

INDUSTRIAL DEVELOPMENT INITIATIVES RIDER

PURPOSE

This rider provides for an incentive rate billing option to existing and new industrial customers to encourage economic development in the Company's service area.

APPLICATION PROVISIONS

This rider is applicable to existing and new industrial customers served under Rate Schedules GS-3, LP-4, and LP-5 with at least a one month Billing KW of 100 KW or greater. Existing customers must sign a contract agreeing to (1) increase production or (2) expand physical plant at the service location.

This rider is applied to customer baseline load, but is not applied to incremental or decremental kilowatt or kilowatt-hour usage under Rate Schedule PR-1(R). It also does not apply to the Distribution Charge in each of the above rate schedules.

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DEFINITIONS

1. Base Period -- For customers entering the program on or after the effective date of this rider, the base period is the twelve months ended December 31, 1991. If billing history is unavailable for the twelve months ended December 31, 1991, the base period will be the first full twelve months of billing. If less than twelve months of billing history is available, the Company will determine a base period prior to application of the rider. If, in the opinion of the Company, usage during any billing month(s) of the base period is not representative of the customer's expected normal usage pattern, the Company may change the base period Billing KW and kilowatt-hours to reflect normal usage.

The base period established when this rider is applied initially to a customer's bill at a service location shall remain unchanged for all subsequent applications of this rider at the same service location for the same customer. If, during the phase-in period, a customer purchases energy from the Company and from an electric generation supplier, base period usage shall include, on a pro rata basis, kW and KWH purchased from the Company and from the electric generation supplier.

2. Industrial Customer -- A customer holding a Pennsylvania Sales Tax Exemption Certificate which indicates the service address and certifies that, on an annual basis, more than fifty percent of the electricity purchased is exempt from sales tax because it is used in manufacturing operations. The customer shall submit the Pennsylvania Sales Tax Exemption Certificate to the Company.

3. New Service Location -- A service location shown on the Pennsylvania Sales Tax Exemption Certificate which (a) previously has not been supplied electric service by the Company, (b) previously has been supplied electric service, but the new service is for a different manufacturing operation than the previous operation, or (c) was disconnected at least twelve months prior to application for service under this rider.

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INDUSTRIAL DEVELOPMENT INITIATIVES RIDER (CONTINUED)

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DEFINITIONS (Continued)

4. Billing Adjustments - Existing Customers. For that portion of the customer's load purchased from the Company, \$1.73/KW for Rate Schedule GS-3, \$1.86/KW for Rate Schedule LP-4, \$1.98/KW for Rate Schedule LP-5, 0.86 cents/KWH for Rate Schedule GS-3, 0.93 cents/KWH for Rate Schedule LP-4, and 0.99 cents/KWH for Rate Schedule LP-5 shall apply, respectively, to each kilowatt of Billing KW and each kilowatt-hour of energy billed in excess of the Billing KW and kilowatt-hours for the corresponding billing month of the Base Period for service supplied to a customer's existing service location. For that portion of the customer's load purchased from an electric generation supplier, the following credits shall apply for Rate Schedules GS-3, LP-4, and LP-5.

	<u>GS-3</u>	<u>LP-4</u>	<u>LP-5</u>
Distribution Charge	\$0.000/KW 0.000¢/KWH	\$0.000/KW 0.000¢/KWH	\$0.000/KW 0.000¢/KWH
Competitive Transition Charge (Effective 1-1-08 through 12-31-08)	\$0.047/KW 0.023¢/KWH	\$0.053/KW 0.027¢/KWH	\$0.058/KW 0.029¢/KWH
Competitive Transition Charge (Effective 1-1-09 through 12-31-09)	\$0.270/KW 0.133¢/KWH	\$0.310/KW 0.155¢/KWH	\$0.330/KW 0.166¢/KWH
Intangible Transition Charge (Effective 1-1-08 through 12-31-08)	\$0.253/KW 0.125¢/KWH	\$0.287/KW 0.145¢/KWH	\$0.312/KW 0.155¢/KWH
Intangible Transition Charge (Effective 1-1-09 through 12-31-09)	\$0.000/KW 0.000¢/KWH	\$0.000/KW 0.000¢/KWH	\$0.000/KW 0.000¢/KWH

5. Billing Adjustments - New Customers. For that portion of the customer's load purchased from the Company, a reduction of \$1.73/KW for Rate Schedule GS-3, \$1.86/KW for Rate Schedule LP-4, \$1.98/KW for Rate Schedule LP-5, 0.86 cents/KWH for Rate Schedule GS-3, 0.93 cents/KWH for Rate Schedule LP-4, and 0.99 cents/KWH for Rate Schedule LP-5 shall apply to all kilowatt-hours billed in excess of 400 hours use of the monthly Billing KW for service supplied to a customer's New Service Location. For that portion of the customer's load purchased from an electric generation supplier, the following reductions shall apply for Rate Schedules GS-3, LP-4, and LP-5.

	<u>GS-3</u>	<u>LP-4</u>	<u>LP-5</u>
Distribution Charge	0.000¢/KWH	0.000¢/KWH	0.000¢/KWH
Competitive Transition Charge (Effective 1-1-08 through 12-31-08)	0.023¢/KWH	0.027¢/KWH	0.029¢/KWH
Competitive Transition Charge (Effective 1-1-09 through 12-31-09)	0.133¢/KWH	0.155¢/KWH	0.166¢/KWH

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INDUSTRIAL DEVELOPMENT INITIATIVES RIDER (CONTINUED)

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	<u>GS-3</u>	<u>LP-4</u>	<u>LP-5</u>
Intangible Transition Charge (Effective 1-1-08 through 12-31-08)	0.125¢/KWH	0.145¢/KWH	0.155¢/KWH
Intangible Transition Charge (Effective 1-1-09 through 12-31-09)	0.000¢/KWH	0.000¢/KWH	0.000¢/KWH

GENERAL CONDITIONS

The provisions of this rider are available to customers who become eligible on or before December 31, 1997.

The billing adjustments under this rider will continue through December 31, 2009. All provisions of this rider will terminate on January 1, 2010.

The rate reductions under this rider are applicable to base rate charges before application of the State Tax Adjustment Surcharge included in this Tariff.

Minimum bills under the applicable rate schedule are not reduced by the application of this rider.

This rider applies only once per customer. Eligible customers who elect to receive billing adjustments under this rider as a new customer may not elect subsequently to receive billing adjustments under this rider as an existing customer.

This rider does not apply to customers who have on-site generation which can be substituted for the Company's service, unless the on-site generation is maintained solely for use in case of interruption of Company's service.

An electric service contract is required for billing under this rider.

The Company will monitor the effects of this rider and make appropriate modifications or close the rider to additional applications as ordered by the Pennsylvania Public Utility Commission.