

ACT 129 COMPLIANCE RIDER (CONTINUED)

- D = For the Large C&I customer class, the total of the monthly billing demands for all customers in the class, projected for the computation year
- E = Net over or undercollection of the ACR charges as of the end of the 12-month period ending April 30 immediately preceding the next compliance year. Reconciliation of the ACR will be conducted separately for each of the three customer classes based upon the annual EE&C budget for each customer class. Interest shall be computed monthly at the appropriate rate, as provided for in Section 1308(d) of the Public Utility Code, from the month the over or undercollection occurs to the effective month that the overcollection is refunded or the undercollection is recouped.
- S = The Company's total retail KWH sales to customers in each customer class who receive distribution service under this tariff (including distribution losses), projected for the computation year.
- T = The total Pennsylvania gross receipts tax rate in effect during the billing period, expressed in decimal form.

The ACR shall be filed with the Pennsylvania Public Utility Commission (Commission) by May 1 of each year. The ACR charge shall become effective for distribution service provided to all customers on or after the following June 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that a customer class's ACR, if left unchanged, would result in a material over or undercollection of Act 129 Compliance costs incurred or expected to be incurred during the current 12-month period ending May 31, the Company may file with the Commission for an interim revision of the ACR to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

At the conclusion of each EE&C Plan, collections under the ACR for each customer class will be reconciled to the total cost of the EE&C Plan allowed by the Commission for that customer class. Overcollections or undercollections will be reflected in the E factor, defined above, and will be refunded or recovered through the ACR calculated for the first compliance year of the subsequent EE&C Plan. If the Company does not implement a subsequent EE&C Plan, the current ACR will be continued for an additional year to refund any overcollections or recover any undercollections.

Minimum bills shall not be reduced by reason of the ACR, nor shall charges hereunder be a part of the monthly rate schedule minimum. The ACR shall not be subject to any credits or discounts. The State Tax Adjustment Surcharge (STAS) included in this Tariff is applied to charges under this Rider.

The Company shall file a report of collections under the ACR within thirty (30) days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission. The third-quarter report shall be accompanied by a preliminary forecast of the ACR for the next computation year.

Application of the ACR shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the ACR and the costs included therein.