

RATE STABILIZATION PLAN RIDER (RSP)

PURPOSE

The Rate Stabilization Plan Rider (RSP) is provided to facilitate a gradual transition to market-based electric supply rates by applying additional flat charges/credits to bills of participating customers during the period October 1, 2008 through December 31, 2011. The RSP shall be applied to participating customers' bills on a non-bypassable basis.

Customers will be able to participate in the plan if they now purchase, or at any time in the future choose to purchase, generation supply from an Electric Generation Supplier. All revenue received through the RSP will be placed in a separate account, will accrue 6% annual interest, compounded monthly, and will be returned to customers through a monthly credit in 2010 and 2011.

APPLICATION PROVISIONS

The RSP is available to eligible Residential customers (Rate Schedules RS, RTS (R), and RTD (R)), Commercial and Industrial customers (Rate Schedules GS-1, GS-3, GH-1 (R), and GH-2 (R)), and Street Lighting customers (Rate Schedule SE) who take distribution service from the Company. All customers served under these Rate Schedules are eligible, except customers enrolled in the Company's On-Track Program.

The RSP is established by usage level strata within the eligible rate schedules at the levels set forth below. Customers are placed in strata based on their average monthly usage over the most recent 12-month period. For customers with less than 12 months of history, the average monthly use for application of this Rider will be estimated by the Company.

Rate Schedules RS and RTD(R)	10/1/08 – 12/31/08	1/1/09 – 12/31/09	1/1/10 – 12/31/10	1/1/11 – 12/31/11
Average Usage Strata (kWh)	Stabilization Charge/Credit (\$/month)			
Monthly				
0 – 100	0.27	0.54	(0.44)	(0.22)
101 – 300	1.25	2.50	(2.04)	(1.02)
301 – 800	4.24	8.48	(6.92)	(3.45)
801 – 1,200	8.38	16.76	(13.66)	(6.84)
1,201 – 2,000	14.40	28.80	(23.49)	(11.74)
2,001 – 3,000	23.34	46.68	(38.06)	(19.03)
3,001 and above	33.28	66.56	(54.27)	(27.14)

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(C) Indicates Change

RATE STABILIZATION PLAN RIDER (RSP) (Continued)

APPLICATION PROVISIONS (Continued)

Rate Schedule RTS(R)	10/1/08 – 12/31/08	1/1/09 – 12/31/09	1/1/10 – 12/31/10	1/1/11 – 12/31/11
Average Usage Strata (kWh)	Stabilization Charge/Credit (\$/month)			
Monthly				
0 – 200	0	0	0	0
201 – 1,000	7.03	15.47	(12.57)	(6.15)
1,001 – 1,500	12.57	27.64	(22.47)	(10.98)
1,501 – 1,900	17.16	37.75	(30.35)	(15.34)
1,901 – 2,300	20.92	46.02	(37.01)	(18.70)
2,301 – 2,800	23.36	51.39	(41.31)	(20.90)
2,801 and above	31.00	68.20	(54.82)	(27.74)

Rate Schedule GS-1	10/1/08 – 12/31/08	1/1/09 – 12/31/09	1/1/10 – 12/31/10	1/1/11 – 12/31/11
Average Usage Strata (kWh)	Stabilization Charge/Credit (\$/month)			
Monthly				
0 – 100	0	0	0	0
101 – 300	0.98	1.96	(1.60)	(0.79)
301 – 500	1.84	3.68	(3.00)	(1.50)
501 – 1,100	3.80	7.60	(6.19)	(3.11)
1,101 – 2,200	7.26	14.52	(11.83)	(5.93)
2,201 and above	16.02	32.04	(26.12)	(13.07)

Rate Schedules GS-3, GH-1(R), and GH -2(R)	10/1/08 – 12/31/08	1/1/09 – 12/31/09	1/1/10 – 12/31/10	1/1/11 – 12/31/11
Average Usage Strata (kWh)	Stabilization Charge/Credit (\$/month)			
Monthly				
0 – 3,500	0	0	0	0
3,501 – 7,000	29.03	58.06	(47.32)	(23.69)
7,001 – 11,000	71.46	142.92	(116.48)	(58.33)
11,001 – 18,000	116.12	232.24	(189.28)	(94.78)
18,001 – 40,000	230.02	460.04	(374.92)	(187.77)
40,001 and above	620.82	1,241.64	(1,011.92)	(506.78)

Rate Schedule SE (No Mitigation Provision)	10/1/08 – 12/31/08	1/1/09 – 12/31/09	1/1/10 – 12/31/10	1/1/11 – 12/31/11
Number of Fixtures	Stabilization Charge/Credit (\$/month-fixture)			
Per fixture	0.67	1.34	(1.09)	(0.55)

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(C) Indicates Change

RATE STABILIZATION PLAN RIDER (RSP) (Continued)

APPLICATION PROVISIONS (Continued)

Rate Schedule SE (Mitigation Provision)	10/1/08 – 12/31/08	1/1/09 – 12/31/09	1/1/10 – 12/31/10	1/1/11 – 12/31/11
Number of Fixtures	Stabilization Charge/Credit (\$/month-fixture)			
Per Fixture on Company Pole	0.67	1.11	(0.50)	(0.90)
Per Fixture on Customer Pole or Support	0.16	0.23	(0.25)	(0.04)

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PARTICIPATION IN THE RSP

Before the RSP adjustments begin, eligible customers can voluntarily elect to participate in the plan by contacting the Company before October 1, 2008.

Customers, who are not participating in the RSP, may elect to participate at any time prior to December 31, 2009 by making a one time catch-up payment on their electric bill. The amount of the payment will be equal to the current balance in the charge/credit schedule for the appropriate rate schedule and usage strata for that customer at the time of the request. Upon request, the Company will provide the specific amount of the customer's required contribution to participate.

ENDING PARTICIPATION IN THE RSP

Customer participation in the RSP will end if and when:

1. A customer informs the Company that they no longer wish to participate in the RSP;
2. A customer's service is terminated by the Company;
3. A customer fails to pay their bill in full for two consecutive billing cycles after joining the RSP program;
4. A customer requests disconnection of service without a new service start within the Company's service territory. (A customer who requests disconnection of service at one location may apply, but is not required to apply, for RSP contributions from their previous service to service at another location within the Company's service territory and continue in the RSP program); or
5. A customer otherwise becomes ineligible for the RSP program.

When a customer's participation in the RSP is terminated, the Company will issue a credit to the customer for the then current balance of his or her RSP payments, including applicable interest. The credit will be applied to the customer's next or final bill, as applicable. Any credit amount exceeding the customer's monthly bill will be issued as a refund to the customer. In addition, upon a customer's request, the Company will pay any credit amount owed to a customer by check rather than as a credit to the customer's electric bill.

The RSP shall terminate on December 31, 2011.