

WEST PENN POWER COMPANY

RATES, TERMS, AND CONDITIONS

GOVERNING

INTERCHANGE OF ELECTRIC ENERGY

WITH

THE PENNSYLVANIA STATE UNIVERSITY

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Effective September 1, 2011

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LIST OF MODIFICATIONS MADE BY THIS SUPPLEMENT

CHANGES

Smart Meter Technologies Surcharge – Original Page Nos. 5-5 and 5-6 -
New Smart Meter Technologies Surcharge to recover costs associated with the Company's Smart Meter
Technology Procurement and Installation Plan.

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¹First Revised, ²Second Revised, etc.

RULES AND REGULATIONS

The following Rules and Regulations govern the supply of service by West Penn Power Company.

DEFINITIONS

Certain words, when used in the Rules and Regulations, and Agreements of West Penn Power Company, shall have the following meanings:

"Advanced Metering": A Customer's billing meter as defined in 52 Pa. Code Chapter 57, Subchapter O. Advanced Meter Deployment.

"Allegheny Power": Trade name of West Penn Power Company under Fictitious Names Act.

"Competitive Energy Supply": The unbundled energy, capacity and ancillary services provided by an Electric Generation Supplier pursuant to Customer Choice and Competition Act. (C)

"Company Charges": The sum of distribution charges and transmission and generation charges if Default Service is taken from Company. (C)

"Customer": The Pennsylvania State University. An EGS may act as an agent for the Customer upon written authorization to the Company, which authorization may be part of the notice of EGS selection. The agency relationship established between an EGS and the Customer does not impair the Customer's rights and continued receipt of important consumer protections contained in the Customer Choice and Competition Act relating to the EDC/Customer relationship.

"Customer Choice and Competition Act": The Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. §2801-2812 and Pennsylvania Public Utility Commission Orders pursuant thereto.

"Company": West Penn Power Company. West Penn Power Company trades and does business as Allegheny Power.

"Default Service": The provision of electric generation supply service by the Company to a Customer not receiving service from an Electric Generation Supplier. Default Service will be provided by the Company under this Tariff. (C)

"Direct Access": Direct Access shall have the meaning as set forth in the Customer Choice and Competition Act.

"Electric Distribution Company (EDC)": West Penn Power Company.

"Electric Generation Supplier (EGS)": EGS shall have the meaning as set forth in the Customer Choice and Competition Act.

"Electric Generation Supplier (EGS) Tariff": The Company's (EGS) Tariff, which governs the contractual arrangements between the Company and EGS' regarding the supply of the EGS' loads during the implementation of Direct Access.

(C) Indicates Change

RULES AND REGULATIONS (Continued)

“Fixed-Price Option”: Available only during 2009 and 2010 and consists of Generation Charges that change quarterly. Customers must elect the Fixed-Price Option for Default Service within twenty-four (24) hours from the closing of the request for proposal receipt period for the applicable 12-month or 24-month term. Customers that do not affirmatively elect the Fixed-Priced Option shall receive the Hourly-Priced Option for Default Service. Except as otherwise provided herein, Customers may not switch between the Fixed-Price Option and the Hourly-Priced Option. (C)

“Generation Charge”: The Company’s charge for electric generation supply service to Customers receiving Default Service. (C)

“Hourly-Priced Option”: Generation Charges that change as frequently as hourly, as defined in the Hourly-Priced Default Service Rider, and available for Customers that are not eligible to receive the Fixed-Price Option. (C)

“Pennsylvania Gross Receipts Tax”: References to the Pennsylvania gross receipts tax or Pennsylvania gross receipts tax rate, or provisions that incorporate the same shall include the Revenue Neutral Reconciliation enacted by the Customer Choice and Competition Act. (C)

“PJM”: PJM Interconnection, L.L.C. (C)

“Revenue”: Revenue or “Annual Revenue” when used with guarantee, guarantee of Revenue, Revenue guarantee or financing means the Revenue derived only from the Variable Distribution Charge or Distribution Charges that vary with billing determinants.

“Service”: Any regulated supply of electricity by the Company, or provision to supply electricity, or any work or material furnished, or any obligation performed by the Company under its Rules and Regulations or Rate Schedules. Regulated charges for Service are published in this Tariff, including Distribution, Transmission, and Default Service charges within each Rate Schedule. Charges for Service exclude Transmission and Generation charges when Customer receives Competitive Energy Supply. (C)

“Transmission Charge”: Transmission Charge is 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. The Transmission Charges are included in this tariff for the Customers’ information only. (C)

(C) Indicates Change

RULES AND REGULATIONS (Continued)**(N)**

1. Continuity of Service

The Company will use reasonable diligence in attempting to provide continuous service. The Company shall not be liable for any loss, cost, damage, or expense to Customer caused by any failure to supply electricity according to the terms of a contract, or by any interruption of the supply of electricity, reversal of the service, variation in voltage or by any other failure, when such failures are due to acts of God, public enemies, accidents, strikes, riots, wars, extraordinary repairs, operating necessities, orders of Court or other Governmental authority, or to any other acts or conditions reasonably beyond the control of the Company.

In the event of an emergency threatening the integrity of its system, the Company may without liability interrupt, curtail, or suspend service to Customer.

Additional Limitations on Liability in Connection with Direct Access. Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to Customer receiving Competitive Energy Supply arising out of or related to a contract or other relationship between Customer and an EGS.

The Company shall implement Customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to Customer receiving Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch Customer.

The Company shall have no duty or liability with respect to electrical energy before it is delivered by an EGS to a point of delivery on the Company's electric distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to Customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

In all other circumstances, the liability of the Company to customers or other persons for damages, direct or consequential, including damage to computers and other electronic equipment and appliances, loss of business, or loss of production caused by any interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity shall in no event, exceed an amount in liquidated damages equivalent to the greater of \$500 or two times the charge to the customer for the service affected during the period in which such interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity occurs. In addition no charge will be made to the customer for the affected service during the period in which such interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity occurs. A variety of protective devices and alternate power supplies that may prevent or limit such damage are available for purchase by the customer from third parties.

(N) Indicates New

Issued November 3, 1998

Effective January 1, 1999

RULES AND REGULATIONS (Continued)

2. Metering

a. The Company shall provide all meters and metering equipment necessary to obtain the information required to bill Customer. The Company may select and use any type of meters and metering equipment, provided it meets the accuracy requirements of the Public Utility Commission, except as provided in paragraph b. below.

(R) b. An advanced meter may be installed, maintained, and removed according to provisions in Appendix C of the Joint Petition for Full Settlement of West Penn Power Company's Restructuring Plan and Related Court Proceedings at Docket No. R-00973981.

An advanced meter is defined as a meter (1) capable of storing electric consumption data at specified time intervals of no greater than one-half hour and in conformance with applicable performance specifications, and (2) capable of remote meter reading.

The following list of advanced meters have received approval from the PA Public Utility Commission ("Commission") for conformance with the Advanced Meter Standards Report and Reference Manual provisions, which dictate applicable performance standards, requirements and specifications.

ADVANCED METER CATALOG

ITEM NO.	NAME	MANUFACTURER	MODEL NUMBER	ADVANCED CAPABILITIES										CUSTOMER CLASS		
				LOAD PROFILE	REMOTE COMMUNICATION	PULSE OUTPUT	PASSWORD PROTECTION	BI-DIRECTIONAL	MULTIPLE CALLOUT	OUTAGE NOTIFICATION	POWER QUALITY	REACTIVE	LOSS COMPENSATION	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
1	Fulcrum	Schlumberger	SMxxxx	X	X	X	X					X			X	X
2	Vectron	Schlumberger	SVxxx	X	X	X	X				X			X	X	
3	Quantum	Schlumberger	ST-Q111	X	X	X	X	X				X	X		X	X
4	Centron	Schlumberger	C1x	X	X	X	X							X	X	
5	Solid State Recorder	Datastar	DS-101	X	X	X	X								X	X

GENERAL COMMENTS

1. Additional charges for services related to advanced capabilities may be charged to customers as appropriate.
2. Advanced Metering Inquiries should be made by dialing 1-800-Allegheny.

(R) Indicates Revision

RULES AND REGULATIONS (Continued)

An EGS providing advanced metering services may arrange for the installation of an advanced meter and removal of the existing meter. An EGS providing advanced metering services who wishes to replace the Allegheny Power meter must give notice to Allegheny Power at least four business days prior to the date it proposes to change the meter. An advanced meter cannot be installed within four business days prior to the Customer's regularly scheduled meter reading date or one business day after the Customer's regularly scheduled meter reading date.

An EGS installing an advanced meter must comply with all applicable Commission standards and Allegheny Power electric service requirements manuals. Testing and calibration of meters must meet all applicable Commission standards and Allegheny Power's testing requirements for advanced metering.

Allegheny Power will not require removal of an advanced meter that meets Allegheny Power's required specifications as a condition of a customer's return to Default Service.

(C)

Should any advanced meter become defective or fail to register correctly, the use of electricity shall be determined by a test of the advanced meter, or by the registration of an advanced meter set in its place during the period next following, or by averaging the amount registered for the preceding billing period and the amount registered during not less than one week immediately subsequent to the repairs to, or change of, the meter, taking into consideration the character of use by the Customer.

(C) Indicates Change

RULES AND REGULATIONS (Continued)

3. Billing

(a) Billing Errors. When the Company provides billing for Competitive Energy Supply on behalf of an EGS, Company shall not be responsible for billing errors resulting from incorrect price information received from an EGS.

(b) Billing Options. The Company will always bill the Customer for the Company's distribution service charges, transmission charges and generation charges (when the Company is providing Default Service). Customer may request: (1) that its EGS provide a separate bill only for the Competitive Energy Supply; or (2) require its EGS to appoint the Company as the EGS' billing agent. When Company provides billing for the EGS, the Company will bill the Customer not only for the Company's distribution service charges, but also for the Competitive Energy Supply. (C)

4. Taxes on Contributions in Aid of Construction (CIAC) and Customer Advances (CAC)

Any CIAC, CAC or other like amounts received from the Customer which shall constitute taxable income as defined by the Internal Revenue Service will include a component to pay the state and federal income taxes associated with the CIAC or CAC.

5. Individualized Company Facilities and Services:

The Company may, at its sole discretion and upon Customer's request, furnish special, substitute, or additional facilities or services. When the Company provides facilities or services not normally supplied, or when the estimated or actual cost of such individualized, substitute, or additional facilities or services exceeds the estimated costs of the standard facilities or services that normally would be supplied by the Company without special charge, the Company may require special agreements and may establish minimum charges and facilities charges. At a minimum, rates or contract provisions shall be established on a case by case basis and shall be sufficient to recover all appropriate incremental costs of the service and a contribution to fixed costs.

The Company may modify or discontinue the provisions of this rule at any time, subject to any orders of the Pennsylvania Public Utility Commission. Unless otherwise ordered by the Pennsylvania Public Utility Commission, any contracts in effect prior to any such modification or discontinuance of the rule shall remain in effect under the existing term and conditions specified in the contract.

6. Changing Electric Generation Supplier

Company shall change Customer's Electric Generation Supplier only upon receipt of electronic notification from the chosen Electric Generation Supplier in accordance with the Pa. P.U.C. Rules and Regulations as described in the Final Orders on Standards for Electronic Data Transfer and Exchange Electric Distribution Companies and Electric Generation Suppliers, Docket No. M-00960890F0015 and on Establishing Standards for Changing a Customer's Electric Supplier, Docket No. L-00970121. Company will assign an energy flow start date for Customer's choice of Electric Generation Supplier received after January 15, 1999 to be equal to Customer's first normal meter reading date no sooner than 15 days after the date of processing. Changes in Customer's Electric Generation Supplier shall only be effective with Customer's normal meter reading date. The Customer shall be required to receive Default Service during the period(s) the Customer elects for the Company to provide electric generation supply service via a request for proposal. (C)

(C) Indicates Change

RULES AND REGULATIONS (Continued)

(N)

7. Payment Processing

When Customer requests that Company provide billing service for Competitive Energy Supply, Company shall provide such service, indicating the charges for the EGS on Customer's monthly bill. Should payments made in response to said billing be less than the full amount billed, payment will be first credited against Company charges until paid in full. The balance will then be credited to the EGS. This partial payment allocation will comply with the Pa. P.U.C. Rules and Regulations as described in the Final Order on Guidelines for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. §2807(D), and assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. §2809(E) and (F), Docket No. M-00960890F0011.

8. Interim Code of Conduct

The Company and its divisional and/or affiliated EGSs ("Company Supplier") shall comply with the Interim Code of Conduct contained in Appendix H of the Joint Petition for Settlement of West Penn Power Company's Restructuring Plan and Related Court Proceedings at Docket No. R-00973981.

The Interim Code of Conduct will become effective immediately upon Approval by the Commission.

(N) Indicates New

Issued November 3, 1998

Effective January 1, 1999

RULES AND REGULATIONS (Continued)

9. GENCO Code of Conduct

In addition to any other Code of Conduct that might apply, the Competitive Safeguards contained in Appendix G of the Joint Petition for Settlement of West Penn Power Company's Restructuring Plan and Related Court Proceedings at Docket No. R-00973981 ("the Settlement") shall apply to transactions by the Company in its Electric Distribution Company Provider of Last Resort ("Company-EDC") role, or by any divisional and/or affiliated EGS ("Company Supplier"), in Pennsylvania from any Company-affiliated entity to the entity ("Company-GENCO") that assets have been transferred pursuant to the Settlement.

10. State Tax Indemnification

(N)

If Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 Pa. C.S. §§ 2806(g) and 2809(f), for Pennsylvania state taxes not paid by an EGS, the non-compliant EGS shall indemnify Company for the amount of additional state tax liability imposed upon 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.

(N) Indicates New

Issued February 8, 1999

Effective February 9, 1999

(C)

FIRSTENERGY MERGER CREDIT

In addition to the charges provided in this Tariff, there shall be a credit as set forth below. This credit represents net savings resulting from the merger of Allegheny Energy, Inc. with FirstEnergy Corp. and, through a line item bill credit, provides a direct benefit to Customers.

FirstEnergy Merger Credit
-\$1,250.00 per month

This credit is added to the Customer's bill before any tax surcharge is levied against the Customer's total bill.

The FirstEnergy Merger Credit is calculated by dividing the future annual target credit by twelve. The annual target credit shall be \$15,000 per year for three years, plus any prior period reconciliation adjustment. The reconciliation adjustment will be: (1) filed by February 24 to become effective the forthcoming April 25 and shall include the net annual over-refund or under-refund of \$15,000 as of the end of the 12-month period ending April 24; and (2) based on the nine-month actual over-refund or under-refund balance at the end of January and the three-month forecasted balance for the months of February through April 24. Upon determination that the credit, if left unchanged, would result in a material over/under-refund, the Company may file a proposed interim revision of the credit for Commission approval.

The FirstEnergy Merger Credit shall terminate for service rendered on or after April 25, 2014. There shall be a final reconciliation submitted to the Commission for eventual collection from Customers or refund to Customers.

(C) Indicates Change

(C)

With the effective date appearing below,
the Generation Rate Adjustment is hereby canceled.

(C) Indicates Change

(C)

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(C) Indicates Change

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this Tariff, a surcharge of 0.0408% will apply to all bills rendered on and after January 1, 2011. (C)

The above surcharge will be recomputed, using the elements prescribed by the Commission.

- (a) Whenever any of the tax rates used in calculation of the surcharge are changed.
- (b) Whenever the utility makes effective increased or decreased rates.
- (c) Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to changes in its state tax liability arising under 66 Pa. C.S. §§2806(g), 2809(c) or 2810.
- (d) And on March 31, 1971, and each year thereafter.

The above recalculation will be submitted to the Commission within ten days after the occurrence of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect the utility may, submit with such recomputation a Tariff or Supplement to reflect such recomputed surcharge, the effective date of which shall be ten days after filing.

(C) Indicates Change

CONSUMER EDUCATION CHARGE

PURPOSE

In accordance with the Consumer Education Plan approved by the Public Utility Commission in Docket No. M-2008-2032275, this charge provides for a fund for an education campaign to notify Customers of the expiration of generation rate caps and to provide Customers with energy management information to help mitigate the effect of rising energy costs.

APPLICATION

In addition to the charges provided in this Tariff, a Consumer Education Charge of \$0.00 per month will apply to bills rendered on or after April 1, 2011.

(C)

GENERAL

The Company will use unspent consumer education funds provided for in Docket No. R-00973981, as adjusted in Docket Nos. M-00981036 and M-00001326 and any future Public Utility Commission orders, to fund the Consumer Education Plan until such funds are insufficient. By February 1 of each year, the Company will file with the Public Utility Commission to revise the Consumer Education Charge effective the following April 1. Such filing will identify any remaining unspent consumer education funds and if such funds are insufficient to continue to fund the Consumer Education Plan, identify costs to be recovered by this charge, how the charge is calculated and a reconciliation statement, in accordance with the Consumer Education Plan approved by the Public Utility Commission in Docket No. M-2008-2032275.

(C) Indicates Change

Issued February 1, 2011

Effective April 1, 2011

(C)

ENERGY COST ADJUSTMENT SURCHARGE

In addition to the charges provided in this Tariff, there shall be an Energy Cost Adjustment Surcharge. This surcharge is an automatic adjustment clause for any over-recovery or under-recovery of the Company's Actual Costs (inclusive of the Company's 60-day settlement adjustment) for the provision of Default Service. Actual Costs shall include electric generation supply costs, and supply management, administrative, and alternative energy portfolio standard compliance costs, as such terms are defined in 52 Pa. Code §69.1803 and §69.1806 through §69.1810. Interest from Customers on the under-collection of Actual Costs shall accrue at the legal rate of interest, and interest to Customers on the over-collection of Actual Costs shall accrue at the legal rate of interest plus two percent.

Reconciliation adjustments to this surcharge will be made:

1. Quarterly for Customers receiving the Fixed-Priced Option, or may be made as frequently as monthly should the reconciliation diverge by greater than 4%; or
2. Monthly for Customers receiving the Hourly-Priced Option.

Applicable bills shall include an amount equal to the surcharge times the number of kilowatt-hours used in the effective billing period. The resulting charge/credit is in addition to any minimum charge set out in this Tariff and is added to the Customer's bill before any other surcharge is levied against the Customer's bill.

The current Energy Cost Adjustment Surcharge is available on the Company's website at www.alleghenypower.com

(C) Indicates Change

ENERGY EFFICIENCY AND CONSERVATION (“EE&C”) SURCHARGE

In addition to the charges provided in this Tariff and in accordance with 66 Pa. C.S.A. §2806.1, there shall be a surcharge as set forth below to recover the costs associated with Company-sponsored programs for energy efficiency and conservation programs as approved by the Commission. This surcharge is applied to this Tariff to recover costs allocated to this Tariff. 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 Tariff 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 payment charges.

CALCULATION OF SURCHARGE

The EE&C Surcharge is calculated as a levelized surcharge through May 2013. The surcharge is calculated by separating the Program Costs allocated to this Tariff and dividing by forecasted distribution PLC demand sales. The calculation includes an Annual Reconciliation Factor adjustment and an adjustment for gross receipts tax. The Annual Reconciliation Factor adjustment will be filed by March 31 to become effective the forthcoming June 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.

Bills shall include an amount equal to the surcharge rate times the number of capacity sales as follows:

EE&C SURCHARGE

Rate per kW PLC
\$0.41

(D)

ELIGIBLE COSTS

Costs eligible for recovery through the EE&C Surcharge are approved by the Commission and include:

Program Costs -- Program Costs are the estimated costs for research, development, implementation, and operation of programs to be incurred by the Company and 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, direct 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.

Annual Reconciliation Factor -- The Annual Reconciliation Factor corrects for over/under-collection of Program Costs and may reflect items such as an update of forecasted billing determinants, re-evaluation or re-design of EE&C programs, and re-allocation of Program Costs to this Tariff. The Company will submit to the Commission by March 31 of each year: (1) a comparison between forecasted revenues billed and actual revenues billed through February, as adjusted for removal of gross receipts tax; (2) any adjustment to the forecasted revenues anticipated to be billed during March through May, as adjusted for removal of gross receipts tax; (3) any adjustment to the Program Costs levelized through May 2013 based upon actual costs incurred through February and any revised estimates for future months, subject to this Tariff's allocation portion of the amount permitted to be recovered under 66 Pa. C.S.A. §2806.1; and (4) the subsequent reconciliation effect to the EE&C Surcharge adjusted for gross receipts tax and levelized over the period of the upcoming June 1 and continuing through the remaining months of the surcharge. There shall also be a final reconciliation of amounts to be collected or refunded after May 31, 2013.

(D) Indicates Decrease

Issued March 31, 2011

Effective June 1, 2011

(C)

SMART METER TECHNOLOGIES SURCHARGE

A Smart Meter Technologies ("SMT") Surcharge shall be applied as a monthly Customer charge during each billing month to metered Customers served under this Tariff determined to the nearest cent. The SMT Surcharge rate shall be calculated separately for each Customer Class according to the provisions of this Surcharge Tariff.

For service rendered September 1, 2011 through December 31, 2011 the SMT Surcharge rate billed by Customer Class is as follows:

Industrial Customer Class (Tariff No. 39 Rate Schedules 30, 40, 41, 44, 46, 86 and Tariff No. 37)

\$2.20 per month

The SMT Surcharge rate by Customer Class shall be calculated in accordance with the formula set forth below:

$$SMT = [((SMT_C - E) / CCBD) / 12] \times [1 / (1 - T)]$$

$$SMT_C = SMT_{Exp1} + SMT_{Exp2}$$

Where:

SMT = The monthly surcharge by Customer Class as defined by this Surcharge Tariff applied to each Customer billed under this Tariff.

SMT_C = The Smart Meter Technologies costs by Customer Class projected to be incurred by the Company for the SMT Computational Year calculated in accordance with the formula shown above.

SMT_{Exp1} = A projection of costs to be incurred associated with the Customer Class specific Smart Meter Technology Procurement and Installation Plan ("Plan") as approved by the Commission for the SMT Computation Year by Customer Class including carrying charges on capital costs, depreciation expense, accumulated deferred income taxes, allowance for funds used during construction, and operational and maintenance expenses. These costs would also include an allocated portion of any projected indirect costs to be incurred benefiting all Customer Classes of the Company's Plan for the SMT Computational Year. Any reduction in operating expenses or avoided capital expenditures due to the Smart Metering Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is recoverable. Such reductions shall include any reductions in the Company's current meter and meter reading costs.

SMT_{Exp2} = A Customer Class allocated portion of \$40 million of expenditures between 2009 and 2010 in support of the development of a smart meter deployment plan. The \$40 million will be recovered via a levelized basis over a 5.5-year period beginning with the SMT Surcharge start date, and will not include interest on over-collections or under-collections. A Customer Class allocation of \$5.712 million of interest charges will be added, and will be amortized for recovery over a 5.5-year period coincident with the recovery of the \$40 million.

(C) Indicates Change

Issued August 22, 2011

Effective September 1, 2011

(C)

SMART METER TECHNOLOGIES SURCHARGE (Concluded)

- E = The over or under-collection of SMT costs by Customer Class that results from the billing of the SMT Surcharge rates during the SMT Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest for SMT_{Exp1} costs. Interest shall be computed monthly at the legal rate determined pursuant to 41 P.S. § 202, from the month the over or under-collection occurs to the month that the over-collection is refunded or the under-collection is recovered from Customers in the specific Customer Class. Any reduction in operating expenses or avoided capital expenditures due to the Smart Metering Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is reconciled to the billed SMT Surcharge rates during the SMT Reconciliation Year. Such reductions shall include any reductions in the Company's current meter and meter reading costs.
- CCBD = The Company's projected Customer Class Billing Determinants for the specific Customer Class for the SMT Computational Year. Billing Determinants shall be the average Customer Class count for the Industrial Class.
- T = The Pennsylvania gross receipts tax rate in effect during the billing month expressed in decimal form as reflected in the Company's base rates.

All capitalized terms not otherwise defined in this Surcharge Tariff shall have the definitions specified in the Definitions section of this Tariff. For the purpose of this Surcharge Tariff, the following additional definitions shall apply:

1. SMT Computational Year – The 12-month period from January 1 through the following December 31 with the exception of the initial SMT Computational Year that will be the 4-month period from September 1, 2011 through December 31, 2011.
2. SMT Reconciliation Year – The 12-month period ending June 30 immediately preceding the SMT Computational Year.

The initial SMT Surcharge rates pursuant to this Surcharge Tariff shall be effective September 1, 2011 through December 31, 2011. Subsequent SMT Surcharge rates shall be filed with the Commission by August 1 of each year beginning August 1, 2012, and the SMT Surcharge rates shall become effective the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that the SMT Surcharge rates, if left unchanged, would result in material over or under-collection of all recoverable costs incurred or expected to be incurred during the then-current SMT Computational Year, the Company may request that the Commission approve one or more interim revisions to the SMT Surcharge rates to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

The Company shall file an annual report of collections under this Surcharge Tariff within thirty (30) days following the conclusion of each SMT Reconciliation Year.

At the conclusion of the duration of this reconciliation Surcharge Tariff, the Company is authorized to recover or refund any remaining amounts not reconciled at that time under such mechanism as approved by the Commission.

Application of the SMT Surcharge rates shall be subject to annual review and audit by the Commission.

(C) Indicates Change

Issued August 22, 2011

Effective September 1, 2011

AGREEMENT FOR INTERCHANGE OF ELECTRIC ENERGY
BETWEEN WEST PENN POWER COMPANY AND
THE PENNSYLVANIA STATE UNIVERSITY

THIS AGREEMENT, made and entered into this 22 day of January 1981, by and between WEST PENN POWER COMPANY, a Corporation of the State of Pennsylvania having its principal office in the City of Greensburg, Pennsylvania, hereinafter referred to as "West Penn" and THE PENNSYLVANIA STATE UNIVERSITY, a Corporation of the State of Pennsylvania having its principal office in the Borough of State College, Pennsylvania, hereinafter referred to as "The University," WITNESSETH THAT:

WHEREAS, West Penn and The University entered into an agreement dated September 1, 1950, by which they are interchanging electric energy in order to realize savings in operating costs and other benefits; and

WHEREAS, West Penn and The University desire to continue and interchange of electric energy by parallel operation for their mutual advantage; and

WHEREAS, the providing of new connection facilities and additional capacity make a new agreement necessary;

NOW, THEREFORE, in consideration of the premises and the covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. The parties agree to (a) the interchange of energy over an interconnection between the West Penn Patterson Street substation and The University central power plant, and (b) the supply of energy by West Penn at the State College substation, the Thompson Farm substation, and the Orchard Road substation.
2. The University agrees to own, maintain, and operate all facilities required to take service at 12.5 Kv from a metering point in the vicinity of each interchange or supply point.
3. West Penn agrees to deliver to The University 36,000 kilovolt-amperes and The University agrees to receive electric energy as required by The University.
4. The monthly rate for sales to The University by West Penn shall be as follows:

DISTRIBUTION CHARGES

(I)

DEMAND CHARGE

First 10,000 kilovolt-amperes	\$0.91 per kilovolt-ampere
Additional kilovolt-amperes.....	\$0.90 per kilovolt-ampere

ENERGY CHARGE

All kilowatt-hours	\$0.00277 per kilowatt-hour
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(I) Indicates Increase

Issued December 30, 2002

Effective for all bills
rendered on or after
January 1, 2003

TRANSMISSION CHARGES

Provided in accordance with the Transmission Service Charge Rider

(C)

GENERATION CHARGE

Fixed-Price Option

Not available during 2009 in accordance with Customer's election of Competitive Energy Supply

Hourly-Priced Option

Provided in accordance with the Hourly-Priced Default Service Rider

Eligibility for the Fixed-Price Option and the Hourly-Priced Option is defined in the Rules and Regulations of this Tariff.

The transmission and generation charge applies only when Customer receives Default Service from Company. These charges do not apply when Customer obtains Competitive Energy Supply.

Compensating for Transmission and Distribution Losses.

For service between 1,000 and 15,000 volts, multiplying Customers' on peak metered energy by 1.07447 and off-peak metered energy by 1.04325 produces the generation energy that must be delivered to the West Penn system.

(C) Indicates Change

(C)

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(C) Indicates Change

Issued December 22, 2008

Effective January 1, 2009

The billing demand for any month shall be the average of the weekly demands established during the calendar weeks ending within the billing month. The demand for a week shall be the maximum simultaneous fifteen-minute kilovolt-ampere demand but not less than 50 percent of the highest weekly demand of the month.

The University's demand shall not be less than the highest of the following:

- (a) 50 percent of the kilovolt-ampere demand capacity of this agreement.
 - (b) 50 percent of the highest demand previously established during the term of this agreement.
5. Bills for service will be rendered each month and shall be due upon presentation. (C)
 6. The University agrees to notify West Penn at any time load in excess of 500 kilowatts is switched from one service point to another. (C)
 7. Initial connection capacity and any changes in capacities, facilities, or service locations shall be by mutual agreement. (C)
 8. This agreement shall be and continue in force for an initial period of ten years and shall continue thereafter until after two years notification in writing has been given by either party to the other of a desire to terminate it. (C)

(C) Indicates Change

- 12. Each party agrees to provide the devices necessary to protect its equipment during parallel operation, and each further agrees that neither party shall be liable to the other for damage to equipment resulting from parallel operation.
- 13. This agreement shall at all times be subject to such changes or modifications by the Pennsylvania Public Utility Commission ("Commission"), as the Commission may, from time to time, direct in the exercise of its jurisdiction. Moreover, nothing contained in this agreement shall be so construed as to require The University or West Penn to violate any tariff, rule, or regulation promulgated by or filed with the Commission. Finally, if any part of this agreement should be declared invalid by any lawful tribunal having jurisdiction and if said declaration becomes finally binding, said declaration shall not affect the remainder of the agreement, but the remaining portions shall be binding upon the parties hereto, and neither of the said parties hereto shall have any redress against the other party for or on account of any provision that may be so declared invalid.
- 14. Upon becoming effective, the agreement shall be binding upon the parties hereto and any successor or assignee of either party who may acquire all or substantially all of the electric system of such party.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their duly authorized officers, and to be sealed with their respective corporate seals attached by their respective Secretaries the day and year first above written.

ATTEST:

WEST PENN POWER COMPANY

Secretary

(SEAL)

By: _____

Vice President

ATTEST:

THE PENNSYLVANIA STATE UNIVERSITY

Secretary of the Corporation

(SEAL)

By: _____

Assistant Treasurer

WIND ENERGY SERVICE RIDER

(C)

PURPOSE

The purpose of this Rider is to promote the development of wind energy in Pennsylvania and adjacent areas. Customers electing this Rider do not receive delivery of additional wind energy. Energy from the wind energy projects, and accompanying renewable attributes, to which Customers contribute under this Rider are deliverable to the PJM or MISO electric grid.

AVAILABILITY

Subject to the limitations and restrictions described below, service under this voluntary Rider is available to all Customers served under the Tariff, regardless of whether the Customer is receiving Default Service from the Company or electing to obtain Competitive Energy Supply. Customers who elect to receive Wind Energy Service under this Rider will be subject to the charge described below.

DEFINITIONS

Wind Energy Renewable Attributes – The renewable attributes associated with electric capacity and energy generated from new and existing wind resources in the following areas: 20% from wind resources located within Pennsylvania; 20% from wind resources located in PJM states other than Pennsylvania; and 60% from wind resources located in MISO states.

PJM – The PJM Interconnection, L.L.C. regional transmission organization that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

MISO – The Midwest Independent Transmission System Operator, Inc. regional transmission organization that coordinates the movement of wholesale electricity in all or parts of Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, Pennsylvania, South Dakota, Wisconsin and the Canadian province of Manitoba.

Wind Energy Block – One Wind Energy Block equals 100 kilowatt-hours of Wind Energy Renewable Attributes.

Wind Energy Service – The monthly renewable attributes for which the Customer has contracted for under this Rider. The Customer selects a fixed number of Wind Energy Blocks per month.

Service Restrictions – The total amount of Service available under this Rider will be limited to the amount of such resources available for purchase by the Company. This Rider is not available to Customers in arrears with the Company.

Changes to Wind Energy Service – Customers may change the number of Wind Energy Blocks selected and may terminate Wind Energy Service under this Rider effective as of the Customers' next scheduled meter reading date, provided the Company has received sufficient notice.

(C) Indicates Change

Issued December 17, 2008

Effective December 17, 2008

WIND ENERGY SERVICE RIDER (Concluded)

(C)

RATE

Wind Energy Service Charge \$2.50 per Wind Energy Block per month

The Wind Energy Service Charge is in addition to the charges billed under this Tariff. Customers will be billed for the fixed number of Wind Energy Blocks selected regardless of actual energy use during the billing period.

The Wind Energy Service Charge shall be set out separately on the Customer's bill and is not subject to a late payment charge.

SPECIAL CONTRACTS

The Company, in its sole discretion, may execute a special wind energy service contract with a Customer who elects to purchase a wind energy renewable attribute blend different than defined above, for a term equal to or greater than one year.

TERM

Month to month basis. The Company reserves the right to withdraw this Rider upon thirty (30) days written notice to the Customer. This Rider shall terminate December 31, 2010 unless extended pursuant to Pennsylvania Public Utility Commission Order.

(C) Indicates Change

(C)

HOURLY-PRICED DEFAULT SERVICE RIDER

DESCRIPTION

This Rider provides Default Service and is not applicable to Customers obtaining Competitive Energy Supply. Distribution Charges, Transmission Charges and all applicable surcharges continue to apply.

MONTHLY RATE

The retail price for Hourly-Priced Default Service calculated monthly will be determined as follows:

$$\sum_{i=1}^n [LMP \times (1+LLF) \times (kWh/1000)]_i \times [1/(1-T)] +$$

$$\sum_{j=1}^m [(PLC/1000) \times CP \times (1+CF)]_j \times [1/(1-T)] +$$

$$\sum_{i=1}^n \{ [([OMC + AECC] \times [1+LLF]) + SMA] \times (kWh/1000) \}_i \times [1/(1-T)]$$

Where:

LMP	=	Locational Marginal Price per megawatt-hour. The PJM hourly integrated day-ahead locational marginal price for energy at the APS Zone (or its successor) inclusive of congestion and exclusive of marginal losses, as posted at www.pjm.com . LMP will consist of 100% day-ahead purchases with the balancing between day-ahead and real-time collected through the Energy Cost Adjustment.
LLF	=	Line Loss Factor as provided in the Electric Generation Supplier Services Tariff
kWh	=	kilowatt-hour as measured at the Customer meter
T	=	Tax. Effective Pennsylvania Gross Receipts Tax rate
i	=	Hourly interval
n	=	Number of hourly intervals in monthly billing period
PLC	=	Customer kilowatt capacity Peak Load Contribution obligation
CP	=	Capacity Price per megawatt as posted at www.pjm.com
CF	=	Capacity Factor. PJM factor for forecast pool requirements and zonal scaling
j	=	Calendar day
m	=	Number of calendar days in monthly billing period
OMC	=	Other Market Charge cost per megawatt-hour. Federal Energy Regulatory Commission (FERC) approved ancillary services, administrative, and any other FERC-approved or PJM charges and costs incurred by the Company directly related to the Hourly-Priced Default Service obligation
AECC	=	Alternative Energy Credit Compliance cost per megawatt-hour
SMA	=	Supply Management and Administrative cost per megawatt-hour

TERM

Month to month basis.

GENERAL

Service supplied is subject to the Company's Rules and Regulations.

(C) Indicates Change

TRANSMISSION SERVICE CHARGE RIDER

PURPOSE

In addition to the charges provided in this Tariff, there shall be a Transmission Service Charge (TSC) that applies to all Customers receiving Default Service from the Company. The TSC includes Forecasted Transmission Costs and an adjustment for prior period cumulative over-collections or under-collections.

The TSC is 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. The TSC applies only to Customers receiving Default Service from Company. The TSC does not apply to Customers obtaining Competitive Energy Supply.

TRANSMISSION SERVICE CHARGE

Applicable bills shall include an amount equal to the TSC rate times the number of Default Service kilovolt-amperes used in the effective billing period. The resulting TSC is added to the Customer's bill before any other surcharge is levied against the Customer's bill. The TSC for this Tariff shall be identical to the TSC for Service Type 40 in the Company's Tariff No. 39.

Transmission Service Charge \$ 1.17 per kilovolt-ampere

CALCULATION

The TSC will be calculated for annual 12-month periods of January through December as follows:

$$TSC = [(TC / CL) + (R / DS)] / (1 - T)$$

Where:

TC = Forecasted Transmission Costs applicable to the Company's Tariff No. 37 and Tariff No. 39 connected load. Forecasted Transmission Costs shall include costs for FERC-approved Network Integration Transmission Service, Transmission Enhancement, Expansion Cost Recovery, Non-Firm Point-to-Point Credits, as well as any other FERC-approved PJM transmission charges that will not be reconciled through the Company's Default Service obligations. Forecasted Transmission Costs are allocated to Service Type 40 based upon Service Type 40's contribution to the total Company Network Service Peak Load.

CL = Forecasted Connected Load Distribution kilowatts/kilovolt-amperes (as measured at the Customer meter) for Service Type 40.

(C) Indicates Change

TRANSMISSION SERVICE CHARGE RIDER (Concluded)

- R = Reconciliation for actual costs, which shall include the net over-collection or under-collection of costs as of the end of the 12-month period ending December 31 immediately preceding the computation year, including applicable interest. The Reconciliation will be based on the actual over-collection or under-collection balance at the end of October, and forecasted balances for the months of November and December. Reconciliation of the TSC will be conducted separately for each Service Type. Interest shall accrue at the legal rate of interest and shall be computed monthly on the over-collection or under-collection of costs using the average of the current month's beginning and ending balances.
- DS = Forecasted Default Service kilowatts/kilovolt-amperes (as measured at the Customer meter) for Service Type 40.
- T = Tax. Effective Pennsylvania gross receipts tax rate

The TSC shall be filed with the Pennsylvania Public Utility Commission (Commission) by December 1 of each year. The TSC rate shall become effective for transmission service acquired on behalf of Default Service Customers and rendered to those Customers on or after the following January 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that a Service Type's TSC if left unchanged would result, or expect to result, in a material over-collection or under-collection during the current 12-month period ending December 31, the Company may file with the Commission for an interim revision of the TSC to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

TERM

Month to month basis.

GENERAL

Service supplied is subject to the Company's Rules and Regulations. Application of the TSC shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the TSC and the costs included therein.

(C) Indicates Change