

**DEMAND SIDE RESPONSE RIDER – RESIDENTIAL
(EXPERIMENTAL)**

PURPOSE

This experimental Rider provides for the voluntary participation of eligible existing and new residential customers in a demand side response pilot program. The objective of this Rider is to shift residential energy usage away from the peak demand hours that can occur during the summer months, when wholesale electricity prices are high.

APPLICATION PROVISIONS

This Rider is applicable to existing and new residential customers who are served, or qualify to be served, under Rate Schedule RS and have a monthly energy usage of 1000 KWH or greater during each of the months of June, July, August, and September. Eligibility for existing customers will be determined by actual usage during the year prior to application and, for new customers, by the Company's standard usage estimating techniques.

Customers served under this Rider must receive Basic Utility Supply Service as defined in Rule 1 of this Tariff.

This pilot program is available for up to 300 eligible residential customers who volunteer to be served under this Rider through 2007. In 2008 and 2009, the participation level will be increased to 600 customers. In 2010, the program will be open to all customers. (C)

Customers served under this Rider must have an Automatic Meter Reading (AMR) device available at their premises.

Customers served under this Rider may not receive Off-Peak Water Heating or Separate Water Heating Service under Rate Schedule RS.

The pilot program and billing under this Rider will end on January 1, 2011. (C)

DEFINITIONS

1. Eligible Customers – are residential customers who meet the Application Provisions of this Rider.

2. Participating Customers – are Eligible Customers who apply to the Company, and subsequently are selected by the Company, on a first-come, first-served basis, to participate in its demand side response pilot program. All Eligible Customers selected by the Company to participate in the pilot program will be notified by the Company of their selection. Participation in year one will commence at the beginning of the Participating Customer's first billing cycle on or after June 1, 2002.

If more than the permitted number of Eligible Customers apply to the Company to participate in the pilot program, the Company will select, on a first-come, first-served basis, only the permitted number of Eligible Customers set forth above. If any Participating Customers terminate participation, the Company will select annually, additional Eligible Customers to participate, on a first-come, first-served basis, until the permitted number of Eligible Customers are participating. Participation will commence at the beginning of the Participating Customer's first billing cycle after selection. (C)

(Continued)

**DEMAND SIDE RESPONSE RIDER – RESIDENTIAL (CONTINUED)
(EXPERIMENTAL)**

(C)

NET MONTHLY CAPACITY AND ENERGY CHARGES

The following Capacity and Energy Charges apply for service under this Rider during the four-month PJM summer peak load period of June, July, August, and September. During all other months, the then effective Capacity and Energy Charges under Rate Schedule RS will apply.

Capacity and Energy Charge (Effective 6-1-10 through 9-30-10)

14.413 cts per KWH for all on-peak KWH.

8.764 cts per KWH for all off-peak KWH.

(C)

ON-PEAK HOURS

On-peak hours for billing purposes are noon to 7 p.m. local time, Mondays to Fridays inclusively, except Independence Day and Labor Day.

ANNUAL REVIEW OF CHARGES AND ON-PEAK HOURS

The Company will review the above Capacity and Energy Charges and On-peak Hours annually. The Company will file any proposed changes in charges and on-peak hours with the Commission for approval.

OTHER TARIFF PROVISIONS

All other provisions of this Tariff, including all charges under Rate Schedule RS other than Capacity and Energy Charges, remain in effect for customers receiving service under this Rider. This Rider does not modify any provisions of this Tariff or Rate Schedule RS, other than as specifically set forth herein.

LOAD CONTROL

The Company will not directly control the load of Participating Customers. The Company, without incurring any liability, may provide advice to Participating Customers on how they can take advantage of this Rider, by using devices such as programmable thermostats, water heater timers, and timers on swimming pools, to reduce usage during summer peak load periods.

PARTICIPATION PERIOD

A Participating Customer may leave the pilot program in any calendar month after providing notice to the Company by the first day of the preceding calendar month. The Participating Customer will return to the then current Rate Schedule RS and rate riders for which the customer is eligible. This change will commence at the beginning of the Participating Customer's billing cycle in the next calendar month.

If the Participating Customer terminates participation in the residential demand side response program prior to the end of the program, the customer is no longer eligible to participate in the pilot program for the remainder of its existence.

Participating Customers who move to another service location within the Company's service territory will be eligible to continue participation in the pilot program, if they comply with the Application Provisions of this Rider.

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