

UNIVERSAL SERVICE RIDER

(C)

The Universal Service Rider (USR) charge, shall be applied to each kilowatt-hour supplied to customers, who take distribution service under Rate Schedules RS, RTS(R), and RTD(R) of this tariff. The USR charge provides for recovery of the costs, except internal administrative costs, associated with universal service programs provided by the Company to residential customers. The State Tax Adjustment Surcharge included in this Tariff is applied to charges under this Rider.

Beginning January 1, 2012 and continuing through December 31, 2012, the USR charge will be \$0.00533/kwh. For subsequent years, the USR charge shall be filed with the Pennsylvania Public Utility Commission (Commission) by December 1 of the previous year. The USR charge shall become effective for service rendered on or after the following January 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 USR charge, if left unchanged, would result in a material over or under-collection of all USR costs incurred or expected to be incurred during the current 12-month period, the Company may file with the Commission for an interim revision of the USR charge to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

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The Company will file with the Pennsylvania Public Utility Commission by December 1 of each year annual reconciliation of the USR revenue recovery during the immediately preceding application period pursuant to 66 Pa. C.S. §1307. The reconciliation shall become effective for service rendered on and after January 1 and shall remain in effect for a period of one year, or until new USR rates are approved by the Commission. Interest on overcollections and undercollections 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.

The Company shall file a report of collections under the USR 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 USR charge for the next computation year.

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

A description of the Company's Universal Service and Energy Conservation Plan for the period 2011 through 2013 period is attached to this tariff as Appendix A.