

GENERAL TERMS AND CONDITIONS

FOR FURNISHING ELECTRIC SERVICE

IN

MARYLAND



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GENERAL TERMS AND CONDITIONS
FOR FURNISHING ELECTRIC SERVICE

1. DEFINITIONS

"Applicant" refers to any prospective Customer who applies to the Company for service or for the installation of an electric service connection. It also refers to any present Customer who applies for a modification of existing service or facilities.

"Billing Service" is the provision of the monthly billing statement and all associated billing related accounting and customer service functions.

"COMAR" refers to the Code of Maryland Regulations, of which Title 20 comprises the regulations of the Commission.

"Commission" refers to the Public Service Commission of Maryland.

"Company" as used herein refers to Potomac Electric Power Company.

"Consolidated Company Billing" - A single bill rendered by the Company which includes both the Company's and the Electricity Supplier's charges.

"Consolidated Supplier Billing" - The customer selects the Electricity Supplier to provide the bill for the Company's and the Electricity Supplier's services.

"Customer" refers to any present purchaser of either SOS or Distribution Service from the Company, in whose name the account is maintained. Such purchaser may be a person or persons, partnership, association, corporation, governmental agency or other entity or its duly authorized representative. The account name may include up to three individual names of persons who will each be legally liable for all charges assessed against this account.

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"Distribution Service" is the provision of access to the Company's electric distribution system for the purpose of providing an electrical connection between the Transmission System and the Customer's connection to the load side of the Company's meter.

"Electric Choice and Competition Act of 1999" or Customer Choice Act - The Act authorizing retail competition in the state of Maryland.

"Electricity Supplier" or Supplier – A person who sells electricity, electric supply services, competitive billing services, or competitive metering services; or who purchases, brokers, arranges, or markets electricity or electricity supply services for sale to a retail customer, other than the Company, and that has been licensed by the Commission to sell electricity to Customers within the state of Maryland in compliance with Section 1-101(J)(1) of the Electric Choice and Competition Act of 1999. The Electricity Supplier is bound by the requirements of the Electricity Supplier Coordination Tariff as approved by the Maryland Public Service Commission.

"Electricity Supplier Coordination Tariff" - A tariff which sets forth customer enrollment procedures and basic requirements for coordination between the Company and Electricity Suppliers.

"Electricity Supply Service", or "Generation Service" is the provision of electrical demand and energy, including all associated losses, to the load side of the meter serving the Customer.

"FERC" is the Federal Energy Regulatory Commission.

"Metering Service" is the provision of a meter, meter operation and maintenance, and all metering-associated facilities, and services, including the acquisition and transfer of meter data.

Non-Residential Customer" refers to a Customer subject to billing on any schedule other than a Residential Service Schedule.

"PJM" is the PJM Interconnection, LLC.

"Peak Load Contribution" (PLC) is the Customer's contribution to the Pepco zone's peak load as defined by PJM. The method to determine a customer's Peak Load Contribution is defined in Pepco's Settlement Operations Manual, which is available at www.pepco.com under Supplier Support.

"Residential Customer" refers to a Customer subject to billing on a Residential Service Schedule.

"Separate Company/Electricity Supplier Billing" – The Company and the Electricity Supplier each bill the customer separately for their services.

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"Standard Offer Service" (SOS) is electricity supply service purchased from the Company by a Customer who does not have an alternative supplier for generation and transmission services, as defined in the Customer Choice Act, Section 7-510(C)(2).

"Standard Offer Service Year" (SOS Year) is from July 1, 2004 to May 31, 2005 for the first year. For all subsequent years, the SOS year is from June 1 through May 31 of the following year.

"Transmission Service" is the provision of access to the transmission and ancillary services provided by the PJM Interconnection for the purpose of providing an electrical connection between the Customer's Generation Service provider and the Company's electric distribution system.

"Unauthorized use" refers to the use of Generation, Transmission or Distribution Service by a Customer or third party that circumvents the meter or any other Company equipment installed to convey, protect, measure, or prevent, the supply of electricity to the premises, or that occurs where proper and timely application for service has not been made.

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2. GENERAL PROVISIONS FOR ELECTRIC SERVICE AND FACILITIES

a. General

The Company will furnish electric service to Customers under the filed rate schedules and in accordance with these "General Terms and Conditions" and its "Electric Service -- Rules and Regulations".

b. Revisions

These "General Terms and Conditions", and the terms and provisions of the various rate schedules are subject to change at any time as approved by the Commission.

c. Disputes

In the event of a dispute between a Customer or Applicant and the Company concerning the interpretation of these General Terms and Conditions, the parties should try to resolve the dispute. If an accord cannot be reached, either party may submit the particulars of the complaint to the Commission for review through appropriate procedures as authorized by the Commission. If the customer has a dispute with the Electricity Supplier, the customer should utilize the Supplier's internal dispute resolution process. If the customer is not satisfied, the complaint can be filed with the Commission.

d. Distribution and Supply

The nominal electrical voltage and phase characteristics of service available at a particular location vary depending upon the Company's distribution facilities supplying the service. Extensions and changes in the distribution system of the Company are constantly being made due to changes in the electrical consumption and demands upon the Company. For the characteristics of service available at a particular location, the Applicant should contact the Company. Upon request, the Company will specify, in writing, the characteristics of service to be supplied in each case.

The Company's "Electric Service -- Rules and Regulations," with reference to the connection of equipment to its lines, were adopted in order to prevent interference with the proper operation of its system and as a precaution to insure the furnishing of satisfactory service to all Customers. Compliance with these Rules and Regulations is mandatory as a condition of obtaining electric service and for continuation of service. Copies of these rules will be supplied and explained upon request. The Company will not be liable for refusal to supply service unless it has been duly notified regarding all purposes for which the service is to be used and has given its consent thereto. The Customer or Applicant should, in all cases, consult with the Company before purchasing initial, additional or replacement electrical equipment, in addition to reviewing the installation and other requirements of the Company's "Electric Service -- Rules and Regulations," in order to determine if the supply and characteristics of service will be adequate and to determine the effect, if any, upon rate classification.

It is expressly understood that the Company does not guarantee a constant supply of electricity. The Company reserves the right to interrupt the supply without notice under emergency conditions, and at any time, for necessary repairs and extensions in circumstances which make advance notification impractical. The Company will provide advance notification of service interruptions where and to the extent practical.

The Company is not liable to any loss, cost, damage or expense to any customer, applicant or supplier occasioned by any failure to supply electricity or by the interruption, reversal, reduction, surge or fluctuation in the supply of electricity caused by events or circumstances beyond the control of the Company, or by any cause except willful default or willful neglect on its part, and the Company will in no event be liable for any loss, cost, damage or expense attributable to business interruptions, loss of profits, or other special or consequential damages resulting from a failure, interruption, reversal, reduction, surge or fluctuation in the supply of electricity.

e. Customer's Wiring and Appliances

The Customer shall be responsible for the maintenance and repair of the Customer's wiring and equipment. The Company shall not be liable for loss or damage resulting from the presence, character or condition of the Customer's wires, appliances or equipment, or for the inspection or repair thereof.

Before the service will be energized, the Applicant's electric wiring and equipment must be approved as required by the inspection authorities having jurisdiction and the Company so notified by said inspection authorities. In no event shall the Company be under any obligation to inspect the wiring, equipment or appliances of an Applicant or Customer.

The Customer converting master-metered property or subdividing the property to individual metering of each commercial or residential unit on the property, or subdividing or rearranging such units, shall prior to the date of conversion arrange the wiring on the premises so that each meter connection supplies electricity to, and only to, the unit plainly, legibly and permanently indicated at the meter connection for that unit. Before the service to individual units will be energized, the Company may require inspection and certification at Customer expense, by a qualified electrician licensed in that jurisdiction, that each unit is so wired. The Company may also require such inspection and certification by each Customer affected whenever the Customer's wiring is substantially modified, as a condition of restoring or continuing service.

A Customer shall not extend his electrical facilities across public space to supply electricity to other properties. Electric service furnished to the Customer shall be for the Customer's own use and may not be remetered or submetered by the Customer except as provided by law and pursuant to applicable Commission regulations. Apartment houses, office buildings or shopping centers which are master-metered may be submetered by the Customer pursuant to the Commission's submetering regulations, COMAR 20.25. Electricity shall be delivered only to a permanent structure on the premises and may not be supplied for temporary purposes except those to which the Company's temporary rate schedule is applicable.

f. Company Connection Facilities

The Company will supply service connection facilities in accordance with Section 10 -- SERVICE CONNECTIONS, and will extend its distribution system as necessary in accordance with Section 11 -- EXTENSIONS OF THE DISTRIBUTION SYSTEM, in order to supply service to the point of delivery or interconnection specified therein and in the "Electric Service -- Rules and Regulations." Where the Customer also has a source of electricity other than the Company and desires interconnection, interconnection facilities shall be provided as further specified in the appropriate rate schedule.

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Under no circumstances shall the Customer electrically interconnect the Company's facilities with any equipment energized from another source of electricity without express permission from the Company in writing to do so.

The Customer and the owner agree to protect from damage the meters, wires and all other equipment placed on the premises and belonging to the Company, as a condition of their installation to provide electric service, and further agree that no one who is not an agent of the Company, or otherwise lawfully entitled, will be permitted to inspect, remove or tamper with said meters, wires and equipment. If tampering with or damage to the Company's equipment on the premises is evident, the Customer may be liable for the cost of repairs and may be required to provide protective equipment satisfactory to the Company to prevent access by unauthorized persons.

Where two or more Customers occupy a property, it is the responsibility of each Customer to accept delivery of (and to pay for) all electricity delivered to the Customer's meter connection even though a portion of the electricity fails to reach the Customer due to the private wiring systems on the property. While the Company cannot compel the owner to repair such wiring and will not terminate service to the property (unless the condition is determined to be hazardous), remedy may be available to the Customer through the Customer's lease, local codes, or landlord-tenant agency. The Company will assist any Customer attempting to identify such a private wiring problem through appropriate billing analysis, and at Customer request will review with the owner of the property any wiring problem discovered or suspected. The Company furthermore reserves the right to warn other Customers or Applicants for service at that location that a wiring problem exists or is suspected, and, where appropriate, to inform local authorities and the Commission of the circumstances on its own initiative.

Where the owner prevents a Customer from protecting from damage the Company's meter, wires and other equipment on the premises which supply the Customer, or prevents the Customer from receiving over separate wiring all the electricity delivered to the Customer's designated meter connection, the Customer should report the circumstances to the Company. The Company will take reasonable steps to avoid termination of the Customer's service for conditions beyond the Customer's control, including but not limited to reasonable efforts to contact the owner of the property.

g. Metering

1. Meter Ownership

The Company will furnish, install and maintain metering equipment, which, in its judgment is necessary to properly measure the electricity supplied for billing purposes.

A Customer or with Customer consent, an Electricity Supplier (hereafter referred to as third party) may request metering equipment that captures information beyond that required for billing purposes or that requires a non-standard reading method. The Company will own, install and maintain this additional metering equipment and the Customer or the third party will pay for the costs associated with the installation of this equipment and removal of existing equipment, as determined by the Company.

A Customer with billing demands in excess of 500 kW or a third party representing this Customer (with Customer consent) (hereafter referred to as Customer owned) may own metering equipment located on the Customer's premises. The metering equipment must be included on Pepco's Approved Meters and Telecommunications Equipment for Ownership List. Meters listed and all subsequent additions were/are subject to the Company's review process for determining compatibility with Commission regulations and the Company's information and electrical systems. Customers may request additional equipment to be added to the List and the Customer and the Company will work together in good faith to develop appropriate procedures for determining that the additional equipment is compatible with the Company's protocols and standards. Any dispute arising under this section that cannot be resolved between the parties shall be taken to the Commission for resolution. The Customer or third party must agree to abide by the Company's metering guidelines set forth in the sections of the Company's "Electric Service -- Rules and Regulations" that address testing, performance, certification, equipment failure, identification, replacement, and other key considerations.

2. Meter Location

The Customer will be required to provide space for the installation of the Company's meters and equipment at a location acceptable to the Company, and arrange the wiring on the premises to accommodate the number of meters which the Company deems necessary for billing, as further specified in the Company's "Electric Service -- Rules and Regulations." When two or more meter connection facilities are installed in a building, each shall be marked by the Customer in a permanent and legible manner to indicate the portion of the building supplied

by each meter. Adjustments in billing resulting from mismarked meter connection equipment are the responsibility of the Customer whether such facilities are supplied by the Customer or are supplied to the Customer by the Owner of the building. It is the Customer's responsibility to pay the Company's adjusted bill, and then seek whatever remedy is available from others (including the Owner of the building) if appropriate.

Residential meters for new installations shall be installed outdoors except in cases requiring non-weatherproof metering equipment, which may be installed either indoors or outdoors in a weatherproof enclosure. An existing residential meter may remain indoors until moved or replaced at the convenience of the Company or at the time of other modifications of electric service equipment initiated by the Customer, when it shall be relocated outdoors. Such relocation shall be at Company and/or Customer expense as for a new service connection. Meters moved from inside to outside at the request of the Customer when no other modifications of electric service equipment are being made, or moved to a different exterior location than selected by the Company for the convenience of the Customer, will be relocated at Customer expense.

3. Meter Access

The Customer and the Owner authorize and empower the authorized agents of the Company, at all reasonable hours, to have free access to the premises for the purpose of reading meters or examining, repairing or removing any of the Company's property. The Customer further agrees to keep meter locations clean, clear and accessible to the Company's authorized agents. A clean, clear and accessible meter location is the Customer's responsibility even if the meter is located remotely from the premises served (as in a multiple occupancy dwelling or shopping center); the Customer shall make suitable arrangements with others as necessary. Failure to comply may result in termination of service.

4. Advanced Metering

Advanced metering is metering equipment capable of recording 15 minute interval consumption data and collection of such data via remote reading. Advanced metering equipment may also be connected to premise equipment that provides Customers with near real-time usage information for energy management purposes.

Advanced metering equipment will normally be owned, installed and maintained by the Company upon Customer request.

Customer owned advanced metering equipment will be installed and maintained by the Company.

Advanced metering equipment will be remotely interrogated or read during the normal scheduled meter reading process. If the Customer chooses to have Advanced Metering Service, the Customer is responsible for the installation and procurement of any associated telecommunications devices or services necessary for advanced metering such as telephone lines. At Customer request, the Company will arrange for the above-mentioned services for an additional cost. The Customer may opt to install their own telecommunications devices provided the installed devices meet the specifications set forth in Pepco's Approved Meters and Telecommunication Equipment for Ownership List and are dedicated solely to the meter for the purposes of collecting meter data. Failure to maintain the related telecommunications services (such as telephone lines) may result in the termination of this remote reading service, removal of the advanced metering equipment, and modifications to the Customer's site to facilitate normal scheduled meter reading. The Customer will be responsible for all costs associated with failure to maintain telecommunications.

For Customers opting for Advanced Metering Service, a periodic verification reading will be taken on the meter. The Company will provide written notice to the Customer prior to the reading. The Company will determine the frequency of the reading based on the technical characteristics of the installed equipment and its in-service performance. Electric service is subject to disconnection according to Section 9.b. Discontinuance by the Company if the Customer fails to make arrangements with the Company for the verification reading within 15 days after receipt of written notice.

If the Customer requests removal of a Customer-owned or Company-owned advanced meter and re-installation of the standard meter, the Customer is responsible for all costs incurred.

In the event the Company is required to visit a premise with Customer-owned advanced metering equipment due to equipment failure or malfunction, the Customer will be responsible for all costs associated with the Company's visit.

If the Customer's facility changes ownership, the acquiring party must comply with the advanced metering provisions stated herein or bear the costs of replacing the advanced meter with the standard meter.

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Fees for services associated with providing advanced metering are listed in Rider "OMRS" - Optional Meter Equipment Related Services of the Company's Rate Schedules. Advanced metering requested by Electricity Suppliers is subject to the provisions of Sections 13.0 and 14.0 of the Electricity Supplier Coordination Agreement.

In cases of dispute, refer to Section 2.c. Disputes.

APPLICATION FOR ELECTRIC SERVICE

a. General

Whether or not a written application or agreement is executed, the Applicant, by accepting service from the Company, agrees to be bound by these General Terms and Conditions and the applicable rate schedule as from time to time in effect.

b. Application In Writing

The Company may require a proper written application for service, meeting the following criteria and acceptable to the Company, at any time whether or not service has commenced. In such case the signature must be that of the Applicant or Customer or a properly authorized agent. Evidence of such authority shall be presented at the time the application is signed. If the Applicant is a corporation, the title of the officer or agent signing the application must be stated beneath the signature, and the name and address of the corporation's Maryland resident agent shall be shown. If the Applicant is a partnership, the name and address of all general partners shall be shown. The Company may also require the Applicant or a Customer involved in a dispute with the Company concerning service to furnish satisfactory evidence that he owns the premises, or that he has authority to occupy and/or use the premises and to permit the Company to enter the premises to supply service in accordance with these General Terms and Conditions.

c. Commencement of Service

The Applicant shall become the Customer when service commences, and the account shall be maintained in that name and electric service to the premises shall continue to be the responsibility of that Customer until service is terminated or account responsibility is superseded by subsequent application. Where account responsibility has terminated, it shall be fraudulent to use service without having made application therefor in the name of the new responsible party, or to apply for service in a fictitious name, or to apply in the name of another member of the family or household or other occupant of the premises in order to assist

in avoiding payment of a prior outstanding bill; and the consumption of Company electricity on the premises shall be an unauthorized use thereof. See Section 9c regarding residential service discontinuance with respect to fraudulent use by residential Customers.

The Company will not connect service unless a responsible adult is on the premises at the time, and until the required inspections and approvals from inspection authorities having jurisdiction have been obtained and the Company so notified.

The Company may refuse service to an Applicant who owes any outstanding judgments or bills to the Company, individually or jointly, for prior service of any class, the collection of which is not barred by operation of the Statute of Limitations, until the Applicant has paid or made arrangements to pay in full such judgments or bills and has reestablished credit in accordance with Section 4--DEPOSITS TO GUARANTEE PAYMENT OF BILLS.

d. Selection of Rate Schedule

Each rate schedule defines the service for which it is available, according to the purposes for which the service is to be used, and certain electrical characteristics of the supply such as voltage and phases. Special terms and rates for the furnishing of electric service may be established when the conditions of use or other circumstances render it inequitable for the Company to supply electric service under an established rate schedule. Such conditions include but are not limited to abnormal load factor, diversity factor, power factor, size and fluctuations in demand. In such cases, the Company may establish restrictions, special terms or rates, subject to the approval of the Commission.

The Company will assist the Applicant or the Customer upon request in the selection of the most economical rate schedule or rider. The selection and verification of such a rate schedule or rider will be the sole responsibility of the Applicant or Customer. The Company cannot guarantee that the Customer will be served under the most favorable schedule or rider. No refund to the Customer will be made based on another rate which might have been selected. The Customer should periodically review the appropriateness of the rate schedule he is on, especially after any substantial change in his equipment or appliances and after any major changes in the rates and their application.

Where more than one rate schedule is available for a particular application, the Company reserves the right to impose a waiting period before implementing a Customer's request to change rate schedules, not to exceed six months, where either or both rate schedules contain seasonal rate differentials and the Customer can reasonably estimate neither a probable annual savings under the alternative rate nor a substantial change in the circumstances of consumption.

e. Selection of Type of Service

The Customer Choice Act gives the customer the option to receive all electricity services (generation, transmission and distribution) from Pepco. This option is referred to as Standard Offer Service (SOS). Pepco will provide this service at least through May 31, 2008, subject to Commission ruling for customers served on Schedules "R", "R-TM", "GS", "T", "SL", "TN", "EV" and "OL" (referred to as Residential and Type I Non-Residential SOS). For customers served on Schedules "MGT LV II" or "MGT 3A II" with a PJM capacity peak load contribution less than 600 KW, Pepco will provide service through May 31, 2006 (referred to as Type II Non-Residential SOS). For customers not eligible for Residential, Type I or II SOS, Pepco will provide Type III Large Customer Service through May 31, 2005 and Hourly Priced Service (HPS) at least through May 31, 2006. The regulations governing the provision of Standard Offer Service and Type III Large Customer Service and HPS are stated in Section 13, Standard Offer Service in Pepco's General Terms and Conditions and COMAR 20.52 Electric Standard Offer Service.

The Customer Choice Act also gives the customer the option to receive generation and transmission services from an Electricity Supplier. If this option is chosen, Pepco will continue to provide distribution service.

A customer is considered to have chosen Standard Offer Service if the customer: a) contracts for electricity with an Electricity Supplier and it is not delivered, b) cannot arrange for electricity from an Electricity Supplier, c) does not choose an electricity supplier, d) chooses the Standard Offer Service, or e) has been denied service or referred to the Standard Offer Service by an Electricity Supplier in accordance with Section 7-507(E)(6) of the Customer Choice Act.

If the customer chooses to receive generation and transmission service from an Electricity Supplier, the customer should contract with the Electricity Supplier. The Electricity Supplier will notify Pepco of the customer's choice and customer choice will take effect with the next scheduled meter read date provided that the customer selection was forwarded to Pepco at least twelve (12) calendar-days before the

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applicable meter read date. Pepco will confirm customer choice of Electricity Supplier by sending a letter to the customer regarding customer's choice.

For the service periods for each type of SOS described in this section, Residential, Type I, Type II and Type III Large Customer Service customers may switch between SOS and service from an Electricity Supplier at any time, consistent with the notice periods described above.

For the service periods for each type of SOS and Type III Large Customer Service described in this section, no fee is charged when changing service providers.

For the service periods for each type of SOS and Type III Large Customer Service described in this section, there is no minimum contract term applied when changing service providers.

The categorization of the customer may not change within an SOS service year. Transfers between types will be made on June 1, the beginning of each SOS service period.

4. CREDIT GUARANTEES FOR FINAL BILL PAYMENTS

a. General

The purpose of a deposit or other credit arrangement is to provide assurance to the Company that the final bill of the Customer will be paid. Such a deposit can only be credited to a final bill and may not be applied against the amount due on a regular bill. This policy is in the interest of all the Company's rate payers since it avoids, to the extent practicable, the burden of uncollectible bills which would otherwise be borne by these ratepayers. The essential ingredient in the administration of such a credit arrangement is its equitable application to all Applicants for service and Customers throughout the Company's service area.

The Commissions' regulations on customer deposits and allied security matters are published as COMAR 20.30. One set of such regulations apply to residential customers, with another set applying to non-residential customers. A copy of these regulations is available from the Company. A copy may also be obtained from the Commission.

A summary of the principal provisions in these regulations is as follows:

1. An Applicant or Customer may establish credit by a number of methods. For residential customers these methods include by demonstration of stability of employment, of good paying habits to the Company, of homeowner status, or of active duty status in the armed forces, or by a cash deposit. For non-residential customers, the methods include by demonstration of the credit-worthiness of the business or of good paying habits to the Company, or by providing a guaranty or letter of credit or a cash deposit. Under special circumstances the Company may make an alternative method of establishing credit available which would be applicable to all Customers similarly situated.
2. The amount of deposit requested from a Residential Applicant or Customer will be no more than two twelfths of the estimated annual service for the next 12 months. Deposits over \$35 may be paid in installments.

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3. For Residential Customers who have not paid a deposit, a deposit may be requested if the Customer fails to pay a bill after a reasonable time has elapsed from the receipt of a termination notice which has arisen because of non-payment of the bill.
4. Deposits together with accrued interest will be refunded automatically upon demonstration of a good payment record over a specified period of time or upon discontinuance of service.
5. Simple per annum interest is paid on deposits from the date of receipt by Pepco. The calendar year rates shall be established in December of each year to be effective January 1 of the following year. The rate shall be equal to the average of the percent yields of 1-year treasury constant maturities for September, October, and November of the preceding year. Interest shall be paid annually, if requested by the customer, or at the time the deposit is returned.
6. With the implementation of Customer Choice, Pepco may hold existing customer deposits in proportion with the dollar amount of service provided by the utility.

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5. METER READING AND BILLING

a. General

All electricity delivered to a Customer shall be metered as provided in the applicable rate schedule. Bills subject to the provisions of Section 7 -- PAYMENT, and Section 8 -- ALTERNATE PAYMENT PLANS, bills will be based on meter readings or estimated or calculated consumption as provided herein and in the applicable rate schedule for the service address specified by the Customer.

The Company will endeavor to have each Customer's meter or meters read at approximately monthly intervals to determine the amount of energy used in kilowatt-hours and if applicable, the maximum demand in kilowatts, but reserves the right to extend the intervals should sufficient justification be evident, such as due to inaccessibility of the meter, extreme weather, change in billing cycle, or other extraordinary conditions. Demand charges will be based upon the maximum 30-minute demand recorded during the month. The terms "month" and "monthly," as used herein and in the rate schedules, refer to the average reading period which is taken as 30 days, but may vary in length from 25 days to 35 days.

The Company will render a bill to each Customer within a reasonable time after the monthly consumption has been determined. Where bills are on an estimated basis they will carry appropriate notice to that effect.

In order that bills will not be misdirected, the Customer is responsible for notifying the Company of any service address change or change in service responsibility (such as due to changed postal address or renumbering of tenants' units) at least three days prior to the change. If the required notice is not received, the Customer may be held responsible for all electricity consumed at the service address previously supplied to the Company until three days after notifying the Company of the correct service address or change in service responsibility. The Customer may only be held responsible to the extent that a subsequent occupant does not accept responsibility and pay the charges therefor.

Customers have the choice of separate Pepco/Electricity Supplier billing, consolidated Pepco billing, or consolidated Electricity Supplier billing. Residential customers choosing billing providers other than Pepco will receive a \$0.62 credit, and non-residential customers will receive a \$0.75 credit per month.

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b. Multi-month billing.

In computing bills covering service rendered for periods of more or less than one month, the following provisions shall apply:

1. Bills without separate demand charge. Bills covering periods of 16 to 45 days inclusive shall be computed at monthly rates. Bills covering periods of more than 45 days shall be computed to the nearest multiple of one month, that is, two, three, or more months, as the case may be. Electricity used during periods of less than 16 days shall be included with the next full month's billing and not billed separately, except that final bills covering less than 16 days shall be billed at monthly rates.
2. Bills with separate demand charge. Bills covering periods of 25 to 35 days, or multiple monthly periods consisting of multiples of 30 days plus 25 to 35 days, shall be computed at monthly rates to the nearest multiple of one month. For bills covering all other periods, the "monthly" provisions of the respective rate schedules shall be applied pro rata on the basis of the ratio of the number of days covered to a 30-day billing period. When a billing period exceeds 35 days as a result of a meter reading schedule change by the Company, the bill will be rendered as if it was for a normal billing month.

c. Combined Billing

When more than one meter is used to measure the amount of electricity consumed by a Customer, a bill in accordance with the appropriate rate schedule will be rendered for the electricity supplied through each meter. However, consumption registered by two or more meters supplying a single premises may be numerically added and a single bill rendered for the total consumption as though supplied through a single meter, provided the additional meter is made necessary by:

1. Regulations or codes promulgated by municipal or other governmental authorities.
2. The Customer's load being of such size and character as to make it advisable, in the opinion of the Company, to install more than one service control switch or more than one service connection to supply the premises.

d. Estimated Billing

The Company may render a bill based on its estimate of the Customer's electric consumption in the following circumstances; under normal conditions any difference between the estimated consumption and the actual consumption will be adjusted through subsequent readings:

1. when the Company is unable after due diligence to obtain a reading on the scheduled meter reading date, and when a Customer reading is not received by the Company within three days after the scheduled meter reading date; or
2. when a reading taken by the Company or reported by the Customer varies significantly enough from the Customer's past electric consumption so as to raise doubt as to the accuracy of the reading; or
3. when a reading taken by the Company or reported by the Customer is misplaced, illegible or there is reason to believe that the reading is otherwise in error; or
4. when the Customer starts or terminates service and does not request an actual reading or does not provide timely access for the reading requested; or
5. when the meter is found to be defective or inoperable; or
6. when the meter has been removed.

Any Residential Customer may read his or her own meter and report the reading to the Company. Upon request, the Company will furnish to a Residential Customer meter reading cards or other indicators, and will inform the Customer how to read the Company's meter. Whenever a meter reader is on the premises and cannot make an actual reading, the meter reader, where practicable, will leave a meter reading post-card at the premises. When both the Company and the Customer timely supply a meter reading, the Company reserves the right to use its reading for billing purposes.

In order to ensure the accuracy of the billing, the Customer shall provide the Company access to the meter to obtain actual meter readings, as provided in Section 2(e) -- Metering. Bills based on cumulative estimated or Customer-reported readings of residential meters will not normally be allowed for more than six months after the last actual reading by the Company, and a lesser period may be determined appropriate by the Company in individual cases. Refusal to provide such access may result in discontinuance of service as provided in Section 9 -- DISCONTINUANCE OF ELECTRIC SERVICE.

e. Change of Rates

Unless the Commission otherwise orders, rates changes effective on a specified date will be prorated for each affected Customer based on the number of days the new rate was applied to that Customer out of an assumed 30 day billing period. Rate changes effective "with bills rendered" during a nominal calendar billing month will be applied to all affected Customer's consumption recorded and billed during the Company's billing cycle which coincides approximately with that calendar month designated. Rate changes effective "with meters read" on and after a specified date will be applied to all affected Customers' consumption recorded on meters read on or after that date.

f. Final Billing

When a Residential Customer requests discontinuance of service the final meter reading may be computed, based on the Customer's average daily usage during the preceding month. A Non-Residential Customer's final bill will be based on an actual reading if possible. Final readings will not be computed when prior use is short-term or irregular so as to provide an unsatisfactory basis for the computation or when a Customer specifically requests that the meter be read. The Company reserves the right to estimate any Customer's final meter reading in any case where access to the meter is not provided within a reasonable time.

The Customer is responsible for notifying the Company to discontinue his account responsibility at least three days prior to the desired termination date. If three days notice is not received, the Customer may be responsible for all electricity consumed on the premises until account responsibility is superseded by Company acceptance of a subsequent application for electric service to the premises in accordance with Section 3 -- APPLICATION FOR ELECTRIC SERVICE, or for three days after the Customer notifies the Company to discontinue service (unless the Company obtains an actual meter reading sooner than the third day), or until access to the meter is provided (if a meter reading is required or requested or deemed necessary by the Company), in accordance with Section 9 -- DISCONTINUANCE OF ELECTRIC SERVICE.

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6. ACCURACY OF ELECTRIC METERS

a. General

The accuracy of all meters in service will be maintained in compliance with the Commission's regulations, COMAR 20.50. For watthour meters, the average accuracy shall be the arithmetic average of the percentage registration at light load and at heavy load, giving the heavy load registration a weight of four.

Whenever a meter tested by the Company or by the Commission is found to have an error in excess of that allowed by the Commission, the provisions for the adjustment of bills set forth in this Section will be observed.

b. Adjustment for Over-Registration

1. If a meter is tested and found to have over-registered by more than 2%, the Company will recalculate bills for the last Customer of record to whom service was furnished through that meter and will credit that Customer's account with the amount charged in excess of the amount which would have been charged had the meter registered with 100% accuracy, except that no adjustment will be made unless the excess charge is more than \$1.00.
2. If the date on which the error in meter registration began can be established the period for recalculation of bills will begin at that time.
3. If the date on which the error first developed or occurred cannot be established, bills will be recalculated for a period of three years preceding the date of discovery of the error or for a period equal to one-half the time elapsed since the last meter test, whichever is less.

c. Adjustment for Under-Registration

1. If a meter is tested and found to have under-registered by more than 2%, the Company may charge the Customer's account an amount equal to one-half of the unbilled error (the additional amount which would have been billed if the under-registration were continuous) for the twelve-month period immediately preceding the date of discovery of the meter error, unless the meter has been tested within the twelve-month period in which event the Company may bill the Customer one-half the unbilled error for the period since the meter was last tested. If the deficiency in amount billed is found to be less than \$5.00, no adjustment will be made.
2. If the error may have been intermittent, as in the case of defective wiring or unauthorized use, the full amount of incorrect registration may be estimated by the Company utilizing records of prior usage by the Customer or previous Customers on the premises and all other pertinent facts and circumstances known to the Company.

d. Wastage Due To Grounding

1. When an accidental ground on the load side of the billing meter is found to exist on the Customer's premises, but is unknown to the Customer, the ground will be cleared from the circuit as soon as possible by Company personnel, if practicable, or otherwise the Customer will be informed and the ground is to be cleared within seven days of discovery of the fault, by a licensed electrician employed by the Customer.
2. A billing allowance for wastage electricity will be credited to the Customer equal to one-half of the total estimated energy wasted during the time the ground was present. Such adjustment will be based on the difference between the daily average energy consumption as metered for periods immediately preceding the initial grounding and immediately subsequent to clearance of the fault; provided, that in cases where the date of initial grounding is more than two months prior to its clearance, or cannot be ascertained, the period of time on which the adjustment is based shall not exceed sixty days and, in any case, shall not exceed the period of past continuous occupancy of the premises by the current Customer of record.

e. Adjustments for Overcharge or Undercharge

The Company will make appropriate refunds or credits in cases of overcharge or may bill additional amounts in cases of undercharge when amounts billed are found to be in error because of improper Company connection of metering equipment, stopped meters, incorrect reading of meters, improper application of rate schedule or for other similar reasons.

The amount of overcharge or undercharge adjustment shall be determined separately during the period of time the discrepancy occurred, in accordance with the following:

1. Overcharge Adjustment

The total overcharge for the period the discrepancy occurred shall be refunded or credited to the customer, except for an overcharge resulting from an incorrect reading of the meter when the amount shall automatically be corrected in a subsequent billing based on the correct meter reading.

2. Undercharge Adjustment

a. Unless authorized by the Commission, retroactive billing may not be for undercharging which occurred more than 12 months before the discovery of the error. The Company may seek the Commission's authorization for retroactive billing for undercharges which occurred more than 12 months but not more than 3 years before the discovery of the error if the customer knew, or reasonably should have known, that the bills were in error. The Company's request to the Commission shall be in writing and shall explain the factual basis for the request to the customer with a notice of the customer's right to write to the Commission within 20 days, if the customer is in opposition to the request.

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- b. If the total undercharge is more than 35 percent of the customer's average monthly bill during the preceding 3 months, the customer shall be allowed to enter into an installment plan to pay the total retroactive billing, without interest. In such a plan the monthly payments against the undercharge may not exceed 35 percent of the customer's average monthly bill during the preceding 3 months.
- c. Unless otherwise authorized by the Commission, the Company may deny service for nonpayment only for that portion of the undercharge applicable to the 4 months immediately before the discovery of the error.
- d. If requested by a customer, the Company shall provide means by which an undercharge may be paid in installments over a reasonable period of time, but not less than the same period in which any undercharges were incurred.

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7. PAYMENT

a. General

All bills are due and payable when rendered. A bill is overdue if not paid in full within 20 days after the bill is rendered.

Customers served under Standard Offer Service or Market Price Service will have payments applied in the following order: first to arrearages for regulated utility service, oldest item first, next to current regulated charges, and finally to other authorized charges, unless the Customer designates otherwise.

When customers served by an Electricity Supplier make a bill payment, the payment will be applied in the following order: Pepco arrearages, Electricity Supplier arrearages, Pepco current charges, Electricity Supplier current charges, and lastly, value-added services (defined as household appliances, maintenance contracts, etc. or other services in addition to the electricity supply being sold and billed to the customer.)

b. Payment By Check

A service charge of \$5.00 will be imposed for every check received in payment of a Customer's account which is lawfully dishonored by the payor bank. On the first occurrence of a returned check within the past 12 months, the Company will waive its service charge of \$5.00 if the Customer submits a reasonable explanation of the occurrence.

c. Late Payment

The date of payment will be considered as the date upon which payment is received at the office of the Company, or one of its authorized collection agencies; or the last working day before payments are removed from receptacles provided for after-hours collection at the Company's office. When the 20 days allowed for payment expire on a holiday or on a Saturday or Sunday, the payment period shall be extended through the next ensuing business day. Consideration shall be given upon request for an extension of the overdue date when, within the discretion of the Company, conditions warrant, such as late bill delivery or similar hardship.

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If bills are not paid within 20 days after rendition, a late payment charge will be added equal to 1-1/2 percent of the bill, and at the end of the first nominal billing interval after that, an additional charge will be made equal to 1-1/2 percent of any portion of the original amount which remains unpaid at the time, and at the end of the second nominal billing interval, an additional charge will be made equal to 2 percent of any portion of the original amount which remains unpaid at the time. The total of the charges will not exceed 5 percent of the original unpaid amount. The Customer may obtain, upon request within one calendar month after any bill becomes overdue, a waiver of the late payment charge but not more than one such waiver may be obtained within any 12 consecutive billing months.

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8. ALTERNATE PAYMENT PLANS

a. General

Bills may be rendered to a Customer later than or on a different basis than actual monthly consumption, in accordance with a Company-approved alternate payment plan.

b. Average Payment Plan

An "Average Payment Plan" is available for Residential Customers on Standard Offer Service who request this type of budget billing. Under provisions of the plan, application for this service may be made at any time, although Customers may not participate until all unpaid charges are paid in full. Customers with electric space heat as their primary heating source will be assigned a plan year that terminates annually during the billing month of July. Customers with partial electric space heating and non-electric space heating Customers will be assigned a plan year that terminates annually during the billing month of February.

Upon commencement, the amount billed each month will approximate one-twelfth of the total projected annual usage based on current rates except during the initial plan year when the number of months may be modified to accommodate plan year terminations in the billing months of July and February, respectively. In both cases, a Customer's projected annual usage is based on the Customer's latest twelve-months' billing except as modified by the Company in instances where a significant change in consumption is indicated.

When a Customer does not have twelve months billing history, the Company will estimate the Customer's projected annual usage. In no instance shall a deviation from the projected annual usage absolve the Customer from paying for the energy actually consumed.

At the end of each plan year, the twelfth monthly bill will be adjusted for actual usage during the twelve month period. During the plan year, periodic reviews by the Company to compare a Customer's actual and projected usage may prompt a modification in the monthly payment amount to prevent an excessive accumulated deviation.

For customers selecting an Electricity Supplier, Pepco will determine whether the account should be trued-up immediately or later if it is close to the end of the plan year. Customers participating in the Average Payment Plan will be charged for the Company's distribution services regardless of the Customers' choice for Competitive Supply Services or the billing method selected. Customers seeking to enroll in or terminate from the Average Payment Plan must do so by contacting the Company.

Failure to make a payment or to pay bills in a timely manner (as defined in Section 7 -- PAYMENT), or Customer request, will result in the Customer being removed from the plan. Once removed from the plan, the Customer will be billed based on current meter readings. When additional payments are received by the Company which pay the account in full, upon request of the Customer the account may be returned to billing under the plan; provided, if the Customer has been removed from the plan either voluntarily or involuntarily within the last 12 months there may be a waiting period of up to 12 months required before the Customer can be reinstated on the plan.

While on the plan, late payment charges as set forth in SECTION 7 -- PAYMENT shall apply to the late payment of amounts billed under the plan and not the cumulative difference between amounts billed under the plan and amounts that would have been billed but for the plan.

c. Time Payment Arrangements

Customers who are experiencing temporary financial difficulty may qualify for time payment arrangements to bring their accounts current. In establishing the terms of such arrangements, the Company considers such factors as the Customer's ability to pay, the reason for the arrearage and the Customer's prior payment history. If a customer selects an Electricity Supplier, any time payment arrangement that may be in effect will remain unaltered, subject to the provisions of this section. These arrangements are intended to assist the Customer over a temporary period of financial difficulty; failure by the Customer to meet the terms of the agreement will result in cancellation of the agreement as well as the assessment of late charges and will subject the account to immediate collection action, which includes possible disconnection of service.

d. Extended Payment Date Plan

An extended payment date plan is available to Residential Customers receiving monthly Social Security or certain other government-sponsored, low-income monthly income assistance which constitutes the principal source of total income within the household.

The Customer is responsible for making application to the Company, and such application is subject to verification and acceptance by the Company. Continued eligibility for this plan is dependent upon application renewal by the Customer and acceptance by the Company during the month of March of each succeeding year.

The extended payment date plan shall automatically extend a bill due date so that late payment charges are not incurred until: a) thirty days after the date of bill rendition; and/or b) a reasonable time following receipt of benefits or financial aid.

e. Energy Assistance Programs

The Company may participate with appropriate local, State or federal agencies in the creation and operation of energy payment assistance programs.

9. DISCONTINUANCE OF ELECTRIC SERVICE

a. Discontinuance Upon Customer Request

When a Customer desires to discontinue electric service, he shall notify the Company at least three days in advance of the date discontinuance is desired. The Customer is responsible for all electricity consumed on the premises for three days after the date of such notice (unless the Company obtains an actual meter reading sooner than the third day), or until access to the premises is provided, whichever is longer. If the customer requesting discontinuance is served by an Electricity Supplier, Pepco will notify the Electricity Supplier of the customer's discontinuance of service for the account at the customer's location as required by Section 7.7 of the Electricity Supplier Coordination Tariff.

b. Discontinuance by the Company

The Company may discontinue service upon due notice to a Customer and remove its property without being liable to the Customer or to tenants or occupants of the premises served, for any loss, cost, damage or expense occasioned by such discontinuance or removal, for any of the following reasons:

1. Failure to comply with the Company's requirements for service applications as required under Section 3 -- APPLICATION FOR ELECTRIC SERVICE, or Section 10 -- SERVICE CONNECTIONS.
2. Failure of a Customer to make or to increase a deposit as required under Section 4 -- DEPOSITS TO GUARANTEE PAYMENT OF BILLS.
3. When the bill for electric service is in arrears.
4. Refusal of legitimate access to premises, damage to or loss of property of the Company on the Customer's premises for which the Customer is liable as provided under Section 5 -- METER READING AND BILLING.
5. Failure of the Customer to comply with the Commission's regulations, or other State, municipal or other governmental regulations covering electrical installations.

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6. Violation by the Customer of any of the terms or conditions of service contained in the Company's electric service tariff or special electric service agreement on file with the Commission, or any other contractual obligation for service or facilities subject to regulation by the Commission, or in the Company's "Electric Service - Rules and Regulations."

At least 5 days' notice will be given to any non-residential Customer by the Company before discontinuation of service under these provisions (1) through (6). Residential Customers will be given additional notice as provided below.

Service to any Customer will be discontinued without notice for any condition determined by the Company to be hazardous; for Customer's use of equipment in such manner as to adversely affect the Company's equipment or the Company's service to other Customers; for tampering with equipment furnished and owned by the Company; or, for unauthorized use of service.

c. Residential Service Discontinuance

The Commission has issued regulations governing the termination of service to residential customers. These are codified in COMAR 20.31. A copy of these regulations is available from either the Commission or the Company. Principal features of the Commission regulations are summarized below. The regulations should be reviewed for their provisions.

1. Reasons For Termination by the Company

- (a) In instances affecting safety or of theft of electricity, the Company can terminate service without notice for any of the following reasons:
 - (1) hazardous electrical condition on the Customer's premises;
 - (2) use of Customer equipment in such a manner as to adversely affect service to the Customer and/or service to others;

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- (3) tampering with equipment furnished and owned by the Company;
 - (4) unauthorized use of service; offenders may also be subject to criminal prosecution.
- (b) In the event of fraudulent use, the Company may give five days' notice that service will be terminated (naming the fraudulent use), and then proceed to terminate. Fraudulent use includes, but is not limited to:
- (1) using service without having contracted with the Company to do so and refusing to sign an application for service;
 - (2) using a fictitious name on the application;
 - (3) using the name of another family or household member or other occupant to avoid payment of a prior outstanding bill.
- (c) In situations where theft or threats to safety or fraudulent use are not present, the Company may begin termination procedures, including at least 14 days notice that service will be terminated, for any of the following reasons:
- (1) Customer's violation of or noncompliance with the Commission's regulations or with the Company's tariffs and rules;
 - (2) failure to permit the Company or its agents reasonable access to its equipment on or near the premises;
 - (3) nonpayment of bill for service;
 - (4) failure to provide a deposit pursuant to the Commission's regulations governing Customer deposits;

- (5) failure to furnish the service equipment, permits, certificates or rights-of-way, as specified by the Company as a condition to obtain service;
- (6) withdrawal or termination of above equipment, access or permissions.

2. Procedures for Termination of Service

A written notice of termination will be delivered by the Company in person or by mail to the Customer of record in advance of discontinuing service.

Where termination is for non-payment of bills, the Company will begin termination procedures only after reasonable attempts have been made to collect past-due bills using normal collection procedures, and at least one notice has been sent stating that the bill in question is past due, in addition to the notice of termination.

Special termination procedures apply to protect Customers who are (or households in which reside) persons that are handicapped, mentally impaired, elderly, seriously ill, or reliant upon life support equipment using electricity. Special procedures also apply during the winter months.

The Company offers a third-party notification procedure, whereby a copy of any notice of termination will be sent to any third party designated by the Customer. Such third party will not be obligated thereby to pay the bill.

The Company also offers alternate payment plans to Customers who may have difficulty paying bills on a current basis. See Section 8 -- ALTERNATE PAYMENT PLANS.

3. Dispute Procedures

In the case of a disputed bill, the Customer shall inform the Company of the grounds for dispute and the portion of the bill reasonably disputed. The Company will promptly investigate the circumstances. Service will not be terminated for non-payment if the non-disputed portion of the bill is paid pending investigation.

Within seven days of receiving notice of the Company's decision regarding a disputed bill, the Customer can file a complaint with the Commission's Consumer Assistance Division. The Commission may dismiss a complaint if it determines that the Customer has not dealt with Pepco in good faith or has otherwise failed to comply with the Commission's regulations.

If the customer has a dispute with the Electricity Supplier, the customer should utilize the Supplier's internal dispute resolution process. If the customer is not satisfied, the complaint can be filed with the Commission.

d. Restoration of Service

Upon discontinuance of service, service may be restored to a Customer without re-application if:

1. the Customer originally requested that service be discontinued only for a scheduled period, not to exceed 12 months, and be restored thereafter; or,
2. the Customer within seven days complies with the provision upon which service was discontinued by the Company and requests the Company to restore service.

When service is restored, the Customer shall pay a reconnection charge of \$35.00. Restoration of service to a Customer will be made as scheduled before disconnection; or if discontinued by the Company, upon request to the Company, normally within 24 hours after compliance by the Customer with the provision upon which disconnection was based and after payment of all amounts past due to the Company plus the reconnection charge.

If restoration of service is not scheduled or requested as set forth herein, the account will be closed and service to the premises will remain terminated until the Company accepts a proper application therefor submitted pursuant to Section 3 - APPLICATION FOR ELECTRIC SERVICE.

e. Limited Service

Whenever the Company has cause for discontinuance of service to a residential electric service Customer (excluding electric hot water and electric central heating accounts), it shall have cause in the alternative to limit service as follows:

1. All requirements of this tariff (including all Commission wintertime restrictions, notice requirements and other regulations) prerequisite to the discontinuance of service shall also be prerequisite to such limitation of service.
2. The limitation of service shall be by a limiting device installed on the Customer's service connection which restricts the consumption of electricity by providing the Customer with a maximum of 8 amperes per leg of service (8 amperes on either leg of the normal 120/240 volt service).
3. Limited service shall be continued for at least 10 calendar days prior to discontinuance of service.
4. Non-limited service shall be restored, upon request to the Company, normally within 24 hours after compliance by the Customer with the provision upon which cause for discontinuance was based and after payment of all amounts past due to the Company or the agreement of the Customer and the Company to an alternate payment plan with regard to all past due amounts not paid.

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10. SERVICE CONNECTIONS

a. General

The Company's practice shall be to provide service connection facilities which, in its judgment, will assure to the Applicant or Customer safe, adequate and reasonable electric service to meet his/her requirements commensurate with accepted industry standards and practices.

A service connection will normally include those facilities installed, by the Applicant or the Company, on private property or within the vertical projection of the outermost structural component of the facility served, to the first terminal point for each service location at or in the building or facility to be served (including facilities deemed necessary by the Company to interconnect existing or future customers adjacent to the premises being served) as well as those facilities installed elsewhere and dedicated to connecting the Company's common distribution system to the point of interconnection with the Customer's equipment (at the termination of the Company's service conductors)

A normal service connection will be supplied in accordance with subsections a. through d. of this Section. The Company, upon request, to the extent reasonably practicable will supply a service connection in excess of or different from a normal installation consistent with the Company's practice set forth above ("Customer Plan"). Applicants shall furnish and install those items specified and shall contribute toward the Company's cost of furnishing and installing its facilities as specified in subsection e. of this Section.

All facilities installed by the Applicant which will be used to enclose, protect, support or provide termination for Company-owned facilities shall be approved by the Company.

Any relocation or alteration of Company-owned facilities may be made only with the approval of the Company and shall be at the expense of the party requesting the change or who is responsible therefore, if such change is occasioned by:

1. A request for relocation or alteration of such facilities, or
2. Structural changes on the premises served, or

3. Other private construction work being performed (or to be performed) which jeopardizes the safe and normal operation of existing electric facilities in the area.

When service to a premises is discontinued, the Company will leave any or all of its service connection facilities in place, if permitted to do so, when in the opinion of the Company the facilities are reasonably protected and are likely to be used again at that location within a reasonable time. Service connection facilities will be removed (or, if underground, abandoned at the option of the Company) upon request of the owner or other proper party.

In determining the size of the facilities to provide the requested service, the Company will take into consideration in developing its Plan information provided by the Customer, including the sizes and types of electrical loads to be operated at the premises and benchmark data at other locations operated by the Customer. In addition, the Company will consider data from similar types of facilities located on its system, data shared by other utilities, and the location of the facilities in relation to other facilities and loads. All factors taken into consideration in developing the Company's estimate will be provided to the Customer upon request where it is possible to do so without violating customer confidentiality.

If the projected demand of the service connection requested by the Customer ("Customer Plan") is in excess of the projected demand of the Company Plan, the customer will pay the difference in cost between the Company Plan and the Customer Plan as well as being subject to the charges specified in Excess Facilities - Rider "EF" and the provisions of Section 11 of the General Terms and Conditions. The contribution in aid of construction may be paid as a lump sum or through the Facilities Charge in the applicable M-GT or GT tariff. Under the terms of Rider EF, a contract demand will be set equal to the difference between the projected kilowatt demand of the Customer Plan and the Company Plan. This contract demand will be billed at the appropriate rate in Rider EF. Five years from the date that the facilities were installed, the Company will refund to the Customer a prorated amount of the construction cost paid by the Customer associated with those excess facilities and the amount collected through Rider "EF". The prorated refund will be the greater of zero

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or the amount calculated using the following formula, but not greater than 100 percent of the amount paid by the Customer:

$$\frac{(kW_{avg} - kW_{comp})}{(kW_{cust} - kW_{comp})} \times (CIAC + EF)$$

Where:

KW_{avg} = average of the 12 highest billing demands during the five year period

KW_{comp} = kW load projected by the Company

KW_{cust} = kW load projected by the Customer

CIAC = contribution in aid of construction

EF = amount paid under Rider EF

A written contract with a minimum term of 5 years will be required for Customers taking service under Rider "EF". This contract will be for delivery service only, and will in no way obligate the Customer to take Standard Offer Service or full requirements service from the Company. In the event that the Customer terminates service earlier than five years from the installation date the Customer will be responsible for making any remaining payment pursuant to the Facilities Charge in the applicable M-GT or GT tariff in a lump sum.

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b. Type of Service Provided

Service connections are categorized according to the structure served or purpose of the connection. These categories may not be the same as the classifications of customers for rate schedule and billing purposes. The categories of service connections and type of service available in each category are:

1. Residential

Structures within this category shall include single family structures, townhouse structures and multi-family structures (other) of not more than four dwelling units per address and having a total load that will not exceed a demand (as determined by the Company) of 400 amperes at 120/240 or 120/208 volts single phase. Should the electrical demand from a structure containing more than one dwelling unit exceed the 400 ampere limit, it shall be treated as "Commercial-Industrial" for purposes of service connection policy regardless of the rate schedule applicable to such service. For purposes of this section a dwelling unit is a building or portion thereof arranged or designed for occupancy by not more than one family for living purposes and having cooking facilities.

Each residential structure within this category shall be provided an individual service connection. The class of service will normally be single phase, three wire, 60 Hertz (cycles per second), 120/240 volts or 120/208 volts.

For residential services, the Company's service conductors shall terminate at the meter or main disconnect device if served from underground lines, or at the house rack or bracket if served from overhead lines. The Company's terminal equipment for service to a mobile home shall be permanently mounted near the mobile home's permanent foundation and not on any part of the mobile structure. For new residential construction, the normal service connection will be supplied underground and will terminate at the corner or along the face of the structure closest to the distribution system.

2. Temporary or Construction

Service connections within this category shall include those used for construction purposes regardless of duration, and any service connection the duration of which, in the judgment of the Company, is not of a permanent nature.

Temporary service connections will normally be low voltage and may be either overhead or underground. The Company will terminate its equipment in a manner appropriate to the type of service requested; provided, the Company will not install a temporary service connection directly to mobile equipment.

3. Commercial-Industrial

This category shall include all service connections not specifically covered by the "Residential" and "Temporary or Construction" categories.

The class of service to be supplied the Customer or Applicant will be designated by the Company.

The service conductors will terminate at the Customer's service equipment or the meter connection equipment, whichever is the first terminal point for each service location at or in the Customer's building or facility to be served; except, where the Applicant furnishes service cable in place for overhead service, the Company's facilities will terminate at the point of attachment. These locations must be approved by the Company. The normal point of service connection shall be as close as practicable to the point of entry into the building served, as designated by the Company. Service cable will normally be installed underground unless the Applicant's premises are such that the construction of underground lines would serve no aesthetic purpose.

When electric service is supplied at high voltage delivery levels (13.2 kv or above) primary cables will be furnished and installed by the Company, extending from its main line facilities to the Customer's main disconnecting device located at such a point as shall be determined by the electrical and architectural design of the building or project and approved by the Company.

When electric service is furnished at secondary voltage delivery levels, transformers (and associated protective equipment furnished by the Company to protect its own equipment) are normally installed on transformer pads on private property external to the building. Where there is no space on private property external to the building, the transformers and associated protective equipment will normally be installed within the building in a room furnished by the Applicant to meet Company specifications. The Company at its option may supply the building from transformers located outside the private property and beyond the vertical projection of the outermost structural component of the facility served, and will do so if no other alternative is available; such service shall not be considered normal.

c. Ownership

Facilities furnished by the Company shall remain the property of the Company regardless of the payment of any contribution in aid of construction with regard to such facilities. Facilities for a normal service connection will be furnished as follows:

1. Residential

The Company will furnish, install and maintain the required service connection facilities including the meter and will make all electrical connections in the Applicant's meter socket, both line and load regardless of whether the Applicant purchases an approved meter socket from a third party (a list is available at the Company's website www.pepco.com) or uses a meter socket purchased from the Company. The Company may also furnish conduit to the Applicant for installation by him at his cost for his use under driveways, patios, sidewalks, walls or other obstructions or in advance of paving. Where the Applicant desires meter mounting equipment different from that furnished by the Company, the Applicant may furnish and install such equipment if approved by the Company.

2. Temporary or Construction

The Applicant may at his option provide the design and any or all other facilities normally provided by the Applicant, subject to Company approval, for a commercial-industrial service connection. The Company will furnish, install and maintain all other service connection facilities provided, except that the Applicant shall install the meter mounting devices furnished by the Company, and the Applicant shall furnish and install any current transformer cabinets required.

3. Commercial-Industrial

The Applicant shall design, furnish and install, subject to Company approval, and own and maintain all structural components (poles, trench, conduit, pads, manholes, rooms, raceways, lighting, ventilation, drainage, etc.) located on private property or within the vertical projection of the outermost structural components of the building to be served, required inside or outside the building to house or protect or support Company-owned electrical components. The Company will make available for purchase, for the Applicant to install, own and maintain, manhole frames, covers and grates for manholes needed for Company use which identify the manholes with the Company.

The Company will furnish for installation by the Applicant, at his request, meter mounting devices (meter sockets and transockets) when installed on the line side of the main disconnect device, and meter panels for use with Company meters. The Applicant will be required to furnish and install current transformer compartments. The metering equipment and its installation must be approved by the Company.

The Company shall furnish, install, own and maintain the electrical components up to the point of service (the point of delivery of electricity to the Customer), including wires, cables, splices, transformers, etc. that are required to supply the electrical requirements of the facility being served. The Company will furnish and install meters and metering potential and current transformers as required for low voltage service. The Company will provide, for installation by the Applicant, metering potential and current transformers, potential transformer fuses and/or fuse holders as required for high voltage service.

d. Rights-of-Way and Easements

The Company may require the Applicant or current Customer at any time to furnish such suitable permits, rights-of-way or easements as are needed to supply service to that Applicant or Customer (including land surveys if requested by the Company) when Company facilities are to occupy or presently occupy property other than public space or that dedicated for utility use.

Such permits, rights-of-way or easements must be furnished at no cost to the Company and the ground cleared and graded in reasonable time to meet service requirements. Such clearing and grading must be maintained by the Applicant during construction of the Company's facilities.

Company service connection facilities located neither in public space nor space dedicated for utility use nor pursuant to an appropriate and proper easement will be relocated or removed or abandoned upon proper request by the owner of the property, or upon failure of the Customer served to furnish an easement, right of way or permit needed to supply service to the Customer when required by the Company. If relocation of the affected portion is not permitted by all affected property owners, or if such suitable easement, right-of-way or permit is not furnished, the Company will remove or abandon the existing service connection facilities at Company expense and, where permitted, will install a new service connection at the expense of the Customer served. If relocation of the affected portion is permitted, the existing service connection facilities will be relocated to the extent necessary at the expense of the Customer served; provided, that a new service connection may be installed at the option of the Company, at the expense to the Customer of the estimated cost of the proposed relocation or the new service connection whichever is less.

e. Charges For Service Connections

The Applicant or Customer shall pay to the Company the fees or contributions in aid of construction specified below for normal and additional service connection installations and alterations thereto. Such fees or contributions are non-refundable.

1. Residential

The Applicant shall pay to the Company a standard service connection fee for the supply and installation of a normal service connection, based on the full average estimated cost per connection of all residential service connections of the same subclass designed for construction during the most recent three year period available. This fee shall be updated annually for each subclass calculated as follows: The full average estimated cost is equal to the total estimated cost (installed) to the Company of those normal residential service connection facilities designed for the subclass during the data years which are classified in Accounts No. 369, 370 and 371 of the Uniform System of Accounts (excluding meters and meter testing), as estimated at the time of design by the Company, divided by the number of such service connections (adjusted for multiple and joint applications). For purposes of this section, the three residential subclasses shall be Single Family Detached, Townhouse and Other. Single Family Detached means a residential structure

containing only one dwelling unit, entirely separated from any other building or structure by space on all sides. Townhouse means any residential structure having individual dwelling units separated from other units by firewalls or firestops, each unit having an individual entrance from the outside. Other means any residential structure defined in this Section (see subsection 10.b(1)) other than a Single Family Detached Structure or a Townhouse Structure.

Beginning July 15, 2009, the service connection fee for Single Family Detached dwellings shall be \$1,436 the fee for Townhouses shall be \$681 and the fee for Multi-Family dwellings of four or fewer units shall be \$497 per unit.

If the Applicant requests that the Company provide facilities or an installation in excess of or different than those normally installed, or if such excess installation is required by local ordinance, the total estimated additional cost shall be contributed by the Applicant. This contribution shall be in addition to any other service connection fee or contribution required under these "General Terms and Conditions." The corner of the building nearest the point at which the distribution system enters the property to be served will be considered the normal point of service connection. For new residential construction, the normal service connection will be supplied underground and will terminate at the corner or along the face of the structure closest to the distribution system. For a change in point of service for standard direct buried type construction, this additional contribution will be the weighted average installed cost per foot of cable required. For other types of construction, the contribution will be based on the design requirements.

When an existing Customer increases his main disconnect capacity, a modified service connection, if required, shall be furnished and installed by the Company at no cost to the Customer for a normal service connection, provided the type of service connection (i.e. overhead or underground) and the point of service connection remains the same. A modified service connection is not considered required if the existing service connection, in the judgment of the Company, is adequate to meet the Customer's electrical requirements. If the Customer requests the required modified service connection be of a different type or to a different point, the Customer shall pay the estimated cost of the modified service connection less the estimated cost of

furnishing and installing an adequate service connection of the existing type to the existing point. Relocation or alteration of a service connection or meter when an increase in service connection capacity is not required, when done for the Customer, will be done at the Customer's expense.

Where an existing service connection is modified, relocated or altered, or in other special circumstances, the Company will accommodate reasonable incidental requests by the Applicant or Customer to install the service connection around (or to restore if disturbed) existing improvements on the premises (such as patios, driveways, or ornamental shrubs or lawns); but the additional work to accommodate such incidental requests shall not be normal service and the estimated additional cost shall be borne by the Customer. The Company may refuse any such incidental request when, in the sole judgment of the Company, the request is for work requiring specialized equipment or skills or is unusually extensive.

2. Temporary or Construction

The Applicant shall pay to the Company the total estimated cost of furnishing and installing the Company-supplied connection facilities and removing the connection, less the salvage value of the material returned; provided, the Applicant shall pay only the labor cost to install and remove transformers. Where sufficient secondary distribution capacity exists to supply temporary or construction services, flat sum charges may be available.

3. Commercial-Industrial

The Applicant shall pay to the Company a connection fee in the amount of the estimated cost to the Company of furnishing and installing those electrical and other components supplied by the Company for the normal portion of the Applicant's service connection which are classified in Accounts No. 369, 370 and 371 of the Uniform System of Accounts (excluding meters and meter testing), plus the estimated cost of service connection poles, manhole frames, covers or grates (if any) supplied by the Company. The Applicant shall contribute to the Company the total estimated cost of constructing that portion of the service connection which does not meet the Company's criteria for a normal service connection. The Customer shall contribute to the Company the total estimated cost of any alterations by the

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Company for the Customer to those service connection facilities for which a fee or contribution to the Company would apply if supplied as part of a new service connection. See also Sections 3.c and 9.d regarding charges for the commencement or restoration of service.

4. Change In Class of Service

Where the Applicant requests a class of service available but different from that designated by the Company under Section 10.b above, the Applicant shall contribute the additional cost incurred by the change. This contribution shall be in addition to any other service connection fees or contributions required under these "General Terms and Conditions."

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11. EXTENSIONS OF THE DISTRIBUTION SYSTEM

a. General

When the existing distribution system must be extended to reach the service connection or connections (see Section 10 -- SERVICE CONNECTIONS), the extension will be made in accordance with the following:

1. To reach an Applicant for a residential service connection the extension will normally be made underground, at no cost to the Applicant, provided such extension does not exceed 200 feet from the point of connection with the existing distribution system. If an underground extension in excess of 200 feet is necessary, the Applicant may be required to contribute the estimated difference in cost of underground and overhead construction. An overhead extension, if permitted, will be made at no cost to the Applicant.
2. Any temporary extension of the distribution system necessary to reach a temporary service connection shall normally be considered part of the service connection. A permanent extension installed, for example, to supply a temporary Customer in the course of constructing a permanent structure which will require service, shall be made in accordance with the policy applicable to the structure(s) to be served.
3. To reach a commercial-industrial Applicant, the extension along public highways will be made at no cost to the Applicant, except when the extension is made where land use is restricted to the Applicant or is otherwise unavailable for further development or where, in the judgment of the Company, no other Customers will be served from the extension. Where such exceptions exist, the Applicant will contribute the estimated cost of the extension.

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4. Where, due to the manner in which a subdivision is developed, the Company is required to construct an underground electric distribution system through a section or sections of the subdivision where service will not be connected for at least two years, then the Company may require the Applicant to make a reasonable deposit to cover the non-developed section or sections before construction is commenced.
 - (a) The deposit, without interest, shall be returned to the Applicant on a proportional basis per lot as each new Customer in the originally non-developed section or sections completes his permanent service connection.
 - (b) Any portion of a deposit remaining unrefunded ten years from the date the Company is first ready to render service from the extension will be retained by the Company.
5. The Applicant shall furnish the Company suitable permits, rights-of-way or easements, including land surveys if required by the Company, for all distribution extension facilities located on private property.

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12. CHARGES FOR RETAIL CUSTOMER BILLING AND CONSUMPTION DATA REQUESTS**

a. General

The Company provides 12 months of historical non-interval usage data on each customer's monthly billing statement free of charge.

b. Additional Requests for Usage Data in Electronic Format

1. Historical Consumption Request - Non-interval Data*

- (a) Charged on all usage requests except those associated directly with an EDI enrollment transaction.
- (b) 12 months of consecutive monthly data is provided for each account included in a request.
- (c) \$110 per request (covers first 100 accounts). \$1.00 will be charged for each account requested above 100 accounts.
- (d) Consumption data may be available for up to the last 24 months of usage history.
- (e) Requests must be in an EXCEL compatible format.

2. Historical Consumption via EDI - Non-interval Data*

- (a) Charged on all usage requests via EDI except where the usage request is associated directly with an EDI enrollment transaction.
- (b) Requesting entity must have successfully completed EDI testing with the Company prior to making the request.
- (c) Last 12 months of consecutive usage data will be provided.
- (d) Each account usage request will be billed at \$.54.

* The first three requests per customer per year are not subject to the fees stated herein.

** These charges apply to customers requesting data or other parties requesting customer data with customer consent.

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3. Historical Consumption Request - Interval Data*
 - (a) For each month of account interval usage provided the customer will be charged \$8.00.
 - (b) Usage cannot be provided beyond the last 24 months of billing date.
 - (c) Charged on all usage requests except those associated directly with an EDI enrollment transaction.
 - (d) Requests must be in an EXCEL compatible format.

* The first three requests per customer per year are not subject to the fees stated herein.

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13. STANDARD OFFER SERVICE

a. General

The Maryland Public Service Commission regulations governing the provision of Standard Offer Service (SOS) are stated in COMAR 20.52 Electric Standard Offer Service and contained in this section of the Company's General Terms and Conditions.

The Company provides Standard Offer service if the Customer:

- a) is not eligible to receive electric supply from an alternative electricity supplier;
- b) contracts for electricity with an electricity supplier and it is not delivered;
- c) cannot arrange for electricity from an electricity supplier;
- d) does not choose an electricity supplier;
- e) chooses standard offer service; or
- f) has been denied service by an electricity supplier.

For the service periods for each type of SOS described in this section (excluding Type III Large Customer Service and Hourly Priced Service), Customers may move between SOS and competitive electricity suppliers.

For the service periods for each type of SOS described in this section, no fee is charged when changing service providers.

For the service periods for each type of SOS and Type III Large Customer Service described in this section, there is no minimum contract term applied when changing service providers.

Existing Customers of record that do not select a competitive electricity supplier at the beginning of the SOS period, shall receive SOS.

New accounts shall receive SOS for the first billing period and until the Customer selects a competitive electricity supplier.

The regulations governing the provision of SOS, Type III Large Customer Service and Hourly Priced Service (HPS) for Customers served on the Company's various Rate Schedules are stated in this Section.

Residential SOS, Type I SOS, Type II SOS, and Type III Large Customer Service and HPS are subject to the terms and conditions of the Company's tariffs and the Maryland Public Service Commission regulations. If tariff provisions conflict with Commission regulations, the regulations shall be controlling.

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b. Residential SOS

All Residential Customers are eligible for Residential SOS. For Customers served on Schedules "R" and "R-TM", the Company will provide Residential SOS service from July 1, 2004 through May 31, 2008.

Service may be denied for the reasons stated in COMAR 20.50.04.01-2 – Denial of Application for Residential Service and stated in the Company's tariffs.

c. Type I Non-Residential

For Customers served on Schedules "GS", "T", "SL", "TN", "EV", and "OL", Pepco will provide Type I Non-Residential SOS from July 1, 2004 through May 31, 2008.

Service may be denied for the reasons stated in COMAR 20.50.04.01-2 and stated in the Company's tariffs.

d. Type II Non-Residential

For Customers served on Schedules "MGT LV II" and "MGT 3A II" whose PJM capacity peak load contribution is less than 600 KW, the Company will provide Type II Non-Residential SOS from July 1, 2004 through May 31, 2006.

e. Type III Large Customer Service

For Customers served on Schedules "MGT LV III" and "MGT 3A III" whose PJM capacity peak load contributions are greater than or equal to 600 KW and Customers served on Schedules "GT LV", "GT 3A", and "GT 3B" the Company will provide Type III Large Customer Service from July 1, 2004 through May 31, 2005.

Customers eligible for Type III Large Customer Service are also eligible for an hourly priced service option, Hourly Priced Service (HPS) described below.

A Customer eligible for Type III service that is taking fixed price service from the Company at the start of the Company's Type III service period shall receive Type III Large Customer Service unless the Customer provides notice to the utility of its election to take Hourly-Priced Service. A Customer must provide notice to the Company of its selection, in writing or electronically at least thirty (30) days prior to the start of the initial Type III service period.

A Customer that receives Type III service may not switch directly from Type III large Customer Service to Hourly-Priced Service during the Company's Type III service period.

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Subject to the Company's Customer enrollment rules and tariffs, Type III SOS Customers may leave and return to SOS at any time without penalty.

A Customer that takes service from a competitive electricity supplier during the Company's Type III service period shall be eligible for Type III Large Customer Service or Hourly-Priced Service if their service with a competitive electricity supplier is terminated. A Customer shall provide notice of their election to the Company in accordance with the time periods specified in the Company's Supplier Coordination Tariff switching rules. If a Customer fails to make an election to receive either Type III Large Customer Service or Hourly-Priced Service, in writing or electronically, the Customer shall be assigned to the Company's Hourly-Priced Service. Such a Customer may elect at any time to switch to a competitive electricity supplier.

All Customers receiving Type III Large Customer Service shall be switched to Hourly-Priced Service at the end of the Type III service period for such Customers, unless they elect to receive electricity service from a competitive electricity supplier.

f. Hourly Priced Service (HPS)

For Customers served on Schedules "MGT LV III" and "MGT 3A III" whose PJM capacity peak load contributions are greater than or equal to 600 KW and Customers served on Schedules "GT LV", "GT 3A", and "GT 3B" the Company will provide "Hourly Priced Service (HPS) from July 1, 2004 through at least May 31, 2006. HPS is a variable priced service option, where the rates change hourly.

A Customer eligible for Type III service that is taking hourly price service from a utility at the start of the utility's Type III service period shall receive Hourly-Priced Service unless the Customer provides notice to the utility of its election to take Type III Large Customer Service. A Customer must provide notice to the Company of its selection, in writing or electronically at least thirty (30) days prior to the start of the Type III service period.

A Customer that receives Hourly-Priced Service may not switch directly from Hourly-Priced Service to Type III Large Customer Service during the Company's Type III service period.

If a Customer that is eligible for Hourly-Priced Service is taking service from a competitive electricity supplier, and the competitive electricity supplier fails to deliver power as a result of supplier default (as defined by PJM), supplier bankruptcy, or Commission action, the Customer shall receive Hourly-Priced Service. Such a Customer may elect at any time to switch to Type III Large Customer Service or to a competitive electricity supplier.

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g. Customer Termination of Standard Offer Service and Switch to a Competitive Electricity Supplier

A Customer may leave standard offer service and obtain electricity from a competitive electricity supplier.

Notice shall be provided by the competitive electricity supplier to the Company of the Customer's switch to a competitive electricity supplier. The notice shall be subject to and effective in accordance with Commission-approved supplier coordination tariffs.

When transferring out of standard offer service, if the Company receives notice of an enrollment transaction from a competitive electricity supplier no less than twelve (12) days before the Customer's next regularly scheduled meter read date, the Company shall transfer the Customer on the Customer's next regularly scheduled meter read date.

If the Customer's notice of an enrollment from a competitive electricity supplier provides less than twelve (12) days notice of the Customer's exit from standard offer service, the transfer date shall be the second regularly scheduled meter read date after the date of the notice.

h. Customer Termination of a Competitive Electricity Supplier and Switch to Standard Offer Service

When transferring to standard offer service, if the Customer provides the Company with notice more than twelve (12) days before the Customer's next regularly scheduled meter read date, the Company shall transfer the to standard offer service on the Customer's next regularly scheduled meter read date.

If the Customer provides notice less than twelve (12) days before the next regularly scheduled meter read date, the Company shall transfer the Customer to standard offer service on the second regularly scheduled meter read date following the date of the notice.

If the Customer is subject to an involuntary transfer to standard offer service, the Customer shall receive standard offer service effective on the date on which PJM transfers responsibility for supplying that Customer's electricity to the standard offer service provider.

i. Termination of Service by Standard Offer Service Provider

Terminations of standard offer service shall be carried out in accordance with the provisions of COMAR 20.31.

j. Calculation of Bill for transfers

A Customer's billing cycle begins and ends on a meter read date.