
**ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS"**

AVAILABILITY

Available for the sale of electricity to customers, including small power producers and cogenerators which are qualifying facilities as defined in the Public Utility Regulatory Policies Act of 1978. To qualify for this schedule, customer, at the site of customer's service under this schedule, (such site located in the Company's Maryland service territory) must operate or utilize electric service from active electrical generation facilities not owned by the Company ("Alternative Generation Facilities"). Electricity sold under this schedule may not be resold; nor may it be used to operate the auxiliary loads of the alternative generation facilities while those facilities are generating electricity for sale to a subsidiary of the Allegheny Power System, Inc., except during periods of emergency on the alternative generation station service facilities and with the approval of the Company. A recording demand meter must be installed on all connections receiving service under this schedule. An Electric Service agreement shall be executed. All applicable surcharges, credits and taxes shall apply.

DETERMINATION OF DEMAND

Demand or kW demand noted in this schedule shall be the kW demand integrated over the demand interval. Demand interval shall be of the same duration specified in the rate schedule under which standard service is provided the customer. If standard service is not provided by the Company, the demand interval shall be 30 minutes.

TYPES OF SUPPLY

Types of power supply available are Supplementary, Maintenance (Firm or Interruptible), and Standby (Firm or Interruptible). For the purposes of this schedule, "normal alternative generation" for the current billing period shall be determined as follows:

- (1) The most recent three billing periods each of which contains at least one demand interval period during which alternative generation occurred and no Standby or Maintenance Power was used will be selected and the total number of such demand intervals which occur in those periods shall be identified;
- (2) The net kWh of alternative generation for all the intervals identified in (1) shall be totaled;
- (3) The net kWh totaled in (2) shall be divided by the quantity (total number of intervals ÷ intervals per hour) to obtain the average kW of normal alternative generation.

ISSUED BY MICHAEL P. MORRELL, VICE PRESIDENT

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

TYPES OF SUPPLY (Continued)

SUPPLEMENTARY POWER is power that is used by the customer in addition to that normally produced by the alternative generation facilities. Supplementary Power is available to the customer under applicable existing standard rate schedules with the billing units determined as described herein. All power provided to the customer by the Company shall be deemed Supplementary Power unless the Company determines that it is Maintenance Power or Standby Power as described below.

FIRM OR INTERRUPTIBLE MAINTENANCE POWER is power, which is used by the customer and replaces the alternative generation during periods of scheduled maintenance of the alternative generation facilities. Maintenance Power is subject to the following constraints:

- (1) In each calendar year, Firm Maintenance Power may be made available not more than 56 days during the periods from March 1 to May 31, inclusive or from October 1 to November 30, inclusive.
- (2) Availability of Firm Maintenance Power shall be determined by the Company upon the customer's written request at least 30 days but not more than 120 days in advance of the date the customer wishes to begin receiving such power. The Company shall notify the customer whether Firm Maintenance Power will be available during the period requested, and if not, when Firm Maintenance Power will be available.
- (3) If the customer is informed by the Company that Firm Maintenance Power will not be available as requested, the customer may elect to take Interruptible Maintenance Power for the period for which Firm Maintenance Power will not be available, provided that the customer gives the Company seven days advance written notice thereof. In no event, however, may the number of days upon which Firm or Interruptible Maintenance Power is taken exceed a total of 56 in a calendar year.
- (4) If the customer ceases use of Maintenance Power before the end of the scheduled period, the customer must notify the Company by telephone and send or deliver a notice in writing to the Company no later than one business day after the customer ceases such use.
- (5) All requests for Firm Maintenance Power and notices of Interruptible Maintenance Power must specify the kilowatt capacity required, as well as the beginning and the end of the Maintenance Power period.

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

TYPES OF SUPPLY (Continued)

- (6) The Company shall not supply Maintenance Power in excess of the normal alternative generation for the billing period.
- (7) During any period that Firm Maintenance Power is made available, the Maintenance Power Agreement Capacity shall be the capacity of Firm Maintenance Power expressed in kilowatts that the Company agreed to deliver to the customer during that period.
- (8) During any period that Interruptible Maintenance Power is used by the customer, the Maintenance Power Agreement Capacity shall be the capacity expressed in kilowatts of Interruptible Maintenance Power specified in the customer's written notice of Interruptible Maintenance Power use.

FIRM OR INTERRUPTIBLE STANDBY POWER is power made available by the Company for the customer's use and which replaces the alternative generation capacity utilized by the customer during an unscheduled outage of the alternative generation facilities. Beginning July 1, 2000, the Electric Supply Standby Power can also be obtained by the Customer from an alternative supplier.

It will be available from the Company under the following conditions:

- (1) The customer must contract in advance for either Firm or Interruptible Standby Power, but not both, and an initial Standby Power Agreement Capacity must be specified by the customer and approved by the Company before delivery of Standby Power.
- (2) Interruptible Standby Power will be available only to customers who contract for at least 5,000 kW thereof.
- (3) Standby Power will not be provided for more than 20% of the hours in any twelve-month period. After those hours of Standby Power have been exhausted, any power supplied, unless determined by the Company to be Maintenance Power, will be billed to the customer as Supplementary Power. If the customer has not previously contracted for Supplementary Power, such Supplementary Power shall be billed as a temporary service under General Service Rate Schedule "G".
- (4) The customer shall be deemed to have used Standby Power for any demand interval during which: a) Maintenance Power was scheduled; and b) the demand created exceeds the sum of the then effective Maintenance Power Agreement Capacity and kilowatt portion of the customer's Supplementary Power Demand.

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

TYPES OF SUPPLY (Continued)

- (5) The three-month period beginning on the date the alternative generation facility first begins commercial operation or operates in parallel with the Company's facilities shall not be used in the determination of the number of Standby Power hours used by the customer.
- (6) The customer must notify the Company by telephone and send or deliver a follow-up notice in writing within one business day of the beginning of an unscheduled outage of the customer's facilities requiring the use of Standby Power. Such notice shall specify the time the outage began, the cause of the outage, and its estimated duration. At the end of such an unscheduled outage, the customer must notify the Company by telephone and send or deliver a notice in writing to the Company within one business day of the end of the outage. Such notice shall include the final determination of the outage cause and duration. The Company may require verification of the cause of the unscheduled outage.
- (7) If a Standby Power Billing Demand is established which is greater than the Standby Power Agreement Capacity, the Standby Power Agreement Capacity shall automatically be increased to that greater value.
- (8) The Company shall not provide Standby Power in excess of the normal alternative generation for the billing period.

In cases where the Customer has contracted with an alternative supplier, and the alternative supplier fails to deliver the Electric Supply components of Standby Service, the Company will provide this power and the defaulting supplier will pay the market price plus 7 mils to the Company.

INTERRUPTIBLE POWER PROVISIONS

Obligations

Interruptible Maintenance or Interruptible Standby Power shall be interrupted when, in the sole judgment of the Company, any production, transmission, or distribution limitations exist. During an interruption period, the customer's total load must be reduced to no more than the sum of the firm capacity, if any, specified in the Electric Service Agreement under which Supplementary Power is provided plus the Firm Standby Power Agreement Capacity, if the customer is using Firm Standby Power at the time, plus the Firm Maintenance Power Agreement Capacity, if any, which may be in effect at the time. The interruption period shall begin with the second full demand interval after commencement of an interruption by the Company and continue through the demand interval immediately preceding termination of that interruption.

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

Penalty

The maximum by which the customer's kilowatt demands exceed the sum of the customer's firm capacities (i.e., the sum of the customer's Supplementary, Maintenance, and Standby Firm capacities as applicable) during each interruption period shall be subject to a penalty charge. Only one such penalty shall be assessed per interruption period. The first time that the customer is notified by the Company to interrupt service and the customer fails to reduce load to not more than the sum of its firm capacities, a penalty of \$10 per kilowatt shall be applied to those kilowatts in excess of firm capacities. Upon the second occurrence of such a failure to interrupt, a penalty of \$10 per kilowatt calculated as set forth above shall be applied and interruptible service shall not be available to the customer for the next two years. Upon the third occurrence of such a failure to interrupt, a \$10 per kilowatt penalty shall be applied and interruptible service shall no longer be available to the customer.

MONTHLY RATE

DISTRIBUTION CHARGE

Demand Charges

Firm Standby Power

First block (0-100 kilowatts) \$0.925 per kilowatt
Second block (over 100 kilowatts) \$0.858 per kilowatt

Interruptible Standby Power

First block (0-100 kilowatts) \$0.878 per kilowatt
Second block (over 100 kilowatts) \$0.811 per kilowatt

Firm or Interruptible Maintenance Power

All kilowatts \$0.811 per kilowatt

Reactive Kilovolt-Ampere Charge

Reactive kilovolt-ampere charge is applied to the Customer's reactive kilovolt-ampere capacity requirement in excess of 25% of the Customer's kilowatt capacity.

Billing reactive kilovolt-amperes \$0.40 per reactive kilovolt-ampere

Energy Charge

All kilowatt-hours \$0.00145 per kilowatt-hour

ISSUED BY JOSEPH H. RICHARDSON, PRESIDENT

Issued November 22, 2004

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all service rendered on
or after January 6, 2005

Approved at Public Service Commission Administrative Meeting of January 5, 2005 in Case No. 8797

ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

TRANSMISSION CHARGES

Demand Charge

Firm Standby Power

First block (0-100 kilowatts)	\$0.349 per kilowatt
Second block (over 100 kilowatts)	\$0.327 per kilowatt

Interruptible Standby Power

First block (0-100 kilowatts)	\$0.332 per kilowatt
Second block (over 100 kilowatts)	\$0.309 per kilowatt

Firm or Interruptible Maintenance Power

All kilowatts	\$0.309 per kilowatt
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Energy Charge

All kilowatt-hours	\$0.00055 per kilowatt-hour
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The transmission charges are based on PJM's Open Access Transmission Tariff which will change from time to time and is subject to Federal Energy Regulatory Commission (FERC) approval.

ISSUED BY JOSEPH H. RICHARDSON, PRESIDENT

Issued December 28, 2004

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

ELECTRIC SUPPLY CHARGES

HOURLY-PRICED LCS RIDER (See Page No. 31 of Potomac Edison (MD) Retail Tariff)

The Transmission and Electric Supply Charges apply only to Customers receiving Hourly-Priced LCS from the Company. These charges do not apply to customers obtaining Competitive Power Supply.

LATE PAYMENT CHARGE

Applies to this schedule as set forth in Company Rule No. 12 of this tariff.

DETERMINATION OF DEMANDS

("Normal alternative generation" as used below is defined above in Types of Supply.)

Power Demands

As a preliminary step to the determination of Billing Demands, the customer's Power Demands shall be determined as specified below:

- (1) Supplementary Power Demand shall be determined as specified below for the billing period unless the applicable standard rate schedule requires that the determinations specified below be made using other periods. Any instantaneous operating peak provision of the applicable standard rate schedule shall be included.

ISSUED BY JOSEPH H. RICHARDSON, PRESIDENT

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Issued in accordance with the Commission's directive February 8, 2006 in Case Nos. 8908 and 9037

ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

Power Demands (Continued)

The demand for each period shall be the highest of:

- (a) The maximum kilowatt demand created during the intervals in the period when no Maintenance Power or Standby Power is used, of if no such intervals exist in the period, the lesser of:
 - (i) the Supplementary Power Demand of the previous period; or
 - (ii) the maximum kilowatt demand created during the period;
 - (b) The maximum kilowatt demand created during the period less the normal alternative generation for the billing period; or
 - (c) The maximum by which a kilowatt demand created during the period exceeds the sum of the then effective Maintenance Power Agreement Capacity and the Standby Power Agreement Capacity being utilized.
- (2) Maintenance Power Demand shall be the maximum Maintenance Power Agreement Capacity for the billing period, regardless of whether it is for Firm or Interruptible Maintenance Power.
- (3) Standby Power Demand shall be either:
- (a) The Lesser of:
 - (i) The Standby Power Agreement Capacity, or
 - (ii) The maximum by which a kilowatt demand created during such intervals of the billing period when Standby Power is used exceeds the sum of the then effective kilowatt portion of the Supplementary Power Demand and Maintenance Power Agreement Capacity.
 - or
 - (b) For customers who normally have no supplementary power requirements, the maximum kilowatt demand created during such intervals of the billing period when Standby Power is used.

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Continued)

Power Billing Demands (Continued)

- (1) Supplementary Power Billing Demand shall be the higher of:
 - (a) The Supplementary Power Demand (if multiple Supplementary Power Demands are required due to the applicable standard rate schedule, they shall be combined as specified by that rate schedule), or
 - (b) Any minimum demand provisions of the applicable standard rate schedule.
- (2) Maintenance Power Billing Demand shall be the Maintenance Power Demand.
- (3) Standby Power Billing Demand shall be the higher of:
 - (a) The Standby Power Demand, or
 - (b) 60% of the Standby Power Agreement Capacity.

Customer's Reactive Kilovolt-Ampere Demands

The customer's maximum thirty-minute leading or lagging kilovolt-ampere demand shall be apportioned among the various types of service utilized under this schedule in proportion to the customer's kilowatt portion of Supplementary Power Demand, Maintenance Power Demand, and Standby Power Demand.

DETERMINATION OF ENERGY USE

- (1) Supplementary Energy Use shall be the lesser of:
 - (a) The average kilowatt demand during those portions of the billing period when no Maintenance Power or Standby Power is used, or the kilowatt portion of the Supplementary Power Demand if no demand intervals without the use of Maintenance or Standby Power exist in the billing period, multiplied by the quantity (total number of demand intervals in the billing period ÷ demand intervals per hour).
 - (b) The total kilowatt-hour use.

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ALTERNATIVE GENERATION SCHEDULE
SCHEDULE "AGS" (Concluded)

- (2) Maintenance Energy Use and Standby Energy Use shall be determined by apportioning the total kilowatt-hour use less the Supplementary Energy Use in proportion to the products of the power demands and the number of hours that the Maintenance or Standby Power is used.

FACILITIES

Any facilities that are installed by the Company solely to provide Standby Power or Maintenance Power service and which have not been included in the customer's interconnection costs are installed at the customer's expense. The customer is responsible for the total cost of construction plus a monthly maintenance charge for those facilities. Any facilities, including relays and their settings, installed by customer for the purpose of connecting to the Company must be specifically approved by the Company prior to the connection being made and must be subject to the Company's continuing approval.

DATA

The customer shall furnish such detailed load data and data on outages as the Company shall, from time to time, require, together with such supporting documentation as the Company shall request, in order for the Company to collect data and prepare reports as may be required.

TERM

Not less than one year.

GENERAL

Service supplied is subject to the Rules and Regulations Covering the Supply of Electric Service and Rules and Regulations for Meter and Service Installations of the Company as filed with the Commission.

Compensating for Transmission and Distribution Losses

For service at less than 2,000 volts, multiplying Customers' on-peak metered energy by 1.09513 and off-peak metered energy by 1.08671 produces the generation energy that must be delivered to the Company system. For service between 2,000 and 15,000 volts, the multipliers are 1.07542 and 1.06893, for service between 15,000 and 100,000 volts, the multipliers are 1.03742 and 1.03458, and for service greater than 100,000 volts, the multipliers are 1.02245 and 1.02028, respectively.

ISSUED BY BRUCE E. WALENCZYK, VICE PRESIDENT

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Approved at Public Service Commission Administrative Meeting of March 20, 2002 in Case No. 8797