
RULES AND REGULATIONS

12. PAYMENT AND BILLING

12.1 Customer Billing by the Company or EGS. All customer billing by either the Company or EGS shall be done in accordance with the Competitive Billing Specifications attached as a Rider to this tariff.

12.2 EGS Payment of Obligations to the Company. An EGS shall pay all Coordination Services Charges or any other Charge it incurs hereunder in accordance with the following provisions:

12.2.1 Billing Procedure. Each month for EGSs not participating in POR, the Company shall submit an invoice to the EGS for all Coordination Services Charges provided under this Tariff. The invoice may be transmitted to the EGS by any reasonable method requested by the EGS. An EGS shall make payment for Coordination Service Charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than fifteen (15) days from the date of transmittal of the bill.

12.2.2 Billing Corrections and Estimated Billings. Notwithstanding anything stated herein bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, estimating or other errors for a period for six (6) months from the date of such original monthly billing.

12.2.3 Manner of Payment. The EGS may make payments of funds payable to the Company by wire transfer to a bank designated by the Company. The Company may require that an EGS that is not creditworthy tender payment by means of a certified, cashier's, teller's, or bank check, or by wire transfer, or other immediately available funds. If disputes arise regarding an EGS bill, the EGS must pay the undisputed portion of disputed bills under investigation.

12.2.4 Late Fee for Unpaid Balances. If payment is made to the Company after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. This late fee will be 2% per month on the unpaid balance.

12.2.5 EGS Default. In the event the EGS fails, for any reason other than a billing dispute as described below, to make payment to the Company on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Company notifies the EGS to cure such failure, a Default by the EGS shall be deemed to exist. In the event of a billing dispute between the Company and the EGS, the Company will continue to provide service pursuant to the Individual Coordination Agreement and the Tariff as long as the EGS continues to make all payments not in dispute. A billing dispute shall be dealt with promptly in accordance with the dispute resolution procedures set forth below in Rule 18.

12.3 Billing for Supplier Obligations to Other Parties. The Company will assume no responsibility for billing between an EGS and PJM, an EGS and any energy source, or a Scheduling Coordinator and any Coordinated Suppliers.

PAYMENT AND BILLING (CONTINUED)

12.4 **Guarantee of Payments.** Before the Company will render service or continue to render service, the Company may require an applicant for Coordination Service or an EGS currently receiving such service that has Bad Credit to provide a cash deposit, letter of credit, surety bond, or other guarantee, satisfactory to the Company. The Company will hold the deposit as security for the payment of final bills and compliance with the Company's Rules and Regulations. In addition, the Company may require an EGS to post a deposit at any time if the Company determines that the EGS is no longer creditworthy or has Bad Credit. An EGS shall have the right to submit to the Commission for resolution any reasonable dispute regarding such deposit, letter of credit, surety bond or other guarantee sought by the Company if the EGS believes such a requirement is inappropriately based or assessed.

12.5 **Amount of Deposits.** The deposit shall be equal to the value of Coordination Services Charges the Company projects the EGS will incur during the next two billing periods based on that EGS's forecasted load obligation.

12.6 **Return of Deposits.** Deposits secured from an EGS shall either be applied with interest to the EGS's account or returned to the EGS with interest when the EGS becomes creditworthy. In cases of discontinuance or termination of service, deposits will be returned with accrued interest upon payment of all service charges and guarantees or with deduction of unpaid accounts.

12.7 **Interest on Deposits.** The Company will allow simple interest on cash deposits calculated at the lower of the Interest Index or six (6) percent. Deposits shall cease to bear interest upon discontinuance of service (or, if earlier, when the Company closes the account).

12.8 **Credit Information.** In addition to information required otherwise hereunder, an EGS shall be required to provide to the Company such credit information as the Company requires. The Company will report to a national credit bureau the EGS's credit history with the Company.

12.9 **Purchase Of EGS Receivables (POR) Program.** PPL Electric will purchase the accounts receivable, without recourse, associated with EGS sales of retail electricity supply, comprised of generation and transmission services, to consolidated EDC billing customers within PPL Electric's service territory served under the following Rate Schedules: RS, RTS (R), GS-1, GS-3, BL, SA, SM(R), SHS, SLE, SE, and TS(R) and standby service for the foregoing rate schedules. Under the POR Program, PPL Electric will reimburse EGSs for their customer billings regardless of whether PPL Electric receives payment from the customer, subject to the limitations set forth below; provided, however, that for an EGS participating in the POR Program, the Company will offset its payments to the EGS by the EGS's Coordinated Service Charge. PPL Electric will seek to recover the EGS receivables from EGS customers consistent with PPL Electric's existing collection procedures for recovery of billings to default service customers and will incur any uncollectible accounts expense related to billings for EGSs. PPL Electric will purchase only those receivables that are associated with basic electric supply services and not receivables associated with charges for other products or services. Participating EGSs will be required to certify that purchased receivables are associated with only basic electric supply service.

PAYMENT AND BILLING (CONTINUED)

12.9.1 Eligibility Requirements. PPL Electric will perform consolidated billing for EGSs that voluntarily choose this option. An EGS that chooses the Company's consolidated EDC billing option for all or a portion of its residential accounts will be required to sell its accounts receivables to PPL Electric for those residential customers for whom PPL Electric issues a consolidated bill. An EGS will be permitted to choose the consolidated billing option for less than all of its customers in the residential class. Pursuant to the Commission Order entered December 21, 2010 at Docket No. R-2010-2161694, an EGS may issue its own bills [dual billing] for any residential customers upon one of the two following conditions: (1) PPL Electric's billing system cannot accommodate consolidated billing for the EGS; or (2) the EGS residential customer purchases products from the EGS that are bundled with non-basic services. An EGS that issues its own bills to residential customers will not be eligible to participate in the POR Program for those residential customers that receive dual billing.

An EGS will be permitted to choose the consolidated billing option for less than all of its customers in the small C&I class. An EGS that chooses the Company's consolidated EDC billing option for all or a portion of its small C&I accounts will be required to sell its accounts receivables to PPL Electric for those small C&I customers for whom PPL Electric issues a consolidated bill. An EGS may continue to issue its own bills [dual billing] for basic supply service, for all or a portion of its small C&I customers, but will not be eligible to participate in the POR Program for those small C&I customers that receive dual billing.

EGSs may choose to participate in the POR Program with consolidated EDC billing at any time during the term of the POR Program. A customer whose service is terminated or who voluntarily switches from the EGS' service to another generation provider is not considered to have been removed by the EGS from consolidated EDC billing and the POR Program. In addition, this section is not intended to interfere with an EGS's ability to offer customers product terms that are shorter in duration than the POR Program.

EGSs participating in the residential POR Program will agree not to reject for enrollment a new residential customer covered by the residential POR Program based on credit-related issues and will agree not to require a deposit for providing service to such residential customers. Any residential customer who wishes to be served by an EGS participating in the residential POR Program will be accepted by that EGS if that EGS is actively serving the residential customer class.

EGSs are permitted to perform credit checks and require deposits for small C&I customers and are permitted to deny serving small C&I customers for credit-related reasons.

12.9.2 Purchase Price Discount. EGSs accounts receivables associated with electric generation and transmission services will be purchased at a discount. The discount rate will be calculated separately for the residential customer class and the small C&I customer class. The rate will consist of two components that reflect: (1.)the cost of PPL Electric's uncollectable accounts expense, which will be fixed throughout the term of the program, unless and until modified upon Commission approval; and (2) recovery of the initial and ongoing development, operation and administrative costs associated with the POR Program. The discount rate for electric generation and transmission services to the residential customer class will equal 1.80%, which is the sum of 1.80% for the first component and 0.00% for the second component. The discount rate for electric generation and transmission services to the small C&I customer class will equal 0.26%, which is the sum of 0.26% for the first component and 0.00% for the second component.

PAYMENT AND BILLING (CONTINUED)

12.9.2.1 Timing Of Payments. Payments to EGSs will occur electronically---25 days after consolidated EDC bills are issued to residential customers and 20 days after consolidated EDC bills are issued to non-residential (small commercial and industrial) customers---and will continue throughout the billing cycle. If either the 25th day for residential customers or 20th day for non-residential customers falls on a weekend, PPL Electric holiday or bank holiday, payments will occur on the next business day.

12.9.2.2 Other Payment Provisions. EGS customers on consolidated EDC billing will be able to select budget billing. The Company will pay EGSs based on actual billed supplier charges less the POR discount (versus budget amounts), and suppliers will not be impacted in any way by the budget billing program. The Company will inform customers that they can select a supplier and their budget payment plan will only be impacted to the extent necessary to assure that savings are reflected.

12.9.2.3 Transfer Of Collection Responsibilities and Rights. Under the POR Program, PPL Electric is entitled to receive and retain all payments from customers. PPL Electric is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS generation and transmission services to residential and/or small C&I customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated EDC bill, including the full amount of the purchased EGS accounts receivables. Any customer termination shall be consistent with the Pennsylvania Public Utility Code and the Commission's regulations.

An EGS residential and/or small C&I customer in the POR Program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS generation and transmission services. That customer will remain a customer of the EGS as long as the payment of unpaid amounts is made before the account is finalized.

12.9.2.4 Dispute Resolution. To the extent concerns arise regarding the implementation of the provisions of the POR Program, parties shall attempt to resolve such disputes according to the dispute resolution procedures described in Section 18 of this supplier tariff. Parties also shall have the right to resolve such disagreements through the Commission's dispute resolution process.

12.9.2.5 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR AN INDIVIDUAL EGS THAT DOES NOT SELL ALL OF ITS SMALL C&I ACCOUNTS RECEIVABLES TO THE COMPANY: PPL Electric will monitor individual EGS uncollectible accounts percentages (measured as any unpaid amounts 60 days or older divided by that EGS' total annual consolidated billings) for those EGSs that sell a portion of, but not all of, their small C&I accounts receivables to the Company, to determine whether any individual EGS is engaging in unusual business behavior that results in an increase to the total uncollectible accounts expense percentage for the small C&I customer class. If, based on this monitoring, PPL Electric determines that an individual EGS's uncollectible accounts percentage exceeds 1.5% for the small C&I customer class, then PPL Electric, at its discretion, may increase the discount rate for that individual EGS' accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible accounts percentage and 0.75% for the small C&I customer class. For purposes of this calculation, PPL Electric shall rely on the most recent 12-month period (or shorter if less data is available) to

PAYMENT AND BILLING (CONTINUED)

calculate the EGS’s uncollectible accounts percentage. PPL Electric, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible accounts percentage primarily is the result of providing service to previously poor paying customers currently on default service, and the individual EGS is able to provide a reasonable explanation that the significant increase in its uncollectible accounts percentage is not the result of a particular price offering, marketing strategy, selling selective accounts receivables, or other actions of the individual EGS. If, however, PPL Electric determines that an additional discount is appropriate, the EGS may challenge that determination pursuant to the dispute resolution procedures discussed above. Should the result of those procedures uphold the EGS’s position, PPL Electric will refund to the EGS the additional discount withheld from its receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for those customers it serves, generation and transmission services pricing, and other such information deemed appropriate, subject to a confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS’s uncollectible account percentage decreases to a level of 0.75%, or below, for the small C&I customer class over a 12-month period. If the particular EGS stops providing service to a customer under the POR Program, the EGS must pay to PPL Electric an amount equal to the increase to the discount multiplied by that customer’s prior year’s billings (or for the time the EGS served the customer, whichever is shorter), to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.