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**EMPOWER MD SURCHARGE**

In accordance with the Annotated Code of Maryland, Public Utility Companies, Section 7-211, Energy Efficiency Programs, there shall be a surcharge as set forth below to recover the costs associated with Company-sponsored programs which promote energy efficiency and conservation and such other programs as approved by the Commission. This surcharge is applied to designated Rate Schedules to recover costs allocated to that Rate Schedule. This surcharge will be applied each month until changed by the Commission. The resulting surcharge is in addition to any minimum charge set out in the Rate Schedule and is added to the Customer's bill before any tax surcharge is levied against the Customer's total bill. Amounts billed hereunder shall be subject to late pay charges.

**CALCULATION OF SURCHARGE**

The EmPower MD Surcharge is a rate per kilowatt-hour and is calculated by dividing the costs allocated to each Rate Schedule by the distribution kilowatt-hour sales expected for the same Rate Schedule. The calculation includes a Reconciliation Factor adjustment, and an adjustment for gross receipts tax and the Commission assessment factor. Changes to the surcharge will be filed annually on or before December 1, to become effective the forthcoming 12-month period beginning January 1. Upon determination that the surcharge, if left unchanged, would result in a material over/under-collection, the Company may file a proposed interim revision of the surcharge for Commission approval.

Applicable bills rendered shall include an amount equal to the surcharge rate times the number of distribution kilowatt-hours as follows:

| <u>Schedule</u> | <u>Rate per kWh</u> |
|-----------------|---------------------|
| R               | \$0.00109           |
| C               | \$0.00048           |
| G               | \$0.00048           |
| C-A             | \$0.00035           |
| CSH             | \$0.00035           |
| PH (small)*     | \$0.00034           |
| PH (large)*     | \$0.00024           |
| PP              | \$0.00021           |

\*PH (small) defined as Customers eligible to receive Type II SOS and PH (large) defined as Customers eligible to receive Hourly-Priced LCS.

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ISSUED BY RODNEY L. DICKENS, PRESIDENT

Issued September 24, 2009

To become effective on  
all service rendered on  
or after October 6, 2009

Approved by Maryland Public Service Commission Letter Order dated October 6, 2009 in Case No. 9153

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**EMPOWER MD SURCHARGE (Concluded)**

**ELIGIBLE COSTS**

Costs eligible for recovery through the EmPower MD Surcharge are approved by the Commission and include:

Program Costs -- Program Costs are the actual and/or estimated costs incurred by the Company for research, development, implementation and operation of programs approved by the Commission. Program Costs include, but are not limited to, Company labor, rebates and incentives, payments to third parties for program administration and implementation, marketing and advertising costs incurred by the Company, market research costs, program development, monitoring and evaluation, consultant and contractor fees, applicable software and software licenses, program measurement and monitoring hardware, and all other administrative activities associated with program development and implementation. Initially, the EmPower MD Surcharge is calculated for a 15-month period beginning October 1, 2009 based upon previously incurred Program Costs and Program Costs expected to be incurred through the remainder of 2009. Beginning January 1, 2010, all Program Costs will be deferred and amortized over five years. Unamortized balances will accrue interest monthly at the Company's rate of return adjusted for taxes.

Reconciliation Factor -- The Reconciliation Factor corrects for over/under-collection of Program Costs. For the period ending each December, the differences between actual and forecasted Program Costs incurred, and actual and forecasted revenues collected from the EmPower MD Surcharge, as adjusted for removal of gross receipts tax and the Commission assessment factor, are included in the Reconciliation Factor. The Reconciliation Factor is debited or credited against the Program Costs eligible for recovery through the EmPower MD Surcharge for the forthcoming 12-month period beginning January 1.

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