payable to the Company by wire transfer to a bank designated by the Company. The Company may require that an EGS that is not creditworthy tender payment by means of a certified or cashier's check, or by wire transfer, or other immediately available funds. If disputes arise regarding an EGS bill, the EGS must pay the undisputed portion of disputed bills under investigation. All payments shall be in United States dollars.

12.2.4 LATE FEE FOR UNPAID BALANCES If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 1.5% per month on the unpaid balance.

12.2.5 EGS DEFAULT In the event the EGS fails to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, the EGS shall be deemed to be delinquent. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

12.2.5.1 EGS OFFSET In the event an EGS is deemed to be delinquent under 12.2.5, the Company₇ may₂ at its sole discretion, reduce the reimbursement to the EGS for amounts collected by the Company by the amount owed to the Company. (C)

12.3 BILLING FOR SUPPLIER OBLIGATIONS TO OTHER PARTIES The Company will assume no responsibility for billing between an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

13. WITHDRAWAL BY EGS FROM RETAIL SERVICE

13.1 NOTICE OF WITHDRAWAL TO THE COMPANY An EGS shall provide electronic notice to the Company of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013, and any subsequent applicable Pennsylvania Public Utility Commission rulings.

13.2 NOTICE TO CUSTOMERS An EGS shall provide notice to its customers of withdrawal by the EGS from retail service in accordance with the Pennsylvania Public Utility Commission's rulings in Docket No. 00960890F.0013 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The EGS shall provide a copy of the form of such notice to the Company.

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13.3 COSTS FOR NONCOMPLIANCE An EGS that withdraws from retail service and fails to provide at least ninety (90) days written notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- A. Mailings by the Company to the EGS's customers to inform them of the withdrawal and their options;
- B. Non-standard/manual bill calculation and production performed by the Company;
- C. EGS data transfer responsibilities that must be performed by the Company; and
- D. Charges or penalties imposed on the Company by third parties resulting from EGS non-performance.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

14. DISCONTINUANCE OF EGS SERVICE TO PARTICULAR CUSTOMERS

14.1 NOTICE OF DISCONTINUANCE TO THE COMPANY An EGS shall provide electronic notice to the Company of all intended discontinuances of service to customers in accordance with applicable Pennsylvania Public Utility Commission rules.

14.2 NOTICE TO CUSTOMERS An EGS shall provide a minimum of ninety (90) days advance notice to any customer it intends to stop serving of such intended discontinuance in a manner consistent with the Pennsylvania Public Utility Commission's rulings in Docket Nos. L-00970126 and M-00960890 and any subsequent applicable Pennsylvania Public Utility Commission rulings. The application of this Rule No. 14.2 will, however, be limited to the classes of customers to which the referenced Pennsylvania Public Utility Commission rulings will apply. With respect to all other classes of customers, it will be the EGS's responsibility to provide notice to a customer of its intention to discontinue service in accordance with the EGS's contractual obligations with the customer.

14.3 INTENTIONALLY LEFT BLANK

14.4 CUSTOMERS RETURNING TO DEFAULT SERVICE An EGS shall give the customer and Duquesne at least (ninety) 90 days notice prior to the meter read date on which the EGS has a reasonable expectation that it will no longer be serving the customer, whether due to termination of a contract or pursuant to the terms of its contract. EGSs shall not utilize the flexibility afforded by these rules to propose price changes that are designed to economically force customers to return to default service during the Summer period. If an EGS has a reasonable expectation that it will no longer be serving a customer as of a meter read date, the EGS shall issue the notice required by the previous sentence within five (5) business days of determination, and such customers shall have a minimum of sixty (60) days in which to make the choices outlined in Section 45.2 of Duquesne's retail tariff, as appropriate. For Duquesne's purposes, this ninety (90) day notice to Duquesne is for informational and planning purposes only.

14.4.1 CUSTOMER MUST INITIATE THE SWITCH TO DEFAULT SERVICE The Company will accommodate requests by customers to switch EGSs in accordance with 52 Pa. Code Chapter 57, Subchapter M "Standards for Changing a Customer's Electricity Generation Supplier." Customers who elect to return to default service from an EGS will return at the charges of the applicable tariff rate schedule and a customer may return to default service in accordance with the switching protocols contained in the Retail Tariff by requesting the same from the Company. Switching by customers shall occur in accordance with the direct access procedures, and in accordance with the provisions contained in this tariff and the Company's retail tariff. No customer will be returned to default service for any reason without authorization by that customer, except as follows: the Company will permit a customer to return to default service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the complete abandonment of service in the Company's service territory by the customer's EGS; (2) to remedy a case of ~~inadvertent~~ slamming of the customer; ~~and~~ (3) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around default service rates by returning the customer to default service when wholesale energy prices have increased and EGS service to the customer has become uneconomic; or (4) as required under the Company's shopping program, if any, for customers participating in the Company's Customer Assistance Program.

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RULES AND REGULATIONS - (Continued)

15. LIABILITY

15.1 GENERAL LIMITATION ON LIABILITY The Company shall have no duty or liability with respect to electric energy before it is delivered by an EGS to a point of delivery on the Company's distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

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

15.3 ADDITIONAL LIMITATIONS ON LIABILITY IN CONNECTION WITH DIRECT ACCESS Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to an EGS providing Competitive Energy Supply arising out of or related to a contract or other relationship between an EGS and a customer of the EGS.

The Company shall implement customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to an EGS providing Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch a customer.

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

(C)

(C) – Indicates Change

LOAD DATA SUPPLY CHARGE

AVAILABILITY/APPLICABILITY

The Company will fulfill a customer's or its authorized representative's request for customer load information available on its information system. The Company will provide customer load information, with customer consent, only to EGSs or other customer-authorized representatives, for up to five (5) requests for the same account in a calendar year at no charge after which subsequent requests will be charged according to the Table of Charges. The Company will provide customer load information on a 15 or 60-minute interval basis as specified by the customer, EGS or other customer-authorized representative.

TABLE OF CHARGES

An EGS or other customer-authorized representative must pay the charges stated below:

If the Company has already provided load data to a customer or its authorized representative five (5) times for the same account in a calendar year, the customer will be charged for subsequent requests in that year at \$60 per request.

CONDITIONS

No customer-specific information will be supplied to an EGS or other representative of the customer before the Company's receipt of a customer's written authorization to release such data to such EGS or other representative. EGSs who qualify as creditworthy as those terms are defined in this tariff will be billed for each request pursuant to the procedure identified in Rule No. 12.2.1 of this tariff. Payment by an EGS who does not qualify as creditworthy or has bad credit as those terms are defined in this tariff must be made before release of information.

METHOD OF PAYMENT

There are two (2) methods of payment:

A check made payable to Duquesne Light Company and sent to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue
~~14th Floor, MD 14-1(MD: 6-1)~~
Pittsburgh, PA 15219

or through a wire/ACH transfer ~~to per Company instructions.:~~

~~Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company~~

(C) – Indicates Change

(C)

(C)

(C)

STANDARD OFFER PROGRAM COST RECOVERY

BACKGROUND

~~In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company's implemented a Standard Offer Program ("SOP") is implemented pursuant to Commission Order dated XXXXXXXX XX, XXXX, at Docket No. P-2020-XXXXXXX. Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. Complete SOP rules and documentation may be found at <http://supplier.customer-choice.com>.~~

(C)
(C)
(C)
(C)

SUPPLIER CHARGES

As approved by the Commission in the proceeding at Docket No. ~~P-2020-XXXXXXX~~~~P-2012-2301664~~, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

(C)

CUSTOMER ACQUISITION FEE

The Customer Acquisition Fee for each EDI transaction submitted will be ~~\$40.2830.00~~.

(C)

BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue ~~(MD: 15-1)~~
~~14th Floor, MD 14-1~~
Pittsburgh, PA 15219

(C)
(C)

or through a wire/ACH transfer ~~to:~~

(C)

~~Bank Name: Mellon Bank, Pittsburgh
ABA: 043000264
Account No: 000-8064
Acct Name: Duquesne Light Company per Company instructions.~~

(C)

If an SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable ("POR") payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

(C) – Indicates Change

TABLE 1
 Real Power Distribution Losses

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.1%
GL - General Service Large	2.9%
GLH - General Service Large Heating	2.9%
GMH - General Service Medium Heating	5.3%
GS/GM - General Service Small and Medium	5.3%
HVPS - High Voltage Power Service	0
L - Large Power Service ←138 Kv	2.9%
L - Large Power Service ≥ 138 Kv	0
RA - Residential Service Add On Heat Pump	6.1%
RH - Residential Service Heating	6.1%
RS - Residential Service	6.1%
SE - Street Lighting Energy	6.1%
SH - Street Lighting Highway	6.1%
SM - Street Light Municipal	6.1%
UMS - Unmetered Service MTS - Municipal Traffic Signals	5.3% 6.1%
PAL - Private Area Lighting	6.1%

(C)

(C)

(C)

(C) – Indicates Change

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

2 A. My name is Katherine Scholl. My business address is 411 Seventh Avenue, Mail
3 Drop 15-1, Pittsburgh PA 15219.

4

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

7 A. I am the Director of Customer Experience.

8

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

10 A. I have been with Duquesne Light since May 2016.

11

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

13 A. I oversee four areas within the Company’s Customer Service department: 1) Energy
14 Efficiency / Act 129 Programs; 2) Universal Services; 3) Transportation
15 Electrification; and 4) Customer Experience, which includes the design and
16 implementation of strategies to improve customer satisfaction, respond more
17 effectively to customer needs and preferences, and make interactions with
18 customers through various channels as seamless and efficient as possible.

19

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

21 A. I attended Duquesne University, where I graduated Magna Cum Laude with a
22 Bachelor of Science in Business Administration and also completed my Masters in
23 Business Administration with High Honors. Prior to joining Duquesne Light in

1 2016, I spent nearly ten years at Giant Eagle Inc. in Pittsburgh, where my
2 responsibilities included directing various aspects of customer relationship
3 management (“CRM”), including the design and administration of customer loyalty
4 programs, targeted marketing, and customer data analytics.

5 Prior to joining Giant Eagle, I spent seven years at Acxiom Corporation
6 providing customer acquisition and relationship management consulting services
7 to top credit card issuers in the United States and the United Kingdom.

8 Prior to joining Acxiom Corporation, I spent 6 years in various roles in
9 Consumer Lending and Credit Card management at Mellon Bank.

10

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

12 A. The purpose of my testimony is to discuss the Company’s proposals regarding its
13 Standard Offer Program (“SOP”) and Customer Assistance Program (“CAP”)
14 shopping. I also provide context regarding the Company’s proposal to implement a
15 time-of-use rate pilot for customers with electric vehicles, which is discussed in
16 further detail in Duquesne Light St. No. 4, Direct Testimony of David Ogden.

17

18 **Q. Are you sponsoring any Exhibits along with your direct testimony?**

19 A. Yes. Exhibit KMS-1 is a proposed form of CAP Notice. Exhibit KMS-2 depicts the
20 Company’s outreach and education plan for its proposed electric vehicle time-of-
21 use rate pilot. I explain both Exhibits, and their respective contexts, further herein.

22

23

1 **I. STANDARD OFFER PROGRAM**

2

3 **Q. Please provide an overview of the Company’s Standard Offer Program.**

4 A. The Company’s SOP was initially implemented as part of its Default Service Plan
5 VI. The SOP targets residential and small C&I customers who are not served by an
6 Electric Generation Supplier (“EGS”) and who contact the Company with four
7 types of calls. Specifically, customers who contact the Company: 1) to initiate or
8 move service, 2) to discuss choice questions, 3) to resolve high bill concerns, or 4)
9 to inquire about the SOP, are provided information regarding participation in the
10 Company’s SOP. After the customer’s specific inquiry has been resolved,
11 Duquesne Light’s customer service representative (“CSR”) offers the customer the
12 opportunity to participate in the SOP utilizing an established script. When the
13 customer indicates that he/she is interested in participating in the SOP, he/she is
14 transferred to a participating EGS for program details and enrollment. Customers
15 who enroll with an EGS through SOP have the option of choosing a fixed price 7%
16 below the Company’s then-effective price to compare (“PTC”) for a period of 12
17 months. Customers can leave the SOP at any time during these 12 months without
18 penalty.

19

20 **Q. Please describe the results of the SOP in DSP VIII.**

21 A. The Company’s current DSP VIII began June 1, 2017. From that date through
22 February 20, 2020, the Company had 7,297 residential referrals and 5,780
23 residential enrollments, for a 79% referral-to-enrollment rate. The number of EGSs

1 participating in the SOP has fluctuated somewhat during this period, with 2 to 7
2 EGSs participating in the SOP for the residential class in any given month.

3 The Company's SOP for small commercial customers has seen significantly
4 less participation. From June 1, 2017, through February 20, 2020, the Company had
5 15 small commercial referrals and 7 small commercial enrollments for a 47%
6 referral-to-enrollment rate. No EGSs participated in the small commercial SOP for
7 the first year of DSP VIII; thereafter, only 1 or 2 EGSs have participated in any
8 given month.

9

10 **Q. How is the SOP administered?**

11 A. The Company administers the SOP directly, using its own CSRs to offer the SOP
12 in calls with customers, supported by Company-supplied training and IT resources.
13 To the best of my knowledge, Duquesne Light is the only EDC in Pennsylvania
14 that directly administers its SOP. The other EDCs outsource their SOPs (or similar
15 programs) to third-party vendors.

16

17 **Q. What are the Company's costs of administering the SOP?**

18 A. The Company estimates total annual costs of administering the SOP to be
19 approximately \$62,200. This consists primarily of CSR call handling time, training,
20 and reporting.

21

22 **Q. How does the Company recover its costs of administering the SOP?**

1 A. Currently, participating EGSs pay the Company a customer acquisition fee of
2 \$10.28 per enrollment. This \$10.28 fee was established in September of 2014
3 during the Company's DSP VII, and has remained fixed at that level even as the
4 Company's call center and IT costs have increased. Based on SOP enrollment levels
5 in the DSP VIII period, the Company has recovered an average of \$21,000 annually
6 in customer acquisition fees from participating EGSs. This leaves an annual
7 shortfall of approximately \$41,200.

8

9 **Q. What would the Company's fee per enrollment need to be in order to fully**
10 **cover the costs of the SOP from EGSs?**

11 A. A total of 2,013 customers enrolled in the SOP in 2019. With a total program cost
12 of \$62,200 spread across 2,013 enrollments, the fee per enrollment would need to
13 increase to \$30.90.

14

15 **Q. How does the Company propose to modify its SOP in DSP IX?**

16 A. The Company proposes to outsource administration of the SOP to a third-party
17 vendor.

18

19 **Q. Please summarize the Company's current processes and scripting associated**
20 **with the SOP and describe how the Company proposes to modify them for**
21 **DSP IX.**

22 A. Consistent with its DSP VIII Settlement paragraph 26, the Company's CSRs read
23 the below script to customers at the conclusion of a qualifying call.

1 *I see you are eligible for the voluntary Standard Offer program.*
2 *Duquesne Light is responsible for delivering your electricity. The*
3 *actual generation of the electricity you receive can be provided by*
4 *Duquesne Light or a participating supplier of your choice. The*
5 *Standard Offer program offers a fixed price of [SOP Rate]*
6 *cents/kWh for one year provided by an Electric Generation*
7 *Supplier. The fixed Standard Offer Program price provides a 7%*
8 *discount off of today's Price to Compare which is [PTC Rate]*
9 *cents/kWh. Duquesne Light's Price to Compare changes on June*
10 *1st and December 1st each year. The Standard Offer price will not*
11 *change during the 12 monthly bills, but the Price to Compare could*
12 *be higher or lower than the Standard Offer program during this*
13 *period when it changes. If you are interested in the Standard Offer*
14 *Program, I will transfer you to a supplier who is participating for*
15 *more information. Customers who enroll are free to leave the*
16 *Standard Offer Program at any time during the 12 months and*
17 *return to Duquesne Light's default service or another EGS with no*
18 *termination/cancellation fee imposed.*

19 Customers who accept are then transferred to a participating EGS to discuss
20 potential enrollment.

21 For DSP IX, the Company proposes to adopt the SOP process and scripting
22 similar to those the Commission approved for the FirstEnergy Companies'
23 Customer Referral Program by Order entered February 28, 2019, at Docket Nos. P-
24 2017-2637855 *et. al.* ("February 28, 2019, Order"). Generally, at the conclusion of
25 a qualifying customer call, the Company CSR will offer to transfer the customer to
26 the third-party vendor. The vendor would then describe the SOP and enroll the
27 interested customer with a participating EGS.

28 Consistent with the FirstEnergy CSR SOP scripts, the Company's CSR
29 script will differ depending on the purpose of the customer's call. At the conclusion
30 of calls related to initiating or transferring service, the Company will use the
31 following "Mover/New Service Script:"
32

1 *Are you satisfied with what I have done for you today? I have*
2 *completed your order. With your permission, I will transfer you to*
3 *our vendor. They will offer you potential rate savings through our*
4 *Electric Choice Program, and help you to set up other services if*
5 *needed.*
6

7 For calls related to initiating or transferring service, the Company will use the
8 following “PTC/High Bill Calls Script:”

9 *In Pennsylvania, you can choose the company that generates your*
10 *electricity – also known as your electric supplier – without*
11 *impacting the quality of your service. Would you like to speak to a*
12 *representative who can offer you a potential rate savings by*
13 *enrolling with an alternate supplier?*

14 Where a customer elects to be transferred to the Company’s third-party vendor, the
15 vendor will read the following script:

16 *[CUSTOMER NAME], there are many registered electric suppliers*
17 *doing business in the state of Pennsylvania and you have the option*
18 *of choosing any of them. In an effort to encourage choice, the State*
19 *Utility Commission has made the Standard Offer program available*
20 *to you.*

21 *The Standard Offer Program offers a fixed price of xx cents per*
22 *kilowatt hour for one year and is provided by an Electric Generation*
23 *Supplier. The fixed Standard Offer Program price provides an*
24 *initial 7% discount off today’s Price to Compare, which is xx cents*
25 *per kilowatt hour. The Price to Compare will change again on the*
26 *first of June and the on the first of December. The Standard Offer*
27 *Program price will not change through twelve monthly bills but the*
28 *Price to Compare could be higher or lower than the Standard Offer*
29 *Program price during this period.*

30 *Duquesne Light is still your utility company and is responsible for*
31 *all your billing and service matters. You will continue to receive*
32 *only one bill from Duquesne Light.*

33 *You can cancel this contract at any time without penalty and select*
34 *another supplier or return to default service with Duquesne Light*
35 *for service at the Price to Compare. I can enroll you with an*
36 *approved supplier of your choice from our list or I can select one*

1 *for you. Do you have any questions? Do you agree to be enrolled*
2 *with a supplier for this program?*

3

4 **Q. How will the vendor choose a supplier for customers who do not select one**
5 **themselves?**

6 A. The vendor will use its proprietary software to randomly select a participating SOP
7 supplier for customers who do not have a supplier preference. The technology uses
8 a Round Robin methodology which enables the enrollments to be distributed evenly
9 amongst the participating suppliers. A daily provisioning file is uploaded directly
10 to each supplier's SFTP site with referrals made to opt in to the Standard Offer
11 Program.

12

13 **Q. Why is the Company proposing these changes to the SOP?**

14 A. The Company is proposing these changes for several reasons. First, the Company
15 projects that outsourcing the SOP will increase customer participation by increasing
16 referral rates and potentially also referral-to-enrollment rates. For example, in 2019,
17 8% of residential Duquesne Light customers with a qualifying inquiry accepted
18 referral to an EGS participating in the SOP. Of those customers who accepted
19 referral, 81% enrolled, for a total of 2,013 residential enrollments. By comparison,
20 the FirstEnergy Companies' 2019 SOP statistics filed with the Commission indicate
21 a residential referral rate of 41% and a referral-to-enrollment rate of 92%. These
22 referral and referral-to-enrollment rates, if applied to Duquesne Light's qualifying
23 inquiries in 2019, would yield up to 12,000 residential enrollments – an increase of
24 approximately 500%. Please note that these figures are presented for comparison

1 purposes. Duquesne Light’s proposed SOP modifications will likely not yield this
2 degree of increased enrollment initially; implementing the modifications will take
3 time and customer interest in the SOP is ultimately outside of the Company’s
4 control.

5 The disparity in referral rates between the Company’s SOP and the
6 FirstEnergy Companies’ may be due to many factors. Duquesne Light posits that
7 the FirstEnergy Companies’ much shorter referral scripts may play a significant
8 role. Duquesne Light’s present prescribed script discusses matters relating to
9 referral, SOP terms, and enrollment. This script may be lengthy enough to lose the
10 interest of some customers who would otherwise accept a referral. Breaking up
11 roles and associated scripts between the Company (regarding referral) and the
12 vendor (regarding SOP terms and enrollment), as the FirstEnergy Companies have
13 and as the Company proposes here, may help hold the attention of potentially-
14 interested customers.

15 Second, outsourcing the SOP will better reflect the distinction in functions
16 between the Company and EGSs. Customers who already have difficulty
17 understanding the retail electric supply marketplace may be further confused by a
18 Company CSR marketing supply products on behalf of EGSs. A non-Company
19 vendor represents a more logical “fit” for that role. Similarly, outsourcing the SOP
20 would allow the Company’s CSRs to focus on those customer issues that are more
21 directly under the Company’s control. Whereas the Company’s CSRs are primarily
22 focused on matters pertaining to outages, billing and payment, start or transfer

1 services, etc., the vendor's CSRs are highly skilled and experienced in engaging the
2 customer in a dialogue about SOP.

3 Third, the proposed SOP will align with those of other Pennsylvania EDCs,
4 particularly with those of the Company's immediate neighbors. This will promote
5 consistency for customers who move addresses within the Western Pennsylvania
6 region, as well as for the EGSs serving the region.

7 Finally, in order to achieve break-even with the current number of
8 enrollments and associated program costs if the Company were to continue to
9 administer the SOP internally, the Company would need to raise the fee per
10 enrollment to \$30.90. Outsourcing to a third-party should yield additional
11 enrollments for the suppliers at cost that is slightly less than the Company's costs
12 of administering the program.

13

14 **Q. How will the costs of this modified SOP be recovered?**

15 A. The Company will be invoiced by the third-party vendor at a cost of \$30 per
16 enrollment and will then pass through its costs to participating suppliers at that same
17 rate of \$30 per enrollment.

18

19 **Q. How will the Company identify and retain a third-party SOP vendor?**

20 A. The Company proposes to initially contract with AllConnect as its third-party SOP
21 vendor. The Company already has a relationship with AllConnect to connect new
22 service applicants with additional related services, including cable, internet and
23 phone service, and renter's insurance. In the current call flow for new service

1 requests, the Company CSR completes the start/transfer work and then reads the
2 SOP script. Customers who are interested in SOP are then transferred to an SOP
3 supplier, and those who are not interested are read a script about AllConnect and
4 given the opportunity to be transferred to an AllConnect agent.

5 Given this existing relationship with AllConnect, the technology required
6 to transfer the call and associated data for SOP is already in place and would
7 facilitate a low-cost and quick transition, with minor work to be conducted to
8 expand the qualified audience to include small C&I customers who are eligible for
9 SOP. AllConnect already works with several Pennsylvania EDCs and is very
10 familiar with SOP – having taken over 700,000 referrals across the Commonwealth
11 to date.

12

13 **II. CAP SHOPPING**

14

15 **Q. What is the Company’s Customer Assistance Program?**

16 A. Pursuant to applicable requirements in the Public Utility Code, the Company’s CAP
17 provides discounted electric bills, an opportunity for arrears forgiveness, and
18 energy efficiency assistance to participating customers with household incomes at
19 or below 150% of the federal poverty guidelines. The Company’s current CAP
20 provides customers with a discount off their monthly budget bill (“percent of
21 budget plan”), up to a maximum annual discount, depending on the customer’s
22 household income tier and electric heating status. Approximately 36,000 customers
23 currently participate in CAP.

1 Consistent with Commission *Order on Reconsideration* entered April 19,
2 2018, at Docket No. M-2016-2534323, beginning in 2020, the Company will
3 transition CAP to a Percent of Income Payment Plan (“PIPP”). Customers’
4 payments under the PIPP will be based primarily on their household income,
5 subject to maximum annual discount limits that vary based on the customer’s
6 household income tier and electric heating status. Under the PIPP, a customer’s bill
7 in any given month will be the lesser of (1) a percentage of the customer’s gross
8 household income (“PIPP amount”); (2) the customer’s average monthly bill; or (3)
9 the customer’s monthly bill if based on actual usage at full tariffed rates.

10

11 **Q. Are customers participating in CAP currently eligible to shop for their electric**
12 **supply?**

13 A. No. CAP customers are presently required to receive their electric supply via the
14 Company’s default service offerings.

15

16 **Q. Does the parties’ Joint Petition for Settlement in the Company’s prior default**
17 **service proceeding address CAP shopping?**

18 A. Yes. Paragraph 25 of the Joint Petition provides,

19

20 Duquesne Light will conduct a CAP shopping collaborative in the
21 fall of 2018 and file for approval of a CAP shopping program to
22 become effective June 1, 2021, provided that other EDCs CAP
23 shopping programs have been approved by the Commission and
24 have been successfully implemented.

25

26 **Q. What does the Company propose regarding CAP shopping in DSP IX?**

1 A. Consistent with the DSP VIII Joint Petition, the Company proposes to allow CAP
2 customers to shop in DSP IX, subject to restrictions on the EGS products available
3 to CAP customers.

4
5 **Q. Please describe the Commission guidance regarding development and**
6 **characteristics of an EDC CAP shopping program.**

7 A. The Commission described CAP shopping guidelines in its *Proposed Policy*
8 *Statement Order*, entered on February 28, 2019, at Docket No. M-2018-3006578.
9 Those guidelines provide that a CAP shopping plan should include: (1) a CAP
10 shopping product rate at or below the EDC’s Price-to-Compare (“PTC”) for the
11 duration of the contract; (2) a prohibition in EGS-CAP customer contracts against
12 fees unrelated to the provision of electric generation service, including early
13 termination and cancellation fees; and the following options for CAP customers
14 upon expiration of the current contract period: enter into another contract with their
15 existing EGS with the same CAP protections, switch to another supplier offering a
16 contract with the same CAP protections, or return to default service.¹

17
18 **Q. Does the Company’s CAP shopping proposal conform to these guidelines?**

19 A. Yes.

20
21 **Q. Please describe the Company’s CAP shopping proposal.**

¹ Proposed Policy Statement Order, pp. 5, 9-10.

1 A. Under the Company’s proposed CAP shopping program (“Program”), participating
2 EGSs must charge CAP customers a rate at or below the applicable residential PTC
3 throughout the duration of the contract. EGSs must use “rate-ready” consolidated
4 EDC billing for all contracts with CAP customers. Any EDI transactions to enroll
5 a CAP customer at a rate above the PTC, or into a non-rate-ready product, will be
6 rejected. If at any time the EGS’s rate charged to a CAP customer would exceed
7 the Company’s applicable residential PTC, the customer would be automatically
8 unenrolled from the EGS and returned to default service within three business days.

9 EGSs’ contracts with CAP customers also may not include early
10 cancellation or termination fees, or fees for anything unrelated to electric supply
11 service. At the expiration of a CAP customer’s contract with an EGS, the customer
12 may renew the contract with his or her existing EGS at a new Program-compliant
13 rate, switch to another supplier offering a Program-compliant rate, or return to
14 default service. Where an EGS seeks to enter into a new contract or revise an
15 existing contract with a CAP customer, it must comply with the Commission’s
16 notice regulations at 52 Pa. Code § 54.10. Where an EGS elects to return a CAP
17 customer to default service upon contract expiration or cancellation, the contract
18 cancellation and notice provisions described in the EGS’s disclosure statement will
19 apply. If the EGS disclosure does not address cancellation and notices, the EGS
20 must provide at least one notice fifteen days in advance of discontinuing service to
21 the customer.

22

1 **Q. How will an EGS identify a customer’s CAP status, for the purposes of**
2 **tailoring the products offered to the customer?**

3 A. The Company will include a field on the Eligible Customer List (“ECL”) that
4 indicates whether a customer is enrolled in CAP. Additionally, upon receiving an
5 enrollment request from an EGS, the Company will include a CAP indicator in the
6 814 Enrollment response.

7
8 **Q. How will the Company’s PTC filing schedule accommodate EGS compliance**
9 **with the rate restrictions applicable to CAP customers?**

10 A. As Mr. Ogden discusses in his direct testimony (Duquesne Light St. No. 4), the
11 Company updates its residential PTCs on June 1 and December 1 of each year. The
12 Company files estimated updated PTCs sixty days prior to their effective dates (i.e.,
13 by April 1 and October 1, respectively), which will allow EGSs to begin developing
14 Program-compliant rates. The Company files final PTCs, and posts them to its
15 customer-choice.com website, at least fifteen days prior to their effective dates (i.e.,
16 by May 15 and November 15, respectively).

17
18 **Q. How will the Company ensure that EGS products marketed to CAP customers**
19 **do not include cancellation or early termination fees?**

20 A. The Company has limited ability to enforce this requirement. The Company is not
21 privy to contracts between EGSs and their customers, and will not know when
22 cancellation fees are billed directly to CAP customers by EGSs.

23

1 **Q. In that case, how does the Company propose to enhance transparency around**
2 **CAP shopping?**

3 A. The Company proposes to require any EGS that wishes to participate in CAP
4 shopping to annually execute an affidavit “CAP Notice,” by which the EGS will
5 affirm that (1) it intends to market to, and enroll, CAP customers (though it will not
6 be obligated to do so); and (2) it understands and will comply with all requirements
7 of the Program. A proposed CAP Notice is included as Exhibit KMS-1. By May 20
8 of each DSP IX plan year in which the EGS intends to participate in CAP shopping,
9 the EGS will be required to file an affidavit CAP Notice with the Commission and
10 serve a copy on the Company.

11 This notice requirement is similar to EGSs’ regulatory obligation to notify
12 the Company and the Commission’s Bureau of Consumer Services prior to
13 engaging in door-to-door sales. This requirement will help the Company identify
14 noncompliant supplier practices and respond to customer inquiries. It will also
15 allow the Company and the Commission to better monitor the level of EGS
16 participation in CAP shopping. This affidavit requirement would impose no new
17 substantive obligations, and only minimal administrative burden, on EGSs.

18

19 **Q. How will the Company’s transition to a PIPP CAP plan affect CAP shopping?**

20 A. The Company’s transition to a PIPP may reduce participating customers’ incentive
21 to shop for lower supply rates, because supply rates will have less impact on the
22 customers’ bills. The Company anticipates that for most CAP customers, the PIPP
23 amount will usually yield the lowest payment of the three potential calculations of

1 a customer's bill in any given month. Most CAP customers' bills will therefore not
2 be affected by the customer's electric consumption or the nominal price of electric
3 supply. Those factors will only impact the bills of high-usage customers, insofar as
4 they influence if or when the customer reaches their annual maximum discount;
5 and low-usage customers, insofar as they influence which of the customer's PIPP
6 amount, average monthly bill, or actual bill yields the lowest payment amount.

7

8 **Q. How does the Company propose to handle the transition of customers with**
9 **existing EGS relationships when they enroll in CAP?**

10 A. Non-CAP customers served under a fixed duration contract who subsequently
11 enroll in CAP may remain with their EGS until the expiration of the fixed duration
12 contract or the contract is terminated, whichever comes first. Upon expiration or
13 termination of a pre-existing fixed duration contract, the EGS must either: (a) enroll
14 the CAP customer under a contract compliant with the new CAP shopping rules; or
15 (b) return the CAP customer to default service. For EGSs serving non-CAP
16 customers under a month-to-month contract who subsequently enroll in CAP, the
17 EGS must either, within 120 days of the customer's CAP enrollment: (a) return the
18 CAP customer to default service or (b) enroll the CAP customer under a contract
19 compliant with CAP shopping rules.

20

21 **Q. Will the CAP Shopping Program require upgrades to the Company's**
22 **customer care and billing ("CC&B") or other informational systems?**

1 A. Yes, the Company will need to make several modifications to its billing system to
2 support this program:

3 First, the Company will need to design and build the technology to check
4 all residential EGS enrollments to ensure that if the customer is in CAP, the rate is
5 not above the PTC.

6 Second, the Company will need to develop a monitor to ensure that CAP
7 customers' rates never rise above the PTC, and to unenroll the customer from the
8 EGS if the price rises above the PTC.

9 Third, the Company will need to make modifications to the ECL and the
10 814 Enrollment/Change files to ensure that EGSs remain informed of which
11 customers are enrolled in CAP.

12 Fourth, the Company will need to develop appropriate communications
13 (letters, bill messages, etc.) to inform CAP customers of any changes to their EGS
14 relationship as a result of EGS or PTC price changes.

15 Lastly, the Company will need to develop the technology to handle existing
16 non-CAP EGS customers who enroll in CAP, including notification to the EGS of
17 the customer's enrollment and monitoring to ensure that appropriate actions are
18 taken by the supplier to ensure that the customer is either given a rate lower than
19 the PTC or returned to default service.

20 The Company estimates the costs of these upgrades at approximately
21 \$160,000. Of this, approximately \$120,000 reflects capital costs that will be
22 included in rate base and addressed in a future base distribution rates proceeding.
23 The Company proposes to recover the remaining \$40,000 of expense through its

1 Universal Services Charge, at Rider No. 5 of its Retail Tariff. As Mr. Ogden notes
2 in his testimony, the Company proposes to modify the USC to incorporate this cost
3 recovery in a future compliance filing upon Commission approval of the program.

4 In light of these costs, the Company will only begin the process of
5 implementing the Program upon receipt of executed CAP Notice affidavits from at
6 least five EGSs. As I discussed above, an EGS's execution of a CAP Notice
7 affidavit does not obligate it to offer products to CAP customers; this requirement
8 is instead intended to ensure ample EGS interest in the Program before the
9 Company expends customer funds to implement it.

10

11 **III. ELECTRIC VEHICLE TIME-OF-USE PILOT PROGRAM**

12

13 **Q. Please summarize the Company's proposal to implement a time-of-use supply**
14 **rate pilot program for customers with electric vehicles.**

15 A. As Mr. Ogden describes in his direct testimony, the Company proposes to pilot an
16 optional time-of-use supply rate to Residential,² Small C&I,³ and Medium C&I <
17 200kW⁴ customers eligible for Rider No. 8 who own or lease a plug-in battery
18 electric vehicle or a plug-in hybrid electric vehicle (collectively "EV") or offer
19 charging infrastructure to employees or visitors. The EV-TOU Rate will provide
20 for time-varying prices for electric supply delivered during "on-peak," "shoulder,"

² Residential customers are those served under rate schedules RS, RH and RA.

³ Small C&I customers are those with average monthly metered demands less than 25 kW served under rate schedules GS/GM, GMH and UMS.

⁴ Medium C&I <200kW customers are those served under rate schedules GS/GM and GMH with average monthly metered demands that are at least 25 kW but less than 200kW.

1 and “off-peak” periods. The EV-TOU Rate is a “whole premises” rate, i.e., it will
2 apply to all electric load behind a given meter.

3

4 **Q. Why is the Company proposing an EV-TOU Pilot Program?**

5 A. The Company is proposing an EV-TOU Pilot Program because it provides
6 environmental, economic, and operational benefits for customers and for the
7 Company. The Pennsylvania Public Utility Commission (“PUC”) has encouraged
8 EDCs to adopt EV-TOU rates. A recently released Secretarial Letter regarding the
9 Investigation into Default Service and PJM Interconnection, LLC. Settlement
10 Reforms, entered January 23, 2020, at Docket M-2019-3007101 states: “We urge
11 all parties participating in the upcoming DSP proceedings to consider how EV
12 specific TOU rate offerings could be made available to consumers.”

13 EVs are an ideal flexible load since they are parked the majority of the time
14 and can be easily programmed to begin charging at pre-defined times. A report by
15 the Smart Electric Power Alliance (SEPA) affirmed that time-varying rates are an
16 effective behavioral tool to encourage customers to shift EV charging to off-peak
17 times.⁵ As the number of EVs registered in the Company’s territory grows from
18 over 3,000 EVs today to an estimated 18,500 EVs by the end of 2025, the electric
19 load associated with EVs is expected to grow. As this load expands, the Company
20 wants to optimize existing grid and generation capacity by shifting EV charging to
21 off-peak times. The Company anticipates that flattening the growing EV load may

⁵ Residential Electric Vehicle Rates That Work. Smart Electric Power Alliance. November 2019.

1 also help reduce the need for additional distribution upgrades, which benefits all
2 distribution customers, not only those on the EV-TOU rate.

3 By offering lower supply rates during the off-peak period, when underlying
4 electricity supply costs are generally lower, the EV-TOU Pilot Program is designed
5 to reduce the cost to customers by encouraging them to shift their charging time.
6 This shift can benefit all customers by decreasing the proportion of higher-priced,
7 on-peak energy needed to serve default service customers.

8 Electric vehicles also have environmental and economic benefits that can
9 help the Company's customers. As of 2017, the transportation sector accounted for
10 the largest share of greenhouse gas ("GHG") emissions generated in the United
11 States.⁶ Greater adoption of EVs can help reduce GHG emissions since EVs
12 charging up in Pennsylvania are estimated to emit one-third of the GHG emissions
13 of gasoline-fueled vehicles and produce zero tailpipe emissions helping to improve
14 local air quality.⁷

15 Due to the greater fuel efficiency and lower maintenance requirements of
16 EVs, drivers who switch to EVs from gasoline-powered vehicles will save on
17 maintenance and fuel costs over the lifetime of their vehicles, producing economic
18 benefits for drivers and companies deploying EVs in their fleets.

19 The EV-TOU rate is another mechanism to encourage EV adoption by
20 helping to lower the total cost of ownership for EV drivers, especially for fleets
21 where total cost of ownership is a major consideration. Cost continues to be a

⁶ U.S. Environmental Protection Agency. Sources of Greenhouse Gas Emissions.
<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>.

⁷ U.S. Department of Energy. Alternative Fuels Data Center. Emissions from Hybrid and Plug-in Electric Vehicles. https://afdc.energy.gov/vehicles/electric_emissions.html.

1 barrier to more wide-spread EV adoption, and by providing more rate flexibility,
2 the Company aims to give customers additional tools to lower their costs of EV
3 fueling.

4

5 **Q. Why propose a whole-premise EV-TOU rate?**

6 A. The Company is proposing that the EV-TOU rate would apply to customers' total
7 usage. A whole-premise approach is the simplest, most cost effective, and quickest
8 way to encourage EV-TOU Pilot Program enrollment. Two-thirds of the utilities
9 surveyed by SEPA reported offering an EV-TOU rate using the house meter and
10 did not require any additional metering for enrollment for residential customers.⁸

11 The Company will monitor customer response to the EV-TOU Pilot
12 Program and will continue to evaluate technology options for potential future
13 deployment.

14

15 **Q. What is the EV-TOU schedule?**

16 A. The Company's proposed EV-TOU schedule is defined in the table below. This
17 schedule applies year-round, seven-days-a-week, including holidays and is the
18 same for all eligible customer classes.

19

20 **EV-TOU Schedule**

Schedule	Time Period
Peak	1pm-9pm
Shoulder	6am-1pm; 9pm-11pm
Off-Peak	11pm-6am

24

⁸ Residential Electric Vehicle Rates That Work. Smart Electric Power Alliance. November 2019.

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22

Q. Who is eligible for the EV-TOU Pilot Program?

A. Residential, Small C&I and Medium C&I <200kW customers eligible for Rider 8 – Default Service Supply who own or lease an EV or charging infrastructure that charges an EV at the customer’s premise are eligible for the EV-TOU Pilot Program. Customers eligible for Rider 9 – Day-Ahead Hourly Price Service are not eligible for the EV-TOU Pilot Program and they will not bear any of the costs associated with the EV-TOU Pilot Program.⁹

Customers must have a valid e-mail address to ensure that the Company can provide EV-TOU customers with regularly and timely communications regarding their savings performance. The EV-TOU Pilot Program is not available to customers with a conventional, charge sustaining (battery recharged solely from the vehicle’s on-board generator) hybrid electric vehicle (HEV). Low speed electric vehicles and electrically powered motorcycles or bicycles are not eligible for this rate option.

Customers will not be eligible for the EV-TOU Pilot Program if they participate in the Company’s CAP, virtual meter aggregation, or budget billing programs. The Company is proposing to exclude CAP customers since they may not have the flexibility to shift their load outside of the higher-priced peak period and this could create the risk of higher generation charges on customer’s electric bills. The Company is proposing to exclude virtual meter aggregation customers due to the administrative complexities of managing billing for these groups. The

⁹ Unmetered accounts on Rider No. 8 also are not eligible for EV-TOU rates.

1 Company is proposing to exclude budget billing customers due to administrative
2 complexities and because budget billing would “smooth out” the price signals sent
3 by the TOU rate, which may dilute its effectiveness in incenting customer load-
4 shifting.

5 Within these parameters, all customers who own an EV are eligible to
6 participate in the EV-TOU Pilot Program regardless of whether they are currently
7 being served through the default service offering or through an existing EGS.

8

9 **Q. How will customers enroll in the EV-TOU Pilot Program?**

10 A. To enroll in the EV-TOU Pilot Program, customers must complete an EV-TOU
11 enrollment and provide a copy of their electric vehicle registration or related
12 documentation. For residential customers, in order to enroll, the vehicle registration
13 must have the same address as the address associated with the account.

14 If a customer moves during the course of the DSP period, the customer will
15 remain enrolled in the EV-TOU Pilot Program unless they direct otherwise.

16

17 **Q. Will annual recertification be required to remain enrolled in the EV-TOU
18 Pilot Program?**

19 A. Annual recertification will not be required. Once customers have signed up for the
20 rate and provided appropriate documentation, they will not be required to provide
21 documentation again during the DSP IX period.

22

1 **Q. Will customers participating in the EV-TOU Pilot Program be able to switch**
2 **to default service fixed rate or select an EGS?**

3 A. Customers may opt to switch to an EGS or default service fixed rate at any time.
4 However, EV-TOU customers leaving the EV-TOU Pilot Program will be
5 prohibited from re-enrolling in the EV-TOU Pilot Program for twelve billing
6 months after switching off the EV-TOU Pilot Program. Having this provision in
7 place will help reduce customers' abilities to game rates.

8

9 **Q. What is expected enrollment for the EV-TOU Pilot Program?**

10 A. Based on the experiences of other electric utilities and the Company's plans to
11 actively promote the EV-TOU Pilot Program, the Company anticipates residential
12 enrollment of about 15% of EV-driving customers in the first year with gradual
13 increase to around 25% over the 4-year period as awareness of the EV-TOU Pilot
14 Program grows and more customers become interested.

15 Auto manufacturers are heavily investing in the EV space and consumer
16 adoption is expected to grow as more options come to market, especially in popular
17 vehicle categories like cross-over SUVs and pick-up trucks. Additionally, EV costs
18 are expected to fall and become more cost competitive with gas vehicles as EV
19 production grows in scale and component costs, like batteries, decrease in price.

20 Other utilities that have offered a similar EV-TOU rate and marketed it to
21 customers have seen average enrollments of around 25%.¹⁰ The table below

¹⁰ Residential Electric Vehicle Rates That Work. Smart Electric Power Alliance. November 2019.

1 estimates the total number of accounts enrolled at the end of each DSP year (June-
2 May):

3
4 **Estimated EV-TOU Pilot Program Enrollment***

Year	EV Registered in Duquesne Light Service Territory	Enrollment %	EV TOU Rate Enrollment
2021-22	6,377	15%	957
2022-23	8,715	20%	1,743
2023-24	11,944	22%	2,628
2024-25	16,125	25%	4,031

5 *EV Registration projections based on Electric Power Research Institute median
6 EV adoption projections for the Company's service territory. The years in the table
7 above span June 1 to May 31.

8
9 The Company expects a much smaller proportion of small and medium C&I
10 customers to enroll in the EV-TOU Pilot Program, but the Company will be
11 targeting customers with larger fleets and workplace charging installations for
12 enrollment.

13
14 **Q. Will the Company conduct education and outreach to inform customers about**
15 **the EV-TOU Pilot Program?**

16 A. Yes, the Company plans to conduct education and outreach to inform customers
17 about the EV-TOU Pilot Program. A study by SEPA found that utilities that
18 marketed their EV-TOU rate had enrollment three times that of utilities that did not
19 actively market and educate customers about their EV-TOU offering.¹¹

¹¹ *Id.*

1 Exhibit KMS-2 displays the proposed customer education budget for the
2 EV-TOU Pilot Program. Mr. Ogden addresses the recovery of these costs in his
3 direct testimony, Duquesne Light St. No. 4.

4
5 **Q. How will the Company make customers aware of and keep them informed**
6 **about the EV-TOU Pilot Program?**

7 A. The Company will provide educational tools and resources through a variety of
8 channels to help customers select the rate that works best for them. The Company
9 will post information about the EV-TOU Pilot Program and enrollment on its
10 website, on its Electric Vehicles page and in the Retail Tariff. The Company will
11 also include a tool on its website that will enable customers to compare default
12 service supply rate options and will offer suggestions for shifting EV and other
13 energy usage.

14 For customers who have previously claimed the \$60 EV Bill Credit, the
15 Company will email customers to make them aware of the EV-TOU rate, available
16 resources, and then enrollment process.

17 On an annual basis, the Company will add a notice to its online bill and
18 include printed bill inserts. Periodically, the Company will run social media posts
19 and digital advertisements to promote the rate option. When the Company holds
20 EV-related events, including ride-and-drives, it will provide information to
21 customers about the EV-TOU Pilot Program. The Company will also coordinate
22 with local stakeholder groups to disseminate information about the EV-TOU Pilot
23 Program, including local auto dealerships and non-profit partners.

1 Once customers are enrolled in the rate, they will receive regular email
2 communications about their EV-TOU performance.

3

4 **Q Does this conclude your direct testimony?**

5 **A. Yes, it does.**

**NOTICE OF INTENT TO PARTICIPATE AS A
CUSTOMER ASSISTANCE PROGRAM SUPPLIER**

Electric Generation Supplier ("EGS") Name:		DUNS Number (One per EGS):	
Contact Name:		Title:	
Email:		Phone:	
Address:	City:	State:	Zip Code:
<p>The submission of this CAP Notice to Duquesne Light Company shall constitute EGS's acknowledgement and acceptance of all terms, conditions and requirements of the CAP Shopping Plan approved by the Pennsylvania Public Utility Commission (the "Commission" or "PUC") at Docket No. P-2020-_____.</p> <p>In order to provide generation service to Duquesne Light's CAP customers, the EGS agrees to be bound by the following terms:</p> <ol style="list-style-type: none"> 1) The EGS must charge CAP customers at a rate for generation service that is at or below the DLC Price-to-Compare at all times during the contract. 2) The EGS may not enter into contracts with CAP customers that impose early cancellation and termination fees or other fees unrelated to service. 3) The EGS must comply with all applicable PUC customer notification requirements. 4) The EGS must use Duquesne Light's "rate-ready" electric distribution company consolidated billing option for CAP customers. 			
The undersigned represents and warrants that he or she has the authority to act on behalf of, and to bind the EGS to perform the terms and conditions set for herein.			
Signature of Authorized Representative:		Date:	
Name:		Title:	

Please submit completed form to Duquesne Light Supplier Service Center at DLC_SSC@duqlight.com

Completed forms must be submitted by **May 20** each year for participation in the following DSP IX program year commencing June 1.

Duquesne Light Company
Default Service Plan June 1, 2021 to May 31, 2025
EV Time of Use Pilot Program
Marketing and Education Costs

Item	Cost				
	Year 1	Year 2	Year 3	Year 4	Total
Webpage	\$ 3,000	\$ 500	\$ 500	\$ 500	\$ 4,500
Online Bill Estimate Tool	\$ 50,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 74,000
Bill Insert	\$ 12,250	\$ 12,250	\$ 12,250	\$ 12,250	\$ 49,000
Educational Email	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,000
Digital Advertising	\$ 12,000	\$ 14,000	\$ 16,000	\$ 18,000	\$ 54,000
Print Collateral and Event Promoti	\$ 9,350	\$ 9,350	\$ 9,350	\$ 9,350	\$ 37,400
EV TOU Monthly Email Set-up*	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Total	\$ 92,600	\$ 45,100	\$ 47,100	\$ 49,100	\$ 227,900

*Email distribution costs covered through existing subscription