

RULES AND REGULATIONS

17. UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS

- (A) For the purposes of this rule only, the following terms shall have the meanings indicated for them.
 - (1) Applicant for Electric Service - The developer of a recorded plot plan consisting of five or more lots, or of one or more five unit apartment houses.
 - (2) Developer - The party responsible for constructing and providing improvements in a development, that is, streets, sidewalks, and utility-ready lots.
 - (3) Development - A planned project which is developed by a developer/applicant for electric service set out in a recorded plot plan of five or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, mobile homes, or apartment houses, all of which are intended for year-around occupancy, if electric service to the lots necessitates extending the Company's existing distribution lines.
 - (4) Distribution Line - An electric supply line of untransformed voltage from which energy is delivered to one or more service lines.
 - (5) Service Line - An electric supply line of transformed voltage from which service is delivered to the residence.
 - (6) Subdivider - The party responsible for dividing a tract of land into building lots which are not to be sold as utility ready lots.
 - (7) Subdivision - A tract of land divided by a subdivider into five or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, or apartment houses, all of which are intended for year-around occupancy, if electric service to such lots necessitates extending the Company's existing distribution lines.

- (B) Distribution and service lines installed under an application for electric service within a development shall be installed underground, shall conform to the Company's construction standards, Pennsylvania Code Title 52, Chapter 57.26 (relating to construction and maintenance of facilities), the specifications set forth in the National Electric Safety Code (NESC), and

(Continued)

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ISSUED BY:	R. Lee Haney Chief Financial Officer Milford, Pennsylvania		

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17. UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS (Continued)

shall be owned and maintained by the Company. Pad-mounted transformers may be installed as a Company construction standard. Excavating and backfilling shall be performed by the developer of the project or by another agent the developer may authorize. Installation of service-related Company facilities shall be performed by the Company or by another agent the Company may authorize. Street lighting lines installed then or thereafter within the same development shall also be installed underground, upon terms and conditions prescribed elsewhere in each Company's tariff. The Company shall not be liable for injury or damage occasioned by the willful or negligent excavation, breakage, or other interference with its underground lines occasioned by anyone other than its own employees or agents.

Nothing in this section shall prohibit a Company from performing its own excavating and backfilling for greater system design flexibility. No charges other than those specified in Section 57.83(4) (relating to applicant for electric service) shall be permitted.

The applicant for electric service to a development shall conform with the following:

- (1) At its own cost, provide the Company with a copy of the recorded development plot plan identifying property boundaries, and with easements satisfactory to the Company for occupancy by distribution, service and street lighting lines and related facilities.
- (2) At its own cost, clear the ground in which the lines and related facilities are to be laid of trees, stumps and other obstructions, provide the excavating and backfilling subject to the inspection and approval of the Company, and rough grade it to within 6 inches of final grade, so that the Company's part of the installation shall consist only of laying of the lines and installing other service related facilities. Excavating and backfilling performed or provided by the applicant shall follow the Company's underground construction standards and specifications set forth by the Company in written form and presented to the applicant at the time of application for service and presentation of the recorded plot plan to the Company. If the Company's specifications have not been met by the applicant's excavating and backfilling, the excavating and backfilling shall be corrected or redone by the applicant or its authorized agent. Failure

(Continued)

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ISSUED BY: R. Lee Haney
 Chief Financial Officer
 Milford, Pennsylvania

RULES AND REGULATIONS**17. UNDERGROUND ELECTRIC SERVICE IN NEW RESIDENTIAL DEVELOPMENTS (Continued)**

- to comply with the Company's construction standards and specifications permits the Company to refuse utility service until the standards and specifications are met.
- (3) Request electric service at such time that the lines may be installed before curbs, pavements and sidewalks are laid; carefully coordinate scheduling of the Company's line and facility installation with the general project construction schedule, including coordination with other utilities sharing the same trench; keep the route of lines clear of machinery and other obstructions when the line installation crew is scheduled to appear; and otherwise cooperate with the utility to avoid unnecessary costs and delay.
 - (4) Pay to the Company necessary and additional costs incurred by the Company as a result of the following:
 - (a) Installation of underground facilities that deviate from the Company's underground construction standards and specifications if the deviation is requested by the applicant for electric service and is acceptable to the Company.
 - (b) A change in the plot plan by the applicant for electric service after the Company has completed engineering for the project or has commenced installation of its facilities.
 - (c) Physical characteristics, such as oversized lots or lots with extreme setback where under the Company's line extension policy contained in its tariff a charge is mandated for overhead service.
 - (5) No charges other than those described in paragraph (4) shall be borne by the applicant for electric service or by another utility sharing the same trench, even if the Company elects to perform its own excavating and backfilling.
 - (6) No charges other than those described in paragraphs (4) or (5) shall be borne by the applicant, even if the Company elects to perform its own trenching and backfilling.

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EFFECTIVE:

May 1, 1999

ISSUED BY: R. Lee Haney
Chief Financial Officer
Milford, Pennsylvania

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18. DEFAULT SERVICE

Applicability:

Under this provision, the Company will provide Electric Power Supply to customers that:

1. are not offered Competitive Energy Supply by an Electric Generation Supplier;
2. choose not to obtain Competitive Energy Supply from an Electric Generation Supplier;
3. return to the Company's service after having previously obtained Competitive Energy Supply; or
4. contract for Competitive Energy Supply with an Electric Generation Supplier that fails to deliver.

The Default Service Charge will vary quarterly and shall be applied to all kWh (C) usage to be billed during the quarter in which the Default Service Charge is in effect.

Determination of Default Service Charge:

The Default Service Charge shall be used to recover all costs associated with purchasing energy, capacity and ancillary services incurred by the Company in providing Electric Power Supply to Default Service customers. The Default Service Charge shall consist of two components, the Market Price of Electric Supply and the Electric Supply Adjustment Charge as described below. These components shall be separately stated on the bills of customers taking Default Service from the Company.

Market Price of Electric Supply:

(C)

The Market Price of Electric Supply will be a flat rate per kWh and will vary by service classification. For each service classification, the Market Price of Electric Supply shall be developed on a quarterly basis by multiplying a forecast of the wholesale market prices for the quarter by a service classification-specific factor. The resulting Market Price of Electric Supply, by service classification, will be increased to permit recovery of Gross Receipts Tax.

The service classification-specific factors will be developed on an annual basis and reflect each service classification's load characteristics (e.g., peak vs. off-peak usage), capacity obligation, forecast sales and applicable losses.

The forecast of the market price for the quarter will reflect: (a) expected peak and off-peak energy prices, weighted by expected peak and off-peak purchases; (b) an estimated capacity price for the quarter; and (c) an estimated ancillary services price.

(C) Indicates Change

(Continued)

ISSUED: May 26, 2009

EFFECTIVE: June 1, 2009

ISSUED BY: William Longhi, President
Milford, Pennsylvania

RULES AND REGULATIONS

19. EMERGENCY LOAD CONTROL

Pursuant to order of Pennsylvania Public Utility Commission, the following provision is incorporated in this tariff:

Whenever the demands for power on all or part of the Company's system exceed or threaten to exceed the capacity then actually and lawfully available to supply such demands, or whenever system instability or cascading outages could result from actual or expected transmission overloads or other contingencies, or whenever such conditions exist in the system of another public utility or power pool with which the Company's system is interconnected and cause a reduction in the capacity available to the Company from that source or threaten the integrity of the Company's system, a load emergency situation exists. In such case, the Company shall take such reasonable steps as the time available permits to bring the demands within the then-available capacity or otherwise control load. Such steps shall include but shall not be limited to reduction or interruption of service to one or more customers, in accordance with the Company's procedures for controlling load.

The Company shall establish procedures for controlling load including schedules of load shedding priorities to be followed in compliance with the foregoing paragraph, may revise such procedures from time to time, and shall revise them if 80 required by the Pennsylvania Public Utility Commission. A copy of such procedures or of the revision thereof currently in effect shall be kept available for public inspection at each office at which the Company maintains a copy of its tariff for public inspection, and another such copy shall be kept on file with Pennsylvania Public Utility Commission.

ISSUED: April 15, 1999

EFFECTIVE: May 1, 1999

ISSUED BY: R. Lee Haney
Chief Financial Officer
Milford, Pennsylvania

RULES AND REGULATIONS

20. EMERGENCY ENERGY CONSERVATION

Pursuant to order of Pennsylvania Public Utility Commission, the following provision is incorporated in this tariff:

Whenever events occur which are actually resulting, or in the judgment of the Company threaten to result, in a restriction of the fuel supplies available to the Company or its energy vendors, such that the amount of electric energy which the Company is able to supply is or will be adversely affected, an emergency energy conservation situation exists.

In the event of an emergency energy conservation situation, the Company shall take such reasonable measures as it believes necessary and proper to conserve available fuel supplies. Such measures may include, but shall not be limited to reduction, interruption, or suspension of service to one or more of its customers or classes of customers in accordance with the Company's procedure for emergency energy conservation.

The Company shall establish procedures for emergency energy conservation, including, if it deems it necessary schedules of service interruption and suspension priorities to be followed as prescribed by the foregoing paragraph.

The Company may revise such procedures from time to time, and shall revise if so required by the Pennsylvania Public Utility Commission. A copy of such procedures or of the revision thereof currently in effect shall be kept available for public inspection at each office at which the Company maintains a copy of its tariff for public inspection, and another such copy shall be kept on file with the Pennsylvania Public Utility Commission.

ISSUED: April 15, 1999

EFFECTIVE:

May 1, 1999

ISSUED BY: R. Lee Haney
Chief Financial Officer
Milford, Pennsylvania

RULES AND REGULATIONS

21. DISPUTES: TERMINATION DISPUTES: INFORMAL AND FORMAL COMPLAINTS FOR
RESIDENTIAL CUSTOMERS (Continued)

21.2 COMPANY DISPUTE PROCEDURES (C)

(A) General Rule

Upon initiation of a dispute covered by this section, the Company shall:

- (1) Not issue a termination notice based on the disputed subject-matter;
- (2) Investigate the matter using methods reasonable under the circumstances, which may include telephone or personal conferences or both with the residential customer or occupant;
- (3) Make a diligent attempt to negotiate a reasonable payment agreement if the residential customer or occupant claims a temporary inability to pay an undisputed bill. Factors which shall be considered in the negotiation of any payment agreement shall include, but not be limited to, the size of the unpaid balance, the residential customer's ability to pay, the residential customer's payment history and the length of time over which the bill accumulated;
- (4) Provide the residential customer or occupant with the information necessary for an informed judgement, including but not limited to relevant portions of tariffs, statements of account, and results of meter tests; and

(C) Indicates Change

(Continued)

ISSUED:	June 30, 2005	EFFECTIVE:	September 1, 2005
ISSUED BY:	John D. McMahon, President Milford, Pennsylvania		

RULES AND REGULATIONS

21. DISPUTES; TERMINATION DISPUTES, INFORMAL AND FORMAL COMPLAINTS FOR RESIDENTIAL CUSTOMERS (Continued)

21.2 COMPANY DISPUTE PROCEDURES (Continued)

(A) General Rule (Continued)

- (5) Within 30 days of the initiation of the dispute, issue its report to the complaining party. Such reports shall be in writing and shall be sent to the complaining party, if requested, or if the Company deems it necessary.

22. RESIDENTIAL BUILDING ENERGY CONSERVATION STANDARDS

For all applications received after March 19, 1986, prior to furnishing any electric service to or for a residential building, a compliance certification copy shall be submitted to the Company by the Applicant thereby certifying that the residential building, addition or renovation is or will be constructed in compliance with the insulation standards established under the Building Energy Conservation Act, (35 P.S. Section 7201.101 et seq.). This compliance certification copy shall be required at the time of application for service or no later than at the time of receipt of the electrical inspection agency's certificate of compliance.

If any municipality has elected to administer the provision of the Act under sections 501 and 502 of the Act (35 P.S. Sections 7201.501 and 7201.502), the Company shall not require a compliance certification copy prior to furnishing any electric service to or for a residential building, addition or renovation located within said municipality.

Upon request, the Company will provide information and the required forms for compliance with the Act.

ISSUED: April 15, 1999

EFFECTIVE: May 1, 1999

ISSUED BY: R. Lee Haney
 Chief Financial Officer
 Milford, Pennsylvania

RULES AND REGULATIONS

23. DIRECT ACCESS PROCEDURE

23.1 Initial Enrollment

The Company will provide all customers with direct access information packets 90 days prior to the effective date of retail access. The packets will contain all the information necessary to make an initial selection of an EGS.

Customers may make an initial selection of an EGS by directly contacting an EGS whom the PUC has determined to be eligible to participate in direct retail access in the State of Pennsylvania. The EGS will obtain appropriate authorization from the customer indicating the customer's choice of EGS. It is the EGS's responsibility to maintain records of the customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Company or the PUC. The EGS will provide the Company, in an electronic format prescribed by the Company, each enrolled customer's name, the Company account number and any other information required by the Company to verify the customer's account.

If a customer appears on the enrollment or scheduling list of more than one EGS, the customer will not be assigned to any EGS. The Company will notify the EGSs involved and the customer, and request that they resolve the conflict. Once the discrepancy is resolved, the customer must advise the Company and each EGS, in writing, of the EGS selected. The Company will not complete customer enrollment in direct access until such notification is received.

23.2 Switch of Supplier

The Company will accommodate requests by customers to make a Switch of Supplier in accordance with this Rule and any applicable Commission Orders.

To switch from one EGS to another EGS, the customer or its new EGS must provide the Company with notice of the change desired.

(Continued)

ISSUED: April 15, 1999 EFFECTIVE: May 1, 1999

ISSUED BY: R. Lee Haney
 Chief Financial Officer
 Milford, Pennsylvania

RULES AND REGULATIONS

23. DIRECT ACCESS PROCEDURE (Continued)

23.2 Switch of Supplier (Continued) (C)

To enable a new EGS to complete a switch, a customer must provide to the new EGS the customer's Company account number as it appears on the customer's monthly Company bill.

A Switch of Supplier will be effective as of the 1st day of the next billing month, following receipt of notice and confirmation as required by the Commission's regulations. Upon receiving valid notice of a switch from one EGS to another EGS or a switch from an EGS to the Company's Default Service, the Company shall notify the customer's existing EGS that such a request has been made.

Upon Commission approval, and no earlier than May 1, 2000, the Company will assess a switching fee, not to exceed \$12.50 per Switch of Supplier. A customer will be permitted to make one Switch of Supplier per 12 month period at no charge. The switching fee shall be waived for the first 90 days that a new customer obtains delivery service from the Company.

If and when a customer's EGS discontinues its supply in the event of bankruptcy, loss of license, or similar occurrence, or if a customer is dropped by its EGS for non-payment or other reason, then the customer may select a new EGS or return to the Company's Default Service. The switching fee will not be assessed on customers returning to the Company's Default Service under these circumstances.

If a customer's service is switched to another EGS or to the Company's Default Service in accordance with this Rule, then the Company will make the switch regardless of any claims by the previous EGS that the customer's agreement with the previous EGS precludes the switch. Nothing in this Rule, however, is intended to limit the EGS's contractual rights. The Company is not responsible for any contractual obligation between the customer and its EGS.

(C) Indicates Change

(Continued)

ISSUED:	November 1, 2005	EFFECTIVE:	January 1, 2006
ISSUED BY:	John D. McMahon, President Milford, Pennsylvania		

RULES AND REGULATIONS

23. DIRECT ACCESS PROCEDURE (Continued)23.3 General

The Company will provide to a customer or the customer's designated Electric Generation Supplier ("EGS") or authorized representative, a copy of the customer's 24 month energy usage history and/or historic hourly energy usage, for those customers who have hourly meters. This information will be provided once each twelve month period at no charge. For additional requests, a \$5.00 administrative fee will be assessed.

23.4 Compliance with Commission Orders

These direct access procedures shall be amended as necessary to conform with any applicable Commission Orders.

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EFFECTIVE:

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ISSUED BY: R. Lee Haney
Chief Financial Officer
Milford, Pennsylvania

RULES AND REGULATIONS

24. RESERVED FOR FUTURE USE (C)

(C) Indicates Change

(Continued)

ISSUED:	June 30, 2002	EFFECTIVE:	July 1, 2002
ISSUED BY:	Stephen B. Bram, President Milford, Pennsylvania		

PIKE COUNTY LIGHT & POWER COMPANY

1st REVISED LEAF NO. 72
SUPERSEDING ORIGINAL LEAF NO. 72

RULES AND REGULATIONS

24. RESERVED FOR FUTURE USE (Continued) (C)

(C) Indicates Change

(Continued)

ISSUED:	June 30, 2002	EFFECTIVE:	July 1, 2002
ISSUED BY:	Stephen B. Bram, President Milford, Pennsylvania		

PIKE COUNTY LIGHT & POWER COMPANY

3rd REVISED LEAF NO. 73
SUPERSEDING 2nd REVISED LEAF NO. 73

RULES AND REGULATIONS

24. RESERVED FOR FUTURE USE (Continued) (C)

(C) Indicates Change

ISSUED: June 30, 2002 EFFECTIVE: July 1, 2002

ISSUED BY: Stephen B. Bram, President
Milford, Pennsylvania

PIKE COUNTY LIGHT & POWER COMPANY

1st REVISED LEAF NO. 74
SUPERSEDING ORIGINAL LEAF NO. 74

RULES AND REGULATIONS

25. SYSTEM BENEFITS CHARGE

A. Provisions for Recovery of System Benefits Charge (C)

Incorporated into the tariff rate schedule for electric service is the applicable non-bypassable System Benefits Charge (SBC) authorized to recover the Company's approved universal service program costs for low income assistance, energy conservation, outreach and education, and other public policy programs and applicable Pennsylvania Gross Receipts Tax (PA GRT). The SBC shall only apply to electric service provided under Service Classification No. 1.

B. Reconciliation (C)

The Company shall file an annual reconciliation of the SBC recovery on a rate class specific basis in accordance with Section 1307(e) of the Pennsylvania Public Utility Code by January 31 of each year, with new rates to be effective on April 1 of each year, or at such other times as the Commission may prescribe.

The reconciliation will include a redetermination of the SBC rates necessary to refund or recover previous over or under recoveries based upon actual sales and SBC program costs as well as projected annual costs using forecast sales and demand billing determinants. Any undercollections that could not be recovered as a result of rate cap provisions will be deferred, with interest calculated at the legal rate of interest, and will be recovered in the manner authorized by the PUC. Interest on any over or under collection will be accrued monthly as provided for in Section 1308(d) of Public Utility Code from the month the over or under collection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under the calculation. The SBC mechanism is subject to provisions of Sections 1307(a) and 1307(e) of the Public Utility Code and subject to annual audit review by the Commission's Bureau of Audits. The reconciliation will be subject to applicable PA GRT.

(C) Indicates Change

ISSUED:	March 31, 2009	EFFECTIVE:	April 1, 2009
ISSUED BY:	William Longhi, President Milford, Pennsylvania		

RULES AND REGULATIONS

26. Standards of Competitive Conduct

The following standards of competitive conduct shall govern the Company's relationship, as an Electric Distribution Company (EDC), with any affiliate EGS.

(A) General Information

- (i) There are no restrictions on affiliates using the same name, trade names, trademarks, service names, service mark or a derivative of a name, of the Holding company or the EDC or in identifying itself as being affiliated with the Holding company or the EDC. The Company will not provide sales leads involving customers in its service territory to any affiliate, including the ESCO, and will refrain from giving any appearance in promotional advertising or otherwise that the Company speaks on behalf of any affiliate or that an affiliate speaks on behalf of the Company. If a customer requests information about securing any service or product offered within the service territory by an affiliate, the Company will provide a list of EGSs of which it is aware operating in the service territory who provide the service or product, which may include an affiliate, but the Company will no promote its affiliate.
- (ii) The Company will not provide services to its marketing affiliates or customers of its marketing affiliates on preferential terms, nor represent that such terms are available, exclusively to customers who purchase goods or services from, or sell goods or services to, an affiliate of the Company. The Company will not purchase goods or services on preferential terms offered only to suppliers who purchase goods or services from, or sell goods or services to an affiliate of the Company. The Company will not represent to any customer, supplier, or third party that an advantage may accrue to such customer, supplier, or third party in the use of the Company's services as a result of that customer, supplier or third party dealing with any affiliate. This standard does not prohibit two or more of the unregulated affiliates from lawfully packaging their services. The Company must process all similar requests for distribution services in the same manner and within the same period of time.
- (iii) All similarly situated customers, including EGSs and their customers, whether affiliated or unaffiliated, will pay the same rates for the Company's Delivery Service. The Company shall apply any tariff provision in the same manner if there is discretion in the application of the provision. The Company must strictly enforce a tariff provision for which there is no discretion in the application of the provision.
- (iv) Transactions subject to FERC's jurisdiction over the provision of sales or services in interstate commerce will be governed by FERC's orders or standards as applicable.
- (v) Release or proprietary customer information relating to customers within the Company's service area shall be subject to prior authorization by the customer and subject to the customer's direction regarding the person(s) to whom the information may be released.

(Continued)

ISSUED:	April 15, 1999	EFFECTIVE:	May 1, 1999
ISSUED BY:	R. Lee Haney Chief Financial Officer Milford, Pennsylvania		

RULES AND REGULATIONS26. Standards of Competitive Conduct (Continued)

- (vi) The Company will not disclose to its affiliate any customer or market information relative to its service territory, including, but not limited to utility customer lists, that it possesses or received from a marketer, customer, potential customer, or agent of such customer or potential customer other than information available from sources other than the Company, unless it discloses such information to its affiliate's competitors on an equal basis and subject to the consent of the marketer, customer, or potential customer.
- (vii) The Company's complaint process is as follow. If any competitor or customer of the Company believes that the Company has violated the standards of competitive conduct established herein, such competitor or customer may file a complaint in writing with the Company. The Company will respond to the complaint in writing within 20 business days after receipt of the complaint, including a detailed factual report of the complaint and a description of any course of action proposed to be taken. After the filing of such response, the Company and the party filing the complaint will meet, if necessary, in an attempt to resolve the matter informally. If the Company and said party are not able to resolve the matter informally with in 15 business days, the matter will be referred promptly to the Commission for disposition.
- (viii) The Commission may impose on the Company remedial action for violations of the standards of competitive conduct. If the Commission believes that the Company has engaged in material violations of the standards of competitive conduct, it shall provide the Company notice of, and a reasonable opportunity to remedy such conduct or explain why such conduct is not a violation. If the Company fails to remedy such conduct within a reasonable period after receiving such notice, the Commission may take remedial action with respect to the Holding company to prevent the Company from further violating the standard(s) at issue. Such remedial action may include directing the Holding company to divest the unregulated subsidiary, or some portion of the assets of the unregulated subsidiary, that is the subject of the Company's material violation(s), but exclude directing the Holding company to divest the Company or imposing a service territory restriction on the unregulated subsidiary. If the Holding company is directed to divest an unregulated subsidiary, it may not thereafter, without prior Commission approval, use a new or existing subsidiary of the Holding company to conduct, within the Company's service area, the same business activities as the divested subsidiary (e.g., energy services). The Company and the Holding company may exercise any and all legal and/or equitable relief from such remedial actions, including, but not limited to injunctive relief. Neither Orange and Rockland nor any affiliate or subsidiary will challenge the Commission's legal authority to implement the provisions of this subparagraph.

(Continued)

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ISSUED BY:	R. Lee Haney Chief Financial Officer Milford, Pennsylvania		

RULES AND REGULATIONS26. Standards of Competitive Conduct (Continued)

(ix) The Standards of Competitive Conduct set forth herein will apply in lieu of any existing generic standards of conduct and may be proposed as substitutes for any future generic Standards of Competitive Conduct established by the Commission. Before the Commission makes any changes to these standards, it will consider the Company's specific circumstances, including its performance under the existing standards.

(B) Access to Books and Records and Reports

(i) Staff of the Commission will have access, on reasonable notice and subject to appropriate resolution of confidentiality and privileges, to the books and records of the Holding company and the Holding company majority-owned subsidiaries.

Staff of the Commission will have access, on reasonable notice and subject to the resolution of confidentiality and privileges, to the books and records of all other Holding company subsidiaries to the extent necessary to audit and monitor any transactions which have occurred between the Company and such subsidiaries, to the extent the Holding company has access to such books and records.

(ii) The Holding company will provide a list on a quarterly basis to the Commission of all filings made with the Securities and Exchange Commission by the Holding company and any subsidiary of the Holding company including the Company.

(iii) A senior officer of the Holding company and the Company will each designate a company employee, as well as an alternate to act in the absence of such designee, to act as liaison among the Holding company, the Company and Commission Staff ("Company Liaisons"). The Company Liaisons will be responsible for ensuring adherence to the established procedures and production of information for Commission Staff, and will be authorized to provide Commission Staff access to any requested information to be provided in accordance with this tariff.

(iv) Access to books and records shall be subject to claims of privilege and confidentiality.

(C) Affiliate Relations

(i) General

The Company and the Holding company's other subsidiaries will be operated as separate entities, with separate books of account and other business records, within 180 days of formation of the Holding company. Unregulated affiliates will establish and maintain separate and distinct offices and work space from the Company in a separate building or leasehold.

(Continued)

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ISSUED BY:	R. Lee Haney Chief Financial Officer Milford, Pennsylvania		

RULES AND REGULATIONS

26. Standards of Competitive Conduct (Continued)

(C) Affiliate Relations (Continued)

(i) General (Continued)

Neither the Company nor marketing affiliate personnel shall communicate with any customer, supplier or third party that any advantage may accrue to such customer supplier or third party in the use of the Company's service as a result of their dealing with the marketing affiliate.

If the Company offers its affiliate or a customer of its affiliate a discount or special arrangement for distribution service, billing, metering on any other service offered, it must contemporaneously offer the same arrangement to all similarly situated non-affiliate merchants and must file with the Commission procedures that will enable the Commission to determine how the Company is complying with those standards.

(ii) Transfer of Assets

For all assets other than generating stations, transfers of assets from the Company to an affiliate shall be at the higher of net book value or fair market value net of deferred Federal income taxes, except that the Company may, as part of its reorganization, transfer to the Holding company or affiliate, at no charge, title to office furniture, equipment and other assets having an aggregate net book value not to exceed \$250,000 (on a system basis). Transfers of assets from an affiliate to the Company shall be on a basis not to exceed fair market value.

Fair market value shall be determined in accordance with the cost allocation guidelines. For example, the Company may transfer to an affiliate any computer software system that the Company is authorized to transfer, without data, at a price at which the Company would sell such software to an unaffiliated third party.

(iii) Personnel

The Company and the unregulated affiliates will have separate operating employees.

Officers of the Company may not be officers of the ESCO.

Employees may be transferred from the Company to an unregulated affiliate upon mutual agreement. Transferred employees may not be reemployed by the Company for a minimum of one year after the transfer date. Employees returning to the Company may not be transferred again to an unregulated affiliate until one year after the date of return. The Company will file annual reports to the Commission, beginning 45 days after the end of the first calendar quarter following structural separation showing transfers between the Company and unregulated affiliates by employee name, former company, former position, new company, new position, and salary or annualized base compensation.

(Continued)

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ISSUED BY:	R. Lee Haney Chief Financial Officer Milford, Pennsylvania		

RULES AND REGULATIONS

26. Standards of Competitive Conduct (Continued)

(C) Affiliate Relations (Continued)

(iii) Personnel (Continued)

For each employee transferred from the Company to an unregulated affiliate, the unregulated affiliate shall compensate the Company by paying an amount equal to 25% of the employee's prior year's salary on a one-time basis, except that there shall be no compensation (a) for employees transferred to an unregulated affiliate not later than six months from the date of structural separation or the unregulated affiliate to which the employee is transferred is formed, whichever is later; (b) for the transfer of employees covered by a collective bargaining agreement; or (c) where the employee's transfer is attributable to the transfer or reduction of a Company function or major asset.

The foregoing provisions do not restrict any affiliate from loaning employees to the Company to respond to an emergency that threatens the safety or reliability of service to consumers.

The compensation of Company employees may not be tied to the performance of any of the unregulated subsidiaries, provided, however, the stock of the Holding company may be used as an element of compensation and the compensation of common officers of the Holding company and Company may be based upon the operation of the Holding company and Company.

The employees of the Holding company, the Company and the unregulated subsidiaries may participate in common pension and benefit plans, provided that funding requirements for employees remaining with the regulated entity are readily determined. If the plans are maintained or amended in such a manner that employees of the unregulated entities are treated inconsistently with the employees of the regulated entity, then the plans of the regulated entity will be segregated and made independent.

(iv) Provision of Service and Goods

Corporate services (such as corporate governance, administrative, legal, purchasing and accounting) may be provided by the Holding company to or on behalf of the Company and unregulated affiliates at a price equal to fully-loaded cost. This guideline will not operate as a prescription of the ratemaking treatment of requested allowances for the costs of such services.

The Company may provide services to an unregulated affiliate, except that the Company may not use any of its marketing or sales employees to provide services to any affiliated ESCO relating to business within the Company's service territory. The unregulated affiliate shall compensate employee's fully-loaded cost of the price that the Company would charge a third party for such employee's services. This guideline will not operate as a limitation on the projections of revenues from such services adopted for ratemaking purposes.

(Continued)

ISSUED:	April 15, 1999	EFFECTIVE:	May 1, 1999
ISSUED BY:	R. Lee Haney Chief Financial Officer Milford, Pennsylvania		

RULES AND REGULATIONS26. Standards of Competitive Conduct (Continued)(C) Affiliate Relations (Continued)

(iv) Provision of Service and Goods (Continued)

Subject to the provisions of this tariff, the Company's unregulated affiliates may provide services to the Company. All goods and services will be provided to the Company at a price that shall not be greater than fair market value. This guideline will not operate as a prescription of the ratemaking treatment of requested allowances for the costs of such services.

The Company, the Holding company, and the unregulated affiliates may be covered by common property/casualty and other business insurance policies. The costs of such policies shall be allocated among the Company, the Holding company and the unregulated affiliates in an equitable manner.

ISSUED: April 15, 1999 EFFECTIVE: May 1, 1999

ISSUED BY: R. Lee Haney
Chief Financial Officer
Milford, Pennsylvania