STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, except for charges or credits applied under the Income Tax Adjustment, a two part surcharge will be assessed for all service rendered on and after the effective date of this leaf.

Part 1 will include Capital Stock Tax, Corporate Income Tax, Public Utility Realty Tax, Gross Receipts Tax and the STAS Reconciliation, which will be applied to all charges except Default Service Charges. Part 1 is a surcharge of 0.01%. (I)
Part 2 will include Gross Receipts Tax, which will be applied to Default Service Charges. Part 2 is a surcharge of 0.00%.

Each part of the State Tax Adjustment Surcharge will be recomputed using the elements prescribed by the Commission whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge. Such recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, or if the recomputed surcharge is more than the one in effect the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be ten days after filing. Any charges or credits in the surcharge shall be rolled into base rates in the Company’s next base rate proceeding.

TAX INDEMNIFICATION

If the Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 Pa. C.S. Section 2806(g) or 2809(f), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify the Company for the amount of additional state tax liability imposed upon the Company by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 of Title 66.

(I) Indicates Increase