

WEST PENN POWER COMPANY

RATES, TERMS, AND CONDITIONS

GOVERNING

INTERCHANGE OF ELECTRIC ENERGY

WITH

THE PENNSYLVANIA STATE UNIVERSITY

Issued December 21, 2007

Effective January 1, 2008

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LIST OF MODIFICATIONS MADE BY THIS SUPPLEMENT

CHANGES

State Tax Adjustment Surcharge - Ninth Revised Page No. 5-1 -
Change in State Tax Adjustment Surcharge

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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 and capacity provided by an Electric Generation Supplier pursuant to Customer Choice and Competition Act.

"Competitive Transition Charge (CTC)": A non-bypassable charge applied to the bill of every Customer accessing the transmission or distribution network which (charge) is designed to recover the Company's Transition or Stranded Costs as approved by the Commission.

"Company Charges": The sum of distribution charges, CTC and transmission and generation charges if PLR 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.

"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

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RULES AND REGULATIONS (Continued)

"Generation Charge": The Company's charge for energy or energy and capacity to Customers receiving PLR Service.

"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.

"Provider of Last Resort (PLR) Service": The provision of energy or energy and capacity by the Company as PLR to Customers who: (1) are not eligible to obtain Competitive Energy Supply, (2) choose not to obtain Competitive Energy Supply, (3) return to PLR Service after having obtained Competitive Energy Supply, or (4) contract for Competitive Energy Supply from an EGS that fails to deliver such energy or energy and capacity. PLR Service will be provided by the Company under this Tariff and will include a Generation Charge.

"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, CTC, and PLR Service charges within each Rate Schedule. Charges for Service exclude Transmission and Generation charges when Customer receives Competitive Energy Supply. (C)

"Transition or Stranded Costs": Transition or Stranded Costs shall have the meaning as set forth in the Customer Choice and Competition Act.

"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)

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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 PLR service.

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.

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, CTC, transmission charges and energy and capacity charges (when the Company is providing PLR 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 and CTC, 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.

(C) Indicates Change

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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

COMPETITIVE TRANSITION CHARGE (CTC)

The Competitive Transition Charge (CTC) is a non-bypassable charge applicable to all Customers accessing the transmission and distribution network. CTC recovery applicable under this Tariff is provided for in the Settlement Agreement between Customer and Company dated August 3, 1999. The Settlement Agreement specifies an alternative payment methodology as provided in the Customer Choice and Competition Act and the Settlement at R-00973981.

(C)

(C) Indicates Change

Issued December 21, 1999

Effective January 1, 2000

 GENERATION RATE ADJUSTMENT ("GRA")

(N)

PURPOSE

The Generation Rate Adjustment ("GRA") provides increased flexibility in gaining access to the Competitive Energy Supply market following a return to default Provider of Last Resort ("PLR") Service, including Customers who choose to sell the electric output of on-site self-generation into the generation market, in accordance with the Guidelines Addressing Return of Customer to Provider of Last Resort Service adopted by Commission Order at Docket No. M-00960890F0017.

APPLICATION

Applies to PLR Service provided under this Tariff.

CONDITIONS

Customer returning to default PLR Service shall have sixty (60) days from the date of return to select and switch to an Electric Generation Supplier. Customer electing this option shall be subject to a GRA in addition to the PLR Generation Charges billed under this Tariff. Customer not selecting a new Electric Generation Supplier within sixty (60) days shall remain on default PLR Service for not less than twelve (12) consecutive Months and a GRA shall not apply.

MONTHLY RATE

The GRA shall be calculated Monthly as the difference of the Generation Market Price less the Generation Charges for PLR service under this Tariff, but in no case shall the Monthly GRA be less than zero.

$$\text{GRA} = [\text{GMP} \times 1/(1-T)] - \text{PLRGC}$$

Where:

GRA = Generation Rate Adjustment

GMP = Generation Market Price

T = PA Gross Receipts Tax rate

PLRGC = Provider of Last Resort Generation Charge under the appropriate rate schedule or special contract.

GENERATION MARKET PRICE

$$\text{GMP} = \sum_{i=1}^n (\text{GMHIP} \times \text{KWH} \times \text{LF})_i$$

Where:

GMP = Generation Market Price

(N) Indicates New

GENERATION RATE ADJUSTMENT ("GRA")**(N)**

GMHIP = Generation Market Hourly Index Price expressed in dollars per kilowatt-hour. The Generation Market Hourly Index Price shall be established based on the day-ahead Megawatt Daily peak index for the PJM Western Hub and Into Cinergy delivery points and the actual hourly PJM Western Hub Locational Marginal Price ("LMP") as published on the PJM Interconnection, L.L.C. ("PJM") web site at www.pjm.com. When the published day-ahead Megawatt Daily peak index for PJM Western Hub is higher than the published Megawatt Daily peak index for Into Cinergy, the PJM Western Hub actual hourly LMP will be used as the Generation Market Hourly Index Price. When the published day-ahead Megawatt Daily peak index for Into Cinergy is greater than the published day-ahead Megawatt Daily peak index for PJM Western Hub, a multiplication factor will be calculated by dividing the published day-ahead Megawatt Daily peak index for Into Cinergy by the published day-ahead Megawatt Daily peak index for PJM Western Hub. The multiplication factor will then be applied to the PJM Western Hub actual hourly LMP to determine the Generation Market Hourly Index Price for a given day.

KWH = metered kilowatt-hours

LF = service voltage line loss factor

i = hourly interval

n = number of hourly intervals in the Monthly billing period

As shown in the above calculations, the Generation Market Hourly Index Prices shall be multiplied by the actual hourly usage for a Customer over a billing Month. For a Customer without interval metering, a load shape corresponding to the Customer's class shall be applied to the Customer's total monthly metered kilowatt-hours to determine the hourly usage. At the end of the billing Month the hourly GRA Customer charges, including PA Gross Receipts Tax and losses, will be summed and compared to the applicable monthly charges under this Tariff. If the resulting net figure is positive, it shall be the GRA for that Month. If, however, the resulting net figure is negative, the GRA for that particular Month shall be zero.

SELF-GENERATION

GRA shall apply to PLR Service under this Tariff provided to Customer with on-site self-generation during any period in which, at the sole determination of the Company, the Customer sells, into a generation market or other third party, the electric output of the self-generation that would normally serve the Customer's internal electric requirements. The GRA shall apply to all kilowatt-hours which, at the sole determination of the Company, are supplied under PLR Service to the Customer to replace the self-generation sold into a generation market or other third party.

(N) Indicates New

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this Tariff, a surcharge of 0.2984% will apply to all bills rendered on and after January 1, 2008. (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

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

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TRANSMISSION CHARGES

(I)

DEMAND CHARGE

First 10,000 kilovolt-amperes	\$0.19 per kilovolt-ampere
Additional kilovolt-amperes	\$0.18 per kilovolt-ampere
Ancillary Services:	
Scheduling, System Control & Dispatch	\$0.00 per kilovolt-ampere
Energy Imbalance	\$0.00 per kilovolt-ampere
Reactive & Voltage Control.....	\$0.08 per kilovolt-ampere
Regulation & Frequency Response	\$0.08 per kilovolt-ampere
Spinning Reserve.....	\$0.23 per kilovolt-ampere
Supplemental Reserve.....	\$0.21 per kilovolt-ampere

ENERGY CHARGE

All kilowatt-hours..... \$0.00240 per kilowatt-hour

The 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.

COMPETITIVE TRANSITION CHARGES

Applicable as set forth on Page 4-1 of this Tariff.

GENERATION CHARGES

(I)

DEMAND CHARGE

First 10,000 kilovolt-amperes	\$6.03 per kilovolt-ampere (Effective 1-1-01)
First 10,000 kilovolt-amperes	\$6.07 per kilovolt-ampere (Effective 1-1-02)
First 10,000 kilovolt-amperes	\$6.19 per kilovolt-ampere (Effective 1-1-03)
First 10,000 kilovolt-amperes	\$6.28 per kilovolt-ampere (Effective 1-1-04)
First 10,000 kilovolt-amperes	\$6.34 per kilovolt-ampere (Effective 1-1-05)
First 10,000 kilovolt-amperes	\$6.81 per kilovolt-ampere (Effective 1-1-06)
First 10,000 kilovolt-amperes	\$6.83 per kilovolt-ampere (Effective 1-1-07)
First 10,000 kilovolt-amperes	\$7.27 per kilovolt-ampere (Effective 1-1-08)
Additional kilovolt-amperes.....	\$5.92 per kilovolt-ampere (Effective 1-1-01)
Additional kilovolt-amperes.....	\$5.96 per kilovolt-ampere (Effective 1-1-02)
Additional kilovolt-amperes.....	\$6.08 per kilovolt-ampere (Effective 1-1-03)
Additional kilovolt-amperes.....	\$6.18 per kilovolt-ampere (Effective 1-1-04)
Additional kilovolt-amperes.....	\$6.24 per kilovolt-ampere (Effective 1-1-05)
Additional kilovolt-amperes.....	\$6.69 per kilovolt-ampere (Effective 1-1-06)
Additional kilovolt-amperes.....	\$6.72 per kilovolt-ampere (Effective 1-1-07)
Additional kilovolt-amperes.....	\$7.16 per kilovolt-ampere (Effective 1-1-08)

(I) Indicates Increase

GENERATION CHARGES (Continued)

(I)

ENERGY CHARGE

All kilowatt-hours	\$0.01819 per kilowatt-hour (Effective 1-1-01)
All kilowatt-hours	\$0.01831 per kilowatt-hour (Effective 1-1-02)
All kilowatt-hours	\$0.01866 per kilowatt-hour (Effective 1-1-03)
All kilowatt-hours	\$0.01895 per kilowatt-hour (Effective 1-1-04)
All kilowatt-hours	\$0.01914 per kilowatt-hour (Effective 1-1-05)
All kilowatt-hours	\$0.02059 per kilowatt-hour (Effective 1-1-06)
All kilowatt-hours	\$0.02064 per kilowatt-hour (Effective 1-1-07)
All kilowatt-hours	\$0.02198 per kilowatt-hour (Effective 1-1-08)

The transmission and generation charge applies only when Customer receives PLR 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' metered energy by 1.10453 produces the generation energy that must be delivered to the West Penn system.

(I) Indicates Increase

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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. The University agrees that it will normally generate electric energy only as a by-product of heating steam. Upon notification by West Penn that an emergency exists, The University agrees to make available to West Penn any excess energy from The University central power plant. When such excess energy is generated at the request of West Penn, it will be defined as emergency generation and the energy produced and delivered to West Penn will be billed at the rate specified in Paragraph No. 7.
- 6. The University agrees to deliver to West Penn and West Penn agrees to receive and pay, at the rate specified in Paragraph No. 7, for all by-product energy from the University central power plant in excess of The University's requirements.
- 7. The monthly rate for sales to West Penn by The University shall be as follows:

ENERGY CHARGE

By-product generation	15.77 mills net per kilowatt-hour
Emergency generation	30.00 mills net per kilowatt-hour

- 8. Bills for service will be rendered each month and shall be due upon presentation.
- 9. The University agrees to notify West Penn at any time load in excess of 500 kilowatts is switched from one service point to another.
- 10. Initial connection capacity and any changes in capacities, facilities, or service locations shall be by mutual agreement.
- 11. 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.

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